II. PARTICIPATIVE MANAGEMENT - A THEORETICAL FRAMEWORK

INTRODUCTION

The meaning of the concept 'Participative Management' needs to be understood in the background of its historical evolution from the beginning of this century. It has been developed and improved in different forms in different countries to suit the requirements of the political system and economic structure of the countries concerned. In this chapter, the meaning of the concept of Participative Management as it is understood in recent years has been explained. It is followed by a discussion of some important definitions of the concept, as defined by the prominent experts in the field. Since the concept of Participative Management is mainly developed and being implemented in the western industrialised countries, an attempt is also made in this chapter to present the historical evolution of the concept in most of the developed countries. The experience in the socialist country, namely U.S.S.R. is also outlined briefly. The experience of some of the developing countries too, are discussed. The evolution and the development of the concept 'Participative Management' in India, are then analysed.
MEANING OF PARTICIPATIVE MANAGEMENT

In recent years research and discussions on workers' participation in decision-making have dominated much of management literature. In its broadest possible sense, workers' participation means wider involvement and participation by a company's employees in the decision-making process of that organisation. Participation in decision-making is perhaps meant to include all employees.

The concept, 'Participation' has a long history of evolution and it is not a new concept altogether. From the time of Rig Veda in India and Plato in European thoughts, the problem of ownership of wealth and employer-employee relations have been the subject matter of profound thinking. Recently the concept of participation is receiving special attention from the Governments, the Industrial Managers and the Academicians. The underlying theory behind 'Participative Management' can be stated as follows:

Generally workers have some views and suggestions in their minds for a particular problem and wish to put it before the managers and supervisors. They feel that, their suggestions would be suitable for the prevailing circumstances, and should find a due place in the management's
policies. The management normally takes the decision based on its own experience and impose them on their subordinates. This is one of the most important factors causing labour-management conflict.

The suggestions offered by the workers may or may not be relevant but ignoring of their views without assessing them properly may create frustration in the minds of the workers about the intention of the management. This makes workers alienated from management. This type of situation can be averted if the views of workers are considered and implemented in relevant cases in designing managerial policies and also in process of decision-making. The participation of the workers in the management may bring a higher level of satisfaction among the workers that they are also responsible for the consequences (either success or failure) of the policies implemented. Hence they will take utmost care in solving the issues with a feeling that the enterprise is their own establishment. It may also help to remove the feeling of alienation of the workers towards the management as well as others in the same institution.

The concept of workers' participation in management emanated from the horror of Marxian theory of class conflict. After a long struggle between labour and management, both the parties have come closer and realised
that participation and co-operation between them would solve most of the problems resulting in enhancement of labour productivity, labour efficiency and the profitability of the enterprise. The concept of participation, though evolved over a long period of time, still it suffers from lack of clarity and precision. The exact meaning, significance and process of this vital aspect of labour-management relations need to be understood clearly in the decision-making process of management. The management experts and executives are proclaiming that, the concept is a tool for improving the overall performance of an enterprise. For them, it means that workers are given an opportunity to take part in those decisions which affect their wages, their working conditions, their very jobs, and this participation paves the way for a harmonious industrial relation and an atmosphere conducive to increase productivity and efficiency.

Most of the scholars in the field treated participation as a panacea to solve all managerial problems. But, participation is let alone a panacea. Yet when understood and properly applied, it can lead the organisation towards its goal.
DEFINITION OF PARTICIPATIVE MANAGEMENT

It is very difficult to define 'Participative Management', because commentators differ in their views depending on the socio-economic goals of the countries they belong to. However it is generally agreed that the influence of Participative Management is quite significant indeed.

Allport (1945) refers to, "Participation in decision-making as active (ego) involvement". Schultz (1951) regards, "it as a feeling of obligation to work for the best interests of a group". Viteles (1953) holds that, "employee participation in decision-making in a democratic atmosphere created by 'permissive' leadership, facilitates the development of 'internalized' motivation, and saves to raise the levels of the employee production and morale".

