Labour Management Relations & Workers Participation in Management
LABOUR MANAGEMENT RELATIONS AND
WORKERS PARTICIPATION IN MANAGEMENT

CONCEPT OF WORKERS PARTICIPATION IN MANAGEMENT

The Concept of workers participation in management is considered as a mechanism where workers have say in the decision making process of an enterprises.

According to the viewpoint of socialist thinkers emphasis should be given to participative management in order to achieve social justice. The main aim of worker's participation in management is to prevent workers from exploitation by giving them power.\[1\]

According to social scientists, if the workers are given opportunities to participate in the management process there could be positive gains to the effectiveness of organisation.\[2\]

There are various forms of worker's participation in management depending upon the differences in the level of management, the subject matter of participation, the strength of the union and the pattern of industrial relations. These forms are :-

- Collective bargaining.
- Joint decision making.
- Consultation and information sharing

2. Ibid.
The successful working of participative management depends upon the objectives as viewed by the three parties involved in system of industrial relations - the employees, the employer and the government. But the objectives as viewed by these three parties are contradictory. The objectives desired by workers are security of employment, better wages, bonus, no exploitation etc. On the other hand employers are interested in maximisation of profit through increased production. The Government expects that the participative management will bring closer association between labour and management and peaceful industrial relations.¹

There are several categories of workers participation as informative, consultative, associative, administrative and decisive participation.

In informative participation, the management shares information with workers. For example sharing of information regarding balance sheet, cost of production, economic conditions etc.

In consultative participation, management consults workers representatives on the matters which are related to welfare facilities given by management to the employees. But in this representatives of workers can give only advice to the management which is not binding to them. The decisions are taken by the management.

In associative participation, in order to solve problems, management accepts and implements the suggestions given by representatives of employees, provided committees take unanimous decisions regarding a problem.

¹ Workers Participation in Public Enterprises - S. P. S. Som, Surendra Nath.
In administrative participation, management takes decisions and councils have the right to choose the method of implementation. This involves higher degree of delegation of authority and responsibility to the lower rank.

In the decisive participation all matters (economical, financial and administrative) are brought under the scrutiny of the councils and the decisions are taken jointly.[1]

**DETERMINATION OF WORKERS PARTICIPATION IN MANAGEMENT**

Workers participation in management is determined by :

- **Situational factors**
- **Human factors**

Situational factors refer to the peculiar characteristics of each enterprise which determines its participation potential such as its autonomy, size, organisation structure and technological factors.

Autonomy determines the extent to which the enterprise is free to take decisions.

Another factor which determines the workers participation in management is technology adopted by the enterprise. If technology is complex then the chances of participative management are less.

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1. Participative Management in Public Enterprises - Somesh Chaddha.
Worker's participation in management is also determined by legal provisions of a country. The law of some countries makes it compulsory for the organisations to adopt one or another participative scheme.

Organisation structure is another factor which determines the workers' participation in management. It refers to the distribution of authority and power within the enterprise.

In addition to the above, the extent of worker's participation in management is also determined by the environment in which the enterprise is situated. Enterprise in stable environment generally adopts rigid type of authority structure in which there is very less scope for workers' participation in management. On the other hand, enterprises in volatile environment tend to adopt more flexible authority structure which gives more scope for participative management.

Human factors refer to, on one hand, the desire of employees to participate in management and on the other hand, the management's acceptance of the participation schemes. It has many aspects as worker's attitude towards participation, workers' power to participate and worker's capacity to participate.¹

WORKER'S PARTICIPATION IN MANAGEMENT IN INDIA

India tried to introduce participative management soon after attaining independence. For this purpose a provision was made in the

Industries Disputes Act for setting up works committees. Another provision was made in Factories Act 1948 for the establishment of bipartite committees. Schemes of Joint Consultative machinery was also introduced in government companies. The purpose of this machinery was to facilitate co-operation between government and employees.

**Works Committees**

The Industrial Disputes Act, 1947 empowered the government to constitute works committees in every industrial establishment employing 100 or more workmen. The objectives of these works committees are to remove the causes of friction in the day to day administration of enterprise and to promote measures for securing good relations and amity between the parties. The Bombay Industrial Relations Act, 1946, also provides for these bodies but under the provisions of this Act they can be set up only in units which have a recognised union and are called joint committees.

