WAY FORWARD TOWARDS SOCIAL DEVELOPMENT
OF THE SOCIETY:
Role of Trade Unions redefined in this era of
liberalization

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India
## Abbreviations

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
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<tr>
<td>TUs</td>
<td>Trade Unions</td>
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<tr>
<td>CB</td>
<td>Collective Bargaining</td>
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<tr>
<td>IR</td>
<td>Industrial Relations</td>
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<td>SD</td>
<td>Social Dialogue</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>ILO</td>
<td>International Labour Organization</td>
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Trade Union Movement

During the earlier stages of industrialization, a movement was started towards unity of workers, culminating in the emergence of trade unions (Virmani:2000:2). It had a snowball effect during the post-war period and established itself as a partner of social cohesion (Jose: 2000:33). Each decade transformed the movement but liberalization has created challenges. How to build the capacity of this movement in developing countries where it is challenged with decline in membership and marginalized by trade liberalization? I would like to look into the case of India and develop proposals accordingly.

This paper will traverse through the Indian situation before and after liberalization and analyze all factors that are responsible for the existence of this movement, considering the strength and weakness in the face of globalization. Finally, it will look into the component of social dialogue under the framework of “Decent Work” - agenda of International Labour organization and provide suggestions for the unions to revitalize as partners of social development.

Background:

Trade Unions (TUs) –“weapons and powerful instruments to uphold the tenets of industrial democracy” are facing challenges as a result of trade liberalization (Jose:2000:30&Mahadevan:2000:121). TUs in developing countries follow traditional confrontational approach in Collective Bargaining(CB) system for increase in wages and working conditions (Jose:2000:42). Global competition has applied a downward spiral in standards of employment making the unions at a disadvantaged position to fight mainly for survival of employees and increase in wages when there is a major thrust on labour cost. The movement that had its significance as a partner of social cohesion has been deteriorating in structure, density, tone and tenacity (Venkatratnam:2000& Naidu:2000:60).

Politico-economic situation of India:

After independence in 1947, India has grown as a developed democratic country and protected the society through its “Planned Economy” policies till 1991. While the other neighbouring countries grew as “Asian Tigers” in economy through its export –oriented policies, India focussed on equity with policies on self-reliance and import-substitution to protect “Labour” (Behrman:1990) (Venkatratnam:2006:1). But the year 1991 witnessed a change in the scenario. (Venkatratnam:2006:2). State rolled back its power and allowed the market to play (Mamkottam:2000:89). Policies which were in favour of labour are changed to labour neutral and investment friendly (Venkatratnam:2006:3).

Composition of Labour Force:

Labour force is estimated to be 400 million (out of 1.1 billion population) with 93% remain in informal economy and 7% in formal sector.(ibid.).
Industrial Relations situation (IR):

The history of IR can be traced back to independence of India. Convention 87 & 98, Freedom of Association, organize and bargain collectively, are not ratified by the country but is considered as the fundamental right of the workers (Venkatratnam:2006:90). Indian constitution envisages justice, liberty and equity. CB is used as a strong weapon to balance power between employers and unions, (Virmani:2000:1-8) It is used to negotiate wages, working hours and employment conditions in an adversarial approach. CB has three distinctive features. Firstly, it is based on the balance of power and the victory always goes to the party which is temporarily strong. Secondly, a certain amount of mistrust and non-sharing of information is always present; as complete sharing may leave nothing to bargain and thirdly, threats of strike, lockout and other forms of direct actions keep the dialogue going (Virmani: :2000:3).

Recent Development:

In July 1991, the new industrial policy announced by the government replaced the protective policies that were in favour of the workers through state-led organizations. It included privatization, modernization, technology up gradation, training and skill up gradation and relaxation of state control (ibid.). These programmes were opposed by the organized labour. Important sectors like infrastructure, civil aviation, power, automobiles have been opened for outside players. Voluntary Retirement Schemes (VRS) have been introduced in banks. Government took initiatives to make the public sector more accountable (id.:90).

India ceased the advantage of cheap labour as the absolute wages of labour in India is cheaper than the other countries (Mamkottam:200:86). Labour laws have been relaxed in Export Processing Zones(EPZ) facilitating free flow of Foreign Direct Investments (FDI) (Naidu:2000:59). Labour standards have been eroded expressing a fear whether there is a “Race to the Bottom” (Ajit Singh:2004). Structural reforms of IMF were not successful as expected (Mahadevan:2000:116). There is a growing disparity (Shenoy:2006:393) and jobless growth in employment (Venkatratnam:2006). Due to downsizing, VRS, privatization, retrenchment, closure, lay-offs, jobs were cut down, workers were contractualized and casualized, making the number of employees in the organized sector decline (Venkatratnam:2006&Shenoy:2006:401). As a result of liberalization, there occurred a paradigm shift.

