CHAPTER-7

CONCLUSION AND SUGGESTIONS

On the basis of foregone discussions it may be concluded that workers' participation in management is not a new phenomenon. It is as old as the history of organization itself. Harmonious relations between labour and management occupy an important place in the present day economy. They help not only in laying down the basis for economic growth and social change but also provide a solid foundation for evolving new attitudes and institutions needed to keep pace with the dynamics of modern industry. There was a time when labour was considered a commercial commodity. The Clayton Act 1914, declared for the first time that labour was not an article of commerce but an important factor of production. The Declaration of Philadelphia adopted by the I.L.O. in 1944, laid further emphasis on the dignity of the working class. A human approach was evolved which necessitated remodeling the image of man in industry.

Numerous, last decades have witnessed striking change in the premises of labour management relations. Its salient feature has been the growth of a broader concept of industrial relationship and a positive approach towards labour management co-operation.
It is possible only when labour force remain contented and satisfied. Their contentment and satisfaction can be achieved with their feelings of belongingness to the industry which comes as a result of their say in decision making and other organizational aspects. It calls for active participation of workers in management.

The concept of workers participation essentially relates to the idea of sharing of decision making power in the management and administration of work unit or enterprise by the workers who work therein in a co-determinative capacity with the employers and managers in the entire range of policy making and managerial matters. It may be defined as a mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share responsibility in them. It requires the proper representation of workers at all the appropriate levels of management.

The idea of workers' participation in management has originated from the theory of "Psychological Universalism" propounded by the social thinkers like Mc. Gregor, Blake, Saint Simon, Charles Fourier, Robert Owen, Elton Mayo etc. From the very beginning of modern industrial era, social thinkers were concerned with the problem of the status of workers in the factory organizations and society and they concluded that in order to
prevent workers from being exploited by managers, they should have as much powers as the managers have. These theorists emphasized the need of bigger involvement of workers in the ownership of the industries so as to maintain the productivity of enterprise and also to enable the workers to participate in decision making process rather than merely treating them as a commodity.

The system of workers' participation in management has been prevalent in various countries of the world under different names viz. Co-determination in West Germany, Self-management system of Yugoslavia, Collective Agreements in Russia, Histadrut of Israel, Joint Consultation in U.S.A. and Britain, Party Guided system of Poland and Joint Management in France are different in their nature, style and extent of participation. As a matter of fact the nature, style and extent of the scheme rests to a large extent on the degree of industrialization, quality of industrial relations, attitude of management, education and consciousness of workers, the politico-economic and socio-cultural setting of each nation's industry and the enterprise in particular.

The emergence of the scheme of workers' participation in management in India is closely linked to the British rule in India. But it was only after independence that the participative management gained momentum. The first statutory arrangement
was made by the Government of India in this regard in the year 1947 with the passage of the Industrial Disputes Act. The Act provides for the establishment of works committees in all industrial undertakings employing 100 or more workers, comprising equal number of representatives of workers and management with the object of promoting measures for securing and preserving amity and good relations between them. But these committees with consultative and advisory responsibilities have failed to produce any result.

The Industrial Policy Resolution also highlighted the importance of workers' participation in the management of enterprises. The Resolution stressed the need for joint consultation between workers and management. Similarly the subsequent Plan documents also projected the importance of the concept. The Study Group which was set up by the Government in the year 1956, visited various European countries and recommended an effective system of joint consultation with workers. As a result the Indian Labour Conference of 1957 recommended the constitution of Joint Management Councils at enterprise level so as to give an opportunity to the employees or the workers to have a say in the management of the industrial enterprises. But the fate of JMCs which are totally voluntary in nature has been more or less the
same as that of the Works Committees. Government was also not very much helpful regarding the success of the scheme.

In India, despite the ineffectiveness of the working of the Works Committees and JMCs the interest towards the scheme of WPM did not subside. The concrete step in this connection was taken on June 25, 1975 when 'Emergency' was declared by the then Prime Minister, Mrs. Indira Gandhi. Under the 20-point Economic Programme of the Congress Government a new 'Package Programme for Labour' at shop floor and plant level was announced. Thus a two-tier participation model i.e. constitution of 'Shop Councils' at shop floor and Joint Councils at the plant level was formulated by the Ministry of Labour. Initially, the scheme was made applicable to manufacturing concerns in public, private and co-operative sectors employing 500 or more workers. Later on the scheme was extended to the commercial and service organizations of public and private sectors employing 100 employees or more.

