

A POPULAR HR CHIEF BURNED TO DEATH: PEOPLE MANAGEMENT DYNAMICS AT THE INDIAN SUBSIDIARY OF SUZUKI LTD¹

The think-tank members of the major Indian car company, Maruti-Suzuki India Ltd (MSIL), were meeting to discuss strategic action areas to focus on for the next 20 years. Since the company claimed its commitment to continuous learning and discovering, they all agreed that the psychological health of MSIL required immediate attention. A tragic incident occurred on July 18 2012 and it was the worst incident in the company's industrial relations (IR) history. This tragedy involving massive mob violence at the company's Manesar plant had resulted in the plant human resources (HR) chief being burned alive, and injury to nearly 100 managers, including Japanese expatriates.

MSIL summarily discharged more than 500 workers at the plant for being part of the mob that day. These workers were contesting their termination cases in labor court. The trade union's persistent demand for their reinstatement, which management had been refusing, had adversely affected employee engagement at the Manesar plant. Strategic HR interventions initiated by MSIL to promote workers' engagement were not effective on expected lines.

Parent company Suzuki was disappointed by the rising influence of the discharged workers' leaders. It also wanted to put the blame of the July 2012 tragedy on the senior Indian managerial personnel. Thus, it transferred MSIL's top three Indian executives to largely symbolic positions, and brought in Japanese expatriates in their place in May 2014. This increased Suzuki's remote control over MSIL worried Indian middle managers.

The MSIL think tank was looking for answers to many perplexing questions: what had caused the massive IR violence of July 18 and how could such events be prevented in the future? How should the company tackle permanent versus temporary hiring issues? How should the company deal with cross-cultural issues involved? How should the company promote an enabling culture to keep Manesar workers engaged? What HR strategy approach should be adopted so as to be aligned with MSIL's business strategy?

¹ All interviewee names mentioned in this case are pseudonyms, as the idea was to focus on issues through frank expression of opinions and perceptions by respondents.

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The MSIL think-tank was comprised of board chairman R.C. Bhargava and two Japanese expatriates, managing director K. Ayukawa and joint managing director Toshiaki Hasuike. They noted that the company had been doing well on most business parameters [see **Exhibit 1**]. Though things had seemingly quieted down over time, MSIL wanted to understand the fuller dynamics of the July 18 tragedy and its aftermath. The mob had set fire to the plant office and tragically, the HR general manager had lost his life. The incident was seen by all concerned as disastrous to MSIL. Worker discontent in the plant had been brewing for more than a year, which culminated in July 18 tragedy. During this time, S. Y. Siddiqui was the key corporate HR chief, while M. M. Singh was the corporate head of production, both at the COO level.

Since most global car makers had now set up shop in India, MSIL had been facing intense competition, starting in the late 1990s. This had brought MSIL's market share down over the years, from 80 percent in the 1980s to 47.6 percent in April, 2017. MSIL still retained the largest automotive market share in the country. It was working on plans for further expansion. The question bothering the think tank was: could the company realize its ambitious goals, given employees' mind-sets, especially at the Manesar plant?

Company and case background

MSIL, a subsidiary of the Japanese automobile and motorcycle manufacturer Suzuki Motor Corporation of Japan (Suzuki), was India's largest passenger-car manufacturing company. It was established in February 1981 under the name Maruti Udyog Ltd. (MUL) as a central (federal) public sector enterprise; the Indian government held the majority of its shares. In 1983, a joint venture was created between MUL and Suzuki, in which Suzuki held 26 per cent of MUL shares. The agreement envisaged bringing in Japanese car manufacturing systems and technology to cater to the vast Indian automobile market. Its first car, the Maruti 800, was rolled out in 1983. Suzuki's stake in MUL was raised to 40 per cent in 1987.

The Indian government adopted a globalization policy in July 1991. It withdrew protectionism, abolished the licensing system in most industries, liberalized foreign-exchange restrictions, and encouraged marketization of the economy. This also resulted in MUL's privatization, and it becoming a subsidiary of Suzuki, Japan² in 2007; and the company adopting a new name: Maruti-Suzuki India Ltd. (MSIL). On March 31, 2015, the parent company, Suzuki, held 56.21 per cent of MSIL's shares. The company had first carried out operations at its Gurgaon facility in the state of Haryana, having over 300 acres of land and an annual manufacturing capacity of 900,000 units. In February 2007, MSIL inaugurated another facility in Manesar, about 20 kilometers south of the Gurgaon plant. This state-of-the-art plant, spread over 750 acres, had an annual production capacity of 550,000 units. MSIL started a third manufacturing facility in Mehsana, Gujarat, from February 2017.

Suzuki's business strategy included focusing on smaller cars with light-weight, compact engines. Given Indian road conditions and consumer preferences, it also focused on fuel efficiency, increased power and high performance potential. MSIL had received the highest rating for customer satisfaction with dealer service for fifteen years in a row. The company's total revenue for the fiscal year 2016-17 was Rs. 669 billion. Some of the company's premium brands were produced at the Manesar facility, including A-Star, Swift, Swift Dzire, Ciaz and SX4. MSIL was extremely important for Suzuki, as it was contributing more than 40 per cent of the parent company's profits.

² In 2002, the National Democratic Alliance (NDA) government decided to sell off some of the government's stake in MUL, and Suzuki became its majority shareholder. In May 2007, the Indian Government sold its entire remaining stake in the company to financial institutions.

MSIL's IR History: Overview

MUL encountered IR issues at the Gurgaon plant almost as soon as the facility began operations. Its workers had formed a trade union, Maruti Udyog Employees' Union (MUEU). There were severe IR tensions between MUEU and the management from October 12, 2000 to January 15, 2001, during which time the union ordered a work slowdown. As MUL foresaw increasing competition, it refused to accede to the demands, and fought the tough union struggle. MUEU lost the battle.

The state government played a key role in breaking the strike. The police director-general was directed by the authorities to remove all striking workers' tents and not to allow new ones to be pitched. The severe drubbing at the hands of authorities forced the union to agree to a settlement with the company ending the deadlock. Of the 92 union activists whose services had been terminated, only 46 were taken back.