According to Davis (1957), "Participation may be defined as the mental and emotional involvement of a person


in a group situation which encourages him to contribute to
group goals and share responsibilities in them". Tannenbaum
(1966) defines participation as the "formal involvement of
members in the exercise of control, usually through
decision-making in group meetings".

Lammers (1967) pointed out, "participation in
decision-making may be defined as the totality of such
forms of upward exertion of power by subordinates in
organisations as are perceived in this sense can be of two
varieties i.e., direct or indirect". Sawtell (1968) has
described the concept as, "any or all of the process by
which employees rather than managers contribute positively
towards the reaching of managerial decisions which affect
their work".

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4 Davis, A. 1957. Alienation, Social Perception and ego


6 Lammers, C.J. 1967. Power and Participation decision-
making in formal organisation. American Journal of
Psychology, 73, pp. 201-210.

7 Sawtell, R. 1968. Sharing our Industrial Future?
The International Institute for Labour Studies (1971) describes participation as, "process whereby workers have a share in the reaching of managerial decisions in the enterprise". Fox (1971) described participation as a 'procedural orientation' and offers the following account of possible levels of the workers' involvement: "He may seek the right simply to be informed of proposed decisions in the hope that his reactions may be taken into account; or to protest against decision when made; or to make suggestions before they are made; or to participate jointly, directly or indirectly through representatives, with management in actually making them, or to make them in concert with his fellows and impose them on management".

Most of the definitions cited above appear to be less explicit, they fail to mention the central theme of participation - joint decision-making by superiors and subordinates. The definitions put forth by Davis, Lammers, Viteles and Fox seem to be more appropriate in the present context. In this research work the concept participation is used according to their definitions.

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EXPERIENCE ABROAD

Before analysing the actual functioning of the participative scheme in India, it is necessary to study the various aspects of the schemes of workers' participation prevalent in some other countries as a pre-requisite to explore the possibilities for making it effective in India. There is today a growing consensus of opinion that some form of increased industrial democracy is both desirable and inevitable. It is an age where the traditional authority is open to challenge, because an increasingly better educated workforce is less willing to accept a monopoly of organisational decision-making, and is less pre-occupied with the basic 'hygiene factors' of pay and job security. So, this provides a detailed analytical framework of the workers' participation in other countries such as U.K., U.S.A., Austria, Belgium, Norway, Sweden, Spain, Switzerland, Denmark, West Germany, Finland, France, Ireland, Italy, Luxembourg, Netherlands, U.S.S.R., Yugoslavia, Poland and Israel - as a background for the discussion of the same in India.

PARTICIPATION IN DEVELOPED COUNTRIES

UNITED KINGDOM

The history of the workers' participation in the U.K. goes back to 1920 when a committee, headed by Mr. Whitley,
was appointed by the Government to recommend a participative structure of management. In 1975, the Government established another committee under the chairmanship of Lord Bullock to examine the subject of participation. The Bullock Committee report, published in 1977, recommends that employees should be given the right to representation on a unitary board in all companies employing 2000 or more workers in U.K. Previously, the main vehicle for employee influence over decision-making is collective bargaining, and in particular, the shop steward. At present joint consultation is quite common in U.K. In the nationalised industries, the joint committees at the plant level (like power stations, mines, gas works and so on) are part of a system which includes district, regional and nationalised committees. As a matter of fact both management and trade unions do not take the joint consultation seriously.

UNITED STATES OF AMERICA

The belief that collective bargaining is the main road towards industrial democracy, and that the collective agreement in its widest sense is its principal expression, is almost unchallenged by contemporary thought in the United States. The American Unionism has increasingly favoured collective bargaining to secure participation in
managerial decision-making, and has ignored all forms of direct workers' representation in formal management bodies. Collective bargaining, of course, may be considered as a means of workers' participation in management, although some would prefer to describe it as "Worker Penetration in Management". Another interesting recent innovation in collective bargaining is what may be described as "Continuous Bargaining" by the creation of joint union-management bodies to study and report complex issues. During the last three decades or so, profit sharing schemes have been evolved in the U.S.A. They are another means of associating workers with the management. Profit sharing, thus attempts to replace any possible conflict of interests between the workers and the management.

