CHAPTER - 1

INTRODUCTION
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Globalisation means free flow of goods and factors of production across the globe. In this context stiff competition is emerging among the enterprises, both in terms of input use and selling of the final products. Thus, in a situation of dynamic change of economic policies across the globe for a free market economy, the orthodox Management policies and practices of yester-years is losing its relevance.

Labour and capital are the two important factors of production, so their interdependence is the key to the growth and the success of any business organization. In the present competitive world, nurturing the human capital, identification of talented workers and developing them is one of the prerequisites of management policy and programme.

What is required to be evolved is, therefore, a new pattern in style of functioning on the part of both management and workers who can play a constructive and developmental role in the functioning of not only public sector undertaking but also in private sector.

In the present Industrial Relations in the world, nobody appreciates the striking of work in protest against management decisions and for getting these revoked. This, in fact, has been an age old practice and in essence, a negative way of workers' involvement in management. It is therefore, apparent that there is enough compulsion for management taking the initiative and involving employees in managing the enterprises where they are employed. Many nations in the world both developed as well as developing have either set up or are in the process of setting up systems of involving industrial workers in the decision making process relating to their respective industries. During the last few decades, social transformation in
many developing societies have been marked by gradual spread of ideas, demands and institutions of workers self management and participation.

WORKER PARTICIPATION IN MANAGEMENT AND ITS DIFFERENT DIMENSIONS

The idea of Workers Participation in Management (WPM) constitutes an essential element as an approach to industrial democracy. It means democratization of administration of the industry. It also means exercising a certain degree of social control over the management. In a way it implies the sharing of decision-making power by the ranks of industrialization at all level of management in the entire range of managerial action.¹ As distinct from the traditional collective bargaining process, it is a style and system within an organization which enables an exchange of opinions and views between management and employees.

Participation can be regarded as a continuum of management relationship.² In this continuum on one extreme; we have information sharing and on the other we have self management.³ Between the two extremes there are different degrees of participation represented by a consultation, joint decision making and co-partnership as indicated below.

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Participation Continuum


Information sharing is the lowest form of participation. The process of interaction between workers and management at different hierarchical level is commonly termed as consultations. Joint decision making usually occurs through the process of consultation. In co-partnership, workers share ownership interests with employer by participation in equity and perhaps in management control, if equity participation is on significant level. Under self management the means of participation are owned collectively by the workers, management control is vested in them and decision-making on profit distribution is also made by them.4

IMPORTANCE OF WORKERS PARTICIPATION IN MANAGEMENT (WPM)

The human urge to control one’s own course of life has fascinated behavioural scientists. Participation at various level of decisions making particularly in the industrial setting, has received considerable attention. Even since the days of the Hawthorne experiment, employees’ need for better control and participation in organization decision making has remained a major theme of research with the behavioural scientists. But till date most of the studies by the researchers have treated participation as an independent variable. They have assumed that employees have a need to participate in managerial decisions making and by satisfying that desire, different organizational objectives can be achieved. Only a few social scientists have paused to question the legitimacy of this critical assumption; and still fewer have cared to examine it systematically. Workers interest in participation has either been taken for granted or ignored completely by researchers in the field.

The important reasons for Workers Participation in Management (WPM) are following:

i. To maintain peace and harmony between workers and management in an organisation.

ii. Workers get to see how their actions would contribute to the overall growth of the company.

iii. Participation makes them more responsible

iv. Unique motivational power and great psychological values.

v. The workers tend to view the decisions as their own and more enthusiastic in their implementation.

vi. Workers become more willing to take initiative and come out with cost-saving suggestions and growth oriented ideas.

RATIONALE FOR PARTICIPATION

The logic behind Workers Participation in Management (WPM) is to create an atmosphere where workers and management feel closer to each other and work in a united system. The feeling that the factory system led to subordination and regimentation and rendered workers as a mere commodity for sale, necessitated “the exercise of self-government by those who are entangled in its coil”\(^5\) This clearly underlines the need for workers participation and control in management.

DEFINITION AND ORIGIN

Involvement of employees in the decision-making process has been termed variously as industrial democracy, employee participation, participative management and workers participation in management.

\(^5\) Robertson and Dennison: Workers Participation In Management (WPM), 1961, p.121.
Whatever term is used, the objective is to involve subordinates in the decisions-making at various levels.

The original concept of Workers Participation in Management (WPM) can be traced to the thinking of early socialists in Europe like Saint Simon (1760-1825), Charles Fourier (1772-1837) and Robert Owen (1771-1859). These thinkers maintained that the control of organizational affairs should lie with the producers, which involved not only workers but also the employers and suggested indirectly the doctrine of co-management. As against this approach, the revolutionary school of thinkers led by Karl Marx advocated annihilation of the bourgeoisie, destruction of the state which supported class structure of society and total ownership of workers over the production.

