PART II

CHAPTER IV

CONCEPTUAL APPROACHES TO EMPLOYEE PARTICIPATION

Participation is an overworked word in the business environment, says Keith Davis (1957), but it a much underworked activity. The idea sounds good to most people, but they are frequently unsure what to do with it. Some grossly misinterpret what it is, and others are not sure when to apply it or how far to go with it. A major reason for the confusion, he says, is that there are many new ideas about participation and only recently have social scientists begun to devote substantial professional attention to its use in industry.

Robert Tannenbaum and Fred Massarik (1957) say that an individual participates in something when he takes a part or a share in that thing. Since taking a part or share is always involved, participation takes place in a social context, but the important type of participation in organisations involves participation by subordinates.
with their superiors in the managerial decision-making process.

Davis (1957) defines participation as "mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals, and share responsibility". There are three ideas in this definition which are important. First is the idea that participation means mental and emotional involvement rather than mere muscular activity. A second important idea in participation is that it motivates persons to contribute to the situation, and the third idea is that it encourages people to share responsibility in an activity.

Participation, says Virmani (1973), is often confused with consultation and association. In consultation, the management may consult employee representatives on specific issues before taking a decision. But the final decision is left to management. The assumption is that through consultation, management will be able to know the problems and viewpoints of the employees.
before the final decision is taken. In association, the workers' representatives are not merely advisory but also participative, but not on the basis of parity. The employees' representatives are normally in the minority in the associative forum. In participation, however, the assumption is that both the management and workers jointly take managerial decisions on the basis of equality. Equal representation is given to both the parties in the decision-making process. In managerial decisions on certain issues, there may be only consultation; on others only association, and on still others the participative style of management may be used.

Tannenbaum (1949) points out that there are three groups in an undertaking - owners, managers and the workers; and two major functions, namely, managerial and operative. The main managerial functions comprise planning, organising, controlling and directing. While the managers are accountable for the work of their subordinates, the workers are responsible for their
output. It is argued that by encouraging workers to participate in the managerial functions of planning, organising and controlling, better results could be achieved. Basically, he says, there are three kinds of managerial decisions which have a direct impact on workers. They are: Social Decisions, Personnel Decisions and Economic Decisions.

**Social Decisions:** They normally comprise hours of work, time and place of wages and salary payments, holiday rosters, welfare schemes, questions affecting work rules and the conduct of individual workers, the regulation of piece work, production bonus and incentives, principles of payment, overtime, training, safety measures, etc.

**Personnel Decisions:** These are matters connected with hiring and firing of employees, transfers, promotions and regrouping of employees, grievances, disputes, allocation of work, etc.

**Economic Decisions:** They relate to the financial aspects of the enterprise, manufacturing methods, automation,
production programmes, shut-down, staff cuts, reduction or alteration in the scale of operations, mergers, etc.

There is some difference of opinion over the extent to which the workers should participate in decision-making in the social, personnel and economic policy of the enterprise.

Worker participation in industry, says Cherian Joseph (1978), has become a confused term conveying a variety of meanings, and it has also become the cover term for divergent forms ranging from participation in the decision-making process or the ownership systems to that of participation in committees or improved communication.

A definition of workers' participation in the abstract, therefore, will explain little about why particular forms have grown or failed to grow. H. Peter Dachler and Bernhard Wilpert (1978) have attempted to outline the conceptual dimensions and boundaries of participation in organisations. The topic labels which they believe designate similar content areas to participation are
industrial democracy, worker self-management, power equalisation, autonomous work groups and democratic leadership. They have pointed to the fact that the participation literature cuts across micro and macro issues. Thus, participation is concerned with topics ranging from individual motivation and ability considerations to leadership and group dynamics issues, to organisational factors and socio-political structures and processes within and between societies. Unfortunately, the micro and macro issues are not really being integrated. It is important to recognise that one can on the one hand think of participation as a central concept of organising. It is difficult to specify the attributes of organisations without asking who makes what kinds of decisions and what procedures are used to make them. On the other hand, as Scholl (1976) points out, participation in organisations is usually thought of as an organisational treatment or interventional strategy, that is, as a social technology.

Four broad dimensions of participation and their inter-relationships have been identified by Dachler and
Wilpert (1978) (see illustration on following page).

One dimension refers to the social theories underly-
ing participation which represent the basis for
the values and assumptions of the designers and
implementers of participatory social arrangements
in organisations as well as the goals and objectives
in participation.

The second dimension involves the properties of par-
ticipatory systems, i.e. the structures and processes
along which different kinds of participatory schemes
may vary.

The third dimension is concerned with the contextual
boundaries within which participation occurs and which
limit or enhance the potential of participatory social
systems.

The fourth dimension, the outcomes of participation, is
considered primarily in the examination of the first
three, since outcomes and what outcomes should be consi-
dered are a function of the other defining dimensions.
OVERVIEW OF THE DEFINING DIMENSIONS OF PARTICIPATION

Contextual Boundaries
Characteristics of society
Other relevant organisations
Focal organisation
Groups within organisation
Individuals

Values, Assumptions & Goals of Implementers
Democratic Theory
Socialistic Theory
Human growth and development theory
Productivity and efficiency orientation

Properties of Participation
Formal - Informal
Direct - Indirect
Access to decision
Decision content, importance & complexity
Social range
Other properties

Outcomes
Individual
Group
Organisational
Societal
What a participatory arrangement means, i.e. its potential, is considered to be a function of all the dimensions listed in Figure I, and their complex interdependence. After analysing each of the dimensions separately and providing examples of their interrelationships, it is possible to discuss participation as a general dynamic system.

Several authors such as Pateman (1970), Strauss and Rosenstein (1970) and Walker (1974) have referred to various theories, value orientations or ideologies as the origin for issues of participation in decision-making. Greenberg (1975) and Dachler and Wilpert (1978), have distinguished among four major theory orientations for participation: Democratic, Socialist, Human Growth and Development, and Productivity or Efficiency. In Democratic and Socialist theoretical orientations, they say, participation is a general social phenomenon, affected by and affecting the general society, its institutions or organisations and its individuals. Human Growth and Development and Productivity and Efficiency orientations, on the other hand, focus on individual and intra-
organisational issues, restricting their conception of participation to a designed technique of management or to the organisation meant to alleviate some dysfunctional problems within the organisation.

Consequently, Dechler and Wilpert (1978) apply what they term four "search perspectives" to each of the theoretical approaches:

1. What are the basic assumptions made about human nature and social institutions that give rise to the concern with the issues of participation?

2. What is the context in which participation will occur?

3. What are the characteristics of participatory arrangements in organisations?

4. What are the societal outcomes to be expected and derived from participation?
Historically, participatory democracy has functioned as a social value in itself. It therefore serves as an ideal model or moral standard against which social decision-making schemes can be evaluated. Pateman (1970) and Vanek (1975) argue that the assumption that the democratic process educates and develops implies that the process must occur and function in all social, economic, and political organizations including the family, the school, the workplace, and political institutions. Therefore, participatory democracy at the political level is not sufficient for a democratic system to survive. The societal outcomes anticipated by proponents of participation within the democratic tradition are in part a function of the values emphasised. Sartori (1962) also seeks individual outcomes, but emphasises the stability and efficiency of social institutions as the primary expected societal outcome of participation.

The central assumption in the socialist literature is the potential of people, as Vanek (1975) puts it,
to become economically liberated by participating actively and creatively in the production process and ultimately controlling it. It is argued by Vranicki (1963) that participation accomplishes both the progressive increase in control of the production process by members of the working class, and also education and development of workers, which is needed to perform the tasks originally carried out by managers as representatives of capital.

The proponents of participation for human growth and development base their arguments on several recent theories of human behaviour such as those of McGregor (1960), Argyris (1964) and Likert (1967) which have focussed on personality growth, development of individual potential and efficiency and mental health in the context of organisations. These theories have discussed participation as one among several means of overcoming other debilitating effects of traditionally designed organisations on their members. We have discussed these at length in Chapter III.
The proponents of participation to increase organisational productivity and efficiency such as Morse and Reimer (1956) or Turner and Lawrence (1965) do so on the grounds that it would help cope with widespread alienation, dissatisfaction and lack of commitment to the work process. Their assumption is that people are manipulable toward maximum output through appropriate social techniques. Researchers such as Katz (1964) and Hackman (1976) have argued that whether participation has these effects or not depends in part on the context. Thus, participation is expected to increase effectiveness to the extent that:

1. the issues around which participation occurs are relevant to accomplishing the task;

2. people, by participating, get more accurate information about an organisational context which, in fact, allows real and meaningful positive outcomes to result from effective performance;
3. effective performance is not largely beyond the control of the worker.

More generally, says Walker (1974), a great deal seems to depend upon the kinds of participatory arrangements used and how they are applied.

Among the major properties of participatory social arrangements pointed out by Dechler and Wilpert (1978), are formal-informal participation and direct-indirect participation, access to participation in decisions and content importance and complexity of decisions.

The base of legitimisation of participation may vary from (a) formal, i.e. explicitly recorded system of rules and agreements imposed on or granted to the organisation; to (b) an informal, i.e. non-statutory consensus emerging among interacting members.

An international research group, (IDS - 1976) distinguished three bases of legitimisation for formal participation treatments:
1. Legal bases such as clauses in a country's constitution, in national or regional laws, or in governmental executive orders;

2. Contractual bases which, for most countries, involve collective bargaining agreements on a national, regional and sectoral company or shop-floor level; and

3. Management policies which are unilateral regulations about involvement of various groups or individuals in decisions about the organisation.

Informal participatory schemes, on the other hand, are based on a consensus among interacting social units or individuals and become legitimised through practice and evolving norms or customary proceedings. The distinction between formal and informal participation roughly coincides with the legislated statutory tradition of industrial democracy in many continental European countries, contrasted with the emerging, informally evolving participatory management and bargaining tradi
tions in Anglo-Saxon countries. For example, there has been a greater emphasis on the development of informal participatory structures in Germany and Yugoslavia than in England and the United States where the greater acceptance of the human growth or human development orientations has been associated with fewer informal participatory structures.

The second property of major participation is direct-indirect participation. The immediate personal involvement of organization members in decision-making, say Dachler and Wilpert (1978), is ultimately the ideal form of participation in all theoretical frameworks. While direct participation may serve as a basic standard or ideal, social arrangements would still be likely to differ on other characteristics such as access to the decision-making process or the range and importance of issues.

A third property is access to participation in decisions. One can think of participation as a continuum reflecting the different accesses that organization members have.
to the actual making of a decision or the amount of influence they can exert toward a decision outcome. The following behaviors could be looked at along such a continuum (IDE - 1976):

1. No advance information is given to employees about a decision to be taken;

2. Employees are informed in advance of the decision to be made;

3. Employees can give their opinion about the decision to be made;

4. Employees' opinions are taken into account in the decision-making process;

5. The decision is completely in the hands of organisation members, with no distinction between managers and subordinates;

6. Employees have a veto either negatively by blocking a decision that has been made or positively by having to concur in advance.
Obviously, behaviour (1) represents no formal access to the decision-making process and relatively little or no power on the decision outcome, while behaviour (5) represents complete power equalisation in that all members of an organisation have equal access to the making of a decision and thus have an equal potential to influence the decision.

Finally, in studying participatory decisions, one would start analysing them into their different components which, at the very least, include the range in content and number of decisions which fall within the participatory decision-making arrangement as well as the complexity and importance to the participants of the decisions in which they participate. Furthermore, as March and Simon (1958) point out, in such an analysis, one would have to recognise that decision problems are a sequence of choices which requires specification of where participation is to begin.

Dachler and Wilpert (1978) conclude that participation is a social system with a complex and dynamic product.
of human action. Regardless of whether it is intentionally and rationally created or whether it emerges as a consequence of many and sometimes fortuitous factors, participation serves a variety of values and goals and takes on different structural and operational properties in various configurations, resulting in a variety of outcomes. The total potential of a participatory system cannot be known if it is viewed from only one perspective.

A few recent cross-cultural research studies such as that of Heller (1971), Tannenbaum et al (1974), IDE (1976) and Eric Jacobs et al (1975) have begun to more systematically conceptualize and research the relationships of societal characteristics to designs and outcomes of participatory systems. Most of these studies have grown out of socio-technical systems theory (Emery and Trist 1960) and have extended it by assessing societal characteristics such as turbulence of the environment and characteristics of the industrial relations system.

Participation viewed as a dynamic system implies a complex interdependence among the various parts. Katz
and Kahn's (1966) major reason for advocating a systems view of organisations (namely, that the concept of a system helps in developing a set of ideas and corresponding terms designed to integrate macro and micro questions about organisations) applies with equal force to viewing participation as a system.

I have dealt in greater detail with the conclusions of the Anglo-German team (Eric Jacobs et al 1975) that studied industrial relations and participation in Chapter V but I would like to mention the approach of the team. The aim of the study was to discover how management and representatives of the work force in the two countries respond to key employment problems at a time of change. They attempted to explain this response in terms of the principles governing employment policies and industrial relations at the enterprise level. In turn this led to the examination of the way in which conflict was either managed or avoided in the two countries. Even though Britain and Germany have similar industrial structures and broadly similar patterns of
employment, and face similar problems in the restructuring of industry as a result of technological development and economic pressures these problems are set against very different backgrounds of economics, labour law and trade union organisation.

Dandekar (1975) has made a strong case for the creation of a "genuine partnership in production between capital and labour". He has called for a new outlook and a new code of conduct irrespective of whether the capital is owned publicly or privately. Basing his arguments on the consolidated data from the annual accounts of 346 large non-financial, non-government, public limited companies, each with a paid-up capital of Rs.1 crore and above, Dandekar has put forward the main elements of the new outlook which he thinks must emerge in the relations of production. The difference between the old outlook and the new outlook, he says, is the difference between two important concepts appearing in the operating and appropriation account. He points out that the concept of operating surplus regards the workers as not belonging to the firm. The firm is owned by the owners of equity capital. The workers have neither a respon-
sibility for profits nor a share in the profits.
Dandekar believes that for a genuine partnership in
production between labour and capital, labour must
be regarded as belonging to the firm as much as capi-
tal belongs, and the firm must belong to the workers
as it belongs to the owners of equity capital. Dandekar's
conceptual scheme envisages that part of the retained
profits which are utilised to issue bonus shares to
share-holders must also be used to issue bonus shares
to the collective account of all workers pro rata to
the annual bill of salaries and wages. This, he feels,
will create conditions whereby workers will begin to
own collectively a part of the equity capital. With-
out this, the intended partnership in production can-
not be genuine and complete.