Paradigm Shift:

Changes in the industrial climate after liberalization demonstrated a remarkable shift (quoted in Venkatratnam:2006:2).
Paradigm Shift (Fig.1)

<table>
<thead>
<tr>
<th>Before Liberalization</th>
<th>After Liberalization</th>
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<tr>
<td>• State sponsored and state-mediated development</td>
<td>• Market led and private enterprise dominated</td>
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<tr>
<td>• Protected domestic market</td>
<td>• Competitive market</td>
</tr>
<tr>
<td>• Budgetary and directed institutional resource allocation</td>
<td>• Competitive, capital market-led resource allocation</td>
</tr>
<tr>
<td>• Subsidies and administered price regime</td>
<td>• Rational pricing, including user changes</td>
</tr>
<tr>
<td>• Welfare state active in labour market</td>
<td>• Labour-neutral and investment-friendly state policies</td>
</tr>
<tr>
<td>• Systematic de-casualization of jobs</td>
<td>• Fast re-casualization and contractualization of jobs</td>
</tr>
<tr>
<td>• Largely government-funded social security and welfare programmes for a few</td>
<td>• Crisis of sustainability of social security welfare programmes and pressure for security measures for all.</td>
</tr>
<tr>
<td>• Stable governing structure and policy regime</td>
<td>• Crisis of governance and fear of political and economic instability</td>
</tr>
<tr>
<td>• Stable, though obsolete, labour intensive technologies</td>
<td>• Micro-electronics-led new-generation capital and skill intensive technologies</td>
</tr>
<tr>
<td>• Dominant status of manufacturing</td>
<td>• Threat of industrialization and rapid growth of service sector</td>
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TRADE UNION MOVEMENT: Before Liberalization:

TU movement was divided according to ideologies after independence and regional parties came to power in different states with each political party having its trade union wing (Venkatratnam:2006:87). India’s socialist democratic policies protected both workers and TUs. The relation between employee and employers are always bound by legislations and jurisdictions but not by *suo – motto*, human resource approach (Rao & Patwardhan:2000:128). Public sectors were expanded and allowed the white collar workers in banks and insurance sectors to organize themselves (Mamkottam:2000:92). Power of unions grew along with the number. Political parties found the unions a strong medium. For fear of losing power, ruling parties heeded to the demands of the TUs (ibid.). The situation continued till the declaration of emergency by the late Prime Minister Mrs. I.Gandhi. This period of emergency had seen the decline in power of TUs. But soon, the lower level TUs were revived to become militant (ibid.). As a result, the management, especially in the public sector became weak partner in IR. Strikes and indiscipline increased with loss of working days, especially in the essential service sectors like hospitals, airways, railways and telecommunications and postal services (ibid.). Productivity and performance were declined as a result of strike earning the displeasure of public making the TUs responsible for the decline. When the other countries were progressing forward in their export policies, India was lagging behind in technology and quality to compete
in the global market because of the rigid laws that did not allow flexibility, which is crucial for globalization.

**After Liberalization:**

Introduction of neo-liberal policies had created fear in the minds of people that technological changes would reduce the number of labour-intensified jobs (Mamkottam:2000:100). TUs registered their disapproval (ibid.). Unions in public sector rejected the offer of discussion and also threatened to boycott and opposed the implementation of various measures announced by the government (ibid.).

Technological changes and other measures of liberalization at the work place made the unions helpless (ibid:101). Management adopted soft policies towards workers and their attitude towards unions is changed. Many employers migrated to cheap labour and non-unionized settings (ibid.:103). State’s welfare policies have been rolled up. Organized sector shrunk in size giving rise to informal economy. Even though it is difficult to say that the TUs have declined in size, bargaining power of the unions is on the decline (Mamkottam:2000:101). Number of strikes and the workers involved in strikes has been reduced. Independent/enterprise unions sprang up. National TU centres seem to be losing their control over enterprise unions (ibid:2000:106.). Unions who earlier opposed to technological up gradation have gradually agreed to the same in return for linking wages with productivity (Mamkottam:2000:101). All these indicate that central unions are losing ground (ibid:104).

