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Industrial Conflict and Collective Labour Relations: A Case of Toyota Kirloskar- India (2001-2006)

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Abstract:

Since the inception of Toyota Kirloskar its employees felt discriminatory labour practices by the management in terms of salary revision, irrational disciplinary actions and non-confirmation of team member trainees. As there was no salary revision for almost three years from 1999 to 2001 and thereafter a minor increase of Rs. 300 which was a major cause of conflict between employees and management. During the course of Toyota Kirloskar's employees union's engagement with the management, we found that their relation was based upon conflict and mistrust. Management often adopted unitary and authoritarian approaches while dealing with its own employees and union. Instead of entering into negotiation and accepting the existence of the system of collective bargaining mechanism, management invariably taken action of suspension, dismissals and other disciplinary actions to its employees which went against establishing good, harmonious, cooperative and collaborative industrial relations in the company. The outcome of existing industrial relations reflected in many strikes and one of them even went upto 52 and it was also a cause of colossal financial and reputational loss to the company. Management was not able to resolve industrial conflicts own its own and often state government came into rescue as seen by putting Toyota Kirloskar as an essential service and snatching away the employee's right to strike.

Keywords: Boycott, Collective Bargaining, Conflicts, ESMA, Harassments, Industrial Relations, Management, Protest, TKAPL, TKML, Toyota, TU, Victimization, Working conditions.

I. Introduction:

The present case study is situated in the wider context of the dichotomy between labour and capital. The changes of production organisation and resultant labour practices and labour unrest at the micro level are seen as responses to macro level ramifications of trade patterns and subsequent policy level rearrangement in the nation states. The case of Toyota Kirloskar is studied in this framework at large. The study is qualitative in nature and involves both primary and secondary research. Case studies and discussions are the methods used for primary research. 18 workers were approached and interviewed in which nine case studies from the main line production in Toyota Kirloskar Motors and Toyota Kirloskar Auto Parts are conducted to obtain information regarding wage structure, working conditions, labour practices, collective activities and labour disputes in Toyota Kirloskar. Incidents of labour disputes and actions and reactions of the management are included chronologically in the form of specific related events and narration in the text for reflecting the ground realities. Discussions were held with trade union leaders from the Centre of Indian Trade Unions (CITU), the All India Trade Union Congress (AITUC) and the Indian National Trade Union Congress (INTUC) and the Deputy Labour Commissioner, Government of Karnataka, Bangalore to gather information pertaining to general working conditions, the Toyota system of production, labour disputes and settlement and company practices. Purpose of this study was to find out the Toyota ways of managing shop floor and employees relations in its India's operation.

II. The Case

Toyota Motor Corporation of Japan in collaboration with Kirloskar Group in India established its motorcar-manufacturing unit, Toyota Kirloskar Motors in Bangalore, Karnataka with a capital investment of Rs. 7 billion in October 1997. The state government granted scores of incentives pertaining to entry tax, pollution control, land acquisition, investment subsidy and power and water supplies for the company to invest in the state. Toyota

Kirloskar Motors in Bidadi village, Karnataka has been operational since 1999. Initially both Toyota and Kirloskar held equal shares, later changing to 79:21 in 2001 and to 99:1 in 2003 respectively, resulting in a complete takeover by Toyota Motors.

Toyota Kirloskar Motors Ltd (TKML) is the main assembling unit. Toyota Auto Parts Ltd. (TKAPL) and Toyota Techno Park are the manufacturing units of auto parts of which the former supplies axles, propeller shafts and transmissions and the latter produces auto parts for export. In addition there are five supplying units, which are not managed by Toyota Kirloskar, attached to the mother plant.

Collective labour relations in TKML and TKAPL are limited to the regular workers only. Regular workers in TKML are organised under the Toyota Kirloskar Motors Employees Union, which is affiliated to a central trade union. The union was registered in July 2001 and has a membership of 1,380 workers out of 1,590 including team members and team member trainees. Likewise regular employees in TKAPL were organized under Toyota Kirloskar Auto Parts Employees Union in 2001. The union in TKAPL has a membership of 400 workers from 410 and is not affiliated to any central trade union.

