CHAPTER 2
REVIEW OF LITERATURE

The present chapter deals with literature review on workers’ participation in management (WPM). The review is divided into five sections. It begins by reviewing the literature pertaining to the role and importance of WPM and its impact on productivity of the organisation. A diverse range of studies by various scholars presents the different perspectives with regard to WPM and its impact on productivity, the process of WPM and its importance in the organisations. Of late, strategic linkages of WPM with organisational objectives have been explored by many researchers. Through an overview of selected studies in the above areas, an attempt has been made to bring out the essential parameters that govern WPM function, as considered relevant to the present study in the international and Indian context.

The first section that deals with WPM as a has three sub sections, namely, the origin and history of workers’ participation, followed by an overview of workers’ participation in different countries and then an overview and history of WPM in India.

The second section deals with the literary concept of productivity through workers’ participation in management. This section has two sub sections. The first deals with organisational productivity and second with employee’s productivity.

The third section of literature review deals with levels of participation in the organisation.

The fourth section deals with the impact of WPM on the industrial relations of organisational productivity.

The fifth section deals with two case studies of company A and Company B in India, in the context of workers’ participation in management. Company A is a large public sector unit dealing with the primary business of iron ore production and its export. It is a Maharatna Company employing over 7000 employees with an environment of peaceful industrial relations. Company B is a medium size public sector undertaking. It is a Schedule B Miniratna Company under the Ministry of Defense, Govt. of India, manufacturing medium size warships for the Indian Navy and Coast Guard. The business of the company also
includes ship repair and general engineering activities. Company B has the manpower strength of around 1600 employees with fairly good industrial relations atmosphere.

The literature review diagram is as under:

**ORIGIN AND HISTORY OF WPM**

The concept of WPM has developed in different forms in different countries to suit the requirement, need and necessity of the political and economic system of different countries from time to time. The concept is an extension of political system to the workplace. In a democracy, participation of the people in the political process is an essential ingredient of the system. In the same way, WPM has worked as an extension of political process to workplace relations. WPM is an influence process at workplace which affects the condition of employment and helps in understanding the dynamics of an industrial establishment which ultimately fosters a ‘sense of belonging.’

WPM determines the relationship between employees and management in the organisation’s decision making process. This is a socio political concept which focuses on the introduction of democratic procedures to restructure the industrial power and authority relationship within the industrial organisation. It creates a system for determination by the labour force on the methods and purpose of production. The main idea is to establish employee self-management within an organisation whose ownership is vested in either the employees or the estate and whose managerial function is exercised ultimately through a group elected by the employees. This also has the authority over various decisions in the organisation relating to aspects of production and productivity, of work and working conditions of labour and of profits.
DEFINITION OF WPM

It is very difficult to define ‘Participative Management’, because commentators differ in their views, depending on the socio-economic goals of the countries they belong to. However, it is generally agreed that the influence of participative management is quite significant. Allport (1945: pp) refers to, ‘Participation in decision-making as active (ego) involvement.’

According to Davis (1957), “Participation may be defined as the mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share responsibilities in them”. Tannenbaum (1966: pp) defines participation as the “formal involvement of members in the exercise of control, usually through decision-making in group meetings.”

Lammers (1967) pointed out, “participation in decision-making may be defined as the totality of such forms of upward exertion of power by subordinates in organizations as are perceived in this sense can be of two varieties i.e., direct or indirect.” Sawtell (1968: 1) has described the concept as, “any or all of the processes by which employees rather than managers contribute positively towards the reaching of managerial decisions which affect their works”.

Butteriss (1971: 6) describes participation as, “process whereby workers have a share in the reaching of managerial decisions in the enterprise.” Fox (1971: 9) described participation as a ‘procedural orientation’ and offers the following account of possible levels of the worker involvement: “He may seek the right simply to be informed of proposed decisions in the hope that his reactions may be taken in to account; or to protest against decision when made; or to made suggestions before they are made; or to participate jointly, directly or indirectly through representatives, with management in actually making them, or to make them in concert with his fellows and impose them on management.”

Definitions cited above appear to be less explicit, as they fail to mention the central theme of participation in joint decision making by superiors and subordinates. The definitions put forth by Davis, Lammers, Viteles and Fox seem to be more appropriate in the present context. In this research, the concept of participation is used according to their definitions. Hyman (N.D.) and Moson (N.D.) use the term “participation” to refer to those initiatives by the estate unions or employees which promote the collective rights of employees to be represented in organizational decision making.
WORKERS PARTICIPATION IN OTHER COUNTRIES

Ganesan’s (2010) doctoral thesis talks about the situation of WPM in the other countries—both the developed and developing ones.

(1) DEVELOPED COUNTRIES

(a) United Kingdom

The history of the workers’ participation in the United Kingdom (UK) goes back to 1920 when a committee, headed by Mr. Whitley, was appointed by the Government to recommend a participative structure of management. In 1975, the Government established another committee under the chairmanship of Lord Bullock to examine the subject of participation. The Bullock report published in 1977, recommends that employees should be given the right to representation on a unitary board in all companies employing 2000 or more workers in UK. Previously, the main vehicle for employee influence over decision-making is collective bargaining, and in particular, the shop steward. At present joint consultation is quite common in UK. In the nationalised industries, the joint committees at the plant level (like power stations, mines, gas works and so on) are part of a system which includes district, regional and nationalised committees. As a matter of fact, both management and trade unions do not take the joint consultation seriously.

(b) United States of America

The belief that collective bargaining is the main road towards industrial democracy, and that the collective agreement in its widest sense is its principal expression, is almost unchallenged by contemporary thought in the United States of America (US). The American unionism has increasingly favoured collective bargaining to secure participation in managerial decision-making, and has ignored all forms of direct workers’ representation in formal management bodies. Collective bargaining, of course, may be considered as a means of workers’ participation in management, although some would prefer to describe it as ‘Worker Penetration in Management.’ Another interesting recent innovation in collective bargaining is what may be described as “Continuous Bargaining” by the creation of joint union-management bodies to study and report complex issues. During the last three decades or so, profit
sharing schemes have been evolved in the USA. They are another means of associating workers with the management. Profit sharing, thus attempts to replace any possible conflict of interests between the workers and the management.

(c) Austria

Participation in Austria needs to be viewed in the context of the post-war tradition of ‘economic and social partnership’ between employers and employees, with its agreement to work closely together on economic measures and to give priority to the overall needs of the company. The system of the works council was introduced by the Act of 28, March, 1967 which after various interim amendments was substantially redrafted in the Collective Labour Relations Act of 14 December 1973 (effective from 1, July 1974). Whenever existing company law provides that there must be a supervisory board in addition to the management board, the 1973 Act requires that employees be represented on the board. It applies to all the joint stock companies, with limited liability employing more than 3000 persons and to co-operative societies employing more than 40. The composition of the employee side of the board must reflect the relative proportions of white and blue collar workers in the works council and the enterprise as a whole.

(d) Belgium

In Belgium, the actual law regarding participative management came into existence in 1941. The law requires the formulation of works councils at unit level. The establishment of works council was insisted on by the law of 20th September 1984. It was subsequently modified by the National Agreement and Royal decree. The works council has three main functions: (i) a consultative and advisory role, (ii) the role of co-determination on certain issues, and (iii) the right to receive information.

Where no works council exists, the union delegation assumes some of its rights and functions, particularly those concerning information and consultation on the general prospects of the enterprise and on personnel issues.

(e) Norway

The industrial relations system in Norway is characterised by a high degree of centralisation and by a spirit of co-operation between employers and trade unions. The industrial democracy came to a formal shape in 1935 by the agreement between
the Trade Union Congress and the Confederation of Employers in Norway. The works
council is established under the terms of the co-operation agreement which forms part
of the basic agreement, last negotiated in 1974. Enterprises with more than 2000
employees, and the managers of independent departments are eligible to establish
department councils. The Norwegian Companies Act of 1957 for participation at
Board level applies to all joint stock companies and introduces compulsory employee
participation at the supervisory board level of a two-tier board structure in companies
above a certain size.

(f) Spain
The works council system in Spain is based on a decree of 18th August 1974,
supplemented by the decree of 11th September 1953, and by further dispositions. A
works council must be established in any undertaking employing more than 50
workers. The Act of 21st July 1962 provides for employee representation on the board
of directors of the company. The decree 2241/1965 laid down that only companies
with more than 500 employees should be covered by the provisions of the 1962 Act.
In 1972, less than 400 companies had employee representatives on the board elected
by the works council, although the board retains a limited right to veto.