Besides, in the year 1976, the constitution was amended by adding Article 43A in the Directive Principles of State Policy. This Article provides that the state shall take steps by suitable legislation or in any other way to ensure the participation of workers in the management of undertakings, establishment or other organizations engaged in any industry. This was an
important landmark in the development of relationship between management and workers in the country. Accepting the importance and desirability of workers' participation at the Board level it was made one of the reference points to the high powered Sachar Committee to recommend a scheme of workers' directorship. In September 1977 the Janata Government appointed a committee on Workers' Participation in Management and Equity under the chairmanship of Mr. Ravindra Verma, the then Union Labour Minister. The committee was not clear in vision about equity participation so it could not recommend any mandatory participation in equity by workers. However, it said that equity participation should be optional and at least 10 percent of the new shares should be reserved for the workers in the same organization.

In order to provide legislative backing to the scheme on 30th May, 1990, the Government of India introduced a Bill popularly known as Participation of Workers in Management Bill 1990 in Rajya Sabha. The Bill could not be passed and was withdrawn in 1994. All the schemes introduced by the Government of India were simultaneously implemented in the state of Uttar Pradesh as well in all the sectors of the economy. But no statutory provision has been made for such participation in co-operative sector enterprises.
Since the scheme of workers' participation in management aims at ensuring cordial relationship and involvement of workers in decision making process, it requires their inclusion at all levels of management viz. informative, consultative suggestive, associative, administrative and the decision making stage. But it depends upon the nature of functions, the strength of workforce, the attitude of trade unions and that of management. The workers may be given an opportunity to influence or take part in managerial decisions at the higher level through their representatives on the Board of Management. The participation may be at lower level at which workers are given some authority to plan and take decisions about their work; like job-enrichment job enlargement, delegation etc.

Though the co-operative enterprises did not welcome any scheme of participative management before 1975, they recognized the concept even before its implementation by the Government. In worker-owned co-operatives the participation of workers already exists in ideal form. However in the states of Maharashtra, efforts were made to find out ways and means for the implementation of the concept. Consequently Maharashtra State Federation of Co-operative Sugar Factories has appointed an expert committee under the chairmanship of Prof. D.R. Gadgil to make practicable suggestions for the implementation of the concept in co-operative
sugar mills. In pursuance of the recommendations of the Gadgil Committee, the Government of Maharashtra made suitable provisions in the co-operative legislation. An exclusive provision, Section 73 BB was incorporated in the Maharashtra Co-operative Societies Act 1960, providing for participation of workers through their representation on the Board of Management. All the co-operative sugar factories and co-operative institutions have been brought within the purview of this provision.

A similar arrangement was made in the state of Punjab under section 26(8) of the Punjab Co-operative Societies Act. In other states the legal provision for ensuring workers' participation in co-operative management has not been incorporated. However, the indications are that other states are also considering to incorporate a statutory provision on similar lines.

For the settlement of industrial disputes a machinery has been provided under the Industrial Disputes Act 1947, various state co-operative laws and the Multi-state Co-operative Societies Act 2002. The machinery provided for under the above Acts, comprises of the Works Committees Conciliation Officers, Board of Conciliation Court of Enquiry, Labour Courts and Tribunals etc. This machinery has been working effectively in removing frictions between the labour and the capital.
In India, both statutory and voluntary efforts have been experimented to provide schemes of workers' participation in management at the policy making level to the shop level, particularly in certain selected industries. These schemes may be categorized as suggestive and consultative. Being voluntary in nature, they could not achieve the desired results. The scheme of participative management which was envisaged under the Resolution of October, 1975 has not prescribed any clear cut norms with regard to the actual working of the scheme in co-operative sugar factories. Therefore, it became necessary to make a comprehensive study of the working of the scheme under reference in co-operative sugar units to know the orientation of workers and management in this regard. For this purpose six co-operative sugar factories were selected from the various states of India. The units are -

❖ Shree Khedut Sahkari Khand Udyog Mandli Ltd. Bardoli Distt. Surat (Gujrat).

❖ The Meham Co-operative Sugar Mills Ltd. Meham, Distt. Rohtak (Haryana).

