

Trade Unions in Indian IT Industry? An Employees' Perspective

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The importance of trade unions in India descended because of negativities associated with them; but off late their activities are again gaining momentum not only in manufacturing industries but also in service industries. IT industry is one of the high growth service industries in India, which has contributed significantly to the upsurge in the Indian economy and has created a huge base of white-collar occupations. The industry known for its knowledge workers is distinct in comparison to other industries with no organized union activities. This paper attempts to understand the perspective of IT professionals towards unionization by exploring the responses given by these professionals for organized trade unions in the industry. The paper also investigates the role trade unions can play in collective bargaining for these knowledge workers in the contemporary context.

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IT Industry & Trade Unions

Indian IT industry has carved a niche for itself in the international arena with its global offshore delivery model and competent workforce. Many of the labour laws applicable to the industry have been simplified in the name of requirement for growth and development of the industry and employers are now playing with these simplified laws by taking advantage of the existing loop holes. Employees thus have an array of unsettled demands due to which have warmed up to the idea of trade unions in recent years. However, there has been a reverberating voice of employers and associations against the formation of trade unions in the IT industry.

The industry directly employs more than 2.3 million employees and as the industry will expand the employees' base will continue to increase further at a high rate. With such vast employee base the possibility of organized trade unions should be given a serious thought since right to association is guaranteed by the Constitution of India. The right to association, right to collective bargaining; in-

cluding the right to strike also constitute the core conventions of the International Labour Organisation (ILO) of which India is a founder member. Welfare of employees can not be overlooked for an industry which has had an unparalleled impact in the growth and development. In the long run the repugnance to the employee demands and international labour standards can be serious trouble for Indian IT industry.

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Theoretical Background

Trade unions represent association of employees for the purpose of securing improvements in pay, benefits, working conditions etc through collective bargaining. The Trade Unions Act (1926) defines a trade union "as any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen or for imposing restrictive conditions on the conduct of any trade or business and includes any federations of two or more Trade Unions". The Trade Union Act which is a central legislation administered by the state governments, is applicable to all industries in India including the IT industry. Trade Union Amendments Act (2001) although restrains the multiplicity of trade unions there are no provisions of barring IT in-

dustry or any other industry from formation of trade unions.

But why do we need trade unions in IT industry? The ILO governing body discussed fundamental rights at work with trade union formation activities as *prima facie* in their agenda (as quoted in the press release by ILO on 29th March '10). Whether trade unions are there or not, employees respond to the inherent alienation of work by resistance (Joseph 2010). The main motive of the trade unions is to put forward ideas across the management and get those converted into well-structured plans through negotiations (Sinha 2007) and it is understandable and will be good for the industry to operate on a level playing field with other Indian industries (Subramanyam 2005). There can not be any industry which can quash trade union formation activities and show disrespect to the labour laws. Centre of Indian Trade Unions (CITU) has forwarded various complaints from employees in this sector to the Labour Ministry for taking suitable action (Rajan 2006).

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When a union is recognized, a profound change is created in the relationship between the white collar staff and their employer leading to transition from an "individualistic" to a more "collective" relationship (Marsh & Pedler 1993). It is actually through collective bargaining that individuals stand to gain much more

than they would gain, if left to themselves (Tapomoy Deb 2009). ILO made an observation way back, in the year 2003 that the group dynamism in the IT industry in India may force establishment of a trade union movement in the near future (Devanathan 2009). Although there are formal associations, there is an absence of ideology in the present era of liberalisation, globalization and privatization and therefore Indian trade unions are losing sympathy from various quarters (Jagannathan & Roy 2009). Key policy actors in the external and internal environment (contextual and individual), have been instrumental in the failure of the unionization effort in the beginning (Shantanu Sarkar 2008). However trends are also showing lesser number of trade unions functioning in the industry across the world in the form of decline in the number of overall unions and the growth of lesser number of 'Super Unions' (Start et al. 2010). Today trade unionism is showing a new trend of associations with international interaction showcasing a new mechanism, as cross border trade union mergers. Trade unions are defending their members by opting for multi-lateral link-ups via Global Trade Union Federations to counter balance the economic strength of multi-nationals in a globalized economy (Gennard 2008).