Dandekar's scheme merits both greater study and trial,
but it would be unrealistic to ignore the impediments
to its unalloyed success. For this purpose, I would
like to present the findings of a study made for Tata
Companies by R.N. Suntosk.

Suntosk (1978) carried out an organised survey and held
personal interviews with employers with regard to equity
participation. He also used the findings of 100
shop-floor employees from ten industrial establish-
ments interviewed by the Madras School of Social
work. Suntok concluded that the employers felt
that the scheme would have an impact only in the
labour intensive and high potential industries. Most
employers felt that the time was not ripe for the
introduction of employee participation on a large
scale in India and advocated caution. Only one-
third of the employers interviewed were of the opi-
ion that employee participation would be a source
of motivation. The merits indicated by the employers
were:

1. that employee ownership would be a form of
   social ownership;

2. that the corporate image would be improved;

3. that there was a possibility for reduction
   in industrial unrest.

Amongst the demerits, the employers felt that employee
ownership would ruin industrial relations; that
employees are not savings-oriented and would prefer cash rather than equity; that they normally utilize their savings to loan to fellow employees at high rates of interest. However, half of the employers welcomed some representation of employees on the Board of Directors.

In general, most of the employers insisted that finance for the purchase of shares should come out of the savings or earnings of employees. All of them were against the creation of separate schemes like Trusts, on behalf of the employees. Where feasible, the percentage of total shares to be allotted to the employees was generally recommended at around 25%. Above all, the employers were keen that the scheme should be on a voluntary basis.

Senior executives, on the other hand, were in favour of holding shares in their companies, provided they were allotted to them at a special price and also provided the companies' future was reasonably bright.
Over 55% felt that the scheme for equity participation would be advantageous, 30% emphasising both advantages and disadvantages and only 5% deeming it totally disadvantageous.

As against this, of the 100 shop-floor employees interviewed, 32% were eager and willing to hold shares in their companies and 34% said they would not sell their shares even if they were to face serious financial crises. The researchers felt that organisational identification amongst this category of employees was high - over 85% were willing to invest a part of their savings in shares and 63% were enthusiastic about investing part of their bonus in shares.

Finally, all the employees stressed that it was absolutely essential that employees' representatives were elected directors on the Board, while 64% were not in favour of collective share-holding such as holdings by trustees. It is important to note that 76% of the employees were of the opinion that the
scheme would in no way weaken the Trade Unions. Despite this, most of the Trade Unions interviewed were totally opposed to employee shareholding.

In conclusion therefore, one could say that there is general agreement on the broader aspects of participation and the differences are on the specific questions.

One such question is should consultation and association be also considered as participation? The answer is "yes" because the three could be seen as points on a continuum. The greater the involvement of the employees the closer it is to a truly participative culture.

Secondly, while managerial decisions in which employees may participate have been divided into social, personnel and economic to my mind it is not so much the area in which the decision is made but the level and impact of the decision which is important. For example, it is possible for management to consult its employees in large investment decisions involving crores of rupees, just as
it is possible for them to consult the employees on investing in a new water cooler in the office.

Again, the conceptual scheme of Dechler and Wilpert is exceedingly useful to gauge not only the values, assumptions and goals of each participative scheme but also its properties and outcomes. But while it is useful to conceive of participation in terms of formal/informal or direct/indirect, the reality is that participation being a process will have something of both. Similarly, the outcome of participation cannot possibly affect society and organisations without affecting groups and individuals. These are all interrelated as we shall see when analysing the case studies of Tisco and Excel Industries in the following chapters.
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CHAPTER V

PARTICIPATION WORKS

The idea that workers should have a decisive influence on the management of the enterprise for which they work is not new to the industrial relations systems of Europe and other Western countries. The term "participative management" has been quite popular and is being practised in several forms. As A. Thompson (1974) says, workers' participation has now become part of the conventional wisdom of industrialised Western Europe. It is now widely accepted that some form of close cooperation at the shop-floor level in the formulation and execution of management decisions is essential. Participation, says Thompson, may take any of the following forms:

1. Improved communication
2. Board representation
3. Share ownership
4. Job enrichment
5. Co-determination
6. Workers control
It would be useful to look at the experience of participation in some other countries before we discuss participation in India.

**Participation in West Germany**

West Germany has perhaps had the longest history of participation in the shape of co-determination — the system called Mitbestimmung. Chancellor Schmidt has said that Mitbestimmung is at the heart of West German social peace and industrial progress.

For the following discussion of co-determination in Germany, I am indebted to the writings of, and personal discussions with Dr. Friedrich Waltz (1978) and his associates at Social Policy Research Ltd., Prof. B.R. Virmani (ASU) and Dr. Theo Pirker, Chairman of the Central Institute for Social Research at the Free University of Berlin.

Under Mitbestimmung, the Company has two Boards. One is managerial and the other is supervisory.
In companies with more than 500 workers, two-thirds of the Supervisory Board members were chosen by capital and one-third by labour. Till recently, only the coal and steel industries had an equal number of workers' and shareholders' representatives on the Board, but the system of equal representation has now been extended to all companies with more than 2,000 employees.

In the new system (illustrated below) 10 members will be elected by shareholders, 6 members will be elected by the employees, three members nominated by unions and one senior executive elected by the white collar workers. The Chairman is chosen by the whole Board, but if he does not receive a two-third majority, the shareholders' choice wins.

Since the new system is a result of years of haggling, it would be best to wait for some time before a judgement is passed on its suitability or otherwise as a model for industrial democracy (The Economist, London, 26th February 1977). There is fear amongst
employers that the extension of equal representation could produce a deadlock on important decisions. They feel that unions are generally more conservative than management, and therefore bold, innovative initiatives would be hampered by involving workers in policy decisions.

Worker participation - German style
Supervisory Board of companies with more than 2000 employees
Chairman with casting vote, is chosen by whole Board - if no 2/3rd majority for him, shareholders' choice wins.
Two members elected by shareholders
Six members elected by employees, who are white and blue collar workers.
One senior executive elected by all white-collar workers.
3 members nominated by unions.
Workers on the other hand, feel that the senior executive on their side is really management's man. Even though there are apprehensions amongst both managements and unions about how the new system will operate, the fact remains that its implementation is going to depend on much the same group of people who have been responsible for industrial relations in West Germany for several decades. And their record has been excellent.

The concept of co-determination in Germany in the formal sense had its origin as early as 1835 when Prof. von Mohl, National Economist, suggested that industry should associate workers' representatives as spokesmen of the workers (Ludwig - 1967). In 1848, the institution of shop stewards was formed and there was a demand by the organised workers for the introduction of co-determination. In 1850, voluntary workers' committees were formed in four printing presses in Eilenberg. Gradually, the committee system spread to other industries. The
Tenth Congress of Free Trade Unions in 1919 demanded co-determination rights on a much wider scale. Their main demand was for the formation of Works Councils, the members of which should be elected by the employees of the enterprise. Thus, the Works Council law was passed in 1920. It was supplemented by the law regarding nomination of Works Council members into the Supervisory Board in 1922. Since then, several changes have taken place and the Trade Unions' demand for co-determination rights for workers in all major social, personnel and economic matters has more or less been conceded through legislation passed in 1951, 1952 and 1972. The latest legislation came into effect in 1976.

Thus, in historical perspective, says Virmani (1978), it may be observed that though the trade unions initiated demands for co-determination, it was only the government that always played a key role in legalising co-determination. The initial resistance of employers to the demands of the trade unions crumbled once co-determination was converted into
a legal framework. This is in contrast to the experience in some Western countries such as Britain, where the emphasis was on mutual settlement through collective bargaining with limited State intervention.

As pointed out by Blumenthal (1956), the Works Council is the most important institution of co-determination. The law has conferred on it extensive rights of co-determination and consultation. It is primarily the body of workers and deals with the day to day problems at the plant level. Most workers consider the Supervisory Board and the Labour Director as remote instruments of co-determination.

Apart from legal rights, the Works Council enjoys a lot of informal status and power within the organisation. Normally, the Chairman and the Vice-Chairman of the Works Council are also on the Supervisory Board. They wield considerable informal influence over both the management and the workers. There is, in fact, a good deal of informal consultation between the Chief Executive and the Chairman of the Works Council over the day to day problems of the enterprise. The Chairman of the
Works Council has more status and informal power than any other Director, says Virmani (1976), including the Labour Director.

**Participation in Britain**

The history of workers' participation in Britain goes back to 1920 when a commission was appointed by the Government to recommend a participative structure of management. The Commission, headed by Mr. Whitley, recommended the establishment of Joint Councils or committees which were to act as consultative bodies for managements. Based on these recommendations, Whitley Councils were constituted in a number of large industrial organisations in Britain. Though there have since been some changes in the structure and functions of the Joint Consultative bodies, by and large these Councils still continued in Britain to be the main bodies of workers' participation in management. However, neither the unions nor the managements take them seriously, since they are only consultative bodies. In the steel industry, some worker directors have been appointed. We will discuss their impact later.
In the British system, workers' participation in management is confined to two aspects. One is the appointment of worker directors, the second is the setting up of the Joint Consultative machinery, representing 50% employees and 50% management. The employees of the plant elect their representatives on the Council, while those of the management are nominated. The worker representatives in Joint Works Councils have no managerial powers but are consulted by the management on a wide range of topics relating to the safety, health and welfare of employees. Matters regarding personnel and economic aspects are rarely discussed. Even if they are, management does not take this into serious consideration while deciding company policies. In matters relating to welfare, the Joint Councils are consulted but the final decision rests with the management. As a consequence, says Virmani (1978), there is disinterest in the functioning of such joint bodies and both the parties have often become indifferent. In Britain, there is much greater reliance on collective bargaining in the decision-
making process between the management and trade unions rather than on joint consultative committees.

In each plant in Britain, there are union representatives known as 'shop stewards' who are elected by employees holding union membership. The shop stewards are supposed to represent the worker's interest. Unlike in West Germany, trade unions in Britain are organised on the basis of craft and not industry. As a result there are a multiplicity of trade unions in each enterprise, and management has to negotiate with each union separately. British trade unions have been able to influence managerial decisions (McCarthy - 1966) through collective bargaining by forcing management to concede their demands. The institution of Joint Consultative Councils is considered rather superfluous. Says McCarthy: "The notion of joint consultation involved a paradox which trade union representatives and stewards naturally find it difficult to accept. It presupposes that there are some areas of management activity which are fit and proper subjects of joint determination by collective bargaining. On the other hand, there are
other areas which must remain the exclusive prerogative of management, although they may be discussed with workers' representatives. Yet it is also assumed that the main advantage of holding such discussions is that in the matters of this kind, the interests of the two sides converge rather than conflict - thus we come to the paradox - and reach a position in which it is suggested that agreements are only possible when the two sides are basically opposed: When they are really united, there cannot be any question of an agreement."

Unlike the German system, the dominant style of the British industrial relations system is its adversary nature, according to Eric Jacobs et al (1975). Though the seeds of conflict and dispute exist in every industrial society and they are from time to time expressed in strikes and lockouts whenever such free expression is permitted, the adversary style in Britain goes much further than disagreement over the division of the product of industry between profits and wages. In Britain, the adversary style is the favoured means of addressing every kind of problem that
crops up; not merely wages but the number of car parks provided and the kind of food served in the canteen. Each and every question is liable to be resolved only after one solution has been advocated by a trade union representative of the workers and another solution by a representative of the management. "The great majority of issues are settled amicably enough", concludes the comparative study of British and West German industrial relations undertaken by Social Policy Research Ltd. (1975), "but conflict escalating into strike action is inherent in the adversary approach". It is a possibility that can never be remote from the mind of a management contemplating change or innovation. Perhaps, the report adds, the adversary style is characteristically British, rather than merely peculiar to British industry. It is typical of the legal system with its advocates for prosecution and defence, and of the Parliamentary form of Government, in which the duty of the parties not represented in the government is conceived to be simply to oppose - hence their collective title, the Opposition. Indeed, the analogy between Parliament
and industry has been elevated almost into a theory of industrial democracy. In a well-known essay, Professor Hugh Clegg (1951) has cast the trade unions in the role of "permanent opposition", like a political party that can never form a Government.

The key component in the system of adversary industrial relations is undoubtedly the trade unions. It is on them that, above all, responsibility for representing employees rests at all points in the economy, from negotiations with government on national policies to the details of industrial change at enterprise level.

Participative management in Britain, therefore, has made very little progress. Unions claim sole right to worker representation, to act as the channel through which consultation and negotiation with management takes place. But multiplicity of unions, voluntary, unpaid shop stewards, the lack of uniform rules and procedures combine to ensure that workers sometimes are likely to be without any form of effective representation. In West Germany, while the trade unions lay down a binding framework of terms and conditions of employment in their collective
agreement, the framework is filled out by negotiations at enterprise or plant level, and thus depend to a considerable extent on the activities of the works council. The works councils, as it were, are crucial not only to stable industrial relations, but also to the success of employees' participation in management in West Germany.

It would be worthwhile to look a little more closely at the rights and duties of works councils in West Germany laid down by law first in 1952 and then extended in 1972. In the planning and implementation of technical organisation change and the consequent manpower deployment, the new works council law introduced a number of additional regulations. The most important of these were:

- Co-determination rights given to the works council in cases where the introduction and use of new techniques is designed to control the behaviour and performance of workers. (§ 87)

- Co-determination and consultation rights over
the physical environment, the organisation of an individual's work, and working conditions (90 ff).

- It is the duty of management to inform the works council in good time and in detail of manpower planning, particularly insofar as it affects current and future personnel needs, to enable appropriate measures concerning personnel and re-training to be taken. Management must discuss the time-scale and extent of the measures it intends to adopt with the works council. The avoidance of hardship must also be discussed. (92)

- Management is obliged to inform the works council in cases of manpower restructuring and transfers. In these matters, works council agreement is necessary. (99)

- Management must discuss proposed dismissals with the works council, and must give reasons for them. If men are dismissed without its agreement
the action is illegal, and the works council can refuse to accept it on the grounds detailed in the law. (102)

- Enterprises with more than 100 employees are required to set up an economic committee whose membership is determined by the works council. Management must inform this committee about the economic state of the enterprise, and forthcoming plans, including investment, rationalisation, closures, etc. (106)

- Management must provide early and detailed information on any planned changes within the enterprise which may have a negative consequence for the workforce, or for considerable parts of the workforce. It must also discuss such changes with the works council.

