CHAPTER I

MEANING, PURPOSES AND FORMS OF PARTICIPATION
The outstanding event of the 20th century has been the attainment of freedom from foreign domination, by Asian and African countries. It is being increasingly realised in these countries that political freedom can have substance only if it is accompanied by economic emancipation. The result is spread of industrialisation - with its economic and social implications - to virtually every part of the globe. Programmes of industrial development have been drawn up in every country. These programmes vary according to the availability of resources, stage of economic development, the form of Government and economic and social institutions. But whatever the pattern of industrialisation, there is an universal recognition that labour occupies a key position in economic development and the success of any developmental plan depends on the willing and enthusiastic co-operation of labour, without which no social system can work effectively. "Industry" wrote Richardson "is indeed a joint enterprise." Hobson explained this joint character more pointedly when he observed: "The more peaceful and productive economy will prevail, in proportion as employers and workers come to realise that industry in its essence, is not a fixed mechanical structure but a human activity, created and controlled by the cooperative wills and intelligences of men." An appropriate labour policy is, therefore, essential for securing that degree

1. "By contact and contagion, by deliberate imitation or accidental adaptation the Industrial Revolution has proved to be a continuing and not a final social transformation." Moore - Industrialisation and Labour, p.1.
of co-operation from workers which alone can lead to higher levels of industrial development and economic progress. In this context, the concept of 'labour participation in management' is receiving increasing attention in discussion on matters of labour policy.

Meaning.

The term 'labour participation in management' has been used here to denote any formal system of communication and consultation which provides the employees of an organisation an opportunity to gain information about the affairs of the undertaking and express their views and contribute to managerial decisions. 'Worker participation' is also used to explain the similar idea. The word 'labour' has, however, been preferred to 'worker' to emphasise that 'participation in management' is a collective and not an individual phenomenon. Participation may be defined as mental and emotional involvement in a group situation which enables the participants to contribute to goals and share responsibilities in them. If the group involved is labour and problems affected relate to management of an undertaking, such an involvement takes the form of labour participation in

1. Consultation can be both formal and informal. This study is, however, confined only to formal consultation through formally constituted bodies. Informal consultations, whatever their nature, character or importance, have not been taken into account.

2. The word 'association' is sometimes used in place of 'participation'. We have, however, preferred 'participation' because association has a very limited scope, it refers only to elementary phases of participation and does not explain all the potentialities of labour management cooperation. It is too weak a term to satisfy the aspirations of labour.
management. Management, here refers to managerial functions of planning, organising, staffing, directing and controlling and not to managerial personnel. Participation in any of these functions is participation in management.

'Labour participation in management' is sometimes used in a very narrow sense, according to which, there are two essential ingredients of participation, viz., (i) labour should have a right to participate in all managerial functions, without exception, and (ii) labour should have a final say in the matter. These conditions have not been considered here, as basic to the existence of labour participation in management. If labour is given a chance to express its views on problems of management and its views are taken into account in taking final decisions, participation has taken place. It is difficult to draw a clear line of demarcation between consultation and participation. As the Study Group stated: "Decision-making power cannot be absolute ...... If the practical arrangements ensure advance consultation and joint discussion and if the attitudes are those of co-operation and consideration for each other's views, the workers would, in effect, be participants and not mere advisers." For the purpose of this study, we have adopted this wider meaning.

Aims And Purposes.

A clear statement regarding the aims and purposes of labour participation in management and the employers', workers' and the community's expectations from it, is necessary for a proper study of labour participation in management. Labour participation in management is expected to serve certain definite

purposes in the modern society which may be broadly classified under two heads, economic and social. Economic purposes are: to increase productivity and improve industrial relations. Social purposes are: to secure for the worker a higher status in the industry and the society, to satisfy his urge for self-expression and to make political democracy meaningful for workers. Each one of these purposes is important in itself and they are all closely related.

Employers' motives are primarily economic. Their main goal is increased profits which are in a way dependent on higher productivity and peaceful industrial relations. Employers are interested in labour participation in the expectation that it may, by creating in the workers a sense of belonging, develop a more cooperative attitude, resulting in increased productivity, better discipline and more cordial labour management relations and ultimately higher profits.