Functions of works committees include discussion of working conditions in the enterprise like lighting, temperature, sanitation, ventilation etc. They also discuss about amenities like drinking water facility, provision of proper canteen, medical facilities, safe working, conditions administration of welfare funds, educational facilities, recreational activities. These committees also try to encourage thrift and savings in employees.

Works committees consist of a President, a Vice President, a Secretary and a Joint Secretary. The President is the representative of
employer. The Vice President is the representative of the employees, who is selected by the employees employed in an establishment after consulting the trade union. The tenure of these bodies is two years.

At present, inspite of the statutory requirement for setting up a works committee in an undertaking, a number of units did not establish them.

**Joint Management Councils**

The idea of setting up joint councils of management consisting of workers and management was recommended in IInd five year plan. A study group was sent abroad (UK, France, Belgium and Yugoslavia) to study schemes of participative management by the Government of India before implementing the recommendations of the IInd plan. Indian Labour Conference considered the report of study Group and made the following recommendations :-

- Schemes of participative management should be voluntary and in selected undertakings.

- In order to study details of workers participation in management a sub committee should be set up. This sub committee should consist of representatives of government, employers and employees. The selection of undertakings for the purpose of introducing participative management should be done by this committee.
The objectives of Joint Management Council Scheme were:

- To promote cordial relations between employers and employees by increasing their association.
- To improve the efficiency of the workers.
- To make the workers well equipped for participating in schemes by educating them.
- To satisfy psychological needs of workers.

On the recommendations of ILC, a tripartite sub committee was set up. The purpose of this committee was to lay down certain criteria for selection of enterprises where Joint Management Councils could be introduced. These criteria are:

- The enterprise must have at least 500 employees.
- A fair record of industrial relations should be maintained.
- An organised trade union affiliated to one of the central federations should be there.
- Establishment of Joint Management councils should be unanimously agreed by employers and employers.
- Private sector employers should have the membership of the leading employer's organisation.

The Joint Management councils can also be set up if the employers and employees mutually agree irrespective of the fact that the other conditions are not fulfilled.
The sub-committee also made recommendations regarding the composition, procedure for nominating worker's representatives, membership etc. of Joint Management councils.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Enterprises</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>(Where JMC's were introduced)</td>
</tr>
<tr>
<td>1957</td>
<td>Initially 50 but later raised to 150.</td>
</tr>
<tr>
<td>1966</td>
<td>124</td>
</tr>
<tr>
<td>1978</td>
<td>80</td>
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Various attempts were made by the government to study the initial reactions of the scheme. This was published as "Reports on the working of JMC's" by Ministry of Labour and Employment in 1965. The main conclusions of these studies were:

- No organisation was having monthly meeting of JMC, barring few.
- Workers did not show much interest in discussing the problem such as low productivity, absenteeism, effective utilisation of resources etc. They were mainly interested in having more facilities.
- No proper sharing of information was there.
- There was a failure of implementing the unanimous decision of JMC.

A report was prepared by the Chief Labour Commissioner (central), New Delhi showing that there was not much progress. But
according to the report efforts should be made by public sector undertakings to set up JMC's. This report was published by the government in 1966.

In 1968, another study was conducted by the Joint Director Labour, Employment and Rural Manpower, Planning commission and it was found that the scheme was not very successful because the target of introducing JMC's in 150 organisations could not be attained. It was introduced only in 124 organisations.

It was evident from the reports of National Commission on labour (1969) and Central Ministry of Labour (74-75), that the schemes of JMC's were not successful. Indian Government appointed scholars and committees to study and to encourage worker's participation in management.

Various other studies were also held on the working of JMC's. They came to the conclusion that the schemes of JMC are neither acceptable to employers nor do they fulfill the objectives for which they were promoted.

OTHER FORMS OF WORKERS PARTICIPATION

The Government of India introduced the scheme of worker's representation in Board of Directors of public enterprises in 1971. This scheme was introduced in :

- Hindustan Antibiotics Ltd. and Hindustan Organic Chemicals Ltd. (Manufacturing units under the control of Government of India).
This scheme was also not successful because of unsatisfactory relations in public enterprises, multiplicity and rivalry of trade unions, lack of support from management, conflict in workers etc.

**Worker Director**: 

It was felt that involving a worker director would bring enthusiasm in workers and they will feel that their status has enhanced.

This scheme will enable the workers to play an active role in formulation of company’s policies. This will minimise unjust treatment of the workers. In this, workers are actually involved in long term strategies and discussion, which are decided by the Board. This would lead to industrial peace.

