

## **Workers' Participation in Management (WPM) in India – An Overview**

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### **ABSTRACT**

Workers participation is the most debated issues now-a-days. Nowhere has the concept been defined clearly because it has come to be associated with varying practices in different countries. The form and connotation of the term also vary according to the social and economic goals of a particular country. It means different things to different people. As stated in an article in the International Labor Review, most international discussions on the subject suffer from the fact that those who use the term are often thinking of one particular form of participation only. For management it is joint consultation prior to decision making. Management experts and executives view it as a mechanism where workers have a say in the decision making process of an enterprise. For laborers, it is just like co-decision or co-determination. From the foregoing discussion, it is clear that the concept is a very confused, controversial and debatable issue in the field of personnel and industrial relations. Plot only its meaning, but its implementation also has taken different forms for the purpose of organizing labor management relations. In spite of the plurality in meanings and variations in interpretation, there seems to be a consensus that participation means sharing, in an appropriate manner, the decision making power with the lower ranks of the organization. The rationale of workers' participation in management lies in that it helps in creating amongst the workers a sense of involvement in their enterprise, a better understanding of their role in the working of the industry and affords them a means of self-realization thereby promoting efficiency and increased productivity.

### **INTRODUCTION**

#### **BEFORE INDEPENDENCE**

The workers' participation in management is not a novel and imported idea from outside. It can be dated as far back as 1920 when Mahatma Gandhi suggested participation of workers in management on the ground that workers contributed labor and brains while shareholders contributed money to the enterprise and that both should, therefore, share in its property. He said that there should be a perfect relationship of friendship and cooperation among them. For the unions, he said that the aim should be to raise the moral and intellectual height of labor and, thus, by sheer merit, make labor master of the means of production instead of the slave that it is. It was at his instance that, in 1920, the workers and the employers in Ahmadabad Textile Industry agreed to settle their disputes by joint discussions and consultations. Therefore, the Ahmadabad Agreement may be regarded as a milestone in the history of joint consultation i.e. participative management in India. Following this, some works committees were also set up in the Government

Printing Presses and Railways. During the same period, such committees were also set up in the Tata Iron and Steel Company, Jamshedpur. Since then, there is no looking back in this direction.

While supporting the need for works committees, the Royal Commission on Labor suggested that, to promoting industrial harmony and to avoid misunderstanding and settle disputes, not only works committees be set up, but strong trade unions be developed and labor officers be appointed. Along with the works committee, the Commission also suggested the establishment of a joint machinery to deal with the more general questions, and also to act as an advisory appellate body in respect of disputes which were confined to a single establishment. These recommendations of the Commission bore fruits with the provision of formal statutory machinery under the Bombay Industrial Relations Act, 1946 and the Industrial Disputes Act, 1947.

## **AFTER INDEPENDENCE**

In fact, the first major step in the direction of workers' participation in management in India was the enactment of the Industrial Disputes Act, 1947 with the dual purpose of prevention and settlement of industrial disputes. The Industrial Policy Resolution, 1948 advocated WPM by suggesting that labour should be in all matters concerning industrial production. Article 43 A of the Constitution of India has provided for WPM in these words:

“The State shall take steps, by suitable legislation, or in any other way, to secure the participation of workers in management of undertakings, establishments or other organisations engaged in an industry”.

The First Five-Year Plan and the successive plans emphasised the need for workers' participation in management. For example, the Second Five-Year Plan' stressed the need for WPM in the following words:

“It is necessary in this context that the worker should be made to feel that in his own way he is helping build a progressive state. The creation of industrial democracy, therefore, is a prerequisite for the establishment of a socialist society”.

The Government of India set up a 'Study Group on Workers' Participation in Management', in 1956, consisting of representatives of the government, employers, and workers to examine the system of WPM in the UK, Sweden, France, Belgium, West Germany and Yugoslavia and make recommendations for the Indian case.

## **MEANING**

Workers participation is the most debated issues now-a-days. Nowhere has the concept been defined clearly because it has come to be associated with varying practices in different countries. The form and connotation of the term also vary according to the social and economic goals of a particular country. It means different things to different people.

