# SCHEMES OF PARTICIPATIVE MANAGEMENT IN THE INDIAN CONTEXT – A THEORETICAL VIEW

# Abstract

Any industry would be successful only when there is a cordial atmosphere between its management and workers. The phrase ‘Participative Management’ refers to an open form of management where workers are actively involved in the industry's decision making process. Participative Management can also be named as ‘Industrial Democracy’, ‘Co-determination and Employee Involvement’, as well as ‘Participative Decision Making’. . In contemporary thinking both the owners and workers are regarded as equal partners, wherein the owner’s contribution is treated as ‘capital’ and workers contribution is treated as ‘labour’. Similarly it is not correct for the management to think about workers involvement in decision making is necessary only for matters that directly affect their welfare and interest such as remunerations, gratuity, working conditions etc. It should also involve workers in certain other areas such as buying of new equipment, familiarizing innovative merchandise, enlargement of marketplace etc. The reason here is very simple. It is only the workers who are going to use the machines and equipment. Guidance and advice of workers on the suitability of a specific model is important in achieving industrial goals. An effective Participative Management ensures that the workers feel a sense of belonging and increase their loyalty towards the industry. Participative management, often used interchangeably with the phrase “Workers Participation in Management” (WPM) is a method in which the workers are involved for the decision-making process and for the smooth functioning of the industrial enterprise. It refers to the involvement of one group of workers (typically workers) in the decision-making processes which traditionally have been the responsibility and prerogative of a different group of workers (typically managers).

***Key words***: *Participative Management, Workers Participation in Management (WPM), Sense of belonging, loyalty*.

# Introduction

Participative Management is the practice of empowering members of a group, such as workers of an industry, to participate in decision making. The core of this approach stems from open, transparent communication between employers and workers which nurtures mutual respect and cooperation. This practice grew out of the human relations movement in the 1920s and is based on some of the principles discovered by scholars, eminence, experts and industrialists while doing research in management and industrial sectors, most notably the **Hawthorne Experiment** that led to the Hawthorne effect. Participative Management acts as a force to motivate workers to meet specific objectives of the industry. The core idea behind this style of management is not only using physical resources but also making optimum utilization of intellectual and emotional human resources. Participative management offers all workers the opportunities to contribute to workplace policies and decisions that achieve industry’s goals, while promoting career advancement and satisfaction. As opposed to an autocratic management style where the manager assumes operational control and makes all the decisions unilaterally, while a participative manager asks for input from team members and considers all opinions to find workable solutions to the work related problems and implement them to meet deadlines. As a result an employee feels more valued and in turn it increases job satisfaction and improves the quality of their work life. Motivated workers are the biggest asset of an industry and hence participative management is an effective strategy to retain the best talents in the industry.

# Definition

According Crane (1979) defined that “Participative management is a term used to describe an approach to management in which the subordinates, in a particular situation, are allowed and encouraged to participate in decisions which will affect them”

# Schemes of Participative Management

1. Works Committee (1947)
2. Joint Management Councils (1958)
3. Board Level Participation (1970)
4. Shop council and Joint Council under Old 20 Point Programme (1975)
5. Unit and Joint Councils in Commercial and Service Industry in the Public (1977)
6. Scheme of Participative Management in Public Sector Undertakings (1983)

**Schemes of Participative Management**

**Works Committee (1947)**

**Joint Management Council**

**Shop Council and Joint Council under Old 20- point programme**

**Schemes of Participative Management**

**Unit and Joint Councils in**

**Commercial and service**

**Industry in the public**

**Scheme of Participative**

**Management in PSUs**

**Board level Participation**

**Figure No: 1.** **Schemes of Participative Management**

# Works Committees (1947)

The foundation for the work committees can be traced back as early as in 1920 when the Government of India constituted joint committees in Govt. printing presses. Similarly in the private sector the joint committee was formed in TATA Iron and Steel works, Jamshedpur and Buckingham and Carnatic (B and C) Mills in Madras in 1922.

