

THE SOUL OF INDUSTRIAL RELATIONS

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ABSTRACT

Workers' participation in management can be considered **as an advanced form of labour-management co-operation**. 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. Good participation machinery contributes to good industrial relations and at the same time successful participation itself is dependent on good industrial relations. Workers' participation can be distinguished also on the basis of its advisory or mandatory nature, and its voluntary or statutory character.

Key words: Cordial relations, participation, legal compulsion.

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Workers' participation means only the willingness of the employer to negotiate with the representatives of the employees on matters of industry. In its extreme form, the participation may lead to workers' full control of the undertaking.

Gandhiji recommended such a radical step, when, in 1946, he advised certain employers, who were faced with a strike of the workers, to withdraw, leaving the factory and management altogether in the hands of the workers themselves. In between these two limits, workers' participation may take the form of joint committees for such functions as safety measures, social and cultural activities, production and productivity personnel counseling, control of working conditions, auditing, profit sharing, recruitment and dismissals, and management of the enterprise. Earlier in 1937, Gandhiji had pleaded for a milder form of workers' participation, when he said, "It is vital to the well-being of the industry that the workmen should be regarded as equals with shareholders and that they have, therefore, every right to possess an accurate knowledge of the transactions of the mills. If labourers are co-equal owners, their organizations should have the same access to the transactions of the mills as the shareholders."

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 International Labour Organization has been encouraging member nations to promote the scheme of Workers' Participation in Management.

Workers' participation can be distinguished also on the basis of its advisory or mandatory nature, and its voluntary or statutory character. Participation in the U. K. and Sweden is practised through joint committees, having an advisory status and set up by agreement between employers'

and employees' organisations, without any legal compulsion. On the other hand, legal machinery for participation is set up in Belgium, France and Germany. Yugoslavia furnishes the radical model, where undertakings are run by the employees themselves, through an elected council and a management board.

The concept of workers' participation in management is based on Human Relations approach to Management which brought about a new set of values to labour and management.

According to the International Institute for Labor studies "Workers Participation in Management is the participation resulting from practices which increase the scope for employee's share of influence in decision-making at different tiers of organizational hierarchy with concomitant assumption of responsibility". In the words of Davis "It is a mental and emotional involvement of a person in a group situation which encourages him to contribute to goals and share responsibilities in them".

The 20th century started with increasing conflict between the employer and the employee. This adversary relationship created a lot of hostility. The employer was accused of exploitation and the employee was accused of resistance to productivity. By this time, it was obvious that the prospects of an organization depended on productivity, quality and innovation.

A Form of Co-operation

Workers' participation in management can be considered *as an advanced form of labour-management co-operation*. There has recently been a happy trend in emphasis from class-conflict to class-collaboration and the necessity of labour-management co-operation is being increasingly realised for industrial peace and for higher productivity.

This co-operation takes various forms and is organised at various levels.

At the lowest level, i e, the level of the undertaking, co-operation, which is only between the employer and his workers, takes the form of collective bargaining, creation of a personnel department or appointment of a labour officer and establishment of a joint committee (or works committee) to discuss the problems of common interest in the undertaking.

At a higher level, co-operation may be organised for the industry as a whole through industrial committees, working parties and wage boards. Then there may be co-operation at the

regional level (State Labour Advisory Boards), at the national level (Indian tripartite labour machinery), and also at the international level (I.L.O., I.C.F.T.U. and W.F.T.U.).

Co-operation at these higher levels has been organised fairly well.

However, co-operation at the lowest level, which in fact forms the base of the pyramid of industrial relations, has not been adequately or properly organised, with the result that workers' participation in its true sense cannot be achieved. To elicit such cooperation, various steps may be taken. These include supply of adequate information to workers and their representatives about the firm and especially about any changes that the management proposes to introduce, encouragement to workers to suggest schemes, opportunity to workers' representatives to participate in the technical processes of time and motion study and rate-fixing, and establishment of joint consultative machinery.

In India, though some progress has been made, mainly through statutory means, towards labour-management cooperation, and development so far is not sufficient to bring about the acceptance of workers' participation.

Pre-requisites :

In addition to labour-management co-operation, the prerequisites to workers' participation are a strong and responsible trade unionism and progressive employers' associations. Indian trade unions suffer from such defects as political influence, dominance of outsiders, rivalry and multiplicity, weak finances, poor membership and heavy reliance on Government machinery. A programme of workers' education imparting training in the working of trade unions and in tackling problems of labour and management may go a long way towards equipping the workers to play their legitimate role in management. Side by side with a responsible labour leadership, it is essential to have progressive and enlightened employers' representatives, particularly the supervisory staff, in order to make the workers' participation a success. The employers' men should therefore be adequately trained in business management, including personnel administration.

Two great evils of modern large-scale industrialisation are

(a) the loss of personal and cordial relations between the management and the managed and

(b) the treatment of labour as an inanimate object, either as a commodity or as a tool of production.

When a worker has to work under prescribed regulations and in an impersonal atmosphere, he naturally feels that he is being treated, not as a human being, but merely as a part of a machine. Such a reaction is harmful both for labour and industry, both for work and production. Workers participation restores the individual worker's self-respect and status and also increases productivity and production. It may also be a practical lesson in industrial democracy.

Forms of Workers' Participation in Management

The forms of workers participation in management vary from industry to industry and country to country depending upon the political system, pattern of management relations and subject or area of participation. The forms of workers participation may be as follows:

1. Joint Consultation Model
2. Joint Decision Model
3. Self Management, or Auto Management Scheme
4. Workers Representation on Board

1. Joint consultation model: In the joint consultation model the management consults with the workers before taking decisions. The workers represent their view through 'Joint consultative Committees'. This form is followed in United Kingdom, Sweden and Poland.