The MUL management initiated a new HR strategy once normalcy was restored. In September 2003, S.Y. Siddiqui, an HR specialist, was brought in to shape the company's HR policies. He had previously worked as HR head at other automobile companies. The company decided to focus on such values as promoting work-life balance, developing passion for work and enhancing employee loyalty.³ Siddiqui did a commendable job in that role, as the HR strategy adopted led to a long and peaceful period of IR. His main focus was on managers and their competency development; in turn the talented and competent managers were expected to manage the rank and file workforce efficiently.

Despite a severe defeat in their 2000-01 IR struggle, MSIL workers at Gurgaon perceived themselves to be privileged as they enjoyed the prestige of working at the country's market-leading automobile company. In August 2016, the annual salary of a worker with 10 years' service was about Rs 600,000, and of a worker with less than five years' service was about Rs 380,000, far above the minimum wage⁴ in the region. MSIL continued the same HR policies after the name MUL was replaced in 2007.

IR Breakdown at Manesar

When the Manesar unit started operations in 2007, MSIL had devised almost the same HR systems and processes for it as those already operating in the Gurgaon plant. Manesar workers were younger and were not senior enough to get similar wages to the older Gurgaon workers. They were mostly from Haryana state and certain districts within it.⁵ They did not feel happy receiving lower salaries than the more senior Gurgaon workers. The younger Manesar workers were initially hired as trainees and were subjected to a greater degree of managerial control, partly to determine their suitability for permanent places in the workforce. Besides

³ To further these values, the following new HR activities were adopted: The recruitment system had as its objective the hiring of workers who had the potential for higher degrees of commitment and loyalty; the induction system was made far more comprehensive; senior managers were appointed as mentors to new employees; a new Family Connect Scheme was started with the objective of familiarizing the spouses of the executives with the company; and a family-day celebration aimed to include all employees' families. Also instituted were a program for soliciting worker suggestions, quality circles, 360-degree performance evaluations, and a rewards and recognition scheme. New welfare measures included crèches, gyms, continuing-education leaves, women's day celebrations, and more liberal maternity leaves.

⁴ The minimum monthly wages of workers in Haryana were: Semi-skilled workers--Rs 5,942.75 and highly skilled workers--Rs 6,202.75. These were revised on November 1, 2015. The new rates were: Unskilled workers--Rs 7,600 and skilled workers--Rs 9,699. As of May 31, 2017 the exchange rate was 1 US dollar=Rs 64.25.

⁵ Many came from landed families whose land in and around Gurgaon had been acquired by the government for development purposes at very high rates of compensation.

comparatively lower wages and harsh work conditions,⁶ the Manesar workers began to perceive other IR issues as well. They worked on machines that were more automated than those at the Gurgaon plant. They felt that work schedules were tight, leading to stressful work conditions. They perceived that management was indifferent to workers' needs, had leave issues and were unhappy overall.

As was the case in Suzuki plants in Japan, MSIL Manesar workers had two breaks of only 7.5 minutes each⁷ during the day for tea, snacks, and use of the toilet, and one 30-minute lunch break. Unlike at the Gurgaon plant, there were virtually no relief workers at the Manesar conveyor belt in case of emergency. Though both MSIL plants had the same amount of time for breaks, for some reason the Gurgaon plant workers did not protest. Lamenting the stress that workers were under, Sunil Malik,⁸ a Manesar union leader, observed:

Workers were allowed to go to the toilet only once in a day. In addition, they could do so during the two tea breaks of 7.5 minutes each and the lunch-break of half an hour. The toilet and the canteen are quite a distance apart. Workers were told that if they were going to the urinal more than that, it meant they were not fit enough. On my assembly line, there were two incidents when boys moved their bowels in their pants. The supervisor involved felt a sense of shame and they were allowed to clean up. Due to the fear of exceeding the 7.5 minute break, one can notice workers gulping food or holding a tea cup in one hand while running towards the toilet so as not to violate the deadline. Nobody can drink tea sitting due to the 7.5 minute time pressure. Often, a guy drinks tea sitting on the toilet or he runs with the tea cup in hand. And sometimes tea arrives more than one minute late, which further adds to our anxiety. The supervisors were often rude in behavior. We had incentives for attendance, but if one arrives late on a given day, he lost half a day's salary for being late. Workers are not supposed to talk to others when working or even during lunch time.

Around May 2011, some of the activist Manesar workers decided to form and register a trade union to improve their lot. They wanted an independent union, and not one like Maruti Udyog Kamgar Union (MUKU) existing at MSIL's Gurgaon plant. They saw MUKU as management-controlled. They submitted the application to register their union at Chandigarh, the capital of Haryana state. After that, someone from the office of the registrar of trade unions immediately informed MSIL management about the submission of the union registration application.⁹ The registrar told the workers to first resign from MUKU membership before becoming signatories to an application for registering a separate union.¹⁰

Learning what was going on among the workers, management immediately began planning a counteractive move. It suggested to workers that they become members of MUKU only, a

⁶ A delegation of the International Commission on Labor Rights, New York investigated human rights violations at MSIL. See: International Commission for Labor Rights (2013) *Merchants of Menace: Repressing workers in India's new industrial belt--Violations of workers' and trade union rights at Maruti-Suzuki India Ltd.*

⁷ In comparison, the Honda Motorcycles & Scooters India Ltd. (HMSI) in the same region provided two breaks of 10 minutes each. Mahindra Motors in Maharashtra state provided two breaks of 15 minutes each. The Hero Moto Corp Ltd. also provided only 7.5 minute breaks in its three automobile plants, two in Gurgaon region and one in Hardwar, Uttarakhand, but they increased them to 10 minutes each after the MSIL violence on July 18, 2012.

⁸ Sunil Malik, a pseudonym, was one of the union leaders whose service had been terminated after the July 18 violence, though he was not arrested and jailed. This interview with him was conducted by Dr Debi Saini in Management Development Institute (MDI) Gurgaon on 24 March, 2014.

⁹ Often people in union registrars' offices in many states in India play such roles. This helps the employer by delaying the registration or even getting it rejected on frivolous grounds. In the meantime, the employer is able to divide the workers, and often succeeds in neutralizing union registration efforts.