Based on the recommendations of ‘The Royal Commission on Labour (1929) a law was enacted in 1947 under the title ‘The Industrial Disputes Act’ in which section 3 of the act empowered appropriate Governments to require employers employing 100 or more workers in any industrial establishment to constitute works committees. The industrial disputes act provides that the maximum number of representatives in the works committee including the representatives of the employer should not exceed 20 and the number of employee’s representatives should not be less than the number of employers’ representatives.

# The functions of work committee

1. The main function of the works committee is to eliminate the causes of friction between the employer and workmen and to stimulate good relationships between them.
2. It can take up all matters which fall under the purview of standing orders.
3. The works committee can enter into any agreement with the employer for implementing changes in condition of service.
4. The issues pertaining to workers Welfare and amenities such as canteen, drinking water, rest rooms, medical rooms and health services.
5. Learning and recreational facilities.
6. Safety measures, accident prevent mechanism etc.
7. Deliberate grievances arising out of disciplinary action.

# The duties of the works committee as envisaged in the industrial disputes act were:

1. To adopt measures for maintaining good relations between employers and workmen.
2. To comment upon matters of common interest or concern in the industry.
3. To strive to unite any difference of opinion between the employer and workmen in respect of disputes arising in the industry.
4. To work as a consultative body and not a negotiating body.

**The 17th session of Indian Labour Conference held in 1959** has approved the list of an activity which could be in general assigned to the works committee and also the list of functions which should not be assigned to the works committees.

# Items that are to be normally dealt by the works committees

1. Safety and accident prevention measures and provision of protective equipment.
2. Securing the workers against occupational hazards and diseases.
3. Healthy working conditions such as lighting, proper ventilation, temperature and humidity control.
4. Hygiene and sanitation measures including provision of sufficient toilets and Urinals.
5. Amenities such as safe drinking water, canteen, Lunch rooms etc.
6. Adjustment of festival and local holidays.
7. Control over administration of workers welfare funds, Savings fund of workmen.
8. Administration of workmen Cooperative thrift and credit societies.
9. Participating in Administration of recreational, Educational and sports facilities such as Auditoriums, Welfare centres, Library, tailoring, Handicrafts and cookery classes to the wives of workers, sports, games and community celebrations.
10. Implementation of decisions arrived at works committee meetings.

# Items that should NOT normally dealt by the works committees

1. Bonus and other profit sharing patterns.
2. Wages and allowances which are to be paid to workmen.
3. Provident funds, Gratuity and other retirement benefits.
4. Incentives and similar schemes.
5. Housing and transport services.
6. Programmes of planning and development.
7. Matters connected with retrenchment, closure and Lay-off.
8. Rationalization and matters connected with the fixation of workloads.
9. Victimization for trade union activities.
10. The quantum of leave and other festival holidays.

# JOINT MANAGEMENT COUNCIL (JMC) 1958

Among various schemes of Participative Management the Joint Management Council concept was envisaged after having seen a number of Industrial disputes like strikes, lockouts, retrenchment, closure etc. The Industrial Policy Resolution adopted in 1956 by Government of India, declared that in a socialist democracy, labour was a partner in the common task of development and should be asked to participate in it with interest. This has been tried in western countries and hence the Government of India sent a team of management experts to various developed countries such as the UK, Sweden, France, Belgium, West Germany and Yugoslavia. This team submitted a report and recommended the setting up of **Joint Management Councils, JMCs** which was analyzed by 15th Indian Labour Conference, ILC held in July 1957. The Conference appointed a 12 member sub-committee and this subcommittee drew a **“Draft Model Agreement” between** labour and management.

Hence the Joint Management Councils (JMCs) were set up in 1958 with the following three set of functions.

* To fulfill its functions as an advisory body on matters like standing orders, retrenchment, reduction of operation and closure of units.
* To receive information on certain matters and offer suggestions.
* To fulfill administrative responsibilities like safety measures, maintaining welfare measures, vocational training, working hours, payment of rewards and preparation of holiday schedules.

Another important recommendation of the Indian Labour Conference is setting of the tripartite subcommittee for selecting the enterprises where JMCs could be introduced with the following context and criteria.

1. There should be 500 or more workers.
2. The enterprise should have well established and strong trade unions.
3. There should have been a satisfactory record of Industrial relations.
4. There should be willingness and acceptance between the parties’ viz. workers and

management to cooperate with each other to set up JMC.

