



## Mangalore Plastic Ltd. (MPL)

Mangalore Plastics Ltd. is a small size industrial unit located in Bikampady Industrial Area in Mangalore. The unit has been in existence since 25 years. The management of MPL started negotiations with All Mangalore Plastic Workers Union (AMPWU) for renewal of the wage agreement.

In union-management relations, collective bargaining is essentially a power relationship. It is through the implied and actual use of power that parties are compelled to resolve their conflicts and MPL was no exception.

Mr. Sandeep Shenoy, the new managing director, was surprised at the list of demands by AMPWU's secretary Mr. Goga Shetty, a non-employee and an ex-MLA. He had the tendency to stand firm on the issue of wage negotiations. Throughout the discussion with Mr. Shenoy, Mr. Shetty exhibited his strength as a great organiser of workers.

The three main demands put on behalf of AMPWU by Mr Shetty and the management's view on them were:

1. A four-year agreement with 30% wage-hike during the first year followed by 20% hikes each year during the subsequent period. As in the past, Mr Shenoy had offered 10% wage-hike each year, which he thought was the average rise in the cost of living index.
2. Free house for employees who have served the organization for more than 20 years.
3. Reintroduction of loyalty scheme which includes cash benefit of Rs 50,000 for those workers who completed 10 years of service, Rs 75,000 for those who have completed 15 years of service and Rs 1,00,000 for those workers who have completed 20 years of service.

Three years back, MPL had embarked on a new strategy of producing large sized water containers, which had a huge demand because of the water shortage in Mangalore. The producing of water containers resulting in doubling of the staff strength. The company now has 100 workers. Recently, many more manufacturers have come into the market offering better products at less price and this led to declining profits and apprehensions about the success of the new product venture. To add to the problems of Mr Shenoy, AMPWU championed the cause of the workers even when the fortunes of the enterprise were not bright.



During a private meeting between Mr Shenoy and Mr Shetty, it was suggested by Mr Shetty that he was personally against a strike, but the workers were really exercised over the three demands. The situation caused considerable anxiety to Mr Shenoy because the existing wage agreement was valid for 2 months only. However Mr. Shenoy and Mr Shetty had the first breakthrough when Mr Shetty appeared to appreciate the problems of management.

**Questions:**

1. What should Mr Shenoy do to prepare for the next session with the AMPWU?
2. Is it advisable to meet a union leader in private and discuss about the wage revision?
3. What strategy would you suggest to Mr Shenoy? Should he take a strike or try to avert it, why?