❖ Nandi Sahkari Sakkare Karkhane, Niyamit, Krishna Nagar, Distt. Bijapur (Karnataka).
❖ The Kisan Sahkari Chini Mills Ltd. Sitarganj, Distt. Udham Singh Nagar (Uttaranchal).
❖ The Kisan Sahkari Chini Mills Ltd. Tilhar Distt. Shahjahanpur (U.P.)

Proper care has been taken in selecting these mills from different states because the study aimed at studying the problem in almost all the directions of the country so as to have a scientific, factual and logical idea of the working of this scheme in whole of the country and also to compare its implementation and practical working of the scheme in them. In order to investigate the working of the scheme in the units under study the focus was centred on the size and composition of workforce, trade unionism, state of industrial relations, workings of the unit, mode of workers' participation and the grievance redressal system.

The sugar mills under study are employing nearly six thousand workers skilled, semi-skilled and unskilled. The sugar industry, being seasonal in character, employs a greater portion of seasonal workers and a smaller portion as permanent ones. The workforce in sugar industry is not very well organized hence the trade union movement could not gain momentum. The structural
and financial weaknesses are the factors responsible for this state of affairs. The study also reveals that almost all the units under study suffer from the malaise of multiplicity of trade unions at local levels and they are also affiliated to central organizations like INTUC, AITUC, CITU, HMS, UTUC and BMS etc. through their local structure is disorganized. Moreover, these unions failed to enroll all the workers as their members. The main source of their income is membership subscription which constitutes a meagre amount which is insufficient to take up any labour welfare schemes.

The state of industrial relations by and large has been peaceful and amicable which is evident from the fact that no cases of strike, stoppage of work, lockout etc. were reported by the mills under study during the last three years. Further negligible number of major industrial disputes were referred to the labour courts for settlement. Most of the cases of minor disputes were settled through negotiations between workers and management.

The study further reveals that the technical performance of the mills under study has been exemplary particularly of those of Maharashtra, Gujarat, Karnataka and to some extent Haryana. This is evident from the amount of cane crushed, sugar produced and the recovery rate. The technical performance of the units of
Uttaranchal and U.P. has been below the average. The table no. 4.6 bears evidence to this fact.

The present study was undertaken to analyze the working of (a) the scheme of workers' participation as visualized under the Resolution of Ministry of Labour Government of India, (b) the workers as shareholders (c) their representation on the Board of Management.

The progress of the scheme envisaged by the Resolution of October, 1975 which contemplates the constitution of shop councils and joint councils at shop floor and plant levels respectively, has been to some extent satisfactory. The field studies of various states reveal the fact that almost all the units taken up for study have constituted shop councils at shop floor level. But they have not formed joint councils at plant level except the units of Karnataka, Gujrat and Maharashtra. The study reveals the fact that variations were experienced with regard to the number of members in shop councils as well as joint councils. The frequency of meetings varied from mill to mill and so was the case with regard to the attendance of workers at these meetings. Being advisory in nature, the councils could not serve the purpose to the desired extent.
With regard to the equity participation meaning thereby, enrolling the workers as shareholders and their representation at the Board of Management the study reveals that the concept of co-partnership or co-ownership was not welcomed by all the units of various states taken up for field studies. The units of Sitarganj and Tilhar have not enrolled the workers as shareholders. The reason for not allowing the workers to become the members of the unit concerned has been that rules and bye-laws of these units do not permit it. While other units under study have enrolled their workers as shareholders without making any distinction between permanent and seasonal workers. However, the management representatives of these mills expressed their views to impose some restrictions on the enrolment of workers as shareholders in order to avert the situation of workers out numbering the other constituents members such cane growers, financial institutions co-operative societies and Government representatives.

Summing up, on the basis of field studies of various states, it may be said that the concept of workers’ participation in management has been accepted in principle by all the mills under study and implemented by them though with some variance in the nature and extent.
A comprehensive study of the implementation of the scheme in co-operative sugar mills in U.P. was also undertaken selecting six units (2 units each from Eastern, Central and Western Zones) namely - Rasra, Ghosi, Kaimganj, Majhola, Morna and Sarsawa. The study revealed that the scheme envisaged under the Resolution of October 1975 was welcomed half heartedly by the sugar co-operatives in the state. This is evident from the fact that the scheme visualized under the aforesaid Resolution contemplates the setting up of shop councils at shop floor and joint councils at plant level. But on investigation it was found that shop councils were operative in almost all the mills under study while none of the mills has formed joint councils at plant level. With regard to other forms of participative management, the units under study neither enrolled the workers as shareholders nor did they allow them to represent on the Board of Management.