The employees' unions in TKML and TKAPL have been instrumental in containing many unfair practices in the units. Major union engagements that found results in TKML were wage revision and increment. The union fought on various issues like removal of suspension of workers, good working conditions and removal of contract labour system on the main production line. Employees union in TKAPL have also taken up many issues pertaining to the suspension of workers, wage revisions, allowances, working conditions and unfair labour practices in the unit. Union interventions were successful in reducing the period of traineeship from three to two years, scrapping the performance appraisal system, wage revision, leave allowance and medical claim.

It was due to the critical union engagement, that the management revised the salary of the confirmed workers, which had not been done for two years in TKAPL. Introduction of good attendance allowance is yet another achievement of the union.

Table 1: Major union engagements in TKML and TKAPL

Union	Demands/Negotiations	Results
TKML	Scrapping of workers suspension in 2004	Not yet resolved.
	Wages of suspended workers	Resolved and are getting 75% of the monthly salary
	Wage revision in 2004	Revised the wage structure and included shift allowance
	Increment	Increment based on performance appraisal introduced.
	Good working conditions	Cases of harassment decreased. No other significant changes
	Abolition of contract labour system on main production line	No changes
TKAPL	Period of traineeship	Reduced to two years from three
	Scrapping performance appraisal system	Scrapped
	Scrapping of suspension of two workers	One worker was taken back in 2001
	Working conditions	No significant change
	Wage revision	Revised
	Good attendance appreciation	Resolved
	Ad hoc payments	Workers now receive
	Medical allowance	Workers now receive
	Mediclaime benefits	Agreed
	Leave accumulation/ death relief/ emergency advance and shift allowance	Agreed
	Removal of contract labour system on main production line	Not resolved

Since the Bidadi industrial area near Bangalore, where the company is situated, is not an Employee State Insurance (ESI) notified area, the union demanded separate medical allowance in lieu of ESI. The management agreed to pay Rs. 100 per month and revised existing mediclaime benefits towards this along with the salary. Another significant achievement of the employees union in TKAPL is the introduction of death relief (allowance). Upon demand, the management agreed to pay a sum of Rs. 300,000 to the nominee of the

employee on production of a valid death certificate. Other significant achievements made by the union are advance, emergency advance and enhancement of earned leave from 45 days to 75 days.

Collective union actions are found to have considerable impacts on the wages and working conditions of the regular employees in both TKML and TKAPL. Bargaining through the union has been instrumental in wage revision and introduction of death relief, mediclaim and shift allowance. Though many of the struggles by the union were not successful, the resistance could make qualitative changes in the work environment in terms of employer-supervisor relationship. Many employees reported that episodes of harassment and victimisation had declined after the consolidation of union activities. Over and above, union activities diverted much public attention to the problems of workers. The perceptible impact of unionization in Toyota Kirloskar is the increase in dignity and confidence levels of the workers. It could also contain threats and victimisation to some extent. Nevertheless the union could not make inroads into many pertinent issues of job security, control of working situations and decision-making pertaining to labour practices.

Contract workers and apprentices in both TKML and TKAPL are not organised. The scattered nature of the workforce, uncertain employment and fear of loss of job are reported to be the factors limiting unionisation. It is notable that no initiations from the existing unions or any central trade union have been made towards organising contract workers hitherto. As reported by the union members of TKML, TKAPL and the leaders of central trade unions, the uncertainty of employment is the major limiting factor among many in organising the contract workers. Lack of organisation has significant repercussions on wages, working conditions and labour relations for the contract workers in TKML and TKAPL. There are considerable wage differentials between regular and contract workers on the main production line who perform similar tasks. It is reported that contract workers get 40- 50 percent less of the salary of a regular worker in Toyota Kirloskar. There is no common criterion for wage determination in Toyota Kirloskar for contract workers and it is often done by the contractors whom the workers are obliged to. Workload, work pressure, harassments and stressful conditions are also found to be higher for contract workers.

