

# Trade Union Strategy and Responses to Changes in Employment Structure and Forms in India

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## I. Abstract

Decline in trade union membership is a global phenomenon, particularly in the era which is impacted by the free movement of production, capital and labour. However, unions have revitalized themselves by shading their evolutionary role of confrontation between capital and labour and adopting various strategies to survive and grow. The strategic response includes organizing new members, extending cooperation, focusing on up-skilling of their members, ensuring productivity and protecting consumer interest. Against this backdrop, this paper tries to evaluate the major trade unions of India and their response to the changes in the employment structure in India.

## II. Introduction

The world is experiencing the fourth industrial relations which have a focus of creating the cyber physical system, a step ahead of the computer and automation. The industrial relations is in transition with the globalized economy, and free movement of capital and labour, profound changes in the production system, occupational and organizational structure and forms of labour institutions and approach of government. Thorough analysis of the secondary data, this paper tries to analyse whether trade unions in India are trying to seek new roles and methods of working in this changing economic, social and political conditions.

Payne (2001) defines this modern environment as a new economic condition where globalized capitalist transformation has forced the trade unions to find common cause with the national government and national arms of the transnational firms to prevent shift of production from one country to other. Globalization has increased the pressure of productivity which the trade unions find it impossible to resist. On the other hand, there is a growth of small and medium sized enterprise, only a few of which have organized trade union has added to the peril. Blyton et al. (2001) while studying airline industry found that decentralization has created fragmentation and detachment which involves shifting responsibility for employment and industrial relations to external suppliers. This disintegration has created a peripheral or dual workforce typically with inferior terms and conditions. Thus the status of trade union has reduced at a global level with decline in the membership, and power.

This paper tries to review the current status of trade unions in India and their strategy and responses to the structural changes in the labour policy and labour market.

## III. Trade unions in India

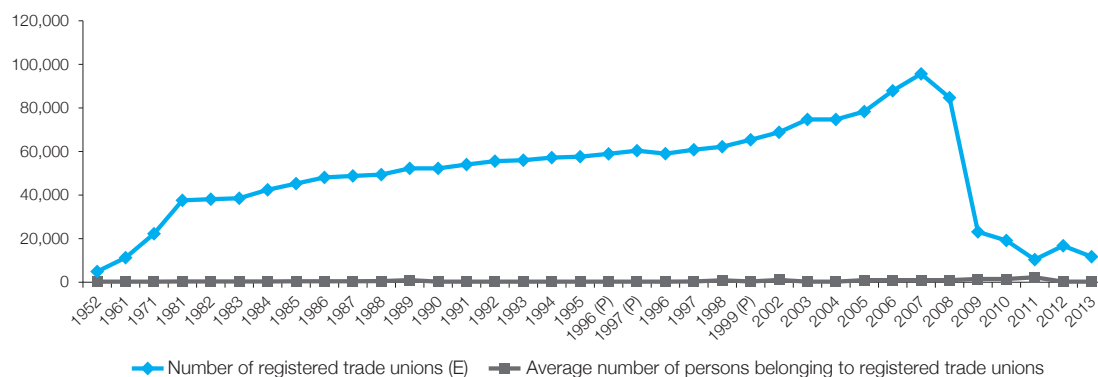
Trade unionism in India is passing through a critical phase and facing unprecedented challenges in the liberalized, privatized and global economy. Labour is being pushed from the organized sector to unorganized sector leading to an increase in casual and contract labour. Downsizing, organizational restructuring, labour

laws, the apathetic attitude of government, and gap in the knowledge and skill-base are the major factors responsible for this state of affairs (Dhal and Srivastava, 2000). Bhattacharjee (2001) while reviewing the evolution of industrial relations divided the era into four phases.