In view of the foregoing arguments, it is inferred that it was workers control and not workers’ participation which was the need of the time. So it would be a misnomer to state that workers should be allowed to participate and not control the functioning of the industry, at the decision-making level. It would only be appropriate to talk in terms of Participative Management or Workers’ control instead of workers’ participation in management. These thinkers demanded the public ownership of industry and complete delegation of all kinds of organizational power to the workers. The movement, however, comes to an end with the beginning of the First World War.

Later on, the Guild Socialists, who came on the scene recommended ultimate control of industry by workers. They were however,

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moderate in their approach. They pleaded for the protection of interests of consumers and suggested a gradual change over from capitalist structure to workers' guild. However, with the establishment of many welfare states during the Second World War period in Europe, and emergence of political democracies, 'workers' interest was believed to be safeguarded by people's chosen representatives without formation of workers' guilds. After this thinking the Guild Socialists gave up their demand for complete workers control and adopted a more practical view for joint control participation. However, after the war, most socialist countries have evolved their own forms of worker's participation in management which are best suited to the prevalent political, social and economic conditions. After the initial hesitancy, Workers Participation in Management (WPM) has now been accepted as a reality world over.

**OBJECTIVES OF PARTICIPATION**

i. An instrument for increasing efficiency of enterprises and establishing harmonious relations.

ii. A device for developing social education for promoting solidarity among workers and tapping human talent.

iii. A means for achieving industrial peace and harmony which leads to higher productivity and increased production.

iv. An ideological way of developing self-management and promoting industrial democracy.

v. A humanitarian act, elevating the status of a worker in the society.
OTHER OBJECTIVES OF WORKERS PARTICIPATION IN MANAGEMENT (WPM) ARE

i. To improve the quality of working life by allowing the workers greater influence and involvement in work and satisfaction obtained from work.

ii. To secure mutual cooperation of employees and employers in achieving industrial peace, greatest efficiency and productivity in the interest of the enterprise, workers, the consumers and the nation.

The main implications of Workers Participation in Management (WPM) as summarized by the ILO as

i. The workers have ideas which can be useful.

ii. Workers may work more intelligently if they are informed about the reasons for and the intention of decisions that are taken in a participative atmosphere.

INTERNATIONAL PERSPECTIVE (Relevance in the Indian Context)

SITUATION OF PUBLIC ENTERPRISES IN EUROPE AND OTHER COUNTRIES

State owned corporations in Europe are currently in a state of turmoil. In the United Kingdom, widespread privatization is taking place and many other countries where public ownership continues the status-quo is likely to change as new relationship between governments and corporations are worked out.8

The popularity rating of public enterprises in most European countries has declined due to privatization, denationalization and

deregulation. This attitude may represent a temporary phase. The opinion so freely expressed are often unsupported by facts In other words, the changes are not clear\(^9\). Different countries have experimented with different forms of participation and with varying results, which are discussed below.

UNITED KINGDOM

The idea of Worker’s participation in the United Kingdom began and grew with industrialization itself and was the result partly of the compulsion during the 18\(^{th}\) century and socialistic thought and partly due to humanitarian attitude of some of the employers who realized difficulties of the workers and tried to help them by holding informal discussion with their representatives. A formal forum for bringing the employers and employees together for purpose of consultation was first envisaged by the Whitely Committee. The committee in its report submitted in 1917 recommended a three-tier system of consultancy in every industry- the National Joint Council, Direct Councils and Joint Works Committee. Following the Whitely Report, joint councils and committees were set up in many industries to allow employees a greater power and responsibilities for regulating their work conditions. But these committees proved to be a failure which can be attributed to a lack of interest on the part of both employers and employees. The employers perceived in these committees a threat to their marginal prerogative and trade union leaders felt the committees would disturb their functions and weaken the labour movement.

However, the concept of joint consultation underwent radical change with the outbreak of Second World War. The workers of all industries were pressurized to produce more and production committees were set up for suggesting methods of increased production through joint consultation. Once

\(^9\) Ibid, p.3.
their usefulness was proved through war time experiences, an attempt was made to reinforce these committees at least in some industries during the post-war period.

Today also, these joint committees are a major forum for regulating employer-employee relationship. However, the mistrust of employers and apprehensions of trade union leaders continues to weaken these bodies so that joint consultation is still treated as an extension of collective bargaining by trade unions.

The Employment Act 1982 makes employers of 250 workers or more responsible for informing their employees each year what measures have been taken by the firm to introduce, maintain or develop arrangements to further employees’ participation.\(^\text{10}\)

UNITED STATES OF AMERICA

The American system of industrial relations shares with its European counterparts such characteristics as the right of employees to form trade unions, to bargain collectively with employers and to strike the agreement to sign a new collective contract. In many other respects, however, there are significant differences.

