Trade Union Response to Modernisation and Globalisation

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INTRODUCTION

In the recent past, economies around the world have experienced structural changes of different dimensions. While some of these changes may have been proactive in nature, many others have been reactive. It has been widely argued that India's role in the world market has been reduced due to her inability to meet standards of quality, cost and productivity. These limitations are attributed to obsolete technology, increasing labour costs, aggravated by slow pace of economic and industrial reforms. India ceased to enjoy the advantage of cheap labour, although the absolute wages in India is still among the lowest. Despite the fact that wages in Japan or in other economically prosperous Asian countries are no longer cheap, these countries play a dominant role in the global market, largely through their improved export performance. In fact, labour cost has declined in the developed nations. New elements like product design, quality, delivery schedules, market positioning, customer orientation, sales promotion and distribution are recognised to contribute to the competitive advantage. Although competitiveness was always based on productivity, today, quality and flexibility along with labour and technology play important roles in measuring productivity.

COMPETITIVENESS AND NEW TECHNOLOGY

Products, whether food, garments, cars or electronic equipment, produced under traditional systems are unable to meet the requirements of product specifications and quality standards of the modern market. Success in the global market is no longer based on a nation's natural

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resources or cheap labour, but on deliberate choices for core technologies to compete in the international market. Therefore, constant improvement and innovation in product design, process technologies and management methods have become key variables to define organisational competitiveness.

Technology has always been a major stimulus for change in society. However, since the seventies, we have witnessed the emergence of a new range of technologies based on microelectronics. In fact, it appears that we are now living in one of those infrequent periods in history when human society undergoes a profound change unprecedented in its direction, speed and intensity. Since the 1980s, manufacturing and service environment has been characterised by the focus on quality, flexibility, customer orientation, and productivity. Firms had to innovate in order to secure the most productive use of the investments - manpower, raw materials and energy - while at the same time offering improved service and quality to the ever-discerning customer. The global market today poses the biggest challenge by demanding simultaneous objectives of high productivity and flexibility from the firm. In fact, the new technological opportunities and strategies made it possible for the firm to meet such a challenge. The computer integrated manufacturing (CIM) technologies have contributed to immense improvements in factors of effectiveness including lead times, inventory, quality standards, cost and productivity. New technologies in the form of Internet and digital networks have already made a major difference in not only the way organisations work, but also the way we live.

However, studies have shown that the full benefits of new technologies can come only if simultaneous changes are brought about in physical layout, organisational structure, manpower skills and work culture (Rush et al. 1990). As it was found in the case of Spanish automobiles and textiles, the absence of such a simultaneous approach can delay, if not totally stop the introduction of new technologies (Mamkoottam & Herbolzeihmer, 1990 & 1991). The adaptation of new technologies would require a "paradigm shift" integrating the production and process innovations along with new patterns of organisational designs and decision-making. The new workplace would have to undergo wide-ranging changes in the areas of manpower skills and knowledge, inter-personal and inter-organisational relationships and customer relations.

ECONOMIC REFORMS IN INDIA: THE NEW ECONOMIC POLICY

Rapid technological developments and globalisation left little choice to nations/economies to compete in a single (world) market. Restrictions, with few exceptions, on the movement of capital, goods and services had to be gradually lifted and global standards have come to control quality, price and productivity. In order to take advantage of globalisation and techno-logical changes, major reforms had to be introduced in the Indian economic, industrial and financial sectors.

For several decades after independence, the government of India followed a path of industrial development which placed major emphasis on the state-owned public sector. The central and state governments in the public sector units had made huge investment of several millions. Most of the public sector units were making losses and many had been declared sick, though industrial sickness has not been confined to the public sector alone. In fact, it is more pervasive in the private sector, particularly in the medium and small scale sector. Several million workers are employed in the sick units. Critics attribute these deteriorating standards to the unhealthy protectionism and isolation of the Indian industry from the global market. The *Economist* once used the metaphor of a caged tiger to describe the over-protected Indian economy. Direct state intervention and bureaucratic control had for long characterised the Indian industry, be it through industrial licensing, import-export restriction, or labour legislation. Among the major reasons for the existing non-competitive situation include technological obsolescence and inefficient deployment of manpower with redundant skills.