Besides the provisions of the works council law, the functions of works councils, concerning change in the enterprise have been defined in a series of collective
agreements between trade unions and employers' associations. For example, the agreement concluded in 1968 between I.G. Metall and the Joint Employers' Council which deals with the protective measures to be taken in cases of rationalisation, stipulates that management must inform the works council when planning rationalisation. This must be done as soon as management knows the extent of transfers, re-training and the redundancies which are entailed. Any possible social consequences have to be discussed with the works council.

In addition, the agreement provides for the following:

- wherever possible, the employees affected by change should be offered jobs of comparable status to the one they had lost;

- compensation should be paid in cases where older workers with a long service record could not be offered jobs of equal status;

- the payment of financial compensation to workers dismissed as a result of rationalisation; such payment to be graded according to length of service and age.
Although such agreements do not provide for co-determination rights, but merely the right to be consulted, taken together with the legal provisions of the new works council law, they represent a considerable strengthening of the position of the works council in the personnel aspects of industrial change.

Co-operative Conflict Resolution

Explaining the reason for the resilience of the West Germany system, the Social Policy Research Study says that "it can only be understood if it is seen as being embedded in a style of industrial relations which we have chosen to call co-operative conflict resolution". This style has the following characteristics and, being crucial to participation, is dealt with in detail:

1. The concern of both parties to avoid open confrontation which forces one side to take a stand from which it cannot retreat without loss of face;

2. A willingness to seek a compromise which
takes into account the interests of both sides.

3. Renunciation of the chance to exploit to the extreme the legal position of bargaining power possessed, on the understanding that by not adopting an extreme position, the other side will reciprocate when their position is stronger.

4. While the well-being of the enterprise and its work force is regarded as having precedence over any sectional interest of the negotiating parties, there is an acknowledgement at the same time of the fact that these interests may well be divergent.

5. The tacit understanding that while the legal framework within which the negotiation takes place is binding, solutions must take into account the special needs and conditions of the enterprise. This would mean, typically, that the two sides reach an informal agreement in line with the requirements of the enterprise without reaching the point at which the letter of the law must be invoked.
The style of co-operative conflict resolution is basic to the working of participative management in West Germany and all problems within the confines of the plant, i.e. negotiations between plant management and Works Council are solved by this approach. In fact, the Works Council does not regard the relevant Union as the court of appeal if agreement with management becomes impossible. The Trade Unions are instead looked upon as a body which can provide facilities not available at plant level, such as training.

One of the main contributions to co-operative conflict resolution is the prevention of parties from stumbling into open confrontation. Both management and Works Council executives spend a good deal of their time trying to avoid the danger of open confrontation. Each side is determined to keep its cool and if possible to prevent conflict from arising at all. It is only in this context that the frequency and continuity of contacts between both sides can be understood. In many enterprises in Germany, the Works Council Chairman and his closest colleagues...
are in continuous daily contact with Works and Personnel Management.

An important aspect of these frequent contacts is that they serve as a clearing house where each side informally explores the position of the other. As a result, each then gets an indication of how far they will be able to go when formal negotiations commence. Similarly, another feature in the working of the co-operative conflict resolution is the concept of "anticipatory conflict resolution". This involves the identification of potential areas of conflict well ahead, thus structuring and neutralising any danger that such topics might hold. Two other criteria for the success of this approach are the informality of the approach (unwritten ground rules and the personal qualities of the participants), and the continuity in representation on both sides.

The Study therefore concludes that the West German co-operative conflict resolution system is resilient because both parties, while pursuing their own interests, are bringing certain expectations to bear which make
their involvement worthwhile, but also represent the bases for a system of rewards and sanctions which stabilize it and, by definition, it says, such a system is able to exert pressure not by the exercise of its sanctions but merely by the threat of doing so.

Some of the weapons available to each side of the negotiation system are as follows:

- Management has at its command a range of material and financial benefits for labour force going beyond its commitments in legally binding collective agreements. These can be 'released' to demonstrate that the works council is doing a good job in negotiating for the work force. Thus, we have a reward or gratification that can be used or withheld by management in its relations with the works council.

- Another sanction-gratification available to management is to furnish the works council with offices, secretarial assistance, cars and so on. This doubtless increases the efficiency of the
Works Council, but it carries the implicit threat of removal.

- Again, while management is bound by law to supply certain information about the enterprise to the Works Council, it may go well beyond the statutory requirement - a gratification.

- In co-determination, management may open up certain extra areas of influence to the Works Council - again it is something that can be taken away again.

Much the same applies to the **Works Councils**. They also have command of a system of rewards and sanctions, of which the following are some examples:

- They can either make a fuss or keep quiet over issues where from a legal standpoint they would be entitled to intervene on behalf of the workforce. In other words, they can choose to press a legal advantage.

- Works councils are sometimes asked to take over disagreeable managerial functions - e.g. to
select workers for transfer and downgrading or for dismissal. They could refuse or accept.

- Works Councils sometimes share responsibility with management for certain decisions which would otherwise be difficult to persuade the workers to accept - e.g. technological change. So another sanction is available to them.

- Works Councils neutralise and absorb some of the pressure from the labour force that would otherwise have a direct impact on management. There is a sanction-reward dimension to a Works Council sharing responsibility for management's disciplinary decisions.

Co-operative conflict resolution can thus be seen as a system of inter-dependencies in which each side, in looking after its own interests, is dependent on the co-operation of the other side. That means that they have the power, or the potential, either to grant or to withhold this co-operation. Both sides, in other words, have the means to enforce good behaviour by the other.
By contrast, despite the rather unhappy experience of participation in Britain, there has been pressure on the government, especially from the Trade Unions, to introduce workers' participation in management at the Board level. As a result, the Labour government appointed a committee headed by Sir Alan Bullock to look into some of the relevant aspects of industrial democracy and to make recommendations. The Bullock Committee report was presented in January 1977. The recommendations of the Bullock Committee are primarily confined to large joint stock companies in the private sector and at the Board level, though participation at all levels has been discussed. Separate legislation for the nationalised sector has been recommended. Their recommendations are, to an extent, based on the German system of equal representation at Board level between shareholders and employees with a third neutral group of directors. The Committee did not adopt the idea of the Works Councils at lower levels and the two-tier system of management obtaining in West Germany.
The third group of directors would be:

(a) co-opted with the agreement of a majority of each of the other two groups, i.e. the employees and the shareholders' representatives;

(b) be an uneven number greater than one, and

(c) form less than one-third of the total Board.

The intention of having a third group of co-opted directors is to ensure that special experience and expertise is brought into the Board both from inside and outside the company. They could include senior or middle management members from within the company.

Understandably, the majority of trade unions, including the Trade Union Congress have, by and large, accepted the recommendations of the Bullock Committee, but it has provoked protests from employers who have all but totally rejected it (Virmani - 1978).

The evaluation of the worker directors is contained in a study of the experience of the British Steel Corporation made by Peter Brannen and associates (1976).
The following two tables best convey the contribution of the worker directors and their own assessment of their contribution:

<table>
<thead>
<tr>
<th>Board Topic Areas</th>
<th>Worker-Director Contribution (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Items dealing with personnel, welfare and industrial relations</td>
<td>34.5</td>
</tr>
<tr>
<td>Non-personnel aspects of development</td>
<td>11.5</td>
</tr>
<tr>
<td>Production</td>
<td>10.0</td>
</tr>
<tr>
<td>Finance</td>
<td>10.0</td>
</tr>
<tr>
<td>Commercial</td>
<td>11.0</td>
</tr>
<tr>
<td>Items dealing with downward flow of information</td>
<td>6.0</td>
</tr>
<tr>
<td>Items dealing with the corporation as organisation</td>
<td>3.0</td>
</tr>
<tr>
<td>Items dealing with the status/role of worker director</td>
<td>3.0</td>
</tr>
<tr>
<td>Other</td>
<td>11.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>
Directors' Assessment of Value of Worker Directors' Contribution to Board

<table>
<thead>
<tr>
<th>Value</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions of considerable value</td>
<td>4</td>
</tr>
<tr>
<td>Contributions of some value</td>
<td>19</td>
</tr>
<tr>
<td>Contributions not of very much value</td>
<td>17</td>
</tr>
<tr>
<td>Occasionally useful</td>
<td>23</td>
</tr>
<tr>
<td>No value</td>
<td>15</td>
</tr>
<tr>
<td>Varies</td>
<td>8</td>
</tr>
<tr>
<td>Worker-director presence important</td>
<td>6</td>
</tr>
<tr>
<td>Don't know/no answer</td>
<td>8</td>
</tr>
</tbody>
</table>

N = 48 100

The general conclusion seems to be that the worker directors had failed to recognise that the Board dealt with the broad issues and not with questions of detail for which there were other channels such as Joint Consultative Committees. In addition, it
was felt that any manager worth his salt should know about these trivial matters and about the views of his subordinates. The impact of this would be to make the worker director generally redundant. However, despite the evidence to the contrary, the worker directors themselves considered that they had exerted influence upon the outcomes of decisions (Brannen et al - 1976) as well as upon the style of Board meetings.

It would be a mistake to presume that the German system lacks conflicts of interests, tensions between management and labour and opportunities for making a bargain between the two sides. The difference from Britain is in the institutional structure within which conflicts are resolved. As against the British system of representation by one or several unions - or by no union at all - the German worker is almost invariably represented by an enterprise-based Works Council. The key to the German success is the dual system of representation - through Works Councils and unions. Britain, on the other hand, has a single channel system - through the unions alone,
which is the basic cause of its industrial relations problems.

**Participation in Sweden**

Among other countries in Europe where participation has been practised, Sweden stands out as a prominent example. Sweden has Works Councils in all companies which employ more than 50 employees. The Works Council comprises 5 members from the local union branch, 3 members from the white collar union and 5 management representatives. The Councils are entitled to economic information and to be consulted on a variety of issues. In large companies with over 200 workers, two representatives are allowed on the Board of Directors. These representatives have full voting rights except on matters concerning collective bargaining.

In Sweden, the movement for worker participation and industrial democracy gathered momentum only during the present decade. Earlier, the relationship between the workers and employers was generally determined by
a remarkably effective collective bargaining system whose structure was formalised in the Basic Agreement between the unions and the employers signed in 1938. This agreement has been the chief instrument in ensuring industrial peace from which the Swedish industry has so greatly benefitted (Working Paper, Ministry of Labour - 1978).

Over the last few years, special efforts to expand workers' influence and control over areas not traditionally covered by collective agreements have resulted in a fundamental shift from collective bargaining to legislation promoted by Government. This, in 1973, local union branches obtained the right to appoint two workers to the Boards of companies. Following representations from unions, four new Acts came into force with effect from 1st July, 1974 which together curtailed employers' prerogative to dismiss and control labour, far more effectively than any previous agreement or enactment.

Swedish experience with Works Councils has varied greatly from industry to industry and from company to company. According to one view (Janerus et al - 1971),
these councils have achieved genuine influence on company policy, at least on the production level. Until 1973, the councils formed the only body in which workers could talk directly with management about the company's long-term production and marketing plans and in which all personnel categories met to discuss important management issues. Yet, their position has been a purely consultative one. Management has never needed to listen to the Councils, and in many companies has not done so. The Councils have had most influence where personal relationships have been close and local union officials energetic. Co-operation at the production level has led to some expansion in the Councils' area of influence, particularly in recent years. They have produced offshoots in the form of consultation committees for special subjects such as health, safety and working environment. At present, the general impression seems to be that the Swedish Unions are more concerned to expand participation at shop-floor level rather than at company level. There is also a continuous representation for participation in profit sharing. Unlike
West Germany, where the workers' share of profits is paid directly to the account of the individual worker. Swedish unions seem to favour a collective savings scheme under which the workers' share of profits would be paid to a separate union fund.

An important contribution to the participative movement in Sweden was made in June 1976 when the Congress of LO (the Swedish Trade Union Confederation) discussed the issue of employee investment funds. The Executive Board of the Congress had asked Dr. Rudolf Meidner to investigate the whole subject of industry-wide or branch funds and other forms of funds for accumulating profits and employee savings for capital purposes within the company. Dr. Meidner, in collaboration with some colleagues, produced a report entitled "Collective Capital Formation through Employee Funds". The report was discussed at the 1976 Congress and a great deal of support was found for its fundamental arguments. While a final decision has not yet been taken on the Meidner Report, it is useful to mention the three arguments on which it was based and which the Trade Union movement considers fundamental:
1. To find a system to support the solidarity principle in wages policy;

2. To counteract the concentration of assets, and hence of power which goes along with industrial self-financing; and

3. To reinforce via participation in ownership the influence at the place of work, which employees have obtained primarily through reforms in labour legislation.

Sweden has also spent a great deal of time and energy in the last few years looking at some of the problems of alienation and in trying to find ways to make what Pehr G. Gyllenhammar (1977) calls 'work more livable and life more workable'. The social, political and cultural environment in Sweden has created attitudes where managers share the conviction that the time has come for greater employee participation. Gyllenhammar is the President of Aktie-volaget Volvo and has been amongst the first to introduce participative management through techniques including job enrichment to his factory.
In his book *People at Work* (1977), he says that large companies have subtle limits to their growth and we begin to find today the symptoms of a new industrial illness. People do not want to be subservient to machines and systems. They react to inhuman work conditions in a very human way: by job-hopping, absenteeism, apathetic attitudes, antagonism and even malicious mischief. From the employee's viewpoint, he says, this behaviour is perfectly reasonable.

Volvo's share of the world's automobile market has doubled in the last ten years to about 2.5% deriving 70% of its sales from outside Sweden. Volvo accounts for between 8% and 9% of Sweden's total export. Although Sweden's labour costs have become the highest in the world, Volvo remains a profitable company. In recent years the company's cash flow as a percentage of sales was one of the three highest in the automobile industry. The corporate strategy today is to add strength and reduce vulnerability by diversifying within the transportation field.
Volvo made a basic decision when it decided to recognise that people were more important than technology. They decided that they could not really reorganise the work to suit the people unless they also changed the technology that chained people to the assembly line. They also saw that technical changes would be fruitless if they were not accompanied by organisational changes and evolution toward a climate of co-operation and partnership. So, in the last five years Volvo has invested millions of dollars to improve the physical working environment for its employees. It was meant to demonstrate that the company valued people who worked for it.

