



Employee Relations 2010 A totus consulting open space event

An executive summary of what emerged

The Context

Employee discontent and unrest has been in the air. Over the last two years, India has witnessed an increase in the number of employer – employee conflicts, disputes and differences.

Last year, India's national carrier, Air India, declared that it had nearly run out of money and that payment of employees' salaries would be delayed by 15 days. The Air Corporation Employees Union, the Aviation Industry Employees Guild and the Indian Aircraft Technicians Association threatened a "no pay, no work" agitation. Meanwhile, some 300 contractual security and commercial staff went on strike to demand that sacked contract staff be taken back.

At Pantnagar in the state of Uttaranchal, workers of Swiss multinational Nestle went on strike after the management removed two probationers for unsatisfactory performance. The strike was called off after three weeks but it took time to restore peace.

At Hyundai Motor India, subsidiary of the South Korean auto maker, workers went on an 18-day strike around the end of April 2009 to demand recognition of the employees' union. The company has debated moving the Tamil Nadu-based plant to Europe.

At tyre manufacturer MRF, the Arakkonam (Tamil Nadu) unit was closed for most of May 2009. The main problem was rival unions clamouring for recognition.

In December of 2008, 250,000 workers from 59 jute mills in West Bengal went on an 18-day strike over the issue of unpaid compensation. The agitation was called off after the mill owners agreed to pay Rs. 500 per month as adhoc payment towards outstanding dues to every worker.

Unions representing labour groups including coal workers, oil sector employees, bank staff and telecom workers have been demanding higher wages or protesting against proposed privatisation.

The Jet Airways conflict was played out almost like a prime time soap opera.

These are but some of the strands of evidence of what we refer to as conflicts.

In some cases, threats of violence arising out of such conflicts have led to actual murder such as the gruesome killing of Mr. L K Chaudhary, Chief Executive Officer of Graziano Trasmisioni India Pvt. Ltd. in September 2008 allegedly by dismissed employees and the more recent murder of the Vice President – Human Resources of Pricol, Mr. Roy J George under similar circumstances.

While incidents like these stand out and catch the attention of the nation, what is going unnoticed is the growing atmosphere of employee dissatisfaction and frustration (with the policies, practices and approaches) in many organizations.

In most cases, employers and employees are unable to arrive at a win-win situation on these issues and they often end up with dysfunctional compromises or win-lose situations. This clearly shows that the employer – employee relationship is at stake and corrective action is the need of the hour.

Our research on the subject over the past several months has however led us to believe that managements of many Organisations are living in a state of denial or wishful thinking. The new generation of Business and HR Leaders did not even have the experience of having gone through anything like this in order to appreciate what was boiling.

This was the inspiration for our open space event *"The time to protect and preserve the employee relations climate in India is now"*

The Pre-event Efforts

The event was preceded by about three months of preparation. During this period:

We created an on-line community for the co-authors to get familiar with one another, share their particular insights and perspectives and share research links on the subject.

We ran a poll on TooStep an on-line community for professionals on the subject of employee relations and got some interesting responses.

We were able to carefully assemble an extremely wise and enthusiastic community of co-authors who were all keen and passionate about participating in the event and contributing to the creation of a body of knowledge that would further the cause of employee relations.

Question raised by our co-authors in their pre-event submissions

Our co-authors raised the following questions in their pre-event write-ups submitted to us:

1. With shortened careers, do we need greater social security?
2. How does management recognise and provide for the changing aspirations of employees?
3. How do we translate the Indian demographic advantage (young, educated, skilled, ambitious workforce) into a competitive edge?
4. With demand supply gap of skilled labour, do we need a different approach to skill development?

5. Is there likelihood of militant activism emerging especially for those who are at a marginal level?
6. Are unions likely to occupy more space & what role do we expect them to play?
7. Are we likely to see the emergence of white collar activism? In what form and shape over the next decade?
8. Unionised staff at the shop floor are still perceived as liabilities and cost to the company. What must management do to convert them into emotional stake holders in the enterprise sharing the same dreams?
9. How can we get back to management and employees talking to each other?
10. Contract labour is emerging as a critical area. Apart from reasonable wages, (more than statutory wages), should there be a greater focus on getting their 'mind-share' and 'heart-share'?
11. Can we do something about the wage disparity between the permanent and temporary employee?
12. What is the role of Human Resources professionals in reading, interpreting future trends in workforce management & sustainable ERM?
13. Where have the stalwart personnel managers gone?
14. Have interfaces got de-humanised with technological advances?
15. What skills & competencies do HR professionals need to have to manage the new age workforce?
16. How do we make our labour laws more effective and easy to implement?
17. What is the legislative role of government in creating good Employee Relations climate in India?

The TooStep poll

TooStep is a knowledge driven social networking platform for professionals.

