CHAPTER III

AN OVERVIEW OF HUMAN RESOURCE DEVELOPMENT PRACTICES
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INTRODUCTION

Human Resource Development (HRD) can be defined as a set of systematic and planned activities designed by an organisation to provide its members with the opportunities to learn necessary skills to meet current and future job demands. Human Resource Development activities should begin when an employee joins an organisation and continue throughout his or her career, regardless of whether that employee is an executive or a worker on an assembly line. Human Resource Development programs must respond to job changes and integrate the long-term plans and strategies of the organisation to ensure the efficient and effective use of resources.

The term Human Resource Development more commonly HRD, is widely used context in the management. Yet it has ambiguous connotations, since it may refer to activities aimed at increasing human capacities, rights and entitlements from a business or an economic perspective, or as an instrument of human development which enables personal and societal advancement towards economic progress and democratic self-determination in developing countries.
Human Resource Development is the framework for helping employees develop their personal and organizational skills, knowledge and abilities. Human Resource Development includes such opportunities as employee training, employee career development, performance management and development, coaching, succession planning, key employee identification, tuition assistance and organization development.

Human labour had peculiar features. By virtue, labour is human and living. Labour is inseparable from labourer. Labour is highly perishable, so that it needs continuous training and learning. It had very less bargaining power in the market. It is considered as a basic factor of production. By all means, it is able to produce more output than as an input. Further, it is the most complex and unpredictable sort of things, which adjust to environment.

The focus of all aspects of Human Resource Development is on developing the most superior workforce so that the organization and individual employees can accomplish their work goals in service to customers.

Human Resource Development can be formal such as in classroom training, a college course, or an organizational planned change effort. Or, Human Resource Development can be informal as in employee coaching by a manager. Healthy organizations believe in Human Resource Development and cover all of these bases.
Human resources is a term with which many organizations describe the combination of traditionally administrative personnel functions with performance management, employee relations and resource planning. The field draws upon concepts developed in Industrial / Organizational Psychology. Human resources has at least two related interpretations depending on context. The original usage derives from political economy and economics, where it was traditionally called labour, one of four factors of production. The more common usage within corporations and businesses refers to the individuals within the firm and to the portion of the firm's organization that deals with hiring, firing, training and other personnel issues.

The objective of Human Resources is to maximise the return on investment from the organization's human capital and minimise financial risk. It is the responsibility of human resource managers to conduct these activities in an effective, legal, fair and consistent manner. Human resource management serves the following key functions:

1. Recruitment Strategy Planning
2. Hiring Processes (Recruitment)
3. Selection
4. Training and Development
5. Performance Evaluation and Management
6. Promotions
7. Redundancy
8. Industrial and Employee Relations
9. Record keeping of all personal data
10. Compensation, pensions, bonus etc. in liaison with Payroll
11. Confidential advice to internal ‘customers’ in relation to problems at work
12. Career development.

HUMAN RESOURCES

A Company just cannot do without employees, they are an integral part of any organization, and they are the human resource managers. Human resources is a function within the organization that monitors the availability of qualified workers; recruits and screens applicants for jobs; helps to select qualified employees; plans and presents appropriate orientation, training, and development for each employee; and administers all the employees benefit programs.

The field of human resources encompasses the type and level of management requisite for the active and effective recruitment, hiring, day-to-day employment practices, job termination policy, job description policy and much more. The important station to which the field of human resources has ascended has been underscored in recent years, as more and more companies seek out the services of human relations professionals.

It is by developing an understanding of proactive techniques that - when effectively applied to a company’s workforce - a human resources team can actually change conditions within the organization. Human resources professional everywhere have begun to tangibly widen profit margins by increasing not only efficiency, but productivity as well.
The role of human resources in the workplaces has shifted dramatically as these consultants, specialists, teams and all the company departments apply proven methods of management to what would otherwise be sprawling and ineffective employee bases.

In order to better understand what goes into making human resources such an effective tool in the business environment of today, it will be important to take a quick look at the didactics of human resources. In other words, the science that makes this field so effective.

While the necessity of maintaining a strong and productive labour field had never truly been lost on the survey employers of the past, the recent advances in human resources knowledge have actually brought this field into the active role that it requires in order to implement positive changes upon a company’s strength and viability among its competitors.