Firstly, unions have no permanent attachment to a political party. Secondly, by comparison with Europe, the American system of Industrial Relations is highly decentralized. The Central Federation of American Unions, the AFL-CIO, has little formal power and a number of American Unions are not affiliated to it. Collective bargaining most

\(^{10}\) Source: United Kingdom: Employment Act 1982, 28th October 1982, P.44 ICTU: Free Labour World (Brussels), No.6
characteristically takes place at the plant or enterprise level. These are some multi employers bargaining units, which covers the entire industry. Thirdly, although American Unions recognise that the extraction of political pressures is an essential feature of trade union activity, but they rely more on collective bargaining as the principal means of advancing the interest of their members.

Workers participation in the U.S.A. is not very old one because unlike in the U.K., France and Germany participation gained ground in the U.S.A after the introduction of mass production system. It was only after the First World War that Joint Committees were set up to increase production.

Van D. Kennedy attributes lack of workers participation in the U.S.A. to certain specific reasons, namely (i) Management’s jealous insistence on its managerial prerogatives, (ii) Unions’ acceptance of these prerogatives as long as the issues can be tackled through collective bargaining, (iii) anti-socialistic ideologies of both managers and workers and (iv) deep faith in collective bargaining as an extremely versatile and adaptable instrument of joint action between unions and management.\textsuperscript{11}

Since 1970, the federal government has encouraged joint union-management committees and autonomous work group experiments to improve productivity and quality of working life.\textsuperscript{12} American Government has also started pushing labour-management cooperation. In response to the search for more cooperative labour relations, the Department of Labour in U.S.A launched an active programme in 1982 to assist labor and management


to undertake joint working life. Central to the programme is the conviction that cooperative relation between both sides of the industry can contribute to furthering the mutual interests of both sides\textsuperscript{13}.

**GERMANY**

The system of Workers Participation in Germany has been conditioned by the history of that country. The institutions of participation over there, has been regulated by two basic legislations namely, the Works Constitution Act and Codetermination Act\textsuperscript{14}.

The idea of institutionalizing Workers Participation in Management (WPM) in German enterprises is more than 80 years old. Works Council and Workers' representation on supervisory boards were introduced after the First World War under the New Weimar Republic. The Weimar Constitution provided that workers and salaried employees might be invited to cooperate with owners with whom they equally share the right to control the entire development of forces of production. The setting up of Works Committees was made compulsory in Prussia in all undertakings employing 100 or more workers. After the First World War, the unions by a declaration on August 2, 1914 cooperated fully with the Government in promoting production and agreed to abstain from strike during that period. Employers and Workers in several industries took measures to set up board spread to many industries, which previously encouraged workers participation in decision-makings.

\textsuperscript{13} Source: United States, Department of Labour, Report on the Secretary of Labour's Symposium, on Cooperative Labour-Management Programme (Washington DC), Sept., 1982, p.51.
The Co-determination Act enacted in 1965 was applicable only to iron and steel and mining industries and provided for equal number of representatives of shareholders and employees on the supervisory Board. It also provided for the appointment of a Labour Director, usually nominated by trade unions as a member of the Management Board. In spite of this legal framework, German workers did not have much say in managerial decisions. Another Act namely the Betriebsvertragsvertragsgesetz 1952 (The Labour Management Relations Act 1952) introduced one-third representation on supervisory boards extending to all public and limited liability companies with more than 500 employees. Still another Act, Montan Mitbestimmungsservanzungsgesetz 1956 introduced codetermination and equal representation of shareholders and workers in the holding companies in the mining, iron and steel industries. The new Co-determination Act 1976, introduced equal representation in almost all companies with more than 2000 workers. With respect to entire system of ‘Co-determination’, Hartman found a positive attitude among workers. Recently, new technologies in the field of participation are being adopted in Germany. Several experiments were carried in big enterprises which had a strong impact on public opinion. Further, the Federal Government financed a large scale programme of research on the issue of new technology introduced in the field of participation.

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YUGOSLAVIA

The then Yugoslavia was known popularly in the world as the country of worker's self-government in economy. Despite the relatively short time that has elapsed since its inception in 1950, workers management in Yugoslavia can no longer be regarded merely as an "experiment" with new forms of production relations\(^\text{18}\). The essence of the idea of workers participation is creation of a system relation in which each worker, in association with his fellows, directly manages the means, conditions and results of his labour and thus achieves control over the totality of social relations in the community.

The system of self-management was introduced in Yugoslavia as an alternative to a state bureaucratic system typical of East European countries\(^\text{19}\). The Yugoslavia experience not only show the degree to but also the roads by which self management has been achieved, it also shows that resistance is offered even when political forces that is in power has the building of a society of self-management as part of its programme\(^\text{20}\).

The first law governing the management of industrial undertaking was enacted in July 1950, which recognized the principles of workers' management. In 1965, the new constitution established almost complete autonomy for work organization. All work organizations had a right to decide on profit, allocation, internal organizational structure and


\(^{19}\) Frank, A.Heller, J.D. Pitte, Dreath, Pieter, Koopman and Rus etc.: A Longitudinal Study in Participative Decision Making (Human Relations No.30., 1977) pp.567-569.

personnel policy. Workers Council was the highest authority at the enterprise level. The number of members of the council varied from 15 to 120 depending upon the size of the enterprise. The basic objective of the works council which was elected for a term of three years was to frame the general policy for the involvement of the workers with the organization. It was coordinated through the management board which served as the executive organ of the council. The Director of Board being the chief executive was responsible for implementing the decisions of worker's council and management board and for organizing day to day activities of the enterprise.  