1. The employer should be a member in any one of the leading employers’ federation.
2. The trade unions must have affiliation with any one of the central federation of labour.

# JOINT CONSULTATIVE MACHINERY (JCM) AND COMPULSORY ARBITRATION IN GOVERNMENT DEPARTMENTS

The Joint Consultative Machinery as recommended by the Second Pay Commission (Constituted in 1959) on the model of Whitley Councils in the UK was set up by the Government of India to facilitate communication and cooperation between the Government and its workers. Under the scheme three tiers of JCM councils were set up viz. first at the Local office or Regional level, second at Department level and third at the National level.

The salient features of JCM in the Government Department are.

* The members are different from the workers’ representatives from the factories in the sense these JCM members are highly knowledgeable in government rules and regulations and do not have inferiority complex while discussing with senior Government officers at meetings.
* Unlike political parties who take active roles in Trade unions here at JCM meetings no outsider can participate in these bodies.

# BOARD LEVEL PARTICIPATION (1970)

During the Nationalization of banks in the year 1970 the Government has notified a scheme which has provision for appointment of a Workman Director and a Director representing the Officers’ cadre in each and every nationalized bank. Hence based on the recommendation of the Administrative Reforms Commission the Government of India has included the representatives of workers in the **Board of Directors of Public sector Undertakings** with the tenure of 3 years.

# SHOP COUNCIL & JOINT COUNCIL UNDER OLD 20 POINT PROGRAMME (1975)

The ‘Emergency’ was declared in June 1975 and along with it a 20 Point Economic programme was announced by the Government of India. Under this 20 point programme a new scheme for workers participation in industry **at shop floor and plant level (Shop councils)** was introduced.

This scheme was applicable to enterprises or units in manufacturing and mining industries irrespective of whether it is run by the public sector or private sector or cooperative sector or departmentally run units and irrespective of whether JCMs are functioning in them. The scheme is applicable to all units employing 500 or more workers.

# Main features of shop council

The Shop Council is a more popular form of Participative management and plays a vital role in Industrial Relations. The main features of the shop council are given below.

1. The shop council should be set up in each department or unit employing 500 or more workmen. So there can be more number of shop councils even in a single industry.
2. In shop council the representatives from both the management and workmen side should be nominated from the same department or unit. Hence a non- workers like a union leader cannot become a shop council’s representative.
3. In order to decide the number of shop councils in an industry it is left to the discretion of management in consultation with trade unions.
4. In general the number of members of each shop council should not exceed 12 and these numbers can be decided by the management in consultation with the registered trade union and also keeping in view of the local condition.
5. The decision of shop council is always by consensus and no Voting is permitted. In case of no Consensus or disagreement it should be referred to the Joint council.
6. The recommendations of the shop council when sent to the employer should be implemented within ONE month.
7. In case the decision of any shop council overlaps with the decision of another shop council then it should be referred to the joint council for final decision.
8. The tenure of each shop council is 2 years.
9. To fill the vacancy during the mid-term or when the need arises the member of shop council can be either elected or nominated.
10. The frequency of the shop council shall be normally one month interval.
11. The management nominates the chairman of the shop council and the workers’

Members elect the vice-chairman.

# Functions of shop council

The thought process behind the introduction of a shop council in an industry is for the purpose of its all-round improvement and more particularly to increase the production, efficiency and profitability in all of its units. So the shop council’s main functions are.

1. To achieve the monthly or quarterly or yearly production targets, the shop council will work in coordination with management.
2. To improve efficiency in production, elimination of wastage of raw materials, optimum utilisation of machinery and manpower the shop council will assist the management in taking appropriate decisions.
3. To identify the reasons and for taking suitable corrective measures the shop council will assist the management so that delay, low production, under production and wastages are totally prevented.
4. To study, observe and identify the causes for the behaviour and absenteeism of the workmen and motivate them to maintain interpersonal relations among workmen.
5. To ensure that all the safety rules and regulations are actually followed by the management.
6. To oversee and maintain the general discipline in the shop or unit.
7. To oversee the facilities of general hygiene, ventilation and suitable measures for controlling noise and dust.
8. To identify and take measures for the general welfare issues at the shop level.
9. To implement technological innovations in the shop level.
10. To deal with the issues arising out of formulation and implementation of work systems design.
11. To maintain good communication between the management and workmen at all times so that important happenings are made known to each other.