The annual survey conducted by The International Trade Union Confederation (ITUC) for the year 2009 shows that the employees are facing glitches in organizing trade unions and the Indian government is maintaining strong restrictions on the right of employees to strike. The report has also put forward clauses of The

Essential Services Maintenance Act (ESMA) which enables the government to ban strikes in public enterprises and demand conciliation or arbitration in certain "essential" industries; without specifying what these essential industries are. Such policies pose a question mark over the intentions of Indian government towards employee welfare.

Conceptual Framework Relating to Trade Unions in IT Industry

In the past discerning IT professionals in India have been putting in efforts for trade union formation in cities like Bangalore and Hyderabad and Kolkata. One of these early initiatives is the Union for Information Technology & Enabled Services (UNITES) head quartered in Bangalore. UNITES is a part of global union UNI, which is a global union for skills and services having 1.2 million workers worldwide. The union strives to create a distinct and cogent link between employers & employees at all levels. Following the foot steps, another unionized body 'The IT Professional's Forum' is made under the aegis of UNI with dual objectives of better working conditions and studying impact of social change and technology. Similarly West Bengal Information Technology Services Association is set up under the patronage of CITU to safeguard welfare of all employees in the IT & ITES service sector, West Bengal.

In the existing landscape many of the professionals in Indian IT industry feel the need of organized trade unions and scenario hints that there will be a progressive increase in such activities in other IT hubs

like Chennai, Delhi and Mumbai. So it's obviously relevant that there should be appropriateness of union policies for the category of employees whose unions are competing for membership on an unprecedented scale (Bowen et al.1993).

Though there is a burgeoning demand for unionisation from the employees of this sector in India, the voice is subsided by the employers and different employer associations. These initiatives relating to regional unions have been controversially debated in the fraternity with no unanimous acceptance. Any of these employees' associations have not been endorsed by NASSCOM which is an apex regulatory body for IT industry. Kiran Karnik, former president of NASSCOM, pointed out that union formation will not succeed in IT industry as it does not make sense in thinking about unions when workers are not exploited and have access to management to redress their grievances. However the stark reality is not alienated with the remarks made the former NASSCOM president. To contradict the statement made by NASSCOM that *the employees of the IT/ITES sector did not want trade unions*, practicing professionals in the industry were surveyed to seek their opinion about trade unions.

Research Methodology

Both descriptive and analytical types of research designs have been used for the study. The descriptive research has been used to describe the state of affairs existing at present and to discover opinion of the employees about trade unions. Analytical research design has been used to analyze the existing facts from the data

collected for the research work. Employees working in the industry were asked via mail that if the presence of organized trade unions in the industry would provide employees a better bargain about work-related issues. In the close ended question, dichotomous scale was used to take responses from the professionals. The Dichotomous Thinking about preference of trade unions in the software industry has been used to assess the cognitive thinking style. The close ended question was further branched as an open ended question, where employees were asked to substantiate their opinion about preference for trade unions. With a view to taking insights from male and female employees for existence of organized trade unions in the industry hypotheses were formed which were tested with chi square test (SPSS14.0 version).

The sample includes employees working in Tier 1 and Tier 2 companies. The tiered classification of the companies has been adopted on the basis of the annual revenue of the companies. Tier 1 Software companies are those having annual revenue of more than Rs.10,000 crores and Tier 2 Software companies are those having annual revenue between Rs.10,000 crores- 450 crores and 800 professionally qualified male and female employees working in the industry in the age group of 20-35 years from six prime geographical locations viz. Delhi-NCR, Mumbai, Pune, Hyderabad Bangalore and Chennai were the targeted respondents. The survey was conducted in the year 2009-2010 where out of the 800 employees, 610 reverted back, so the actual sample size is of 610 employees.