Another part of Volvo's change strategy was to build new factories where work could be organised more flexibly; where this was not possible they tried to mechanise unpleasant jobs or enriched those that could not be automated.

Finally, in addition to physical change and job redesign, Volvo included in the change process their requirement of participation from the employees and
a consultation structure that permitted their voices to be heard. Volvo's President feels that this element grows increasingly important as the company makes progress on the other fronts because it involves personal development. He pleads that Volvo wants individuals to have a chance to learn more and enhance their personal lives and careers through opportunities made available within the company.

One clear reason for the success of the Volvo experience is that the structure for consultation already existed both in the company and in Sweden. Throughout the company there is a hierarchy of Works Councils with representatives from both management and the employees. Some of these councils have been required by Swedish law since 1948. Others, like the Corporate Works Council, were created to meet Volvo's own needs for consultation. These Councils are certainly the base on which each improvement and innovation has been built.

The Volvo experience is too well documented to need detailed repetition here, but the highlights which include breaking away from the assembly line approach, increasing employee identification with his work and
making groups responsible for output and quality need mention.

Some Volvo guidelines (HBR 1977) for success in participative management are:

- Each unit should be free to develop individually, without detailed control or interference from headquarters;

- An active and positive top management attitude toward change is a pre-requisite for positive results. However, when this attitude turns into a drive from above to install programmes, projects, and plans, management tends to fail;

- Problems are encountered if we formalise change and request targets, minutes, and figures too early. Change requires time and freedom of action. When people view it as a continuing search-and-learning process of their own, the chances of lasting effects are increased;

- The initiative for change should be a line responsibility, with specialists as supporters
rather than initiators. Changes line managers initiate seldom have lasting effects. Managers can, however, act as sounding boards and catalysts, carrying knowhow from one place to another;

- Progress seems to be fastest when a factory or company starts by forming a joint management and union steering committee to look at its own problems;

- So that the suggestions for change will emerge from inside, changes of work organisation must be integrated with a structure of employee consultation.

**Participation in U.S.A.**

In the United States, the attitude of the trade unions with regard to workers' participation in management is somewhat different from those in Europe (Davis 1957). According to Mr George Meany, President of the AFL-CIO, the union has no desire to take over the enterprise from management. The union does not want to abolish profits
or dividends. The union is only seeking what the worker believes is their fair share just as management is seeking a fair share for those who invest in it. It is the right to strike that gives meaning to collective bargaining. It is the right to strike that gives union spokesman some measure of equity at the bargaining table. Therefore, while a great deal of writing and research is available in the United States with regard to participation, it is far from being commonly accepted in that country. The greatest resistance comes from labour unions who feel employees participation is a direct threat to their power. While unions might agree to a representative being on a committee for job evaluation, they would resist participation by individual employees in committees (Bragg and Andrews - 1972). They would also resist any decisions to be made jointly by management and employees on matters covered in collective bargaining contracts. That is why the subject of union inroads into management prerogatives always creates a great deal of heat and controversy in the United States. Unions are afraid that management's attempt to secure more worker participation will shift worker loyalty from the Union to the Company.
Many union leaders, including the late Walter Reuther and Jimmy Hoffa claimed that attempts at participation are paternalistic or anti-union in nature. Such attitudes and arguments followed by non-cooperation has hindered the growth of participation in the United States.

But while participation is not nationwide, there are several scattered examples of successful experiments. One such is the case of Donnelly Mirrors Inc., (HBR 1977), one of the most successful experiments in participative management in the United States. This company in Michigan is regarded as an impressive innovator in participative management because it has taken specific steps to expand the control of its employees over operations of the company. The result has been that the company has made remarkable gains in productivity. This is especially significant when one considers the fact that Donnelly Mirrors has gained 70% of the domestic share in what is a bitterly competitive market.

Donnelly makes automobile mirrors and is a major manufacturer of glass products. From 1965 to 1975
its sales rose from less than 200 to more than 500.
In the past few years with both material and labour
cost escalating, the company has succeeded not only
in holding the line on most items but in actually
reducing its prices for others.

In an interview with the Harvard Business Review last
year, Mr. Donnelly, Chief Executive of the Company
explained his philosophy. He felt industrial
democracy did not quite succeed in the United States,
because people were afraid of losing authority.
Because most organisations were modelled after the
military, it was difficult for people to conceive of
any other system working. Mr. Donnelly himself
believed in authority, but he felt that if one had
to rely on the authority of the position, then "you
are a questionable manager". You are a good manager
when you can get people to accept ideas because they
are sound and when you accept an idea because it is
sound. So it is not a matter of throwing positions
of authority out but of playing them down - that
was what most people found difficult to do. He
believed that the participative management approach was the only way to stop alienation.

While Donnelly Mirrors started off by introducing the Scanlon Plan in their organisation, they made several of their own innovations and changes as they went along. For instance, usually companies using the Scanlon Plan have tried to separate the improvements made by new machines from the improvements made by workers. Since the operators do not contribute to the buying of the machine, management felt it should change the base of the bonus. Donnelly, however, rejected that philosophy. Instead, they wanted both the workers and the company to share in the savings. For one thing, they found it helpful to involve the operators in the selection or design of equipment because they had very practical ideas that the company could not afford to overlook. Secondly, the company also wanted the machines to produce up to or even over the stated capacity.

The way in which participation works in Donnelly's is best expressed by Jo Ann Czerkies (1978), who has
completed two terms on the Donnelly Committee. I'll go around and inform my people about the issues that are on the agenda for a meeting. Sometimes I'll take a vote so I know exactly how they stand. But at the meeting, I may hear some new facts we didn't know about beforehand. So I'll have to decide with that information how to vote. What I vote is not always agreeable to the people I represent, so I'll have to go back to them and explain the reason why I voted as I did. I've been on the Donnelly Committee for four years - I just got off - and for me it's the heart of the Company. That's where a lot of very big decisions are made and where we've got management people, production people, office people - everyone - represented. The company is everybody, you know.

The concept that has worked extremely well at Donnelly's is that of interlocking work teams derived from Rensis Likert's "New Patterns of Management" (1961). It has increased the amount
of teamwork and communication between different groups and departments of Donnelly Mirrors. It replaces the typical organisation pattern by a 'linking pin' pattern of organisation as shown below, and on the following page:

TYPICAL ORGANISATION PATTERN
Each team at Donnelly's is built around particular tasks. It consists of a team leader (who is a manager, a foreman or a supervisor), a team secretary elected by the team, and team members. Team leaders are chosen by Selection Committees made up of people from several layers in the company - subordinates, supervisors and peers. Each work team is made up of 8 to 12 members. The company claims that as a result of the new way of organising, the rise in productivity was dramatic and while some of the increased productivity was due to
improvements in machinery, most of it was due to work teams.

**Participation in Yugoslavia**

In Yugoslavia, a distinction is made between workers' participation in management and workers' self-management of an enterprise. The concept of workers' self-management gives complete control to workers to manage directly all aspects of industries through their representatives (Grozdanic - 1978). It also distinguishes between social ownership through self-management and state ownership. The system of workers' self-management can be traced to the period when actually Yugoslavia broke away from the U.S.S.R. on account of ideological differences. A new economic system was launched with a law establishing workers' councils as organs of self-management in enterprises. The new law which was passed by the federal assembly in July 1950, transferred the ownership of enterprises to those who work in them. Workers' councils, elected by all those employed in an
enterprise were made responsible for general policy decisions on production, income distribution and prices. Day to day running of the enterprise was left in the hands of a manager who worked under the close supervision of a management board composed of elected members of the workers' council and of himself as its ex-officio member. According to Edvard Kardelj (1977), the worker self-management system has undergone many changes and is once again in a state of flux following the adopting of a new constitution in February 1974. Many writers such as Grozdanic (1978) and Stanovčić (1978) have said that after the introduction of self-management, the Yugoslavian economy is reported to have shown remarkable improvements, particularly during the early 1950s and 1960s. According to one view, the greatest achievement of the Yugoslavian self-management is prevention of workers' exploitation. It has instilled in the workers a sense of belonging to the enterprise. Industrial conflicts are less
compared to other European countries where there is no self-management since through the works council most of the major conflicts are resolved. The conflicts are confined to the impact of national policies on the enterprise rather than to internal policies of the enterprise. There is also another view according to which the system of self-management is not free from major criticisms. It is said that the system diverts more resources towards welfare and wages than to further investments. In Yugoslavia there are two kinds of investments - one is made from the enterprise's surplus and the other is invested by the employees themselves from their earnings. During the last few years, the trend has been that the latter has been increasing, however reasonably it has been agreed to fix a certain percentage of the company's earnings for a reinvestment before allocating funds for wages and salaries.

There has been criticism in recent times about the whole system because the Yugoslavian economy was
reported to have suffered some setback (The Economist-1979). It may be said that the Yugoslavian system of self-management cannot be attributed as the sole reason for the rise or fall in the rate of growth of economic development. Nevertheless, the system has succeeded in inculcating in the minds of workers a sense of belonging to the enterprise with all its plus points. (Ministry of Labour - 1978).

I have attempted, in this thesis, to balance concept with practice. Thus this chapter was meant essentially to review participation as practised in West Germany and Britain and to draw lessons from them for our own country, which I will do when discussing the TISCO case. I also thought it necessary to show that through different forms of practice, participation has been enriched considerably over the years. Some leading examples of participation in Sweden, the United States and Yugoslavia have been discussed. But the potential for participation is limitless.
(22B)

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"May I hope", said Mahatma Gandhi when he visited Jamshedpur in 1925, "that the relationship between the great house of Tata and the workers will be of the friendliest character, and that both of them will constitute a great family bringing in unity and harmony. It is a privilege for both of you to be associated with this great enterprise and to give India an object lesson in amity and good will".

The words of Gandhiji spoken over 50 years ago seem indeed prophetic. This year, the Tata Iron and Steel Company (TISCO) celebrates 50 years of uninterrupted industrial peace, except for an abortive strike in 1958. The relationship between management and its employees at TISCO stands like an oasis of peace in the midst of the turbulent, violent environment of industrial unrest. A great deal of credit for this long era of peace
is given by management and union alike to a conscious, deliberate policy of what has been simply called "working together".

While the formal scheme of closer association of employees with management, as it exists today in Tata Steel, came into being through an Agreement between the Tata Iron and Steel Company Ltd. and the Tata Workers Union in January 1976, the concern for employees' welfare and involvement dates to the very inception of the Company. As engineers were busy erecting India's first steel works in the wilderness of Chotanagpur, the world's leading city planners and sociologists were busy drawing up the schemes of the future steel city of Jamshedpur and its welfare services. Tata Steel introduced an eight-hour day as far back as 1912, before it had been generally accepted even in the United States or Europe. Leave with pay was introduced in 1920, at a time when it was unknown in either Great Britain or the United States. The Provident Fund, at that
time unknown in Britain and not legalised in India until 1952, was started in Jamshedpur in 1920. Accident Compensation was started in TISCO in the same year and was much more liberal than the Workmen's Compensation Act. The first step towards more harmonious industrial relations was the setting up of a Joint Works Committee as early as 1919.

In a Statement of Objectives, TISCO says that its fundamental objective "is to strengthen India's industrial base through increased productivity, effective utilisation of material and manpower resources, and continued application of modern scientific and managerial methods as well as through systematic growth in keeping with national aspirations". The company specifically mentions its duties and obligations towards its shareholders, employees, customers and the community. Among its duties and obligations towards employees, the Statement mentions: "... creating a sense of belonging and team spirit, through their closer association with management at various levels".
According to its 72nd Annual Report 1978-79, the gross revenue of the company was Rs. 380.85 crores, making it the largest company in the private sector. Its profits before tax were Rs. 24.90 crores and it paid a dividend of 12% amounting to Rs. 7.02 crores.

Tisco was established in 1911 in a jungle hamlet and the city which grew around the plant came to be named after its founder. The plant now has over 36,000 men on its permanent rolls at Jamshedpur.

This year the company has decided to submit itself to social audit. Its Chairman, Mr. J.R.D. Tata said in his annual address to the shareholders: "Your company has always been conscious of the fact that its obligations extended beyond the normal corporate responsibilities of a joint stock company to its shareholders and included social obligations to employees, consumers and the national economy..... With that objective in view, we have recently decided that some time before the end of the year, a panel of four eminent and respected persons, totally unconnected with the company and its activities, and enjoying public confidence,
should undertake such a social audit". The company proposes that the audit panel would include a retired judge of the Supreme Court, a member of Parliament, a Trade Unionist and a Sociologist whose report will be made public.

With a firm tradition that emphasised the importance of employees and a progressive leadership that has continued for several decades, it is not surprising that TISCO was amongst the first companies to introduce a scheme for closer association of employees with management and, what is more, to seriously attempt to implement it. The Agreement came into being in 1956 and was signed by Mr. J.R.D. Tata and Sir Jehangir Ghandy on behalf of the company, and Mr. Michael John and Mr. V.G. Gopal on behalf of the Union. (For the full text of the Agreement see Appendix I).

The objective of a closer association of workers with management, the Agreement says, was desirable because it would help

a) in promoting increased productivity for
the general benefit of the enterprise, the employees and the country;

b) in giving employees a better understanding of their role and importance in the working of the industry and in the process of production, and

c) in satisfying the urge for self-expression.

The scheme involved the setting up of a three-tier structure of Joint Departmental Councils (JDCs) at the base - one for each normal sized department of the works or a combined one for two or more small sized departments. Above them was the Joint Works Council (JWC) for the entire works and parallel to it was the Joint Town and Medical Council (JIMO) for dealing with matters relating to the town, medical, health and education departments. At the top level was the Joint Consultative Council of Management (JCCM). (See illustration on next page)
The Joint Councils at their respective levels were to study operational results and production problems, advise on the steps deemed necessary to promote and rationalise production, improve productivity and discipline and economise costs. Promotion of welfare and safety, encouragement of suggestions and improvement of working conditions also fell within the purview of the Councils. These bodies were also to follow up on the implementation of their recommendations and decisions approved by Management.

Besides these common functions, the Joint Works Council at the intermediate level was to discharge these special function of reviewing every month the working of departmental councils and a few other joint committees, such as the Suggestion Box Committee, Safety Committee, Canteen Managing Committee, etc.