# AMENDMENT OF CONSTITUTION FOR IMPLEMENTING PARTICIPATIVE MANAGEMENT

An act to amend the Constitution of India through its 42ND amendment was enacted on 18th Dec 1976 and a new article 43A of the constitution was inserted that formed part of the Directive Principles of State Policy under the title ‘**Participation of Workers in Management of Industries**. This act stated 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 industries engaged in any industry’. The purpose of this amendment was to increase productivity, promote industrial peace and create a sense of belonging among the workers. Thus by enacting this act it has become mandatory for the state to work towards the effective participation of workers in the management of industrial establishments.

# UNIT AND JOINT COUNCILS IN COMMERCIAL AND SERVICE INDUSTRY IN THE PUBLIC (1977)

# In 1977 the Government of India introduced another scheme for Participative Management to cover industries employing 100 or more persons. The name of this scheme is Unit councils and Joint Councils. This scheme was meant for various commercial and service industries that are dealing with the general public such as railway stations, Post and telegraph offices, hospitals, educational institutions, municipal services, ports, docks, tourist industries, hotels and restaurants and various other establishments and service industries frequented by the general public. The functions of unit councils and joint councils were almost similar to shop councils and joint councils that were introduced in 1975 but in unit councils and joint councils more emphasis was given to enforcement of discipline, elimination of pilferage and eradication of all forms of corruption.

# SCHEME OF PARTICIPATIVE MANAGEMENT IN PUBLIC SECTOR UNDERTAKINGS (1983)

# The various schemes of Participative Management in vogue were reviewed by the Government of India and a new scheme was introduced in 1983 by encompassing the existing scheme to include ‘Workers’ of public Sector enterprises. The name of this new scheme is ‘Workers Participation in Management’. This scheme was made applicable to all public sector enterprises except those which were specifically exempted by the Government. This scheme has provision for forming bipartite shop-floor and plant level forums and suggested, for formation of one higher level forum if feasible at top management or board level also.

# The salient features of this scheme are given below.

1. The forum shall be constituted both at shop level and plant level with the size of forum varying from 10 to 20, depending upon the size of workforce in the establishment.
2. The forum shall consist of an equal number of representatives from management and workmen.
3. The term ‘workers’ shall include all categories of workmen viz skilled and unskilled,

Technical and non-technical etc.

1. Another important feature in the scheme is the representative of employee shall include supervisory categories such as foreman and charge men.
2. If the total workforce of women is 10% or more the management and the recognised union shall ensure that adequate representation for women is given in the forums.

# Functions of the forum at shop level

The **shop level forum** shall deal with subjects and issues arising at shop floor level such as production process, storage facilities, operational issues, wastage control measures, safety issues, hygiene, monthly targets, welfare issues, production planning, cost cutting measures, planning of the work design and group working etc. at shop level.

# Functions of the forum at plant level

The **plant level forum** deliberates the issues under four distinct headings via operational area, economic and financial area, personnel, welfare and environmental areas. The details of the same are as explained below.