The scheme of Worker Director was not much appreciated by the management as well as the workers. When ever worker director is appointed he ceases to be a worker though he is supposed to continue as a worker. The Board has a fear that certain company secrets could be divulged to the union and the members.\(^{[1]}\)

**WORKERS PARTICIPATION IN LAL IMLI, KANPUR**

The political philosophy which swept Europe in the 19th century

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1. Workers Participation in Public Enterprises - S. P. S. Som, Surendra Nath, Participation Management India - S. C. Kendadamath, Industrial Relations and Participative Management - B. P. Ratt
and the early part of the 20th century led to spreading of the cult of class-less society. Karl Marx in his famous book 'Das Kapital', while setting the goal for class less society, invented the concept of 'dictatorship of proletariat' as an interim measure to achieve the final goal of class less society. This was an expansion of the political philosophy earlier enunciated by Plato, Kant, Hegal and Neitsze etc. the political thinkers of the earlier era. In his political predictions Karl Marx came out completely wrong as the first seed of the dictatorship of proletariat grew and flourished not in Germany, the home of this revolutionary thinker, nor in India, but in Soviet Russia. The process of Industrial Revolution and the theory of laissez faire was reversed when the control of the state was passed on to farmers and labourers as an aftermath to a bloody class war in the 20's. For the first time in the noon history of the world, the labour became the master of the industry through the institution of the dictatorship of proletariat.

From the political thinkers in the west who dreaded this development in the land of Russia, soon invented a middle course that was a syntheses of dictatorship of proletariat and private ownership of the industry and agriculture. It was known as socialism which bound its exponents in the society of England.

John Stewart Mill, Daviston, Harold J. Laski etc. pleaded for various benevolent measures to elevate the condition of workers and farmers and also for giving them right to participate in the management of industry and agriculture.
On the Indian scene Shri Jawahar Lal Nehru, Shri Jai Prakash Narayan, Dr. Ram Manohar Lohia, Acharya Narendra Dev became the main exponents of the school of socialism and pleaded for the emancipation of workers and farmers as a part of their political programme. The workers and farmers were the main plank in the struggle against the British empire in India. So sooner the country achieved the freedom in 1947, the concept of socialism crept in our policy. In the year 1950 when India adopted its constitution the basic tenets of socialism were enshrined in the preamble of the constitution.

The workers participations in the industry, although a cardinal programme of socialistic state had also become the need of the hour because of the mushroom growth of Trade Unions in India after independence, divergent interest coloured with political motivation and the resultant growing indiscipline in the industry. A close look into the recourse of the Ministry of Labour in the first ten years of our Republic would show a rising graph of the strikes and lockouts in the industries resulting in colossal loss of man-hours. On one hand the Communist Party of India was still determined to use the labour as a weapon to turn India into red. One the other hand the middle path was followed by other political parties including the ruling Congress, which opted for the state ownership of the industries in key areas. This further envisaged the existence of both the sectors i.e. public & private in our economy. The industrial resolution passed by Indian National Congress in its Jaipur session in the year 1948 recommended the simultaneous existence of both the sectors. The resolution had an important corollary of providing labour
a meaningful say in the management of factories. As a matter of fact it was a compromise between the militant communism of Russia and capitalism of the west.  

It was in this back drop that various state government and the public sector undertaking took it upon themselves to grant representation to the workers at the level of Board of Directors and at other important operational level in the factory. The first experiment was done in Hindustan Steel a public sector corporation.

In Kanpur with its long history of labour activities and being the ground which had given birth to several labour leaders of great eminence the concept of workers' participation has its own importance. It is interesting to not that in the directives issued by the government of India to the BIC in the year 1971, as an aftermath to the investigation report into the affairs of the company submitted by Justice S. P. Singh, though contained directions for the appointment of new directors in various disciplines, did not mention for the appointment of a director representing the workers.

However in the year 1983 after the BIC was nationalised vide Act No. 5 of 1981 the Board of Directors of the Elgin Mills Co. Ltd. appointed Late Shri Surya Prasad Awasthi, a veteran labour leader of Kanpur as a director representing the labour on the board of Elgin Mills Co. Ltd.

