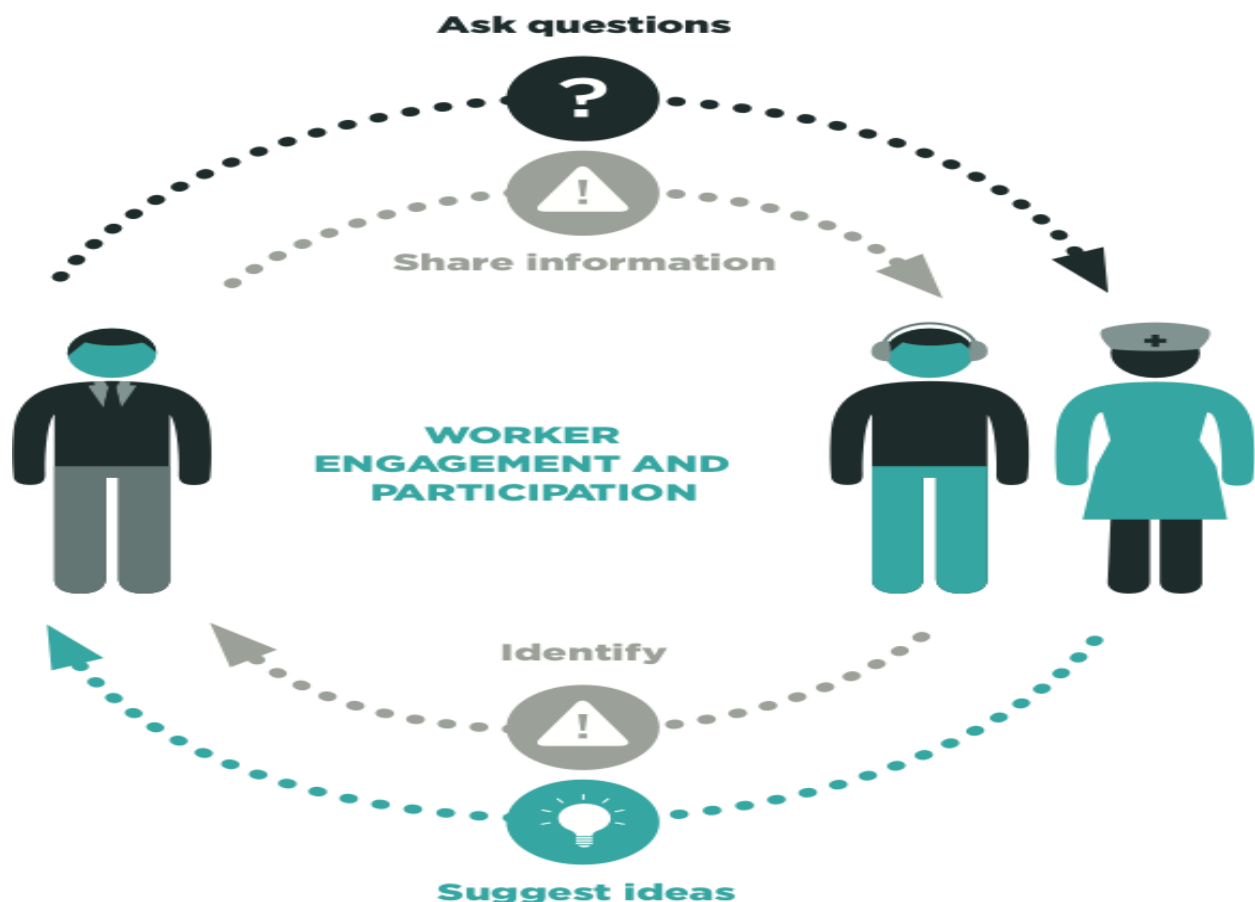


CHAPTER 1

INTRODUCTION

This chapter throws light on the concept of workers' participation in management and its impact on the productivity of the organisation. Researcher has discussed the meaning and definition of workers participation in management, origin, procedure, characteristics, types, objectives, factors affecting, impact of WPM on the performance of employees, levels of WPM, benefits, disadvantages, forms, reasons for the failure of concept of workers' participation in management (WPM) in India, suggestions for making WPM effective in India and recommendations of second National Commission on Labour (NCL).