AUSTRIA

Participation in Austria needs to be viewed in the context of the post-war tradition of 'economic and social partnership' between employers and employees, with its agreement to work closely together on economic measures and to give priority to the overall needs of the company. The system of the works council was introduced by the Act of 28, March, 1967 which after various interim amendments was substantially redrafted in the collective labour relations Act of 14, December, 1973 (effective from 1, July 1974). Whenever existing company law provides that there
must be a supervisory board in addition to the management board, the 1973 Act requires that employees be represented on the board. It applies to all joint stock companies, with limited liability employing more than 3000 persons and to co-operative societies employing more than 40. The composition of the employee side of the board must reflect the relative proportions of white and blue collar workers in the works council and the enterprise as a whole.

BELGIUM

In Belgium, the actual law regarding Participative Management came into existence in 1941. The law requires the formulation of works councils at unit level. The establishment of works council was insisted on by the law of 20th September 1948. It was subsequently modified by the National Agreement and the Royal decree. The works council has three main functions: (i) a consultative and advisory role, (ii) the role of co-determination on certain issues, and (iii) the right to receive information.

Where no works council exists, the union delegation assumes some of its rights and functions, particularly those concerning information and consultation on the general prospects of the enterprise and on personnel issues.
NORWAY

The industrial relation system in Norway is characterized by a high degree of centralization and by a spirit of co-operation between employers and trade unions. The industrial democracy came to a formal shape in 1935 by the agreement between Trade Union Congress and confederation of Employers in Norway. The works council is established under the terms of the co-operation agreement which forms part of the basic agreement, last negotiated in 1974. Enterprises with more than 2000 employees, and managers of independent departments are eligible to establish department council. The Norwegian Companies Act of 1957 for participation at Board level applies to all joint stock companies and introduces compulsory employee participation at the supervisory board level of a two-tier board structure in companies above a certain size.

SPAIN

The works council system is based on a decree of 18th August, 1947, supplemented by the decree of 11th September, 1953, and by further dispositions. A works council must be established in any undertaking employing more than 50 workers. The Act of 21st July, 1962, provides for employee representation on the board of directors of the company. The decree 2241/1965 laid down that only
companies with more than 500 employees should be covered by the provisions of the 1962 Act. In 1972, less than 400 companies had employee representation on the board. The employee representatives on the board are elected by the works council, although the board retains a limited right to veto.

SWEDEN

Industrial relations in Sweden are characterized by the primacy of collective bargaining, supplemented and reinforced by Government Legislation. Joint enterprise council - the Swadeshi name for workers' participation - was formalised in the year 1938, under an agreement between the Employers' Federation and the confederation of Swadeshi labour unions. The works council is established under voluntary collective agreements, concluded between Svenska Arbetsgivareforeningen and the Trade Union Federation Lands Organisation and Tjanstemannens central organisation in 1964, 1966 and 1968. An Act of December 1972, which came in to force on 1st April, 1973, introduced employees participation at board level for a trial period ending in June 1976. The Act was then extended indefinitely from 1st July, 1976. The employees' representatives must be employees of the company and are appointed directly by the local trade union of the company.
SWITZERLAND

Just over 35 per cent of the working population in Switzerland are organised in trade unions. Works councils exist in some 60 per cent of enterprises with more than 50 employees. The works council is mainly envisaged as one stage in a formal procedure for settling grievances. In 1971, three trade union federations launched a joint initiative proposing a new Article 34 of the federal constitution which would permit the federal government to legislate for co-determination of workers and their organisations in plant, company and management. The federal government and parliament launched a counter proposal, permitting participation of employees (but not the trade unions), at plant level only.

