

Workers' Participation in Management: Reforms and Legislations

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Abstract

The workers' participation in management crystallizes the concept of industrial democracy and indicates an attempt on the part of employees to build his employees into a team which works towards the realization of common objectives. The involvement of employees in the decision making process has been termed as industrial democracy, employees' participation, participative management and workers' participation in management. Whatever term is used, the objective is to involve the subordinates in the decision-making at various levels. Labor participation in management is a means of bringing about a state of industrial democracy. Ever since independence, the Indian government has been stressing the need to introduce WPM and various schemes were notified from time to time. However, the results have fallen far short of expectations. Government has tried to give due share of workers' in participative management of enterprises through series of measures and policies in the form of successive Five Year Plans after independence. The results still fall short of expected results due to many reasons: economic, Social, political, etc. This paper makes an attempt to articulate the various reforms and policies of Indian Government in promoting Workers' Participation in Management.

Key words: WPM, Industrial Democracy, Reforms, Legislations

Workers' Participation in Management: Reforms and Legislations

The concept of workers' participation in management (WPM) is not a new concept. It has its origin in the democratic methods of the Greek city States, as well as the Indian village republics, where the government were chosen by the citizens, who composed them, and the administration was carried on in accordance with the decisions taken by them or their representations embodying the will of the people.¹ Since then workers' participation in management has grown from an infant to an adult. It is well established that with positive participation the workers becomes an adult citizen instead of an impersonal subject of managerial authority in the work place community. Widely debated concept of WPM has evolved from the purely and ideological and imaginative plank to an organizational reality.²

Conventionally speaking workers' participation in management is looked upon as a means of permitting subordinates to take part in the decision making process and thus, to enlist individual creativity and enthusiasm. Increased participation by substituting consensus based decision making for traditional adversary system does not by itself provide an automatic solution

for better industrial relations and low productivity, but it does reduce alienation towards work and is an important means of winning support for change.

Analytically, it is a process of delegation of authority and responsibility in the general arena of managerial functions. Extensive participation may lead to slower decision making but it is possible to make decision technically superior and to carry them out without bitter conflicts after characteristics of systems based on the institutionalization of conflicts. Thus, though participates is not a perfect process, it is being used increasingly all over the world to supplement the contract relationship as it provides a more rewarding work life and satisfies legislative expectations of employees.³

The concept of workers' participation in management is borrowed from the West European Countries. From the earliest days of industrial revolution, many social reformers were having strong belief that the workers should be involved in the management of an enterprise for achieving social justice. The idea of labor participation rests on the fundamental premise that workers is not a slave who has no right at all, he is a citizen employed in an industry and has opinions of his own which, he thinks, should be taken into account when decisions are taken and policies are formulated. The factory is not a mechanical entity which is governed by mechanical principles and economic laws, but a social system which is subject to the democratic rights of those who are involved in it. So, in general parlance workers' participation in management and industrial democracy has been used as inter-changeable terms. These terms connote wide ranging meaning and for reaching implications.

The workers' participation in management crystallizes the concept of industrial democracy and indicates an attempt on the part of an employees to build his employees into a team which works towards the realization of a common objectives.⁴ The involvement of employees in the decision making process has been termed as industrial democracy, employees' participation, participative management and workers' participation in management. Whatever term is used, the objective is to involve the subordinates in the decision-making at various levels.⁵

WPM is better described as continuum of management relations. In this continuum, on one extreme, we have information sharing, and on the other extreme, we have self-management. Between the two extremes, there are different degrees of participations represented by consultation, joint decision-making and co-partnership.

The most common and lowest form of WPM is information sharing in which question, explanation, and exchange of ideas takes place between workers and management.

Whereas the ultimate power always remain with the management. On the other extreme, in co-partnership, workers share ownership interests with employers through equity participation. They may also share the management control if they have enough equity participations. In case of self-management the assets of the enterprise are collectively owned by the workers and thus management and control rests with them.