Diagram 1.1 The Concept of WPM



(<https://www.worksafe.govt.nz/managing-health-and-safety/businesses/worker-engagement-and-participation/worker-engagement-and-participation-fact-sheet/>)

1.1 MEANING AND DEFINITIONS OF WORKERS' PARTICIPATION IN MANAGEMENT(WPM)

The term “workers’ participation in management” refers to the involvement of workers in the decision making process of the organisation by taking ideas, suggestions, opinions, views from the workers by the top level management. This make the workers feel valuable in the organisation so that they work with full dedication and efficiency in the organisation. This motivates them and helpful in increasing the productivity of the organisation. Workers’ participation is also known as ‘labour participation’ or ‘employee participation’ in management. In Germany it is known as co-determination while in Yugoslavia it is known as self-management (<https://www.whatishumanresource.com/workers-participation-in-management>). The issues discussed here are related to wages, working conditions, health issues, conflict solvency, sharing of gain, production related matters, allowances, incentives and other benefits, etc. Article 43A of the constitution of India deals with the workers’ participation in the management and this comes under DPSP (Directive Principle of State Policy) (<https://www.google.com/amp/s/blog.ipleaders.in/understanding-significance-workers-participation-management/%3Famp=1>).

The concept of WPM is based on the Elton Mayo’s Human Relations approach. This approach gave greater emphasis to human resource instead of physical resources. It refers that management should recognise that workers are essentially social beings and not merely money producing machine (Singla, 2021).

According to Keith Davis, “Workers’ participation is the mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share in responsibility of achieving them”

(<https://www.economicsdiscussion.net/management/workers-participation-in-management/31635>).

1.2 ORIGIN OF WPM IN INDIA

The stages are divided in two phases:

1. Before Independence

2. After Independence

- I. Before Independence:** Around 1920, the concept of workers' participation in management had introduced by Mahatma Gandhi in India. Textile workers and employers were agreed to resolve the conflicts between them through joint participation in Ahmedabad. In 1958, TISCO (Tata iron and steel company), Jamshedpur formed some committees for participation of workers in various matters related to the organisation.
- II. After Independence:** The concept of WPM also gained importance after the setup of INDUSTRIAL DISPUTES ACT, 1947. The industrial policy resolution of 1948 also favoured the participation of labours.

1.3 PROCEDURE OF PARTICIPATION

The following steps are to be followed during participation:

1. The first step is to ascertain the objectives for participation. Objective is very important to decide that why the organisation is involving workers in participation.
2. The next step to decide the number of participating members from each side. That is from the managerial level and workers' level.
3. After deciding the number of members, the quorum and frequency of meeting is also be decided. Quorum means the minimum number of members to be present in the meeting for its validity.
4. At this step, the agenda for meeting is to be decided.
5. After that, the notice for meeting is to be given to both the parties. The notice can be in written or in oral form depending upon the organisation, how it wanted to convey.
6. At the next step, the agency is to be decided who will record the minutes of meeting. Recording is very important for future reference and to solve disputes. Moreover, the person involving in recording of minutes should be a responsible person.
7. At this step, the matter should be discussed in meeting and corrective actions are to be taken accordingly.
8. It is the last and final step. At this step, the committee takes final decision after hearing the opinions of members of both the parties and takes the final decision. The final decision of the committee have to be accepted by both the parties.

