Contract Workers and the Rationale of the ‘Good Conduct Bonds’: The Case of Maruti-Suzuki, Maneswar Plant, India

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Abstract. Employing temporary or contract workers have been the growing trends in recent times in developing countries. However through brief review of literature and an in depth conceptual research with reference to a case the aim is to portray the adverse impact contract workforce employment is bringing to labour relations. In doing so the I have also evaluated the underlying problems of workers' perceived sense of financial and psychological exploitation focus on the sense of deprivation under the law’s domain and the low morale and trust acting as impediments in signing the Good Conduct Bonds (GCB).

Keywords: Contractual Worker, Good Conduct Bond, Maruti Suzuki, Maneswar Plant.

1. Introduction

At the onset, this conceptual research paper will give an overview of the background of contract workers and the farce of good conduct bonds. The second section of the paper will analyze the causes behind the unrest linking it to the macro perspectives. The final section gives the conclusions along with the future research implications.

The following research questions were framed with reference to the case:

- Has the implementation of the good conduct bond been perceived as a violation of the psychological contract and the perceived organizational support?
- Does the enforcement of the good conduct bond violate the Industrial Disputes Act, 1947?

2. The Case

The Maruti-Suzuki violence of July 18th, 2012 had its inception with a failed negotiation between the union leaders and the representatives of Management over the removal of a suspension order. There was also the added anguish of the workers in being made to sign good conduct bonds.

Around 9:30 a.m. that particular morning, there was an argument between the supervisor, Sangram Singh and worker Jiya Lal. The planned manner of the sequence of events has been later confirmed by the later events when Jiya Lal misbehaved with the supervisor and had socked him too. The supervisor had reported to the main Gurgaon office and the suspension order came soon after from there. It was around mid-afternoon the suspension orders came which was the root cause of the historic workplace violence in North India. The newly elected union desperately fought for revoking the worker’s suspension order but failed to do so.

The pressure tactics of the union leaders did not work this time as the management flatly refused to revoke the suspension order to set a precedent. Frustrated the workers went downstairs and there was a rapid negative wave spread as there was increasing number of workers flocking around the area. There were sharp undercurrents of protests and workers started shouting slogans. It was evident that there was suppressed fury and anguish related to the disciplinary measures. As hundreds of workers gathered, workmen threatened their immediate supervisors about a violent outcome. All the exits to the administration were blocked by the respective workmen. Soon signals to attack came from the key miscreants and what followed was a gory and violent sight. They brutally attacked the head of the executives or the arms. There were cases of attacks on legs. For about ten minutes this horrible violence continued and after it the documents and files were methodically collected and thrown in bins which were then set to fire. This created further ignition as the

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combustible material caught fire too. There was the murder of a senior executive whose body was burnt beyond recognition and about hundred individuals were badly injured.

A deep probe in the inside elements of the case revealed psychologically frustrated contract workers, their sense of hopelessness with the suspension of some workers, and the compulsion of signing the good conduct bonds—which all cascaded into one of the gravest incidents of workplace violence in the history of Industry labor relations. ([5],[17],[20],[21],[22],[24])

3. Review of Literature

3.1. Contractual Labour

There are a variety of reasons why organizational leaders decide to use temporary workers and this type of staffing strategy. Temporary employment arrangements allow organizations to supplement their core workforces, adding the flexibility often needed in an environment of fluctuating labor demands [14]. Such arrangements also provide the potential to reduce labor costs, protect the job security of permanent employees, and serve as an effective way to screen employees for permanent positions within the organization [12]. Since temporary staffing arrangements offer such benefits, the frequency of their use will most likely continue to grow [3].

Maruti-Suzuki’s Maneswar plant has about 2500 workers and around 40% are contract or temporary workers. In India, we observe an increasing use of casual/contract or other such non informal labour over time ([6], [25]).