The workers' expectations are largely social. They seek to enhance their status in the industry and also hope that participation in management will provide them with an opportunity to satisfy their urge for self-expression and also satisfy the natural human urge to manage one's affairs. There is, no doubt, that the most dominant urge among the workers is the urge for a better life which higher wages make possible. But this is not sought to be satisfied through participation in management. Participation can contribute to its satisfaction only indirectly, in the sense
that the worker may get their due share in the increased prosperity of the enterprise, resulting from higher productivity and better industrial relations.

From the point of view of the community, both economic and social purposes are important. Rapid economic development is a major objective of all modern communities and the Governments in many countries have launched ambitious programmes of economic development. Peace in industry and uninterrupted flow of production are necessary for the success of these plans. Labour participation in management is expected to contribute to the economic development by increasing workers' productivity and reducing industrial tensions. Labour participation is also regarded as an instrument of industrial democracy. Industrial democracy is necessary for making political democracy effective and meaningful; it is also a pre-requisite for the establishment of a Socialist society. Without industrial democracy, neither political democracy nor socialism can have any substance. This close relationship between industrial democracy on the one hand, and political democracy and socialism on the other, has increased the social significance of labour participation in management and the community's expectations from it.
Economic Purposes.

Productivity.

Productivity is the key to industrialisation of economically backward countries. It is the determining factor of economic progress and the most important weapon and source of massive development. The basic thinking in industry to-day has to be re-oriented towards increasing productivity. The Planning Commission was conscious of it when it observed:

"Small improvements in productivity which effect the work of millions of persons have enormous significance in terms of overall production and should, therefore, receive special attention in each phase of development."

Productivity is a function of many factors such as technological development, quality of raw material, efficiency of management, attitude of labour etc. The last factor is now receiving increasing attention.

In the early stages of Industrial revolution the management followed the policy of coercion and threat. The threat of dismissal was regarded as the most effective method of maintaining discipline. It is not surprising that the policy worked. The workers knew that the only alternative to the employers' threatening and dictatorial attitude was unemployment, starvation and hunger. This philosophy is now completely out of date and out-moded. The workers can no longer be driven to higher output by fear of sack. Men cannot be inspired to put in their best by putting screws on them.

1. Draft out line of the Third Five Year Plan.
High morale and high productivity go hand in hand. A worker may have the necessary ability, skill and training, but if he does not want to do a fair day's work, productivity will still be low.

In practice, this theory was discarded long ago. The inhuman treatment to which the workers were subject, stirred the conscience of men. A number of factors, prominent among which were the pressure of public opinion, the awakening of labour, the recognition of the right to collective bargaining and state regulation of conditions and terms of employment, drastically curtailed the arbitrary powers of management. The search for other methods to secure workers' maximum cooperation led to the 'discovery' of "Incentive Method".

It was believed and rightly so that the workers will be tempted to do more and better work by higher wages and other economic benefits and a number of incentive schemes and gain sharing plans were evolved. Carrot worked better than the stick.

In the present day world these monetary incentives are proving inadequate for the purpose. In the advanced countries the workers take higher wages and other economic benefits for granted and the temptation to earn a little more provides no incentive. In under-developed countries, financial incentives still have some limited utility. But it is always better to rely on several incentives working in the same direction rather than on one single incentive. Money is not everything. Men want to be happy in the earning of money.

1. "Bawling out men for loafing does not raise their morale, although it may modify the manner of loafing". - Maier-Industrial Psychology, p.87

2. For example, Halsey Premium Plan, Rowan Premium Plan, Emerson Plan, Taylor's differential piece Rate etc.
Nationalisation was long advocated as the best method of securing maximum co-operation of workers for increased output and productivity. Experiments in nationalisation since the second world war and the way in which nationalised industries have functioned, have not justified this optimism. The productivity in public enterprises is not higher than that in the private sector nor are the industrial relations better. Nationalisation has not brought about any fundamental change, in the psychology of workers. Obviously the workers' attitude to work has not much to do with ownership; it is more dependent on the attitude of management. Whether an industry is under public ownership or private ownership some people must plan direct and order and others must carry out those orders. There is always the fear that some people will be arrogant in wielding authority and that others will be resentful of any authority. If management is democratic the relations will be cordial and the workers' morale high; if it is autocratic, there will be confusion and chaos. 'Management by consent' is more effective and more reliable method than nationalisation for securing workers' wholehearted cooperation.

