

Lesson - 18

WORKERS' PARTICIPATION IN MANAGEMENT

18.0 Objective:

After studying this lesson, the student is able to understand:

- * the concept of Workers' Participation in Management,
- * the various forms of Workers' Participation in Management
- * the present state of Workers' Participation in Management in India.

Structure:

- 18.1 Introduction
- 18.2 Definition and Characteristics of Workers' Participation in Management
- 18.3 Objectives of Workers' Participation in Management
- 18.4 Need and Importance of Workers' Participation in Management
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18.1 Introduction:

Workers' Participation in Management is crucial for better results in an organisation . It helps in developing a technology to resolve conflict and to achieve constructive cooperation among the partners of production. Workers' Participation in Management will facilitate good channels of communication, give scope for personal identity and self respect, enhance employee morale, reduce the cost of labour turnover, promotes a sense of job security and social justice. Effective implementation of participative management is essential for achieving higher productivity and the industrial progress as well.

18.2 Definition and Characteristic Features:

The term participation is variously understood by involved parties. For management it is a joint consultation prior to decision. Making for workers it means codetermination, while for

government it is an association of labour with management without the final authority or responsibility in decision-making, participation is generally conceived as a way of reducing power difference and means to reduce power inequality.

According to **Keith Davis**, participation refers to “the mental and emotional involvement of a person in a given situation which encourages him to contribute to group goals and share in responsibility of achieving them”. It is the process by which authority and responsibility of managing industry are shared with workers.

In view of the different views it is difficult to define ‘workers’ participation’, it can be only described as a system of communication and consultation, either formal or informal, by which the employees of an organisation are kept informed about the affairs of the undertaking and through which they express their opinion and contribute to management decisions.

The following are the characteristics of workers’ participation:

- i) Participation has to be at different levels of management
- ii) Participation presupposes willing acceptance of responsibilities by workers
- iii) Participation means mental and emotional involvement rather than mere physical presence. It is more than consent or approval to managerial actions.
- iv) Workers’ participation in management may be formal or informal. It is a system of communication and contribution whereby employees express their opinions and contribute to managerial decision.
- v) The broad goal of participation is to change fundamentally the organisational aspect of production and transfer the management function entirely to the workers.
- vi) There can be four levels of participation - shop floor, plant, department and corporate levels.
- vii) There are four degrees of participation.
 - a) **Communication:** It involves sharing information about all management decisions with workers.
 - b) **Consultation:** Workers express their views on work related issues. Final decisions are taken by the management after consultations.
 - c) **Codetermination:** Herein, managers and workers jointly take decisions.
 - d) **Self-Management:** In it workers enjoy complete autonomy right from decision-making to execution.

18.3 Objectives of Workers’ Participation in Management:

The concept of Workers’ participation in management has its prime objectives such as economic, psychological, social, ethical and political. Economic objective is to increase workers productively, psychological objective aims at raise workers level of motivation, social objective is mutual respect and understanding among principal groups leading to better effort, while ethical objective is to make workers conscious of their democratic rights on their work place. The following are the objectives in detail.

- i) Increasing productivity of labour by improving cooperation between employer and employees.

Productivity is sought to be increased by improving job satisfaction and industrial relations.

- ii) Purpose of participation is to ensure human dignity and to get the workers' a respectable status in the society.
- iii) Participation in management seeks to bring a change in the attitude of workers. Through participation they will consider themselves as an integral part of the industry.
- iv) Participation provides the employees an opportunity to express themselves and a sense of belonging, pride and accomplishment.

In addition to the realisation of the objectives stated above, effective participation by workers will also result in:

- * a sense of involvement among workers in organisational purpose and activities.
- * a sense of inducement to contribute their best with a sense of commonness.
- * a sense of commitment to decisions to which they have a party.

18.4 Workers' Participation Need and Importance:

Workers' participation in managerial is a highly complex and dynamic concept in both developed and developing countries. In modern days, due to the growth of large-scale enterprises, increase in work force, paternalistic philosophy and practice of information consultation, the importance of workers' participation in management has increased gradually over a period of years. The growth of professionalism in industry, advent of democracy and the principle of social justice, transformation of traditional labour management relations have added new dimension to the concept of participative management. The following are the benefits of workers' participation in management.