¹⁰ This is one of the usual delaying tactics in registrars' offices in many locations, which helps give management time to manage union activists. Interestingly, there is nothing in the Trade Unions Act 1926 that bars dual union membership.

proposal the workers rejected. These events led to serious IR disruptions from June to October 2011. The workers went on strike three times during this period, which garnered a lot of media attention. Management initiated disciplinary action against those workers who committed acts of misconduct. The third strike ended on October 19, 2011 through a tripartite settlement mediated by the conciliation officer concerned and other state functionaries.¹¹

The company suffered production losses of around Rs 20 billion due to these strikes. As per the October 19 settlement, the company took back most of the dismissed or suspended workers, except for 12 key union activists who were to face inquiry proceedings for acts of misconduct. Each of these 12 workers was made to retire from the company in return for a secret payment by management. The separation payment was Rs 1.6 million each, although one of them reportedly received a far higher sum.¹² This act of accepting secret payments made workers feel angry, betrayed, defeated and disillusioned. News about the secret payments was played up by the media, which enhanced the workers' feelings of betrayal.

The Manesar workers persisted in forming an independent union after these failed attempts. They succeeded in registering their separate union, the Maruti-Suzuki Workers' Union (MSWU),¹³ on February 29, 2012. Once the militant leaders were gone as a result of the secret settlement, management accepted the writing on the wall. With their independent trade union in place, workers were becoming more conscious of their rights. Management's attitude did soften somewhat after the new union was registered. Highlighting concessions received once the union was registered, Sunil Malik,¹⁴ a union leader observed:

Now we have relievers for workers. The trainee period has been reduced from three to two years. Some concessions were obtained in leave matters; it was agreed that for 16 leaves in a year (4 in a quarter), there would be no deduction of pay. Management now talks to workers with restraint and in a less authoritarian manner. The provision of transport services to employees had been stopped but the settlement after the third strike provided for its restoration. After the union formation, buses from four more locations in Haryana were started, which gave considerable relief to the workers.

A higher degree of managerial indifference was noticeable after the union registration. The communication gap between the two sides had widened, with several instances of a complete breakdown of communication. Union activists vigorously sought solidarity with contract workers as well and started putting pressure on them to join their protests. They were told that MSWU would help raise their salaries and fight for their becoming core workers. The union activists had successfully made considerable efforts towards convincing the contract workers¹⁵ to join their strikes. Management felt quite unhappy at this attitude of contract workers.

The tense IR climate increased when MSWU submitted a list of demands to management. This list contained exaggerated demands; management saw in their demands the inexperience of the young union leadership. The demands were being negotiated, but progress was slow as part of

¹¹ While the workers were on strike the third time, the state government referred their dismissal disputes to the labor court for adjudication and prohibited continuance of the strike under section 10(3) the Industrial Disputes Act 1947 (IDA). This meant that continuing the strike would be illegal. So workers were in effect forced to settle the issues with the management.

¹² These leaders had feared that the inquiry would hold them guilty of misconduct and they would be dismissed from service. In that case, they would not be entitled to any compensation whatsoever.

¹³ They celebrated the union-formation event on March 1, 2012 by closing the plant for about two to three hours, with management's tacit permission.

¹⁴ This interview with Sunil Malik (pseudonym) was conducted by Dr Debi Saini at MDI, Gurgaon on 24 March, 2014.

¹⁵ Contract worker employment was also one of the major issues, even though technically they were employees of the contractors.

management's delaying tactic. Asked why there was so much IR tension after the union registration, Sunil Malik observed: "The managers had a negative attitude towards workers. They changed the lines of most permanent workers unilaterally without asking—from paint shop to welding; from welding to assembly. When we asked for a facility, say a blower in summer, we would be bluntly told, 'No, carry on work like this only.'" Reacting to such an observation, a manager asked, "Does a new union take away all powers of managing from the managers? Aren't managers responsible for results and for ensuring the effectiveness of systems, processes and appropriate resource utilization?"

Violence on July 18, 2012

While IR problems were heating up in the Manesar plant, a strange act involving intense violence occurred on July 18, 2012. Tension had increased after a worker named Jiyalal was suspended. He had assaulted his supervisor while the latter was counselling a worker during the 7.5 minute tea-break. Jiyalal told the supervisor that he should not interfere with the tea break. Management suspended Jiyalal and charged him with misconduct. This infuriated the trade union leaders.

Jiyalal, who was a *dalit*,¹⁶ alleged that the supervisor had made a caste-related slur against him during this incident. Management argued that this accusation was an afterthought meant to save him from disciplinary action. The union was adamant that suspension of Jiyalal must be withdrawn unconditionally and immediately. The management agreed but wanted to wait for the supervisor concerned to return following a two-day leave. However, union leaders insisted on immediate action, to which management did not agree.

While the Jiyalal issue was being deliberated between the two sides on July 18, 2012 workers of "A" shift were asked by some union leaders to stay at the plant, ostensibly to build pressure on management in support of Jiyalal. In the evening, four union activists asked these workers to inform the "B" shift workers to halt production. They shouted, "come up everyone, we shall do something today." Suddenly, there was intense mob violence. The crowd started beating managers indiscriminately. Iron rods, car parts including door beams and shock absorbers, and so forth were used by the attackers to beat managers, including the Japanese expatriates. The executives pleaded for mercy, but the angry mob would not listen. Soon, one could see blood splattered all around. Office rooms were set on fire. Cars on the production line and those parked outside were damaged. Several workers helped rescue executives by directing them out through another gate.

Awanish Kumar Dev, General Manager—HR, tried to obstruct the attackers from assaulting managers, but was told to get away. Anil Rana,¹⁷ a union leader from the Gurgaon plant opined: "When Attackers saw that Dev was continuously shielding other executives, they attacked him as well and fractured his legs. He could not run away to safety when the room was put to fire." His burned body was found after the incident. The violence resulted in injuries to 96 executives, including two Japanese expatriates, who also sustained multiple fractures. The entire administrative block was reduced to ashes (see **Exhibit 2**).