(g) Sweden
Industrial relations in Sweden are characterised by the primacy of collective
bargaining, supplemented and reinforced by Government Legislation. Joint enterprise
council – the Swedish name for workers’ participation was formalized in the year
1938, under an agreement between the Employers’ Federation and the confederation
of Swedish labour unions. The works council is established under voluntary collective
agreements, concluded between Svenska Arbetsgivareforeningen, the Trade Union
Federation Lands Organisation and the Tjanstemannens central organization in 1964,
1966 and 1968. An Act of December 1972, which came in to force on 1st April 1973,
introduced employees’ participation at the board level for a trial period ending in June
1976. The Act was then extended indefinitely from 1st July 1976. The employees’
representatives must be employees of the company and are appointed directly by the
local trade union of the company.
(h) **Switzerland**

Just over 35 per cent of the working population in Switzerland are organised in trade unions. Works councils exist in some 60 per cent of enterprises with more than 50 employees. The works council is mainly envisaged as one stage in a formal procedure for settling grievances. In 1971, three trade union federations launched a joint initiative proposing a new Article 34 of the federal constitution which would permit the federal government to legislate for co-determination of workers and their organizations in plant, company and management. The federal government and parliament launched a counter proposal, permitting participation of employees (but not the trade unions), at plant level only.

(i) **Denmark**

Since the turn of the century, Danish industrial relations have been based on the principle of co-operation between the two sides of industry. The system of collective bargaining in Denmark is highly centralised. It lays emphasis on the need for voluntary collective agreements. The co-operation committee exercises three main rights – (i) the right of information, (ii) the right of ‘co-influence’, and (iii) the right of co-determination.

The Companies Act of 13th June 1973 (effective from 1st January, 1974) which introduced provisions for employee representations applies to the ‘supervisory board’ of a two-tier board structure. The majority of the board of directors must consist of persons who are not part of the management, and its chairman may not be a manager.

(j) **West Germany**

In Germany workers’ participation in management was introduced through “mitbestimmung” which means co-determination. Participation in West Germany operates within a complete structure of representative agreements designed to secure co-operation and industrial democracy at all levels of the enterprise. The scheme of co-determination was introduced in West Germany about 30 years ago. Germany provides the best example of successful implementation of workers’ participation in the form of co-determination. Although works councils existed in Germany before the last war, their modern form really dates back to the works constitution Act of 1952. Employee participation at the board level in Germany was first introduced by the occupation powers of the “Ruhr barons” and became federal law in those industries
by the Act of 1951. Participation was extended to limited companies with more than 500 employees by another Act in 1952, and has recently after a long debate been further amended by a new Act of 1976. In all cases, employee participation at board level applies to the supervisory board within a two-tier structure.

(k) Finland
At present, the only formal structure for employee participation in Finland is the production committee. Under the terms of the law of December 1949, a production committee must be established in any industrial establishment with more than 60 employees. It may also be established in other enterprises, if both employers and employees so wish. In enterprises with a maximum of 120 employees, the committee consists of the employees. Employee representatives are appointed for a two year term of office, through a secret ballot of all employees in the appropriate employment group.

(l) France
Workers’ participation has been a spontaneous movement in France. All the industrial units employing 50 or more workers were required to form works committees, according to the government ordinance of 1964 which amended the 1945 ordinance. The public sector has been exempted. Provision for employee representation on the board of private sector French companies is somewhat complicated. The law of 24th July 1966 enabled companies to adopt a two-tier board system. The shareholders’ general assembly is appointing a supervisor board which in turn appoints a managing body. Profit-sharing dates back to an ordinance of January, 1959, which introduced a number of tax exemption for enterprises which initiated voluntary profit-sharing schemes. It was superseded by an ordinance of 17th August 1967, which made profit-sharing schemes obligatory to all undertakings employing more than 100 employees. An Act of 1973, extended the provision for profit-sharing to all enterprises with 50 or more employees. The law of 27th December, 1973, also encourages enterprises to promote share participation.

(m) Ireland
There is at present no statutory provision for works council in Ireland. A works council has, however, been established by voluntary collective agreements or by employers’ initiatives in many companies. The council has a purely advisory and
consultative function on personnel questions, and is generally specifically prevented from discussing issues more appropriate to the trade unions or plant shop. Under the Factory Act of 1955, workers in factories are given statutory rights to establish a safety committee to exercise a consultative function on safety measures. Employee participation at board level is at present limited to the public sector, where some trade unionists have been appointed to the board of some state enterprises in a purely individual capacity. In 1974, addressing the Irish Congress of Trade Unions the Ministry of Labour expanded its support in principle for the idea of employee representation at board level as “an essential component of any comprehensive approach to worker participation”.

(n) Italy

The structure of industrial relations in Italy reflects the impact of rapid post-war industrialisation on economic and social development. In July, 1972, the three major confederations set up a joint federation Confederazione Generale Italiana del Lavoro, Confederazione Italiana Sindicati Lavoratori and Union Italina dl Lavoro to coordinate many of their activities, including collective bargaining. Their affiliates subsequently set up joint federation at industry and area level. The ‘hot autumn’ of industrial disputes in 1968 and 1969 saw the emergence of a new and important movement at plant level, and that of the shop stewards and the factory council. The factory council was a spontaneous development and enjoys no formal legislative support. The factory council exercises its power to resolve the differences and to negotiate collective agreements at plant level over a wide range of issues. These include pay, manning levels, internal transfers and promotions, organisation of work, vocational training and indeed almost any aspect of personnel policy.

(o) Luxembourg

Participation in Luxembourg must be seen in the context of a highly institutionalised system of collective bargaining and consultation at the national level. The first step in the direction of profit-sharing and workers’ representation in Luxembourg were taken by the employers of the iron and steel industry at the beginning of the present century. Collective agreements in Luxembourg are regulated by the law of 12th June 1965. Moreover, joint committees were established by the law of 6th May, 1974, in all private sector enterprises with more than 150 employees. The joint-committees
statutory powers are primarily consultative, with limited powers of supervision and decision-making. The law of 6th May, 1974 provides for employee representation in the council of all public enterprises. Employee representatives of the council share the same rights and responsibilities as all other members.

(p) Netherlands
The works council was established by law in the Netherlands in 1950. The law was amended by the Works Council Act of 1971 which considerably extended the functions of the works council. In addition to the works council, a central council may also be established in any company or group of companies with more than one works council. The central works council exercises the same rights and powers as do works councils at enterprise level. Any company with capital and reserves of Rs. 10 million or more, with a compulsory works council, and with at least 100 employees, must adopt a two-tier board structure. Certain exemptions are allowed in the case of group of companies, particularly those with overseas interests. The Act of 1971, therefore specifically precludes employee representation at board level, but is designed to ensure that the financial composition of the supervisory board is acceptable to both the employees and shareholders.

(q) U.S.S.R.
The Soviet economy as a whole as well as each enterprise individually, are developed on the basis of carefully drawn up plans. Socialist system of organising enterprises could draw a huge mass of people into the economic management of the country. Soviet trade unions have a direct and vital role to play in the economic and cultural development, in working out and implementing laws concerning problems of production, labour, public services, cultural education, that is all the problems affecting the vital interests of the people. Another method by which factory and office workers exercise an influence on the organisation of production and labour are the collective agreements concluded at industrial and transport enterprises, on construction sites and state farms, and at machine and tractor stations. It may, however, be noted that the soviet management has never been opposed to the workers, for its members were once workers themselves and the ranks of the management are continually being filled by former workers who have been trained at the expenses of the state. Both managers and workers have the same interests which are determined
by the desire to improve and expand production and increase the material well-being of the people.

(B) PARTICIPATION IN DEVELOPING COUNTRIES

(a) Yugoslavia

Yugoslavia provides the most classic example of workers’ participation in management. The self-management in industrial undertakings was formally instituted in February 1922, but the basic law of introducing workers’ participation in management was passed in 1950. The most important institutions under the Yugoslavian workers’ participation are workers’ council, management board, local peoples’ committee and trade unions. At the enterprise level, the works council is the highest body which consists of 15 to 120 (depending on the size of the enterprise) members elected by the workers and the staff for a period of 3 years. The management board, the permanent executive of the council consists of 5 to 11 members and it is held responsible for the efficient running of the enterprises. The people’s committee has a voice in the appointment of the directors and plays an active role in the educational activities and improving the morale and skill of the workers. Trade unions have no direct role in the management of the undertaking, but they have the right to present lists of candidates for election to the workers council. The Yugoslavian system would work in a socialist system.