- i) It will facilitate better understanding and mutual trust between employer and workers.
- ii) Through participation, workers learn the problems of the industry and they can better understand their role. Participation results into better employee satisfaction and motivation.
- iii) It helps to reduce industrial disputes and promotes peace in industry.
- iv) People in general express resistance to change. It is due to fear of economic and social loss. But workers' participation in management is a good to convince people about the need for change and get their acceptance for change.
- v) Participation of workers in management helps to promote industrial democracy, which is necessary for political democracy.
- vi) Participation in decision making helps the workers to think and take initiative. Workers talent and ability can be identified. Worker's urge for self-expression is satisfied.

18.5 Forms of Workers' Participation in Management :

The following are the well-known participatory forms:

1. Collective Bargaining:

Collective bargaining is done periodically or on a continuing basis between management and

workers' representatives on issues over which the interests of both parties are competitive, such as wage rates, bonus rates, working hours and number of holidays. The agreements arrived at are normally binding on both parties. The system of collective bargaining depends on the principle of balance of power, managements and the unions representing the workers are regarded as two separate power blocks that jointly negotiate the varied terms of employment with each other.

2. Works Committees:

Under the Industrial Disputes Act 1947, every establishment employing 100 or more workers is required to constitute a works committee. Such a committee consists of equal number of representatives of employer and workers. The main purpose of works committees is to provide measures for securing and preserving amity and good relations between the employer and employees.

3. Joint Management Councils (JMCs):

These are joint bodies consisting of the representatives of management and employees. The functions of JMCs may range from decision-making on some issues to simply advising the management as consultative bodies. The decisions of these councils are advisory in nature through employers often implement the unanimous decisions of them. Working conditions, accident, prevention, indiscipline, absenteeism, training are the important matters before joint management councils.

4. Board Level:

The basic function of the board is to ensure the growth of enterprise capital. If there is workers representative in the board, the capital formation and growth will be of secondary importance to him. His pre-occupation will be one of the negotiating workers special interest with the other members of the board. In India in Port Trust, Docklabour Boards etc, have workers representatives. The effectiveness of workers representatives at the Board depends upon his ability to participate in decision-making and his knowledge of the company affairs.

5. Workers' Ownership in Enterprise:

This method refers to complete control of management by workers through an elected Board and Workers' Council. This system prevails in Yugoslavia. In this system two different sets of persons perform two distinct managerial and operative functions. Though workers have the option of influencing the decisions taken at the top level, yet, in actual practice, the Board and the top management team assume a really independent role in taking major policy decisions for the enterprises.

6. Suggestions Scheme:

Under this method, workers' are invited and encouraged to offer suggestions for improving the working of the enterprise. A suggestion box is installed in the organisation. Workers can write their suggestions and put into the box. Periodically all the suggestions are put into the box. Periodically all the suggestions are scrutinized by the suggestion committee and good suggestions are accepted for implementation and suitable rewards are given to the concerned workers.

18.6 Workers' Participation in India:

Since Independence various schemes have been formulated by the Government of India to encourage workers' participation in management.

i) Works Committee:

The Industrial Disputes Act 1947 provided for limited participation of elected representatives of workers in Bipartite Works Committee. The object of these committees is to promote measures for securing and preserving amity and good relations between employers and workmen. At the end of 1987, 530 works committees were operating. There was frequent conflict between the elected representatives of works committee and trade unions operating in the enterprise.

ii) Joint Management Councils:

In 1958, Joint Management Councils were introduced. JMCs were to be entrusted with administrative responsibility for various matters relating to welfare, safety vocational training, preparation of holiday schedules etc. But the JMCs did not receive much support from unions or management.

iii) Constitutional Amendment and 1975 Scheme:

In the year 1975 the constitution was amended and section 43 A was inserted in the Directive Principles of the Constitution. In accordance with this amendment the state shall take steps by suitable legislation to secure participation of workers' in the management of undertakings, establishments engaged in any industry. The scheme provided for the formation of joint councils at shop level and plant level and covered only those manufacturing and mining units, which employed 500 or more workers. Shop and plant level councils were assigned specific functions relating to production and productivity, reduction of absenteeism, safety etc.

iv) Scheme of Workers' Participation in Management:

After two years, commercial and service organisations with 100 or more employees were brought within the purview of a participative scheme, similar to that 1975 scheme. This scheme is applicable to institutions like hospitals, the PST, Railway and State Electricity Boards. In practice, this scheme suffered with number of problems and finally resulted in ineffective functioning of many forums and their subsequent closure.

New Scheme for Employee Participation 1983:

In December 1983 a new scheme of participation was prepared and notified. This scheme is applicable to all central public sector enterprises. It is implemented at the board level. The mode of representation of worker representatives is to be determined by consultation with the concerned unions and parity in representation between management and unions continued to be equal. The scheme brought within ambit of the councils a wider spread of work-related issues. At the plant level, the council could discuss issues relating to personnel, welfare environment, plant operations and functioning etc.