Among the responsibilities of the Worker's Council are the examination and approval of periodic enterprise 'programmes' which include production plans, finance and investment, wages and prices. The constitutional amendment of 1971 further strengthened the process of self-management. Prior to 1971, the Workers Council operated mainly at the enterprise level but the 1971 amendment established the decisions-making rights of each unit. Many observers of the Yugoslav system are convinced that workers' management has played an important role in Yugoslavia's economic development through the participation of working people in management decision making and in entire socio-political process. It is this mobilization of creative initiative on a broad domestic basis that has enabled the country to pursue its development without affecting its social stability even with difficulties and problems that have arisen.

21 Sahu Bhabatosh: Dynamics of Participative Management: Indian Experiences, (New Delhi, Himalaya Publishing House, 1985), p. 34.
22 Tabb & Gold: "Workers Participation in Management": Expectation and Experience: op.cit., p.16.
23 Workers Participation in Yugoslavia, Recent Development and Trends, op.cit., pp.187,188.
The Third Congress of Self Managers of Yugoslavia (Workers' delegates and representatives of various sectors of Yugoslav self-management system) was held in Belgrade from 16th to 18th June, 1981 and attended by nearly 1,700 delegates. The proposal for holding this Congress was made by President Tito a few months before his death and many resolutions were adopted in this Congress. In view of the trade union responsibility for implementing the Resolution adopted by the Congress, the Council of Confederation of Trade Unions of Yugoslavia (CTUY) adopted on 3rd July 1981, a programme of action aimed at strengthening the participation of workers and trade unions in the system of self-management. This clearly shows the faith and concern which the highest authorities of Yugoslavia have in self-management.

In spite of the achievement made in the working of self-management, contemporary Yugoslavia was certainly not free from disputes and conflicts of interests whether in its basic organizations or at the level of society as a whole.

SWEDEN

In Sweden, it was only in 1980, that Syndicalists made the first attempt for scheme of workers for participation in management but due to absence of support from workers the participative movement disappeared. From 1900 to 1929 many associations were formed which induced a feeling of cooperation between employers, employees and consumers. The struggle to obtain some share in the technical and economic management of undertakings was voiced in every plain language at the Congress of Socialist Democratic Party in 1920. This Congress adopted a resolution inviting the

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24 Yugoslavia Survey (Belgrade), No.3, August 1981, pp. 3-11
Federation of Trade Unions to join in appointing a Labour Committee to investigate the question of industrial democracy\textsuperscript{25}.

The Committee submitted its report in 1923 and a draft Bill on works councils in industry and handicrafts was also published, almost simultaneously. This leads to introduction of a bill on Workers Council\textsuperscript{26}. Then, in 1930 the Confederation of Swedish Labour Union (S.L.O.) and the Employers Federation (SEF) established Joint Committees called Labour Market Committee having seven representatives from workers and seven from management to device a process of joint actions in several important fields of labour market relations. The Committee incorporated in the Basic Agreement signed by both the parties in December 20, 1938\textsuperscript{27}. When the Second World War broke out in 1939, the hostilities affected the workers in Sweden.

During the Second World War, the war time co-operation between market and the managements gained some importance. In 1946, the Workers Participation in Management (WPM) in the name of Industrial democracy was enforced. This provided for voluntary setting up of proper works councils. This arrangement extended to all public and private sector undertakings.

According to the terms of agreement, the Works Councils were to act as informative and consultative organs. The aim was to maintain continuous collaboration between the employer and employee to:

\textsuperscript{26} Ibid.
\textsuperscript{27} Ibid.
a) achieve highest possible production,
b) ensure that important financial and technical information relating to an undertaking was made available to the workers,
c) maintain security of employment and safe, healthy and agreeable working conditions.
d) encourage technical training with the firm.
e) encourage productivity
f) maintain order and discipline, and good relations between management and the employers.

In order to make the maximum use of these councils elaborate arrangements have been made for training the delegates in the functioning of the councils. It has been observed that these councils have been more successful in promoting the habit of joint consultation in establishing good industrial relations in Sweden in comparison to any other country in the world.

In spite of strong encouragement in Sweden for the development of employee participation in the enterprise through work councils and through the appointment of two representatives on the board of directors of the companies as per law enacted in 1975, the unions chose not to further down this road of codetermination on the German Model. Instead they pressed the government to introduce a new law that would give the

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trade unions a legal right to bargain, if they so desisted, on almost any decision that might be taken by management. In 1977, the new law on "Codetermination at work came into force, superseding earlier laws establishing bargaining rights and resulting in the joint agreements made by the largest trade union federation and the Swedish Employee Federation (SAF). The new law gave the trade unions at the local level extended rights to negotiate with enterprise management on virtually any matter they believed important. The Swedish system of Industrial relations relied upon the effective authority of the excessive organizations of the central workers union and employers federations. Any weakening of authority of Central union federations to command the respect of unions in enterprise could lead to conflict and confusion and there upon it was in the employer interest to ensure that decisions taken at the centre are enforced at the enterprise level. This, in fact, has been a major objective of the Swedish Employers Federation in response to the new act.