The first phase (1950 to 1960s) was highlighted with public sector unionism dominated by political unions and 'state pluralism.' The second phase (mid-1960s to 1979) which is associated with industrial stagnation, falling production, and employment associated with lower labour productivity affected the union activity and collective bargaining. This phase saw forms of protest such as go-slow and considerable increase in violence. The government responded with a national emergency by suspending the right to strike. The third phase (1980-1991) which is known for the partial industrial and import deregulation, financial liberalisation, exchange rate policy and through export incentives accompanied by failure of multiple governments led to structural adjustment. The 1982 amendment to the Industrial Disputes Act required the employers employing more than 100 employees (reduced from more than 300) to take permission from the government to lay off and retrench workers. The fourth phase which is the era of liberalization (1992-2008) achieved by devaluing the rupee, lowered tariff, reduced import quota led to growth of low-wage jobs, casual and contract workers. Trade unions were considered as representing a declining 'sectional interest group' while government tried to uphold consumer interest over union rights. The fifth phase of industrial relations (2008-2017) which features the growth of globalized transnational organization and boom in the service economy was marred by the recession. This has forced the trade unions to cooperate with the employers who were adopting innovative human resource policy and practices with the individualization of employment relations. While the trade unions experienced the bottom low as marginalized by the growth of informal sector, and lack of strategy, the IT and ITES (IT Enabled Services) industries saw the dawn of new form of unionism.

The emergence of factory system in India in the 1850s was portrayed as unhealthy working conditions, and longer working hours with deplorable conditions of work. The credit for the first association of Indian workers is generally given to the Bombay Mill-Hands Association founded by N. M. Lokhande in 1890. The Trade Union Act, 1926 provided the rights to the workers for organizing. The second and third phase of industrial relations (discussed above) gave rise to multiplicity of trade unions. The politicalization of trade union and multiplicity of registration in a single unit led to the growth which saw a decline post recession. Figure 1 reflects the growth of trade union in numbers and the average number of members from 1952 to 2013.

Before getting into the discussion on the strategy of trade union it is also imperative to know the major trade unions functioning in India.



Source: Compiled from indiastat.com.

Figure 1. Number of trade unions and its membership in India

Table 1. Major central trade unions and their membership (arranged as per the year of establishment)

Name of Trade Union	Year of Establishment	Political Affiliation	Membership (in million)
All India Trade Union Congress (AITUC)	1920	Communist Party of India	14.2
Indian National Trade Union Congress (INTUC)	May 3, 1947	Indian National Congress	33.3
Hind Mazdoor Sabha (HMS)	Dec. 24, 1948	Samajwadi (Socialist)—Independent	9.1
Bharatiya Mazdoor Sangh (BMS)	July 27, 1955	Bharatiya Janata Party	17.1
All India United Trade Union Centre (AIUTUC)	April, 1958	Socialist Unity Centre of India (Communist)	4.7
Centre of Indian Trade Unions (CITU)	1970	Communist Party of India (Marxist)	5.7
Trade Union Coordination Centre (TUCC)	1970	AIFB	1.6
Self-Employed Women's Association (SEWA)	1972	Unaffiliated	1.3
All India Central Council of Trade Unions (AICCTU)	May 1989	Communist Party of India (Marxist-Leninist) Liberation	2.5
Labour Progressive Federation (LPF)		Dravida Munnetra Kazhagam (DMK)	0.6
National Front of Indian Trade Unions (NFIU)		Unaffiliated	
United Trade Union Congress (UTUC)		Revolutionary Socialist Party	0.38
Independent Labour Union (ILU)		Unaffiliated	

Source: Compiled by author from various sources.

### **Central trade unions in India**

Trade Unions in India are registered and file annual returns under the Trade Union Act (1926). Statistics on Trade Unions are collected annually by the Labour Bureau of the Ministry of Labour, Government of India. Congress associated, the Indian National Trade Union Congress (INTUC) is assumed as the biggest of the seven central trade unions, with a membership of 33.3 million. The central government recognizes the trade unions based on their membership. As per the present criteria a union to be eligible for the recognition of a central trade union must have a minimum of 500,000 members and must have presence in four states and four industries. Table 1 represents the major central trade unions in India. The data clearly reveals the political linkage of the union and their direct involvement in the government. The membership of the union also keeps varying depending on the political parties in power.

Though the numbers of registered trade unions are very high, only few are submitting the annual returns. While trade unions started their operation from the manufacturing sector, they could not find their way into the other sectors, particularly the sectors which comprised of large number of informal workers. India has almost 92% of the labour force operating in the informal and unorganized sector. Apart from manufacturing, the other sectors which experience high unionization in India are transport and storage; agriculture, forestry and fishing; construction; information and communication; and financial and insurance activities. Table 2 showcases a detailed picture of the industry division-wise trade union and its membership.