Human Resources are used to leverage the employee base and to yield a maximised benefit for a company. Employees are the greatest assets for an enterprise. Improvement of workforce will yield fruitful results to a company as a whole.

Operating on this basis, human resources takes a highly sensitive approach to the positive techniques that have been proven to enhance the workforce. Performance management ranks high on how the human resources experts can
determine how much each employee is worth and thereby know who to fire, who
to promote and even-after tracking trends in employee types-who to consider for
recruitment. The use of metrics, evaluations and rigorous employee review
interviews helps to create an accurate snapshot of the workforce, which is then
used to optimize productivity and efficiency within the employee base.

Modern analysis emphasizes that human beings are not “commodities” or
“resources”, but are creative and social beings that make class contributions
beyond ‘labour’ to a society and to civilization. The broad term human capital has
evolved to contain some of this complexity and in micro-economics the term
“firm-specific human capital” has come to represent a meaning of the term
“human resources”¹.

Advocating the central role of “human resources” or human capital in
enterprises and society, has been a traditional role of Human Resource. Socialist
parties, who claim that value is primarily created by their activity and accordingly
justify a larger claim of profits or relief from these enterprises or society. Critics
say this is just a bargaining tactic which grew out of various practices of medieval
European guilds into the modern trade union and collective bargaining unit.

A contrary view, common to capitalist parties is that it is the infrastructural
capital and (what they call) intellectual capital owned and fused by “management”

¹ Hofmeister J., “Global and Local Balance in Human Resources Leadership,” The Future of Human
that provides most value in financial capital terms. This likewise justifies a bargaining position and a general view that “human resources” are interchangeable.

A sign of consensus on this latter point was the ISO 9000 series of standards which in its 1994 revision could be understood to require procedures or a “job description” of every participant in a productive enterprise. The 2000 revision of ISO 9001 in contrast requires to identify the processes, their sequence and interaction and to define and communicate responsibilities and authorities. In general, heavily unionised nations such as France and Germany have adopted and encouraged such job descriptions especially within trade unions. One view of this trend is that a strong social consensus on political economy and a good social welfare system facilitates labour mobility and tends to make the entire economy more productive, as labour can move from one enterprise to another with little controversy or difficulty in adapting.

An important controversy regarding labour mobility illustrates the broader philosophical issue with usage of the phrase “human resources”: governments of developing nations often regard developed nations that encourage immigration or “guest workers” as appropriating human capital that is rightfully part of the developing nation and required to further its growth as a civilization. They argue that this appropriation is similar to colonial commodity find wherein a colonizing European power would define an arbitrary price for natural resources, extracting which diminished national natural capital.
The debate regarding “human resources” versus human capital thus in many ways echoes the debate regarding natural resources versus natural capital. Over the time, United Nations have come to more generally support the developing nations’ point of view and have requested significant offsetting “foreign aid” contributions. So that a developing nation losing human capital does not lose the capacity to continue to train new people in trades, professions and the arts.

In a series of reports of the UN Secretary-General to the General Assembly over the last decade, a broad inter sectoral approach to developing human resourcefulness has been outlined as a priority for socio-economic development and particularly anti-poverty strategies. This calls for strategic and integrated public policies, for example in education, health and employment sectors that promote occupational skills, knowledge and performance enhancement.

In the very narrow context of corporate “human resources”, there is a contrasting pull to reflect and require workplace diversity that echoes the diversity of a global customer base. Foreign language and culture skills, ingenuity, humour, and careful listening are examples of traits that such programs typically require. It would appear that these evidence a general shift to the human capital point of view and an acknowledgment that human beings do contribute much more to a productive enterprise than “work”: they bring their character, their ethics, their creativity, their social connections, and in some cases even their pets and children,
and alter the character of a workplace. The term corporate culture is used to characterize such processes.

The traditional but extremely narrow context of hiring, firing and job description is considered a 20th century anachronism. Most corporate organizations that compete in the modern global economy have adopted a view of human capital that mirrors the modern consensus. Some of these, in turn, deprecate the term “human resources” as useless.

As the term refers to predictable exploitations of human capital in one context or another, it can still be said to apply to manual labour, mass agriculture, low skill “McJobs” in service industries, military and other work that has clear job descriptions and which generally do not encourage creative or social contributions.