In the wake of a severe foreign exchange reserve crisis and the increasing impact of globalisation, the Government of India announced a new Industrial Policy in July 1991 to transform the Indian industrial and financial sector to a global player. Several major policy measures including privatisation of the public sector organisations, modernisation and techno-logy upgrading, manpower training and skill upgrading, rehabilitation of the sick industrial units, and, above all, relaxation of the state control by introducing adequate legislative reforms were included in the new policy package.

An organised effort to tackle industrial sickness had commenced with the enactment of *Sick Industrial Companies (Special Provisions) Act, 1985*, and the constitution of the Board of Industrial and Financial Reconstruction (BIFR) in 1987. The BIFR - a quasi-judicial body - vested with wide-ranging powers was to act as a single window for nursing sick units back to health or for recommending their closure. Through an amendment, the Sick Industrial Companies Act, the jurisdiction of BIFR, which was till then confined to private sector units, was enlarged to cover sick public sector units as well for rehabilitation. In countries where free competitive markets have been nurtured over the years, unemployment benefits under an overall social security system are available to the labour force. In the absence of any such meaningful social security system in India, a social safety net was created under the National Renewal Fund (NRF) to retrain the employees and rehabilitate obsolete technology.

In the absence of political consensus and faced with widespread protests among organised labour, the government adopted a cautious and guarded approach to reforms. It is also noteworthy that the Congress which took the initiatives in introducing reforms in early 1990s was not voted back to power for the second phase of promised structural reforms. However, gradually subsequent governments, though belonging to different political ideologies and their coalitions, have continued the process of deregulation, enlarged the areas of foreign and private investment, and partial privatisation (divestment) of the public sector. Important sectors like the infrastructure, telecommunication, civil aviation, power and automobiles have been deregulated and opened to multinational players. In the face of nation-wide protests and agitation by the employees of the nationalised insurance sector, the Insurance Regulatory and Development Act (IRDA) was passed in the 1999 winter session of parliament, opening up the insurance sector to private/ foreign companies. In fact, the re-elected BJP led coalition government has attached high priority to implement socio-economic reforms, by creating new groups comprising top industrialists to generate ideas and to implement speedily the already formulated ideas. To monitor and facilitate the process of privatisation, a new department of disinvestment headed by a minister has been created recently.

The government has indicated that the public sector banks too, will be restructured and gradually opened to divestment. The Ministry of Finance, (GOI) has directed the banks to draw up a voluntary retirement scheme for the employees to make them more efficient. The banks have been asked to reduce the level of operations, and the organisational restructuring is expected to result in major cost saving. In a recent study by the Federation of Indian Chambers of Commerce and Industry (FICCI), 22 percent of the staff in 16 nationalised banks were found redundant, when benchmarked on the basis of Rs. 125 lakh business per employee (BPE). The Government is taking steps to make the public sector more accountable. According to a new plan drawn out by the Finance Ministry, all capital fusion for restructuring plans would be subject to signing Memorandum of Understanding, in the form of time-bound schedule for implementation. The schedule will be closely monitored by the Ministry to ensure that the PSUs adhere to the conditionalities of the restructuring package. According to sources, the government annually infuses about Rs.3000 crore in the restructuring plan of various PSUs in the form of cash, loan write-off, interest subsidy etc. About one fourth of the 239 PSUs are sick, and about 40 PSUs being declared not revivable by BIFR.

The developments discussed above associated with economic reforms in a globalised environment have their impact on Indian trade unions and industrial relations. The nature of industrial relations may be appreciated by examining the role played by the major players, namely, the state, the worker/trade unions, and the employer. In the remaining part of this paper, attempt will be made to examine the emerging relationships between the state/political parties and trade unions, between employer/management, and trade unions, and between the worker and trade unions.