1. There was the broad Christian concept that 'man was not vile by nature but only by reason of the system' and therefore if the ownership and control of industry were transferred to the community the natural greatness of man will grow and flourish. -R.K.Cohen - Nationalisation in Britain.
2. This contention is also borne out by the persistent labour unrest in important public sector undertakings in India such as Hindustan Steel, Rourkela, Heavy Electricals, Bhopal etc.
3. Describing the effect of nationalisation of Coal Industry Cohen observed: "The change of hearts, hoped for has not come about. The miners have not been transformed by nationalisation, they have not thrown themselves into co-operation with management." op.cit.
4. With the emergence of a professional class of managers, ownership is ceasing to be the main determinant of labour-management relations.
Human behaviour in industry, which is reflected in workers' attitude towards work, is influenced by a complex of economic, psychological and social forces. There are certain broad drives which profoundly influence human conduct. The more important of these are: Man's sense of dignity, the need for the esteem of others, the instinct of survival, the desire for security and social consciousness. The important thing is to give men a sense of purpose, a sense of status and function and a feeling of participation. Productivity can only be increased and industrial efficiency obtained if the workers can be induced to accept responsibility for helping to make it efficient, but they cannot be expected to do so unless they are entitled to play some part in the determination of that responsibility. If the workers realise that the industry belongs to them as much as to the owners of capital, they may throw their heart and soul into the work. This realisation can come only if they are treated as partners in industry. If the management thinks that the management of enterprise is their prerogative, workers are bound to develop an attitude of indifference. Under these conditions their approach will be 'to exact the best terms from the employers and leave it to them to adapt their methods to those terms.' On the other hand if the workers are kept informed and allowed a say in the determination of managerial policies they will either not make excessive demands or if they do, they will suggest methods to increase efficiency and productivity to enable the management

to meet their demands. Where workers are totally excluded from policy making they may have to watch the mistakes of management and avoidable wastes as silent spectators without any right to intervene to improve matters. Such a situation is not conducive to healthy co-operation between employers and employees.

The association of workers with management to increase productivity is necessary not only on psychological but also on technical grounds. It provides the management with an opportunity to benefit by the collective and cumulative wisdom of workmen. It may be said that the enterprise which has in employment a number of technical experts can expect nothing new or useful from an ordinary worker. This view, however, is not correct. Man on the spot is expected to know better. Details of productive processes can be better worked out by the persons performing them. Moreover two opinions are always better than one. No body can think of every thing and it is foolish to refuse the help of several hundreds of active brain who spend their days right next to the job. 'Mind your business' or 'you are paid to work and not to think' attitudes damp the enthusiasm of the workmen. The result is "the sapping of the fountain of initiative and flow of ideas". A proper opportunity and favourable set of circumstances are required for development of workers' initiative and ideas. Labour-management collaboration is an effective method of achieving this objective.

1. This feeling was expressed by a mine worker in the following words: My employer does not give us wages and bonus simply saying his business has a deficit. If he would try to explain us the reasons for the deficit and how large it is, we would spare no efforts to solve the problem. - Guide Book for productivity drive published by Japan Productivity centre.
Industrial Relations.