As stated in an article in the International Labor Review, most international discussions on the subject suffer from the fact that those who use the term are often thinking of one particular form of participation only. For management it is joint consultation prior to decision making. Management experts and executives view it as a mechanism where workers have a say in the decision making process of an enterprise.

For laborers, it is just like co-decision or co-determination. In the view of social thinkers like Comte and Owen it is a “means for achieving social justice.” They were concerned mainly with the status of the workers. From the point of view of social thinkers Blake, Mayo, Lewin and Likert, it is one of the tools of the management where the stress is on the utility of a human approach.

From the foregoing discussion, it is clear that the concept is a very confused, controversial and debatable issue in the field of personnel and industrial relations. Not only its meaning, but its implementation also has taken different forms for the purpose of organizing labor management relations.

In spite of the plurality in meanings and variations in interpretation, there seems to be a consensus that participation means sharing, in an appropriate manner, the decision making power with the lower ranks of the organization.

## **DEFINITION**

“The term participation implies the mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share responsibility in them.” — Kieth Davis

“It is a principle of democratic administration of industry: sharing the decision making power by rank and file of an industrial organization through their representatives at all the appropriate levels of management in the entire range of managerial action.” —Dr. Mehtras

## **ON THE BASIS OF THE ABOVE DISCUSSION THE FOLLOWING COMPREHENSIVE DEFINITION MAY BE GIVEN:**

It is a system of communication and consultation either formal or informal by which employees of an organization are kept informed about the affairs of the undertaking or through which they express their opinion and contribute to management decisions.

## **THE GROUP SUBMITTED ITS REPORT IN MAY 1957 WITH THE FOLLOWING RECOMMENDATIONS**

- WPM schemes should be introduced in selected undertakings on a voluntary basis.
- A sub-committee consisting of representatives of workers, employers and government should be set up for considering the WPM in India.

The above recommendations, among other things, were accepted by 15th Indian Labor Conference held in July 1957. The Conference appointed a 12 member sub-committee to look into further details of the scheme. The recommendations made by the sub-committee were discussed in a “Seminar on Labor-Management Co-operation” held in New Delhi on January 31 and February 1, 1958. It drew up a “Draft Model Agreement” between labour and management for the establishment of the Joint Management Councils (JMCs) which would have the following three sets of functions:

- ❖ To fulfill its functions as an advisory body.
- ❖ To receive information on certain matters.
- ❖ To fulfill administrative responsibilities.

Besides, the Seminar on Labor Management Co-operation also took the size of the Councils, its office bearers, term of office, etc. Thus, the Joint Management Councils (JMCs) were set up in 1958.

Following the recommendations of the Administrative Reforms Commission, the Government of India accepted the inclusion of the representatives of workers on the Board of Directors of public sector undertakings. Following this, the Nationalized Banks (Management and Miscellaneous Provisions) Scheme 1970 also provided for the appointment of worker director to

their Board. One director was from among employees (who are workmen) and another from among officers for tenure of 3 years. Thus up to July 1975, there had been three forms of workers' participation in management introduced in India: Works Committees, Joint Management Councils and Workers-Directors (public sector) on Boards of Directors. Under the Government of India's 20-Point Economic Programmes, a new scheme of shops and plants councils was introduced in 1975 after the emergency was declared in June 1975. In the following year 1976, the Government of India amended the constitution to incorporate workers participation in management as one of the Directive Principles of State Policy.

## **IN JUNE 1977, THE GOVERNMENT OF INDIA SET UP A HIGH-POWERED EXPERT COMMITTEE ON COMPANIES AND MRTP ACTS UNDER THE CHAIRMANSHIP OF RAJINDER SACHAR WITH TERMS OF REFERENCE TO**

- Consider the provisions of the Companies Act and MRTP Act and
- To suggest measures participation in management and share capital of companies can be brought about. The Sachar Committee submitted its report in August 1978.

Meanwhile, the Janata Government also set up a "Committee Workers' Participation Management and Equity" in September 1977 under the Chairmanship of Ravindra Varma the then Union Minister of Labour. The Committee consisted of 18 members representing Central Organizations of trade unions and employers and some of the States and professional institutions of management.