LABOUR AND INDUSTRIAL RELATIONS IN INDIA

Like most developing countries in the world, labour movement in India has had a shared history with the country's independence movement. Not only did labour play an active part in the struggle for independence, but labour movement derived its vitality from the independence movement and sought support from political leaders. In fact, trade unions continued to be closely linked with political parties in India. After independence, political parties used the organised labour for political purposes, while trade unions found it difficult to sustain and succeed without political patronage. Meanwhile, the fragmented structure of political parties permeated the trade unions as well. Multiplicity of trade unions divided the labour force along affiliation to political parties; a fragmented trade union structure not only weakened the movement, but also made bilateral negotiation and collective settlements extremely difficult and rare.

Independent India with her deliberately chosen philosophy of socialist democracy enacted a legislative framework, which protected the interests of the workers and trade unions. Even day-to-day relations between the employer and employee are bound by legislation and political parties took upon themselves the cause of labour. During the 1950s to 1970s as the public sector expanded, trade unions not only grew in numbers but also became more and more powerful *vis-à-vis* employers and management, in particular. While the government heightened its focus on the nationalised sector, white-collar employees in banks, insurance sector and government undertakings too, became unionised. Often politicians, particularly those in the opposition, found unions an effective medium to demonstrate their strength and unions used the political support to achieve their objectives. For fear of losing the support of the organised labour, more often than not, the ruling party yielded to the demands of trade unions, some genuine, others not so.

However, the mid-seventies witnessed the dark side of Indian democracy with Prime Minister Indira Gandhi declaring emergency, suspending fundamental rights including those of trade unions. But, soon after the emergency was lifted trade unions revived themselves with renewed vigour and vitality. Trade unionism grew vertically among the officers and managers in public sector undertakings, university teachers, doctors and nurses in government hospitals, and lawyers in the courts. In most cases, these organisations popularly known as guilds and associations, came up as a reaction to the militant unions among the lower employees on the one hand, and the loss of power and decision-making role experienced by the professionals and lower/middle level managers, on the other hand. In a nation-wide study of officers in the public sector, it was found that the "*powerless*" and the voiceless officers organised themselves into associations to protect their interests vis-à-vis the workers as well as the top management (Mamkoottam, 1990). Gradually the management, particularly in the public sector, became a weak partner in industrial relations. Strikes and industrial "indiscipline" increased with greater loss of man-days including in essential services like hospitals, railways, airways, telecommunications and postal services. Meanwhile the declining productivity and performance of the organised sector including that of the government, became target of public displeasure. There was a growing concern that India was lagging behind in producing world class products/services, fast losing out in the increasingly globalised export sector, and a large part of the blame was put on trade unions. However, time and again trade unions expressed their opposition and resisted initiatives of technological change and modernisation.

In brief, a key feature of industrial relations in India has been the confrontational relationship between the employer/management and trade unions, and an overwhelmingly dominant role of the state through a plethora of labour laws. Many of these labour laws are not only archaic, but also have considerably reduced and restricted labour flexibility. Flexibility is a key characteristic of modern business and industry. Flexibility is an all-pervasive concept covering product design and manufacturing, production process, and labour. Labour flexibility refers to a variety of decisions affecting skills, geographical and occupational change of workers, recruitment, deployment and working hours, which would be essential to maintain cost effectiveness, productivity, quality, and market competitiveness. Flexibility enables a course of action to be modified in accordance with an encountered situation which may surprisingly deviate from prior anticipations (Hart, 1973). Central to the notion of flexibility is the capability of a system to generate a variety of alternatives so that options are available to do things differently or do something else if the need arises. The qualities of versatility, agility and resilience associated with flexibility have been noticeably absent in the Indian labour force. Indian employers and potential foreign investors in India have been clamouring for radical changes in the existing labour legislation in India allowing greater freedom to recruit, deploy and discipline labour. However, it should be mentioned here that no government has so far taken steps to initiate reforms in labour legislation and industrial relations.