The establishment and maintenance of satisfactory relations in industry is one of the main economic, social and political tasks in a modern community. For productive efficiency and industrial progress, peace in industry is a pre-requisite. Apparently, industrial conflicts arise because of a clash of interests between the two main working groups in industry - owners of capital and suppliers of labour; yet there are other aspects of the problem which are equally, if not more, important. Psychological and social factors have as much bearing on the problem of industrial relations as the economic factors; rather recent trends indicate that these other factors are getting the upper hand and the economic forces are being relegated to the back ground. Till very recently it was generally believed that 'industrial antagonism' was caused by economic distress. But now we find that even in its absence, surprising amount of unrest prevails. Discontentment is rather more among the higher paid workers. Crosland's analysis is that "antagonism has not an economic but a sociological origin ........resentment against social inequality ...... the discrepancy between the new economic and the old social status." The worker of to-day has a larger income a better standard of living and a higher economic status than was the case a decade or two ago. He is conscious of this improvement in his economic position. As a citizen also he has equal rights. But when he goes to the factory he finds no change in his status; he is still a 'wage earner'. He finds it 1. C.A.R. Crosland - Future of Socialism, pp.194-197.
difficult to reconcile himself to this glaring contrast in his status between the hours of work and the hours of leisure. The result is resentment and discontentment. It is further aggravated by the unequal distribution of status, privileges and power within industry. There is thus a clear case for reducing, if not eliminating altogether - non pecuniary inequalities and removing the disparity between the workers' economic and social status. This can be done by giving the worker the status of partner in industry. As a partner he should be given a share in the determination of managerial policies.

Government intervention is quite often sought to resolve industrial disputes and maintain industrial peace. It, however, needs to be remembered that lasting peace can not be maintained by the sheer exercise of state authority. It may be possible to put down strikes and lockouts and diminish their severity; but this in itself is a poor measure of the success of peace making. Industrial harmony cannot be enforced from outside. It must rise voluntarily and spontaneously from within. Enduring peace is possible only on the basis of equality and freedom.

Labour participation in management may also eliminate an important cause of many a conflicts i.e., misunderstanding and misrepresentation. If there is no direct communication between management and workers, no machinery to pass on the necessary information to the workmen, they are bound to believe in a lot of rumours and are hopelessly misinformed. Acting on inadequate and incorrect knowledge, they develop an attitude of hostility. Both the parties gather impressions about each other, which may be far from the truth. If there
is a regular system through which the workers can collect information and verify facts, conflicts based on rumours and hypothetical fears will easily be avoided.

Social Purposes.

It is not for economic reasons alone that labour participation in management is advocated. In its social purposes, the concept is far more ambitious. Industry, as a dominant factor in our society has a social obligation to those whom it employs and will justify its existence only if it is consistent with the full and free development of human personality. The modern economic system will be judged not merely by economic results but in social terms - in terms of what it can do to the dignity of men and quality of their lives. The recognition of dignity of man as man is one of the deepest rooted of all human desires. The labour's claim to be consulted by management is, thus, fundamentally a moral one. It rests on its merits regardless of economic results. As human beings, workers have dignity and are entitled to respect. Human dignity is enhanced through democratic participation in the organisation.

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1. "A reasonable estimate of economic organisation must allow for the fact that unless industry is to be paralysed by recurrent revolts on the part of outraged human nature, it must satisfy criteria which are not purely economic." - R.H. Tawney, Religion and the Rise of Capitalism, p. 284.
The 'mass production world revolution' has depressed the worker's technical and social status at work. Having lost mastery of the conditions under which he works and deprived of all initiative, judgement and decision-making in his productive work, the worker has become just one more 'sloppily designed machine' in the modern industrialised society. Repetitive and monotonous productive processes have made the work dull and lifeless. 'Dehumanising' and 'deadening' effects of the factory system are clearly reflected in the worker's attitude to work and life. By the logic of industrial organisation, the worker has no say in the determination of the nature, organisation and technique of his work and is completely dictated and directed by others, resulting in a sense of frustration and the loss of self-esteem and the feeling of 'belonging'. These conditions create a sense of estrangement, to use the well-known, Marxian phrase and are obviously unsuitable for satisfying the worker's urge for self-expression, which is a fundamental need and has figured prominently in the context of labour participation in management. The second industrial revolution which is now in progress accentuates these evils, in addition to raising a host of other technical and human problems. The significant fact is that this process is irreversible and no country can turn its back on it. The challenge of modern technology can be met by sincere and devoted efforts to remove this imbalance in human and personal relations and to give meaning and purpose.

1. The development of nuclear energy and automation movement are described by competent observers as second Industrial Revolution.
to work itself. It is worth trying to achieve these objectives by conferring upon the worker the status of partner in industry and giving him the right of participation.