(b) Poland

The “Employee Councils” and “Works Committees” were set up spontaneously in many parts of Poland, and these two have assumed full charge of the industrial undertakings which resumed operation under their supervision. The workers’ council were granted full legal status by a law passed in November, 1956. This law was replaced in December, 1958 by another, which forms the basis of workers’ representation at present. The central council of trade unions and the general and regional council of the industrial unions have extensive powers over the entire framework of workers’ participation in management. The communist party, which is called in Poland as the Polish United Workers’ Party, controls the workers’ participation scheme even more closely. At present there is no satisfactory assessment of the Polish experience in the field of workers’ participation in management.
(c) **Israel**

The workers’ participation in Israel has been introduced through five schemes. At the enterprise level, the works committee, joint production committee, plant council and joint management (management board) have been experienced. For the management of holding companies, a central management has been established. Workers’ committee is exclusively a body of the representatives of workers. This committee is expected to represent the workers and assist the management for constructive purposes. The Joint Production Committee is a body established to advise the management on issues related to incentive schemes, health and safety of workers. Even though plant councils have been established with much expectation, they have vanished in their infancy. The Joint-Management scheme has been introduced in 1967. This management board is responsible for all matters pertaining to manpower.

**WORKERS PARTICIPATION IN INDIA**

Post-independence, the concept of WPM emerged significantly in India. Provisions of the Industrial Disputes Act, 1947 indicated the setting up of works’ committees and for the establishment of bipartite committees in the Factories Act, 1948. After a decade, it emerged as workers participation in management which included Joint Management Councils. Another type of a scheme that was introduced has been joint consultative machinery in government undertakings to facilitate co-operation between the government and its employees. An attempt was made in 1971 by the government for having workers’ representatives on the boards of management in certain public sector undertakings. This was attempted in Hindustan Antibiotics Limited and Hindustan Organic Chemicals Limited and in 14 nationalised banks and the port trust. In the banking sector two worker directors were on the board of management, representing one each from officers’ and the workers’ side.

The movement of WPM did not respond favourably due to unsatisfactory industrial relations in the public sector enterprises. Besides multiplicity and rivalry of trade unions, lack of support from management and the role conflict of the worker played a vital role for not having the concept of WPM established in its real form.

In October 1975, the government introduced a scheme for workers’ participation in
industry. This was a part its 20 point economic programme. The government announced that WPM must be adopted with the initiative of the management. The same was to be evolved suiting the requirement of the units. The scheme of WPM included shop councils at the shop floor and joint councils at the enterprise level.

Bhowmik (2012) has mentioned that the meaning of the concept participative management needs to be understood in the background of its historical evolution from the beginning of this century. It has been developed and improved in different forms, in different countries to suit the requirement of the political system and economic structure of the countries concerned.

In India, the concept of WPM has been tried during the last four decades. The scheme of Work’s Committees, Joint Management Councils and Worker Director aims at institutionalisation of the theme or concept of industrial democracy. These schemes have been introduced with the hope that participation and involvement of employees in the process of decision making will reduce mutual suspicion and hostility and create harmonious industrial relations. The works committee set up in 1919 by Tata Iron and Steel Company Limited with representatives of the management and trade union did not last long due to trade union rivalries. In 1920, as per the advice of Mahatma Gandhi, Ahmedabad Textile Mills and the Unions of the Mills agreed to set up joint consultation councils to settle disputes. The Royal Commission on Labour, 1931 in its report however, accepted that workers’ organisations were weak, recommended that the efforts in the direction of consultative works’ committees should be taken. Participative management was given legal framework through the Industrial Disputes Act, 1947. Under Section 3 of this Act, there is a provision which states that if the number of employees exceeds 100, an industrial establishment should form a works’ committee with equal representation from the management and workmen. In the first five year plan of 1951, the planning commission considered that works committee “will be the best vehicle for improving labour relations and promoting employer-employee relationship in the interest of higher production and greater wellbeing of the workers through the progress of industry”. The importance of participation has been described in the industrial policy resolution of 1956 in the following words “In a socialist democracy, labour is a partner in the common task

3Documents of the First Five Year Plans, Published by the Planning Commission, Government of India.
of development. There should be joint consultation and the workers and technicians, should wherever possible, be associated progressively with management. Enterprises in the public sector have to set an example in this model.”

The second five year plan document states that for ensuring industrial peace, better relations and increased cooperation, steps should be taken increasingly to associate labour with management, which is a prerequisite for the establishment of a socialist society. In 1957, voluntary joint management council was instituted⁴. Despite these efforts, it has been generally felt that workers’ participation in management has not been successful in India. “The Indian experience provides little encouragement to those who would like to see a greater and speedier development of participative managerial practices... possibly there might have been less participation without such efforts.” But certainly the evidence doesn’t suggest that these have led to notable advances in increasing the participative role of workers or unions in the decisions of the firm⁵.

The third five year plan, 1961 also emphasised the need for the strengthening of industrial democracy in the country. It maintained that, “for the peaceful evolution of economic system on a democratic basis it is essential that workers’ participation in management should be accepted as fundamental principles and as an urgent need”. The plan document visualised that in the course of time “management should arise out or the working class itself” and that such a step would greatly help “to promote social mobility which is an important ingredient of the socialist system”⁶.

The Government of India adopted a number of industrial relations strategies to facilitate the industrialisation process and the scheme of ‘workers’ representation in Industry⁷. On October 30 1975, workers’ participation was declared as a part of twenty point economic programme⁸. Reduction of industrial conflicts and improvement of productivity were the main objectives of the programme. Shri. R. Venkatraman, the then Union Minister of Finance in his speech at a conference said that “Workers’ participation in management is one of the techniques adopted by this government to achieve a harmonious relationship

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⁴Documents of the Second Five Year Plans, Published by the Planning Commission, Government of India.
⁵Documents of the Third Five Year Plans, Published by the Planning Commission, Government of India.
⁶ibid.
⁷ See Government of India. Resolution No.S.61011 (4)/75-DK 1(B), 30th October, 1975, Ministry of Labour, New Delhi.
⁸ibid.
between labour and management and to promote social justice. The Directive Principles of State Policy enshrined in the Constitution of India have laid down that the state shall take steps by suitable legislation or in any manner, to ensure the participation of workers in the management of the undertakings, establishments or other organisations engaged in any industry. The government has undertaken several steps to implement these constitutional directives.9

The Fourth Five Year Plan urged for the extension of the scheme to the public sector undertakings, and emphasised its importance as an essential functional link in the structure of industrial relations. The Administrative Reforms Commission, in its report on public sector undertakings, recommended that the representatives of the workers should be included as board of directors of the public sector undertakings. Such representatives are those who are actually working in the enterprise. Such representation was recommended for the industry units only10.

The Fifth Five Year Plan too highlighted the need for industrial democracy and considered participation by workers in the management process as highly desirable. Finally the scheme lay greater emphasis on the importance of effective two way communication and exchange of information between the management and workers. Since the publication of the scheme in November, 1975, approximately 1186 public sector and private sector enterprises have implemented a scheme of workers’ participation in management on the shop floor level. The then Union Minister Mr. Vengal Rao said in the Rajya Sabha, ‘The Scheme for workers’ participation in management has been implemented in shop floor plant level in 94 centre public sector undertakings.’ He also said that there was no public sector undertaking which had workers’ participation at the board level. However, trade union leaders have been appointed in the board of directors of the seven public sector undertakings. There is no need for a “hire and fire” scheme as the public sector undertakings have sufficient powers to deal with the inefficient employees11.

As soon as the Janata Government took charge in 1977, a committee on workers’

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9Speech by the Indian Union Minister of Finance Shri. R. Venkataratnam in 1957, Public Enterprise, pp.16.
participation and equity was formed in September 1977 under the chairmanship of Thiru Ravindra Varma and it submitted a draft report in 1978 with the following recommendations (Laxmi Narayan, 1984: 11):

(a) To have a three tire system of participation at shop floor and at corporate level
(b) Supervisors and middle management personnel should have participation in different forums.
(c) There should be an agency at state and central level to monitor the implementation of the scheme and its review.

The Sixth Plan noted the strained industrial relations during the preceding years which have partially contributed to the inadequate capacity utilisation in several key sectors. Emphasising the need to devise an effective strategy for reducing the instances of industrial unrest, the plan document, among other things stressed that ‘Workers’ participation in industry should be encouraged. The seventh plan states that there is a considerable scope for improvement in industrial relations. It also maintains that effective participation of workers is one of the important determinants of productivity\textsuperscript{12}.

However, in the new 20 point economic programme, workers’ participation scheme has not been included, but in the 1987-88 budgets, the government considered the workers’ participation in equity and directed commercial banks to sanction loans liberally to workers who wish to acquire share in their own company\textsuperscript{13}.