EMPLOYERS' STRATEGIES

Despite a rigid labour legislative environment and widespread protests by trade unions, many employers have undertaken modernisation of the plant, restructuring of production processes and work reorganisations. As tables 1 & 2 show, in some cases employers have laid off and retrenched the labour force. In the case of Associated Cement Company (ACC) versus an employees' union in one of its plants located at Sevalia in Gujarat, the Gujarat High Court underscored the fact that a company can shut down its plant or unit by simply transferring the title to another company under section 25-FF of the ID Act.

Table 1. Number of Units Effecting Lay Off and Workers Laid Off, 1990-98

YEAR	CENTRAL		STATE		TOTAL	
	A	B	A	B	A	B
1990	56	13907	386	50173	442	64080
1991	46	10791	415	60269	461	71060
1992	101	47979	376	59633	477	107612
1993	52	19212	373	46416	425	65628
1994	60	17806	282	40261	342	58067
1995	21	8176	263	53810	284	61986
1996	54	14291	253	47046	307	61337
1997	52	21601	255	43564	307	65165
1998 (Jan-Sep)	49	7960	132	15848	181	23808

A= number of units; B =Workers laid off
Source: Annual Report 1998-99, MOL

Another interesting case is that of Hindustan Ciba-Geigy, which implemented successful VRS for its entire 907 strong workforce at its plant in Bhandup in the suburbs of Bombay. The success of the Ciba scheme is attributed to its truly voluntary nature, and its ability to convince the union, which initially blamed the management for making the plant non-viable through mismanagement.

Table 2. Number of Units Effecting Retrenchment & Workers Retrenched therein, 1990-98

YEAR	CENTRAL		STATE		TOTAL	
	A	B	A	B	A	B
1990	1	8	267	3029	268	3037
1991	2	54	233	4342	235	4396
1992	2	85	220	3751	222	3836
1993	3	178	186	2713	189	2891
1994	-	-	135	2192	135	2192
1995	-	-	94	1792	94	1792
1996	4	285	75	2087	79	2372
1997	10	526	151	2716	161	3242
1998 (Jan-Sep)	1	1	75	1067	76	1068

Source: Annual Report 1998-99, MOL; A= number of units;
B =Workers laid off

The Public sector units too have been reducing manpower through VRS. In the Marxist-ruled state of West Bengal, known for its militant trade unionism, workers of the Bengal Potteries accepted *en-masse* a VRS. MMTC and the State Trading Corporation have reduced their manpower substantially through VRS. Hindustan Shipyard Limited, Delhi Transport Corporation, Bharat Gold Mine Limited are among other successful cases of manpower reduction through VRS. In fact, it is reported that major restructuring efforts by way of downsizing have taken place during the past few years in the public sector in India. According to a report (Economic Times, 1 June 1999), through VRS 152 PSUs have shed as many 1,20,000 (sic) employees since 1993-94. These PSUs include those, which are sick as well as those, which are revivable. Among the prominent ones which have separated large numbers of employees through VRS include National Textile Corporation (23,000 employees), Bharat Coking Coal (9,793), HMT (4,309), and Eastern Coalfields (6,859).

But the indiscriminate introduction of VRS in the public sector units have raised anxiety because the scheme has led not only to the loss of their best employees, but also to enormous cash outflow which could lead to disastrous consequences. Bharat Heavy Electrical Limited, which employed over 70,000 people, besides indirectly providing work to another 30,000, withdrew the VRS package offered, when the management discovered that many of the senior and best qualified workmen and officers were availing of the scheme to join the company's competitors in the private sector. The Indian Drugs and Pharmaceuticals Ltd, the largest pharmaceuticals company in the public sector, while spending an amount of RS. 12.5 crore, lost 450 employees, majority of whom were senior officers barring about 25 workers. A revival package rendering nearly 78,000 workmen surplus with the mills under the National Textile Corporation located in different parts of the country was enthusiastically received in the initial stages. Although about 32,000 workers had opted for the scheme involving an amount of Rs.245 crore, the younger workers became suspicious of the scheme and refused to accept it.