1. Participative Management in Public Enterprises - Somesh Chaddha.
In the main BIC board no such appointment was made. In course of time another labour leader Shri Ram Nagina Mishra M.P. another labour leader from Uttar Pradesh was inducted as labour representative on the board of Kanpur Sugar Workes Ltd. and Champaran Sugar Co. Ltd, the group companies of B.I.C.

It is unfortunate that the premier government company i.e. the National Textile Corporation of Uttar Pradesh and other government companies based in Kanpur could not make any beginning in this direction. It may be mentioned that in appointment of labour directors in Elgin mill and Sugar Companies no government policy was followed because of the progressive outlook of the top people in the management of these companies. It was for this reason also that these appointments were made on an adhoc basis and not on the basis of any election by the workers.

Although no director from the labour was appointed on the board of BIC however the presence of Mr. Awasthi on the board of Elgin Mill and later on the board of Cawnpore Textile Ltd. (both being subsidiaries of the BIC) helped considerably in resolving the industrial disputes in Lal Imli Mills. The Indian National T. U. Congress to which Mr. Awasthi belonged took up generally a constructive approach in the matter of labour disputes. It helped the mills to a great extent in sorting out the labour problems.

An analysis of the industrial relations in the BIC and its group companies in subsequent years would amply prove the utility and
underlying strength of the concept of workers participation in management. In the case of B.I.C., the government was empowered under section 4 of B.I.C. (Acquisition of Shares) Act 1981, to appoint any director or to reconstitute the board as it liked. Curiously enough the government never nominated any labour director on the board. It is a sad commentary.

It was only the farsight of the BIC Management to have appointed a labour leader of repute on the boards of its subsidiaries.

This paid rich dividends in due course. Some of the benefits accrued to the company are given here under.

☐ After the induction of the labour representative, the number of industrial deputes in BIC group of companies declined sharply.

☐ Whenever any dispute culminated in the strike by labour it could be sorted out quickly and saved the company and the labour from suffering financial losses.

☐ It became easy for the workers to see these directors and ventilate their grievances and it became easy for the management to tackle them in time

☐ This could instil a feeling of security and involvement in the mind of the workers which resulted in achieving higher productivity.

A beginning made in the direction of workers participation in the management at the board level, although on a limited scale, encouraged
the higher management to make a beginning in the boards of the group companies also. A local M.P. and a veteran labour leader Mr. Ram Nagina Mishra was inducted on the boards of the two sugar companies namely Cawnpore Sugar Works Ltd. and Champaran sugar company Ltd. The experiment proved highly successful as it paved the way for healthy interaction between the labour and the management in the factories. The statistics relating to the daily working of sugar factories during this period, as shown to me by the officers of the company indicate a major decline in the man hours lost.\[1\]

This experiment in BIC group and its effect on the working of the company was quite significant in the national context while the political parties in and outside the power were merely using it as a slogan to preserve their vote bank of industrial workers without doing anything concrete. The BIC management took an effective initiative and achieved success.

Except in few public sector undertakings the government had not taken initiative to appoint workers representative on the board. Even in those companies where workers representative were brought on the board, nothing worth catching the public eye ever came out in the media.

It is unfortunate that the experiment in the BIC was not given due importance in the national context. With the change in management

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1. This matter is based on the interview with Mr. Jamuna Prasad Dixit, Union Leader INTUC. (Questionnaire attached in the end Annexure No. VII.)
in 1990, this corporate philosophy was totally given up once again BIC became a hot bed of industrial unrest which eventually made BIC a radar less ship.

In the year 1990 and the successive years, BIC faced industrial unrest of severe magnitude when the entire lot of clerks and supervisors started agitation. The reports as appeared in the news papers and by the company executives indicate that the single agitation has caused irrepairable loss to BIC. It is no doubt true that people were imported from other states in the name of labour representative on the boards of these companies by their political god fathers sitting at Delhi. They could never create any interaction with the local labour and proved completely useless. While drawing the plan for rehabilitation of Cawnpore Textile Limited, a subsidiary of the BIC the so called representative of the labour held several meetings with the local labour leaders to make them agree to the required work load and work assignment but they failed.

Political nepotism is the worst ill of the democracy. A sound principle of corporate management was turned into a misdirected political favour and has acted detrimental to the interest of the company. The result is disastrous and can be attributed as a major reason for the present debacle of the BIC.[1]

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1. This matter is based on the interview with Mr. A. K. Srivastava Labour Officer Lal Imli, Kanpur. (Questionnaire attached in the end Annexure No. I.)