The Joint Consultative Council of Management was entrusted with the task of advising Management on all matters concerning the working of the industry in respect of production and welfare. The Council was to consider, among other things, any matter referred to it by the Joint Works Council and the Joint Town
and Medical Council and follow up on the implement-
tation through these bodies, of any recommendations
made by it and approved by the Company. Besides,
the Council was to advise Management on economic
and financial matters placed before it, provided
that the Council did not deal with matters affecting
the relations of the Company with its shareholders,
managerial staff, taxes or other matters of a
confidential nature.

To ensure effective functioning, Management set up
a secretariat to facilitate the working of JDCs.
As a safeguard against the overlapping of functions
among the various committees and the collective
bargaining machinery on the one hand and the Joint
Councils on the other, the Agreement further envisaged
a division into the following two groups:

(i) a group consisting of committees concerned
with collective bargaining or falling within
the sphere of union relations, and
(ii) a group consisting of councils set up
under the scheme of closer association of
employees with management as embodied in
the Supplemental Agreement.

Although the Agreement was signed in August 1956, the
scheme was launched in August 1957. This was because,
says Management, it was following its tradition of
doing first things first, and wanted to take the
necessary steps to eliminate the anticipated difficulties
as far as possible and to prepare Management men and
employees for their new responsibilities. For
instance, Management had to overcome the initial
and understandable distrust of many employees to
change and innovation by explaining fully to all
concerned that the scheme of closer association of
employees with Management was in the mutual interest
of both. There was also a feeling among some members
of the supervisory staff that the joint councils
system was too "socialistic" and was likely to
erode the prerogatives of Management ("Working
Some executives felt themselves superior to the ordinary employees and resented the idea of associating themselves as equals with shopfloor workers in the Council. Management had therefore to do much patient work in removing these misconceptions.

The functioning of JDCs, as is to be expected, was beset with some practical difficulties. Although Management-Union co-operation in the scheme—the key condition for its success—has been excellent, in some cases strained relations on the shopfloor were reflected in the Council meetings. In the beginning, the use of English proved to be a barrier to full participation by all members in the meetings. The use of Hindi has expectedly resulted in greater participation and understanding. This improvement has been particularly noticeable during the past few years as supervisors and officers have learnt Hindi. Today, a vast majority of Councils conduct their deliberations in Hindi. In Councils covering more than one department, a lack of interest amongst members was noticeable when affairs relating to another
department were discussed. Management has therefore, in consultation with the Union, split up some of these Councils to make them more effective.

**How JDCs Function**

Since JDCs on the shopfloor form the foundation of the scheme of Closer Association of Employees with Management, it is necessary to take a look at how they function to understand the essence of the system.

Depending on the size of the department, a JDC may consist of anything between four and ten representatives of Management and an equal number of representatives of the employees within the sphere of the supervisory unit of the Union. The term of the members is two years and a member nominated to fill a casual vacancy continues for the unexpired term of his predecessor.

Each JDC has a Chairman nominated by Management and a Vice-chairman nominated by the Union. The Council appoints its own secretary from amongst the employees.
of the department concerned. He may or may not be a member of the Council. The quorum fixed for the meeting is 50% attendance for each side. Each Council has an Agenda sub-committee and many Councils, in addition, have a Welfare sub-committee and a Safety sub-committee.

A JDC meets once a month and, if necessary, more frequently, on a fixed week-day of the month. The meetings which are well attended, are presided over by the Chairman, or in his absence by the Vice-chairman and is held on the basis of the agenda drawn up by the agenda sub-committee in the light of ideas and suggestions obtained from employees of the department through personal contact. In the initial stages, the meetings used to last from two to four hours because of the inexperience in conducting such meetings but later, training and experience made the handling of meetings more efficient and the time limit was fixed at two or two-and-a-half hours. After the usual preliminaries, the members discuss
such matters as reports on safety, progress of implementation of the previous recommendations, the operational results of the previous month and suggestions from the shopfloor. Discussions are free and frank, and most members contribute actively to the proceedings. For the speedy disposal of the recommendations, the Chairman, in his capacity as the head of the department, takes action on such recommendations as fall within his sphere. The other items are referred to the appropriate authorities along with the Chairman's recommendations giving a complete picture of the issues involved. When a recommendation of the Council is not accepted by Management, detailed reasons are given explaining why it cannot be accepted. The Secretary prepares the Minutes of the meeting and circulates it to all members within ten days from the date of the meeting. Care is taken to give the Minutes the widest circulation among all employees of the department. This is done by sending copies of the Minutes to the sectional heads of the department so that its contents can be verbally communicated to the employees through the various shifts-in-charge.
are kept informed about one another's activities through a consolidated summary of the Minutes of all JDCs. This is circulated amongst the members of all JDCs and is also displayed on all departmental notice-boards for the information of the employees.

The principle of the composition of the Joint Works Council and the Joint Town & Medical Council is the same as that of JDCs, and each consists of members representing management and the employees on an equal basis. The Joint Consultative Council of Management has an equal number of management and employees' representatives besides the Chairman who is usually a Director. The Joint Works Council and the Joint Town and Medical Council meet once every month on a fixed week-day while the Joint Consultative Council of Management meets once in every quarter. In all these Councils, discussions are conducted in such a way that every issue is scrutinised from all relevant aspects and all members have a chance to take part in the discussions. As in the case of the JDCs, the Minutes of all these Councils are given the widest circulation.
The highlights of the Council proceedings are publicised through the house journals and other publications.

One of the highlights of the closer association of employees with management in Tata Steel is the annual meeting of each JDC, which was introduced in 1960. The annual meetings are attended by all employees belonging to the department or the departments covered by the Council. These meetings, in which the chief guest is usually a Director or a senior executive of the Company, are attended by other Directors and top executives and top Union officials as special invitees, and evoke great enthusiasm. Apart from the usual addresses, awards for safety, long service, etc., are made at these meetings.

The liveliest feature of the meetings, however, is the question-answer session during which workers are free to put questions to Management which are answered by the Chairman or the concerned senior officials of the Company. The annual meetings provide an effective
means of communication between Management and employees and help somewhat to satisfy the employees' urge for self-expression, one of the fundamental objects of the scheme of closer association of employees with Management.

The co-ordination of the functioning of the various JDCs, of which there are 34 at present, is a complex job and is necessary to maintain uniformity and give a general direction to their activities. For this purpose, an annual meeting of JDC officials - Chairman, Vice-chairmen and Secretaries - of all the Councils is held under the chairmanship of the General Manager, who is also the Chairman of the Joint Works Council. It is also attended by the top executives of Management and the Union. All procedural issues are discussed and finalised at this annual meeting, as also a stock-taking of the activities of the year. Standard forms for recording Minutes, preparation and circulation of Agenda and Minutes, mailing lists for the Minutes, replacement of members, nomination of representatives from some maintenance departments and
the progress of the implementation of the recommendations of Joint Councils are some of the items on which decisions have been taken at such co-ordination meetings. This annual co-ordination meeting provides an opportunity to the various JDC officials to learn from one another, because often the weaknesses of a particular Council are the strong points of another. Opinions are exchanged and suggestions made and all this adds up to a general picture of the entire joint consultation system in action. From year to year, enriched by the experience of achievements and even failures, the joint consultation system obtains, as it were, a renewal.

A circular from TISCO Management as far back as April 1953 speaks of the privileges given to members of the Joint Committees and Councils. It emphasises that all the time that is spent on attending Council meetings should be treated as on duty. The Constitution of the Joint Departmental Councils detailing its objectives, scope, functions, etc. is given in Appendix II).
Assessment of the JDCs’ Success

One obvious effect of the participative approach in TISCO has been on its industrial relations. All issues involving potential conflicts are sorted out through face-to-face negotiations with the Union. Management and Union are in constant contact. The co-operative relationship reflects the West German model (see Chapter V). Recently, Union officials on the JDCs and JCC have been made Co-Chairmen instead of Vice-Chairmen. As a result, even at the highest consultative body, the Managing Director and the President of the Trade Union take turns to chair meetings. This is no small achievement, given the general run of Indian industry where heads of companies treat the Union leaders as suspect.

Another important effect of the participative effort at TISCO is its production figures. Even though its plant is exceedingly old, and the steel melting shop has equipment dating back to 1912 and 1923, the Company has managed to maintain a rate of production of 103% which has only recently begun to come down as a result of shortages of coal and power.
A statistical statement showing the progress of the implementation of the JDCs' recommendations from the date of its inception till 31.12.78 shows that of a total of 23,224 suggestions received, as many as 16,207 or approximately 70% have been implemented while only 275 or 1.14% are pending. The rest - about 6,460 or 27.32% - have been turned down or dropped.

The subjects discussed at the JDCs too have been increased towards more important topics being included in the Agenda. On March 2, 1979, Management included the following issues for discussion at the Joint Consultative Council of Management:

1. Performance report both in terms of production and cost;

2. Manpower and Productivity;

3. Accident statistics;

4. Sales
5. Finances

6. Industrial relations;

7. Township;

8. Medical facilities; and

9. Review of the working of the Joint Works Council and other Joint Councils/Committees.

The circular urges members of the Council that "in order to have a fruitful discussion on these issues, please bring with you all the relevant facts and figures pertaining to the subjects which are being dealt with by you".

In 1975, it was decided that the JDCs should meet twice a month and were authorised to spend on their own up to Rs. 5000/- in response to suggestions made to them by employees. Within three years, the Management increased the authorisation to Rs. 10,000/- and placed no limit on suggestions involving safety measures.
A criterion difficult to quantify is the spirit that exists in relations between Management and Union, but the language used in the numerous circulars itself gives us some clue. The following is an example from a circular dated 25th August 1975:

"Having regard to the experience gained by the working of this scheme for the last 19 years, the Company as well as the Union has been desirous to take suitable steps to strengthen the scheme further, specially at the shop floor level .... After a detailed discussion, the Joint Council has taken certain unanimous decisions to promote and improve the mechanics as well as the spirit of participation, specially at the shop floor".

Again, as we have seen in the West German experience, while structured and bureaucratic procedures have some disadvantages, their existence is crucial to the success of a system which has some formal components. TISCO certainly has spared no pains, as it were, to ensure that the participative experiment
should succeed. There are innumerable attempts to educate all those involved in participation, specially at the lower, uneducated levels. Model Constitutions, model Minutes, detailed descriptions of the scope and functions of each Committee and sub-Committee abound. The entire Public Relations Department makes consistent and continual efforts to focus on the success of participation. The three house journals, "TISCO Samachar", "TISCO News" and "Supervisors' Newsletter" regularly carry news about the JDCs.

As we have seen in the previous chapters, Leadership is a key variable in the success of participation and in the case of TISCO, a succession of Managing Directors and Trade Union leaders have committed themselves visibly, both in terms of time and effort, to the participative experiment.

The present Managing Director, despite the tremendous pressures on his time, makes it a point to attend at least 25 of the 34 annual JDC meetings, where he
has to personally field a number of difficult, pointed and even embarrassing questions.

As experienced in the European countries, in the earlier stages, discussions and suggestions at the JDCs were related largely to general welfare. This has now changed to greater involvement in problems related to production and allied functions - a clear case of how a participative culture can emerge by increasing contact and dialogue between Management and employees.

TISCO's Management points out that the JDCs' suggestions on processes and procedures, elimination of waste, substitution and conservation of materials indicate that they are deeply involved in the problems of productivity. A corroboration of this claim can be found perhaps in the fact that Tata Steel employees bagged no less than 44 out of the 198 national Shram Vir awards between 1965 and 1971.

It is said that loyalty is something that cannot be
gauged amongst employees except in a crisis. If this is so, the reaction of TISCO employees to a crisis of their Company is worth noting. In 1969, for example, serious trouble in the coke ovens affected almost all the production departments. However, while this may have led to near stoppage of production in other Companies, workers at all levels in TISCO toiled round the clock to avoid a crisis and keep the wheels of production going.

Similarly, the strikes and violence that paralysed the working of the engineering industries in Jamshedpur for the last decade have surprisingly had no effect on TISCO. This year, when communal riots broke out in the Steel City, there were several instances of members of the minority community risking their lives to report to work.

TISCO's experience, when seen against the national picture, makes it even more striking. The Ministry of Labour reports that, of the 152 JDCs functioning in both the public and private sectors in 1967, only
80 remained in 1971. Today, while exact figures are not available, the number seems to have dwindled still further. The study team of the Implementation Division of the Union Ministry of Labour concluded: "TISCO is probably the only Steel Plant which has enjoyed cordial industrial relations during the last decade or so, by mutual consultation". This conclusion of the Indian Labour Ministry has also been supported by international opinion, specially that of executives from the International Labour Organisation, Prof. T. Agersnap and Mr. E. Daya who visited Jamshedpur in 1968. What is more, attendance at the JDCs has increased substantially and at present averages 75%.

Other benefits claimed by Management executives but difficult to verify are that the JDCs have helped utilise more efficiently employees' abilities, skills and time and have eliminated waste of material power and equipment. It is also claimed that costly absenteeism and employee turnover have been brought down to a minimum and a sense of self discipline
has been developed. Finally, and more realistically, it is claimed that to some extent it has satisfied the urge of employees to self-expression and involved them in task oriented activities such as blood donation, family planning and good housekeeping. It would be erroneous to give the entire credit for high productivity and industrial peace at TISCO to the joint consultative system. Employee participation in management at TISCO has evolved over 60 years of which only the last 26 were spent on this form of formal joint consultation. Apart from the JDCs, there are several other joint committees which are concerned with collective bargaining or fall within the sphere of Union relations. They include joint committees on grievances, rates, specifications and services. It is not uncommon at TISCO to hear a senior manager ask his subordinate: "Have you consulted the Union?" There are joint committees on canteens, general safety, safety appliances and the suggestion box. Moreover, there is regular and continual training of employees who serve on these committees.
I have visited TISCO several times over the past few years and have had occasion to discuss the participation scheme both with the Managing Director and the President of the Trade Union and other managers and Union personnel. The President of the Union, Mr. V.G. Gopal, gives a great deal of credit for the success of the experiment to the attitude of both management and the Trade Union which can be best described in terms of the West German approach of 'Co-operative Problem Solving'. "We would like to solve the problems between us", says Mr. Gopal, "rather than use each difference to cause confrontation". If the system of joint consultation is appreciated, he feels, solutions can be found to all problems. He emphasised that the introduction was not sudden or superficial. There was a pilot project first in two or three departments before it was taken to other departments. He believed that the power of the employees had been increased since the scope of the JDCs' decisions now covered not only production but sales, budgets and income. Very few companies, he said, were willing to go as far as TISCO's Management was willing to go.
Mr. Rissi Mody, the Managing Director, reiterated the points made by Mr. Gopal and was almost impatient to increase the scope of the activities of the JDCs. However, he felt that there was greater "association" than full "participation" of employees with Management. There was the barrier of illiteracy and education which, he felt, needed to be bridged before full participation was possible.