In general the abstractions of macro-economics treat it this way - as it characterizes no mechanisms to represent choice or ingenuity. So one interpretation is that “firm-specific human capital” as defined in macro-economics is the modern and correct definition of “human resources” - and this is inadequate to represent the contributions of “human resources” in any modern theory of political economy.

HUMAN RESOURCE DEVELOPMENT

In terms of recruitment and selection it is important to consider carrying out a thorough job analysis to determine the level of skills/technical abilities, competencies, flexibility of the employee required etc. At this point it is important to consider both the internal and external factors that can have an effect on the
recruitment of employees. The external factors are those outwith the powers of the organization and include issues such as current and future trends of the labour market e.g. skills, education level, government investment into industries etc. On the other hand internal influences are easier to control, predict and monitor, for example management styles or even the organizational culture.

In order to know the business environment in which any organization operates, three major trends should be considered:

1. **Demographics** – the characteristics of a population / workforce, for example, age, gender or social class. This type of trend may have an effect in relation to pension offerings, insurance packages etc.

2. **Diversity** – the variation within the population / workplace. Changes in society now mean that a larger proportion of organizations are made up of “baby-boomers” or older employees in comparison to thirty years ago. Also, over recent years organizations have had to become more diverse in their employment practices to cope with the lower work ethic of the newer generations. The service industry for example, has embraced those “baby-boomers” desiring to reenter the workforce. Traditional advocates of “workplace diversity” simply advocate an employee base that is a mirror reflection of the make-up of society in so far as race, gender, sexual orientation, etc. These advocates focus on the social engineering theory without understanding the more important points: diversity of ideas to prevent stagnation of products and business development; expanding the customer base through “outreach” and profit.
Alarmists and advocates of social engineering theory cite a "rise in discrimination, unfair dismissal and sexual / racial harassment cases" as an indicator of the need for more diversity legislation. While such measures have a significant effect on the organization, they effect little or no real change in advancing diversity of ideas in the workplace. Anti-discrimination laws and regulations do require businesses to undertake a cost-benefit analysis. The result of this analysis is often to adopt an approach that generally recognizes gender, racial, and sexual orientation diversity as a cheaper alternative for fighting endless litigation. In summary, diversity, based on social engineering is about creating a working culture that seeks, respects and values difference without regard to how diversity increases productivity and unity of effort.

3. **Skills and qualifications** – as industries move from manual to a more managerial professions so does the need for more highly skilled graduates. If the market is "tight" i.e. not enough staff for the jobs, employers will have to compete for employees by offering financial rewards, community investment, etc. In regard to how individuals respond to the changes in a labour market the following should be understood:

- **Geographical spread** – how far is the job from the individual? The distance to travel, to work should be in line with the pay offered by the organization and the transportation and infrastructure of the area will also be an influencing factor in deciding who will apply for a post.
Generational difference – different age categories of employees have certain characteristics, for example their behaviour and their expectations of the organization. While recruitment methods are wide and varied, it is important that the job is described correctly and that any personal specifications are stated. Job recruitment methods can be through job centres, employment agencies/consultants, headhunting, and local/national newspapers. It is important that the correct media is chosen to ensure an appropriate response to the advertised post.

IMPORTANCE OF HRD

HRD profession have undergone tremendous change over the past 20-30 years. Many years ago, large organizations looked to the “Personnel Department”, mostly to manage the paperwork around hiring and paying people. More recently, organizations consider the “HR Department” as playing a major role in staffing, training and helping to manage people, so that people and the organization are performing at maximum capability in a highly fulfilling manner.

It is important for business leaders to actually develop this definition through hiring qualified generalists, specialists and/or individual professionals who can take charge of the human resources management requirements of a company by restructuring the system and opening up a wide variety of human resources functions in order to better serve both the workforce and the company ownership.
In addition to the areas of focus mentioned above, the human resources management can be responsible for an incredibly extensive list of responsibilities such as services for employees, human capital planning, human capital mentoring, information on policy, salary guidelines, benefits package planning and administration, locating and recruiting talent, labour law compliance, executive employee management, practices to follow in the event of an emergency or major catastrophe, health and safety guidelines, human resources mission statements, scholarship and incentive management, telecommuting administration and much more.