According to a study conducted in 1993 by the All India Management Association (AIMA) on the human dimensions of liberalisation, more organisations were able to close down parts of their business in post-July 1991 period than earlier. Based on a sample of chief executive officers (CEOs) of 71 organisations in the organised sector, the study showed that more than 75 per cent of sample organisations had surplus labour, and industry had consciously gone for replacing labour with capital during the recent past, by judiciously bringing about technological automation and organisational restructuring. Interestingly, 52.4 per cent of the respondents in the study found no resistance from the trade unions and workers, but have responded positively (Economic Times Dec.12, 1993).

A similar survey conducted in December 1993 by MARG for*Business Today*, covering a sample of 148 chief executives, directors, and vice-presidents of large, medium and small firms, spread out in the major industrial centres of the country, found that 64 per cent of the companies were going through a process of restructuring and 26 per cent were planning to do so in the near future. Marketing, organisational structure, quality, training and finance were among the top areas ear-marked for restructuring (Business Today, January 7-21, 1994). In other words, to face growing competitiveness and economic recession, companies in India have been shedding off employees. Some others shut down operations first and later sought legal help. As mentioned earlier, the process of legal closure is not easy and often not granted by the government. To circumvent the protracted process, employers have been resorting to shutting down operations or separating employees through VRS. In recent past, many companies like National Rayon Corporation and gas major BOC stopped production in one of their Bombay units and sought permission to close down. To avoid legal battle and to reduce worker protests, companies such as Philips, Siemens, and many others have offered attractive separation packages. Over the past few years, Philips in India has reduced its original 10,000 employees by half and Siemens by 20 percent by offering VRS. In sunset industries such as the composite textile mills, the number of closed mills is increasing every season. According to an estimate, by the end of March 1998, 93 of the 278 composite textile mills in the country had shut down production completely (Economic Times, Jan 20, 1999).

While rationalisation of manpower often helps to improve operational efficiency and the health of the organisation without proportional rise in employment, unemployment is proving to be difficult to grapple with. Declining employment rate along with a growing GDP has been a global phenomenon and it is projected to continue even in the developed world. Most developed economies have been experiencing a decline in full employment while marking the growth of part-time workers. According to OECD sources, as much as 39 percent of total employment in Netherlands in 1996 has been part-time, while the figures for Britain was 22 percent, France and Germany 16 percent each, Japan 15 percent, Spain 9 percent and the US 8 percent. As tables 3 & 4 show, during the past few years, employment in India has registered marginal growth and even negative growth in the public sector.

Table 3. Employment in the Organised Sector

In the end of	(in lakhs)			Total percentage change Over previous year		
1	2	3	4	5	6	7
March 1997	195.59	186.8 5	382.34	0.67	2.03	1.09
March 1996	194.29	85.12	279.41	-0.19	5.62	1.51
March 1995	194.66	80.59	275.25	0.11	1.60	0.54
March 1994	194.45	79.30	273.75	0.61	1.01	0.73

Source: Annual Report 1998-99, M.O.L

Table 4. Employment by Branches of Public Sector

Branches of Public Sector	Employment (in lakhs)	Percentage growth Over previous year	
	March 1996	March 1997	1996/97
Central Government	33.66	32.95	-2.11
State Government	74.14	74.85	0.96
Quasi Government (Central)	35.38	35.85	1.33
Quasi Government (State)	29.20	29.50	1.03
Local Bodies	21.92	22.44	2.37