The present Managing Director has also introduced what he calls "dialogue sessions" with his executives. At regular intervals he meets all his executives in groups. They ask questions in relation to their work or their jobs or the Company, including housing, medical and so on and receive an answer to their queries. He is encouraging departmental heads to meet the executives in their own departments for such "dialogue sessions" but the results were not altogether satisfactory. His view was that it needed a certain kind of leadership personality to be able to face your employees and have a dialogue with them.
Given this background, the views of K. Mamkoottam (1978) seem rather harsh. He believes that the joint consultation agreement substantially favours the management. He says not only are the gains of the union distinctly less, but also the union is forced to implement rules designed to confer greater power on the management. He also claims that some workers do not have the faintest idea of how joint councils work and what issues are discussed and decided by them. In several ways, Mamkoottam has attacked the Trade Union and the INTUC which supports it.

In order to test Mamkootam's views, I devised a questionnaire and gave it to 50 Trade Union representatives and 150 executives of the Company. The first mixed group of Management and Union members I met were all attending a joint programme on Participation. A great deal of heat and feeling had been engendered by speakers from outside including a leading national trade union leader and professors from the Administrative Staff College of India. (Questionnaire - Appendix III).
Of the 50 Union members who were given my questionnaire, 35 responded. Of these, 17 (51%) said they had full information on how the JDCs functioned; one said he had a great deal of information and 16 (47%) said they had some information. One did not reply. On the other hand, of the 150 executives who responded to the questionnaire, 105 said they had full information and 32 said they had a great deal of information, while only 13 (8.6%) said they had some information on how the JDCs functioned.

Of the Union members, 22 (62%) answered "very satisfactory" or "satisfactory" to the question whether they thought the working of the JDCs was satisfactory. But 11 felt the JDCs worked "fairly satisfactorily" and two said "not satisfactory" (3%). 102 (68%) of the executives said they thought the JDCs were working very satisfactorily or satisfactorily, against 43 (31%) who felt the JDCs worked fairly satisfactorily and 4 (1%) were not satisfied with the JDCs' working.
Except for one blank, 32 (98%) Union respondents said they knew all the names of the present members of the JDC; two said they knew most of the names. Like the Union members, as many as 129 (86%) of the executives knew all or most of the names of their JDC members, but unlike them there were 20 (14%) who admitted they only knew some of the names.

Again, 30 (86%) Union respondents said that important problems are always or often discussed at the JDC meetings, as against only four (14%) who said that important problems were sometimes discussed and one who said they were never discussed. It is interesting that as many as 106 (71%) executives felt that the JDCs often discussed important problems, 41 (28%) thought that important problems were only sometimes discussed, while only two (1%) said that important problems were never discussed.

More significantly, on the question of Power, seven (20%) Union members felt that Management had more power; only one (3%) felt that Union had more
power, while 21 (60%) said that both Management and Union had equal power at JDC meetings. Five (14%) respondents said that sometimes Management and sometimes Union had more power. The executives' response again matched that of the Union members. 24 (20%) thought Management had more power, 12 (3%) thought Union had more power and 22 (14%) thought that it was sometimes Management and sometimes Union who had more power, and as many as 91 (60%) believed that Management and Union had equal power at JDC meetings.

Despite similar perceptions on Power, there was a marked difference regarding the question of whether follow-up action was taken to implement JDC suggestions. 24 (68%) Union members said it was always, or often taken and one thought follow-up action was never taken and one thought follow-up action was never taken. On the other hand, as many as 133 (89%) executives said it was always or often taken and only 17 (11%) felt that follow-up action was only sometimes taken.
The final picture that emerges is that, as far as the working of the JDCs is concerned, both Management and Unions seem to share an optimistic view; at least their perceptions seem to match. It is indeed significant that both view power at the JDC meetings as being shared equally, but it is one thing to feel free to express one's views and to have freedom to make suggestions, but it is another thing to have the power to implement them; and the Union members do not seem entirely satisfied with the follow-up action taken on their suggestions. In other words, it almost belies their earlier optimistic response; they seem to have less power than they claim.

The study also seems to support the Managing Director's view that there is a great gap in knowledge and information between the executives and the general run of other employees, despite the Company's stated attempt at a continuous programme of training.

Given the broad conception of power that we have
discussed in the earlier chapters, TISCO's experience could be put in the category of sharing power through the decision-making process. It is obvious that what writers have called the dimension of intention and the target planned for the power relation is clearly there. One sees that there is a distinct change in the power position of the individual worker, say from when the Company first started to what it is today. True, this may partly be because of changes in power in society as a result of national independence and adult franchise. Jamshedpur elects one member to Parliament and three to the Bihar Assembly. Similarly, the State Government has increasingly made inroads into what politicians call "the Tata zamindari". Further pressures on management's power came from the Trade Union movement not only in TISCO but also in the companies in the surrounding areas. And finally, the levels of education of the average worker have also risen, making him more aware of his rights.

Different companies have coped differently with the
pressures of change in society that had a bearing
on them. Some companies have simply packed up and
gone; for example, many British companies in
neighbouring Calcutta. Others have drawn in and
built defensive walls against the onslaughts of
social change; the neighbouring IISCO is an instance
in point, where power was concentrated in the hands
of one individual who headed the Company. TISCO, it
seems, anticipated change in a most progressive
manner, leading up to the formal structure of the
JDCs, the numerous Committees, and a deliberate
policy of co-operation rather than conflict with
the Unions.

In the model that I have developed on Power in Society,
I have identified the Trade Unions and organised
Industry as separate and often countervailing forces,
each jealously guarding the rights and freedom of
those who form part of them. The TISCO approach
seems to more closely approximate the West German
model where Industry and Trade Unions have separate
identities, they need not see each other as life-
long enemies and in fact have several areas where
they can co-operate to their mutual benefit.

In terms of power within the organisation, TISCO may be seen as a total system formed of various sub-groups which co-operate and conflict all the time towards mutually agreed upon goals - the important thing being that the conflict is a functional and not a dis-functional one and is managed competently.

As we have seen in Chapter III, in organisations the informal power hierarchy is often quite different from the formal power structure and employees get their cues from the actual use of power by individuals right across lines of formal authority. In TISCO, how powerful the Union is can be gauged from the fact that the President of the Tata Workers' Union has direct access to the top. He never hesitates to scold a senior executive if he thinks it is necessary and he is treated with great respect. Management rarely takes decisions without consulting the Union.

It is my view that Winter's (1967) (Chapter III) findings regarding leadership is true of TISCO. As
we have seen in the earlier chapter, Winter concluded from his experiment that followers are apparently strengthened and uplifted by a powerful leader; they felt more powerful rather than less powerful. Both the Managing Director and the Trade Union chief at TISCO are powerful men who seem to have enough confidence in themselves to share power with the employees, and this certainly has an excellent effect on the morale of TISCO workers and is to a great extent responsible for its record of industrial peace.

Conceptually, however, as seen in Chapter IV, it would be incorrect to say that TISCO’s experience is a totally participative one. It is true that equal representation is given to both the parties in the decision-making process, but the decisions of the JDCs are only in the nature of suggestions and Management is not bound by them. The resulting dissatisfaction among the Union representatives was clearly brought out in my study. While broad issues of finance and marketing are indeed brought up at the highest Joint Consultative forum, it was
my impression as an invitee to one of these meetings, that the Union representatives hardly had the necessary knowledge or background to be able to understand the issues being discussed. This duplicates the experience of the British Worker Directors which we reported in Chapter V.

However, while these limitations exist, the fact remains that TISCO's experience is far ahead of any other Company in this country. Most important is the basic assumptions that both Management and Union make about participation. Both believe that with proper education and training, employees have the potential to participate in more and more important decisions. More important, both see this experience not as a fixed point or a static state, but a continuing process towards full participation.

The most important lesson that TISCO has for the rest of Indian industry is undoubtedly in co-operative conflict resolution where power is shared equally. This means that as in West Germany, issues related
to collective bargaining are separated into a different channel from those issues related to grievances, productivity and so on. As we have seen, the JDCs are the channel for the latter. The result of this is that small issues never turn into large conflicts, as happens in Britain. Also, both parties are concerned to avoid open confrontation, are willing to seek compromise, do not exploit to the extreme the legal position and keep the well-being of the enterprise and its work force ahead of any sectional interest.
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CHAPTER VII

THE TRUSTEESHIP APPROACH:
EXCEL INDUSTRIES CASE STUDY

I thought that my thesis would be incomplete if I did not present a contrasting approach both to power and participation as propounded by Gandhiji and which Excel Industries attempts to practice. In the succeeding paragraphs I will first discuss Gandhiji's approach, then the Scott-Bader experience in England, and finally the Excel experience.

"Earn your crores by all means", said Gandhiji to the capitalists, "but understand that your wealth is not yours, it belongs to the people. Take what you require for your legitimate needs and use the remainder for society". Gandhiji's doctrine on Trusteeship has been built on simple statements such as these. His ideas, once espoused as representing the true spirit of Indian culture, seem now somewhat vague—meaning many things to many people.

Of all of Gandhiji's ideas and concepts, however,
Trusteeship was the most original, as it was also the most tentative, since he did not have time to experiment with it on a scale that would match the grandeur of the concept. "He did not have time enough even to define it precisely, not to speak of spelling out its full implications in concrete terms", says a Note on Trusteeship submitted to the Ministry of Labour (1978). "Gandhiji was apparently attempting to evolve something very big, namely a comprehensive system which eliminates both capitalism and bureaucratic statism". Both Marxists and capitalists considered it as a camouflage in favour of the latter without their realising Gandhiji had aimed at quite the opposite. But the Mahatma was firm: "My theory of Trusteeship is no makeshift, certainly no camouflage. I am confident it will survive all other theories".

"What do you mean by power?" Gandhiji was asked, and he replied; "By power I mean voting power for the people, so broad-based that the will of the majority
Gandhiji conceded that the masses cannot come into power by parliamentary activity alone. He said ultimately they would have to depend "on the power of non-violent non-cooperation". At another time he said, "Non-violence does not seize power; it does not even seek power. Power accrues to it".

Gandhiji believed that the most effective exercise of power is that which irks least. Power rightly exercised, he felt, must sit light as a flower. No one should feel the weight of it. Explaining the concept, Gandhiji gave the example of the acceptance by the people of his being vested with the "absolute power of dictatorship", but he said everybody knew "that my power rested on their willing acceptance. They could set me aside at any time".

Gandhiji also presented to the working class his belief that "True capital is not silver or gold but the labour of their hands and feet and their intelligence". Once labour develops that awareness, he felt, it would not need his presence to enable it
to make use of the power that will be released. "If only one can make people conscious of their power - power of non-violence, non-cooperation - the realisation of the ideal of Trusteeship would follow as surely as morning follows night".

Even in organisations, Gandhiji was trying to introduce through his principle of Trusteeship the two basic concepts of "Swaraj" which means self-rule or self-discipline, and "Ahimsa" which means non-exploitation, equality and freedom.

As far as employees were concerned, Gandhiji expected that the workers be paid a fair wage and have a right to collective bargaining, and that the company should "encourage and facilitate the increased association of employees with decisions affecting their working lives" (Sethi - 1968). Finally, the aim of Trusteeship has been stated as removing the conventional class distinction, alienation and other tensions by introducing the idea of common ownership of all partners in an industrial undertaking. This
means that the existing structure of ownership, production and decision-making needs to be changed.

Gandhiji also expressed his views on Industrial Relations. Writing in the Harijan of September 7, 1947, he said "What I have been saying for years is that labour is far superior to capital. Without labour, gold, silver and copper are a useless burden... Labour is priceless, not gold. I want marriage between capital and labour. They can work wonders in co-operation. That can happen only when labour is intelligent enough to co-operate with itself and then offer co-operation with capital on terms of honourable equality".

Another proponent on Trusteeship was Jayaprakash Narayan and it is interesting to note his views not only on Trusteeship, but also on motivation and power. A crucial question, he says, (Sethi - 1967) is bound to be asked at this point: wherefrom will come the motivation to work for a Trusteeship economy and how can that motivation become a social force (such as socialism-communism) so as to be able to transform society?
The class and power motivations behind socialism and communism have been clear enough. But the role of the 'outsider' - the idealist non-proletarian and non-power-seeking participant, nay, leader - has been most decisive in these movements, in that it was a pioneering and path-finding role... The outsider (Marx, Engels, Lenin and others) was not driven into it by any class or economic or power motivation, but by emotional identification and intellectual conviction. Likewise, J.P. thought, "the drive towards trusteeship economy.... should come from idealist outsiders..." (Sethi - 1968).

It is necessary to mention that Gandhiji's ideas have been tried out in some form in the West and have been reported in some detail (Fred Blum - 1968). The earliest, perhaps, are the efforts of Carl Zeiss Stiftune and the Scott Bader Commonwealth. We shall discuss the Scott Bader Commonwealth here because Excel compares itself to it.

In the Scott Bader Commonwealth, 90% of the shares are held corporately by the members of the Commonwealth.
No individual member owns a share, and no individual can personally benefit from a sale of shares. They are truly communal shares and if ever the company should be sold, the receipts must go for some charitable purpose. Though the Founder members cherished the ideals of peace and principles of social justice, there is no obligation whatever on the employees to endorse these specific ideas. Another feature of the Commonwealth includes an informal understanding that members are not to be dismissed except for a cause.