The strength of Committee increased to 21 by nominating three additional members in January 1978. The terms of reference of the Committee were to consider, among other things, the need for a statutory scheme for workers' participation in management. The Committee was also to study and recommend an outline of a comprehensive scheme of workers participation at different levels of management in industrial establishments and undertakings.

The Committee submitted its report to the Government in March 1979. The report showed that the majority of the members favoured adoption of a three-tier system of participation, viz., at the shop, plant and corporate or board levels. However, the employer of private sector did not favour board or corporate level participation in management. It also recommended to enact legislation on workers participation in management covering all undertakings, be public or private, employing 500 or more workers.

The Government accepted the recommendations made by the 21-Member Committee on Workers' Participation in Management and Equity. Based on a review of the working of the various schemes of workers' participation in management and experiences so gained the Government formulated and notified a new comprehensive scheme on a voluntary basis for 'Workers' Participation in Management' on 30th December, 1983.

## **THE SALIENT FEATURES OF THE SCHEME WERE**

- ✓ The scheme will be non-legislative.
- ✓ It will apply to all central public sector enterprises, except those specifically exempted.
- ✓ It envisaged constitution of bipartite forums at shop and plant levels.
- ✓ The mode of representation of workers representatives was to be determined by consultation with the concerned unions.
- ✓ A wide range of work related issues were brought within the ambit of the councils.

- ✓ However, a host of constraints such as multiplicity of unions, inter-union rivalry, lack of proper knowledge on the part of workers about the scheme, etc., served as stumbling blocks in the successful working of the scheme.

**PARTICIPATION OF WORKERS IN MANAGEMENT BILL 1990 (BILL NO. XXVIII OF 1990)**

So far, all the schemes pertaining to the workers' participation in management have been non-statutory which failed to provide meaningful participation to workers in management.

**TO REMEDY THE SITUATION, THE GOVERNMENT HAS, THEREFORE, INTRODUCED A BILL IN THE PARLIAMENT ON 25TH MAY 1990 TO PROVIDE FOR**

- Meaningful three-tier participation of workers in management in all industrial establishments.
- Formulation of scheme specifying criteria regarding nomination of representatives from workers.
- The principle of secret ballot for determining the representation of workers on the shop floor and establishment level councils.
- Rules for monitoring the scheme.
- Deletion of Section 3 of the Industrial Dispute Act, 1947.
- Rules for appointment of Inspector.
- Imprisonment up to 2 years or a fine up to Rs. 20,000 or both for contravention of the provisions.

**MAKE WORKERS' PARTICIPATION IN MANAGEMENT (WPM)**

It is important that the WPM does not operate in vacuum.

**THE FOLLOWING ARE THE CONDITIONS TO BE SATISFIED TO MAKE THE WPM EFFECTIVE OR SUCCESSFUL**

- ✓ The objectives of WPM should be closely set by the parties concerned.
- ✓ There should be a democratic, strong and representative union of workers to participate in management on behalf of workers.
- ✓ 3 There should be a sincere feeling of participative management at all levels. Rigidity in terms of hierarchical participation distorts the atmosphere for participative management.
- ✓ There should be continuous communication and consultation between the workers and management in matters affecting their functioning.
- ✓ The workers and management should develop positive approach and favorable attitude to participative management. Conducting training and orientation programmes for the parties concerned can help create a conducive, environment for successful application of WPM. Besides, research has shown that the effectiveness of participative management can be improved if certain parameters are kept into consideration.

**OF THESE PARAMETERS, THE FOLLOWING CHIEF ONES ARE HIGHLIGHTED HERE**

- The effectiveness of participation is sine qua non with fulfillment of motives of the participants.

- The clarity of goals and effectiveness of participation are positively related. Say the greater the former, the higher the latter and vice versa.
- More the issue is difficult; greater is the effectiveness of settlement through participatory mechanism.
- Urgency of decision is inversely related with effectiveness of decision.
- Last but no means the least, the more accurate and useful the information, the higher the effectiveness of participation.

While discussing about the effectiveness of participative management, it is worth mentioning that the effectiveness based on one parameter or a set of parameters may vary across cultures. Each country and organization has a unique culture of its own.