**Reasons of decline in unionism:**

a) Multiplicity of Unions and political affiliation divided the work force making the movement weak and made bilateral negotiation and collective settlements extremely difficult (Mamkottam:2000:92)

b) Decline in Membership: While 1989-90 witnessed a decline in membership, there is an increase in number of unions (ibid). Total membership declined by 25% and more unions applied for disaffiliation (quoted in Mamkottam:2000:106).

c) Human Resource Management policies have become the sophisticated way of attracting the employees to the side of management. (Mamkottam:2000:104)

d) Rise of independent enterprise unions with decentralized bargaining are found favourable due to non-affiliation to apex bodies or political parties giving rise to divergence of interests (Jose:2000:47&Mamkottam:2000:106)

e) Dilemma: Political Affiliation with the parties placed the national TU centres in a dilemma, whether to abide by the dictum of the party or respond to the demand of the workers (Mamkottam:2000:106).
f) **Unpopularity of Unions**: Media campaign against militant unionism, political affiliation, vested interest of leaders created a different image (Mamkottam: 2000: 106).

g) **Collectivism to Individualism**: The shift of profile from unskilled, uneducated worker to skilled, semi-skilled individual worker made the workers shift from collectivism to individualism (Mamkottam: 2000: 104-106).

h) **Non-unionism and Individual Bargaining** constitute open affront both to the individual’s right to organize and TUs right to organize and represent and bargain collectively (Rao & Patwardhan: 2000: 130).

i. **De-unionisation**: Women and young workers in the labour market are interested in pursuing self-interests

**Dilemma:**

TUs dilemma depend both on internal and external factors. On one hand, internal factors such as, low membership, poor finances, strong and insensitive leadership, weak organization, failure to recognize the two way communication and the lack of initiatives to improve member union relations cause a big blow to the movement while and on the other hand, factors like relative decline of labour-intensive industries, HRM policies, workers attitude towards union, educated workforce, women’s entry in the workforce, shift from collectivism to individualism by the educated workforce pose a challenge for survival. The balance of power, in pursuit of liberalization is moving against unions (Venkatratnam: 2000: 255 & 2006).

**Strength:**

Majority of employers are comfortable with unions and non-unionism is not a priority (Rao & Patwardhan: 2000: 138). Management recognizes its stake in a stable and effective unions when the unions extend their concern towards productive efficiency and advance of technology (Virmani: 2000: 5). Field experiences show that strong TUs have several positive features in terms of accountability and enforcement of contracts (Rao & Patwardhan: 2000: 138). It is also true that through the good offices of unions, employers sell the concepts of productivity and quality to the vast mass of workers (Rao & Patwardhan: 2000: 138). Youngsters in dotcom industries realize the importance of unions for protection against unfair dismissals (Venkatratnam: 2000: 256).

**Weakness:**

The main weaknesses of the movement is the absence of a common, core philosophy to act as a guide post in the conduct of business and solidarity (Rao & Patwardhan: 2000: 129) that gave rise to others.
• **Multiplicity of unions:** Movement is marked by multiplicity of federations with very little co-ordination inter se. (Rao & Patwardhan: 2000). Besides, each political party has set up its wing and independent unions are operating at the sectoral/local levels. (Rao & Patwardhan: 2000:128).

• **Confrontations in tripartism:** Unions cling to traditional way of arguments that make both the management and the government to take decisions without giving the union a chance of dialogue (Venkatratnam: 2000:261).

• **Dilemma:** TUs are in a dilemma whether to change or not to change, whether to abide by the political parties or not, whether to cooperate with the management or not that has called for criticisms like “Today trade unions are afraid of telling the truth for fear of losing their job. Tomorrow, “They may lose their job precisely for this reason” (Venkatratnam: 2000:262).

• **Informal Economy** has expanded as a result of the measures of liberalization.

• **Image of unions:** Attitude of TUs is only towards the organized sector (by neglecting the unorganized sector) and their relationship with the non-governmental organizations at the grass root level could attribute to the negative perception of public. TUs are seen as power-mongers, reactive agent, resisting changes and stumbling blocks for modernization and development with traditional roles (Venkatratnam: 2000:265).

• **Individualism:** People are very individualistic and materialistic in their approach (ibid.).

• **Alienation:** Growing enterprise-based unions demonstrates that voice function is increasingly moving out of the domain of politically affiliated unions (Jose: 2000:48).

• **Women workers:** TUs have expressed the conditions of women workers would be worsened due to illiteracy and lack of adequate skills (Naidu: 2000:60).