Source: Annual Report 1998-99, M.O.L

LABOUR AND TRADE UNION RESPONSE

Global experiences have shown that workers' response and trade union strategies towards structural changes and economic reforms vary depending on the labour market conditions, the power structure in and around the trade unions and the labour legislation operating in that environment. As mentioned earlier, the labour and employment legislation in India are extremely rigid as far as labour deployment is concerned. However, it is also a labour-surplus economy, although availability of skilled and professional labour could still be scarce. Organised labour in India has not been keen on accepting economic reforms or technological changes. There is fear in the minds of employees and unions that the envisioned changes, if implemented, will adversely affect the labour and employment situation in different ways. In fact, measures such as privatisation of public sector units, modernisation of plant and machinery would involve major technological changes with accompanying structural and organisational changes. It is also inevitable that such changes would affect the existing occupational structure, manpower skills, and employment patterns.

Since the time the new industrial policy was announced in 1991, the trade unions in India registered their disapproval in several ways including strikes on a few occasions. The trade unions in the banking, insurance, and other public sector units have not only rejected the offer of discussion but also threatened to boycott and oppose the implementation of various measures announced by the government of India as a part of the package of structural reforms and economic liberalisation. In fact, the process of reform envisaged in the financial, manufacturing and service sectors of the economy has considerably slowed down due to continuous resistance expressed by the organised labour trade unions.

However, as we have discussed in the earlier section, labour and trade unions would be co-operative to restructuring provided the management was willing and able to evolve a strategy of negotiation and dialogue. Recently, Escort's management proposed to transfer 250 workers from the Rajdoot motorcycle factory to the group's tractor units. Although initially reluctant, the unions finally agreed to the redeployment. Similarly, the Bombay-based Philips Employees' Union submitted a charter of demands, which were negotiated and settled eight months in advance of the expiry of the existing agreement. Another example of the new trend is the militant Bata Mazdoor Union accepting a crucial productivity agreement linking wages to productivity.

Though gradually, both the state and the corporate sector, including the public sector, have introduced technological changes, work reorganisation, downsizing, delayering, productivity improvement programmes etc., developments in recent years in India indicate that unions are unable to stop the process of restructuring, modernisation and other changes in the workplace. In fact, the developments during the past few years indicate that the organised labour is becoming weak. While trade unions worldwide is suffering from decline in their membership rates, it may be difficult to prove that trade unions in India have declined in size. However, there is evidence to show that their bargaining power has declined in the recent years. Tables 5 & 6 show that the propensity to strike of trade unions and the number of workers involved in strikes have gone down. National trade union centres appear to be losing their control over local enterprise unions. In a recent study of collective agreements in ten enterprises chosen from the public sector, private (domestic) sector and multinationals in India, it was found that unions agreed to technological/skill upgrading, and organisational/workplace restructuring in return for linking wages with productivity (Mamkoottam, 1997).

Table 5. Number of Strikes and Lockouts

Year	Public Sector	Private Sector	Strike	Lockout	Total
1989	615	1171	1397	389	1786
1990	628	1197	1459	366	1825
1991	653	1157	1278	532	1810
1992	617	1097	1011	703	1714
1993	359	1034	914	479	1393
1994	316	885	808	393	1201
1995	343	723	732	334	1066
1996	381	785	763	403	1166
1997	448	857	793	512	1305
1998	283	814	665	432	1097
1999(P)	165	762	540	387	927
2000(P)	91	565	350	306	656

Source: Annual Reports-1998-99 & 2000-2001, M.O.L.

A combination of several interrelated factors including globalisation of the economy (economic and structural changes), technological change, attitudes of the state, employer and workers (towards unions), occupational structure and demo-graphic shifts in worker profile may be contributing to declining power of the unions. In some ways India of the 1990s may be compared to the US of the 1970s when trade unionism started its decline there. Increased price competition placed pressure on unionised employers to lower costs. Traditional collective bargaining contracts, which rigidify internal labour markets, became less acceptable because they limit flexible resource allocation. Many employers located new production in low wage (typically non-union) settings in the US and abroad. Unionised employers paying higher wages found it hard to compete against non-union firms, promoting widespread adoption of union avoidance and investment relocation strategies (K.S. Wever, 1994). According to Wever, workers had fewer reasons to join unions, and in some cases saw reasons not to. Union jobs were increasingly associated with plant closings and job insecurity.