**PRODUCTIVITY**

John Paul Macduffie’s (1995: 197) article states that ‘despite claims that innovative human resources practices can boost firm level performance and national competitiveness, few studies have been able to confirm this relationship empirically, and still fewer have systematically described the condition in which it will be strongest. Although, some of the problems to this research stream have been empirical (for example, unreliable measures and inadequate controls), the more fundamental barriers have been conceptual. Innovative HR practices are often studied in a vacuum, with more attention paid to isolating the effect of individual practices than to understanding in the

\[\textsuperscript{12}\text{Documents of the Sixth Five Year Plans, Published by Planning Commission, Government of India.}\]

\[\textsuperscript{13}\text{India Budget, 1987-88.}\]
original quality regressions.” The article has further used a unique international data set from 1989-90; a survey of 62 automotive assembly plants. The author tested two hypotheses, that innovative HR practices affect performance not individually but as interrelated elements in an internally consistent HR “bundle” or system, and that these HR bundles contribute most to assembly plant productivity and quality when they are integrated with manufacturing policies under the “organizational logic” of a flexible production system. Analysis of the survey data, which tests three indices representing distinct bundles of human resource and manufacturing practices, supports both hypotheses. Flexible production plants with team based work system, “high-commitment” HR Practices (such as contingent compensation and extensive training), and low inventory and repair buffers consistently outperformed mass production plants. Variables capturing two-way and three-way interactions among the bundles of the practices are even better predictors of performance, supporting the integration hypothesis. Past researches on the relationship between innovative human resource practices and economic performance has often failed to recognise the inter-relationship among the practices in overall HR Systems. The use of aggregate performance measures at a corporate level of analysis is far removed from the setting in which many HR practices are implemented. Also, there is a lack of adequate data about the technical aspects of firm’s production systems and business strategy to assess the relative contribution of HR System to performance. In addition, much of the research on the performance of the automotive assembly plants have over emphasised either the technical system of the HR system without fully exploring the interaction of the two systems and how it can affect performance. Macduffie investigated two hypotheses left unresolved by these previous researches-- that innovative HR Practices affect performance not individually but as interrelated elements in an internally consistent HR “bundle” of systems, and that these HR Bundles contribute most to the assembly plant, productivity and quality when they are integrated manufacturing policies under the organizational logic of a flexible production system. The author developed three indices viz., use of buffers, work systems and HRM policies to capture system differences in organisational logic between mass production and flexible production. The author found that each of these indices had high internal consistencies, in terms of inter-correlations among the bundles practices, each was highly correlated with the other two indices, suggesting a high degree of integration. Finally the cluster analysis distinguished three groups of plants- plants of mass production, plant transition and flexible production- that differed significantly in mean values for these
indices and the practices bundled within them.

The author further explored the contribution of innovative HR Practices to economic performance using hierarchical regression analysis, adding production organisation indices successively to a "base case" equation containing control variance. The three production organisation indices, as well as the overall index combining them, were all found to be statistically significant predictors of productivity and quality, with the exception of Use of Buffers, which was not significant for quality. The results strongly support the hypothesised two-way and three-way interaction affects among the indices. The study does throw light on the issue of fit between HR strategy and business strategy. The fit hypothesis predicts that either mass or flexible production plants with a good fit between their HR and production strategies will perform well. A fit hypothesis predicts that either mass or flexible production plants strategy will perform well. In contrast the results suggest that, at least for automobiles assembly plants, flexible production approach consistently leads to better performance than the mass production approach. If flexible production does constitute a superior strategy for automotive assembly, then it should diffuse more rapidly than other production systems.”

Chaudhari (1979) has emphasised the main aim of the scheme of the workers’ participation in management. The article suggests that WPM is to help in increasing production and productivity and sharing the gains of productivity through more effective management and better industrial relations.” The attempts made in this regard by Government of India had been towards greater participation of workers in industrial management. However, all the endeavors by the government have failed in fulfilling the objectives for which they were attempted.

Chaudhari’s (1979: M115) article suggests that “the origin of the idea of workers’ participation in management might be traced from the research findings of Elton Mayo and his Harvard colleagues. They advocated that man is not purely an economic being but is, at workplace a member of a group sharing its norms and goals. For greater productivity Mayo emphasised on human relations instead of authoritarian rule-of-thumb approach of earlier school of scientific management. The works of Tavistock Institute, London, and the findings of Kurt Lewin, French, Likert, Blake, McGregor and others show that if workers are also given opportunity to participate in the management process,
there would be positive gains for the organisation through higher productivity, and reduction in negative valency and behaviour. Thus the primary concern of the social scientists in emphasising workers’ participation in management is the achievement of greater organisational health and effectiveness.”

Chaudhari (ibid.) is also of the view that “participation, as many other terms in social science literature, is used in a variety of senses. It is understood differently not only among social scientists, but also by public officials, managers and union leaders. As it refers to decision in the sector of industrial production, attempts at defining workers’ participation are often subjective, influenced by author’s political ideology, economic attitudes and projections of the future society. According to French and Israel, participation is a process where two or more parties influence each other in defining objectives, designing policies and implementing joint decisions which affects all who take part in making them, or those who are represented by the decision makers. Kenneth F. Walker has explained the existing concepts of participation in the following ways: There are two distinct groups of people in an undertaking (‘managers’ and ‘workers’), and two separate sets of functions to be performed (‘managerial’ and ‘operative’). The basic distinction between those who occupy ‘managerial’ positions and ‘workers’ is that ‘managers’ are held accountable for the work of their subordinates, while ‘workers’ are accountable only for their own work. The extent to which workers may rise to become managers is an important social issue, but quite distinct from weather workers may take part (directly or through representatives) in managerial functions. Managerial functions are essentially those concerned with planning, organising, motivating, and controlling in contrast with ‘doing’ or operative work. The present factory system divorces managerial and operative functions, authorising persons who occupy ‘managerial’ positions to exercise managerial functions while ‘workers’ perform operative functions. Those who advocate workers’ participation in management seek to bridge this gap, or even to remove it, by authorising workers to take part in managerial functions. According to workers, the amount of participation depends upon its scope, degree and extent. The scope of participation refers to the range of managerial functions in which workers take part. By degree of participation is meant the extent to which workers influence managerial decisions, on a scale extending from complete unilateral control by management at one end to complete unilateral control by workers at the other. Extent of participation is measured by the proportion of workers who take part, on the one hand and by how much
they participate, on the other. Indirect participation through representatives involves less participation by individuals than could occur in direct participation. Walker also points out different *forms* of participation. In ‘Ascending Participation’, workers may be given opportunity to influence managerial decision at higher levels, through their elected representatives to works councils or the board of the enterprise (integrated participation). In ‘Descending Participation’, they may be given more power to plan and make decisions about their own work (delegation and ‘job enrichment’). They may participate through collective bargaining (disjunctive participation). They may also participate informally when, for example, a manager adopts a participative style of supervision or workers apply unofficial restrictive practices. Walker identifies nine different perspectives in which workers’ participation in management may be viewed, and indicates the variety of effects that are predicted for it.”

S.P. Lavakare (1977: M-22) mentions that workers’ participation in management has, for some time now, been an integral part of official policy. The study in question has made an effort to secure information on the following topics: (1) Initiative in implementing the scheme of workers’ participation in management, (2) Design of the Scheme, (3) Introduction of the Scheme of WPM, (4) Nomination of Workers and Management Representatives, (5) Furnishing of information and communication, (6) Role of Trade Unions in WPM, (7) Achievements of the scheme of WPM, (8) Management’s attitude towards WPM, (9) training for WPM. While the aims of the policy are unexceptionable, it is difficult to say to what extent the implementation of the actual scheme has been successful. In the paper, Lavakare (ibid.) referred a survey of selective industrial organisations in the public and private sectors in and around Delhi, in an attempt to study the operation of the scheme. The author indicated that WPM has been an integral part of Indian Labour Policy for a couple of years. “Several attempts have been made to experiment with various forms of WPM through both legislation and persuasion. The purpose of these endeavours has been to establish a peaceful economic system on a democratic basis which can enlist cooperation of workers to ensure improvement in the total performance of an organisation.”

“It is an accepted fact that these attempts have not achieved the desired results. In reality participation is a psychological concept, which essentially denotes power equalisation. It denotes not only the more democratic use of power but also the sharing of power.” The
central concern of the author through this paper is to study “the operational part of this scheme of workers participation both in public and private sector industries. All the organisations included in the study are manufacturing organisations.” The author has indicated some findings by stating that “as far as the enterprises in public sector were concerned, there was not much choice whether to implement or not to implement the scheme, since all these enterprises received directives for implementing the scheme from their respective ministries. In all organisations, the initiative for implementing the scheme was taken by top management. When questioned as to why they felt the need for implementing these schemes, most of the responses centered on the advantages likely to be gained from such scheme. The management in the private sector also mentioned the need to be in tune with current thinking and philosophy of the government. None of the responses suggested any real urge or conviction in new experiment, but rather exhibited a tendency to respond to external pressures. In the light of this, it is difficult to assess the feeling of the executives who tended to give mechanical responses to the queries that were made” (Lavakare, 1977: M-22).