### **IV. Trade union strategy**

Trade union strategy is defined as the 'characteristic way' of interaction of union with its environments (Boxall, 2008). It's a myth that trade union will use formal methods or strategic planning. Unions use a range of administrative structures and political process to evolve strategy—standing committees, annual conferences, informal deals among power-brokers, management directives, direct action and so on.

Like other organization unions exhibit strength and weakness of existing structure and process which expose the unions to the risk that their strategy—their characteristic way of behaving will drift further and

Table 2. Major industry division-wise number and membership of workers unions in India, 2012

Industry Section	No. of Unions Submitting Returns	Membership		
		Men	Women	Total
Agriculture, forestry and fishing	273	1,875,018	1,023,493	2,898,511
Mining and quarrying	51	87,917	4,185	92,102
Manufacturing	1,774	1,151,433	477,587	1,629,020
Electricity, gas, steam and air conditioning supply	113	179,531	9,180	188,711
Water supply; sewerage, waste management and remediation activities	55	21,190	4,059	25,249
Construction	281	825,815	399,502	1,225,317
Wholesale and retail trade; repair of motor vehicles and motorcycles	197	188,567	45,012	233,579
Transportation and storage	652	985,284	183,441	1,168,725
Accommodation and food service activities	75	14,421	3,473	17,894
Information and communication	217	109,822	4,632	114,454
Financial and insurance activities	216	134,891	59,074	193,965
Professional, scientific and technical activities	138	82,522	71,867	154,389
Administrative and support service activities	40	44,516	10,456	54,972
Public administration and defence; compulsory social security	181	87,456	37,040	124,496
Education	58	7,156	66,226	73,382
Human health and social work activities	82	58,504	28,825	87,329
Arts, entertainment and recreation	54	25,528	1,963	27,491
Other service activities	270	218,865	80,774	299,639
Activities of households as employers; undifferentiated goods- and services-producing	12	579	852	1,431
Activities of extraterritorial organizations and bodies	46	371,146	200,582	571,728
Total	4,785	6,470,161	2,712,223	9,182,384

Source: indiastat.com.

further away from challenges actually presented by their environment. This syndrome is known as ‘strategic drift’ which will undermine and may fatally compromise a union’s economic viability and its social legitimacy (Boxall, 2008).

How a union engages with its own members is one among the principal dimensions of strategic choices. Union-management “partnership” is receiving greater attention in UK employment practice and in the academic literature as growing numbers of unions and employers enter into formal agreements to build long-term relationships based on cooperation rather than adversarialism (Haynes and Allen, 2000). Conflict of interest are resolved through personal relationship which is based on trust, mutual commitment and certain kinds of information sharing which are confidential to each other. ‘Common interest committee’ was also formed to promote union management cooperation.

While studying the trade union strategy in Spain Köhler and Jiménez (2015) experienced that union revitalization strategy primarily requires a change in the orientation of collective action. Trade unions assume a role of social movement for social change focused on the interests of the working class and extended to other issues of citizenship. It is an appropriate approach to contemporary challenges in broadening and enriching the role of the labour movement. A review of Poland’s union reveals that post-colonial state has put the

<p><b>Classic Unionism</b></p> <ul style="list-style-type: none"> <li>• Worker relations: servicing plus solid organizing</li> <li>• Employer Relations: Robust adversarialism, no incorporation</li> </ul>	<p><b>Partnership Unionism</b></p> <ul style="list-style-type: none"> <li>• Worker relations: servicing plus solid organizing</li> <li>• Employer Relations: credible adversarialism with extensive cooperative practices</li> </ul>
<p><b>Paper Tiger Unionism</b></p> <ul style="list-style-type: none"> <li>• Worker relations: servicing only</li> <li>• Employer Relations: formalistic adversarialism</li> </ul>	<p><b>Consultancy Unionism</b></p> <ul style="list-style-type: none"> <li>• Worker relations: mostly servicing, limited organizing</li> <li>• Employer Relations: routine adversarialism with some cooperative practices</li> </ul>

Source: Boxall and Haynes (1997).