A. Labour Unrest

This section attempts to shed light on conflicts and the struggles of employees in Toyota Kirloskar facilitated through organised activities.

B. Timeline of Toyota struggle in TKML

2001

30 March: Management announced Rs. 300 nominal wage hike

2 April: This nominal increase made employees upset and they boycotted lunch for one day as a protest

2 April: Management ordered and pushed the workers outside the factory

2 April: About 25 leaders were asked by management to come inside for questions and discussions and no progress was made

3 April: Sit in (*Dharna*) started by workers

16 April: One employee terminated on the charge of instigating workers.

Management also started targeting all 20 persons who went for discussion.

April: TKM management announced establishment of a Team Member Association (TMA) with the limited purpose of communicating between manager and workers and not for collective bargaining. An active leader and contesting candidate for the TMA was terminated before the result was declared

Election of TMA was over and 15 members were elected

June: TMA elected committee members; decided to register it as a trade union, which management threatened with dire consequences

TMA committee member Mr Renka Prasad terminated on the charge of non-performance

TMA asked management to explain the reason for termination.

Management responded that TMA is only for work ware issue, canteen issue, or safety issue; refused to discuss termination

June: Employees got provoked and immediately went for strike. Major demands were:

Job security, taking back retrenched three employees, and to reduce the training period from three to one year

Strike continued for 12 days

While on strike they applied for registration under TU Act to the Registrar of TU

Tripartite meeting; a settlement in which trainee period was reduced to two years from the existing three years

No decision of taking back retrenched workers

December: A trainee was terminated though he completed two years with good performance

Tool down strike against termination

2002

January: First week union gave strike notice

9 January: Two union officials, General Secretary Mr Shiv Kumar B and Joint Secretary Mr Raghu R were got terminated

Workers immediately went on strike

Strike went on for 52 days with the only demand to take back their two union leaders

March: First week, Karnataka government imposed ESMA and declared Toyota as an essential service

Strike was banned with this order and workers returned to work

April: A good settlement and Rs 2,500 increase of wage after negotiation

2003

September: Election took place and seven office bearers and 20 Executive Committee (EC) members were elected

2004

January: During the process of making the charter of demands two union members of EC terminated on false charge of threatening supervisor.

In protest workers refused to work Over Time (OT)

Presidential candidate Ravi R for the next coming election was suspended by management

Union gave notice to management to boycott morning meeting and physical exercise which was normal practice.

They stopped meeting and exercise in the morning

Within a week 12 members were got suspended

Within 20 days another four members got suspended, among them two office bearers, five EC members and others were councilors

Suspension letter given in a simple sheet: 'You committed serious misconduct', without any specific charge

2005

October: On TU appeal in the Karnataka High Court against declaring automobile as an essential service, Union lost the case

November: TKMEU appealed to the Division Bench against Karnataka High Court's own decision and proceeding was going on

2006

April: 15 employees were still outside factory as the domestic enquiry was started in Dec 04 and completed in March 06: The matter was referred to the Labour Court.

Labour unrest in Toyota Kirloskar started with discriminatory labour practices of the management in terms of salary revision, irrational disciplinary actions and non-confirmation of team member trainees. Salary for the confirmed team members in TKML was Rs. 3,000 per month in the beginning and it continued unaltered till 2001. Toyota Kirloskar Motors in 2001 announced a salary hike of Rs. 300 for team members¹³ in response to the long-standing demand of salary revision of the workers. This nominal increase was unacceptable for the employees and they boycotted lunch for one day as a token protest on 2 April 2001. Protesting workers subsequently were pushed out of the site. Management finally agreed to discuss the issue with some of the representatives of the employees and had solved the problem temporarily by granting an additional shift allowance of Rs. 5 per shift for every worker. Nevertheless the majority of employees were not satisfied with the decision of the management and they decided collectively to go on with protest. Management started disciplinary actions against the leaders to demoralize the protesting workers. After two weeks of protest management suspended three workers on charges of nonperformance and instigating violence. Protest of the workers continued regardless of the pressure tactics of victimization, suspension and harassment by the management.