The base of labor participation in management are economic, psychological and social.⁶ Economically, management must be prepared to willingly accept workers' claim that they contribute substantially to the progress and prosperity of enterprise and hence have a legitimate right to share equitably the gains of higher productivity and the prosperity of the undertaking in which they are employed.

Psychologically, it must be realized that worker nourishes a desire to be partner in the affairs of industry. There exists in the worker's mind an urge for status and importance in the organization where he is employed. When he is made aware of the purpose of his work as linked

with the purposes and goals of the enterprise, he feels proud as a component of the organizational structure and this motivates him to cooperate. On the other hand the employer has a feeling that he is the master and the workers are servants, the spirit of co-operation is bound to be on a wane. Where management thinks that the prosperity of the undertaking is the result of good management alone and the depression thereof is due to the workers' failure in their duty, a feeling of participation is conspicuously absent and so is a sense of belonging. Then the very basis of labor participation in management is found wanting. It is probably in this sense that one industrialist remarked. "If you treat the workers as machines they will give you the productivity of machines only, but if you treat them as human being they will give you the productivity of human being, with tremendous potentialities of increased productivity."

Socially, participation exists only if the industry is looked upon not as a private domain of the employer or as an instrument of exploitation of the workers but a social institution in which the employer the workers as well as the community and nation have equal interests, such interests being independent. Industry must be thought of as a common endeavor, where production and efficiency can be have only if there exists happy relations between labor and management. To this and both the parties must have a feeling for a cause and a desire to give and take and work unitedly for the prosperity of the industry.

Indian trade union leaders prefer a right sharing process of workers' participation. The opinion of a trade union leader regarding the present system of workers' participation is the very evidence of their attitudes towards the problem- the prevailing schemes are not really workers' participation. The right and duties of the councils show that it was just a question of getting information and that too has not been done to the satisfaction of workers. What is expected through these schemes of wokers' participation is that the workers do free research for the management and work as unpaid supervisors for increasing production and productivity. Workers have no right particularly in private sector for the very reason that the councils have been set up to exploit workers; the chances of workers' participation are nil.⁷

Government Policy Regarding WPM

In India labor participation in management legislations had roots even prior to its independence.

There are few instances of informal joint consultations as early as 1920's in the Government Printing Press and Railways etc. But the scheme of bipartite forums, as an instrument of participative management, could find its way formally only at the initiative of the government in 1946. Government's seriousness in WPM became evident when the Bombay Industrial Relations Act, 1946 and the Industrial Disputes Act, 1947 provided for the establishment of Joint Councils and Works Committees respectively. Subsequently, it was given a concrete form in the Industrial Policy Resolution of 30th April, 1956. The resolution stated that in a socialist democracy, labor is a partner in the common task of development and should participate in it with enthusiasm. There should be joint consultation and workers and technicians should, wherever possible, be associated with it.⁸

The WPM received an official recognition in the second five year plan. The plan envisaged that for successful implementation of the plan, increased association of labor with management is necessary. It emphasized that such a measure would help in (a) promoting increased productivity for the general benefit of the enterprise, the employees, and the community, (b) giving employees a better understanding of their role in the working of industry

and of the process of production and (c) satisfying the workers' urge for self-expression, thus leading to industrial peace, better relations and increased cooperation. This could be achieved by providing for council of management. Technicians and workers.⁹ As a preliminary of labor and employment set up, a tripartite study group consisting of representative of employers, workers and government was formed.

The study group's recommendations were accepted by the Indian Labor Conference in 1957 and after discussions at a seminar in January 1958, the scheme of Joint Management Council was formulated.

The seminar (1958) was convinced that Joint Council will create an atmosphere of mutual confidence and good-will. It took note of the gradual improvement in the attitude of employees and that there was a need for continuous educative work both on the side of the management and the unions.

In the second five year plan it has been stated.

“A socialist society is built not solely on monetary motives but an idea of service to society and the willingness on the part of the latter to recognize such services.”

The creation of such industrial democracy is the prerequisite for the establishment of a socialist society. Increased association of labor with management is necessary. This could be achieved by providing for council of management consisting of representatives of management, technicians and workers.