2. Joint decision model: In this form both the workers and management jointly decide and execute the decisions. This form of participation is followed in U.S.A. and West Germany.

3. Self management of auto management: In this model, the entire control is in the hands of workers. Yugoslavia is an example to this model. Where the state industrial units are run by the workers under a scheme called 'Self Management or Auto Management Scheme'.

4. Workers' representation on board: Under this method, the workers elect their representative and send them to the Board to participate in the decision making process.

The workers participation in management may be informal or formal. In the formal form of workers participation in management takes the formal structures such as Works Committee, Shop Councils, Production Committee, Safety Committee, Joint Management Councils, Canteen Committee etc. The informal form of workers participation may be such as the supervisor consulting the workers for granting leave, overtime, and allotment of worked or transfer of workers from one department to another.

In the Second Plan

The Second Five Year Plan recognizes the necessity of increased association of labour with management. It observes: "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 the process of production, and (c) satisfying the workers' urge for self-expre-sion, thus leading to industrial peace, better relations and increased co-operation," This, according to the Plan, could be achieved by providing for councils of management consisting of representatives of management, technicians and workers. The management should supply such a council of management with fair and correct statement of all relevant information which would enable the council to function effectively. Such a council of management should be entitled to discuss various matters pertaining to the establishment and to recommend steps for its better working. Matters which fall within the purview of collective bargaining should, however, be excluded from the scope of discussion in the council. To begin with, the proposal should, it is recommended, be tried out in large establishments in organised industries, and any extension should be made in the light of the experience gained.

Study Group :

The Government of India appointed a tripartite group of 10 members (three labour leaders, two industrialists and five Central Government officials) for a first-hand study of the achievements in Europe in securing workers' participation in management. Unfortunately, both the employers' representatives and one of the workers' representatives could not go and hence the Group become bipartite in character, with a preponderance of Government officials. The seven members of the Group visited eight centres — Paris, Brussels, London, Stockholm, Dusseldorf, Frankfurt, Bonn, Belgrade and Geneva—discussed the problems of workers' participation with representatives of labour, management and Governments and submitted a report.

Besides the introduction and the appendices, the report is broadly divided into three parts:

- (a) brief description of the systems of workers' participation in management in the six countries visited;
- (b) analysis, evaluation and appraisal of these systems; and
- (c) recommendations.

The practical value of the report may be said to be embodied in the section on "Conclusions", consisting of eight pages. It may be interesting to know whether the Group has something new to say in these pages.

Recommendations:

According to the Group, the primary pre-requisite for consultation is the "right attitudes", which can be cultivated by sustained educational campaigns not only among labour but also among middle and lower levels of management. The methods of education include group discussion and intensification of training within industry. Joint consultation should be in-built and the State should restrict its role only to the provision of an advisory service on personnel management. Adequate preparation for the success of workers' participation should be made by starting workers' colleges and schools, seminars, publication of literature, etc.

Good participation machinery contributes to good industrial relations and at the same time successful participation itself is dependent on good industrial relations. Hence the necessity of having good relations. The functions of joint councils of management should be separate from those of trade unions, and collective bargaining matters like wages, bonus and individual grievances should be assigned to the latter.

There should be a two-way communication between *the management and the workers*. Formal machinery for participation may be set up by permissive legislation but informal consultation at the shop-floor is better. Normally there may be a single council for an undertaking as a whole, but for undertakings spread over several places, there may be separate councils at the local, regional or national levels.

The joint councils of management, the Group recommends, may be consulted over matters like (i) alterations in standing orders; (ii) retrenchment; (iii) proposals for rationalisation; (iv) closure, reduction in or cessation of operations; (v) introduction of new methods; (vi) procedures for engagement and punishment; (vii) the general economic situation of the concern, the state of the market, production and sales programmes ; (viii) organisation and general running of the undertaking; (ix) circumstances affecting the economic position.

Appraisal

The report is disappointing from a number of viewpoints. Firstly, a large part (about 90 per cent) describes what is happening abroad and therefore is not useful for immediate action. Secondly, no concrete suggestions have been put forward, the Group has drawn up no model scheme of a joint management council, indicating what its constitution, objects and main functions should be. Perhaps some some would expect the Group to have discussed also the factors contributing to or hampering the growth of such institutions in India and made definite suggestions to remove the obstacles to their progress. Thirdly, the recommendations may be said to suffer from masterly vagueness.

The above recommendations, among other things, were accepted by 15th Indian Labour 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 Labour-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:

First, to fulfill its functions as an advisory body. Second, to receive information on certain matters. Third, to fulfill administrative responsibilities. Besides, the Seminar on Labour 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 Nationalised 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.

Government of India’s 20-Point Economic Programmes:

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.

Government of India amended the Constitution:

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.

Government of India set up a high-powered Expert Committee:

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:

(i) Consider the provisions of the Companies Act and MRTP Act and

(ii) To suggest measures participation in management and share capital of companies can be brought about. The Sachar Committee submitted its report in August 1978.

Committee Workers' Participation Management and Equity:

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 Organisations 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:

1. The scheme will be non-legislative.

2. It will apply to all central public sector enterprises, except those specifically exempted.
3. It envisaged constitution of bipartite forums at shop and plant levels.
4. The mode of representation of workers representatives was to be determined by consultation with the concerned unions.
5. 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:

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

It would serve to educate the labour, the management and the Government—the three parties whose effective cooperation is necessary to make workers' participation a success.

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