Further the author is of the view that “in medium sized organisations, the design of the scheme followed very closely, the pattern of the scheme has evolved by the government. But in seven large organisations… the design of the scheme was different, and mainly consisted of two or three-tier system, wherein there were various functional sub-committees at the base and a joint management/consultative committee at the apex-- as a… coordinating body. In such cases, the role of head office was to collect” (ibid.) and consolidate the minutes of meetings held at various plants and circulate important decisions of suggestions of one plant to another.

Lavakare (ibid.) further notes that in all organisations, attempts were made to inform workers about the scheme as formulated by the government of India. The method of communication has been different in different organisations. In some organisations, the communication was through the trade union leaders, while in others, it was through the managing director who himself addressed workers in large meetings. “In the public sector organisations, workers were informed either through trade union leaders or through the general manager of the plant. Nowhere efforts were made to implement the scheme with the help of the leaders of workers themselves” (ibid.) The author found that workers’ representatives did not act responsibly and that the workers tended to bring all issues and
grievances to the participation fora in spite of being made aware of the role and functions of the shop councils and the joint management councils. It was also observed that the meetings of shop council and the JMC were not being held on time as scheduled. “The review of the minutes of the meetings in each organisation revealed that in the initial phases there was enthusiasm about the scheme,” but it gradually reduced (Lavakare, 1977: M-23). The author also found that the management representatives were nominated by the top management. As for the nomination of the workers representatives, in most of the organisations it was found that they were nominated either through elections or by trade unions.

In the public sector enterprises, the workers’ representatives were nominated by that trade union which had the support of majority of the workers. The author also found that in none of the organisations, there were deliberate attempts to ensure the proper flow of information by the joint council representatives to enable them to take part in discussions and offer suggestions; the workers’ representatives had to specifically ask for the information required. The style of management has not been as was expected by the workers. Besides if workers were to be involved, they did not know that what they were required to do and further why they have to do and what gains they are going to derive by doing it. The systematic methods in this regard need to be followed so as to achieve the object of WPM. The top management has to be clear about the type of information needed which must be communicated on a continuous basis.

Lavakare (ibid.) also mentioned that all the executives expressed similar feelings about the future of trade unions in the context of WPM. Executives felt that the role of trade unions shall be weakened if the scheme of WPM achieves success. This was because the scheme not only opened new channels of communications but also cleared exciting ones between workers and managements. This also paved the way to establish rapport between management and workmen directly. Under this scheme workers were now given the change of a face-to-face dialogue with the management. Till now workers were of the belief that the management wishes to contact trade union leaders directly and not through the workmen representatives thus the WPM brought a cultural shift which was not welcome by the trade union. Lavakare also found that all executives were of the view that WPM would be a tool to improve and expand the communication channels with the workers. He suggests (1977: M-23) “They emphasised the fact that the council meetings
had brought about awareness among the workers of management problems. The workers’ involvement had also generated enthusiasm and various positive suggestions and comments were” received. This also made the functioning of works’ committees more effective and meaningful.

According to Lavakare (ibid.), “the scheme for workers’ participation was institutionalised when the industrial scenario was at its worse. As a consequence, the expectations of all parties concerned were” very high.

The scheme was introduced in a non-serious manner, but when the actual implementation was done, some problems came up. One problem was of the feeling of management’s belief that WPM would result into increased of productivity and would create better understanding for various productivity related issues. However, in none of the organizations under the survey conducted by Lavakare was it revealed that productivity was prominently influenced and increased by the process of WPM. He also found that (1977: M-24), “once the machinery of workers’ participation was set up, constant and effective supervision and hard work on the part of management was required to keep it going. The joint councils have to be kept informed of the organisation’s activities, objectives and plans in the way that can be understood by the workers. Such a process was completely…” missing in the organisation survey. “Nowhere workers were assured any protection for speaking out their minds at council meetings instead of merely supporting the management. There was no scheme to make periodic assessment of the activities of the joint council in any of the organisations” (ibid.). There was no mechanism for continuous review of the practices and the problems arising out of implementing the scheme of WPM. Attempts have to be made to assess the activities of the joint councils which would not only show the failures, but also highlight the positive aspects of the scheme.

Participation has not been an easy process. Participation is neither an easy way out nor just one more amenity to be granted by enlightened employers. Facing the urgent problems of our time, participative machinery offers immense scope simply because, it recognises the obvious truth that the success or failure of an enterprise depends on the people working in the organisation and have been part of the success in journey.
ORGANISATIONAL PRODUCTIVITY

Majumdar (1996) has talked about government polices with regard to industrial performance in the context of the Indian experience. The author examined the impact of different regimes of industrial policies on all the performance of Indian industries between the period 1950-51 and 1988-1989. The result shows that in the 50s, industrial efficiency was relatively high, however, in the 1960s, and 1970s there was regression in efficiency pattern as a result of the regimes in place. These patterns began reversing themselves only in 1980s as the policy regimes become progressive, however efficiency in 1980s was no better than it had been in 1950s. Majumdar further stated that in 1994, India witnessed the 50th anniversary of modern industrial planning. In 1944, the ‘Bombay’ Plan, urging significant Government intervention to cope with the task of implementing, rapid large scale industrialisation, was formulated. Subsequently, in the next half century several state led measures were undertaken to spur industrial progress. Still, the Indian industrial performance has been lack-lustre. The author further indicated that efficiency and productivity growth is a reflection on the innate capabilities and dynamism of a country’s industrial sector. At the micro economic level, such efficiency growth is critical if industrial expansion and development is to take place. With respect to the late nineteenth century, the industrial growth in the United States shows how important the attainment of functional and strategic efficiencies was in the growth of industrial enterprise which catapulted the United States into being the major industrial power in the world. The results presented in this paper, therefore raise an important issue with respect to industrial performance- can India ever be a major industrial power, if the noted progress of 1980s is merely a correlation of the regress of the 1960s and 70s? There are several questions that need to be answered in the Indian context, to assess if micro level capabilities are the key to economic progress and two come to mind. The first is- how are particular capabilities set, to manage physical or working capital, utilised within the industry, given the existence of industry specific policy regimes. The second is how do different types of resources yield these different capabilities and what incentive do policy regime provides so as to acquire relevant, type of resources and capabilities. Thus future industry specific research can highlight whether particular regimes have led to the enhancement of capabilities and efficiency within specific industry settings.

Cherain Joseph (1987) had carried out a case study in the context of Bharat Heavy Electricals Limited (BHEL). This has been discussed in the previous chapter.
INDIVIDUAL PRODUCTIVITY

Mulder (1971) found that participation of the less powerful in the decision making process results in a reduction of differences in power between the more powerful and the less powerful. Empirical data about European works council support this point of view. Preconditions are specified in which participation will, on the contrary, increase power differences, and the hypothesis is proved in three laboratory experiments. Further, Mulder (ibid.) also found that WPM is the most vital organisational problem and it is astonishing that there have been so few investigations in this area, and that the theoretical bases for these studies have been so meagre. Another problem is how to make participation a reality. Participation in decision making by the less powerful body of workmen will change the leadership functions of the more powerful and new structures of leadership, decision making and communication will develop. Mauk Mulder further noted that there is a great need for a theoretical framework for the problem of participation. In Yugoslavia, Vidakovic (1965) stated that after more than a decade of self-government was inadequate. Reliable research data was lacking. Empirical research, on an appropriate scale, has only been very recently started in Dutch speaking areas (Lammers, 1965).

Pratipha Malavia (1977) has examined three aspects namely, the relation between perceptions of participation and job satisfaction and job effectiveness in Indian culture, the bio data and personality correlates of participation; and whether perception of participation is merely subjective or is governed by the situation. The study was conducted in two textile units of Gujarat. While it was observed that there was a relationship between participation and job satisfaction and job effectiveness. None of the bio data and personality variables correlated with the participation, nor was there any difference in job satisfaction or job effectiveness of individual differing on the Contract Personality factor, but having similar degree of perception of influence. Perception of participation was found merely subjective and to some extent governed by the actual situation and participation in reality.

Malavia (ibid.) after her in-depth study found that the perception of participation is positively related with the job satisfaction and job effectiveness variables. The group higher on perception of participation was more satisfied and more effective. Further, excepting hierarchy level no other bio data variable- age, education, experience in the unit
and salary— is a correlate of participation. Next, none of the five factors of CPF explains the variance in participation singly or in interaction. These are also unrelated to the amount of satisfaction derived from perceived participation. Lastly, the Malavia (ibid.) found that the perception of participation is not merely a subjective element. The rating of oneself on participation is to some extent governed by actual participation owing to the fact that firstly there is an evidence of a relation between one’s own perception of participation and “others” participation. It was also found that people high in the hierarchy rate themselves high on participation. The assumption here is that those high in hierarchy have more real participation; therefore they rate themselves higher in participation. It was also observed that to individuals in the high participation group hierarchy did not make any difference in job satisfaction. Finally the author concluded that the perceptive participation is related to job satisfaction and job effectiveness irrespective of an individual’s bio data’s and personality factors.