¹⁶ The word *dalit* refers to a person belonging to one of the lowest castes in the Hindu *Varna* system. The Constitution of India envisages safeguards against the exploitation of *dalits* and other powerless groups in Indian society.

¹⁷ Anil Rana, a pseudonym, was one of the senior union leaders from the Gurgaon plant of MSIL, with comprehensive following among workers of that plant and good IR knowledge. He was interviewed for knowing how the sister union looked at the issues at stake at the Manesar plant, and to cross-check facts. This interview with him was conducted by Dr Debi Saini at MDI Gurgaon on July 5, 2014.

Dev was a soft spoken, kind-hearted, and deeply caring executive. He was a positive thinker who had a very affectionate persona. Most workers liked him and had bonded with him,¹⁸ as he exercised considerable influence on them. It was he who convinced top management that it had no option but to allow the independent union to be registered. Sunil Malik, a Manesar union leader disclosed that Dev was considering resigning from MSIL around that time, due to the conditions he was grappling with during the negotiations, the hostile IR climate and management's negative attitude towards union demands. Regarding Dev's role and why an agreement had not been reached, Malik¹⁹ observed:

Dev was highly respected by workers. Workers could call him on the phone anytime. He would visit the shop floor whenever needed; usually no other GM would come to the shop floor. Dev's relations with the union were better than he had with management. I think the real villains of the piece were two other senior people. Dev wanted to withdraw the suspension in the assault case on July 18, but his superior did not agree. Dev's approach was always to attempt to bring about agreement, but these two top officials always think of disciplining and teaching lessons to workers. They see IR as a war with undisciplined workers. The Japanese have no knowledge of Indian culture and I think they cannot be blamed for this. We never want the plant to be closed; we want peaceful, dignified and negotiated settlement. Dev always gave us respect. We cannot believe that any worker could even hurt him.

After the violence, grave tension and shock were visible all around the Manesar plant. Dazed by the gravity and ruthlessness of the violence, management declared an indefinite lock-out on July 21 2012. The mob had destroyed the video cameras installed on company premises. Thus, it became difficult to know precisely the people involved in the incident. Police attributed the cause of the violence to internal IR issues, and not to any outside elements.

Dev's killing was condemned by the media and people from different walks of life, including employer organizations, the Indian HR fraternity and even trade-union federation officials. Osamu Suzuki, Suzuki's chairman, visited the plant and praised the role of the police and state government, especially chief minister Bhupinder Singh Hooda.

The Manesar plant, which manufactured about 2,000 vehicles a day, came to a complete standstill. The day after the violence, MSIL shares slumped 8.9 per cent to close at Rs 1,117.30 on the Bombay Stock Exchange. This downward slide was the steepest during the previous two years. Severe action against those believed to have been involved was taken by both management and police.

Trade unions alleged unfair labor practices and highhandedness on the part of MSIL management both before and after the violence. The All India Trade Union Congress²⁰ held management responsible. D.L. Sachdeva,²¹ its organizing secretary, stated that the huge discrepancy between the salaries of employees and contract workers was one of the key reasons for the incident. The latter, he opined, were paid less than a third of what was paid to core workers doing similar work. The International Commission for Labor Rights²² (ICLR)

¹⁸ He had even travelled 250 kilometres to the union registrar's office in Chandigarh to facilitate the union registration process. It was he who permitted the union activists to celebrate the registration of their independent union on the first of March.

¹⁹ This interview with Sunil Malik (pseudonym) was conducted by Dr Debi Saini in MDI Gurgaon on 24 March, 2014.

²⁰ AITUC (All India Trade Union Congress) is a trade union federation. It is the trade union wing of the Communist Party of India (CPI).

²¹ Interview with Mr D. L. Sachdeva was conducted by Dr Debi Saini at AITUC Bhawan, Dindayal Upadhyaya Marg, New Delhi on June, 19, 2015.

²² ICLR sent a team of people to investigate the incident, consisting of lawyers and trade unionists from different countries, including the USA, South Africa, France, Japan and India. See ICLR Report referred to in footnote 6.

conducted a probe on the incident and concluded that management was responsible for the violence, as it had failed to implement the rules it had itself created. G. K. Gupta,²³ a manager blamed “ambitious” workers when he remarked:

Manesar workers wanted to enjoy the privileges of a powerful union, which had been secured by the HMSI workers’ union in our neighbourhood in 2005. The HMSI²⁴ workers were all young. They had also previously indulged in violence before becoming powerful. But the police violence against them, and the role of the media in publicizing it, neutralized their misdeeds, which contributed to workers’ victory in that case.

The Aftermath of the Violence

MSIL management lifted the lockout at the Manesar plant on August 21 2012, 34 days after the violence. It had resulted in production losses of Rs 25 billion. During this period, management terminated the services of 547 core workers for their roles in the violence.²⁵ Of these 547 workers, 147 were put behind bars for nearly three years. Two were released in February 2015 and 77 in May 2015, but 68 of these remained in prison for over three years before they got bail, while their trial for murder and other offences was proceeding through a Gurgaon criminal court.

After the July 18 incident, local politicians strongly supported management by holding a *mahapanchayat* (great village council) with leaders representing villages from around the Manesar plant. These leaders had taken a different stand during the three 2011 strikes and had protested against management. This time they demanded a CBI²⁶ probe into the violence and Dev’s murder.²⁷

New Strategic HR Initiatives

The company did some soul-searching about what made the workers so furious at management.²⁸ It now thought of promoting workers’ sense of ownership with MSIL. An employee suggestions scheme was already in place that was working well (**see Table 3 in Exhibit 1**). The company came out with more concrete initiatives with a view to stemming their seething resentment, and help MSIL to deal with its challenges. These measures included the following:

- *Change in Employment Practices:* The Manesar plant completely abolished the contract labor system in all core operations,²⁹ since their participation in the July 18

²³ Interview with Mr. G.K. Gupta, a pseudonym, was conducted on phone on February 25, 2015.

²⁴ See, Saini, Debi (December 2006) “People Management Fiasco at Honda Motorcycle and Scooters India Ltd.” Asia Case Research Centre, The University of Hong Kong.