Figure 2. Four patterns of trade union strategic choices in New Zealand

Polish union on the sidelines of pre-accession and post-accession debates. Trade union leaders have taken up the initiative to redefine the national interest in order to gain support at the EU level (Lis, 2014). Unions in neo-liberal context, strategy can be described in terms of the nexus between two complex dimensions: union-worker relations and union-employer relations. The critical choices in worker relations are associated with distinction between the servicing and organizing model. In the servicing model, workers are seen as consumers of union services such as advocacy in collective disputes and individual grievances, legal advice and a range of non-industrial benefits. Boxall and Haynes (1997) while studying the strategic choices among trade unions in New Zealand identified four broad patterns of union strategic choices: classic, paper tiger, consultancy and partnership unionism. Figure 2 explains the details of these four strategic choices.

Payne (2001) found that trade unions are using ‘lifelong learning’ as a strategy to keep them abreast with the changing job market. The provision of education and training within the workplace now seen a key bargaining issue, both to seek future jobs and to ensure that union members have those skills which are most in demand in the labour market. The union leaders find it challenging to persuade the members of the advantage of learning new skills before redundancy hits them. The trade unions were found to be the drivers of social change and member empowerment not seen as the passive victim of global forces. Unions are partnering with training and educational agencies to develop new learning opportunity for members.

## V. Strategic choice of trade union in India

Trade unions in India have not changed their strategy and approach to manage the work relations and employer relations. Despite the massive portion of the labour force (around 92%) still employed in the unorganized sectors, the unions have not put enough endeavour to organize the casual and contract labour. All available evidences point to failure of trade union to protect the interest of organized sector leading to emaciated labour. After liberalization, the rate of economic growth increased significantly despite the labour market witnessed a steady slowdown in the rate of employment generation in India which declined from 2% in 1961-80 to around 1% in 1990-2000. There is also huge difference among the states in India in terms of labour market flexibility (Mahmood, 2016).

Unionism in India is in decline. The numbers of strikes were recorded high during 1961-74 at all India level. However, the post-liberalization era has also experienced a number of nationwide strikes, demonstration

Table 3. Strategy adopted by Indian trade unions

Name of Trade Union	Operation Strategy
All India Central Council of Trade Unions (AICCTU)	Revolution, conflict, legal battles.
All India Trade Union Congress (AITUC)	Communism.
All India United Trade Union Centre (AIUTUC)	Communism.
Bharatiya Mazdoor Sangh (BMS)	Nationalism, productivity, consumer interest and collective bargaining.
Centre of Indian Trade Unions (CITU)	Communism, protest, strike.
Hind Mazdoor Sabha (HMS)	Industrial democracy, workers' education, cooperative movement.
Indian National Trade Union Congress (INTUC)	Industry under national ownership and control, promote social, civic and political interest of the workers, non-violent protests.
Self Employed Women's Association (SEWA)	Exclusive focus on unorganized women workers. Development. Confluence of three movements: the labour movement, the cooperative movement, and the women's movement for self-employed workers.
Trade Union Coordination Centre (TUCC)	Fight, workers participation in management.

Source: Compiled by author.

and struggles protesting against neo-liberal policies of the government. Nevertheless, most of them were in public sector units and were successful. The docile status of trade union is attributed to the introduction of new labour practices such as recruitment-freeze, outsourcing, increasing use of contract workers, freedom to hire and fire, liberty to close industrial undertakings, soft labour inspection system, permissiveness to introduce labour saving technologies, repeal of legal provisions regarding bonus, voluntary retirement schemes—VRS, and privatization of non-viable public enterprises (Patel, 2016). Industries started to increasingly utilize contract workers both in perennial and non-perennial work. They utilize contract labour not only for flexibility but also for reducing production cost (Kumar, 2015).

Trade Union Act, 1926 provides the provision for union registration only whereas the law is silent about the process of union recognition and collective bargaining. Due to no clear rule regarding union recognition in India, the collective bargaining institutions are relatively weak (Balasubramanian, 2015).

Today trade union is also showing a new trend of association along with international interaction. Union for Information Technology and Enabled Services (UNITES) is one of the earliest trade union in India in the IT sector to fight against the overnight layoff by the employers (Bisht, 2010). By analysing the narratives available in the website and critically evaluating the way of their operation the author tried to prepare an extract of the way of operation of the major central unions of India (See Table 3).