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| (a) | **Discussion points regarding operational areas** |
| (i) | Planning and review of monthly targets. |
| (ii) | Uninterrupted supply of raw materials, inventory and storage of finished products. |
| (iii) | Development of production schemes and improvement in productivity. |
| (iv) | Housekeeping points. |
| (v) | Adherence of quality and striving for its improvement. |
| (vi) | Unresolved issues arising from shop level or points concerning more than one shop. |
| (vii) | Review of the functioning of shop level bodies. |
| (b) | **Discussion points regarding economic and financial matters** |
| (i) | Profit and Loss statements and Balance sheet |
| (ii) | Evaluation of operating expenses and analysis of sales. |
| (ii) | Review of plant performance, labour and managerial cost, market conditions etc. |
| (c) | **Discussion points regarding personnel matters** |
| (i) | Absenteeism. |
| (ii) | Specific difficulties attributable to women workers. |
| (iii) | Introduction and management of workers’ training programmes. |
| (iii) | Industries of social security schemes. |
| (d) | **Discussion points regarding welfare measures** |
| (i) | Carrying out of welfare schemes. |
| (ii) | Amenities such as transport facilities, medical benefits etc. |
| (iii) | Safety procedures. |
| (v) | Physical activities, games etc. |
| (vi) | Housing and township management. |
| (vii) | Enforcement of discipline against gambling, drinking, indebtedness etc. |
| (e) | **Discussion points regarding environmental areas** |
| (i) | Environmental issues directly linked to functioning of the plant. |
| (ii) | Hazard control and pollution control measures. |
| (iv) | Extension activities duly complying with pollution control norms. |

# Functions at Board level

At the board level forum, worker’s representatives will participate in all the discussions of the board. It will also review the decisions of both shop level and plant level.

# Recent Schemes of Participative Management

After the advent of LPG Liberalization Privatisation and Globalization, the Indian industries have undergone sweeping changes in their organisation form and management structure. Many Multinational companies have started their business operations in India and Indian companies have also started expanding their international business operations and therefore it is imperative on the part of Indian Industries to adopt new forms of participative management practiced in other countries. Some of the recent forms of participative management are Total Quality Management, Quality Circles and Financial Participation.

# Total Quality Management

The TQM is a formal programme implemented in industries where-in every employee is expected to contribute his efficiency for achieving a high quality output in his sphere of work. In this scheme every step during the progress of all the works in the industry are subjected to constant monitoring and intensive check so that the output of work is error-free and total quality is achieved. It is a type of participative form because it is a formal programme involving all the workers in the industries and everyone is made accountable for quality improvement.

# Quality Circles

Quality Circle had its origin in Japan during the 1960s and it is purely a voluntary participation by the workers in an industry. These quality circles usually consist of 7 to 10 workers belonging to the same unit or doing similar types of jobs who regularly meet every week to identify, analyse and resolve work-related problems. Members of the circle are usually imparted training in problem solving techniques. The Quality Circle activities are found to be beneficial for improving productivity, conservation of energy, reduce wastage etc., and also improve workmen’s contribution and development of team spirit and leadership qualities in them which ultimately result in building up a participative culture in the industries. These circles are usually formed for a fixed period and are wound up after they have served their purpose.

# Financial Participation

The concept of this form is based on the presumption that if an employee has a financial stake then he will take more interest and involve himself for betterment of the industries. Under this the performance of an employee is linked to overall performance of the industries. The general methods of workers’ financial participation are sharing the gains through profit linked bonus, allotment of premium shares of the company on its original value etc.

# Case Study

The study of ‘Workers Participation in Management’ was conducted at Bharat Heavy Electricals Limited ;( BHEL) Hyderabad in the year 2012 by Dr G Rathnakar, with a sample size of 100 workers out of 3500 which includes executives and supervisors.

# The findings and recommendations of the case study are

* Workers in BHEL demonstrate a high interest to participate in decision making process within their respective workplaces.
* There exists a significant relationship between education and workers involvement in decision making.
* It is revealed that non-management workers had a growing desire to exercise greater involvement in the decision making process of an industry.
* The industries are giving utmost importance to participative management
* The shop council and plant council forums benefit the industries to a great extent and play an important role in operational areas, economical areas and welfare areas.

# CONCLUSION

The success of participative style of management depends upon industry, nature, functions and processes. while associate workers in every stage of decision making is not possible, still regular exchange of ideas, consultation, thoughts, negotiations between employer and the workers is definitely a boon to the industry. In contrast to collective bargaining which involves joint decision making, participative management represents joint decision making in matters of common interests. Industries like British Airways, Satyam, and Toyota have achieved profits and value creation by implementing ideas of their workers. Their success witnessed the importance of participative management in the process of decision making. Participative Management is seen as a quick cure for poor morale, low productivity and job dissatisfaction. It may not be appropriate to empower workers at every level but use of joint decision making at certain levels of industry can do wonders.

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