The Board of Directors of the Company recommends the actual distribution of the surplus, to the membership of the Commonwealth assembled in the general meeting. The members approve, modify or reject the suggestions of the Board of Directors. Of the surplus made by the Company annually, 60% is used for 'consolidation, taxation and reserves', a maximum of 20% for staff bonus, including production bonus, and 20% for gross dividends, i.e. dividends to the Commonwealth as a charitable organisation holding 90% of the shares.
The Commonwealth also has a Community Council and a General Council - two new organisations through which the people working at Scott Bader could participate in the work and its organisation. They are considered "additions" to the traditional pyramidal structure of management. The first attempt made to allow more participation in management was through the formation of departmental committees. The members of these committees consist of all the persons employed in each department of the Company. This committee also elects and advises representatives of the department on the General Council. The General Council has given equal rights to management and staff. On the Board of Directors, however, the founder members have the highest power. To make participation a reality, and to assure the best management and democratic leadership is a problem which remains still to be worked out. Because, as Blum (1968) admits, it required not only the implementation but the further development of a new power structure. Power and values, he says, cannot be separated and a new structure of values was as imperative as a new structure of power.
The justice of the distribution of the annual earnings also poses far-reaching problems. Three principles determine the distribution of current earnings:

1. Basic rates must preserve the competitive position of the firm;

2. The maximum ratio between the lowest and the highest earnings should be no more than 1 : 6;

3. Acceptance of the principle of sharing losses, as well as profits with the understanding that should a need for economy arise, everyone will agree to a proportional reduction in their pay whereby those in higher positions would accept a larger percentage cut and the lowest paid will be least affected.

The new organisation of work was transitional because it combined two ultimately irreconcilable forms of power. On the one hand, the hierarchical power symbolised by a pyramid with its narrow top and broad base and on the other hand power symbolised
by interrelated circles where each person acting
from his own centre, stands in a mutuality of
relationship to other people.

While there was indeed the traditional hierarchical
structure, at each stage of the hierarchy opportunities
for democratic participation were established. As one
worker of Scott Bader put it: "I can't say 'the boss',
because there is no boss". There were instances where
workers, instead of being dismissed, were downgraded
with a reduction in pay, not as a punishment but
"because it was felt that they worked only about as
well as a lower graded man" (Trusteeship Foundation -
1978).

The opportunity for participation which existed during
the first decade of the Commonwealth were as follows:

1. Participation in discussions, putting
   forward of motions and voting in General
   Meetings;

2. Becoming a candidate for election to various
   committees, mainly the Community Council
   and the General Council.
3. Becoming a candidate for election to the Board of Directors as a Commonwealth Director and

4. Participation in departmental meetings.

More recently, an attempt has been made to apply the principle of balance of power to the election or appointment of the Board of Trustees. At any one moment of time the power is balanced between the different organs: the legislative, judicial, executive and trustee bodies. The power to legislate is in the hands of the General Assembly, and executive power in the Board of Directors and the Committee structure surrounding it and secondarily in the Community Council. The Trustees, who have little power in the ordinary course of events, play a major role because they must approve the five directors nominated by the Chairman of the Board.

The new Constitution of Scott Bader creates a new power structure with the following characteristics:
a. Ultimate power rests with the members of the Commonwealth - because the members have the power to constitute or to sanction the main organs of the Commonwealth. The members have equal rights which they are encouraged to exercise through participation in accordance with their abilities, their knowledge and their experience.

b. The actual exercise of power is through organs which assure a variety of checks and balances.

c. Instead of a small group on the top directing those below them, there are a number of co-ordinated centres for decision-making, operating within a delicately balanced distribution of power and responsibilities. Mutuality of relationship, says Blum (1968), is a key to the understanding of the new structure of power and values at Scott Bader.
Against this background of Gandhiji's views on power and participation and Scot Bader's attempt at implementing them, we must examine the experience of Excel Industries. We will also try to gauge the efficacy both of Gandhiji's tenets as well as Excel's efforts.

Excel is proud of its simple beginnings. The Company began as a kitchen laboratory in 1931, making pain balm and face cream, and refining silver. It then went on within a decade to producing zinc chloride and reclaiming zinc from waste. The new enterprise operated from a buffalo stable in Jogeshwari. Today, as the Company slogan has it, it has moved "from kitchen stove to giant furnace". It employs about 2500 people, has a sales turnover of ₹10 crores and factories in Bombay, Bhavnagar and Roha which produce an impressive array of industrial and agricultural chemicals.

Excel is proud of the fact that its technology, processes and raw materials are all indigenous. Their basic approach has been to take up new products with available raw materials and human skills. It claims a great
deal of ingenuity and team effort and most exacting standards for its products. It emphasises import substitution as an objective.

The management of Excel believes that people are its greatest strength and they have indeed looked beyond the conventional barriers of academics and professional experience to select their people. It is a Company policy to pick a man for his basic qualities as an individual and then to provide the opportunities to him to learn the job and to experiment.

One is indeed impressed by the kind of people who have made good at Excel: You meet an adivasi who has risen to become a senior scientific officer. Some of the manual workers who helped in the construction of the factories are today helping to run them. The management team at Bhavnagar has an average age of 30. The culture of the Company discourages the use of the word "worker" or "employee". Everyone is a "Colleague". You are introduced to the two young people who run the carpentry shop. Later you learn that they are reformed criminals. Such examples abound.
Almost Gandhian is Excel's description of its R & D efforts: "We started operations in a small kitchen of a two-room house in Bombay. There is one common feature between a kitchen and a chemistry laboratory - its glassware, though different in size and shape. The attitude that research and experiments can be conducted in a kitchen has remained with us throughout our history of research". Research at Excel, the key to its success, is carried out everywhere by many people, not only by highly qualified scientists. It is an interesting attitude that one sees in the Company. Indeed, Excel have been innovators of several chemical processes and have made them available to others.

A great deal of this is due to the founder's vision. John Hewitt, Director of Fisons says this of Excel's founder C.C. Shroff: "He was an idealist and a visionary but always practical with both feet firmly on the ground, which, together with his extraordinary flair for harnessing to the full the latent talent around him, were the secrets of his success..."
From the very inception, C.C. Shroff chose for his company the trusteeship principle. He talked of equality with workers and his belief in democracy at the work place. All his decisions, it is said, were jointly taken; jointly not only with his brothers, but also with a number of his colleagues. On the technical and production side, he would share the decision-making with people on the shop floor, whether scientists or workers. Many of the older employees say that in the earlier days Excel was an open house. Almost everyone knew everything that was happening. However, as it grows larger, information does not flow as easily.

It is interesting that most of the older employees addressed Mr. Shroff as "Papa". Mr. C.C. Shroff died in January 1968 and his brothers G.C. Shroff and K.C. Shroff now run the industry and say that they are continuing the traditions begun by their brother. We believe, says G.C. Shroff, that "man is at the centre of all activities".

Both brothers claim that the Gandhian approach continues because it was ingrained in the family.
Says K.C. Shroff: "In our family, we grew up as 'us', not as 'I'. Most of the activities were done together - playing, working, learning - and so no work was drudgery, no work was difficult". Through this experience came the belief that the group is better, more effective than a single individual, but, says he, this togetherness is through the awareness of each other and not through docile obedience.

The management of Excel claims that this belief in group decision-making and team-work has permeated through the organisation. They believe there is a continuous dialogue amongst groups at work who review the project, the progress and the problems. More important from the Gandhian participative point of view is the claim that at Excel people have the capability to accept ideas from others, whether they are learned or unlettered, old and experienced or young and fresh. Hierarchical relations hardly exist.

Shri Vadilal Dagli, renowned Gandhian, says this of the present Excel Chairman: "I think the first step
towards realisation of the ideal of Trusteeship is to take such steps as would reduce the distance in the style of life of the Chairman and the Managing Director of business units both in private and public sectors, and their lowest-paid employees. Even such a small step in the direction of Trusteeship seems to be a distant dream. I feel heartened, therefore, when I see a few exceptions like Shri Govindjibhai and his colleagues..."

Mr. G.C. Shroff indeed lives simply and modestly. His entire family still stays in the old premises for which the rent paid is Rs.170/- per month. "Enlightened selfishness", said Mr. Shroff, "is the basic motive of Trusteeship". This makes a great deal of sense. He pointed out that, as in the case of Scott Bader, the maximum ratio between the lowest and the highest earnings at Excel Industries was 1:5, the lowest earning Rs.10,000/- a year and the highest Rs.50,000/- a year.

There are also other significant differences between Excel Industries and the usual run of business organisations. There is, for instance, no retirement policy at
Excel Industries and people literally retire only when they want to. A study conducted by the Company recently shows that it has the lowest turnover amongst similar companies. More important is the fact that Excel Industries has never had a strike despite the fact that they are physically in the centre of a violent and highly politicised labour environment.

My interview with the Trade Union leader, Mr. Suvarna and the Personnel Manager Mr. Mulay also confirmed that Excel Industries, like TISCO and the West German model, had a "co-operative conflict resolution" approach to solving all industrial disputes. No dispute was allowed to get out of hand despite the fact that the Union was a strong one.

However, the Union leader's attitude towards Mr. G.C. Shroff and the late founder was a personal one. For example, here is how a strike was averted. The Personnel Manager, Mr. Mulay, called the Union leader, and told him not to get upset because Mr. G.C. Shroff had scolded him. "He is like your father who has
looked after you. "We accept in the Hindu culture that a father has the right to slap you sometimes..."
While this attitude is not difficult to understand in the Indian context, it is difficult to envisage that it can continue for long.

Again, like TISCO and the West German model, there is a second formal channel for grievances and work-related problems at Excel Industries. The workers directly elect members on Works Committees. The Works Committees can discuss and make suggestions with regard to the canteen, holidays, transport and, most important of all, action to be taken in connection with indiscipline. Both sides gave me the impression that Management generally accepted these suggestions. However, the Works Committees have still to find their feet and to share any significant power in Management decision-making.

The third institution from which the Trade Union leadership draws a great deal of power, pride and self-fulfilment is the co-operative credit society which now has a
corpus of Rs. 9 crores. According to the Union leaders, while Management gave some assistance to the society in the beginning, it has really grown up and is functioning completely with the employees' own effort.

Not everyone at Excel understands the system. Some supervisors are perplexed by the apparent lack of discipline which exists in the Plant. The Site Managers, for instance, complained against the practice of Management of putting up a TV set at a public spot to relay the recent cricket test match. During exciting moments in the match, very few people were at their work place. No one, however, can disagree with the fact that the system at Excel works, that the people seem generally happy and that the profits are high and the pay and bonus good. As Mr. G.C. Shroff put it, "the pay and salary are beyond the expectations of the workers, so what can the Union do?"

But the system at Excel is quite different from that of TISCO. We said in the previous chapter that TISCO fell short of being a participatory organisation,
but TISCO has a highly organised, almost bureaucratic system full of rules, procedures and formal meetings which ensure that its model is not dependent on any single individual. More than that, both TISCO and Scott Bader review, experiment and modernise their system at regular intervals. In both cases, organised formal channels exist unlike Excel Industries where the formal arrangements are rather fragile.

More important, however, is the difficulty one has with the Trusteeship concept itself. It is so dependent on the goodness and generosity of the owner of the industry that it seems more in the nature of a fond hope or an idealistic mirage. The traditional view has been that an ideal is necessary so that men can strive towards something higher. However, the new psychologists, specially Eric Berne (1968) find that idealists set up goals which they cannot achieve and, having failed, collect the guilt associated with failure. It is a negative approach to life and to industry, as is Gandhi's concept of the "power of non-violent non-cooperation".
It may be a good technique to bring people who use coercive power to their knees through agitation or a mass movement. But it is certainly not applicable to industry which needs a positive approach and constructive ideas for problem solving. One cannot have anarchy in the work place.

As we have seen in Chapter I, power is simply the ability or capacity to exercise control or influence action. It is therefore difficult to accept Jayaprakash Narayan's view that the drive towards Trusteeship should come from idealistic outsiders who are not driven into it by power motivation. I think, as we understand power, both Gandhiji and JP have confused power with formal authority. The motive which drives the philosopher to influence social action and the politician or bureaucrat to implement it is the same; the motive is power and there is no reason therefore to consider the philosopher superior morally or otherwise to the man of action (Chapter III).

Secondly, the Trusteeship model depends on normative power, i.e. the inculcating of ethical imperative
ideas of what ought to be done (Chapter I). But surely, while one might accept this as an educational imperative, it is difficult to see how it has any practical significance in the industrial context.

Again, we have discussed in Chapter IV the defining dimensions of participation, and the Trusteeship concept does not seem to fit into any one of them, at least as practised by Excel Industries.

More disturbing is Gandhiji's dependence on State intervention to make Trusteeship succeed. As we have seen in Chapter II, there is already an imbalanced growth of bureaucratic power in India and it has become an impediment both to democracy and particularly to change, and to expect the State to change on its own is unrealistic without pressure from countervailing power groups. Gandhiji's assumption falls in the same category as Marx's view that the State would simply wither away. Far from it, the most powerful bureaucracies in the world today exist in communist countries.
It would be unfair, however, to say that the Trusteeship model is not worth anything at all. It needs to be looked at more closely. The Scott Bader experience seems positive. It has given Trusteeship a local habitation and a name through formal structures that Gandhi did not have time to conceive. Perhaps one needs to watch the Scott Bader model for some years before passing a final judgement. At this stage, one can only say that Trusteeship, as originally conceived, does not seem to be the most effective instrument for participation of employees in Management.

While the Excel Industries experience is fascinating, it is far from being participative or even associative in the TISCO sense. Both the Union as an institution and the workers as a body are too dependent on one or two people in Management for decision-making. One wonders what would happen if the Company ceased to make profits. Would the cordial relations then continue? Management talked a lot about money given away for charity or for rural development, but all
these decisions are taken without any involvement of the employees in the decision-making process. One is left with the conclusion that in order to succeed, participation needs formal channels and procedures that ensure that the employees are consulted in the decisions that affect their lives. Unlike TISCO, Excel has no full-time department that ensures the working of its "participatory" system. There is too much left to Management's initiative and will, and there is the rub.
References


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CHAPTER VIII

POWER IN ORGANISATIONS:

AN INTEGRATED APPROACH FOR INDIAN ORGANISATIONS

The idea that workers in India should be involved in some form through participation either in equity or decision-making is not new. But perhaps the most serious attempt was made with the Tripartite Labour Conference held in May 1977 which recommended that a Committee should be set up to look into how best a scheme could be evolved and implemented. Government then set up a Committee on Workers' Participation in Management and Equity, with the Union Labour Minister as Chairman. The Committee adopted its report on 25th November 1978. Government was expected to frame legislation in the light of the recommendations of this Committee, but with the fall of the Janata Government, the whole matter has been shelved.

Since several Trade Unions of different political hues were on the Committee, along with only one representative of Management, the recommendations were far from cohesive. Some useful suggestions, however, were made even though they were not unanimous:
1. That the representatives at the participative forums need not have an identity of interest with the collective bargaining agent and could be elected through secret ballot.