1.4 CHARACTERISTICS OF WPM

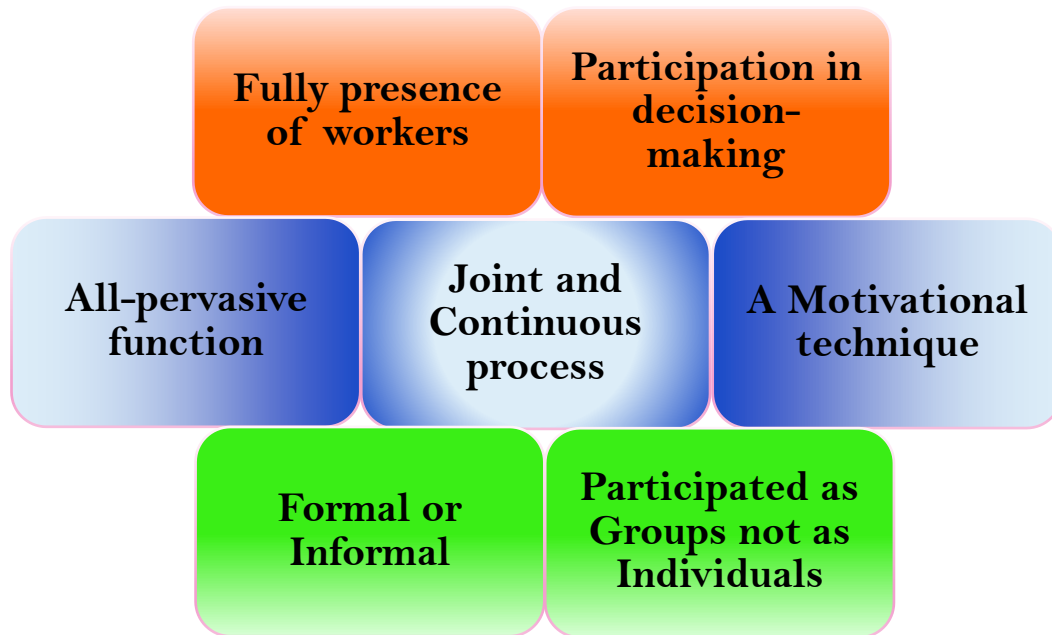


Diagram 1.2 Characteristics of WPM

- A. Fully Presence of Workers:** It means that the workers are fully present. It means that they are mentally and emotionally involved rather than just physical presence.
- B. Participation in Decision Making:** Through WPM, the workers participated in decision making of the organisation. At the highest level of participation, the workers have full authority to take decisions. Participation presumes willingly acceptance of work related responsibilities by the workers of the organisation.
- C. All-Pervasive Function:** Workers participation is an all-pervasive function, that is, it is performed by the managers at different levels in the organisation.
- D. Identification of own Abilities:** Through participation, the workers find their strengths and weaknesses and can improve them in the future.
- E. Feels Valuable:** Through participation in management work, the workers feels valuable and connected to the organisation.
- F. Joint and Continuous Process:** It is a joint and continuous process. Through participation, the workers and employers jointly participated in the decision making of the organisation.

G. A Motivational Technique: It motivates the workers and helpful in increasing the morale of the workers.

H. Opportunity for Workers: This opportunity gives the lower class workers a platform to show their abilities in front of the top level management. Through it, the workers having leadership skills can be found out.

I. Formal or Informal: There can be formal or informal type of communication.

J. Participated as Groups not as Individuals: The workers participated as groups not as individuals.

1.5 TYPES OF WPM

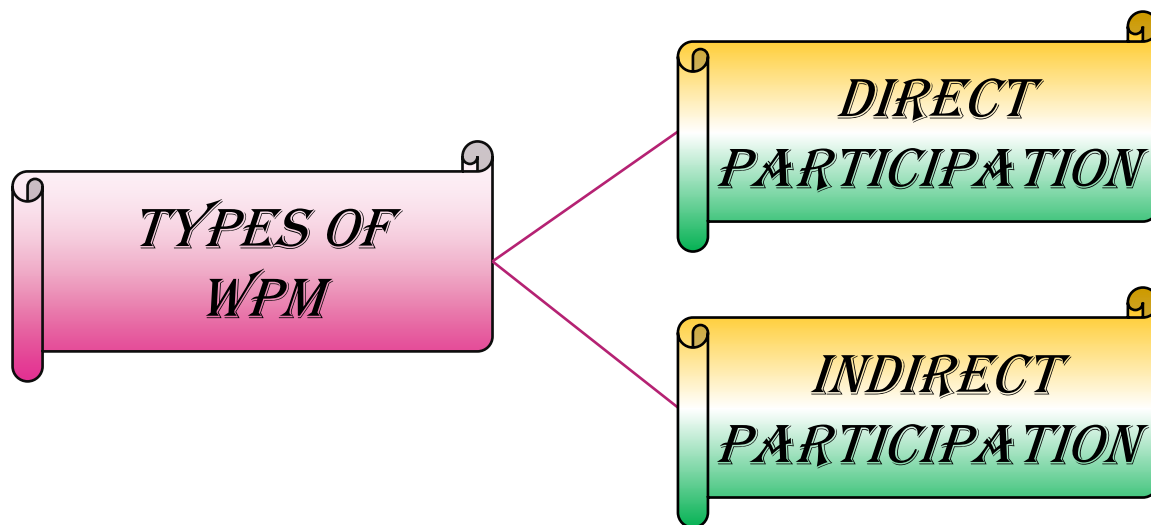


Diagram 1.3 Types of WPM

There are two types of workers' participation:

