
Labour Unrest at Orient Craft : A Case Study

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Abstract

Labor unrest is a term used by employers or by the business community to describe a situation of organizing strikes actions by labor unions, especially where they violently obstruct the normal process of business. This case is a real life example of ongoing problems faced by a company named Orient Craft- one of India's leading garment manufacturers and exporters. This case describes how an assault on their colleagues prompted about 2,000 workers of a major textile export company in Gurgaon to go on a rampage. The company needs to take a decision and formulate suitable strategies so as to curb the problem of this proportion of labour unrest.

The case study analysed the repercussions of labour unrest of such dimension which does not irrupt in a day or two. This unrest has impacts on labour market, firm, industry, local economy as well as the entire economy. No one is the winner in this situation. Hence, all stake holders need to understand the deep rooted problems properly and take timely action - both short and long term measures to dissolve the dissatisfactions as well as conflicts.

Keywords: Labour unrest, labour union, Orient Craft, strike, assault

Introduction

This case focuses on the labor unrest faced by the company named Orient Craft. Orient Craft is one of India's leading garment manufacturing and exporting houses situated in Gurgaon. Efforts have been made to describe how an assault on their colleague prompted about 2,000 workers of a major textile export company in Gurgaon to go on a rampage torching at least 14 vehicles and injuring more than 12 people including 2 policemen.

Comments of many people including the plant manager at Orient Craft - Mr. N S Grewal, Convener of Micro Small and Medium Enterprises (MSME), Confederation of Haryana - Mr. Raj Singla, GM (Administration) of Orient Craft- Mr. R S Saroha, and CITU State President, Mr. Satbir Singh on this whole incident have been discussed.

Description of the statement given by Mohammad Naseem, one of the laborer at Orient Craft who was injured when the bloody clash occurred between the laborers and the contractor is also given in the case study. Naseem revealed that the real working scenario in the company and the exploitative behavior of the contractor.

Company Profile

Set up in 1978, Orient Craft Limited has consistently been one of India's top garment manufacturing and export organizations. Today, it stands strong with

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21 state of the earth manufacturing facilities and a committed workforce of over 25 thousand producing more than 100 thousand pieces of global fashion products in a day. Catering to over forty fashion brands and designers like Marc Jacobs, Diane Von Furstenberg, Polo Ralph Lauren Blue Label, Banana Republic, Michael Kors, DKNY, Express, Tommy Hilfiger, Macy's, Monsoon, Marks & Spencer, Ann Taylor, Abercrombie and Fitch, Orient Craft stands true to the image of being 'the name behind names'.

Orient Craft has acquired the prestigious recognition of a Four Star Export House by the Govt. of India. Orient Craft over these years has earned great success for which it has been suitably rewarded by many renowned national and international organizations & associations.

Orient Craft has been an active member of various associations for years together including Apparel Export Promotion Council, The Cotton Textile Export Promotion Council, The Wool and Woolen Export Promotion Council, The Synthetic & Rayon Export Promotion Council of India, The Clothing Manufacturers Association, Apparel & Export Manufacturers Association and The silk Export Promotion Council.

THE PROBLEM

The company did not face any labor problems till an assault on their colleague on 19th March, 2013, prompted about 2,000 workers to go on a rampage. The mob pelted stones inside the company premises. When around 50 cops reached the site, they too were greeted with stones. Angry workers burnt about a dozen vehicles parked in the factory. They even targeted a trailer and damaged a fire tender which was rushed to the spot. Two more cars parked inside the company premise were damaged while the windowpanes of the neighboring buildings were smashed.

Describing how it all started, eyewitnesses Rakesh, Vinod and Sandip said that the contractor asked all the laborers to report to work even on Saturday and Sunday, but they had refused. "When we joined work on Monday, the contractor Lovely Singh came around 10.30 am and started abusing us. One of our

colleagues, Rajesh, answered back and the contractor stabbed his hand and slapped him," they said.

As the situation went out of control, the police resorted to a lathicharge. "As a precaution we have deployed around 100 cops there. The workers have been alleging that the company management and the contractor are hand in glove," said a senior police officer.

Late in the evening, the police apprehended five workers involved in the rampage. They have also lodged an FIR against the contractor. Another FIR has been lodged against workers Arjun, Shahid, Rehman, Kuldeep, Rajkumar, Vinod, Rajesh and other agitators.

Plant Manager, N S Grewal claimed that the company had nothing to do with the clash. "We will remove the contractor if we find he is responsible for what happened," he added.

According to the Gurgaon's labor department the incident was spontaneous and was not orchestrated by any external agents, and had no involvement of any of the union bodies. "Unions were not involved, and no outsiders were there. We have written to the owners to terminate the contractor's license," said a senior official of the labor department in Gurgaon.

Labor unrest is not new to Gurgaon's industrial belt. Bloody clashes between the police and Honda workers in 2005, a long strike at the Maruti factory last year that crippled production and rampage after a worker fell to death from an under-construction building — the Millennium city has seen them all.

Raj Singla, convener of micro small and medium enterprises (MSME), confederation of Haryana, said, "I do not see any unrest in these fights of laborers. But these incidents affect the industries' production badly and create an unhealthy atmosphere."