Results & Implications

A whopping 67% of the employees who participated in the survey were in favour of organized trade unions. They were assertive that organized trade unions in IT industry would provide employees a better bargain in work related issues. Table 1 shows the demographic profile of the respondents who participated in the survey and Table 2 shows one sample statistics for preference of trade unions in the IT industry.

Table 1: Demographic Profile of the Respondents

Variable	Categories	% of respondents
Gender	Male	56
	Female	44
Age	20-25 years	39.5
	25-30 years	52.29
	30-35 years	8.19
Location	NCR	26.39
	Mumbai	16.06
	Hyderabad	16.72
	Bangalore	16.22
	Chennai	10.16
	Kolkata	14.42

Table 2: One-Sample Statistics for Preference of Trade Unions

	N	Mean	Std. Deviation
Preference for Organized Trade Unions	610	1.33	.471

A sizable proportion of women workers contribute to the total employee base in IT industry and to find out whether there is a difference in opinion for trade unions in the case of male and female employees, a null and an alternate hypothesis were formed.

H0- There is a significant difference in the opinion of male and female employees regarding existence of trade unions

H1- There is no significant difference in the opinion of male and female employees regarding existence of trade unions

Table 3: Preference for Trade Unions: Gender Cross Tabulation

			Gender		Total
			1	2	
Prefer Trade Unions	1	Count	239	169	408
		% within prefer Trade Unions	58.7%	41.3%	100%
		% within Gender	69.88%	63.05%	67.0%
	2	Count	103	99	202
		% within prefer Trade Unions	51.1%	48.9%	100%
		% within Gender	30.12%	36.95%	33.0%
Total	Count	342	268	610	
	% within prefer Trade Unions	56.2%	43.8%	100%	
	% within Gender	100%	100%	100%	

Table 3 shows gender cross tabulation for preference of trade unions and Table 4 shows chi square statistics for categorical variables among males and females in regard to preference for trade unions.

Table 4: Chi-square Tests for Preference of Trade Unions

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	1.356 ^b	1	.244		
Continuity Correction ^a	1.068	1	.301		
Likelihood Ratio	1.352	1	.245		
Fisher's Exact Test				.294	.151
Linear-by-Linear Association	1.351	1	.245		
N of Valid Cases	267				

a. Computed only for a 2x2 table

b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 38.56.

At 5% level of significance with one degree of freedom, Pearson Chi-Square value of significance is .244. So we accept the null hypotheses that Male and Female employees working in software industry do not think differently in regard to trade unions.

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Also we infer that most of the employees irrespective of gender welcome the suggestion of trade unions in the industry.

The practicing professionals of IT industry are veering for unionisation to address concerns related to their job and work environment; along with economic concerns. Different driving responses given by employees when asked to substantiate their opinion for organized trade unions have been grouped and summarized below:

Long Working Hours: Many of the companies are flouting the weekly work-

ing hours norm set by International Labour Organization. Employees working in the industry are forced to work for extra hours as managers pressurize their subordinates in the name of shrinking deadline of projects.

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Work Load: Employees are pressurized by their superiors for more output so that the company can maximize profits.

Compensation Related Issues: Parameters for performance based pay are not clearly defined in the companies. Some companies are even paying lesser compensation to their employees going for overseas assignments in comparison to what they are entitled for, as per the regulations of the host country for expatriates (e.g. CSC India Pvt. Limited, Noida for its employees working in Denmark).

Appraisal & Promotion Issues: In spite of the methods like 360 degree and MBO for performance appraisal, most of

the companies lack maturity in HR processes to adopt such type of robust appraisal approach. It is seen that the entire appraisal of an employee is handled by the immediate manager which generates discontentment in the employee with no appropriate solution. Also it is observed that many deserving employees are overlooked during the promotion process.

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Job Insecurity: Employees in the industry are not secured about their jobs and many a times the companies are at liberty to fire employees on flimsy grounds without giving due notice. Employees fret about being given pink slip but feel totally helpless in such cases.