- I. Direct Participation:** Under this type of participation, the workers/workers directly involved in managerial decision making process. There are no middlemen involved between the employee and management in the form of representatives. Under this type, the workers directly present their problems in front of management.
- II. Indirect Participation:** Under this type, the workers participate through their representatives or official bodies. Here, the workers involved but indirectly. The workers present their problems to their representative and then the representative discuss that issue with the management.

1.6 OBJECTIVES OF WPM



Diagram 1.4 Objectives of WPM

1) Economic Objective:

- To increase productivity of workers by improving cooperation between employer and workers.
- To increase the workers earnings.
- To decrease the rate of absenteeism and labour turnover of the workers in the organisation.

2) Social Objective:

- To enhance the status level of workers in the society, with due respect.
- To maintain healthy Industrial Relations.
- To have a positive impact of Environment.
- To promote Industrial Harmony.
- To have a Growth with goodwill.

3) Psychological Objective:

- To change the attitude of workers towards organisation.

- To make workers feel that they are an important human asset for the company.
- To enhance decision making skills.
- To make them a responsible employee.
- To improve the inputs for the production process.

4) Political Objective:

- To establish industrial democracy by giving them rights at the workplace. Political democracy gives the workers the right to participate in the governance of the country (<https://www.businessmanagementideas.com/management/workers-participation/objectives-of-workers-participation-in-management/20552>).

5) Moral Objective:

- To develop workers' personality.

1.7 FACTORS AFFECTING/ INFLUENCING WPM

A. Career Development Programme- Career development programme is one of the factors contributing to the involvement of workers. Many companies are investing both time and money for their employee development at the workplace and improve their career and it is the opportunity to learn new skills and knowledge on the job (Vijayashree and Chandran, 2019).

B. Cultural Diversity- Cultural diversity refers to the differences in cultures of different people on the basis of caste, religion, race, gender, age, etc. Workers from different cultural backgrounds brings different benefits for the company and their abilities can be utilised in facing adverse situations.

C. Communication Factor- Communication is another factor that influences the workers' participation in management. Through involvement, the communication skills of the workers can be improved within the company and thus helping them in their personality development.

D. Health and Safety- It is also an important factor. Every organisation must frame policies for the health and safety of their workers because everyone life is precious. This factor also influences the involvement of workers.

E. Job Satisfaction- It is another important factor. Engaged workers remains always satisfied. Therefore, it is very essential for an organisation to see to it that the job given

to employee matches his career goals which will make him enjoy his work and he would ultimately be satisfied with his job (**Patro, 2013**).

- F. Time Flexibility-** Another important factor is the flexibility of working hours. It means some changes can be introduced in the working hours as per the convenience of working parents to drop and pick their children from school.
- G. Job Designing-** This factor is also important. Job designing is a process of defining how work will be performed and what tasks will be required in a given job.
- H. Fair Pay Structure-** It is a very important factor of workers participation. Salary is a sensitive issue for every person working in the organisation. So the discussion on this topic also influences the workers for involvement.
- I. Incentives and Compensation-** If sufficient incentives and compensation are to be provided to the workers on time then the level of workers' participation is high. So, this factor also influences the workers participation in management.
- J. Bonus Factor: Manager Working Relationship-** This factor is the most important factor influencing workers' involvement. Those days has gone when the workers are satisfied just with the pay only. Everyone needs money to survive, but people would rather wake up happy to go to work than dragging their feet and counting down to the time they can head home (<https://inside.6q.io/10-factors-contributing-employee-engagement/>).

1.8 IMPACT OF WPM ON THE PERFORMANCE OF EMPLOYEES

The concept of WPM has a significant impact on the performance of employees which are as follows:

- ★ It leads to an increase in the productivity.
- ★ It leads to better product quality.
- ★ It boosts the confidence of employees.
- ★ It leads to better flow of communication.
- ★ The employees remain satisfied with their job.
- ★ It leads to overall personality development of employees.
- ★ The employees feel more valuable and as a result, more committed to job.
- ★ The employees remain more aware of organizational policies.