80% who polled in our survey voiced the view that India's ER climate was at risk.

Members of the community voted the following as the four most contentious issues that are impacting our employee relations climate:

1. Lack of consistency and transparent two way communication
2. Policies that companies follow today
3. Absence of a culture that considers employers and employees as partners in progress
4. Organisations fail to give employees a sense of security, caring and belongingness

Members of the community voted the following as the four top ways in which Organisations can build strong relationships with their employees:

1. Good work conditions
2. Ensuring job satisfaction

3. Ownership of work and credit for work done
4. Employee Engagement

Some of the comments on TooStep

Here are some comments in the portal on the subject:

- “Most of the time employee relations goes haywire because of leadership failure to ‘walk the talk’.”
- “Until employees are treated as people with families and lives again and not as numbers on a payroll or budget sheet, engagement will continue to drop.”
- “Recent economic downturn & the subsequent job cuts, pay cuts, etc. have changed the way employees, employers and the job seekers think.”

The Event

The open space event held on January 30, 2010 was attended by 45 professionals who represented different walks of life and influenced each others environment as far as employee relations is concerned. This select community of co-authors included Business leaders, Human Resource leaders, Union leaders, Legal experts and IR consultants. The objective of the open space event was to build consensus around the subject of employee relations, define causes and envision a preferred future for all stakeholders in the relationship.

The event was designed to achieve the following objectives:

1. To evolve a comprehensive understanding of the diverse dimensions of Employee Relations in context of the new decade.
2. To collectively identify the top themes/ threads of Employee Relations that are most critical and merit further research and learning.

The event was designed based on the following four principles:

1. Create the right climate to facilitate deep sharing of diverse views and bring forth creative ideas
2. Minimal structure that allows participants to define the agenda by themselves
3. Bring the whole system into the room
4. Focus on a specific overall purpose or theme

The deliberations happened through a series of three small group deliberations with each group consisting of 6-8 members who represented the various stakeholders in Employee Relations.

- The first group activity helped co-authors share their understanding of Employee Relations.

- This was followed by a ***Leadership Bridge*** where we had experts representing the different stakeholders of Employee Relations share their perspectives. Their inputs served as ‘food for thought’ for the next round of deliberations.
- Through these two activities we were able to arrive at threads or themes which when distilled, understood and paid attention to, would positively contribute to preserving and protecting the employee relations climate in India.
- 7 such threads / themes were identified at the end of the first round of small group discussions and the leadership bridge.
- This was followed by a voting process to finally distill the top four themes.

The summary given below captures the essence of these seven threads in a comprehensive manner.

Causes:

Several major reasons were cited as leading to the current ER situation in the country:

Globalisation and its impact on Employee Relations

The process of economic liberalisation started in India in the 1990s with the opening up of the Indian economy for international trade and investment, deregulation and initiation of privatisation.

The fruits of liberalisation reached their peak in 2007, with India recording its highest GDP growth rate of 9%. With this, India became the second fastest growing major economy in the world, next only to China and many multi nationals set up shop in India.

While India has benefitted greatly through this, globalisation does have its drawbacks. With globalisation came some of the global people practices and employment models. These have not worked well in India as they have not been accompanied by the necessary eco-system changes and requirements. The policies of developed countries based on the availability of a certain eco-system there has not succeeded in India as we still do not have the benefit of these fall back systems.

This coupled with the fact that we have cultural differences has compounded the problem. Most foreign companies are unwilling to sit and take note of the differences. For example, they have a strong “anti-union” attitude and do not want to recognise or negotiate with employee unions, thus giving the impression of not being concerned about employee welfare but only about profit.

The Changing work values and attitudes

The buoyant labour market, multiple job opportunities and high wages have altered the work values across industries.

Employee loyalty and steady career growth seem to be concepts of the past.

Managers have shorter tenures and fail to serve as role models to be emulated by their team members.

The pressure to perform seems to be immense and the threat to job security seems high. This has led to various work related stress problems and work-life balance is today in disarray.

Absence of a mutually beneficial relationship

Whether Multinational or Indian, there are inherent conflicts in the employer-employee relationship. Expectations of the stakeholders (Employer, Employee) are potentially conflicting and each group is preoccupied with protecting their interests.

While business growth and profit maximisation is the primary goal of employers these must be achieved keeping in mind the needs and aspirations of the employees on whom the business depends. These include job security, a fair appraisal, training, re-skilling, a career progression plan, fair compensation, equal and fair treatment to all.

Employees tend to seek parity but businesses drive differentiation. The largest difference is between the pay and benefits of top management and the junior most employees.

Employers look at the short-term and employees expect a long-term approach.

Employees want stability and employers want flexibility.

Employees would like to organise if required. Managements tend to oppose or resist this organisation.