MODERN CONCEPT OF HUMAN RESOURCES

Though human resources have been part of business and organizations since the first days of agriculture, the modern concept of human resources began in reaction to the efficiency. Psychologists and employment experts in the United States started the human relations movement, which viewed workers in terms of their psychology and fit with company requirements, rather than as interchangeable parts. This movement grew throughout the middle of the 20th century, placing emphasis on how leadership, cohesion and loyalty played important roles in an organizational success. Although this view was increasingly challenged by more quantitatively rigorous and less “soft” management techniques in the 1960s and beyond, human resources had gained a permanent role within an organization.
HUMAN DEVELOPMENT AND HRD: COMPETING APPROACHES

Human development refers to the capacity of individuals to reach their potential within a society where political and economic processes are transparent and sufficient to provide participation in decision-making. As former President of the World Bank, James Wolfensohn, asserted, the message for countries is clear: "educate your people; ensure their health; give them voice and justice;... and they will respond." Thus from the World Bank's perspective, human development depends on investment in social and political capital, which when integrated with infrastructure, and 'sound' and appropriate economic and financial policies, mean that individuals and societies reach their potential.

The goals of human development, then, are not just wealth-driven, although economic growth is necessary. Rather, the goals of human development are directed at obtaining the benefits of, at least, core standards of health, welfare and education that are essential for citizens to participate fully in all aspects of social, economic and political life. If these are to be achieved then social, economic and political policies must be congruent with these objectives. Thus ideal models of human development are multidimensional, with each of the dimensions being integrated into the broad framework.

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ROLE OF HUMAN RESOURCES DEPARTMENT IN AN ORGANIZATION

A company is incomplete without a human resource department. It's true as the very existence of a human resource department is vital to overall productivity and efficiency of the strong workforce in any thriving organization. In fact, good human resources can be one of the most valued and respected departments in an organization; their job is managing people and people are the company's most important asset.

One of the major roles of a human resources department in a successful business involves a lot of observation and analysis from behind the scenes. Indeed, the intelligence of the human resources department often involves what can be equated to "crunching numbers." Compiling complex data and metrics that follow the performance of individual employees, as they move through the workforce is an important task, which has helped human resources, work out crucial solutions to inefficiency, wilting profit margins and more.

Due to the sensitive nature of human relations and the work that human resources departments must carry out, discretion is a crucial element to this field. That's because the management of performance can often involve tough decisions such as choosing who to let go, who to promote and who to hire. Keeping the decision making process behind closed doors is an ethical practice that breeds the least amount of contention possible.
Indeed, performance management, message creation, job recruitment and promotion decisions take countless hours of observation and data analysis that result in the most beneficial decisions in the end. Just the three month review for new employees can reveal the fact that a lot of careful observation has gone into the job performance and training adaptation evaluation. The human resources specialist has been taking notes and methodically charting employees’ progress in the most efficient and professional manner possible. It’s not that easy, yet the work is essential to any company’s optimized success.

IMPORTANT OF HR DEPARTMENT IN AN ORGANIZATION

In the current times with human resource functions such as payrolls and with plethora of software for human resource today, it is generally said that one person should be sufficient to develop and administer the human resource function. But, historically, what necessitate a human resource department are the functions and responsibilities, which most do not want to take up. From recruiting to orienting new employees, from writing job descriptions to tracking attendance and from instituting and monitoring policies to monitoring benefits, there has been a need for a human resource generalist to assist senior management in both establishing a structure to holding down costs of administration.
FACTORS CONSIDER TO SET UP A GOOD HR FUNCTION

- Determine what are the expectations of the manager who feels the need for the function.
- Develop a job description with that manager which at least outlines what the job entails.
- Determine the compliance issues, which pertain to the company. The most basic of these have to do with wages and hours of work, classification of employees etc.
- Determine whether or not the organisation need to have an employee handbook or other formal policies and procedures manual to cover everything from establishing the company as an at-will employer to benefits. If the policies are already laid out see to it that they are written in the best interests of the company.
- Check all the basic policies included. These are conditions of employment, benefits, and disciplinary processes. Is there any balance between stated corporate and employee rights and obligations.

Human resources are thus an information function that the organisation should think through changes in policies, changes in benefits, even changes in laws must be communicated to all employees. Major changes may call for training such as in sexual harassment a few years back. Major changes in medical insurance benefits have to be disseminated to all affected employees. Therefore, human resources become a kind of pass-through in the information cycle.
Today’s human resource executives are expected to align an organization’s business goals with the needs of its people and create innovative HR programs that attract and retain the most talented employees in the short and long term. This requires business acumen, insight into human behavior and leadership.