Soonhee (2002) conducted a research in the context of public and private sector with regard to participative management and its impact on employees’ job satisfaction. Soonhee (2002: 231) notes “Researchers and practitioners in both the public and private sectors agree that participative management improves employees’ job satisfaction. Public agencies have also turned to strategic planning to enhance government performance and accountability. This study explores the relationship between participative management in the context of the strategic planning and job satisfaction in local government agencies. The results of multiple regression analysis show that managers’ use of processes is positively associated with high levels of satisfaction. The study also finds that effective supervisory communications in the context of the strategic planning process are positively associated with high levels of job satisfaction. The study suggests that participative management that incorporates effective supervisory communications can enhance employees’ job satisfaction. In this regard, organisational leaders in the public sector should emphasize changing organisational culture from the traditional pattern of hierarchical structure to participative management and empowerment.”

Kim found that the study has been able to examine the positive relationship between participative management and the job satisfaction in local government agencies. It also demonstrated the positive relationship between a participative strategic planning processes a job satisfaction. In addition, the study has revealed that effective supervisory
communication has been an important factor affecting employees’ job satisfaction. The results from this study suggested many important directions for future research for an example multiple studies of the association between participative management and job satisfaction in the public sector will be necessary to validate the present result and to explore the diverse job related factors that may influence job satisfaction. It was also felt that researchers could develop measures for employees’ participation in a strategic planning process in government agencies. During the study, Kim encountered several limitations and found that the measures of participatory management used in the study were perceptual rather than objective. In order to analyse managers’ leadership of participative management more imperial data based on in depth interviews and participative observation should be collected beyond the survey matters. Besides, the study could not collect information regarding gender, family structure, education and age. The author demonstrated that demographic variables including gender, education and age are significantly related to the job satisfaction. The study suggested that older, educated male employees in fulltime positions are more satisfied as compared to the young, less educated, female and part-time employees. Further, to analyse the impact of work-family conflict on employees’ job satisfaction, family structure should be considered for research to be conducted in future. The future study should include these variables as individual characteristics affecting job satisfaction.

Kim (ibid.) has been of the opinion that managers use the participative style, they also use participative strategic planning process, and effective supervisory communications that affects job satisfaction. This study inter-alia suggested that emphasising participative management and fostering effective supervisory communication can enhance employees’ job satisfaction. In this regard, organisational leaders’ commitment to the changing organisational culture from the traditional pattern of hierarchical structure to participative management and empowerment should be emphasised in the public sector.

The conclusions of this study are highly relevant in the context of the present research as it highlights certain important facts in the context of public sector organisations and the scope of the present research is also limited to the case study of two public sector organisations where workers’ participation in management is being studied with the linkage of its influence on the productivity.
Bagaram Tulpule (1976) discussed the problems of managements and workers in the public sector. He mentioned that the conditions in the public sector industries are changing. Increasing professionalisation of management, a greater sophistication of management practices through the adoption of modern management ideas and techniques, it attempts to bring greater resilience and adaptability to the rules and procedures. He further advocated that personnel management and industrial relations practices to have become more modernised and at least the industrial framework, if not the essence, the collective bargaining has been developed in most public enterprises. The level of workers’ emoluments has risen considerably and in the matter of implementation of labour laws, managements and public enterprises no longer seek special privileges. Even labour participation in the management is reported to have been seriously launched in a number of enterprises. At the interface between the enterprise on the one hand and the Government and parliament on the other, however, one does not see change coming with comparable speed. In the absence of educated change at this interface, there are very definite limits to the degree to which basic changes in the management of public enterprise will be feasible. The article brought out that the broad organisational outlines of public sector in India are fairly well known. A public sector industrial organisation is owned by either the central or state government. It is managed departmentally by the Government or the local authority else it is run as a statutory corporation as a public company. The problems of management and workers over such a vast and varied field will naturally be correspondingly complex and varied.

The article gives an overview of the problems of managements and workers in the public sector industry in India. Besides, within the public sector each enterprise has a different personality and history of its own tradition and culture. This fact sets limits to the validity of the broad generalisation relating to the public sector as whole. Conditions in the public sector enterprises as indeed in other fields are changing. Even before the declaration of emergency, management attitudes and practices were changing gradually. Increasing professionalisation of management of public sector, a greater sophistication of management practices through the adoption of modern management ideas and techniques, a deliberate effort to bring great resilience and adaptability to the rules and procedures, are distinctly in evidence. Personnel management and industrial relations practices too have become more modernised and at least the industrial framework if not the essence of collective bargaining has been developed in most of the public sector undertakings in
India. The level of workers emoluments has risen considerably and in the matter of implementation of labour laws, managements of PSU no longer seek special privileges. Even workers participation in the management is reported to be seriously launched in many public sector enterprises. Its practice in bigger PSUs is more evident and having deep rooted impact for the enhancement of organisational productivity and overall effectiveness. Emergency, in fact, brought a sea change in the entire environment in which country had operated, and introduced an element of discontinuity in the normal process and pace of change. Behaviour patterns of persons and groups have changed sharply and this change is particularly striking among people in the PSUs. Industrial conflicts and even serious protests have virtually disappeared and production even in chronically sick units has shot up. It is not possible to foresee today the kind of long term impact the present conditions and experience will make on management styles and practices in PSUs— whether they will lead to the facile conclusions that all is well in this field and that authority is the best instrument of management, or what labour problems will surface again in public enterprises in future, what methods workers and unions will adopt to seek their redress, what manner of response managements will make to these efforts, whether the present freedom from conflict will become a lasting feature of industrial relations in public enterprises.

**LEVEL OF WORKERS’ PARTICIPATION.**

Gamji Parameshwara Rao (1977) gives an analytical framework at micro level for understanding the levels of workers participation in management. Earnest Dale (1949: 33) described four degrees of cooperation as (i) informational cooperation, (ii) advisory cooperation, (iii) constructive cooperation and (iv) joint determination. V. G. Mhetras (1966) described five stages of participation; (i) informative participation, (ii) consultative participation, (iii) associative participation, (iv) administrative participation and (v) decisive participation.

Tanic (1969) while agreeing that workers’ participation has been considered rather as posing limitations to management’s authority or as an attempt as substituting it for the power of employees, identifies two models of workers’ participation in management, namely, (i) the unilateral and (ii) the cooperative. The unilateral model of workers’ participation presupposes employees managing all activities of the enterprise. Workers do not share decision making power with any other entity but govern the entire organisation.
and its management. Cooperative participation rests on the basic premise that the labour and capital are independent social powers. They have a common function that they supply the needs of society in terms of capital goods and commodities. The cooperative participation always emerged when the demands of the labour movement were transformed into a threat of class action. Cooperative participation means progress for the development of the political status of the working class in the domain of production.

The framework reveals that the five transformation variables are correlated. For example, safety, conditions of work, fixing work standards, and industrial discipline as the aspects of management. The best level of the workers participation is at the shop floor level dealing with technical and production problems. This is the one level where the conflict of interest between the management and workmen is minimum, the matters are such that can be understood fully by the workers, and the result of their participation can be judged accurately. The stage of participation at this level is the decisive participation. The government normally emphasises on shop floor level participation. Further, the better level of workers’ participation is equity participation, employees holding shares, and worker ownership. Bharat Ram, one of the well-known industrialists is of the view that workers’ participation can be better understood by the degree to which each partner could shed his inhibitions and approach the production problem in a spirit of give-and-take cooperation which, according to him, could best be achieved by equity participation by workers.

Kaler (1999) described the word participation as being used to a situation in which employees have some sort of a share in the business which employs them. On this basis, a classification scheme is produced which distinguishes between different forms of participation as well as the sources and motives behind those different forms. Participation as a whole is then distinguished from bargaining between management and labour. In bargaining, separate and opposing interests are accepted. In participation, there is an attempt to produce an overarching common interest. It is bargaining of rates outside those organisational arrangements definitive of a business which grant a strictly subordinate role to labour with respect to management structures and property entitlement. On the other hand, participation is a modification of those arrangements up to, not beyond a position of quality for labour. It is this that gives participation its essential character and exposes its attack from those seeking more than a participatory
share to labour and those for whom even a participative share is excessive.

The word participation signifies “sharing or partaking”. The word is strictly speaking an abbreviation for “Employees’ Participation” and this is how it is used. The participation refers to a situation in which employees have some sort of a share in the business in which they are employed.

