CHAPTER-5

WORKER'S INVOLVEMENT IN MANAGEMENT
Worker's participation in management has been advocated not only for ensuring industrial democracy and industrial harmony but also for developing human resources.

Worker's participation is a means of industrial democracy, industrial peace and harmony. Communication, consultation and cooperation between workers and management, a basis for trust and amity. It must reduce industrial conflict and increase industrial peace.

(A) Industrial Democracy:

Democracy is Government of the people, by the people and for the people. Industrial democracy should likewise, mean management of a unit by the people, and for the people. People here concerned with a unit the owners, the managers, the workers, the customers, the supplies, the state and the society as a whole.

The purpose of industrial democracy is to give the workers a sense of belongingness to the organisation and a sense of commitment to various decisions taken.

Recently industrial democracy has become area of great interest. The possible gains from effective functioning of industrial democracy include: -
1. More share of workers in making decision that affect their work, there would be less likelihood of their taking actions that lead to interruption of work. This will lead to industrial peace.

2. Peaceful resolution of industrial conflict would reduce the loss of production.

3. Democratization may lead to human happiness in the industrial harmony.

(B) Worker's Participation:

Worker's participation is not the same thing as industrial democracy. Industrial democracy is an ideal and ultimate goal that should be approached for the benefit of the employees, the industry the society as a whole, where as worker's participation is a process through which efforts are being made to approach that goal. It is an essential step in the direction of industrial democracy. The term 'worker's participation' means different thing to different people, depending upon their objectives and expectations.

**For Management:** It is joint consultation prior to decision-making.

**For workers:** It is co-decision or co-determination.

**For Trade Union Leaders:** It is the harbinger of a new order of social relationship and a new set of power equation within organisations.
For Administration: It implies the association of labour with management but without final authority or responsibility in the decision making process.

(C) Participative Forms:

1. Collective Bargaining:

   Collective Bargaining is a procedure by which the terms and conditions of employment of workers are regulated by agreement between their bargaining agents and the employees.

   ➢ It is a relation of give and take.

   ➢ It is process of retreat without seeming to retreat.

   ➢ It is a process of persuasion and reasoning.

   ➢ It is a power relationship.

Collective Bargaining is done periodically or on a continuing basis between management and worker's representatives, on issue
over which the interest of workers and management are competitive sue has wage rates, bonus rates, working hours, and number of holidays. The agreements arrived at are normally binding on the parties. Actually, each party tries to outbid the other and get maximum advantage by issuing necessary threats and counter threats, live strikes, lock-outs and other direct actions.

2. **Works Councils:**

   These are exclusive bodies of employees, assigned with different functions in management of an enterprise. In some counties their role is limited only to receive information about the enterprise.

3. **Joint Management Councils and Committees:**

   These bodies are mainly consultative and advisory. As these are only consultation and advisory, neither the management, nor the workers take seriously.

4. **Board Representation:**

   The role of worker's representation on the board of directors is essentially one of negotiating the worker's interest with the other members of the Board. The effectiveness of worker's representative at the Board depends upon his ability to participate in decision – making, his knowledge of the company affairs, his educational background, his level of understanding and also on the number of
worker's representatives on the Board.

5. **Worker's Ownership in enterprise:**

It refers to complete control of management by workers through an elected Board and worker's council. This system prevails in Yugoslavia. In this system two different sets of persons perform two distinct managerial and operative functions. Though workers have the option of influencing all decisions taken at the top level, yet in actual practice, the Board and the top management team assume a really independent role in taking major policy decisions for the enterprises, specially on economic matters.

6. **Equity Participation:**

In March 1994, the Company, Steel Authority of India proposed to offer a maximum of 200 shares to each of its 1.91 lakh employees.

All regular employees who were on the rolls as on April 1, 1992 and who continue to be on the rolls on 17th March, 1994 will be entitled for shares.

Sachar Committee and Ravindra Varma Committee focus some light on equity participation. A committee was setup by the Government of India under the chairmanship of Rajindra Sachar in June 1977. Their suggestions about equity participation included.

1. 10 to 15 percent shares should be reserved for workers which can be called “workers shares”.
2. If offered shares are not bought by workers same can be offered to shareholders or public.

3. Section 81 of the Companies Act should be suitably amended for this purpose.

4. Employees and workers should be granted loan by the company not exceeding Rs. 12000/- (up to 12 months salary)

Trade union representative totally rejected this type offer. Ravindra Varma Committee said that not less than 10 percent of the new shares should be reserved for workers of the same organization in future.

The committee vision was not very clear about equity participation.

In this reference (equity participation) it would be quite suggestive on the part of a company to offer its share to its own people (managers, executive, supervisory staff, all categories of employees).

**Worker Director:**

Workers Director is another form of participation widely discussed in India. But could not be practiced.

This Sachar Committee report, submitted in August 1978, suggested that worker Director must be a workman from the same
unit elected by secret ballot participated by all the workers at the company's premises.

Ravindra Varma Committee, which felt the need for a three tier model, had supported the corporate level representation is, worker-director also.

(D) **Level of Participation:**

To achieve the objective of Industrial harmony and peace, participation is possible at all levels of management. The areas and degree would differ considerably at different levels of management.