With regard to the progress of shop councils, the study reveals that four divisional shop councils were formed at shop floor level in almost all the mills under study with equal representatives of workers and management. But their functioning during the period under study has not been very encouraging. Their constitution provided that the shop councils should meet as frequently as required but at least once in a month but on
investigation in was found that during the period under study their meetings were not held in the desired quantum. Table No. 5.11 reveals that the overall percentage of the meetings of all divisional shop councils actually held has been 36.46. Moreover, out of the meetings actually held nearly 40 per cent of them were held without the quorum of the workers' representatives. The overall attendance of the workers' representatives in these meetings has been about 40.37 per cent. Besides, the data shown in the Table No. 5.13 are the evidences of the fact that in the meetings of the shop councils held during the period under study 473 issues were initiated and the decisions taken numbered only 290, of which only 111 decisions were implemented. The percentage of the decisions implemented has been 38.3. The above facts reveal that the parties concerned are not serious in the implementation of the scheme.

The study further revealed the fact that the scheme in question was implemented with great apparent enthusiasm but the desired success could not be achieved. Because successful implementation of the concept has been hampered by a number of factors such as - indifferent attitude of management, lack of interest in workers, existence of multiplicity of trade unions and their politicalisation, inter-union rivalry, industrial unrest, lack of proper education and training of workers, communication gap
between workers and management, mutual distrust, inadequate understanding of the participative schemes, absence of proper legislative framework and limited scope of the present scheme etc.

To conclude it may be said that despite some obstacles and hindrances in the way of implementation of the scheme of participative management, wherever, implemented even though in limited scope, it has proved to be very useful not only to the employers but also to the workers. It achieved better industrial relations, a more contented labour force having better working conditions, increased productivity and uninterrupted production, greater degree of reduction in wastes, better understanding between labour and management, greater degree of harmony, closer co-operation and co-ordination. The scheme has brought the workers and management closer to each other after removing friction and mistrust. The meetings have improved the level of discipline in the units. This scheme has made them partners and not mere workers. Both the management and workers have a sense of responsibility.

**Suggestions**

After the indepth study of the subject in hand, I suggest the following points for more successful implementation of the scheme
of workers' participation in management in co-operative sugar mills in India.

Workers education and training make a significant contribution to the purposive working of the participative management. In the Indian context it is generally said that since independence the participative institutions have failed to achieve their goals in right perspective due to ignorance and illiteracy of workers. Hence trade unions and the Government should play a major and meaningful role in organising and conducting training programmes for workers. The Government of India has, no doubt, formulated workers' education scheme in the late fifties by constituting the Central Board for Workers' Education at Nagpur but its impact has been marginal. In co-operative sector apex co-operative organizations such as the NCDC, NCUI, NFCSF in collaboration with Central Board of Workers' Education and the National Council for Co-operative Training should conduct the programmes of education and training for workers as well as management. While conducting the programmes it is desirable to include discussions regarding the schemes of participative management, co-operative movement, organizational goals, duties and responsibilities of workers in co-operative enterprises. On the pattern of VAMNICOM a separate, autonomous training institute
may be created in co-operative sector having regional offices in all the states and local levels, wherever necessary. The institute should undertake training programmes on participative management regarding consultancy to shop councils or joint councils on various aspects of workers' participation, seminars and symposia should also be organized by the institute. However, at the unit level, the trade unions should take the responsibility of training at least workers' representatives of the participative bodies.

The sugar co-operatives should provide an effective communication link between the workers and all levels of management. There must be a free flow of information between them to ensure transparency which is foundation stone of trust, mutual beliefs and co-operation leading to better performance on both sides. A well knit interaction system both vertical and horizontal must be established between both the parties. Publication of a well planned house journal or magazine or Gazette can be used as an effective tool for the purpose and the day to day information may be displayed on departmental notice boards of the units.