For example, while self-determination is very much valued by Americans, the same is not shared by workers in South America. Germans cohere in groups only if they are led by a leader, while the informal group is the norm in USA. Thus, these facts support the point that the effectiveness of participative management will not be the same, i.e. uniform universally.

As since Tata Iron and Steel Company (TISCO) was the pioneer in introducing WPM in India, hence, it seems in the fitness of context to present the TISCO experience in WPM.

## **WORKERS' PARTICIPATION IN MANAGEMENT AT TISCO**

The close association between employees and management at TISCO is dated far back in 1919. However, it formalized in the form of workers' participation in management in August 1956. Since then there is no looking back in this regard.

In 1982, TISCO celebrated the first silver jubilee of workers' participation in management scheme. In fact, right from inception of the scheme, the purpose of the scheme was to promote productivity, make know workers better understood of their role and place, and satisfy their urge for self-expression.

### **SINCE 1957, THE WPM SCHEME, AS SET UP AT TISCO, CONSISTS OF A THREE-TIER SYSTEM AS OUTLINED BELOW**

- Joint Departmental Councils (JDC)
- Joint Works Councils (JWC)
- Joint Consultative Council of Management (JCCM).
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### **THE SPECIFIC FUNCTIONS PERFORMED BY THESE BODIES ARE DISCUSSED AS FOLLOWS**

#### **JOINT DEPARTMENTAL COUNCILS (JDCA)**

These Councils are set up at the department level. The main function of JDCA was to study operational problems, advise on the ways and means deemed necessary to promote productivity. Matters such as welfare and safety provisions, improvement in working conditions also fell within the purview of JDCA". At present, there are 40 joint departmental councils at TISCO.

#### **JOINT WORKS COUNCILS (JWC)**

JWCs review the working of JDCA and other committees such as Suggestion Box Committee, Safety Committee and Canteen Managing Committee.

#### **JOINT CONSULTATIVE COUNCIL OF MANAGEMENT (JCCM):**

Like JWC, the JCCM also reviews the working of JDCA and JWCs. Besides, JCCM also advises management on matters like production and welfare activities of TISCO.

The above mentioned Councils consist of representatives of workers and management in equal number. Special task groups were also formed to avoid overlapping of the functions performed by these councils. Also, special orientation and training courses were offered for both management and made the WPM experiment as successful one at TISCO.

One indication of TISCO's success in participative management is that from 1957 to middle of 1972, the JDCs have discussed a total of 14, 104 suggestions of which 70.3 per cent have been implemented. Here, the most important point that made TOCO experience a successful one is that the scheme involved both workers and management equally in the process of participative management.

## **CHARACTERISTICS OF WORKERS' PARTICIPATION IN MANAGEMENT**

- Participation implies mental and emotional involvement rather than muscular activity.
- It motivates the employees to contribute their maximum and provides an opportunity to workers to direct their initiative and creativity towards the objectives of the group.
- It encourages people to accept responsibility for an activity as they feel self-involved in the group.
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Thus, we can conclude that participation provides an opportunity to every member of the organization to contribute his brain and ingenuity as well as his physical efforts for the improvement of organizational effectiveness and at the same time enhancing his own economic welfare. It also develops in them a sense of organizational loyalty and involvement.

## **OBJECTIVES**

The main aim of business enterprises now-a-days is shifting towards maximization of economic welfare rather than the maximization of profits. The basic idea of labor participation in management is to get the fullest co-operation of workers. The success of such participation depends on the existence of cordial industrial relations.

It is not a matter of a man being accorded the privilege of stating a complaint or offering a suggestion, but of having a recognized responsibility for doing so because he is an employee and, therefore, a joint partner in the enterprise in which he is investing not money but his life. A close rapport is established between the employer and employees that motivates them to work together productively and co-operatively.

## **THE FOLLOWING ARE THE MAIN OBJECTIVES OF WORKERS' PARTICIPATION IN MANAGEMENT**

- To raise productivity, production and efficiency of workers.
- To improve morale of workers.
- To satisfy the desire of workers for self-expression.
- To promote industrial peace in the concern.
- To have better industrial relations and establish harmonious relations between the workers and management.
- To evoke the fullest collaboration of the employees.
- To encourage social education which promotes solidarity in the working class?