2. That there should be inter-linkages in the representation amongst the various forums.

3. That issues of common production facilities, storage, material, economy, safety, quality, etc. should be discussed by the others that are inter-related.

It is unfortunate that consensus was not reached on these three points because they are all exceedingly important ones and should form part of any participative model. The first one is important because it separates collective bargaining issues from other issues and we have seen how this is crucial to the success of any participative effort. The second point about inter-linkages in the representation ensures that there is a connection between the various forums and avoids overlapping of subjects.
The idea is based on Likert's 'linking-pin' concept which we have discussed and illustrated in Chapter V. The third point too is a practical one and will ensure that problems of interface between departments are sorted out.

The subjects chosen at different levels were reasonable for the particular level. The majority of the Committee was against the concept of equity participation in public sector undertakings because it would dilute the character of State ownership. Fortunately, the Committee's report has not come up for discussion in Parliament, or before the public, because it would surely confuse the issue. The members of the Committee differ widely on the basic concepts of participation, its objectives and outcomes. They are caught in the prisons of their own ideologies which makes it difficult for them to see the other point of view.

There have been other attempts to build models for participation in Indian organisations. One model
developed by Prof. K.C. Sethi (1978) has the following objectives:

1. Joint involvement of workers and managers in active decision-making at all levels of the decision-making process to improve the quality of the decisions and to bring out an acceptable solution, with a view to securing effective and smooth implementation.

2. Joint involvement of workers and managers in the organisational decision-making to foster a spirit of joint responsibility and co-operation for the optimum utilisation of productive resources.

3. Involvement of workers in substantive organisational activities to foster positive feelings of being integral members of the work organisation and to promote greater commitment and motivation towards the realisation of the organisational goals.

4. Involvement of workers along with the management in the organisational decision-making
process to provide them with an opportunity for self-expression and attainment of their legitimate aspirations for self-development and growth.

5. Joint involvement of workers and managers in managing the affairs of work organisation to promote democratisation of the managerial framework and to establish a new system of social relationship on the basis of equality within the work organisation.

In Sethi's approach, workers and managers will be actively involved in decision-making at different but distinct levels. Since decisions in an organisation are taken at different levels on different matters, distinct boundaries level-wise and subject matter-wise have to be identified.

**Joint Council:** Adjacent to the Board of Directors a Joint Council comprising of workers and managers on the basis of parity of membership will be established.

1. Workers' representatives to the Joint Council will be nominated by the recognised Union.
there is a dispute over the recognition of the Unions, a procedure was laid down to determine the representative character of Unions.

The Functions of the Joint Council in Sethi's model are two-fold. First, workers and managers will jointly determine the norms and standards in respect of all dimensions of the work of the organisation. In effect, all matters on which decision in the Board of Directors is required. Matters relating to wages, bonus, etc. which normally constitute the subject matter of collective bargaining may also be discussed in case the Union and Management agree to do so.

Secondly, workers in the Joint Council may ask for information relating to any aspects of the working of the organisation.

Sethi also envisaged the setting up of Works Councils in the enterprise comprising of workers' representatives and Management representatives on the basis of parity.
It would be a representative body of various divisions/departments/sections, directly elected by secret ballot from their respective constituencies. Within the policy framework agreed upon between workers and management and the specific decisions made in the Joint Councils, the Works Council will make decisions in terms of ways and means for implementation and execution.

Finally, there will be Unit Councils representing each unit such as division, department, section or shop, comprising of management and workers on the basis of parity. The functions of the Unit Councils will include:

(i) implementation of all decisions of the Works Council, and

(ii) organisation of work optimum utilisation of the available resources.

Another model for participation in India has been
presented by Prof. B.R. Virmani (1978). Virmani suggests that a Workers' Council be established in each plant. It should be made up exclusively of an elected body of workers without any external leadership. Depending on the size of the Company, he suggests a Workers' Committee consisting of four to ten members. The members of the Executive Committee will be elected by the Workers' Council and will manage day-to-day affairs of the Council and periodically report to the general body of the Workers' Councils. The functions of the Workers' Councils suggested by Virmani are the rights of co-decision and participation with the management on social, personnel and economic matters. Virmani's proposed model for India is illustrated on the following page:
BOARD OF DIRECTORS

| 2/3 Shareholders | 1/3 Employee/Union representatives |

WORKERS' COUNCIL
(Representing various levels of employees only)

Executive Committee of Workers' Council

Specialised Committee of Workers' Council **
  i.e. Personnel Committee
  Welfare Committee
  Economic Committee etc.

Shop Level Unit Councils

Employee

* Out of the employees' representatives wherever possible, one will be from blue collar workers, one from white collar employees and one from the executives, one trade union representative if 2/3 workers of the enterprise support a particular Trade Union.

** Members of the specialist Committees will be nominated by executive Committees of the Workers' Council and then approved by the General Body of Workers Council.
Virmani also suggested that the Board of Directors should comprise two-thirds of shareholders' representatives (or Government representatives in the case of nationalised sector) while the remaining one-third should be the employees. The employees' representatives may comprise at least one from the blue collar workers, one from white collar employees and one from executives. The workers' representatives will be proposed by the Workers' Council and elected by the total body of employees. There will be one additional Trade Union representative provided the Trade Union has two-thirds of the employees of the enterprise as its members. Such a Trade Union will nominate its representatives on the Board in consultation with the Workers' Council of the enterprise.

Both Sethi and Virmani are influenced, it would seem, by the participative models of the countries in which they have studied. This is not meant as a criticism but only as an indication of their frames of reference. Sethi completed his Ph.D. in
Yugoslavia on the subject of Participation. Virmani on the other hand, was a visiting Fellow at Friedrich Ebert Stiftung in West Germany. Thus, Sethi's model seems a little unrealistic for the India of today. He expects joint involvement of workers and managers at all levels of decision-making. He would also like what he calls "democratization of the managerial framework" and a "system of social relationship on the basis of equality", neither of which are likely to be achieved unless there is a fundamental change in Indian society - an occurrence that is not too likely in the immediate future.

In terms of structure too, Sethi's highest participative forum would be a Joint Council adjacent to Board of Directors, a parallel system that might cause endless problems. Virmani on the other hand, uses the West German approach and has suggested that the Board of Directors itself be made up of two-thirds shareholders' representatives and one-thirds employee/union representatives. His second level forum - the Workers' Council would consist only of
employee representatives. Interestingly, unlike the West German model,Virmani has more pragmatically suggested that the Workers’ Council should have the right to make proposals to the Board of Directors.

In Chapter IV we looked at the defining of dimensions of participation and we saw that different approaches to participation have different contextual boundaries. Sethi’s values, assumptions and goals relate to a Socialist theory and is therefore not relevant to India even though there is great merit in his direct approach and the kind of outcomes he expects. Virmani’s approach has the values and assumptions of the Democratic theory.

My own approach goes a step beyond Virmani’s because my own values, assumptions and goals are based on the Human Growth and Development theory. My focus is on the individual and his needs, and is based on the findings of applied behavioural science research - McGregor (1960), Argyris (1964), Likert (1967) - which has pointed to the debilitating effects of
traditionally designed organisations on their members. These have been discussed at length in Chapter III.

My approach also takes into account the need to change the power balance in society (I have presented the model in Chapter II). My plea is for less bureaucracy in society and within organisations because nothing stifles creativity and growth as much as bureaucratic power. Unfortunately, a major factor in discussions about the concentration of power, both economic and political, has been the rather negative connotation that power has in the common mind. I have therefore attempted in the earlier chapters to discuss broader and different aspects of power to dispel the notion that power is only a coercive form of control and is always associated with evil and diabolical designs. On the contrary, I have argued that power is what propels economic growth and is essential to achieving results, besides being a fundamental motive in individuals and organisations (Chapter I).

It is true that large organisations, even if privately
controlled, allow bureaucracy to enter their souls. This is part of the organisational dilemma. But the answer to the problem is not to further "bureaucratise", but to devise means of control that safeguard the interests of the stakeholders in the organisation: the shareholders, the employees (both managers and workers) and the consumers. For the meaning of industrial democracy is that decision-making in organisations should involve consultation with a majority of those who are its members. In other words, power must be distributed rather than concentrated. The right course of action therefore, would be to give large organisations beyond a specific size the status of a national asset owned by shareholders including employee shareholders, but accountable to the nation for its working and profitability. These organisations should form part of a national sector of the economy.

The national sector should comprise of large organisations who fulfill the following criteria:

1. The ownership is dispersed: There must be a
balanced distribution of shares among members of the public, the Company's own employees and the financial institutions.

2. Management is professional: The organisation has stated corporate objectives, which include high levels of productivity, optimisation of resources, planned management development.

3. Employee participation is made an integral part of the decision-making process: Both formal and informal systems exist for participation and consultation at appropriate levels. Communication is open. Information is freely available.

4. The organisation shows a high sense of social responsibility: It is actively involved in community affairs and is concerned with consumer needs and national objectives.

5. The organisation has an advisory board made up of scientists, social workers, artists, environmentalists and such others who will conduct a social audit of the company and report to the nation annually.
This concept of the national sector would have the virtue of dispersing power to where it ought to really belong in a democracy, of ensuring that society is the beneficiary of the productivity of large organisations and that there is social control over its resources.

The concept of a national sector which I have proposed would ensure real participation because it is a two-pronged approach. First, it distributes power through dispersion in the ownership of the organisation thus increasing the stake of employees through equity participation. Secondly, it formalises participation by making it part of the "legal system", thereby reducing dependence on individuals. I have also paid tribute as it were, to the Trusteeship concept by putting before the organisation the idea of social responsibility and suggesting an external check in the shape of an advisory board. But I am aware that like Trusteeship itself it is a faraway goal, difficult to reach.
I have used the phrase "employee participation" rather than worker participation because I see the organisation as a total system and believe like Sethi and Virmani, that managers need as much opportunity to participate as do other workers. It is the middle managers who keep the wheels of industry moving and act as a buffer between top management and the Union or workers. And yet it is they who feel most alienated because they feel they are mere pawns in top management's game. There is a real crisis in middle management that only their involvement in the decision-making process will solve as brought out clearly in my study of managerial motivation reported in Chapter III. I would therefore urge that in all the consultative bodies managers must be represented.

While by and large, my proposal for a formal participative system will be on the lines that TISCO already has, there will be a few differences. First, while it would not be possible to keep out
Union influence - and there is no reason why it should be - the elections to the highest body of joint-consultation will be by direct election without external leadership. This will ensure that non-Union employees or members of minority Unions are also represented. The Workers Council must be like a Parliament as far as representation and freedom of speech are concerned. Second, the managers on the Joint-Consultative bodies in TISCO represent management's viewpoint. I propose that the managers must only represent themselves. Third, there are still the remnants of a paternalistic attitude in TISCO that needs to be changed if it has to fit into my model of participation.

Apart from these, I do not think that the climate is right for introduction of workers on the Board. As we discussed in an earlier Chapter, even in the U.K. where the worker is better educated the experiment has not quite succeeded. I would also increase the number of informal channels for participation.
and ensure that there is very little information (new products and processes, for instance) which is not available to all who ask for it. Finally, I have referred often enough to the "co-operative conflict resolution" approach which is the key to ending all industrial disputes and the enormous wastage of scarce resources that are caused by them. This approach would be the foundation of my proposed participative system. Hence the attitude of both Management and Union leadership to the participative experiment is crucial. Fortunately as we have seen in Chapter III, there are now ways and means of changing attitudes through training and proper interventions in the organisational system.

I have kept the Union as an Institution out of the formal participative forums because I feel that the Union must be concerned mainly at the industrywise level on issues of collective bargaining. The Union must be a second and separate channel which represents workers' interests as against Joint Councils.
which represent the interests of all the employees, both managers and workers and where power is truly shared.

For this purpose, the passing of a new law on participation and industrial relations is necessary, but the law must be evolved through participation, by a consensus and through discussions among Government, Unions, management, academicians and the public. True, as we have mentioned earlier in this chapter, some attempt was made by the Union Labour Ministry last year, but few were involved and no consensus was reached on the proposal to separate the role of the Union from the role of the Works Councils. TISCO's experience has shown us that if a system is provided, if contacts between Management and employees are increased through formal channels, a 'participative culture' can emerge and power in organisations can be distributed fairly among all those who have a stake in it. While both the organisations in my case studies have fallen short
of being participative, they have several lessons for others and TISCO at least shows that participation is both possible and profitable. Other organisations need only to take the first step.

When we talk of the alienated employee we are talking of the person who cannot identify with his organisation, who feels its goals and leadership too remote, and who feels as a result, a nonentity. In other words he feels powerless. And it is this feeling of powerlessness which leads to conflict and violence. The new dictum adapted from Rollo May (1972) is that "powerlessness corrupts and absolute powerlessness corrupts absolutely". A great deal, if not all the conflict, in human lives is the conflict between power on the one hand and powerlessness on the other. The feeling may be unexpressed but it is universal. Rollo May feels that the chief reason people refuse to confront the whole issue of power is that if they did they would have to face their own powerlessness. Indeed, he says "no social emotion is more widespread today than the conviction of personal powerlessness".
Even majority rule for which men have struggled for centuries has produced the situation in which men are more impotent, more powerless to influence their government than 150 years ago. We can no longer choose the escape of blaming our rulers for our unhappy lives or for the state of things, for theoretically aren't we the rulers? Perhaps this is why we remain quiet spectators when most of the values that we are taught and that we cherish (such as freedom and democracy, equality and the dignity of the individual) are quite easily and consciously flouted in organisations.

This is also why a great deal of conflict in organisations can be understood as a reaction to powerlessness. Violence arises not out of increased power but out of a lack of it, for violence often finds its breeding ground in impotence and apathy. Violence, as Annrendt (1969) has so well said, is an expression of impotency.
It seems logical therefore, that a large part of the answer to violence and strife in industrial organisations would lie in a just and fair but functional distribution of power.

I have attempted in this thesis to present both the concepts and the methodology by which the distribution of power can be made possible through a participative system of management in organisations. But violence is not the only issue. There are the questions of making work worthwhile, of human growth and development, of freedom and the dignity of the individual. Since we have failed to make democracy work by imposing it from the top, it is now time to work it from below, through participation in organisations. For only when the basic units of society - organisations - are democratic, can there be democracy in society as a whole. This is the message of participation and participative management.
References


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