1.9 LEVELS OF WPM

There are 05 levels or stages of WPM which are the following:

1. It is the first stage called Informative Participation. Here, the employees are just to be informed about the change in policies, rules or regulations of the organization.
2. It is the second stage called Consultative Participation. Here, the workers can give advice or suggestions and it is on management to implement them or not.
3. It is the third stage called Associative Participation. Here, the management is morally bound to implement the suggestions.
4. It is the fourth stage called Administrative Participation. Here, the workers get more power in the authority & responsibility of management functions.
5. It is the fifth and last stage called Decisive Participation. It is the highest level of workers participation. At this level, the workers get equal power to that of management.

1.10 BENEFITS OF WPM

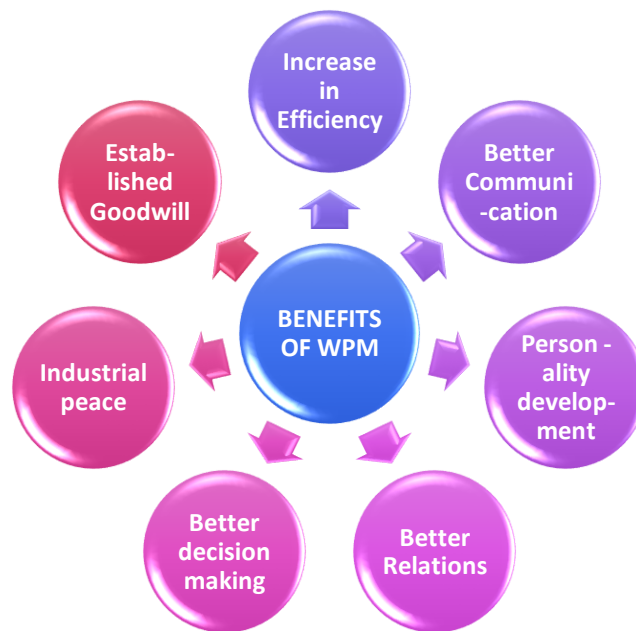


Diagram 1.5 Benefits of WPM

1. Helpful in increasing the efficiency of the workers.
2. Better communication and reduces misunderstanding.
3. Reduces fear of insecurity.
4. Changes can be easily adopted.

5. Leads to personality development of the workers.
6. Helpful in establishing better relations between workers and top level management.
7. Increases goodwill of the organisation.
8. Increases production of the organisation.
9. Helpful in taking better decisions.
10. Effective decision making by the workers.
11. Increases creativity and innovation of the workers.
12. Positive work environment prevails in the organisation.
13. Establishment of industrial peace in the organisation.