A recent study by the Swedish Centre for Research on working life indicates that economic recession has put the unions on the defensive. Rather than fighting for more workers' participation, job satisfaction and a safe working environment the unions have been concerned with safeguarding jobs.

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30 Roberts, Okamoto & Lodge: op.cit., p.32.
THE GLOBAL TREND WITH REGARD TO WORKERS PARTICIPATION IN MANAGEMENT (WPM) AND ITS IMPACT ON INDIA

The adoption of the scheme of Workers Participation in Management (WPM) by the important industrial relations of the world suggests that its introduction by the remaining industrial relations is no longer a question of choice, but a compulsion. Even the hard core capitalistic country like USA has had to concede participation to workers however meager the measure it be. It is apparent that India can not afford to resist it for long. It is unfortunate that the private sector in India has, so far, by and large resisted the scheme, but the picture is not so bleak when we consider that the public sector has welcomed it and has accepted it for more than three decades. How deep impact it will have on the industry as a whole will be known if we see the relative position of the public sector in the Indian industry as a whole.

SCHEME OF PARTICIPATORY MANAGEMENT IN INDIA

Like many other experiments in the field of industrial relations in India, the workers participation here has also some ethical overtones\(^\text{31}\). But as we know, the most difficult aspect of introducing any new participative mechanism is to chalk out where to start from and the procedure to follow. In this context, the case studies of successful experiments can be most useful in providing valuable insights. The journey of joint consultation began with the emergence of trade unionism in 1910 in the cotton textile industry, through recorded instances of consultation which occurred in 1919 when the Tata Iron and Steel Company set up a Works Committee comprising representatives of the union and the management. In 1920, joint consultation acquired same

status when the organizations of workers and employers in the Ahmedabad textile Industry agreed to settle disputes by mutual discussion failing which they were to be resolved by arbitration. But the concept of Workers Participation in Management (WPM) in India was first postulated by Gandhiji when he mentioned that the industrial wealth of the country belonged to the people of India. He envisaged industry as a joint enterprise of labour and capital in which both owners and workers have to be co-trustees of society. He believed that, instead of engaging in a class war and thinking in terms of its exclusive rights they should concentrate on the performance of their respective duties in terms of service to the society.

Since then, the Government of India has taken a number of initiatives to promote workers participation in decision-making. Section 3(1)(2) of the Industrial Dispute Act, 1947, for the first time provided for limited participation through the constitution of Works Committee, consisting of representatives of management and employees in every undertaking employing 100 or more workmen. The duties of the work committees are to remove causes of friction between the employers and workmen in the day-to-day working for the establishment and to promote measures for securing unity and good relations between them.


33 Source: Industrial Dispute Act, Section 3. Prior to the enactment of the Act, some instances of Joint Consultation were reported in Cotton textile Industry, Railways Government Printing Press, Tata Iron and Steel Company, see for details, Government of India, Report of the Royal Commission on Labour in India, Calcutta, Central Publishing Branch 1931, p. 335-337 and also Nagapal Das, op.cit. pp. 121-126. Besides this Act, other enactments are: The Factory Act, 1948, which provides for workers representatives in the management of canteens, Employees Provident Funds, Health Insurance respectively.

34 Ibid.
A Works Committee should consist of representatives of employers and workmen engaged in the establishment under the condition that, the number of representatives of workmen in the committee should not be less than the number of representatives of the employers. The representatives of the workmen are chosen in the prescribed manner from among the workmen engaged in the industrial establishment and in consultation with this Trade Union, if any, registered under the Indian trade Union Act, 1926. The duties of the works committee is to promote measures for securing and preserving unity and good relations between workmen and, to that end, to commit upon matters of their common interest or concern and to endeavour to compose any material difference of opinion of such matters.

In spite of the statutory requirements many units did not establish Works Committee. According to the report of the National commission on Labour, the pace of progress was slow and uneven in the different parts of the country. The general findings among knowledgeable people in the country are that the committees have not proved effective.

Analysing the reasons, the Report pointed out, State Governments have impressed the view that the advisory nature of recommendations, vagueness regarding their exact scope and functions, inter-union rivalries, union opposition and reluctance of employees to utilize such media have rendered works committees ineffective. The employers associations have attributed the failure of works Committees to factors like inter-union rivalries, union’s antipathy and attitude of workers body in tying

35 Ibid.
36 Section 3: op.cit.
to raise in the committees the discussion on extraneous issues. According to unions, conflicts between the jurisdiction of the Works Committees and unhelpful attitude of the employers have generally led to their failure\textsuperscript{38}. All this led to thorough probing for future guidance. Kannapan and Krishnan\textsuperscript{39} have rightly pointed out that a top directed scheme, without a corresponding worker demand or enthusiasm for participation is likely to remain only as a high hope.