The role of the government in resolving these conflicts has been poor. A sluggish judiciary and a corrupt administration as seen in many cases have led to ineffectiveness of the Government's role.

Varying Models of Employment

Over the years, different models of employment have emerged.

While contract labour and apprenticeship and traineeship have always been in vogue, the concept of temping, leasing and outsourcing has been new.

What is also new is the extent of use of contract labour.

These have all been driven by the need for flexibility and risk mitigation.

In addition, we have also been witnessing the migration of jobs and the need for our workforce to remain globally competitive, especially in certain cost-sensitive industries like electronics.

This has also added to the strain in the relationship because the goals are not in alignment.

Managing Diversity at the Workplace

There is also an urgent need to cater to the special needs of various categories of employees such as women, physically challenged persons, minorities and so on.

Newspapers have in recent times carried numerous articles on harassment of women at the workplace and lack of adequate security for female employees. What are organisations doing to address these needs before the situation gets out of hand?

Each such group or category of employees require some tailor made policies/solutions (for instance additional security measures for women employees, a sexual harassment policy to prevent exploitation, adequate grievance handling mechanisms, etc.) to protect their interests.

The Way Out – Actions to restore a positive and healthy ER climate in India

A Sustainable Employee Relations Model

What emerged from the day long deliberations was that there is immediate need for organisations to adopt and implement an ‘Employee Relations Model’ that is long-term oriented and is sustainable.

Co-authors felt it was important for organisations to move out of a **power based model** and adopt an **influence based model** in dealing with employees/unions. This means that the style and focus should be on communicating and influencing the other side about your point of view rather than simply wielding power.

There is a need to open alternative channels of communication and multiple mechanisms for resolving differences of opinion. Notice boards, intranet and other technological advances were only meant as supplemental aids and not to replace human interface. There today, seems to be a reluctance to engage in constructive face-to face two way communication and this propensity needs to be done away with.

Building an Organisation Culture that supports ER

Part of the discussion on the ER model was the discussion on culture and values.

When we have leaders who believe in good Employee Relations practices, an organisation culture that is characterised by trust, transparency, consistency, mutual respect and strong ethics is built. An organisation that is strong in values, believes in fair practices, respects the fundamental rights of its employees and has a mechanism to address grievances will lead to mutually beneficial relationships for all stakeholders.

Custodianship for ER

A fundamental question that was raised was – ‘In whose hands does the ownership of ER lie?’ ‘Does ER have a custodian?’ No one person can be responsible for Employee Relations in an organisation. Ownership lies with the all who have a stake in harmonious employer-employees relations and that ranges from management to HR right down to line managers and finally every employee of the organisation. The role of the line managers, the persons with whom the employee has the most touch points was viewed as critical. It was felt by all that the line managers are best positioned to manage Employee Relations.

Developing Leadership and ER Skills

All agreed that there was a woeful lack of ER capabilities across leadership levels in the organisation. ER skills for HR professionals and Line managers were also cited as crucial.

A concern voiced by many was that the current management education has de-emphasised labour laws clearly showing the changing role of an ER professional. Since these laws were framed for regulating employment in India, a basic understanding of these laws and their application is a necessity. Labour laws, Organisational behaviour and developing leadership skills must form an integral part of management education. Organisations too must invest in developing ER skills in their employees and prepare them to take on leadership roles. ER capabilities would include communicating, listening, empathising, counseling and so on.

A question that arose during the discussion was – ‘Do HR managers have the skills to partner with business as well as champion employee causes?’ and therefore, it is important to train HR professionals from the management education stage itself to equip

them to achieve the right balance in being people champions and as contributors to business.

There was also a lot of discussion around the evolution of the ER professional. It was agreed that the ER professional was a specialist and needed to receive the same status as other professionals within HR. The best people needed to get into ER, someone said.

An Ecosystem that supports the ER environment in the country

Employee Relations is not restricted to the organisation, its people, its policies and practices alone. The ecosystem or environment in which organisations work is of equal importance. It is in many ways the foundation on which the ER environment is built. The ecosystem in India is undeveloped or underdeveloped when compared with other developed countries. A need for an exit policy, a good legal framework, a social security system that provides protection against socially recognised conditions such as poverty, disablement, unemployment and the ability to quickly help employees develop portable skills that enhance their ability to cope with change were quoted as the need of the hour.

Conclusion

Based on the deliberations of the day and voting by co-authors on threads and themes which in their opinion were important to restoring and protecting the ER environment in India, about 4 areas have emerged as critical and we feel the need to research further into these threads/ themes. We hope to publish our findings in the form of a book that will help all stakeholders shape a vibrant ER climate in India. We solicit your support and involvement in this endeavour.

We would once again like to thank our co-authors for taking the time and effort to be with us and help shape a preferred future for Employee Relations in India.