The progress of participative approach depends to a great extent on a conducive environment. An amicable atmosphere is an important pre-condition for bringing out the vitality of the workers
and employers even at higher levels so that they can pursue their work with a relaxed competence. The work environment must be congenial enough to motivate workers to give whole hearted support with a view to ensuring its efficient operation. An environment of conflicts and disharmony will lead to frustration among workers which will, in turn, affect the working of the system. Hence, attempts should be made to cultivate a healthy work environment based on cordial relationship, trust and belief between the parties. In addition, some statutory arrangements should also be made to provide tax concessions and other benefits as incentive to the enterprises effectively implementing the schemes of workers' participation.

For the success of any participative machinery sincere involvement of bonafide workers, skilled or unskilled is a must. The most basic reason for the failure of the schemes in India has been reluctance of workers to involve themselves in the scheme due to absence of incentives for it. In order to induce the workers to involve themselves in the scheme, the representatives should be drawn from the legitimate representatives of their unions. The participation of outside trade union leaders should be discouraged. This is necessary because the difficulties and problems of the workers are better understood by the workers themselves than by
others and they can put across their point of view to the management with confidence.

The consultative bodies and the provisions of suggestion schemes have failed to deliver goods. In order to make workers' participation meaningful and purposeful, the workers should be associated at all levels of decision making. Hence amendment should be made in state co-operative laws, wherever necessary, providing for representation of workers on the Board of Management. The worker director should be elected from amongst the workers. The workers should also be allowed to enroll themselves as shareholders of their unit.

The success of participation depends upon a suitable participative structure and a change of heart on the part of workers and management. Atmosphere of trust should be created on both sides. Unions should not consider the participative institutions as their rivals. Some managements think that if they permit and encourage workers' participation, it would result in a loss of authority. Such a perception is not conducive; hence, it should be discarded. Instead, the management should not hesitate in sharing in the decision making process with workers. It should treat them as equal co-partner in progress and prosperity. It will not in, any way, dilute the authority of the management.
The study has shown the existence of the multiplicity of trade unions in the units under study. This generates inter-union rivalry. Hence, one and only one union should be recognized for each industrial unit. Then inter-union rivalry will cease to play a disputive role. The legislation should be made to eliminate the ills stated above.

Existence of a number of forums such as the Works Committees, Joint Management Councils, Unit Councils, Shop Councils, Plant Councils, Canteen Committee Co-ordination Committee, P.F. Committee etc. with inadequately defined functions, create confusion and duplication of work. In order to make these fora effective, their functions, aims and objects should be clearly defined and circulated among the workers through in house journals, magazines, notices and circulars.

The present policy of the Government to exclude bargainable issues from the purview of this scheme should be changed. When this right of vital interest of workers is denied to them, they naturally, lose all interest in the scheme. They don't want to act as mere pawns in the hands of the management and other effective forces.

The study reveals that rules for holding the meetings of shop councils are followed more in breach than in observance. Meetings
are not held as constitutionally provided for. Thus, the number of
meetings held also becomes negligible or insufficient. More effective
legislation is required to ensure holding of the meetings through
proper procedure and a process to judge the follow-up action taken
on the decisions of the meetings should also be evolved.

In earlier chapters reference has already been made in some
details to the Quality Circle movement in Japan. Indian industries
particularly, in the private sector, have shown interest and
willingness to adopt this movement. Efforts should be made to
introduce the Quality Circle movement in co-operative sector also.
This will bring about an overall improvement in the working of the
enterprise.

The present study reveals that most of the sugar mills have
their top managers (Managing Director / General Manager / Chief
Executive) from state public services. Barring a few, most of them
still cling to the old snobbish feelings enjoyed by the members of
the State and the All India Services. Their attitude is bureaucratic,
they are unaware of the ground realities associated with workers,
cane growers, sugar mills and their impact on the economy of the
state. Red-tapism and officialdom also hinder the smooth
functioning of the unit. The top management is able to survive
with its unappreciable attitude due to absence of legal framework
which may limit their powers and impose mandatory rules on
them. Moreover, the number of representatives of workers on the
Board of Management, if any, is negligible. Whatever sound and
fury they make for fulfillment of their demands goes unheeded. It
causes frustration among them and a sense of mistrust as well.
This situation is not conducive to healthy functioning of the unit.
Management should discard its dominant bureaucratic attitude in
the interest of the unit.

Finally, I would like to say that existing schemes of
participative management are best suited in the Indian context but
they should be supported by legislative backing. The suggestions
listed above would prove helpful in achieving better industrial
relations, increased production and productivity, greater degree of
reduction in wastes and closer co-operation and co-ordination.