In spite of the clear role of Works Committee, as envisaged in the First Five Year Plan, the initial enthusiasm for Works Committee, gradually started withering away. Even, where the Committees functioned regularly, it was not really a consultative committee. At some places, managements and workers tried to use the Works Committee for giving vent to their mutual suspicion and fears without any concrete result. Subramaniam\textsuperscript{40} expressed the view that, only 25% of the total numbers of works committees that have to be set up under law are fulfilling the objects expected of them”.

Different studies conducted to judge the performance of Works Committees indicate that the committees have been ineffective. The imposition of a structure, unrelated to human motivation and commitment,

\textsuperscript{38} Ibid. p.1281.


thus simply succeeded in creating a machinery not more meaningful than a ritual\textsuperscript{41}.

Then, a major break through was made in April, 1956 when the Government of India adopted the second Industrial Policy Resolution. This resolution emphasized the importance of need for securing a continuous increase in production and its equitable distribution and point out that the state must play a progressive active role in the development of industry. It reiterated that in a socialist democracy, labour is a partner in the common task of development and has to participate in it with enthusiasm. There should be joint consultations and workers and technician should, wherever be possible be associated progressively in management\textsuperscript{42}.

The idea of Joint Councils of Management owes its inception to the Second Five Year Plan. Joint Consultation was stressed in the Industrial Policy Resolution of Government of India dated 30\textsuperscript{th} April 1956. Thereafter, the Government set up a tripartite study group in September, 1956 to make a first hand study of the experience gained by some European countries regarding the scheme of workers participation in management. The study group visited U.K., France, Sweden Belgium, Germany and Yugoslavia. These countries had been chosen rather deliberately because the group wanted to compare the development of workers’ participation as influenced by different historical and social backgrounds, system of political organization and levels of social and economic development. On the basis of its observation, the

\textsuperscript{41} R. Nittish De: An Approach to the Problem of Industrial Relations, Issues in Indian Labour Policy\textsuperscript{",} Edited by C.J. Johri (New Delhi, SRC for Industrial Relation, 1969), pp.64,65.

study group placed its report before the 15th session of Indian Labour Conference held in July, 1957.\textsuperscript{43}

Based on the recommendations of the study group the government ratified its draft and the Joint Management Council came into existence in 1958. It was suggested that the scheme was to be instituted in only such units who fulfilled the following five conditions:\textsuperscript{44}:

i. The undertaking should have a well established and strong trade union functioning.

ii. The strength of the undertaking in terms of employment should be at least 500 workers.

iii. In the private sector, the employer and the trade union in the undertaking should have been affiliated to central organization or Federations.

iv. The undertaking should have led a fair record of industrial relations.

v. There should be readiness on the part of the parties such as employers and workers to try out the experiment in a spirit of willing cooperation.

The Standing Labour Committee at its 17th session held in Bombay in October 1958, reviewed the progress of the scheme. The committee suggested that the units which were not able to constitute councils because of certain genuine difficulties should be omitted.

\textsuperscript{43} Nabagopal Das: op.cit. p.133.

\textsuperscript{44} Based on the report of Seminar on Labour-Management Cooperation, January 31st, and February 1st, 1958 held in New Delhi, p.28.
The dilemma of Indian workers’ participation through JMCs has been aptly brought out by Tam’s\(^{45}\), while stating ‘Although the worker is recognized as a partner of management in joint bodies, consultative or decision making he is not an equal partner in reality. He can not be so, because he is subordinated to management by entire system of responsibility, duty, control and obligation. He cannot have a dual status, as an operative subordinate to organisation in joint consultation, even if the workers get the right to criticize management and to take an opposite stand, they do not get protection against the consequences of such attitude.

Then, during the Emergency, in 1975, the government tried to force the participative management on industry through the shop and joint councils. The scheme came into practice from 30\(^{th}\) October, 1975\(^{46}\). The scheme was to be implemented in the first instance in manufacturing and mining in the public, private and cooperative sectors, and was extended in January 1977 to large-sale commercial and service organizations. The scheme was applicable to these industries which had 500 or more workers on their rolls and provided for shop councils at the shop/departmental levels and for joint councils at the plant level with equal number of representatives from the employers’ and employees side. The purpose of these councils was to provide institutionalised forums of communication and consultation between workmen and management with a view to create a climate of mutual trust and confidence necessary for increasing production and promoting industrial harmony. Unfortunately even this scheme could not produce the desired

\(^{45}\) Zivan Tanis: Workers Participation in Management (WPM), Ideal & Reality in India, (New Delhi, Shri Ram Centre for industrial relations, 1969) p.78.

result initially, it was received with much fun fare but the periodical reviews made by the Union Labour Ministry showed that the scheme did not click because of the following reasons:

i. Management directly or indirectly took a paternalistic attitude

ii. Management did not often consider the schemes as an integral part of its organizational structure.

iii. The participative forums have been utilized more often as consultative forums rather than as joint decision-making forum even where conditions were favourable for consensus-based decision-makings.

iv. As the scheme essentially was depended on the representative system even at the shop-floor, the bulk of the work force remained outside the participative system.

v. The representative system also posed of the multiplicity of unions.

vi. Some preliminary norms were not settled, for instance, the functions of Chairman, Cochairman and Secretary were not clearly defined.