DENMARK

Since the turn of the century, Danish industrial relations have been based on the principle of co-operation between the two sides of a industry. The system of collective bargaining in Denmark is highly centralized. It lays emphasis on the need for voluntary collective agreements. The co-operation committee exercises three main rights - (i) the right of information, (ii) the right of 'co-influence', and (iii) the right of co-determination.
The Companies Act of 13th June, 1973 (effective from 1st January, 1974) which introduced provisions for employee representation applies to the 'supervisory board' of a two-tier board structure. The majority of the board of directors must consist of persons who are not part of the management, and its chairman may not be a manager.

WEST GERMANY

In Germany workers' participation in management was introduced through "mitbestimmung" which means co-determination. Participation in West Germany operates within a complete structure of representative agreements designed to secure co-operation and industrial democracy at all levels of the enterprise. The scheme of co-determination was introduced in West Germany about 30 years ago. Germany provides the best example of successful implementation of workers' participation in the form of co-determination. Although works councils existed in Germany before the last war, their modern form really dates back to the works constitution Act of 1952. Employee participation at board level in Germany was first introduced by the occupation powers of the "Ruhr barons" and became federal law in those industries by the Act of 1951. Participation was extended to limited companies with more than 500 employees by another Act in 1952, and has
recently after a long debate been further amended by a new Act of 1976. In all cases, employee participation at board level applies to the supervisory board within a two-tier structure.

FINLAND

At present, the only formal structure for employee participation in Finland is the production committee. Under the terms of the law of December, 1949, a production committee must be established in any industrial establishment with more than 60 employees. It may also be established in other enterprises, if both employers and employees so wish. In enterprises with a maximum of 120 employees, the committee consists of two representatives of the employer and four representatives of the employees. Employee representatives are appointed for a two year term of office, through, a secret ballot of all employees in the appropriate employment group.

FRANCE

Workers' participation has been a spontaneous movement in France. All the industrial units employing 50 or more workers were required to form works committee, according to the Government ordinance of 1946 which amended the 1945 ordinance. The public sector has been exempted.
Provision for employee representation on the board of private sector French companies is somewhat complicated. The law of 24th July, 1966 enabled companies to adopt a two-tier board system. The shareholders' general assembly is appointing a supervisor board which in turn appoints a managing body. Profit-sharing dates back to an ordinance of January, 1959, which introduced a number of tax exemption for enterprises which initiated voluntary profit-sharing schemes. It was superseded by an ordinance of 17th August, 1967, which made profit-sharing schemes obligatory to all undertakings employing more than 100 employees. An Act of 1973, extended the provision for profit-sharing to all enterprises with 50 or more employees. The law of 27th December, 1973, also encourages enterprises to promote share participation.

IRELAND

There is at present no statutory provision for works council in Ireland. A works council has, however, been established by voluntary collective agreements or by employers initiative in many companies. The council has a purely advisory and consultative function on personnel questions, and is generally specifically prevent from discussing issues more appropriate to the trade unions or plant shop. Under the Factory Act of 1955, workers in
factories are given statutory rights to establish a safety committee to exercise a consultative function on safety measures. Employee participation at board level is at present limited to the Public sector, where some trade unionists have been appointed to the board of some state enterprises in a purely individual capacity. In 1974, addressing the Irish Congress of Trade Unions the Ministry of Labour expanded its support in principle for the idea of employee representation at board level as "an essential component of any comprehensive approach to worker participation".

ITALY

The structure of industrial relations in Italy reflects the impact of rapid post-war industrialization on economic and social development. In July, 1972, the three major confederations set up joint federation confederazione Generale Italiana del Lavoro, Confederazione Italiana Sindacati Lavoratori and Union Italiana del Lavoro to co-ordinate many of their activities, including collective bargaining. Their affiliates subsequently set up joint federation at industry and area level. The 'hot autumn' of industrial disputes in 1968 and 1969 saw the emergence of a new and important movement at plant level, and that of the shop stewards and the factory council. The factory council
was a spontaneous development and enjoys no formal legislative support. The factory council exercises its power to resolve the differences and to negotiate collective agreements at plant level over a wide range of issues. These include pay, manning levels, internal transfers and promotions, organisation of work, vocational training and indeed almost any aspect of personnel policy.