The different ways of participation are its ‘forms’. What determines their classification as this or that ‘form’ is the particular aspect of the business which the participating arrangements allows employees to share in, for example: co-determining mechanisms are one of the forms of participation in virtue of giving employees a share in decision making, profit sharing arrangement is another, and quite different, in virtue of giving employees a share in profit. Delegatory participation is another form of participation in which the managers hand over the running of a certain area to the work force. This form of participation includes fora like Quality Cycles, self-managed work teams, as well as the scheme of job enrichment and job enlargements to the extent that they provide greater scope for the exercise of discretion by employees.

The delegatory form of WPM talks of sharing in something relating to the business, namely information; which is essential to the process of running it. Informing is therefore not mere participation, but a specifically operational form as well. This is not just decision making. The place of consultation within operational participation is decidedly ambiguous in consultation; employees are being asked their opinions before management goes on to make a unilateral decision. It is therefore not a joint decision making in any direct sense. It is at most an opportunity for employees to influence decision making through persuasion. To that extent it is joint decision making of kind- though of an admittedly very weak kind of participation, it is also to some extent informing of one particular sort, in that, consulting with employees requires telling them of decisions that are going to be made. The weakest degree of co-determinism is provided by consultation, while the strongest degree is called full co-determination. This exists when employees have an equal right with managers to both initiate and veto proposals. A somewhat weaker degree of participation, but still a way ahead is mere consultation which may also be termed as ‘partial codetermination’. Here employees can veto, but not initiate the proposal. A procedural level of co-determinatory participation is seen in German works’
councils where employees’ elected bodies with different degrees of co-determinatory rights over a range of day to day issues. This strategic level is seen in the election of employees as well as shareholder representatives on the supervisory board of German companies, bodies with overall responsibility for overseeing the running of a company by its managers.

Further classification is simpler for those forms of participation that fall into the financial as distinct form of operational category. They fall broadly into two sub categories: those to do with ownership and those to do with income. The first will typically include various schemes for employee share ownership: offering share at a discount, employee share option plans and employee option plans operating through trusts. With financial participation by way of income, we have the linking of pay to profits. Employees are either given a fixed percentage of profits, or else paid profit-related bonuses of some kind. Either way, employees are participating through sharing in the profit aspect of the business just as in scheme of share ownership; they are participating through sharing in its ownership aspects.

The forms participation is further classified by John Kaler (1999) as under:

The concept of WPM is different from the concept of bargaining. Kaler (ibid.) mentions that what appears to be very good reasons for collective bargaining is often regarded as a form of participation. The apparently good reasons are that it too is a way of relating two
sides of industry and that what emerges from it is a kind of joint decision making between them. Collective bargaining has to be regarded as a variant on what the author has levelled co-determinatory participation. The author has mentioned a very different and even contrary way of relating the sides of industry as compared to participation. It lacks the element of sharing essential to participation. In bargaining the two sides of the industry reach a joint decision but they are, by definition relating to each other as opposing sides, otherwise there is nothing to bargain over.

Kaler (ibid.) also described sources and motives of participation. While describing it, the author argues that there is no necessary link between either source or motive and any particular form of participation. Any particular form of participation in principle has any particular source and/or motive. Even when there is a strong causal link between source and motive, it doesn’t necessarily follow that any particular form of participation is going to be implemented. It all depends on what is believed about any particular form of participation. For example: management motivated by consideration of efficiency might implement a far reaching programme of co-determinatory participation, if it is believed that this was the way to maximise efficiency. On the other hand, a workforce motivated solely by consideration of equity might, if it were in its power, totally reject such a programme if it believed that only result would be to increase the burden of responsibility on already burdened workers. They would reject it for being inequitable. The lack of any necessary link between source and motive and form of participation means that the scheme of classification based on any one of them is in principle, independent of each other. The three classifications must run in parallel with each other, with any linkage between them operating purely on a contingent basis. The same is explained in the figure below:

**Sources and Motives of Participation**

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<th>SOURCES</th>
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<tr>
<td>NON-LEGISLATIVE</td>
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<td>Management</td>
<td>Negotiation</td>
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<td>Workforce</td>
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IMPACT ON INDUSTRIAL RELATIONS

Sodhi (1993:31) in a study of the new economic policies and their impact on industrial relations suggests that ‘The economic measures adopted by the Government under the New Economic Policy have far reaching implications for, among others, the industrial Relations. In India, the three main actors namely the Management, Trade Unions and the State have been playing a key role in determining the employment relationships, the rules governing their relationships and other aspects of Industrial Relations. The article examines the response of the three actors, highlights the challenges and opportunities which have come up in view of the policies and suggests measures to improve industrial relations and achieve growth in industry.” The article shows that the response of the management is positive and the challenges and tasks to succeed are enormous. The trade unions have reacted against the policies, but they have their backs to the wall and their future depends upon taking up a cooperative attitude towards the New Economic Policies. The State is, steadfastly, announcing policies but is showing a weak commitment to their implementation. Moreover, it will have to introduce a new Industrial Relations Bill which would give (among others) entrepreneurs the right to entry and exit, not only of the company but also of the workforce, similarly, a new labour policy would have to be introduced.

Sodhi (ibid.) has also been of the view that India has remained insular for too long. Its growth strategy through the socialistic model and the import substitution industrialisation has failed. Till 1991, it was really shy to admitting this and following the path of economic growth through Export Oriented Industrialization (EOI). This strategy has worked wonders even in Asian Countries like Malaysia, Singapore, South Korea, Taiwan and now China. In India’s case, the ‘conditionalities’ of the World Bank and the IMF have proved to be a blessing in so far as these have forced the Government to change its industrialisation strategy. The EOI requires globalising the economy and the removal of unnecessary controls. The new economic policies of the government are now about a year old. In the context of the paper, few facts emerge from this short experience. The private sector managements have taken to the policies in a positive spirit. They are trying
to excel by making concerted efforts to increase production and productivity, improve quality and make a major thrust for the public sector too but the policies, such as an exit policy, the NRF etc. are yet to take a final shape and, therefore, there is some ambivalence. The trade unions are reacting to the policies differently as they feel that these affect labour adversely. Nonetheless, they have their backs to the wall and will have no option but to cooperate. In this process they may also minimise the policies adverse impact on labour. If the trade unions do not cooperate, there is every likelihood that they were marginalised in the nineties. The state, after having announced, bold measures, is showing a weak commitment to their implementation, not in words but certainly in deeds. It will not only have to announce changes in industrial relations law, the labour policy and other measures, but also implement them without getting bogged down too much, by political considerations.

Lucille Yarrington, Keith Townsend, Kerry Brown (2007) in their article have highlighted the changes to the industrial relations legislation, users in the possibilities in the context of changes and the way managers and union engage themselves. Many academics suggest the most recent changes to the Australian Work Choices legislation have provided an array of opportunities for business to alter their relations with unions and employees. However, there is a range of literature that suggests that many employers benefit from having unions; involved in their workplace. The article explores the factors that are present in ‘good’ union-management relations and analyses the way in which organisations might benefit from union involvement.

M.Y. Pylee (1975) has conceptualised WPM by stating that WPM is a resounding pace bringing the past and future, it echoes the millennia vision of 19th century thinkers while heralding the evolution of new forms of industrial organisation under 20th century pressures. The World of Workers’ participation is plentifully supplied with ideas, institutions and opinions.

The approaches and concept of WPM are two basic ideas – that there are two distinct groups of people in an undertaking i.e. Managers and Workers and that there are two separate sets of functions to be performed; Managerial by the managers and Operative by the workers. The basic difference between these two functions is that managers are held accountable for the work produced by their subordinates, whereas workers are
accountable only for their own work. The extent to which the workers may rise to become managers is an important social issue. Workers may take part in the managerial functions for various aspects relating to production and productivity, working conditions and other allied matters when they jointly discuss with the managers. Managerial functions are essentially those which are basically connected with the planning, organising, controlling, motivating etc. On the other side, the functions of workmen is relating to doing or operating work.

The industrial revolution and factory system has brought changes in the managerial and operative functions. Managerial positions are to exercise managing functions, while workers perform worker functions. The people who talked about WPM as a concept tried to seek to bridge this gap by authorising workers to take part in various managerial functions. Participation is sometimes used to signify a psychological involvement, mutuality and cooperation. It is understood as taking part in, leaving the question whether such participation does produce a cooperative commitment to the enterprise or involves a sharing of power and status between the managers and the workers. In WPM it is important to recognise that Workers’ Participation in Management may run counter to the intentions and interests of Management as well as in their favour. The amount of participation depends upon the scope, the degree and extent.