• **Special Economic Zones/Export Processing Zones:** Governments relaxation of the rights of workers to organize envisages erosion of rights of TUs.

• **TU density** is very low amounting to 1.6% (union membership as a proportion of labour force) (ILO: 2006:63).

### Relevance

TUs are ever-relevant and the mission is more-enduring (Venkatratnam: 2000:257) but needs refocus, adjustments, compromise and cooperation (Virmani: 2000:20). The present IR is dominated by antagonistic approach, multiplicity of unions and inter-rivalry of unions that challenges the movement. Studies have shown that CB and Participative Management emerge in the present IR (ibid) but question the effectiveness of both in parallel. CB is based on confrontational approach, non-sharing of power and pressure tactics whereas participative management is on participation and consultation that requires trust,
information sharing and transparency that are antagonistic to each other (ibid.). So, TUs need to reorient and reinvent themselves (Venkatratnam:2000:258).

NEED FOR CHANGE: A new strategy

Adversarial approach and CB must give way to participative approach. Virmani suggests two models. 1. Government plays an active role protecting the labour through legislations like Singapore. 2. Participatory model: issues are settled not on the basis of CB but by mutual integration of interests with full sharing of information (2000:23). If unions want participation, role of unions and CB will have to undergo metamorphosis (id:18) and unions need to secure a niche as efficient providers of services both to their constituents and also to the public at large (Jose:2000:45).

When countries like Germany, Singapore and Malaysia restructured their institutions, TU membership declined (Virmani:2000:22). However, TU redefined their role by concentrating on non-bargainable activities to enrich workers life and increased membership gradually (ibid.).

Jose quotes ILO studies in Israel, Japan and Sweden where unions met the challenges of the industrialized society by establishing themselves as credible partners in production and by rendering a variety of services to members including mutual aid credit, insurance housing and consumer services through cooperatives linked to union membership (2000:31-35).

In a situation, where the country is slowly accepting the terms and conditions put forth by WTO that were opposed earlier (Mahadevan:2000:116), unions need to adopt a new strategy (Jose:2000:45). While liberalization is seen as a hurdle for the growth of the movement, the same can also be seen as an opportunity for development (Jose:2000:30). In an ILO’s online conference on Labour in the 21st century, there is a consensus on respect for core labour standards towards improving working conditions and to adapt union structure to suit the demands of the competition (Venkatratnam:2000:269). Union agenda of the 21st century need to include direct participation of all kinds of working people and to form alliances with the other groups in civil society (ibid).

A review of union structure reveals alienation of voice and bargaining functions (Jose:2000:49) that could deteriorate income distribution. Hence, unions need to re-structure themselves: a) independent from political parties b) avoid multiplicity c) united at the apex level d) improve relations with all rank and file leaders and e) cooperate with other civic bodies.

It can be summed up that TU movement need to their change approach from confrontational to participative, change their strategies and get involved in non-bargainable activities to improve the welfare and social conditions of the people. Let
us what International Labour Organization (ILO) has in store for the development of workers and the unions.

**Decent Work:**

ILO was founded in 1919 to achieve social justice. After the social summit of 1995 and the declaration of fundamental principles and rights at work in 1998, all member countries were obliged towards the eight core labour standards irrespective of the ratifications of the corresponding conventions that were centred on the elimination of all forms of forced or compulsory labour, freedom of association for workers, the abolition of child labour, and the elimination of discrimination in respect of employment and occupation (Decent work:1999)

Decent work agenda is targeted towards providing employment for all. Economic and Social Commission of the United Nations has taken Decent Work in its agenda to create an environment at the national and international levels to generate full and productive employment. International donors are interested to achieve the Millennium Development Goals (MDGs) through the observation of the eight core labour standards that are confined in the decent work agenda. Decent work has four pillars: Employment, fundamental rights at work, social security and social dialogue. World commission on the social dimension of globalization emphasized the need to make decent and productive employment a central objective of macro economic and social policies to promote fairer globalization (Shenoy:2006:417).

Since SD is an important pillar in the field to organize and bargain collectively and also exercising SD can also be seen as a human right, let us see the component - SD in detail.

The ILO, a tripartite organization, promotes SD. SD, as defined by ILO include:

all types of negotiations and consultations or simply exchange of information between or among representatives of government, employers and workers on issues of common interest relating to economic and social policy. It can exist as a tripartite process, with the government as an official party to the dialogue or it may consist of bipartite relations only between labour and management with or without government involvement. Concentration can be informal or institutionalised and often it is a combination of the two. The main goal of SD is to promote consensus building and democratic involvement among the main stakeholders in the world of work (in Kuruvilla:2003:1).