Democracy is an all pervading concept which presupposes people's participation in all walks of life. A situation in which people are called upon to obey instructions and carry out policies which were framed without their consultation and consent is 'basically undemocratic and wrong'. Democracy means participation. It is not enough to be told that one is ruled by law and not by discretion; what matters is the feeling that he played some part in the formulation of laws by which one is governed. Democracy is not only a matter of institutions; it is a way of thinking and mode of living. People whose life is spent in carrying out orders without questions develop either an attitude of servility or that of resentment and discontentment. Both these are inconsistent with the requirements of 'constructive democracy and responsible citizenship'. Industry is a part of democracy and it is desirable that every constituent should be given some experience of democracy in his work, in that part of his life in which he spends half of his active hours.

The extension of democracy to industry is objected to on the plea that industrial management is a technical task which can and should be handled by experts only. The workers,

it is stated, have no technical or managerial ability, no knowledge of the complex problems of business management and no administrative experience. The contention is, however, not very valid on two scores. Firstly, if as an ordinary citizen, the worker is considered competent to participate in political affairs which are more complex and vital, why can he not participate in industrial matters about which he can claim to have some knowledge, at least better than what he has about political affairs. There is, really speaking a better case for industrial democracy than for parliamentary democracy. Both are, however, needed and needed for each other. Secondly, participation does not envisage an equally knowledgeable employee class at the very outset nor does it imply that the workers should necessarily be associated with management at all levels and in all matters. A number of factors will have to be taken into account in determining the degree of participation and the form it should take in a particular country, industry or undertaking.

Again, it is contended that the vast majority of workers have no desire to participate. This is not merely a hypothesis. The workers, as a class, it has been commonly observed are mainly interested in the pay pockets and they do not want to bother about managerial responsibilities. Apathy, so far as broad, important but impersonal issues are concerned is not particularly to industrial workers but is a universal phenomenon. But industrial democracy cannot be ruled
out on this account. If we feel convinced of the potential-
ities of labour participation in management, then the indiffe-
rence of the general body of workers, far from leaving the
matters as they are, is a strong case for wishing and trying
to make them different. If sincere efforts are made to
impress upon the workers the implications of participation
in management and its relevance to their economic and social
welfare and if the workers feel the impact of new ideas,
given proper environment, education and training, many of
them will apply their minds to these general problems. This
has been confirmed by experiences in countries in which new
opportunities for the workers had been opened on a large
scale.
Forms Of Labour Participation.

Being a dynamic and evolutionary concept, labour participation in management has taken different forms in different countries, the more important being Joint Consultation, Joint Management and Auto-management. It is difficult to give precise and universally acceptable meaning to Joint Consultation. It may, however, be defined as an internal arrangement in an enterprise for a regular and systematic exchange of views (not necessarily implying decision or executive action) between the employers' and workers' representatives on matters relating to production, efficiency, welfare and other problems of mutual interest. Joint Management, on the other hand, enables the workers to participate in the highest decision-making body through their representatives on the Board of Management. Auto-Management virtually

1. Labour participation in management may be distinguished from Collective bargaining. Inspite of occasional resemblance, the two processes are entirely different. Whereas collective bargaining is a process of haggling and bargaining between opponents, with emphasis on reconciliation of divergent interests, participation is a process of co-operation and consultation, in those areas where the interests of the parties converge and coincide. Some of the economic purposes of labour participation in management, may, at times, be realised through Collective bargaining but it is absolutely inadequate to meet its social objectives. Labour participation thus does not supplant but supplements collective bargaining.

2. "Joint Consultation is a continuous process of so informing the workers of the facts through their representatives and of conveying attitudes of the workers to management, that the decision of the firms would become the expression of 'a general will' from the directors to the unskilled workers" - H.A. Clegg - A New Approach to Industrial Democracy, p. 36.
means workers' control. It is, therefore, also described as workers' Self-Management or workers' Self-Government.