While talking to various forms of participation, Pylee (ibid.) also described ascending participation where the worker may be given an opportunity to influence managerial decisions at a higher level through their elected representatives to works councils or the board of enterprises. This he described as interactive participation. The other form of participation has been defined as descending participation. Under this type of participation, the workers are given more power to plan and make decisions about their own work. This leads to delegating them and in turn influences job enrichment. Workers may participate through collective bargaining which may be a type of disjunctive participation. Pylee (ibid.) also talked about workers’ participation in ownership as a quite distinct from WPM. Participation in public ownership of an enterprise in the capacity as a citizen thus not in itself offers the worker any participation in managerial functions. WPM in the results of enterprise through profit sharing through different schemes may be combined with participation in management but it is rarely visible in the enterprises.
The participation potential is determined by a number of factors, the operation of which is not fully understood because of the reasons like the autonomy of the enterprise, the technology, talks, and conditions of work in life, size of the enterprise, structure of the enterprise, besides organisations vary in the extents to which they are free to make managerial decisions. Both in public and private sectors in India and in socialist and non-socialist countries, certain decisions may be taken above the enterprise level, thus limiting the potential of workers’ participation.

Further, the nature of the work carried out in an organisation, the conditions under which it is carried out and also the conditions in which the workers live have a great amount of influence and results for the potential of WPM, its degree, extent and the form. The technological sophistication of an organisation also influences the level of WPM. The technology, tasks, and conditions of work also affect the potential degree of participation. Some technologies and tasks provide scheme for delay, while matters are discussed and negotiated. Technologies also vary in the amount of tolerance that can be allowed in the accomplishment of the task. When such limitation operates, WPM may be limited to the setting of general policies and objectives and the condition in which the tasks are performed. While the other factors influence the level of WPM, the extent to which the potential for WPM in a particular situation is achieved, depends upon human factors. These are the factors of Workers’ Participation and acceptance of their participation by the management. WPM depends on three factors broadly; (I) Attitudes of the Workers, (II) capacities and (III) perceived power. The relevant attitudes, the worker’s interest in various forms and degrees of participation too are relevant. As regards attitude, the following aspects are required to be pointed out; (a) Attitude towards the general idea of the workers influencing managerial decisions, (b) Attitude towards workers influencing managerial decisions, (c) Attitudes of the workmen towards the desirability of particular forms of participation, (d) Workers interest in personally taking part in various managerial functions and forms of participation.

Pylee (ibid.) has also talked about the response to participation by the workmen, and the desirability to influence the WPM from workers. He also talked about the experience in various countries revealing that, it would be unwise to assume that workers do not possess the capacity to participate in managerial functions. These capacities redeveloped through paving the way and focused by appropriate training of various aspects which may
contribute positively to influence the process of WPM needs to be developed and focused by appropriate training so that workers and their representatives may contribute their might in a significant manner. The workers are not satisfied by the provisions made by the employer which may be counterproductive for the participation need to be eliminated. The critical factor in this respect is the workers’ participation rather than the actual valance of power, since the worker will participate when they think they have sufficient power, even though the events may prove that wrong.

On the other side, the management’s acceptance of WPM depends on managerial attitudes, its capabilities and the perceived power. The aspects influencing this are: (a) management’s attitude which is much influenced by managerial philosophy providing for the degree and form of WPM. The socialistic countries are ideologically committed to WPM. Managers vary in the extent in which they accept and actively facilitate participation while non-socialist countries many mangers acknowledge the necessity for democratic style of supervision, but most of them have a low opinion of the average person’s initiative, responsibility and desire for autonomy, (b) Capacity of managers to operate a system of WPM, (c) Manager’s perception of their relative power will also affect their acceptance of workers’ participation. Even though managers may hold unfavourable attitude towards WPM, they may accept it if they consider that the balance of power is against them.

It is imperative to understand the attitude of both workers and the managers towards the participation. The critical factor appears to be workers’ attitude towards the participation. If there is a less interest in the pressure for WPM among the workers, it would result into little difference in their capabilities to participate and high perceived relative power or by a high acceptance of participation on the part of the management. Perceived relative power is only important when there is a discrepancy between workers’ and managers’ attitudes. When this occurs, their perception of relative power would determine the form that participation will take at any given level of workers’ propensity to participate.

Pylee (1975) also discussed the impact of participation and its limitations.

(a) WPM may reduce alienation or increase personal fulfilment, but not always necessarily. The experimental study and survey data report improved job attitude as a result of participation but where the form of workers’ participation doesn’t correspond
to the workers concerned or the trend to become bureaucratic. It fails to reduce alienation or increase personal fulfilment. Alienation and dissatisfaction may even increase if the operation and effects of WPM disappoint expectations.

(b) WPM influences efficiency in various direct and indirect ways. Careful measurements and calculations are required to assess the net effect of participation upon efficiency and economic factors. Some of the experimental studies reported increased efficiency as a result of participation. WPM may enable workers to advance their interests at the expense of efficiency, economic growth, or economic stability such as diverting resources to improve living standards rather than to investment, such actions may however force management to search the ways and means for increasing efficiency. Participation costs time and money, but the gains may also be substantial.

(c) The effect of WPM upon the power situation within the organisation is complex and may prove to be different from those implied by the organisational structure. Introduction of WPM is not a simple transfer of power to the workers. The total amount of control over the events in the organisation is not a fixed sum. The effect of WPM may be to increase the total amount of control exercised over the events in the organisation, so that workers acquire additional power without reduction in managements’ power. Introduction of participative structure may bring under direct control certain events which were previously uncontrolled or under the unilateral control of the managers or workers. It may cause difference for the balance of formal responsibility for certain decisions, but leave the balance of power unchanged.

D.K. Srivastava (2006) talks about difficulties which trade unions have been facing. In his paper, he summarised those factors which in general retained the quality of membership in particular. The decline in the membership base had an adverse impact on the bargaining power of trade unions. Further, in order to remain relevant and effective, trade unions in much competitive economy of the world are becoming part of the solution rather than part of the problem. In the context of the Indian experience, the author has indicated that in such an environment, trade unions in India have shown marked change in their approach and activities towards betterment of work culture vis-à-vis productivity. This paper was based on case studies of five unions in Mumbai.

The reports and data collected by Srivastava revealed significant changes in the attitude and strategies being evolved by the trade unions to face these changes in the context of
LPG ( Liberalisation, Privatisation and Globalisation). The author stated that the collective
voice of the workers is passing through a phase of transition due to the lack of relevance
in emerging global business scenario. If we glance upon the history of trade unions in
respect of their influence so far as their power for collective bargaining and influence on
productivity has been concerned, this has not been the first experience of trade unions, in
the past also, they had experienced worse situation.

Ernesto Noronha (1996) says that the primary conditions for the creation of an
international division of labour are the availability of cheap labour, an efficient
telecommunications system, a worldwide mobilisation of capital and the development of
multilateral institutions. The process of liberalisation currently underway is directed at
creating these conditions. The restructuring of industry changes in the business
environment and the slackening of labour laws in India have to be seen as part of the
effort to put a new international division of labour in place. Noronha talked about few
specific conditions of capitalist accumulation and expansion namely, huge number of
cheap labour in terms of longer working day and lower wages, a refinement of technology
such that even an unskilled labour force can be easily trained to perform otherwise
complex operations. Skilled labour with high costs can be replaced with unskilled labour
with low cost of production, the existence of modern and efficient transport and
telecommunications system, rendering industrial location less dependent on geographical
distances, the existence of new possibilities of exploitation of previously inaccessible
natural resources. The development of worldwide mobilisation and transfer of capital, and
the development of institutions which emphasise institutionalised multilateral cooperation
in monetary and commercial policy, tax agreement to avoid double taxation, increasing
comparability of the system of training and education and international military co-
operation.

The article suggests that at the time of independence, the structure of Indian industry was
dismal and the state had to initiate large scale industrialisation. But by the 1960s,
industrial growth was losing its momentum and the IMF insisted on export oriented
growth. The pattern of growth was intensified in 1985, and in 1991, provided the
necessary conditions for the new international division of labour.

In view of the above conditions, the government of India set up export processing zones
and various states are competing with each other for attraction of capital. There has been an attempt to bring about various changes in the Industrial Disputes Act, 1947 which happened in September 2011. However, so far trade unions have successfully resisted such changes. With the introduction of new technology, it is now sufficiently clear that if at all there is an increase of employment it will be in informal sector. There are some researchers who state that with the introduction of new technology, there will be a decrease in employment as the costs of production will be increased by two and a half time. Apart from this, employment security provisions are now subject to judicially scrutiny and workers are persuaded to retire voluntarily. All this has led to the creation of a cheap labour force. Further, in order to reduce the structural burden on labour, the Indian government has formulated the exit policy. The contribution of NRF is meagre. The training facilities do not cater to the labour market demand. The VRS is used to retrench workers and side step section 25 (N) of the Industrial Disputes Act, 1947. Various unions have come together to oppose liberalisation. They have also taken up sick units but face financial and management problems. However, unions do not oppose CNC machines if workers’ employment is assured and if the readjustment is smooth. Recently the western countries are trying to impose a social clause on the developing countries and this makes future of industrial relations very uncertain.