SD accommodates all concepts ranging from transparency, information sharing, and partnership, and workplace cooperation, democracy at the workplace, joint-consultation, and negotiation and also acts as a supplement to CB. Labour-management partnership is seen as the source of symbiosis between decent work and
enterprise productivity and competitiveness (ILO:forthcoming:6-8) that can be promoted through SD.

**Concepts of SD (Fig.2)**

Why do we need SD? What is so novel about SD? Were these features not present in IR? How does it differ from IR? How does SD complement IR? Let us look at the role of SD in IR.

**Industrial Relations (IR)**

IR can be defined as “the activities and institutions associated with relationships between employers and groups of collectively organized employees” (Watson:1995:283). It revolves around conflict and resolution, the nature and distribution of power, equity and justice in contractual relationships and the role of institutions in resolving the issues of conflict, order and peace. Specialists like Dunlop, Hyman and Kochan provided theoretical orientations to this discipline of latest origin (Ramaswamy:2000:93).

There are three analytical frameworks available in IR. The unitarist framework assumes that management and labour share mutuality of interests and unions are viewed as either unnecessary or anachronistic (ibid.:102). In the pluralistic view, management and labour have recognized conflicts that can be solved through negotiations (Watson:1999:285). In theory, there is no undue concentration of power in any one group and the power of capital is more or less balanced by that of labour and the role of state is impartial without being subjective to any influence from any

If both labour and capital aim for a long-term perspective, trust leads to positive IR. In the words of Watson quoting Fox, “Without accompanying norms of trust and reciprocity ... the system would collapse”(1995:223).

But as Armstrong observes trust is expensive and there arises a contradiction between its indispensability and employers’ economic interest in substituting for it (Watson:1995:293). As a result, the untrusting management policies and control techniques lead to ‘low trust industrial relations’ where the loss of one is the gain of other, a zero-sum game (Fox in Watson:1995:292). Then it becomes a way of institutionalising conflicts and encompasses a low-trust perspective leading to adversarial approach.

The scenario is that economic liberalization has escalated the role of market to enhance the competitiveness of enterprises but plummeted the traditional forms of tripartite consultation. The government and TUs no longer have the same control as before over economic and social development due to the partial loss of legitimacy (Trebilcock et al.:1994:VI). Even though consultations and negotiations have not disappeared, they have become flexible and the topic shifted from the distributions of the fruits of prosperity towards the enhancement of the competitiveness of enterprises (ibid.).

In order to achieve a balance between the requirements of economic efficiency and social protection, partners require regular tripartite consultations and negotiations (Trebilcock et al.:1994:VII). Even though emphasis on consultations among government, employers and employees (tripartism) is a timely concept to promote relations but certainly not a panacea (ibid.). Tripartism and bipartism (relations between employers and employees) are two sides of the coin that reinforce each other. The pre-requisites for the success of both are the notion of equality among partners, freedom of association, right to collective bargaining (CB) and democratic decision-making (Venkataratnam:2003b:89).

What is SD in IR?

The link that is established through SD is empathy and willingness to coordinate. Close association enrich the interpersonal relations thereby gaining a foothold for trust and transparency that was absent in the adversarial relations even though hidden in the concepts of IR.
SD can be seen as a process of increased interpersonal communications among the actors with a positive mindset to arrive at a consensus where each actor has empathy towards the other leading to trust to realize the goals of mutual benefit. The moderate relation eludes distrust paving the way for cooperation. This process, if done, on a political platform of bipartite and tripartite consultations gets enriched and effective with recognition.

**Role of SD after liberalization:**

Intervention of SD in the field of IR created a difference after the neo-liberal polices had given rise to liberalization, privatisation and finally when globalization made the competition intense among countries. Profitability has become the objective of the companies on all occasions. The changes in the social and economic environment affected union structures. It challenged the “viability of the regulatory instruments and labour market institutions which the unions helped create and administer in the past” (Jose:2002:17). In order to maximize the profits, different ways are sought.