²⁵ Of these, 13 were summarily dismissed, and 534 were discharged as per MSIL’s standing orders (that is, state-certified regulations governing employer-workers relations, for loss of employer’s confidence in them). The latter were given three months’ pay in lieu of the discharge notice, as well as retrenchment or redundancy compensation as per the law.

²⁶ CBI (Central Bureau of Investigation) is the central federal police investigation agency in India, which works under the home ministry of the central government. Its investigations are perceived as far more credible than those carried out by individual state agencies.

²⁷ They also called for the All India Trade Union Congress’ ouster from the Gurgaon region as they believed it had incited the July 18 violence. They opined that management should sack those involved in the violence and recruit replacement workers only from the local area.

²⁸ Post July 18 violence, many seminars were organized by industry forums in different parts of the country to discuss the incident’s causes. MSIL was deeply concerned by what had happened. It knew that workers were disappointed and angry, but looked on them angrily as well.

²⁹ The contract labor arrangement that employed over 1800 contract workers through contractors was terminated. But the system continued to operate for non-core operations such as security, cleaning, garden staff, canteen, computer maintenance, etc.

violence was seen as reflecting grave frustration among them. The plant now employed only temporary workers, clearly mentioning in the appointment letter of every new hire that their “services would stand terminated after seven months.”³⁰

- *Mixing seniors with younger associates:* About 300 experienced supervisors and workers were transferred from the Gurgaon to the Manesar plant. This aimed at raising the average age of Manesar workers.
- *Training academy:* Maruti-Suzuki Training Academy was set up in December 2012, catering to the employee training needs.³¹
- *Umbrella Mentoring:* An umbrella mentoring scheme was initiated in 2013-14. Every supervisor was given five workers as his mentees, and was expected to hold individual meetings with each of them.³²
- *Higher education scheme:* This MSIL scheme selected workers to earn diplomas from Manesar Polytechnic. In all, 60 out of 200 workers were selected on merit. This two-year diploma could facilitate worker promotions to the level of supervisor. But the scheme for funding managers’ higher education by MSIL was withdrawn.
- *Creation of better ambience:*³³ A relief system was provided to reduce work pressure, with one relief worker for every 10 regular workers.
- *Responsibility and empowerment:* Schemes were devised to increase employee responsibility and empowerment, such as productivity and quality leagues.
- *More welfare officers:* The number of welfare officers was increased so that workers’ issues could be more effectively monitored.
- *Trips to holy places:* Such expeditions were organized for workers during the times the plant was closed for repairs and maintenance.
- *Family-company connections:* A “Parivar Milan” (family meet) scheme was already in place in the Gurgaon plant; now it was implemented in Manesar too. Employees’ family members were allowed to visit the plant every Sunday and witness working conditions. Other family events like “Diwali Mela” were organized to promote family get-togethers and bonding during the Diwali³⁴ festival.³⁵
- *Employee-company connections:* Supervisors were asked to have regular informal discussions with workers during break-time and build personal rapport with them.³⁶
- *Promotion of extracurricular activities:* Extracurricular activities like sports leagues were arranged, including football, cricket, volleyball and marathons.
- *Family issues:* A counselling system was put in place involving top management support for workers in resolving family problems. This included child-education counselling, child-career planning, etc.
- *Pharmacy:* A pharmacy was opened on the factory premises to give employees ready access to medications when needed.

³⁰ Once terminated, such workers could be reemployed later. When one set of workers’ terms were over, another set got employed. All the 1500 temporary workers were from outside Haryana. After a gap, they were called in again. The gap in service was inserted to avoid legal complications.

³¹ The academy developed courses for training all categories of employees and promoting requisite skills. The training courses were focused on such areas as self-learning, internet-based training, finishing school and higher education. Training for workers was done under three dimensions of engagement: spiritual, behavioral and wellness. Under the spiritual training, *Brahmkumaris*, a spiritual organization, helped teach meditation and anger management. Behavioral training was facilitated by an external trainer, and included training supervisors on developing winning teams and conflict resolution. Wellness training included social, intellectual and emotional wellness.

³² There were four parameters for testing the effectiveness of the mentor-mentee relationship: quality of communication; ease in sharing with each other; frequency of meetings and absence of conflict between the two during the meetings.

³³ Sanskrit *Gayatri mantra* music was played while workers took lunch and tea breaks. Management held regular meetings with residents of nearby villages, where the Manesar workers lived, to promote an environment of community. A rest area was provided for workers to relax in when they were not on duty.

³⁴ Lunch was provided to family members during these visits. Management representatives were available for discussion.

³⁵ At Manesar plant, these schemes had been established but not implemented. Implementation took place after the July violence.

³⁶ Periodic meetings between workers and top management were arranged to delve into issues of concern. Senior managers, including those from the Gurgaon plant, began attending lectures with workers on aspects of labor-management cooperation.

Commenting on the HR measures adopted at the Manesar plant, Anil Rana,³⁷ a senior union leader from the Gurgaon plant was doubtful about their efficacy. He observed:

Manesar union leaders did not know how to give and take and made a prestige issue out of everything. They wanted things instantaneously and had no patience. I admit that the common Manesar worker is spewing venom against management due to the mass dismissal and arbitrary arrests of a large army of workers, which management should have avoided. Therefore, these measures by management will not have much impact on the common worker. The Manesar union says that its objective is to have all 547 workers back to their jobs. That is just not practical. They even wanted closure of the Gurgaon plant to support them, but we refused to do that. You cannot close the plant for any and every issue. This is not the way to conduct IR.

One change was certainly noticeable in HR focus after July 18. Meenu Anand,³⁸ an HR manager from Manesar plant observed: “Before the July 18 violence, the focus was mainly on soft HR and largely on managers. No one ever mentioned IR as an issue of any importance. Now, I think of IR and IR alone. There is a feeling among managers in general that IR is going to dominate MSIL’s HR agenda for the next decade at least; all are focused on it.”