LUXEMBOURG

Participation in Luxembourg must be seen in the context of a highly institutionalised system of collective bargaining and consultation at national level. The first step in the direction of profit-sharing and workers' representation in Luxembourg were taken by the employers of the iron and steel industry at the beginning of the present century. Collective agreements in Luxembourg are regulated by the law of 12th June, 1965. Moreover, joint committees were established by the law of 6th May, 1974, in all private sector enterprises with more than 150 employees. The joint-committees statutory powers are primarily consultative, with limited powers of supervision and decision-making. The law of 6th May, 1974 provides for employee representation in the council of all public enterprises. Employee representatives of the council share the same rights and responsibilities as all other members.
NETHERLANDS

The works council was established by law in the Netherlands in 1950. The law was amended by the works council Act of 1971 which considerably extended the functions of the works council. In addition to the works council, a central council may also be established in any company or group of companies with more than one works council. The central works council exercises the same rights and powers as do works council at enterprise level. Any company with capital and reserves of Rs.10 million or more, with a compulsory works council, and with at least 100 employees, must adopt a two-tier board structure. Certain exemptions are allowed in the case of group of companies, particularly those with overseas interests. The Act of 1971, therefore specifically precludes employee representation at board level, but is designed to ensure that the financial composition of the supervisory board is acceptable to both the employees and shareholders.

U.S.S.R.

The Soviet economy as a whole, as well as each enterprise individually, are developed on the basis of carefully drawn up plans. Socialist system of organising enterprises could draw a huge mass of people into the economic management of the country. Soviet trade unions
have a direct and vital role to play in the economic and cultural development, in working out and implementing laws concerning problems of production, labour, public services, cultural education, that is all the problems affecting the vital interests of the people. Another method by which factory and office workers exercise an influence on the organisation of production and labour are the collective agreements concluded at industrial and transport enterprises, on construction sites and state farms, and at machine and tractor stations. It may, however, be noted that the soviet management has never opposed to the workers, for its members were once workers themselves and the ranks of the management are continually being filled by former workers who have been trained at the expenses of the state. Both managers and workers have the same interests which are determined by the desire to improve and expand production and increase the material well-being of the people.

PARTICIPATION IN DEVELOPING COUNTRIES

YUGOSLAVIA

Yugoslavia provides the most classic example of workers' participation in management. The self-management in industrial undertakings, was formally instituted in February 1922, but the basic law of introducing workers'
participation in management was passed in 1950. The most important institutions under the Yugoslavian workers' participation are workers' council, Management Board, Local peoples' committee and Trade unions. At the enterprise level, the works council is the highest body which consists of 15 to 120 (depending on the size of the enterprise) members elected by the workers and the staff for a period of 3 years. The management board, the permanent executive of the council consists of 5 to 11 members and it is held responsible for the efficient running of the enterprises. The people's committee has a voice in the appointment of the directors and play an active role in the educational activities and improving the morale and skill of the workers. Trade unions have no direct role in the management of the undertaking, but they have the right to present lists of candidates for election to the workers council. In fine, Yugoslavian system would work in a socialist system.

POLAND

The "Employee Councils" and "Works Committee" were set up spontaneously in many parts of Poland, and these two have assumed full charge of the industrial undertakings which resumed operation under their supervision. The workers' council were granted full legal
status by a law passed in November, 1956. This law was replaced in December, 1958 by another, which forms the basis of workers representation at present. The central council of trade unions and the general and regional council of the industrial unions have extensive powers over the entire framework of workers' participation in management. The communist party, which is called in Poland as the polish united workers' party, controls the workers' participation scheme even more closely. At present there is no satisfactory assessment of polish experience in the field of workers' participation in management.