The three forms of labour participation, given above, also reflect the degree and extent of participation. Joint Consultation is the mildest of all these. It gives the workers only the right of communication and consultation and not the right of co-decision and even consultation is usually confined to elementary problems of production, working conditions, safety, welfare etc; policy matters are generally excluded. Joint management, not only gives the workers the right to express views on all managerial problems but also to participate in policy making; no aspect of managerial decisions is excluded from its scope. Auto-Management is the most advanced form which virtually eliminates the management and gives the workers the sole right of managing the enterprise.

Of all the three forms of labour participation, Joint Consultation is the most common and most of the countries such as U.K., Canada, France, Belgium, Finland, Israel and Scandinavian countries have adopted this pattern. Joint Management is practised in Germany, in the Public Sector of the People's Republic of China, and to a limited extent in nationalised industries in France. Auto-Management is the name given to the system prevalent in Yugoslavia. Almost a

1. The pattern of labour participation in management in selected countries is given in Appendix I.
similar pattern is gradually sought to be built up in Poland.

The pattern evolved by various countries differ not only in form but also in status, functions and approach. Even within the same group, there are variations in structure composition and functions of the organs of participation.

**Joint Consultation**

In the field of Joint Consultation, the machinery for participation has been set up through voluntary agreements in U.K., Canada and Scandinavian countries; it is based on legislation in Belgium, France, Austria, Israel and Finland. Agreements providing for labour participation, in U.K. and Canada have been concluded at the plant level but in Scandinavian countries joint consultative bodies are the result of agreements concluded at the national level.

Known by different names as Works Committees in France, Works Councils in Belgium, Joint Committees in U.K., Enterprise Councils in Sweden, Production Committees in Norway and Denmark, Joint Consultative bodies - here-in-after called the Works Committees or Committees - are generally set up in undertakings in which a specified number of workers is employed. This number varies from 20 in Austria and Norway to 50 in Belgium, Finland, France and U.K. It is 25 in Denmark and Sweden. In France, the legislation applies to all industrial or commercial undertakings, in Finland it covers only industrial establishments and the Belgium law which does not apply to public or semi-public services specifies that
the undertaking means 'the technical working unit'.

The Committees are generally joint bodies but in Austria, the Works Council consists of workers' representatives only. In U.K., Canada and Israel workers and employers are equally represented on the council but in France and Belgium, the number of workers' representatives exceeds that of employers' representatives. The maximum membership of the Committee is 10 in Finland, 12 in France, 17 in Sweden, 20 in Belgium and 25 in Netherlands. The workers' representatives are generally elected by secret ballot but in some countries like France and Belgium, the election is on the principle of proportional representation. In Canada nomination by trade unions is also quite a general practice. Conditions of eligibility, as regards electors or candidates, also vary. To be an elector, a person must generally (i) have been employed for three months in Belgium, six in France and one year in Netherlands and U.K., and (ii) have attained the age of 18 years in U.K., Austria, Belgium and France and 21 years in Netherlands. The candidate for membership of the Committee must have attained the age of 18 years in U.K., 21 years in Finland and France, 23 in Netherlands, 24 in Austria and 25 in Belgium. In Belgium, trade union membership is also necessary both for election as well as continuing as a member. In France, Belgium and Netherlands candidates are sponsored by the Union. The term of the Committee is one year in Finland and France, two years in Austria and four years in Belgium.
Usually the Chairman is a management representative. In some countries the practice of Chairmanship alternating between employers' and workers' representative is not uncommon. In Israel, each committee elects two Chairman, one from each group who presides in turn. In U.K., Canada, Sweden, Norway and Finland, the Committees have only advisory functions; in France, Belgium and Austria, they are entrusted with administrative responsibility also. Administrative functions are usually confined to welfare and safety measures only. In France, Belgium, Austria, Sweden and Denmark, it is the duty of the management to supply the Committee with full information concerning the general position of the undertaking, including financial, that is to say, profit and loss account, balance sheet etc. Austrian and French Laws confer on the Works Committee the right to delegate two of their members to the Board of Directors. In France, these delegates attend only in an advisory capacity; in Austria, they have the same rights and obligations as the other members of the Board.