Using the lenses of Boxall and Haynes (1997) the above unions can also be categorized into groups based on their strategic response. Trade Unions such as AICCTU, AITUC, AIUTUC or TUCC are mostly following the paper tiger unionism as their way of operation is rooted in the adversarialism, protest, strike and revolutionary changes. Though CITU has a similar approach, it can be termed to be exhibiting classic unionism as benefit may be given to them for their organizing activities. INTUC, one of the oldest unions in India, has not performed much in revitalizing itself though they try to balance between cooperation and confrontation. INTUC follows a consultancy unionism. BMS and HMS can be categorized to adopt partnership unionism as these unions has moved beyond the dispute mechanism and focus on market relevant factors such as industrial democracy, productivity, consumer interest, workers' education and cooperative movement. HMS is the union which follows a socialist attitude and not affiliated to any political party. Although other unions have taken up workers education as an initiative, it is there in the central agenda for HMS which believes in tripartite relationship and regularly conducts vocational and sensitization workshops for trade union activists



and members.

The other major trade union which has grown as a social movement is Self-Employed Women's Association (SEWA). SEWA has a membership of 1.3 million. The movement is to empower the self-employed women and organize themselves for full employment. This movement has completely changed the direction of unionism and can be a lesson for the other unions which are struggling for membership. SEWA has an approach of development with two goals—Full employment, and Self-Reliance.

## VI. Structural reforms and response of trade union

As per the McKinsey report (Woetzel et al., 2017), India's economy grew at an average of about 6.6% per year between 2011 and 2017. Multiple stresses and strains, such as a rising fiscal deficit, high consumer inflation, the collapse of the mining sector, and a logjam in infrastructure projects, led to a macroeconomic slowdown from 2011 to 2013, when GDP growth fell to an average of 5.6% per year. From 2013 to 2017, growth recovered to 6.9% per year, making India one of the fastest-growing major economies in the world. Based on the annual surveys, the total number of jobs in India from 2011 to 2015 grew by about seven million, from 455 million to 462 million. However, the apparent sluggishness in job creation disguises significant structural change: agricultural employment fell by 26 million and non-farm employment rose by 33 million, or by more than eight million jobs a year. In fact, the pace of non-farm job creation dipped during the economic slowdown years of 2011 to 2013 to as low as eleven million, and rose sharply to 22 million during the following two years. Labour moved out of agriculture into construction, trade and hospitality, and transport, the mainstays of the non-farm labour market in many developing countries; these three sectors generated 36 million jobs from 2011 to 2015. By contrast, mining and manufacturing lost jobs during the slowdown, although manufacturing jobs seem to have grown between 2013 and 2015.

As a major drive for bringing structural changes to the labour reform the government of India has already proposed 'Industrial Relations Code' bill in 2015. The pivotal changes suggested in this bill include allowing companies employing up to 300 workers (increased from 100) to lay off workers without any government permission. All the central trade unions unanimously opposing to the proposal as 85% of the companies will be thrown out of the ambit of the act (currently covered under Industrial Disputes Act, 1947) enabling employers to hire and fire employees at will (*Economic Times*, Oct 15, 2015). The draft bill propose to recognize the trade union and provide the status of 'sole negotiating agent' if the union secures 51% or more votes. Because of the pressure from the trade union, the bill was also revised to include all the unions securing more than 15% votes to have their representative on the negotiating board in the absence of two third majority with any trade union at the time of voting. Overall, the trade unions have taken the stand of confrontation and are not found to be mature enough to protect the employment of their members and regulate the working conditions.

## VII. Conclusion

While trade union in a global scenario have shed the path of confrontation and extending their cooperation in order to achieve productivity among industrial workers, the Indian trade union leaders continue to believe in the revolutionary approach. This attitude have also forced the management to focus more on the restructuring process, using individualized HRM practices and aggressive use of automation, technology upgradation communication and adopting union avoidance strategy. This paper exposes the Indian trade union about their straight jacket approach to the industrial relations as well as the structural changes which might help the management being aggressive about outsourcing and mass use of contract labour. Trade unions, instead of opposing to the global changes which is an irreversible process should focus more on providing living wage, healthy working condition and ensuring social security measures. They must focus on bringing the massive unorganized sector under its ambit by mobilizing membership.

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