Table 6. Workers Involved in Strikes and Lockouts (000)

Year	Public Sector	Private Sector	Strike	Lockout	Total
1989	918	446	1158	206	1364
1990	884	424	1162	146	1308
1991	788	554	872	470	1342
1992	566	686	767	485	1252
1993	565	389	672	282	954
1994	523	323	626	220	846
1995	725	264	683	307	990
1996	606	333	609	331	939
1997	618	363	637	344	981
1998	901	388	801	488	1289
1999(P)	553	758	1099	212	1311
2000(P)	466	223	385	305	690

Source: Annual Reports-1998-99 & 2000-2001, M.O.L.

Though technological change, product innovation and customer orientation had not occupied a place in the priority list of the employer or the government in India for many decades, international competition and shrinking export market in the late 1980s to early 1990s began to make a difference. Successive governments, including those political parties, which opposed liberalisation, have come to champion the cause of technological upgrading and economic reforms. No political party except the left (CPI/CPM) is seen to take a strong position against technological change and economic reforms. The traditional alliance and nexus between political parties and the affiliated trade unions appear to be growing weak. As U.M. Purohit of BMS put it, "Earlier, when people were disenchanted with one government's policies, they could teach a lesson to that political party by voting it out of power in the next elections. Now what happens is that governments change but same economic policies remain in force" (*Labour-2000*, On-line Conference, September 22, 1999). A related and important reason is the growing public sentiments and media campaign against militant unionism, which display little concern for the customer or the hapless citizen. It is perhaps most ironic but true that the striking doctor will condemn the militant banking union, while the banking employee will have no sympathy for the vocal university teacher.

Employers/management have been adopting two-pronged strategies to bring the worker closer to the organisation, while keeping the union away. Employers in recent years in India have shifted operations from highly unionised regions, such as Kerala and West Bengal to less militant regions, or to free trade zones like the EPZ. Use of sophisticated technologies has not only reduced the size of the organisation, but has also changed the type of worker employed. The profile of the labour is gradually changing from the uneducated, unskilled or semi-skilled to a multi-skilled, young, ambitious and career-minded worker. He is more interested in safeguarding his own interests than becoming an active unionist to fight for larger interests. Both in the UK and the US, studies have shown that the young, educated worker engaged in smaller organisations and using high technologies, earning comparatively higher wages, is less inclined towards trade unions (Hundley 1988; Disney, 1990; Ben-Israel & Fisher, 1994). Findings from Central and Eastern Europe (CEE) also indicate that union membership had halved during early capitalist transformation. According to Pollert (1999), trade unions have encountered structural, political and ideological problems in CEE. Decline of trade unions has been attributed to worker apathy, anti-union employers, and the contraction of large state enterprises. Growth of small private firms and services along with self-employment, semi-informal micro-companies have further contributed to de-unionisation. Union presence is weaker among women who are concentrated in services, in small and medium-sized enter-prises, among white-collar workers, and among younger workers.

Like elsewhere in the world, companies in India too, have gradually began to develop sophisticated human resource policies, offering workers the kind of benefits traditionally unions have fought for, be it through welfare schemes, participatory forum or empowerment endeavours. In December 1996 the workers and the management at Eicher Tractors Plant (Alwar), a 9001 company, jointly decided to give up the traditional bargaining for wage increase and settled for annual pay revision on the basis of productivity and performance. The management also introduced several other innovative schemes including the following:

- Introduction of asset building loan up to RS. 25,000/=. in every four years, for personal acquisitions such as a house;
- Hospitalisation scheme for those not covered under ESI;
- Kin's marriage gift up to Rs.3501/= (one time);
- Additional Earned Leave bonus (for every 12 EL two more days of EL is given as bonus; for 13 EL-4 additional EL as bonus; for 14-15 another five additional EL given as bonus) in order to reduce absenteeism;
- Recognition for outstanding contribution (RS. 250-5000 given quarterly and yearly);
- Small Group Activity (SGA) teams consisting of managers, supervisors and workers for solving various problems.