In a nutshell, Participation aims at increasing production and productivity to strengthen the national economy and to serve the people in a better way.

## **4 LEVELS OF WORKERS PARTICIPATION IN MANAGEMENT**

It depends upon the nature of functions, the strength of the workers, varieties of departments, attitude of trade unions and the management.

1. Informative and associative participation
2. Consultative participation
3. Administrative participation
4. Decision participation

### **(1) INFORMATIVE PARTICIPATION**

At the initial stage, participation generally takes the stage of informative and associative participation where members have the right to receive information and give opinion on matters of general economic importance.

### **(2) CONSULTATIVE PARTICIPATION**

The next level is the consultative participation where members share their views on matters affecting their welfare with the management. It involves a higher degree of sharing of views. But the management has the discretion to accept or not to accept the views and suggestions of the employees.

### **(3) ADMINISTRATIVE PARTICIPATION**

At the next higher level it is administrative participation, which provides a greater degree of share in the authority and responsibility in the management functions.

### **(4) DECISION PARTICIPATION**

It is the highest level of participation where workers are given opportunity to take part in decision making power activities. As the name suggests, the decision making power at this level is complete and the delegation of authority is maximum.

It is important to note that participation in management is generally taken to mean only a general consultation on matters concerning the safety, welfare etc., of the workers and nothing more. The ultimate responsibility is vested in the management.

All other matters like wages, bonus etc., are subjects of collective bargaining and are excluded from the preview of the workers participation schemes the world Individual grievances are also excluded from its scope.

## **FEATURES**

- Participation involves mental as well as emotional involvement of the employees.
- It instills teamwork among the employees.
- It is a motivational technique.
- An employee can identify his own strengths as well as weaknesses.
- It is an all-pervasive function.
- Employees become better through contribution in the decision-making process.

The participation of workers can be applied under various methods, such as participation at board level, through work committees and quality circles.

## **NEED FOR EMPLOYEE PARTICIPATION**

A clear understanding between the employees and employer is a condition precedent for the existence of harmonious industrial relations in any enterprise particularly in large undertakings. When an enterprise is small, face to face contact with the top management is possible.

The existence of this contact makes possible mutual consultation and frank exchange of opinions. Therefore, the chances of misunderstanding between the top management and the employees are almost nil.

On the other hand, when the enterprise grows larger, the chances of direct contact become limited and lines of communications also become complicated. The absence of face to face contact leads to misunderstanding, which can lead to industrial disputes. There may be a great social and economic loss as a result of strikes and lock-outs.

In the search of finding out a lasting solution to the problem of industrial unrest, the participation of workers in management plans were suggested and designed. These plans bring the employer and employees closer which is in the interest of both.

The success of a business enterprise depends to a great extent on the cordial industrial relations. If the attitude of the workers towards their work is positive, they will contribute their maximum for the achievement of organizational goals. The workers must feel involved in the work they do. In the past workers were considered like machines and raw material.

In the case of company form of organization, ownership is in the hands of shareholders who are scattered over different parts of the country. The management is in the hands of experts who are not the owners.

The aim of workers' participation in management is to inculcate a sense of responsibility among the employees. However, participation in management does not mean that employees have to be consulted for taking day to day decisions.

## **CONCLUSION**

Workers participation is the most debated issues now-a-days. Nowhere has the concept been defined clearly because it has come to be associated with varying practices in different countries. The rationale of workers' participation in management lies in that it helps in creating amongst the workers a sense of involvement in their enterprise, a better understanding of their role in the working of the industry and affords them a means of self-realization thereby promoting efficiency and increased productivity. Participation tends to improve motivation because employees feel more involved and committed to the organizational tasks. Their self-esteem, job satisfaction, and cooperation with the higher authorities also improve. Participation can reduce stress and conflict among the employees. Employee turnover and absenteeism may reduce when employees realize that they are a part of the organization. It can boost up the morale of the employees. The values and dignity of employees are protected through participation. The mental and physical health of employees can be improved by minimizing the effect of alienation at work place. It is a democratic process in contradiction to authoritarian organization. A sense of self-respect can be inculcated among every employee. Finally, the act of participation in itself establishes better communication, as employees mutually discuss all problems.

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