



services limited

Accusations of de-unionisation tactics by a wholly-owned bottler in Bajpur, India

First published: 12 July 2005
Last updated: 02 September 2005

1 NUS Services contract details

Contracts

- 2-year compulsory on crisps in retail (finishes July 2006)
- 5-year compulsory carbonated packaged drinks (finishes July 2006)

Brands

Walkers, Nobby's, Pepsi.

Contacts

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2 Summary of the allegations

On 11 July 2005, the General Secretary of the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) sent a letter to Steven Reinmund, Chairman and CEO of PepsiCo expressing their concern about alleged attempts to de-unionise a bottling factory in India. The letter referred to the wholly-owned bottling facility in Bajpur in the Indian state of Uttaranchal where it is alleged that factory management had actively undermined a newly-formed workers' union.

In accordance with Indian law, the new Union had been registered with the office of the Labour Commissioner. It is alleged that, when the management learnt that the union had been formed, they informed the union President, Vice-President, Secretary, Organisation Secretary and three other active members were that they were being transferred to other factories in other Indian states. In response, the newly-formed Union launched a strike on 08 June 2005. It is alleged that local management hired casual employees to break the strike and it is reported to be pressuring workers' family members in order to undermine the peaceful industrial action.

In the letter, the IUF states that these transfers reflect a pattern of anti-union discrimination in violation of local and national Indian law and Conventions on freedom of association of the International Labour Organisation of the United Nations.

3 Alleged chronology of events, as provided by the IUF

30 May 2005

All 94 permanent workers applied for registration of their local union.

03 June 2005

Management of the factory announced the intended transfer seven workers to other states, including key office bearers of the union. The IUF allege that the workers were all production operators, and it was evident that the transfers were retaliatory and served no valid business purpose.

05 June 2005

The union gave a notice to the management to withdraw the illegitimate transfer orders by 08 June 2005 or face a strike from that date onwards.

08 June 2005

Strike begins. It is reported that management continued to work inside the factory with around 90 workers on three-month contracts, management employees, ten apprentices and four trainees.

20 June 2005

The management suspended all seven of the transferred employees while they were still on strike.

22 June 2005

The union was officially legally registered.

30 June 2005

A fight broke out between workers when four permanent workers tried to report to work.

02 July 2005

The factory HR Manager and another manager filed a complaint to the police that reportedly stated that ten persons (including three of the transferred workers) instigated violence against the four permanent workers. The IUF report that several of the persons named in the complaint, who were active in forming the union, were not even present at the site of the incident.

07 July 2005

A further seven employees were suspended because they were named in the police complaint. The seven transferred union officers also remain suspended.

07 July 2005

The strike ended when the union signed an agreement and returned to work. The IUF report that this was under duress and threat of a lockout. According to the terms of the agreement:

- An inquiry will take place about the actions of the seven transferred and suspended union leaders;
- The police complaint against the ten workers (includes three transferred and then suspended workers) will proceed in a normal way;
- With the exception of the 14 suspended workers, no action will taken against any other workers who participated in the strike.

14 July 2005

It was reported that the Union was still attempting to get the transfers cancelled, the suspensions lifted and the police complaints withdrawn.

4 Response from PepsiCo

On 12 July 2005, the Ethical & Environmental Committee approached PepsiCo UK about these allegations and invited them to comment. On 08 August, the Committee received the following responses (in *italics*):

Whether or not our employees join a labor union is a decision that is made by our employees, not by PepsiCo. In some locations around the world, our employees have elected to actively participate in unions, while in other places they have found it preferable to work more directly with PepsiCo.

With respect to our bottling plant in Bajpur, India, we fundamentally disagree with any suggestion that our transfer of employees to assignments at other plants reflects unlawful "anti-union discrimination." Transfers are a common and longstanding practice, intended to address the changing needs of our business and to give employees greater career growth opportunities. This is spelled out in each employee's appointment letter.

In the case of the particular employees whose transfers have been characterized as “anti-union,” it should be noted that, at the time of those transfers, rumors of a possible union had already been in the workplace for three years -- during which PepsiCo did not interfere in the process in any way. Management was not aware at that time of any specific plans to form a union and therefore had no knowledge that the employees being transferred might become officers of that union. It is also worth noting that none of those employees expressed concern to management regarding their transfer.

Furthermore the hiring of casual employees – which has been mischaracterized as a way of “breaking the strike” -- is a lawful practice that is very common, particularly during the season of peak production. The fact that during the strike the plant operated at only 20% of its production capacity is clear evidence that the casual employees did not replace the striking permanent employees. The limited production that did occur during that time was executed largely by managers and office staff. In fact the strike by plant employees was illegal, as it was carried out without notice or prior discussion. Fortunately, the matter was resolved and employees returned to work on July 07, 2005. It was not until after the resolution – on July 11, 2005 -- that PepsiCo was formally notified of the registration of the union and the names of its officers.

By way of perspective, of the 16 PepsiCo-owned bottling plants in India, 11 have legally formed and registered unions, with which the company has an ongoing working relationship and has signed long-term settlements.

Clearly PepsiCo employees in India can choose to participate in unions and many have. When employees have elected that option, PepsiCo has not interfered in the process and has proved that it is willing and able to work with unions in a constructive manner.

5 Update from the Union, via the IUF

On 01 September 2005, the IUF provided the following additional allegations:

- Management is trying to delay the processes of legal inquiry into the suspensions.
- Management is putting pressure on other factory workers not to support the suspended workers.
- Management is trying to prevent any worker from attending the inquiries by refusing them leave to attend the inquiry-related meetings, even refusing such leave to the union representatives of the suspended workers.