ISRAEL

The workers' participation in Israel has been introduced through five schemes. At the enterprise level the Works Committee, Joint Production Committee, Plant Council and Joint Management (Management Board) have been experimented. For the management of holding companies a central management has been established. Workers' committee is exclusively a body of the representatives of workers. This committee is expected to represent the workers and assist the management for constructive purposes. The Joint Production Committee is a body established to advice the management on issues related to incentive schemes, health and safety of workers. Eventhough
plant councils have been established with much expectation, they have vanished in their infancy. The Joint-Management scheme has been introduced in 1967. This management board is responsible for all matters pertaining to profitability and production, organisation, utilisation of manpower and development and expansion of the undertakings.

EVOLUTION OF PARTICIPATIVE MANAGEMENT IN INDIA

The scheme of workers' participation in management has a long history in India and the joint consultation as a participatory management style has a much longer history of evolution. It was first introduced around 1910 in the textile industry which is one of the oldest of the organised industries of the country. Gandhiji was the first Indian political leader who advocated the formation of a labour unions to redress the grievances of workers. In India, the TATA Iron and Steel Company at Jamshedpur was perhaps the first to set up a works committee consisting of the representatives of the management and the workers. The setting up of these committees was strongly recommended by State Governments and the Royal Commission on Labour. 10

DEVELOPMENT OF THE CONCEPT IN INDIA

The Government has been trying for the last four decades to introduce the scheme of workers' participation in management. The schemes of works committees, joint management councils and worker-director aim at institutionalization of the theme or concept of industrial democracy. These schemes have been introduced with the hope that participation and involvement of employees in the process of decision-making will reduce mutual suspicion and hostility and create harmonious industrial relations. The works committee, set up by the TATA Iron and Steel Company Limited, in 1919 with management and trade union representatives, did not last long due to trade union rivalries. In 1920, as per the advise of Mahatma Gandhi, the Ahmedabad Textile Mill and the unions of the Mill agreed to set up joint consultation councils to settle disputes. The Royal Commission on labour (1931) in its report though accepted that workers' organisations are weak, recommended that efforts in the direction of constituting works committee should be taken.

In India, Participative Management has been given a legal framework through the Industrial Disputes Act of 1947. The Act insisted that the works committee should be formed if the number of employees exceed one
hundred. The scheme has all along been an integral part of Government's labour policy in India. Its underlying philosophy has been enunciated from time to time in the Five Year Plan documents. In the First Five Year Plan (1951), the planning commission considered that works committees, "will be the best vehicle for improving labour relations and promoting employer-employee relationship in the interest of higher production and greater well-being of the workers through the progress of industry"\(^1\).

The importance of participation has been described in the Industrial Policy Resolution of 1956, in the following words: "In a socialist democracy, labour is a partner in the common task of development. There should be joint consultation and the workers and technicians, should wherever possible, be associated progressively with management. Enterprises in public sector, have to set an example in this model"\(^2\).

The Second Five Year Plan Document state that for ensuring industrial peace, better relations and increased co-operation, steps should be taken increasingly

\(^1\)Documents of the First Five Year Plans, Published by the Planning Commission.

\(^2\)Reports of the Royal Commission on Labour in India, 1931.
to associate labour with management, and it is "a prerequisite for the establishment of a socialist society. Then in 1957, voluntary Joint Management Councils were instituted"13.

Despite these efforts, it has been generally felt that workers' participation in management has not been successful in India. "The Indian experience provides little encouragement to those who would like to see a greater and speedier development of participative managerial practices ... possibly there might have been less participation without such efforts. But certainly the evidence does not suggest that these have led to notable advances in increasing the participative role of workers or union in the decisions of the firm"14.

The Third Five Year Plan (1961) also emphasised the need for the strengthening of industrial democracy in the country. It maintained that, "for the peaceful evolution of the economic system on a democratic basis, it is essential that workers' participation in management should be accepted as a fundamental principle and as a

13 Documents of the Second Five Year Plans, Published by the Planning Commission.

urgent need". The plan document visualized that in course of time "management should arise out of the working class itself" and that such a step would greatly help "to promote social mobility which is an important ingredient of a Socialist system"\(^{15}\).