Among different kinds of employment that have been created in various economies to circumvent labour laws, contract labour is becoming one of the prominent forms. If we assume that such a flexible form of employment is indeed necessary in a competitive world, then how do we extend social protection to this section of labour? [15]

In India, contract labourers are protected by the Contract Labour Regulation and Abolition Act, 1970 [4]. A contract labourer is defined in the Act as one who is hired in connection with the work of an establishment by a principal employer who is the firm owner or a manager through a contractor. Ironically research ([28], [15], [25]) points out at the bleak scenario where the guidelines and clauses were not conformed to a great extent. [16] refers this to the fact that for a contract worker it is only hard to prove his/her identity as workers under the labour law, but employer-employee relationship is not easy to establish.

Since more and more companies are turning to temporary employment agencies to meet their staffing needs, research concerning the behavioral characteristics and attitudes of such workers is warranted [2]. Researchers have noted that relatively little is known about the effects that temporary employment arrangements can have on the attitudes of the employees [19].

Previous research on Temporary workers has been mixed: temporary employees have been found to engage in workplace deviance [29] and possess a low level of organizational commitment [1]. Other researchers have uncovered results that paint a more positive image of temporary employees ([8], [18]), suggesting that they may not be all that different from their permanent counterparts. [29] found that temporary employees engage in theft, sabotage, and non cooperative behavior in response to perceived injustice. Unfortunately, the behavior of permanent employees was not measured in this study, and thus, there is no basis on which to compare the two groups.

Researchers have also found that temporary employment conditions can lead to increased feelings of job insecurity and decreased commitment [10].

Perceived psychological contract violation (PPCV) is a construct that regards employees’ feelings of disappointment (ranging from minor frustration to betrayal) arising from their belief that their organization has broken its work-related promises [23].

A close analysis of the case reveals that it was planned workplace violence and the manifestation of long suppressed grievances related to temporary and permanent worker discrimination essentially highlighted by the disparity between the respective wages and benefits. This has been also aggravated by the vicious role of the job contractors too. So in such a sensitive situation the respective employees sensed a perceived psychological contract violation and are generally thought to be the organization’s contribution to a negative reciprocity dynamic, as employees tend to perform more poorly to pay back PPCV ([26], [27]). In this context the first research question can be considered to have basis as the case evaluation reveals the extent of the sense of vulnerability and psychological insecurity that pervaded the minds of the workers.
It is observed that collusive agreements between various agents often result in the exploitation of contract labour. As the existing system does not provide any incentive to the supervisor to detect and prevent unlawful practices, collusion involving bribe becomes an optimal and natural solution [25]. Scholars of violent conflict clearly demonstrate the presence of contagion effects ([11], [9], and [7]).

The company had not allowed the workers to enter the company premises unless they signed the “Good Conduct Bond” as the company had found workers knowingly degrading the quality and quantity of the units produced.

The action of making the workers sign the good conduct bond has been severely criticized by the different trade unions, political parties who have clearly cited that it is an arbitrary act according the Industrial Disputes Act, 1947[13]. Schedule 5 of the Industrial Disputes Act, 1947 [13]says that “to insist upon individual workmen, who are on a legal strike to sign a good conduct bond, as a pre-condition to allowing them to resume work is an unfair labour practice”.

The argument relating to the second research question has thus been presented with evidence whereby one can see that the bond introduced is in conflict with a key labour law of the Indian labour legislation, the Industrial Disputes Act, 1947

However the exercise of the good conduct bond had been justified by the Maruti Suzuki Management as being in compliance with the Standing Orders of the company and that the respective State government had approved the draft of the Good Conduct Bond before implementation. Herein lays the contradictions of the politico-legal framework. Moreover the plant has been encountering severe quality problems in recent times and alleged it to worker sabotaging.

Indeed a deep scrutiny of the existing labour laws needs to be done and relevant amendments needs to be done however there is always the “futility of amending any act without ensuring proper implementation of the already existing provisions [25].

4. Conclusion and Future Implications

The recent riots and violent attacks have reinforced core drawbacks in the Indian labour laws once again; the autocratic style of the Japanese Management in sync with the senior Indian executives in the plant along with the seething and persistent problems related to contractual workforce handling. The future research implications need to understand the immense need for Blue collared training and career development, understanding blue collar motivational dynamics, proactive group counseling techniques, continuous worker's feedback and perception and evolving a win-win strategy for Contract workers.

5. References