Human Resources Management (HRM) is one of the ways through which management tries to reach individual workers. A notion has been introduced on the existence of a quasi-contractual arrangement between an individual employee and the employer – a psychological contract. This ‘contract’ is based on mutual trust and reciprocity. “The concept of psychological contract indicates a challenge to industrial relations as the custodian of worker’s perspective” (Bacon:2003:82). Guest’s findings
reveal that there is a strong association between positive psychological contract and evaluation of employment relations because better psychological contract widens the scope of participation among workers (2001:108). The rise of HRM coincided with a decline in membership and reduced interest in collective bargaining (CB) (Ramaswamy:2000:225-226). Even though it is difficult to argue that HRM is against unions, the methods adopted towards competitive advantage result in either marginalization or elimination of unions (ibid.). TUs that enjoyed participation at all levels in IR had lost the floor by participative management of HRM (Bacon:2003:73-75). As the trend of management has shifted towards HRM rather than IR for productivity gains, it is very difficult for unions to maintain their voice and identity (Ramaswamy:2000:228).

SD may facilitate to adjust their social and economic systems in some Asian countries, where freedom of association is not fully guaranteed, TU density has decreased and IR institutions have been eroded (SAVPOT Team:2005:1).

Challenges to unions (Fig.4)

Globalization

International Competition

Advent of HRM  Psychological contract  Marginalize
(To reach workers)  unions

In this scenario, the introduction of SD allows a platform for collaboration of the unions through partnership, joint consultation and workplace cooperation.

Balancing the inequalities (Fig.5)

Challenge in IR – reaching out to individuals

Marginalization of unions through HRM

SOCIAL DIALOGUE
Provide platform for unions through enterprise promotion
SD regains the platform for equal footing for unions that was lost in the implementation of HRM. It also provides each actor the platform to participate, defend and negotiate. Adversarial unions also realize the existing conditions of competition and the nature of demand for survival.

**SD - relevance and effectiveness from ILO’s perspective**

SD established its relevance towards promoting good governance and economic development (ILO:2004a:124). Experiences suggest that there is a need for political will and commitment and a respect for fundamentals rights of association and collective bargaining to exercise SD. The requirement of an effective SD varies from building capacity and technical information on the part of the workers and employers organization to the role of state in promoting stable policies and a conducive climate for employers and workers organizations to operate freely, without fear or reprisal (Sivananthiran and Venkataratnam:2003:ix).

SD is also meant to arrive at a consensus in social and economic fields without any interference by external parties. It depends on the willingness and mindset towards the solutions of the problem. If the parties are similar in their approach, SD can be a tool in the hands of the workers and employers to give a competitive edge to the resolution of conflicts between labour and capital (Sivananthiran:2003:ix), similar to the ideas expressed by Habermas in his theory of communicative action (1989).

There is no hard and rigid definition attached to the notion of SD. There is no model of SD promoted by ILO, as the organization is aware that IR is cultural-specific and is rooted in the traditions of a country. Even though there are similarities in SD processes and practices across countries and regions, ILO’s advice is not to transplant, as SD is not a universal phenomenon to fit into the institutional and social aspects of a country. There is no condition that is pre-requisite, but it is imperative to have enabling conditions for the development of constructive and effective SD to result in sustainability (O’Donavon:2003:26).

**SD in Asian countries**

SD determines the working conditions of employees of Japan through consultations with enterprise-based unions. (Oh:2003:43). In India, SD played an important role in organizing welfare funds for agricultural workers in informal sector (Kannan:2003:202) and to settle disputes outside judicial courts by the concerned people. It is commonly known as “People’s Courts”.

**SD Project:**

Besides these, some experiences drawn from the SD project in South Asia demonstrate that i) women can be empowered through SD in a traditional society and get motivated to contest in the union elections of the enterprise. 2) Multiplicity of unions can be dealt with through SD(Salih:2000:197). 3. Improved relations through
SD could result in increased productivity and 4) SD can provide a leverage to trust building at the enterprise level (O’Donovan:2003:30).

**Trust and partnership**

Martinez Lucio and Stuart (2005:214) applied a framework of analysis to understand trust in partnership. It is felt that the factors like organizational structure and socio-economic and political context are important to understand the politics, strategy and implementation of partnership. Their study indicates the important role of the process in the development of trust in partnership arrangements (id.:227). It becomes obvious that trust and partnership can be established through the process of SD.

It is quite evident that SD can be effective where there is a change in mindset and commitment towards goal. Let us see how this could fit into our context in ways of negotiation, consultation and bargaining.

**STEPS TO GO FORWARD:**


Multiplicity of unions is a big issue. (Venkatratnam:2000& Naidu:2000:64 &Virmani:2000:Mamkottam:2000:92) Unity and independence from political parties will strengthen the movement (Naidu:2000:64). Cooperation at al levels will help in moving forward. A committee at the apex level involving all TUs to dialogue among themselves and also with the government can be initiated, involving women members to address their issues and to be role models.