The levels of participation may range from mere information sharing to decisive participation as given below.

**Information Participation:**

Information sharing may be such items as may be agreed to like production profit 85 and loss or balance sheet, economic condition of the plant, plant stability in industry etc. worker's have no right of close scrutiny of the information provided.

**Consultative Participation:**

Welfare programmes and methods and safety are the areas where workers are consulted. Management has option to accept or reject the suggestions. Here, members get an opportunity to express their views.
**Assuasive participation:**

Here the management is under a moral obligation to accept and implement the unanimous decision of council. The role of the council is not just advisory.

**Administrative Participation:**

Matters covered here are welfare measures and safety operation of vocational training and apprenticeship programmes, preparative of schedules of working hours, holidays, payments for valuable suggestions received and other matters agreed upon by the members. In this kind of Participation decisions, already taken, comes to councils for implementation with alternatives to select from them.

**Decisive Participation:**

Jointly taken decision on matters related to production, welfare etc. workers participation in management can deal with and exercise supervisory, advisory and administration functions on matters concerning safety, welfare etc. Though the ultimate responsibility is vested in management, the matters of individual grievances are excluded from its shape.

**(E) Scheme: On worker's Participation in Management:**

The recommendation of the 21 member committee on worker's participation in management and equity were considered by the Government formulated and introduced a new
comprehensive scheme on a voluntary basis for worker's participation in management on 30th December 1983.

Features of the scheme:

1. The scheme would cover all Central public sector undertakings except those which are given specific exemption by the administrative ministry or department concerned in consultation with the ministry of Labour.

2. All undertaking of the Central Government which are run departmentally will be excluded from the new scheme. This is because joint consultative machinery is expected to exist in all governmental undertakings which contain proper mechanism of employees's participation in these undertakings.

3. The scheme will be operated at both the shop floor and plant levels. There is also provision for introducing it at Board level.

   The scheme provides for an equal representation at the shop floor and plant level forums. The presentation of the workers would cover different categories of workers such as skilled and unskilled, technical and non-technical. Managerial personnel would be excluded but supervisors such as foreman, charge man, etc. would be covered. Each party will have a representation of 5 to
10 members depending on the size of the workforce.

Another special feature of this scheme is that it envisages adequate representation for women in the participative forums where women workers constitute 10 percent or more of the total work force.

4. The functions of the participative form have been made more elaborative and comprehensive in the new scheme. At the shop floor level, the participative forums will look into a wide range of functions such as production facilities, storage facilities in a shop material economy, operational problems, wastage control, hazards, safety problems, quality improvement, production schedules, cost reduction programmes, formulation and implementation of work system design, welfare measures, etc.

(F) Connotations and practices in others countries:

Worker's participation is known by various other names also. These are worker's participation in Industry, labour Management Co-operation, Joint Consolation, worker's control, Joint Decision making and co-determination. They represent different forms of participation, which differ only in degree, not in nature.

- In U.S.A. participation is known as union Management Cooperation, which operates through collective bargaining agreements.
In great Britain and Sweden, participation is in the form of joint consultation through joint consultative committees. These committees have only advisory power.

In west Germany participation is in the form of co-determination and auto-management through workers councils and co-determination committees.

In France, it has taken the shape of works committees.

In Belgium, participation in management is through joint-works councils.

In Yugoslavia, where enterprises are owned by society as a whole, the units are run by the employees themselves under a scheme known as self Management which operates with the help of an elected worker's councils and a management board.

In India it is Labour Management co-operation, and worker participation in management and it is sought to be brought about through the agencies of works committees, joint management councils, shop councils, unit councils and joint councils.

(G) Progress and problems in implementing Schemes:

In spite of various efforts the workers participation schemes in India are not satisfactory. The worker's representative seen to be
concerned more with redressed of grievances, of grievances, higher wages, better conditions of work and security of service than with larger problems such as reducing absenteeism, increasing productivity or suggesting better methods for a more efficient utilization of Machinery. The main difficulties in implementing the schemes are -

- There has been a lack of proper understanding between employers and employees regarding the concept, purposes and benefits of the scheme.

- The existence of a number of joint bodies has caused confusion and duplication of efforts as well as wastage of time and energy.

- Progressive employers with long standing tradition of a healthy system of internal communication and consultation with their employees find the new schemes to be superfluous.

- Inter and Intra union rivalry has made the working of the scheme somewhat difficult.

- Absence of Proper training and education has affected participation on the part of the workers.

- Delay in implementing the suggestions and recommendations of these bodies has often led to the warning of workers interest in such bodies.
Suggestive Issues:

- The selection of active workers representatives in the participative forum.
- The efforts to minimize intrusion rivalry.
- There should be closely formulated objectives for participation and should be mutually agreed upon.
- There must be strong, democratic and representative unionism for the success of participation in management.
- Too much emphasis on hierarchical structure and close supervision is not conclusive to participation.
- Inculcating enthusiasm among workers for the effective consultation for formulating the policies that effect them directly.
- Management and workers both must develop a favourable attitude and outlook.
- Employers, trade unions and Government can play a major and meaningful role in organising and conducting training programmes and in development skills among representatives.