All those factors led to considerable difficulties and frustration among all concerned.

However, encouraged by the working of the scheme of Shop Councils and Joint Councils, a new scheme for workers’ participation in

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management in commercial and services organization having large-scale public dealing was introduced in January 1977\(^{48}\). The scheme was applicable to organization like hospital, Post and Telegraph Offices, Railway Stations/booking offices, banks, road transport undertakings, state electricity boards, public distribution system etc. employing 100 persons. The new scheme was kept sufficiently flexible to suit local conditions. The basic objectives of this scheme were, among other things, to create conditions for achieving maximum efficiency better customer service in areas where there was direct and immediate contact between the workers at the operational level and the consumers. Achievement of higher productivity, elimination of wastage and all forms of corruption and institutions of rewards for the purpose were also included in its functions. While introducing the scheme it was desired that care should be taken to see that the council set up under the new scheme did not acquire the role of bargaining committees\(^{49}\).

Workers Committees (1947), Joint Management Council (1957), Scheme of Workers Participation in Management in Manufacturing and Mining Industries (1975) and the new scheme of Workers Participation in Management in Commercials and service organizations in the Public Sector (1977) and the Directives of the Government vide gazette Notification dated 30\(^{th}\) December, 1983 remain the landmarks in the progress and practice of participative management in India.

Following a review of the Workers Participation in Management (WPM) scheme, the Central Government decided to introduce a new comprehensive scheme of Workers Participation in Management (WPM) at


shop floor levels and plant levels in all the Public Sector Undertakings vide its Gazette Notification No. L56011/1/83-Desk 1 (B). As regards participation at the board level the ministry or department concerned was to draw up in consultation with the Department of Labour, a list of undertakings with conditions suited to the introduction of the scheme at board level.

In 1991, the Central Government further introduced a new bill on Workers Participation in Management (WPM) in the parliament but the features are more or less same as compared to 1983 bill.

**STAGES OF PARTICIPATION**

Workers participation in shop-floor and plant level forums covers the main categories of workers including first line supervisors but excludes managerial staff. Both workers and management get equal representation in these forums. Where women workers constitute 10% or more of the total workforce there must be adequate representation for them in the participative forums. Top management must ensure that adequate provision is made to safeguard workers' independence from management pressure and to protect them against any harassment or victimization. The participative forums will deal mainly with the following matters:

a) **At shop floor level:** Production and Storage facilities, monthly targets and production schedules, operational problems, wastage control, quality improvement, cost reduction programmes, safety problems, welfare measures.

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b) At Plant Level: Operational areas, economic and financial areas, personnel matters, welfare, environmental areas.

c) Board of Director Level: Any important issue related to workers and the organisation.

At the shop-floor and plant levels, the participating forum must attempt to arrive at decisions by consensus but where no acceptable consensus emerges; the matter is referred to next higher forum.

Tripartite machinery will be set up in the Department of Labour to monitor the implementation of the new scheme and also to review its working from time to time and suggest remedial measures. For the time being no legislation backing is given to this scheme. Such a step will, however, be considered after adequate experience has been granted in its operation.

State governments have been requested to introduce the scheme in their own public sector undertakings. The private sector will also be encouraged to implement the scheme52.

There is a notion that the relationship between management and labour is of adverse nature but this is not the case in Public sector as in private sector. In the public sector, there is hardly any difference between the interests of management personnel and workers, all being employees of the state, employed for a common purpose of national development. There

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52 Government of India, Ministry of Labour, Scheme for Employees Participation In Management, Notification no. L.56011/1/83 -Desk I (B) of 30 December 1983.
should be no room for any conflict of interests between management and labour in public sector\textsuperscript{53}.

Unfortunately, however the industrial relations situation in the public sector is at present marked by strife of various kinds. It is necessary that this situation should be altered and a spirit of cooperation fostered in these units. There is therefore need for promoting a new industrial relations system in the public sector\textsuperscript{54} in which workers will feel that they are not merely wage earners but also have a place in management. However, after the reforms in 1991 -92, the role of the public sector has been diluted and the thrust of the policy is privatization. In view of this the scheme of Workers Participation in Management (WPM) is more significant to maintain harmonious relationship between management and labor in public sector enterprises.