High Stress Levels: These jobs are very stressful leading to mental exhaustion and over-worked employees are unable to strike appropriate work-life balance. However when we see other industries, people are able to achieve work-life balance because they are not over worked and employers have a fear from trade unions.

Denial of Annual Leaves: Another major problem in most of the IT companies is that employees are not given annual leave although they are available on paper. Even it can be seen that normally an employee is not given leave for more than 1-2 weeks yearly in spite of pending leaves. This means that an employee cannot take a long break to de-stress himself/herself.

No Recognition for Extra Efforts: Extra efforts by employees in the organisation are not accounted for and no compensation is given to the employees in lieu of that.

Lack of Transparency & Equity: Organizational culture is spoiled due to lack of transparency and equity as equal opportunities are not provided to all the employees. Some of the employees are even harassed at times and hapless employees are forced to quit.

Similarly a plethora of issues need to be addressed for employees' concerns and rights.

Amongst the responses for favoring trade unions there were employees who were not upfront about the organized trade unions in the industry. They argued that trade unions would not work in the industry, as all the companies have differential pay scale. They feared that unions would lead to tussle on one or the other issue and after sometime it may become a power game handled by trade union leaders. There can be insurgence of off beam demands leading to corruption, donation and politics of all sort. Also high quality on-time delivery of services, one of the main USP's of Indian IT industry might get affected if strikes and related activities are allowed in the industry; thereby endangering the cherished credibility built over decades.

It's evident that there is a growing need to draw a fine balance between the growth of the industry and the rights of the workmen.

Some of the employees are still apprehensive about trade unions but enlightened and responsible trade unions with a clear long-term vision can help to suit the realities of Indian IT industry. The role of trade unions should morph from traditional agitators to present day facilitators and bargainers. Notwithstanding the dissonance within the industry regarding existence of trade unions, it's evident that there is a growing need to draw a fine balance between the growth of the industry and the rights of the workmen to safeguard the integrity of the employees. It is required to closely monitor policies of the companies related to work environment, social security provisions and other work related issues. Turning a blind eye to the reality of employee problems will not help in the long run. We can have union agreements where unions can work collectively to improve the work culture of the organizations and the right to strike can be reserved for extreme circumstances. Trade unions acting as facilitators will create a level playing field for both employees and employers to come to a common forum for discussing issues and find amicable solutions.

Organized trade unions would help in rationalising the work hours, compensation and other issues in a much better manner especially for freshers working in the industry who are the most exploited ones. Unions can provide activated Grievance redressal machinery for the employees by opening way to two way dialogues for solving the pending issues and prove to be an institution for redefining the role of collective bargaining and eventually working along with employers not against employers.

Conclusion

This paper has explored the insights of practicing professionals regarding the existence of organized trade unions in the IT industry. Results of the literature review and the survey clearly indicate that trade unions have found roots in the industry and most of the employees are in favour of organized trade unions. However till now amongst NASSCOM initiatives, there is no place for supporting union activities. Unorganized unions, what ever may be the number, cannot safeguard the interest of the employees working in the industry. In the highly internationalised IT sector, we have trade unions like UNI, PROSA in U.S, UK, Denmark and many other countries across the globe. Therefore it's not fair to say that trade unions in India will conjure up chassis of strikes and lockouts. Employers in the industry should not feel that the existence of trade unions will be a retrograde step for a flourishing industry and should adopt a progressive approach in favour of labour movement.

Organized trade unions will provide a legitimate framework to the employees for voicing their grievances and become more upfront for their rights to work. It is therefore, imperative that the present fear driven work environment makes way for a healthy and balanced work environment in the Indian IT industry. Unionisation will lead to a more dignified work place atmosphere with freedom of association and the effective recognition of the right to collective bargaining (FACB) being guaranteed to

the employees. In the zeitgeist of globalization Indian government and IT industry should endeavor to join the league for the formation of organized trade unions like in many other countries

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