Seismic Waves in Union-Management Power Dynamics

The Manesar union office bearers, who were in jail, applied to the registrar of trade unions to hold union elections, which were held on April 4 2014. The jailed leaders and management³⁹ each fielded a panel of candidates. Surprisingly, eleven of the twelve nominees of the jailed union leaders got elected, and only one candidate of the management-sponsored panel won. Later, he switched his allegiance to the larger group. But a still more surprising turn of events for management occurred in the Gurgaon plant union elections held 22 days after the Manesar union elections. The Manesar union group also fielded a panel in this election, as it also developed influence on a good number of MSIL’s Gurgaon plant workers. Out of 19 positions, (six office bearers and 13 executive positions), 10 candidates from the Manesar leaders’ panel were elected—five out of six office bearers and five out of 13 executive members.

The union election result was the biggest shock to management. It wondered whether Gurgaon workers would support Manesar workers’ demands that the terminated workers be reinstated. Reacting to this issue, Naresh Bhardwaj,⁴⁰ a Gurgaon manager, remarked:

Gurgaon union leaders still do not dare take on management on the issue of reinstating the discharged Manesar workers. But they surely have sympathy for those who are in jail. The hangover of the 2001 defeat is still not over in the minds of Gurgaon union leaders, which proves to be a considerable restraint on their trade union activities. But one has to agree that the Gurgaon union is not as management-friendly as it used to be. Things are somewhat different now. The union election results show that clearly.

In April 2013, Suzuki sent two Japanese executives to MSIL to become part of its management and closely monitor its plant and production activities: Toshiaki Hasuike, joint managing

³⁷ Anil Rana, a pseudonym, interviewed for knowing how the sister union looked at the issues at stake at the Manesar plant, and to cross-check facts. This interview with him was conducted by Debi Saini at MDI Gurgaon on July 5, 2014.

³⁸ Meenu Anand (pseudonym) was interviewed by Debi Saini on telephone on March 13, 2015.

³⁹ Technically, this was an unfair labor practice under the Industrial Disputes Act 1947 on part of management.

⁴⁰ Naresh Bhardwaj (pseudonym) was interviewed by Debi Saini on telephone on March 13, 2015.

director and Toshio Ozawa, HR advisor. Perhaps out of frustration at the union election results and to fix responsibility for the July 18 Manesar violence, this was surprising news to those who wanted MSIL to have Indian senior managers. On May 1 2014, MSIL completely withdrew executive power from three of its COOs, S.Y. Siddiqui, M.M. Singh and S. Maitra. (COO—supply chain). They were re-designated as ‘chief mentors’. This comprehensive MSIL restructuring brought HR and financial management directly under the aegis of the managing director and the joint managing director. The middle management structure also saw some alterations so as to align MSIL with parent Suzuki.

Parent Suzuki showed it was moving towards greater control of MSIL. The media reported that this was intended to hold Siddiqui and Singh responsible for the Manesar fiasco.

Reacting to this change, Meenu Anand,⁴¹ an HR manager at Manesar plant, observed:

The Japanese have been asking themselves why violence of that scale took place. That is why they themselves have taken charge. Now Siddiqui and Singh just attend meetings with no real power. There is a new approach to HR now. The deputy manager concerned now proactively looks into employee grievances. He even helps employees in family and personal matters. Earlier, both decision-making and implementation were done by the Indian managers; now they do implementation only. This is not considered to be a good development by any Indian manager. One and all keep talking about this issue. No one has taken to it kindly.

This development also led to changes in management style. Meenu Anand, observed:

The new MD pays surprise visits to different departments. He also goes to the Manesar plant two to three times every week. Earlier, the company was run on feedback from those reporting to him. Now, he believes in doing it himself. Communication with the Manesar workers has substantially improved with this initiative. The common workers have been putting a good bit of pressure on the union to pursue their concerns. The MD has a monthly communication meeting with the union leaders. The union has been demanding that the discharged workers should be taken back. But management’s response is that the issue of taking them back is out of the question. The Japanese are now also giving importance to the hiring function. Those temporaries who are meritorious and fit to be regularized are selected for one-year probation; this is done purely on merit.

Yet another development took place on the political front. At the national level, the National Democratic Alliance (NDA) formed a government after the May 2014 elections, as it also did in Haryana state after the October 2014 elections. The new Haryana government discovered that the earlier government had engaged a very expensive Supreme Court senior advocate to assist the state government’s public prosecutor in arguing the cases against the 147 workers under trial, something usually not done in such situations.⁴² The lawyer had been paid Rs 55 million rupees. He charged Rs 1.1 million rupees per day as his fee.

The new government removed this lawyer from the case in December 2014. The defense lawyer of the 147 jailed workers asked if this was fair use of public monies or reflected bias of the

⁴¹ Meenu Anand (pseudonym) was interviewed by Debi Saini on telephone on March 13, 2015.

⁴² The work was supposed to be done solely by the public prosecutors, who are full-time employees of government, and have the duty to argue cases against persons being prosecuted by the state for different crimes.

then-chief minister against the jailed workers. She lamented that the state was using its powers of criminal investigation and prosecution for ulterior motives. The obvious motive of hiring such a famous lawyer was that the workers do not get bail. Earlier, while dismissing the workers' bail plea, the Punjab and Haryana High Court had observed: "This [violent] incident...is the most unfortunate that has lowered the reputation of India in the world. Foreign investment is likely not to happen due to growing labour unrest."⁴³

Out of the 147 workers who were in jail, 77 were granted bail on May 1 2015 after they had been in jail for 34 months. Two were granted bail by the Supreme Court in February 2015. But 68 of them continued to be in jail for a still longer period, some even close to the date when the trial court verdict was announced on March 10 2017. There was another incident in the Manesar plant on September 25 2015, when some temporary workers had a meeting and decided to protest at the plant gate. The protesters asked why they were getting much lower wages than the permanent workers when they were doing the same work. They also asked for wage increases as permanent workers had received raises. Fortunately, the situation was resolved within the next few days. The management increased the temporary workers' wages by 10 per cent.