Management in order to destabilize the collective actions of the workers and curtail the formation of employees' union, suggested constituting a Team Member Association (TMA) in the unit. Though there were differences of opinion, workers responded positively to the idea of constituting a TMA. Subsequently the TMA was formed in TKML with 15 elected members. In the meantime one of the team member, who was very active in the struggle, was terminated on the charge of nonperformance. The instances of disciplinary actions on the workers continued despite the formation of the TMA and even extended to the termination of an elected TMA member. Workers through the TMA sought explanations from the management with reference to the suspension of workers. Management was not ready to entertain the TMA at the level of a body for bargaining and negotiation since, as envisaged by management, functions of the TMA were restricted merely to the issues of workers safety and welfare. This led to another strike, which continued for 12 days. Repeated disciplinary actions of management and the incapability of the TMA to counter it prompted the workers to register the TMA as a trade union. The employees union in TKML, subsequently, was formally registered in July 2001. Workers organised under the banner of Toyota Kirloskar Motors Employees Trade Union and submitted a charter of demands comprising revoking the decision of suspensions and terminations and reduction of training period to one year from two to the management.

Some demands of the union were settled in a tripartite meeting organised by the Assistant Commissioner of Labour. The tripartite meeting resulted in a settlement in which the training period was reduced to two from three years and some proceedings were chalked out pertaining to the confirmation of trainees. However, the demand to revoke the suspensions and dismissals was not settled in the meeting. Management went on with

terminations of workers. In December 2001 a trainee was terminated though he had completed two years of traineeship. The trade union agitated against the suspension and served a notice of strike in the first week of January 2002. This led to further disciplinary actions and two of the office bearers of the union including the general secretary and joint secretary were terminated. Upon their terminations, workers immediately turned to strike. The strike went on for 52 days on a single point agenda of 'reappointment' of the two union leaders. It was at this juncture the Government of Karnataka categorically included Toyota Kirloskar in Public Utility Services and imposed ESMA, under which workers cannot engage in any forms of strike. As a result the strike was called off and the workers returned to work.

Victimisation and disciplinary actions were thereafter took their worst toll and the management started selectively suspending the union leaders on charges of non-performance. In January 2004 two employees, who were executive members of the union were suspended without any notice or enquiry charging non-performance and 'threatening of supervisor'. Though the union approached management for fair enquiry on the action it did not bring any results. The union, against the decision of the management, refused compulsory overtime as a token protest and gave notice to the management about boycotting the morning meeting and physical exercise, which was part of the work. This led to the suspension of many union members. Within a period of three weeks 16 members of the union were suspended on the charge of 'intimidating' team members and boycotting the morning meeting and exercise. Out of the sixteen suspended workers, one member went back with some punishment.

The employees union, in 2004 June, submitted another charter of demands comprising issues of the suspended workers, wage revision, shift allowance and leave allowance to management. Among these, except wage revision, management discarded all workers' demands. Protest continued peacefully in the forms of boycotting lunch and wearing black badges at the workplace. The employees' union in March 2005 submitted a new charter of demands to management including fair enquiry and re-examination of the disciplinary action on 15 suspended workers. Management discarded the demands of employees in total and the union subsequently served a strike notice in May 2005. Since Toyota Kirloskar was included ESMA, strikes were not allowed on company premises. The employees protested outside the premises of the company in the form of demonstrations and campaigning. Protest and demonstration rallies extended to the city of Bangalore. The pressure mounted upon the administration and the Minister for Labour, Government of Karnataka, held a discussion with the union members and management for resolving the issue. Nevertheless, the management did not revoke the suspension of workers. Discussions with the Deputy Labour Commissioner also brought no results. Protests and practices of victimisation were still going on in TKML.

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