Inspite of these variations, some general conclusions can be drawn regarding the pattern of labour participation in countries where it has taken the form of Joint Consultation, viz., (i) membership of the Committee is confined to employees of the undertaking only, (ii) parity between workers' and employers' representatives is not necessary but in any case, the number of employers' representatives does not exceed that of employees' representatives, (iii) even when there are no
separate electoral colleges for wage earners and salaried employees, fair representation is provided to the latter, (iv) employees' representatives are elected by secret ballot. The Trade Unions are, however, actively associated with the elections either by restricting the candidature to union members or by giving the union the sole right to sponsor candidates. (v) The Committees are advisory and consultative in character. They have little supervisory or administrative responsibility. It is expected of the management to supply the Committee with full information regarding the general problems of the enterprise. (vi) Collective bargaining issues are excluded from the purview of the Committee.

Joint Management.

The first organ of labour participation in management known as co-determination, in Germany, is the works Council, which consists of employers' representatives only, elected by secret ballot, their number varying from 3 to 35 according to the size of the undertaking. The term of the Council is two years. The jurisdiction of the Council largely extends to social matters and personnel matters and in regard to both these the Council has a right of co-decision. As regards economic matters the works Council has a right of co-decision only in the event of proposed alterations in the undertaking,

1. Set up under the Works Constitution Act, October 1952.
2. This means that these matters can only be regulated by agreement between the Works Council and the management.
which may involve substantial disadvantages to the staff.
The employer and the Works Council are to meet once a month for a common discussion and are enjoined to deal with differences in an earnest desire to reach agreement. For economic matters, such as production and sales conditions, the Act requires the establishment of economic Committees, which are joint bodies consisting of four to eight members, half of which are nominated by the Works Council and the other half by management. True co-determination has, however, been introduced in Iron and Steel and Coal Industries. The 1951 Act provides that the supervisory Boards of all public undertakings in the said industries must have five representatives each of workers and share-holders and one independent member elected by the other ten. Employees' representatives have the same rights as those of the share-holders. The Act further provides that the Board of Managing Directors must include a Labour Director, whose appointment of dismissal requires the consent of the majority of workers' representatives on the supervisory Board. The Labour Director is generally responsible for personnel matters. It may be observed that during the last 12 years, co-determination has not been extended to other industries.

Auto-Management.

The Yugoslav system is unique in the sense that the workers themselves constitute the management and there is no

1. The other two Directors are Commercial or Business Director and Technical Director.
2. Yugoslavia is a single party Communist dictatorship wherein all the means of production are owned by the State.
3. The system is based on the Decree of the Presidium of the People's Assembly of the Federal Peoples Republic of Yugoslavia No. 1448 of July 2, 1950.
question of consultation or sharing of powers with some other party. The responsibility both for production and management and for deciding how the income from production is to be apportioned, rests on the workers themselves. It is a two-tier-system and the working collectives manage the enterprises through workers' Councils and Management Boards. The workers' Council is the highest organ, representing the workers' collective, but it can not directly conduct every-day business affairs. It makes collectively general decisions, outside its session it has no rights. Consisting of 15 to 120 members, depending on the size of the undertaking, the Council is elected on yearly basis by the collectives directly from among the candidates sponsored by the Union or individual groups of employees. The Councils' functions range from approving the basic plan and accounts of the enterprise to the disposal of surplus earnings and appointment and supervision of the Management Board. It is a legislative body and is also responsible for the personnel policy of the undertaking. The Management Board, consisting of 3 to 11 members including the Director, elected by secret ballot of the Works' Council, is in general the executive organ of the workers' council but at the same time it possesses independent rights, duties and responsibilities. One third of the Board is renewed annually and the members enjoy security of tenure. Members of the Council or the Board are not entitled to any remuneration for their functions as members. Yugoslavs claim that the system has worked exceedingly well and pushed the process of development in the direction of democratisation
of the entire social and economic life of the community. The rights given to the workers of each undertaking to apportion the results of their production and management has provided the workers' management system with a maternal incentive influencing the whole economic side of the undertaking.