The verdict of the sessions court that tried the 147 workers was a long time in coming, but on March 10, 2017 it convicted 31 of them—13 for murder and 18 for rioting. All the 13 who were convicted for murder were given a sentence of life imprisonment—twelve of these were Manesar union leaders when the July 18 violence took place. Of those convicted for rioting, four were given five-year imprisonment and the remaining 14 were let off with what they had already served during the trial. The court acquitted 117 workers.⁴⁴

The core workers of MSIL continued to support in various ways those being tried for violence and murder and others fired by the company. They observed March 1 every year as a day to commemorate their union-formation, and as a mark of their solidarity and resolve to their cause. They kept on making demands for release of the imprisoned workers and reinstatement of all those who had been dismissed or discharged from service. As the day of the session's court verdict was coming close, on March 1 2017 a large number of workers assembled outside the Manesar plant. They included thousands from other factories in the Manesar/Gurgaon region, including some from well-known factories around. This massive gathering, representing nearly two dozen unions, demanded the immediate release of all MSIL workers. Since the day of the verdict, a large number of workers from factories in Manesar/Gurgaon demonstrated in different types of protests. They had also been demanding suitable compensation for the 117 workers who were found innocent as no clear evidence was found against them.

Overcoming Hostility among Core Workers

MSIL management continued to be concerned at what was happening with Manesar plant workers. It also noticed a greater degree of collaboration between the Gurgaon union and the Manesar union leaders, especially after the fresh elections of Gurgaon union. Earlier, such actions were largely symbolic. Both unions were now jointly attending the conciliation meetings being held over the issue of reinstatement of Manesar workers who had been acquitted by the trial court; they were asking for it immediately. But management was firmly negative in its response. The company's think-tank was quite hopeful to tackle the issue but were aware that their troubles were not fully over, despite the continued lengthy detention of the workers

⁴³ Kumar, A. (March 19, 2015) "State frame-up of Maruti-Suzuki workers continues," World Socialist Web Site, (accessed on 11 May 11, 2015).

⁴⁴ The Workers' lawyer was planning an appeal to the High Court against the convictions. Twelve of the thirteen murder convicts were the union leaders of the Manesar plant, and the twelfth one was Jiya Lal.

allegedly involved in the July 18 violence, the convictions of March 10 2017, and the company introducing new leadership and HR policies. Especially, the venom that the core workers at Manesar were spewing was a cause of concern, even as the MD's frequent plant visits and communication with the union leaders had led to signs of dilution in their hostility. The think-tank was also asking, how long will the strange system of hiring temporaries for seven months, and then removing them, and asking for fresh set of temporaries, will go on. It was keen on learning lessons from what all had been happening on IR front in the last some years, the resultant HR policies, and internalizing these lessons in the company's working.

They were aware that MSIL was fortunate to have former chief minister Hooda's support to their IR policies. But they wished to continue receiving similar assistance from the new state government that came into being in October 2014. Interestingly, the new government too was aware of MSIL's importance for the industrial development of Haryana. Its reaction to the Manesar dynamics was not substantially different from that of the previous government as it declared that it would appeal to the High Court for a higher punishment for the 18 workers who had been convicted for rioting and against the acquittal of 117 workers by the trial court. The media reported that the NDA government wanted to send signals of enforcing strict industrial discipline in the state to attract capital for the state's better industrial development. The defense counsel too was planning appeals against all convictions in the High Court. She claimed that the majority of those convicted were union leaders, and were being framed by the management that aimed at teaching a lesson to the workers and weakening the union movement.

MSIL chairman, Bhargava, had been in the saddle even when the 2000-01 conflict took place, but while looking at the future course of action he was not sure if the same HR policy would be still relevant. The think-tank also felt that it was important to consider all possible scenarios while planning the next 20 years at MSIL, and the role HR strategy might be expected to play.

EXHIBIT 1: MSIL PERFORMANCE ON DIFFERENT PARAMETERS

Particulars	Year	Year
Manpower Category	2012-13	2013-14
Regular manpower		
Assistant supervisor & above	4,648	5878
Associates/technicians	3,029	5522
Trainees	1,744	1447
Total regular manpower	9,421	12547
Total Apprentices	936	1099
Contractual manpower/temporary workers	8,554	6578
TOTAL MANPOWER	18,911	20, 224

Source: MSIL Annual Reports 2012-13 and 2013-14

Table 1: Total Workforce as on 31 March, 2014

	(Million Rs.)	
	2013-14	2014-15
Total revenue	445,235	508222
Profit before tax	36,585	48682
Tax expense	8,755	11570
Profit after tax	27,830	37112
Balance brought forward	153,043	173,849
Addition on amalgamation	-	
Profit available for appropriation	180,873	210,169
Appropriations:		
General reserve	2,783	3711
Proposed dividend	3,625	7552
Corporate dividend tax	616	1538
Balance carried forward to balance sheet	173,849	197,368

Source: MSIL Annual Report 2014-15

Table 2: Financial results of MSIL during 2013-14 and 2014-15

S.N.	Financial Year	No of Suggestions Received	Cost savings
1	2009-2010	128893	2028
2	2010-2011	228872	1572
3	2012-2013	315140	2942
4	2013-2014	396828	3640
5	2014-2015	537633	4115

Source: MSIL Annual Reports

Table 3: Working of MSIL Employee Suggestion Scheme (Million Rs.)

1. JD Power CSI Study ranked the Company highest.
2. Alto emerged as the ‘World’s Bestselling Small Car’ for 2014 and Alto K10 AGS awarded ‘Idea of The Year’ by BBC Top Gear Magazine.
3. Celerio named ‘Hatchback of The Year’ by NDTV Car & Bike Awards; ‘Midsize Hatchback of The Year’ by Zeeginition Auto Awards 2015; ‘Transmission of The Year’ and ‘Technology of The Year’ by Auto Tech Review magazine for the auto gear shift.
4. Ciaz named ‘Compact Sedan of The Year’ by NDTV Car & Bike Awards and ‘Sedan of The Year’ by Auto Bild Golden Steering Wheel Awards 2015 and ‘Best of 2014’ by Auto X Magazine Awards.
5. ‘Manufacturer of the year - 2015’ (four wheelers) honored to the Company by CNBC TV18 Overdrive.
6. ‘Golden Peacock Award’ honored to the Company for CSR in the automobile sector and the occupational health and safety for 2014.
7. Greentech CSR Award under Platinum category in automobile sector.