Mohammad Naseem laid on a bed bandages wrapped around his arm, at Sunrise Hospital in Gurgaon. A tailor at apparel export house Orient Craft, Naseem was injured during the clash near Hero Honda Chowk during which the police lathicharged workers on the rampage. A resident of Motihari in Bihar, Naseem moved to Gurgaon two years ago. Naseem claimed

that Monday clashes began after a contractor assaulted a worker who had questioned the quantum of salary deduction for taking leave. "There is an element of fear among workers. Sometimes salary is cut without reason and at times proper payment is not made. And if such a case is reported, the contractor and his men beat up and throw the worker out of the premises," said Naseem. Naseem's left arm has sustained deep cuts when he fell on glass while fleeing the commotion. "He fell on glass twice while fleeing," said Manish Jha, a doctor at the hospital. Naseem said there are more than 3,000 workers under the contractor. The shift is from 9.30 am to 6 pm, after which one can work overtime.

"I get 55 paise per piece (a part of the garment). Usually I make around 400 pieces a day which gets me close to Rs 200. I earn between Rs 6,000 and Rs 7,000 per month and my PF gets deducted," said Naseem.

Naseem said senior officials of Orient Craft called to enquire about his health. "We take care of workers in such situations. This time, too, we will provide all help to the victim and pay his bills," R S Saroha, GM (Administration) of Orient Craft.

"Some of workers took leave on Sunday and when they resumed the work on Monday, the management informed them that they had been docked for two days' pay on account of the leave." "Both the company and contractor are at fault. It is the company which hires a contractor and he remains under the management's purview," said Satbir Singh, the CITU State President.

According to the company's official, the contractor, Harendra alias Lovely Singh, was subsequently released on bail, the workers were still in judicial custody.

Impacts of Labour Unrest in the Industry and Economy:

In a globalized world, the impact of such mismanagement of labour conflicts has deep impacts not only on the employees employed in a particular firm, it affects the labour market as a whole. Directly, existing employees lose their wages for days or sometime lose their jobs for ever as they do not have

chance to get alternative job after they are involved in the dispute of such high level. Death and physical injury may cause sufferings for the families and dependents. The workers as an entity lose the faith on the management and the employer employee relations worsen beyond repair. Management face underutilization of fixed capital and in many occasion collateral damage causing serious loss. The firm and the industry suffer from the loss of production due to a bad industrial relations. The Organization gets branded as bad employer. Thus they lose competitiveness in the world of severe competition. This type of dispute discourages prospective talented employees to join the organization as well as avoid the area prone to labour unrest. This may lead to higher attrition rate for the firm and industry.

Impact of these type of labour dispute is far reaching such as:

- Loss of production for the economy as a whole
- The Government loses tax revenue due to reduction of production of the economy as a whole
- Exports are affected due to not meeting time frame of supplying to the foreign buyers.

Was it possible to avoid such conflict at any stage ?

The management of the organization could have looked into the issue at various stages of conflict such as :

After the violence of 19th March, 2013, it looked management took passive role while even at that stage they had following options:

Using Tripartite machinery for settling dispute

Since this dispute was very intense, Tripartite Machinery for settling dispute is suggested. Tripartite Machinery consists of various bodies like Indian Labor Conference, the Standing Labor Committee, the International Committees, the

Central Implementation and Evaluation Committee and the Committee on conventions. Generally, these committees include representatives from the centre and states and the same number of workers' and employers' organizations. These various committees are basically of advisory nature, yet they carry considerable weight among the government, workers and employers.

Going for the Court of Enquiry:

The company should have gone for the court of enquiry. The IDA, 1947 empowers the appropriate government to constitute a Court of Enquiry. This body basically is a fact-finding agency, constituted just to reveal the causes of the disputes and does not care much for the settlement thereof. The Court of Enquiry is required to submit its report to the government ordinarily within six months from the commencement of enquiry. The report of the court shall be published by the government within 30 days of its receipt.

Management Should have taken some long term Strategies to prevent the escalation of the conflict:

Strong and Stable Union:

A strong and stable union in each industrial enterprise is essential for good industrial relations. The employers can easily ignore a weak union on the plea that it hardly represents the workers. The agreement with such a union will hardly be honored by a large section of workforce. Therefore, there must be strong and stable unions in every enterprise to represent the majority of workers and negotiate with the management about the terms and conditions of service. This case clearly indicated that there was a weak union.

Mutual Accommodation.

The employers must recognize the right of collective bargaining of trade unions. In any organization, there must be a great emphasis on mutual accommodation rather than conflict or uncompromising attitude. One must clearly understand that the conflicting attitude does not lead to amicable labor relations; it may foster union militancy as the union reacts by engaging in

pressure tactics. The approach must be of mutual "give and take rather than "take or leave." The management should be willing to co-operate rather than blackmail the workers. And in this case, the workers were blackmailed with the threat that their salaries would be cut if they do not turn up for work on Saturdays and Sundays.

Progressive Outlook:

There should be progressive outlook of the management of each industrial enterprise. It should be conscious of its obligations and responsibilities to owners of the business, employees, the consumers and the nation. The management must recognize the rights of workers to organize union activities to protect their economic and social interests.

Mutual Trust:

Both management and labor should help in the development of an atmosphere of mutual cooperation, confidence and respect. Management should adopt a progressive outlook and should recognize the rights of workers. Similarly, labor unions should persuade their members to work for the common objectives of the organization. Both the management and the unions should have faith in collective bargaining and other peaceful methods of settling disputes. This case suggest that there was no mutual trust between the management, contractor and laborers.

Sincere Implementation of Agreements.

The management should sincerely implement the settlements reached with the trade unions. The agreements between the management and the unions should be enforced both in letter and spirit. If the agreements are not implemented then both the union and management stop trusting each other. An environment of uncertainty is created. To avoid this, efforts should be made at both ends to ensure the follow up of agreements. This case suggests that sincere implementation of agreements was not there.

The government also should look at seriously on industrial laws on causalization of labour market for a long time and defining working hours properly.

Most of the labour disputes are arising because of above two reasons.

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