Workers' Participation in Management Bill 1990:

For the first time in 1990 the Government introduced a bill to make three tier representative forums of participation. Following are the salient features of this Bill:

1. In this Bill the term 'worker' has been defined to include all types of employees-managerial as well as non-managerial. Workers doing managerial jobs are termed as 'other workers'.
2. The Bill provides for the setting up of shop floor councils and establishment councils in accordance with the provisions of the scheme to be framed and notified by Central Government.

3. The Bill provides that in the Board of Management of every body of corporate owning an industrial establishment representation will be given both to 'workmen' and 'other workers'.
4. Appropriate Government (Central/State) may appoint inspectors for purpose of this act and every inspect shall be deemed to be a public servant with in the meaning of Indian Penal Code.

18.7 Reasons for Slow Progress of Workers Participation in India:

The following are the important reasons for slow progress of workers' participation in management in India.

- i) Basically there are ideological differences between employees and employers towards participation. Employers want to introduce participation gradually in stages and while employees feel that the scheme should be introduced simultaneously at all levels.
- ii) The basic needs of the workers are not fully satisfied. So majority of the Indian workers are not motivated towards the participation either directly or through their representatives.
- iii) The role of outsiders in the trade unions is one of the features of Indian trade union movement. Trade union leaders who represent workers are also active members of political parties and spoiling the atmosphere of Industrial Organisation. For them their political interest is more important than employees interest.
- iv) Always the industrial climate in India has not been free from labour unrest. It is pity that Government has introduced participative schemes on Industries in such a climate where for its anticipated results has been its total failure.
- v) The workers representatives on various participative bodies are by and large illiterate. Due to lack of adequate education they are unable to participate meaningfully in their working.
- vi) Schemes of workers' participation have been initiated and sponsored by the Government. There has been lack of initiative on the part of both employers and employees.
- vii) The focus has been on participation at higher levels only.

18.8 Measures for Effective Participation In India:

The following measures are necessary to make the workers' participation in management to be effective in India.

- i) There must be complete agreement between management and employees on the manner in which the various participative schemes should function.
- ii) There must be mutual trust and confidence from the side of both management and employees towards the schemes relating to participative management.
- iii) There should be a feeling of participation at all levels. The work environment must be congenial enough to inspire the workers to give their best to the enterprise.
- iv) Participation must be real and the parties to the scheme should meet frequently and the decisions should be timely implemented.
- v) Through proper training programmes the workers are to be educated to know the benefits of participative management. This will develop their knowledge and skills necessary for effective participation.

- vi) There should be proper communication of the merits of schemes through lectures, discussions, conferences, seminars and other methods of propaganda.
- vii) The presence of recognised trade unions, which got active interest of workers is necessary for effective participation. They should develop active involvement of workers in participation schemes.
- viii) There must be periodic feedback and review of the effectiveness of various participative schemes, so that the management and worker should know the extent of success of various participative schemes.

18.9 Summary:

Workers' Participation in Management is an essential step in the direction of industrial democracy. Workers' participation implies mental and emotional involvement of the workers in the management of the enterprise. It is believed that workers' Participation in Management enhances productive efficiency, fosters industrial harmony and enhances human personality. In India, works committees, joint management councils, shop councils and other schemes of participation have been introduced from time to time. However, these schemes could not make much progress due to certain difficulties and because of absence of certain prerequisites. In the year 1990, the Government introduced a bill to make three tier representative forums of participation. Job security, workers education, strong trade unions, proper communication, mutual trust, top management support can help in making workers' participation successful at all levels.

18.10 Key Words:

Workers' Participation in Management	: It is considered as a mechanism where workers have to say in the decision making process of an institution formally.
Works Committees	: These are set up where 100 or more workers are employed. These consists of equal number of workers and employers. These committees try to settle day to day disputes.
Joint Management Councils	: These are consultative bodies that are to be created where 500 or more employees are working. The representatives of the management and employees will participate in decision making on some important issues.

18.11 Self-Assessment Questions:

1. Define Workers' Participation in Management and explain its objectives?
2. What are the different forms of Workers' participation in Management available in Indian Industrial Organisations?
3. Explain the causes for slow progress of Workers' Participation in Management in India. What

measures are required to improve it.

4. Explain the prerequisites for Workers' Participation in Management.

18.12 Reference Books:

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