The Government of India adopted a number of industrial relations strategies to facilitate industrialization process and the scheme of "workers' representation in Industry" \([\text{(Resolution No.S.61011 (4)/75-DK-I (B))}\) on October 30, 1975, the workers' participation was declared as a part of twenty point economic programme.\(^{16}\) Reduction of industrial conflict and improvement of productivity were the main objectives of the programme. Shri. R. Venkataraman, the then Union Minister of Finance in his speech, in a conference, said: "workers' Participation in Management is one of the techniques adopted by this Government to achieve a harmonious relationship between labour and management and to promote social justice. The Directive Principles of State policy

\(^{15}\)Documents of the Third Five Year Plans, Published by the Planning Commission.

\(^{16}\)Government of India. Resolution No.S.61011(4)/75-DK 1(B), 30th October, 1975, Ministry of Labour, New Delhi.
enshrined in our constitution have laid down that the state shall take steps by suitable legislation or in any other manner, to ensure the participation of workers in the management of undertakings, establishments or other organisations engaged in any industry. The Government has undertaken several steps to implement this constitutional directive ..."17

The Fourth Five Year Plan urged for the extension of the Scheme to the public sector undertakings, and emphasised its importance as an essential functional link in the structure of industrial relations. The Administrative Reforms commission, in its report on public sector undertaking, recommended that the representatives of the workers should be included as Board of Directors of the Public sector undertakings. Such representatives are those who are actually working in the enterprise. Such representation was recommended for the industry units only.18

The Fifth Five Year Plan too highlighted the need for industrial democracy and considered participation

17Speech by the Indian Union Minister of Finance Shri.R.Venkataraman, Public Enterprise, p.16.

by workers in the management process as highly desirable. Finally the scheme lay greater emphasis on the importance of effective two-way communication and exchange of information between the management and the workers. Since the publication of the scheme in November, 1975, approximately 1186 public sector and private sector enterprises have implemented a scheme for workers' participation in management on the shop floor level.\(^{19}\)

The then Union Minister Mr. Vengala Rao told in the Rajya Sabha, "The scheme for workers' participation in management has been implemented in shop floor plant level in 94 central public sector undertakings. He has told that there is no public sector undertaking which had workers' participation at board level. However, trade union leaders have been appointed in the Board of Directors of Seven Public Sector undertakings. There is no need to adopt "hire and fire" schemes as the public sector undertakings have sufficient powers to deal with inefficient employees.\(^{20}\)


The Sachar Committee also recommended issue of shares to workers. It proposed that 10 to 15 per cent of new issue must be made to the workers. The Committee proposed a loom or 12 months' salary or a maximum of Rs.12,000 must be provided to the workers for acquiring shares.  

As soon as the Janata Government took charge in 1977 a committee on workers' participation and equity was formed in September, 1977 under the chairmanship of Thiru. Ravindra Varma and it submitted a draft report in 1978 with the following recommendations.  

a) To have a three-tier system of participation at shop floor and corporate level.  

b) Supervisors and middle management personnel should have participation in different forums.  

c) There should be an agency both at state and central level to monitor the implementation of the scheme and its review.  

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21 Sachar Committee Report.  

The Sixth Plan noted the strained industrial relation during the preceding years which had partly contributed to inadequate capacity utilisation in several key sectors. Emphasising the need to devise an effective strategy for reducing the incidence of industrial unrest, the plan document, among other things, stressed that workers' participation in industry should be encouraged. The Seventh Plan, states that there is a considerable scope for improvement in industrial relations. It also maintains that effective participation of workers is one of the important determinants of productivity.\(^{23}\)

However, in the new twenty point economic programme, workers' participation scheme has not been included. But in the 1987-88 budget, the Government considered the workers' participation in equity and directed commercial banks to sanction loan liberally to workers who wish to acquire shares of their own company.\(^{24}\)

\(^{23}\)Documents of the Sixth Five Year Plans, Published by Planning Commission.

\(^{24}\)Budget, 1987-88.