As a partner of social development and also to curtail the social discontent and social unrest of the masses (Virmani:2000:27), TUs through this TU committee, take up the responsibility of the unorganized sector and indulge in dialogue process on issues like review of national legislation, social protection, social security and news skills for employment (Naidu:2000:83 & Jose:2000:89 & 2000:122).

**TU Committee (Fig.6)**

![TU Committee Diagram]
Recommendations:

Low income workers of organized and unorganized sector have similar civic and community needs (Jose:2000:46). Their engagement in various activities that are prone to many risks causes concern. Even though minimum wages are fixed through legislation for certain employments, minimum wages and its elements are not defined in detail (Venkatratnam:2006:339) resulting in different wages fixed by different wage fixing authorities, taking different set of principles (ibid.).

Non-implementation of minimum wages and non-enforcement of social security, cause 350 million workers to live in abject poverty (Panigrahi:2000:218). For example, in textile sector, wages are low (Labour file:2006) and vary according to the person (migrants, women) and the situation.

Besides fixing minimum wages (conventional approach) (Jose:2000:51), a minimum income and minimum entitlement is required by every worker to fulfil the basic needs of a human being (Shenoy:2006:401). TUs can correct inequalities (Jose:2000:50) by setting wages through redistributive transfers. This will also prevent child labour(Naidu:2000:65). This issue can be dealt at the macro level politically by the central unions (through TU committee) with the government to revise/increase minimum wages(Singh:2004) especially at a time when the Prime Minister at a Governors conference insisted on the need to make the growth more inclusive; to ensure the weaker section benefit from income growth, social infrastructure, health and education (Shenoy:2006:416).

This will serve the dual purpose of unions bridging the gap between formal and informal economy and also pressurize the government to increase the minimum wages (Panigrahi:2000:218).

Thus TUs indulgence in policy making will help the workers to meet their demand for more food, better clothing, housing and consumption good (Virmani:2000:25) and avoid disparities caused by wage differences (Jose:2000:40).

b) Decentralized bargaining at the enterprise level has become a common feature since 1980’s and gives rise to alienation of voice and bargaining functions. (Jose:2000:40 & Venkatratnam:2006).

This structure portrays diversities of interests of union leaders both at the enterprise level and at the apex level (Jose:2000:48) and form basis for inequality in income distribution (Jose:2000:48) through decentralized bargaining. This does not augur well either for the unions or for the countries. Any society that harbours deep inequalities in income distribution tends to limit the functioning of redistributive instructions (ibid). In these circumstances, unions cannot function as purveyors of social cohesion (ibid). Unions at national and local levels need to sort out their differences by dialogue. Experiences show that political affiliation and vested interests of the top leaders are the reason for the diversification of the interests and multiplicity of unions (Venkatratnam:2000:263).
c) Experiences of peaceful industrial relations in the sectors of cement, coal, port and plantation (Shenoy:2006:77) demonstrate industry/sector wide negotiations through CB can yield fruitful results in fixing up wages and conditions of work. This can be initiated through the dialogue process for other sectors. Promotion of sector-based unions may help in equal distribution of benefits and also in combining the functions (voice and representation).

Formation of sectoral unions (Fig.8)

While the Central TUs are involved in CB processes, enterprise unions that are affiliated to the central unions can dialogue with workers in creating awareness about the importance of unions preventing the shift from collectivism to individualism.

Improvement of relations (local) (Fig.9)

Consultations, suggestions, ideas, views both at the workplace and for improvement of life – Dialogue process
d) TUs can help the workers by evolving long-term policies on terms and conditions of employment like promotion policies, placement policies, working hours, (Virmani:2000:25 & Venkatratnam:2000:262 & Jose:2000:49)

**Bipartite/tripartite consultations (Fig.10)**

- Central Unions
- Collective Bargaining (SD with Employers)
- Consultation with Govt (through SD)
- Enterprise unions
- Management/Workers
- Promotion policies & cleaner environment

Result is two-fold
1. On-the-job training that will increase the skills of the person.
2. Increase in human resources to increase productivity

While the central unions at the national/sectoral level may negotiate for wages and conditions of work, unions at the enterprise level may dialogue with the employers and work towards the welfare of the workers in areas of clean environment, promotion policies based on skills, and training obtained. Unions may create awareness of the importance of education in the knowledge-based economy.

e) TUs are obliged to improve the economy of the country through the national objectives. While looking into the increase of the salary of the workers, unions need to look at the enhancement of the productivity (virmani:2000:25) playing an significant role “increasing the size of the cake” unlike asking “more in the shrinking pie” as before.