Definition given by Gilley and Eggland on HRD is “organized learning activities arranged within an organization in order to improve performance and/or personal growth for the purpose of improving the job, the individual, and/or the organization”3. HRD includes the areas of training and development, career development, and organization development. This is related to Human Resource Management a field which includes HR research and information systems, union/labour relations, employee assistance, compensation / benefits, selection and staffing, performance management systems, HR planning, and organization / job design.

HIGH PERFORMANCE WORK TEAMS

A Company heard much about the benefits with implementing team approaches to improve organizational effectiveness and to empower individuals and teams with the information and authority to make decisions on the front lines. Business success today mandates the use of these high performance work teams throughout the organizations. But making the transition to teams is not easy.

Training can be useful in many ways to help people function more effectively in team environments, including:

- **Communication**: People must learn how to communicate effectively in teams and between teams and across the entire organization. Employees must use communication to resolve, manage conflicts and to air and resolve grievances and complaints.

- **Team Management and Functioning**: Managing projects, setting goals, clarifying roles and solving problems in teams are skills that must be developed. New organizational skills must be developed if teams are to operate effectively and efficiently.

- **Leadership Development**: Team leaders and upper management need to learn how to act as role models for team operation and how to promote the active building, leadership and management of teams.

- **Personal Development**: Employees need help in overcoming fears about the loss of job security and independence and to learn how to continue to make individual contributions within team structures. Interpersonal skills need to be developed, especially with respect to group problem solving.

**HRD: THE BROAD DEVELOPMENT-ORIENTED APPROACH**

For many the notion of Human Resource Development retains its early and broadest definition as the process of increasing the knowledge, the skills and the capacities of all the people in a society. In economic terms it could be described as the accumulation of human capital and its effective investment in the development
of an economy. In political terms, human resources development prepares people for adult participation in political processes, particularly as citizens in a democracy. From the social and cultural points of view, the development of human resources helps people to lead fuller and richer lives.

This older ideal of HRD has multiple dimensions which reflect the full gamut of individual needs and rights. In this respect HRD is focussed on capabilities and entitlements in a society, and as such, HRD is integrated with other development issues such as infrastructure and basic human rights. Thus HRD is a subset of that much wider class of processes pertaining to human development. Within this broad approach, HRD, the process of increasing the knowledge, the skills and the capacities of all the people in a society, is thus a necessary but not sufficient element of the broader development objective.

Such an approach is different from the narrowly economic perception of development which has at its core financial-economic expansion and trade growth. These were the priorities of major international bodies such as the IMF and World Bank until the late 1990s. Economic growth was perceived to lead automatically to wealth creation, which served as a proxy for development. Under this regime, free markets and trade liberalisation were prescribed as the means to economic growth and so development. Under such a paradigm, measuring development occurred by simple indicators such as GDP per capita or economic growth rates. However, it has been recognized that such prescriptions would leave human
development too much to chance. Furthermore, it has been widely demonstrated that indicators such as GDP per capita give no information on distributional issues, who has access to benefits or how far these obtain the capability to be healthy or the choice not to have children.

In recent years, there has been a resurgence of interest in the development perspective of HRD, the promotion of “equity, poverty alleviation and quality of life” through development of education and ‘citizenship’ and improved access to health. From this perspective, policy approaches may be both defensive, through setting minima (core human and labour rights) and proactive, through targeted policy responses to development indices such as the Human Development Index. These approaches comprise the core of the development-oriented HRD.

BROAD DEVELOPMENT OF HRD BY ENTERPRISES

As any textbook in management literature demonstrates, HRD from a managerialist perspective refers to the up skilling of employees as a means of improving a firm’s efficiency or productivity. Larger enterprises tend to have their own training and development departments, while small organisations draw on the burgeoning HRD consultancy industry. When wider issues of HRD and development are considered by business commentators, these tend to reflect the enterprise-oriented approach to HRD, emphasising the importance of education for business needs and the ways in which business growth enhances economic development.