The above discussions reveal that both the management of PSUs as well as the Government are concerned to have congenial industrial relations atmosphere in Public Enterprises and are keen on experimenting with different ways and means in this regard. Despite previous failures even after according priority by including it as an agenda in the 20-point programme, the Government has once again tried to revitalize the issues of Workers Participation in Management (WPM) through its scheme of 30\textsuperscript{th} December 1983. Again in 1990 a new bill to this effect was introduced by the Government to give a new thrust to Workers Participation in Management (WPM). However, the provisions of the bill could not get established due to

\textsuperscript{53} Y.S. Mahajan, Ex-Member of Parliament, speech during the International Seminar on WPM, New Delhi, April 4-6, 1984.

\textsuperscript{54} Ibid.
lack of political will. FICCI and other employers associations were strongly opposed to the idea of giving a legal backing to the scheme\textsuperscript{55}.

An examination of the national and international experiences in participation consistently indicates the apathy of workers towards different scheme of participation. Different sources have tried to argue that it was evident and clear that the management were not particularly willing to provide scope for participation to the labour in the running of the undertakings beyond consultative participation. The capacity of workers in the PSE regarding their willingness for decisional participation has not been explored in-depth. In fact, the National Commission on Labour, 2002 had also reported that the scheme of Joint management Council introduced in 1957 in this country had not succeeded to the extent it was envisaged. The principal reason for the failure of the schemes was that they were basically voluntary in nature\textsuperscript{56}. However, there are two streams of opinions. Those who favour voluntary method say that establishment of machinery by agreement offers the parties concerned greater freedom in choosing the type of organisation, its structure, scope and functions most suited to the undertakings. On other hand, advocates of legislative support to the scheme argue that establishment of the scheme by law has the advantage of providing uniform system, with the different undertakings covered by legislation placed on an equal footing. Legal compulsion also gives the quality of performance to the machines whereas a collective agreement may remain in force for a limited period only or may be subject to denunciation by either party\textsuperscript{57}.

\textsuperscript{55} Economic Times, New Delhi, T.E. Raghava Simhan, dated. 2.11.1987, p.4.
\textsuperscript{56} Ibid.
\textsuperscript{57} Economic Times, New Delhi, T.E. Raghava Simhan, dt 2.11.1987,p.4
Thus the issue to be explored is whether all concerned, i.e., Management, Trade Unions and Employees Representatives really desire to participate and if so up to what extent and in which areas. Simultaneously, the effectiveness of the working of existing institutional forms is also required to be explored. The research in hand is directed towards this end to gain an understanding of these basic issues through generation of empirical as well as quantifiable data.

The present research has made an attempt to fill these vacuums. It examines empirically in the Rourkela Steel Plant (RSP), the need of employees desire for participation in decision making and explores the effects of demographic personality, personal characteristics and organizational variables on the participatory culture.

**COVERAGE OF THE STUDY**

The coverage of the present study is Rourkela Steel Plant which was established during the second Five Year Plan and it is a large scale public sector industry employing 18,870 workers (as on March 2008). As decision making is always complex and difficult in a large scale industry particularly based on labour intensive technique. Therefore, it is essential to study the level of workers participation in management in the Rourkela Steel Plant. The most important aspect of this study is to focus on level of workers participation in decision making in recent times and its impact on production, productivity, absenteeism, industrial-relations, and environment and on corporate communication.

**OBJECTIVES OF THE STUDY**

1. To examine the role of participative forums and to see whether the effectiveness of participative forums is sufficient to improve the production and productivity, reduce
absenteeism, improve work culture, improve industrial climate and control the wasteful practices, improve communication, and to examine, whether the existing forum require some changes on improvement.

2. To review the progress of labour-management relations in Rourkela Steel Plant in order to understand the forms and extent of employees participation particularly in recent times.

3. To identify if there is any mismatch between the extent of existing perceived participation and desired participation.

4. To investigate the role and performance of employee representatives at different levels and also to examine the attitude of the cross-section of employees.

5. To study, whether Mass Contact Programme (MCP), as an alternative strategy by the management of Rourkela Steel Plant is superior to Workers Participation in Management (WPM) to cut the role of recognized trade union.

6. To study the impact of personal characteristics of the respondents on Participative culture in RSP.

CHAPTERISION OF THE STUDY

This study has been broadly being divided into nine chapters which are given below.
Chapter-I : deals with the introductory portion of the study. In this chapter an attempt has been made to outlines the aims and objectives and significance of the study, the international and national scene on participative culture.

Chapter-II : deals with the review of literature on participative management.

Chapter-III : is based on data base and methodology.

Chapter-IV : is concerned with socio-economic growth profile of Sundargarh District.

Chapter-V : describes the Economic Profile of Roukela Steel Plant (RSP).

Chapter -VI : deals with participative culture in Steel Authority of India Limited in general and Rourkela Steel Plant (RSP) in particular.

Chapter-VII : analyses the opinion survey of workers

Chapter-VIII : analyses the opinion survey of executives

Chapter-IX : is concerned with Summary and Conclusion.