At least some managers have undergone a change in their attitude towards workers and have come to realise that reduction of excess manpower alone will not bring in competitiveness. Along with technological and organisational changes, human resource management strategies are being changed. Employers realise that it is futile to fight the battle against labour in the domestic market while facing competition in the international economic market. Workers are no longer seen as liabilities, but key resources, who should are to be carefully nurtured and constantly developed. A healthy work culture can be created through proactive human resource policies and preventive measures can reduce conflict at the work place. The slogan of the 1980s -*productivity through people*- has caught the attention of the 1990s' manager. Professional skills are being employed to revamp the organisation to create a new work culture, which is inculcated with the values of quality, cost and customer satisfaction. Organisations are being restructured into flat and lean structures with reduced hierarchies and faster decision making processes.

More scientific and objective techniques are employed in selecting the employee, in evaluating his performance and rewarding him, training and developing him with the dual objective of the individual growth of the employee while achieving greater organisational efficiency. Decentralised decision-making, developing teamwork and improving communication are occupying the top place in the agenda of the management today. Organisations are making focused efforts to understand the problems from the workers' view point, rather than using a top down approach. Training the managers to understand and empathise with the workers, to develop their skills to communicate more effectively with the subordinate employees and their unions are common experiences in Indian organisations today.

CONCLUSION

Unions must come to terms with the changing occupational structure and employee profile engaged in a new work environment. The union will need to examine the workers' indirect economic, psychological and social needs and find ways to fulfill them. Dissatisfied with the politicised and centralised structure of the national trade union centres, workers are keener to develop enterprise unions. Clearly, decentralised unions and enterprise bargaining are seen as more market friendly in most parts of the world. According to Pollert (1999), the general trend towards decentralisation in the CEE is about 90 percent of union's representatives reporting local basic pay agreements.

In the new context of reforms and restructuring at individual enterprise levels, workers find less relevance in their unions being driven by guidelines issued by national centres, which are more often than not politically motivated. The new and younger worker and his union prefer to concentrate on specific issues and problems reflecting his own immediate work environment, including restructuring. In recent years several unions in TELCO, HLL, Britannia Ltd, Escorts and many others signed agreements which recognised the management's right to upgrade technology, redeploy and retrain manpower to increase productivity, provided there was no retrenchment. Management in the public sector too, has been able to introduce important changes through productivity bargaining. In SAIL, the management was given unilateral powers to decide and change the schemes relating to productivity-linked wages, link the scheme directly with quality, attendance etc.

In fact, there is a new fear among the union leaders that workers may revolt against them if they did not protect their immediate interests. This is precisely what happened with Kanoria Jute Mills near Calcutta, where the workers discarded the trade unions and put up a new banner meant to take care of the workers' interest. The workers in this case have dismissed directives of the union high command and tried to resume work in the mills. These are indications that central trade unions are losing their ground. According to the General Secretary of one of the largest national trade union centres, there has been more than 25 percent all in the membership affiliated to his union in recent years, and more and more unions are applying for disaffiliation. The larger national centres of trade unions, closely linked to political parties, are facing a dilemma, as to whether abide by the dictum of the party or to respond to the demand of the workers confined to the boundaries of enterprises. In principle, leaders of all the national union centres realise that the multiplicity of unions has considerably reduced their bargaining power. In fact, on several occasions in recent years, the various different unions came together on common agenda to protest against the government taking steps towards economic liberalisation and industrial restructuring. However, the tone and tenacity of the unions are on the decline.

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