CHAPTER I

Introduction

In the recent time the concept of workers' participation in management has seized the imagination of the leaders of the Indian Policy. It has stirred the passion of the working class and is a subject matter of discussions among the policy framers on industrial management. The government of the country believes that "workers' participation will ensure effective functioning of the unit" and improve production and productivity of the unit\(^1\). The Governmental concern for participative management was first manifested when the Industrial Dispute Act, 1947 and the Factoris Act, 1948 were enacted. But various committees constituted after reviewing the working of the various legislative measures, admitted that those have failed to serve the purpose. This failure was duly recognised and a second round of experiment in participative management initiated in 1958 with the establishment of Joint Management councils. The third experiment in the matter was announced in October, 1975 as a part of the Prime Ministers' 20-Point Programme.

\(^1\) Resolution of the Govt. of India adopted on 30.10.1975 quoted in productivity, Vol. XVII, No. 4, p.608.
In this context and the background the significance of the participative management has assumed its importance. It is therefore, felt that a further study on the subject should include (a) clarification of the concept of participative management, (b) the specific connotation of this concept that has been adopted in the Indian context, and (c) an evaluation of the successes and failures of the scheme in Indian industries at shop-floor and plant level through assorted case studies.

The concept of participation of workers in management arises from the philosophy of co-management. Although the term "participation" became popular in the field of industry since the days of industrial revolution, India was acquainted with it since long before the Industrial Revolution. 'Participation' was applied as a principle of organisation of the village republics of India². These village republics were formed and administered by the citizens of particular localities. This participative idea gave the citizens a right to participate in the administration of rural government. Through the village republics the individual and collective contributions were channelised towards the society.

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² Ramanappa M.N. Venkata - Outline of South Indian History; page 113, Reprint 1977, (Bombay).
In the field of industry, the idea of participation was advocated by the socialist thinkers of eighteenth century for minimising the social injustice and labour exploitation. The socialist thinkers strongly believed that the workers should be treated not as the means of production only.

Applied to industry, the concept of participation means sharing the decision-making authority by the workers of the industrial organisation, through their proper representatives, at all appropriate levels of management. The working-force nourish a desire to take part in the decision making process where he is employed. The workers want to be liberated from the position of wage-slaves. The success of an industrial unit largely depends on the commitment of the working-force to the organisation. The complexities of organisation in modern industrial undertakings demand specialisation and division of work. The division of work, means allocation of responsibilities to individuals in order to perform the job by each performer for efficient functioning of the organisation. The production plan is designed and devised without any reference to the workers. The workers have little opportunity to give vent to their creative powers. The idea of workers'
participation in management is actuated by the objective of replacing the impersonal nature of organisation. The concept of "power equalisation" developed from "Human Relation Movement" is to reduce the excessive hierarchical authority and to encourage the working-force to take the role of partners in the industrial fields. The idea of participation can contribute substantially to the progress and prosperity of the industrial enterprise through increased production and productivity. It is believed that workers if allowed to participation in the working of his organisation would commit themselves to the production plan and contribute to the productivity of the firm.

In the present situation where the society requires smooth industrial progress, the conflicts between the management and the employees disturb the environment of the industrial fields causing loss of mandays and level of production. Owing to conflicts sometimes the fates of some industrial houses are sealed forever causing retrenchment and economic disorder. The conflicts always do not arise due to economic and other demands of the working force. But such a situation arises on account of lack of proper understanding between the employers and the employed. Non-cooperative and non-participative attitude breeds a situation where proper understanding between management and workers is not possible. Proper understanding between the employers and the employed can be established
through a structure of participative management where the employed are in a position to share the decision-making authority with the management. Participative-management structure can be build up in the industrial field by the application of the idea or concept of co-management.

The concept of participation that was coined soon after the Industrial Revolution has traversed a long way. During its course beginning from the time the utopian socialists propagated their ideas to the present day industrial democracy the concept of participative management has acquired and shedded different connotations. Common to all connotations was the recognition of the importance of human elements in the industrial structure. Industrial units are formed, and run by the owners but their smooth and peaceful operations demand active and direct involvement of the employed. The form of direct involvement of the employed in the management process is determined by the economic system of the society in which participative management is planned.

In a capitalist economy the owners of the means of production have, it is believed, the absolute rights and prerogatives to manage the economic organisations. They accepted the idea of participative management only during the adverse economic situation. Whenever workers' involvement in industrial management was allowed, they kept their absolute
ownership unchallenged and did not accept the workers as equal partners. This sort of employers' behaviour was evidenced in Britain during the First and the Second World Wars. During the prewar period any amount of efforts on the part of the trade unions could not make the captains of the industry accept and implement the concept of workers' involvement in industry. As soon the national emergent situation arose at the start of the war, the industrialists as well the Government of Britain, the concept appeared to be a panacea to strengthen the war efforts. The post-war Britain experienced a situation where the Government became reluctant to continue with the workers' involvement in industry and the industrialists put a positive check on the alleged encroachment on their rights by the workers.

In socialist state like the USSR, Workers' Participation in Management is guaranteed by the law of the country. Factory workers and office employees have a right to take part in the discussion and passing of decision on the questions of expanding production; they have the right to submit proposals on the improvement of the work of the enterprises, institutions and organisations and of social, cultural and other welfare
services. The law of the land enjoins that the administration of the enterprise should "create conditions which encourage the factory and office employees to take part in the management of production." The socialisation of the means of production and consequent social outlook do not allow the interests of the managers to be different from those of the persons working under them. Both the parties have the abiding faith in the concept because they firmly believe that it will bring benefits to both the workers and the management and the nation as well.

In the context of this kind of wide variations in understanding and implementing the concept of workers' participation in management, the present study alongside to trace the history of the different approaches to the concept, such approaches being the early socialists' approach, the syndicalists approach, the Guild Socialist approach, the Marxian approach, the Gandhian approach and the Modern Industrial Democracy approach. After analysing the different approaches to the concept, endeavour has been made to lay bare the various procedures that have been adopted to implement

it in the different countries of the world. This discussion has been conducted in terms of the first and second world countries. The concept as well as the method of implementing it in India have undergone many changes since independence. Without a clear grasp of the changes, it is difficult to appreciate the current spate of concern for the concept. Attempt has been made to trace the connotations that the terms acquired and also the methods of implementation adopted at different periods of time. After sharing the deck two case studies - one from the public sector and the other from the private sector - have been presented to show the attitudes and reaction of the parties involved.