The working of labour participation in management in western countries reveals that the form and pattern of participation has been conditioned by political, economic, social, technical, historical and psychological factors, some aspects of which are, the form of Government - that is single party or multi-party, democratic or totalitarian, the state of economy reflected in the level of employment and per capita income, ownership of the means of production, the extent of literacy and education, the character of industrial labour, the structure of industrial relations and the state of the Trade Union movement. For example, the German system of co-determination has been conditioned by the historical developments in that country. One of the main reasons for the emergence of co-determination was the vivid memories retained by the workers, of the part played by 'big business' in financing the Nazi party. The granting of rights of co-determination to workers seemed to be the best way of preventing the "captains of industry from financing political crime and from liquidating democracy". The traditional devotion of German worker to his undertaking and his phenomenal will to work also contributed

Similarly, the Auto-Management system of Yugoslavia is the result of the political necessity of a given situation. After breaking away with U.S.S.R., in 1948, Yugoslavs had to find an alternative to Stalinism within the philosophy of Communism. They attacked the authoritarianism and centralization of Russian Communism. Consequently they wanted to construct a decentralised and democratised Communism. Auto-management was thus born out of the need to create a new basis for the further successful development of the national economy and the community as a whole, the desire to avoid bureaucratic tendencies and the desire for the realisation of industrial democracy and accordingly the withering away of state functions in the economy.

Again, the French reliance on legislation to secure for the workers the right to participate in management reflects their general preference for codification, for reducing to writing and in precise language, whatever is intended to be done and is also in keeping with the general pattern of industrial relations in that country, wherein the state has intervened too much in labour matters due to weak and divided trade union movement and absence of voluntary system of collective bargaining. In U.K., on the other hand, the political, economic and social institutions are largely based on tradition and voluntarism; labour participation also
therefore, assumed a voluntary character and each undertaking is free to work out its own constitution of the Joint Committee.

The foregoing study of evolution and adoption of different forms of labour participation in management in the west leads us to the realisation that the pattern of labour participation in India would have to be blended to the particular needs of the country and conditioned with the political, social and economic characteristics of Indian setting. Besides the existence of the system of parliamentary democracy and adoption of mixed economy - wherein large sectors are still under private ownership -, other factors such as, low standard of living, wide-spread unemployment, low level of literacy and education, lack of a committed labour force, weak and divided trade union movement, lack of collective bargaining and State sponsored industrial relations system may be borne in mind for a proper appreciation of the development and problems of labour participation in management in India.

**Form in India**

In India, Labour Participation in Management has taken the form of Joint Consultation. In context of the factors that have influenced the pattern of participation in other countries and keeping in view the conditions prevailing in India, the other forms of participation i.e. Joint Management and Auto-Management are neither feasible nor desirable. The question of Joint Management with workers' representation on the Board of Directors has so far not been seriously considered in this country. The Indian National Trade Union Congress occasionally makes such a demand but it has neither been pressed nor followed to its logical conclusion. The appointment of some trade union leaders on the
Board of Directors of Public Sector undertakings cannot be construed as Joint Management because they are there in their individual capacity— at best as experts on labour problems — and not as representatives of trade unions. In private industry, also, there may be some isolated cases of workers' representation on the Boards of Directors; for example, in Delhi Cloth Mills, the Board of Directors, consisting of 15 members, includes one elected representative of workers and another of clerks and officers of the company. This nominal representation serves no useful purpose and cannot be considered as Joint Management. The introduction of auto-management as a form of labour participation is a far cry, in India, Joint Consultation has thus been found to be the most suitable and acceptable form, which is being practised at the level of the undertaking through two agencies— Works Committees and Joint Management Councils. Though Works Committees have been in existence since 1947, their role as organ of participation was realised only after the acceptance of labour participation in management as a major plank of Governments' labour policy, in 1957. The Joint Management Council, the main organ of participation in India, is a very recent development— only five years old. At industrial, regional and national levels, labour participation has taken the form of tripartite consultation, which is the key-note of the Government's labour policy. Study of these organs of labour participation in management in India forms the subject matter of part II.

1. Direct democracy can operate only at work place level. At higher levels, the issues to be discussed do not evoke general interest and decisions do not commend intelligent allegiance. I.L.O. has also discussed labour participation in management primarily at the level of the undertaking and adopted in 1952 a recommendation and a resolution on the subject.