Source: MSIL Annual Report 2014-15

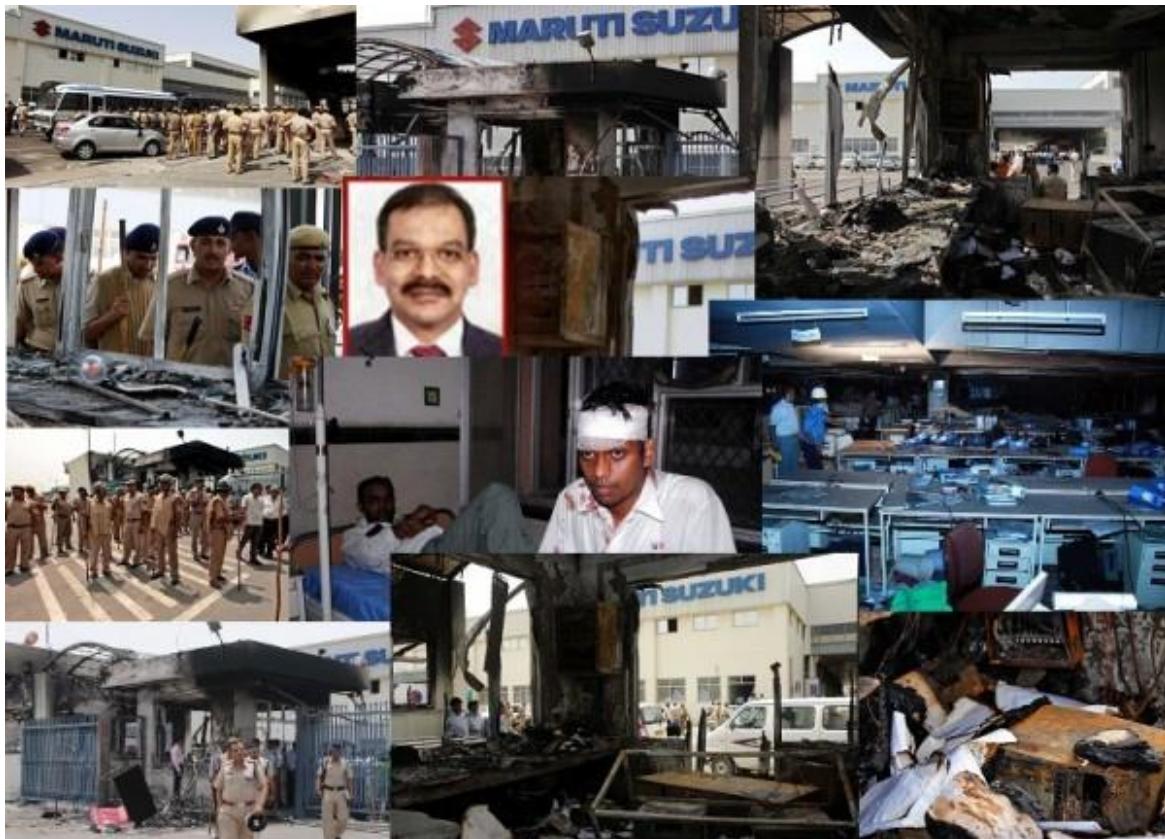
Table 4: MSIL’s Awards/recognition/rankings during 2014-15

Manufacturer Charts															Market Share (%)
Manufacturers	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16		
Maruti	111333	106383	108115	118895	117045	113162	92133	125764	119906	137277	123684	126220	106388		47.24
Hyundai	41861	38016	40716	41201	42351	41351	39806	41201	43201	42605	50016	40016	40057		17.79
Mahindra	17141	20691	22152	23376	21108	18349	15688	15929	17115	19158	23181	12389	15716		6.98
Toyota	10446	8511	10312	7638	8529	12614	13567	12404	12801	12067	11651	11309	12747		5.66
Renault	10244	8025	8828	12424	12426	8343	11836	11968	12972	12143	12409	9604	11244		4.99
Tata	8068	10709	10962	8454	10495	8617	12509	13578	13024	14620	16412	12736	10846		4.82
Honda	12379	17135	13020	17430	10486	9954	11407	14033	13941	15034	15567	8029	10071		4.47
Ford	5924	7045	5483	7565	6560	5780	9465	7076	8548	9018	7508	6876	5566		2.47
Volkswagen	2577	4018	2510	3570	3039	3591	4022	4301	4447	3929	5534	4014	4348		1.93
Chevrolet	2515	2788	2229	3044	2063	2615	1951	1528	1801	2101	3001	2808	3020		1.34
Datsun	1699	1413	2082	1654	1796	2360	4267	5481	4767	3970	4702	2987	2535		1.13
Nissan	1357	1252	1764	1650	1231	1146	945	937	1151	988	1406	988	1180		0.52
Skoda	1453	1202	1173	1405	914	904	1002	965	1211	1218	1473	860	1043		0.46
Fiat	792	630	609	632	486	509	603	560	651	602	646	266	390		0.17
HM-Mitsubishi	77	125	71	126	60	72	70	44	70	68		37			0.02
Grand Total	227866	227943	230026	249064	238589	229367	219271	255769	255606	274798	277190	239102	225188		100.00

Table 5: 2016 Report Card - Annual Indian Car Sales & Analysis!

Source:<http://www.team-bhp.com/forum/indian-car-scene/183318-2016-report-card-annual-car-sales-analysis.html> (Accessed on May 12, 2017)

EXHIBIT 2: SOME PICTURES RELATED TO VIOLENCE ON JULY 18 2012



Picture 1: Different scenes of July 18 violence at MSIL

Source:

https://www.google.co.in/search?q=maruti+violence+on+18+July+2015&biw=1242&bih=585&sour ce=lnms&tbo=isch&sa=X&ved=0CAgQ_AUoA2oVChMlp6gc876ByOIVFAuOCh0xLA4V#imgrc=DIUsGO2u_XDTkM%3A (accessed on 5th May, 2015).



Picture 2: The body of Awanish Dev is being moved by the hospital staff

Source: <http://www.rediff.com/business/slide-show/slide-show-1-column-why-workers-at-marutis-manesar-plant-are-disgruntled/20120726.htm> (accessed on 5th May, 2015)