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In recent years, a different approach has been taken by businesses which have absorbed ideals of corporate social responsibility itself. A contested term, Corporate Social Responsibility (CSR) can at its broadest be taken to mean the principles, policies and activities of firms which have in part at least, an altruistic objective not directly related to profits, share prices or costs.

AN OVERALL NEW APPROACH TO HUMAN RESOURCE DEVELOPMENT

The insight most commonly expressed during the interviews with 80,000 great managers challenges traditional human resource management and development beliefs. Thousands of great managers stated variations on this belief: “People don’t change that much. Don’t waste time trying to put in what was left out. Try to draw out what was left in. That is hard enough.”

The implications of this insight for training and performance development are profound. This insight encourages building on what people can already do well, instead of trying to “fix” weaker talents and abilities. The traditional performance improvement process identifies specific, average or below performance areas. Suggestions for improvement, either verbal or in a formal appraisal process, focus on developing these weaknesses.

What great managers do instead, is assess each individual’s talents and skills. They then provide training, coaching, and development opportunities that will help the person increase these skills. They compensate for or manage around weaknesses.
The function of Human Resources Departments is generally administrative and common to all organizations. Organizations may have formalized selection, evaluation, and payroll processes. Efficient and effective management of “Human Capital” has progressed to an increasingly imperative and complex process. The HR function consists of tracking existing employee data which traditionally includes personal histories, skills, capabilities, accomplishments and salary. To reduce the manual workload of these administrative activities, organizations began to electronically automate many of these processes by introducing specialized Human Resource Management Systems (HRMS).

In consequence of the high capital investment necessary to purchase or program proprietary software, these internally-developed HRMS were limited to organizations that possessed a large amount of capital. The advent of client-server, Application Service Provider, and Software as a Service or Human Resource Management Systems enabled taking increasingly higher administrative control of such systems. Currently Human Resource Management Systems encompass:

- Payroll
- Work Time
- Benefits Administration
- HR management Information system
- Recruiting
The Payroll module automates the pay process by gathering data on employee time and attendance, calculating various deductions and taxes, and generating periodic pay cheques and employee tax reports. Data is generally fed from the human resources and time keeping modules to calculate automatic deposit and manual cheque writing capabilities. This module can encompass all employee-related transactions as well as integrate with existing financial management systems.

The Work Time gathers standardized time and work-related efforts. The most advanced modules provide broad flexibility in data collection methods, labour distribution capabilities and data analysis features. Cost analysis and efficiency metrics are the primary functions.

The Benefits Administration module provides a system for organizations to administer and track employee participation in benefits programs. These typically encompass, insurance, compensation, profit sharing and retirement.

The HR management module is a component covering many other HR aspects from application to retirement. The system records basic demographic and address data, selection, training and development, capabilities and skills management, compensation planning records and other related activities. Leading edge systems provide the ability to “read” applications and enter relevant data to applicable database fields, notify employers and provide position management and position control. Human resource management function involves the recruitment,
placement, evaluation, compensation and development of the employees of an organisation. Initially, businesses used computer based information system to:

- Produce pay checks and payroll reports;
- Maintain personnel records;
- Pursue Talent Management.

Online recruiting has become one of the primary methods employed by HR departments to garner potential candidates for available positions within an organization. Talent Management systems typically encompass:

- Analysing personnel usage within an organization;
- Identifying potential applicants;
- Recruiting through company-facing listings;
- Recruiting through online recruiting sites or publications that market to both recruiters and applicants.

The significant cost incurred in maintaining an organized recruitment effort, cross-posting within and across general or industry-specific job boards and maintaining a competitive exposure of availabilities has given rise to the development of a dedicated Applicant Tracking System.

Many organizations have gone beyond the traditional functions and developed human resource management information systems, which support recruitment, selection, hiring, job placement, performance appraisals, employee benefit analysis, training development, health, safety and security, while others integrate an outsourced Applicant Tracking System that encompasses a subset of the above.
The specific HR policies have been implemented in the Sugar Mills that are especially effective in achieving competitive advantage. Such distinctive management practices are

- Training and Development
- Performance Appraisal
- Rewards and Compensation
- Decentralisation of decision-making and empowerment
- Work organisation based on self-managed teams
- High investment in training and skill development
- Having people do multiple job and job rotation

The present study has taken the evaluation of HR practices which is implemented by the Private Sector Sugar Mills in Tamilnadu.

