

## **Lockout at Kumar Textiles**

Once considered to be the leading exporter of readymade garments in the region, Kumar Textile owner Shanta Kumar Garg was feeling nostalgic while thinking about his struggles to build this company from scratch. He never thought that he would have to witness this kind of agitation by workers at Kumar Textiles in his lifetime. It has been just 28 years since he and his partner Shyam Mittal dreamt to set up the finest textile manufacturing facility in the region. During this time period Shanta Kumar and his partner have sailed successfully through every type of situation while managing day to day operations at Kumar Textiles. Kumar textiles has been a leading manufacturer and exporter of readymade garments all across the globe. Company has been able to produce healthy profits for its shareholders apart from initial struggling years and employees were also quite satisfied with the remuneration received from the organisation. Everything was going smoothly in the organisation until Shanta Kumar Garg and Shyam Mittal took care of day-to-day affairs at the organisation. Eventually anyone cannot work infinitely and everyone believes that one day the next generation will take over the charge and things will keep on moving in a nice manner. Shanta Kumar Garg and Shyam Kumar Mittal sons have been studying abroad and after finishing their education they were asked to join Kumar Textiles.

For initial 2-3 years Next generation proved to be highly effective in managing the organisation improving productivity and increasing profits. The concepts which were learned while studying abroad, the next generation at Kumar Textiles was trying to practice them here for effective and efficient manpower management. But not everything was going as smoothly as planned by the management due to disappointment at workers' end. Workers have started to feel annoyed due to frequent changes in policies to boost productivity and increase profitability of the organisation. Workers were feeling highly pressured to meet production targets and it was unclear to them also what workers would be getting after meeting highly inflated targets set for them. In addition to this no bonus and increment were provided to workers for the last 2 years, instead whatever profits were earned by the organisation, all were being utilised for capacity expansion to increase production volumes to meet unprecedented demands. Everything was going smoothly at Kumar Textiles at the management front, but from the workers side things started to take an uneasy turn. Once an employee asked for an advance salary in form of interest free loan for the sake of his daughter's marriage. He was straight forward denied and when he made arguments with managers, he was fined by the management for his misconduct.

With each passing day these kinds of events became a routine affair at Kumar Textile, where workers and managers keep on sharing heated arguments with each other. Management was putting pressure to increase productivity and workers were asking for an increase in salaries. One day a worker mistakenly committed an error while working and his supervisor started shouting at him. In reply the worker also shouted at the supervisor and things took an ugly turn, which started as an argument converted into scuffle and a group of 5-6 workers beat the supervisor to an extent that he had to be admitted into hospital. Next day, considering the seriousness of the situation, that group of workers was called by the management and told that their services are no longer required at Kumar Textiles. After such harsh treatment by management all workers called a meeting and decided to go for indefinite strike until their demands are met. Demands were immediate salary revision, realistic production targets, salary as per targets, reinstalling the services of 6 workers who were terminated by management and suspension of supervisor who misbehaved with workers. Management was adamant with their approach and was not ready to bow to workers' demands as they were calling these demands unrealistic. External arbitrator was hired for negotiation, as both workers and management were suspicious about others' intention and commitment for resolving the conflict. Both the parties stuck to their viewpoint and kept on justifying their stand whenever they met at the discussion table. Eventually none of the party agreed to other's demands and the strike kept on going for 3 months.

After getting nothing out of such long negotiations held between workers and management, management and workers agreed that an independent investigator should be hired to look into the matter. Later on with mutual consent from both workers and management an independent investigator was hired and investigators started digging for information about that incident which actually sparked this agitation at Kumar Textiles. Investigators held meetings with all the stakeholders in order to reach an appropriate conclusion. Investigator submitted the report after 2 weeks from the date he started investigating the matter. Report indicated that it was the situation which led to such an incident, otherwise all people were mature enough to avoid any such kind clashes at the working premises. He advised that both the parties should respect each other's demands and agree to mutually acceptable solutions to the problem. He further advised in the report that management should consider the request of workers for salary increment and workers should also respect management commitment to customers and try to put their best efforts to meet targets on time. Management should also hire a greater number of people rather than putting unbearable pressure on existing staff. When it comes to reinstating the services of terminated 6 workers, they can be asked to join the services only after signing a good conduct bond. Workers were ready to accept the suggestions like cooperation with management for meeting targets promised to customers, but they were adamant for a good salary hike and not signing any bond before joining the work. Management was also not ready to accept all recommendations made by independent investigators such as reinstating the services of those 6 workers who were fired for their misconduct with the supervisor and signing of good conduct bonds by workers. So eventually none of the parties agreed to each other.

After 6 months, considering no signs of improvements in the situation, company officials termed the strike illegal and filed various police complaints against workers' leaders. Company officials told police that union leaders were not allowing anyone to start working, threatening staff members and preventing staff from working at the factory. It has resulted in heavy financial losses for both organisations as well as workers. Workers were facing difficulty to get jobs somewhere else, as nobody was ready to take them considering the stand-off situation and for some of the workers it has been unviable to take part in agitation due to not having money to meet day to day household expenses. Company officials appealed to agitating workers that if things do not improve soon, the company will have to take strict action against those at strike like termination of services so that new staff can be hired to start functioning at the factory. This proposal further aggravated the situation and agitation became violent and workers set the factory premises on fire, which resulted in heavy losses. Police had to be called and culprits were arrested. All workers involved in this incident were terminated by the company and remaining were asked to join only after signing a good conduct bond. Now workers were left with no choice to join the work as there was no one to speak for them and workers were being blamed for violence at the factory premises. Both Shanti Kumar Garg and Shyam Mittal were very disheartened by the turning up of events in this manner and deterioration of Kumar Textiles goodwill in the market.

1. In your opinion what was the exact reason behind the unpleasant happening at Kumar Textiles.
2. If the same situation has been faced by you, what could have been your response?