**Measure to win confidence(Fig.11)**

- Union leaders
- Management (Production & Multiskilling) – avoid outsourcing
- SD Earn confidence and demonstrate change in mindset

Unions may dialogue with the management to introduce suggestion schemes, incentive schemes, rewards to improve production and thereby increase the productivity and quality of the product with due recognition to the workers who provided suggestions.

Unions may dialogue among themselves and with workers to work hard to improve efficiency and productivity. This can pave way for productivity linked wages which could facilitate the free-riders also to realize the importance of collectivism.
If unions work towards productivity level, there will be a change in perception about the unions and their presence in tripartite consultations in improving productivity and competitiveness. This act will earn respect for unions among the employers, as unions also strive towards productivity rather than ideology (Virmani:2000:24).

f) Improving education of the workers (Virmani:2000:26) earns loyalty towards unions and also at the same time improves the bargaining position of the union. Unions need to look at the problem area of funding along with the organization and improve creativity and initiative of the workers (ibid.) Training is required for skill upgrading and improving the employability and redeployment of workers (Naidu:2000:65).

**Tripartite Consultations (Fig.12)**

Central Unions → Employers organization → Consultation With Government → Result in better infrastructure for training and training needs

Bipartite and tripartite consultation with employers and government can also be initiated to identify the suitable training needs that are required from the demand side and to reorient the training infrastructure (ibid.). These are measures to win the confidence of people (Virmani:2000:27).

g) Unions, as an agent of common people, can help by setting up community centres. These centres can help the housewives of the workers and also look into the areas of medical treatment, sanitation, awareness creation camps and advise on everyday life. Collaboration with NGOs, social groups, women’s groups’ municipality would benefit the society on the whole (Venkatratnam:2000:165 & Jose:2000 & Virmani:2000:28).

Organizing the unorganized workers is the main challenge of the day and it may be dealt by collaboration with NGO’s like SEWA. The need of the hour is an adequate number of selfless and courageous women workers. According to legislation 33% seats in the local level are reserved for women. This will create
Measure to win confidence among people (Fig.13)

Unions at the enterprise level through CSR

Management

Organize medical camps, awareness camps

Unions at the enterprise level

NGO’s Women’s group
Environment/ activist groups/banks

Formation of Self-help groups, Cooperative societies/ loans for entrepreneurship

awareness and improve the literacy level of women workers in an atmosphere of liberal democracy which can be replicated. Union may dialogue with the women through the NGO’s, activists groups and create awareness (Shenoy:2006:414).

g) Collaboration with the municipality to improve the living conditions of the people and pushing the administration for housing schemes through formation of cooperative societies would create a positive image of the unions(Virmani:2000:28)

Measure to win (Fig.14)

Unions

Municipality

Better living conditions

SD with the municipal bodies may yield benefits to the society

These changes on the part of the union will help in the integration of the informal workers into the society, bridge the gap between the organized and unorganized and help in organizing the unorganized (Shenoy:2006:414).

As we have seen, SD, in the process, changes attitude and mindset. Alternatively, SD could also be used to get the commitment of the people which would automatically change the mindset and attitude.
Measure to win (Fig.15)

Unions may commit to have a common philosophy which is missing in the present approach (Rao & Patwardhan: 2000:129 & Shenoy: 2006) to serve as partner of social cohesion.

Conclusion:

A new approach, with less inter-union rivalry and multiplicity of unions, needs to be focussed on social matters rather than economic and security matters (Virmani: 2000:24 & Jose: 2000 & Naidu: 2000:65 & Venkatratnam: 2000 & Panigrahi: 2000). Unions’ involvement in non-bargainable activities and strengthening the participation of workers in participative forums would enrich the workers life. Proper functioning of the participative forums would assign more power for the workers and the leaders in decision making in contrary to the present position where the external leaders try to influence their ideas on the day to day matters through antagonistic approach (Virmani & 2000:24-25). The success of participative management is left to the leadership to redefine their role and confine themselves to macro level issues and allow the rank and file leaders to participate more effectively in the participative forums (ibid.). The need of the hour is to have a consultation decision-making of the employees at all levels (Mahadevan: 2000:122).

SD that embodies trust and partnership has a lasting effect. Dialogue through participative approach can be a solution for unity among the unions to have a single philosophy, “commitment to social development of the society” - a guiding principle to reach out to the masses for betterment of the society and for the movement.
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