WORKERS' PARTICIPATION IN MANAGEMENT IN INDIA

The workers' participation in management in India is presented stage-wise, viz., before Independence, and after Independence.

BEFORE INDEPENDENCE

The workers’ participation in management is not a novel and imported idea from outside. It can be dated as far back as 1920 when Mahatma Gandhi suggested participation of workers in management on the ground that workers contributed labour and brains while shareholders contributed money to the enterprise and that of both should, therefore share in its property. He said that there should be a perfect relationship of friendship and cooperation among them. For the unions, he
said that the aim should raise the morale and intellectual right of labour and, thus, by sheer merit, make labour master of the means of production instead of the slave that it is. It was at his instance that, in 1920, the workers and employers in Ahmedabad Textile Industry agreed to settle their disputes by joint discussion and consultations. Therefore, the Ahmedabad Agreement may be regarded as a milestone in the history of joint consultations i.e. participative management in India. Following this, some works committees were also set up in the Government Printing Press and Railways. During the same period, such committees were also set up in the Tata Iron and Steel Company, Jamshedpur. Since then, there is no looking back in this direction.

While supporting the need for works committees, the Royal commission on Labour\(^4\) suggested that, for promoting industrial harmony and to avoid misunderstanding and settle disputes, not only works committee be set up, but strong trade unions be developed and labour officers be appointed. Along with the works committee, the Commissioner also suggested the establishment of joint machinery to deal with the more general questions, and also act as an advisory appellate body in respect of disputes which were confined to single establishment. These recommendations of the commission bore fruits with the provision of formal statutory machinery under the Bombay Industrial Relations Act, 1946 and Industrial Dispute Act, 1947.

\(^4\) Report of Royal Commission on Labour, 1938, p.344.
AFTER INDEPENDENCE

In fact, the first major step in the direction of workers' participation in management in India was the enactment of Industrial Dispute Act, 1947 with the dual purpose of preventing and settlement of industrial dispute. The Industrial Policy Revolution, 1948 advocated workers' participation in management by suggesting that labour should be in all matters concerning industrial production. Article 43A of the constitution of India has provided for workers' participation in management in these words:

"The state shall take steps, by suitable legislation, or in any other way, to secure the participation of workers in management of undertakings, establishment or other organisations engaged in an industry".

The First Five-Year Plan and successive plans emphasized the need for workers' participation in management. The Second Five-Year plan\(^5\) stressed the need for workers' participation in management in the following words:

"It is necessary in this context that the workers should be made to feel that in his own way he is helping to build a progressive state. The creation of industrial democracy, therefore, is a prerequisite for the establishment of a socialist society".

The government of India set up a ‘Study Group on Workers’ Participation in Management’, in 1956, consisting of representatives of the government, employers, and workers to examine the system of workers’ participation in management in the UK, Sweden, France, Belgium, West Germany and Yugoslavia and make recommendations for the Indian case. The group submitted its report in May 1957 with the following recommendations:

1. Workers' Participation in Management schemes should be introduced in selected undertakings on a voluntary basis.

2. A sub-committee consisting of representatives of workers, employers and government should be set up for consisting the WPM in India.

The above recommendations, among other things, were accepted by 15th Indian Labour Conference held in July 1957.

During the year 1975, there had been three forms of workers’ participation in management introduced in India: Works Committees, Joint Management Council and Workers-Directors (Public Sector) on Board of Directors. The Government also set up a “Committee on Workers’ Participation in Management and Equity” in September 1977 with a member of 21 under the chairmanship of Ravindra Varma. The committee submitted its report to the Government in March 1979. Based on the recommendation made by the committee the Government formulated and modified a new comprehensive scheme on a voluntary basis for “Workers’ Participation in Management” on 30th December 1983.
So far, all the schemes pertaining to the workers' participation in management have been non-statutory which failed to provide meaningful participation to workers in management. To remedy the situation, the Government has introduced the bill in parliament on 25th May 1990 to provide for

- Meaningful three-tier participation of workers in management in all industrial establishments.
- Formulation of schemes specifying criteria regarding nomination of representative from workers.
- The principle of secret ballot for determining for representation of workers on the shop floor and establishment councils.
- Rules for appointment of Inspector.
- Imprisonment upto two years or a fine upto Rs. 20,000 or both for contravention of the provisions.