The concept of joint management councils is implicit in the following statement in the industrial policy resolution.

“In a socialist democracy labor, as a partner in the common task of development, should participate in it with enthusiasm, there should be joint consultation and workers and technicians should whenever possible, be associated progressively with management.”

The third five year plan (1966) considered it essential that workers' participation in management is 'accepted as a fundamental principle and as an urgent need.' It further observed that 'the large expansion of the public sector which is occurring and is being envisaged will make a qualitative difference in the task set for the transformation of the social structure on the lines of the socialist pattern in view.' It wanted that workers and management to join in partnership to strive for common ends for the peaceful evolution of the economic system on a democratic basis.

The third five year plan recommended the setting up of the JMC in all industrial under-taking found suitable for the purpose so that, in due course, the scheme might become a normal feature of the industrial system.

The fourth five year plan urged the extension of workmen participation to the public sector undertakings and emphasised its importance as an essential functional link in the structure of industrial relations.

Moreover, the WPM was one of the important points in the '20-point economic programme' declared by the Prime Minister during emergency period for the rapid economic development of the country. Consequently the government incorporated the principle of workers' participation in the directive principles of state policy in the year 1976 by amending article 43 of the constitution. Article 43A was added which states that “the state shall take steps by suitable legislation or in any other way, to secure the participation of workers in the management of undertakings, establishments or other organizations in any industry.”

The sixth plan observed that at an enterprise level, workers' participation in management should become an integral part of the industrial relation system to observe as

effective instrument of management. In 1970, government started a plan to include labor representatives at the board of directors' level. This plan had the provision to select one representative out of the names mentioned by recognized union.¹⁰

After including labor representative in board of directors and having a look at the recommendations of National Labor Commission, a number of seminars were organized in order to make plan of labor representative more effective. In this direction a step was taken by labor ministry on 30th October, 1975 for introducing this plan in manufacturing industries and mining industry having 500 or more workers in it.

Under this plan, on the ministry or the departmental level, workers' councils were set up and at industry levels joint councils were established.

Even though it had certain drawbacks it was launched on a huge scale and within one year, by October 1976, it covered 9506 industrial organizations having 25 lac workers. In 1977, the government of India constituted another committee to review the situation. Keeping in view its recommendations, the labor ministry of government of India launched a new plan on 30th October 1983.

Eighth five year plan provided that besides legislation, proper education and training of workers and co-operation from both employers and employees to overcome problems arising out of the existence of multiplicity of trade unions and inter-union rivalry will go a long way in promoting the system of participative management.¹¹

The government being the major shareholder in public sector enterprises was more enthusiastic to introduce participative management in them. As for this reason the schemes of WPM mentioned earlier, the worker-director (1970) and the scheme of 1983 were meant for the public sector enterprises only. This was perhaps intentional as government wanted public sector to play a trend setter in popularizing the concept of participative management. It was expected that the public sector undertaking would provide a lead in the task of implementing the programme of workers' participation in decision making. The first five year plan had specific remarks that a worker in public sector stands on a different footing from a worker in a private undertakings. He has a dual role of the country and servant; master as a citizen of the country and servant as a worker of the undertaking. He must be made to feel that the responsibility for success or failure is as much his as that of the management.¹²

Conclusion:

Labor participation in management is a means of bringing about a state of industrial democracy. Ever since Independence, the Government has been stressing the need to introduce workers' participation in management and various schemes were notified from time to time. However, the results have fallen far short of expectations. The need to bring forward a suitable legislation for effective implementation of the scheme has been felt. Besides legislation, proper education and training of workers and cooperation from both employers and employees will go a long way in promoting the system of participative management. Proper mechanism should be created to give an equal share in the decision making to the workers, at different levels of managerial hierarchy by the companies. The objectives of the WPM should be clearly defined and be aimed at sharing genuine decision making powers with workers to increase overall productivity of the company. The workers should be educated and trained for the purpose. Needless to say it requires strong willpower of management to amend the rules and regulations of the company. But the time is ripe for such a change.

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