1.11 DISADVANTAGES OF WPM

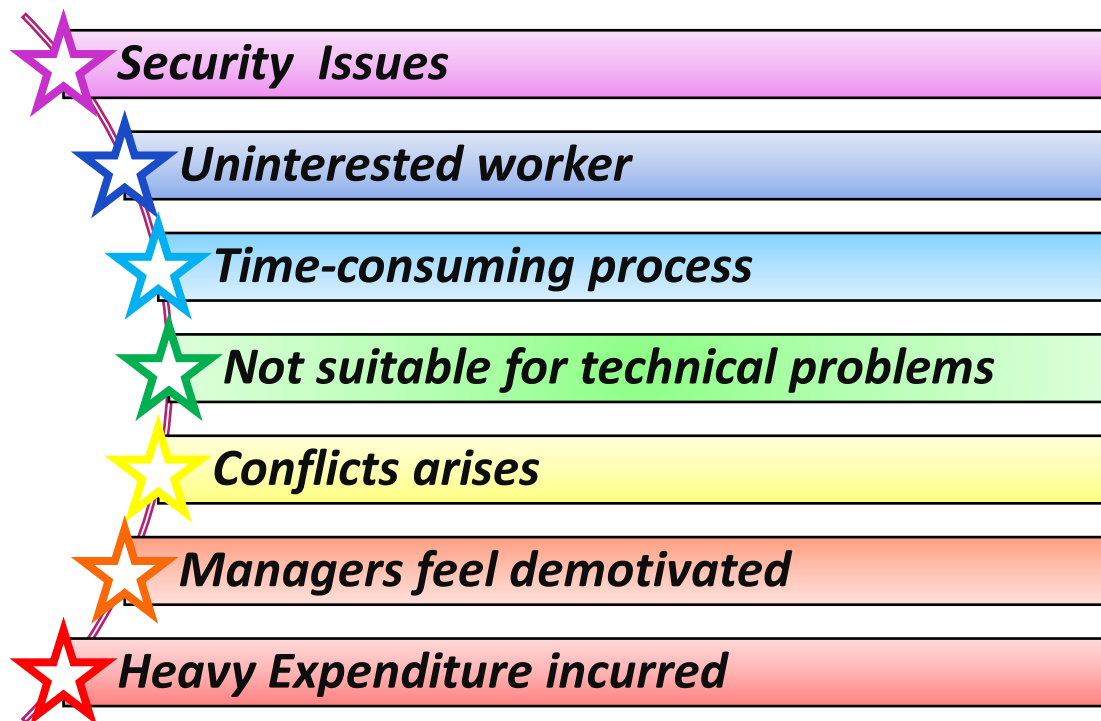


Diagram 1.6 Disadvantages of WPM

- I. **Security Issues:** The security issue in participative management also arises from the fact that since early stages too many people are known to lots of facts and information. This information may transform into critical information in the later stages. There is thus a greater apprehension of information being leaked out (Verma, 2017).

- II. Cannot be Withdrawn Once Started:** Once a precedent of participation is established, withdrawal of the right to participate becomes difficult.
- III. Uninterested Workers:** Not all workers have so much interest in the overall success of the company. Workers may not have strong desires for creativity and achievement.
- IV. Time-Consuming Process:** It is really a very time consuming process. Taking suggestions and ideas from the workers and implementing them in our decisions after deep analysis is a time consuming task.
- V. Not Suitable for Technical Problems:** Workers may not give suggestions on technical problems. Because the educational background of the lower level workers are not so good so they can't give solutions on technology related problems.
- VI. Heavy Expenditure is incurred:** Heavy expenditure is incurred on the retraining of workers and managers. And this can't be guaranteed that these employees will permanently stay in the organisation. Once they get better offer, they will not be hesitated in leaving the organization.
- VII. Dishonest Workers:** Workers can present false interest. Not all workers feel committed in doing their best for the organisation.
- VIII. Conflicts Arises:** Conflicts can also arises in taking decisions if the supervisor rejects the advice of the group. Some persons may have ego problems and to satisfy their ego, they stick at their decision. Thus, conflicts arises.
- IX. Weakens Trade Unions:** Objections may come from trade unions as this concept weakens the power of trade unions.
- X. Managers Feel Demotivated:** Managers may feel that the company doesn't have faith in their decision making ability. And as a consequence they feel frustrated and demotivated.

1.12 FORMS/ WAYS/ METHODS OF WPM

The various ways of workers participation in management are the following:

- 1) **Participation through Ownership:** Under this form, the workers are sold the shares of the company at lower prices thus making them the shareholders of the company and a part of management.
- 2) **Participation through Complete Control:** Under this form, complete control is given to workers to manage directly all aspects of work through their representatives. Yugoslavia is following this concept of self-management.
- 3) **Works Committee:** The Industrial Disputes Act, 1947 states that if there are 100 or more than 100 workers working in the organisation then it is mandatory to form works committee and this committee must have equal level of representatives. It means there are equal number of persons from the sides of workers and management in this work committee. The basic motive of this committee is to establish better harmonious and peaceful relations between workers and management.
- 4) **Joint Management Council:** This council was first introduced in 1958. This council is advisory in nature that means the workers can only give advice but the final decision is of management. It is consultative in nature and has equal level of representatives. The matters discussed here are related to working conditions, indiscipline, reduction of absenteeism, etc.
- 5) **Collective Bargaining:** It is also a form of workers participation in management. Collective bargaining is a negotiation process between employers and employees regarding terms and conditions of employment. Under this form, the trade unions and management together discussed on the issues related to worker.
- 6) **Suggestion Schemes:** Different schemes are to be made for the workers participation in an organisation so that they can give their suggestions to management.
- 7) **Quality Circles:** It is a group of six to twelve people who meets regularly on weekly basis to discuss and solve issues related to productivity, marketing, organisational growth etc. It is also a way of workers participation in management.
- 8) **Total Quality Management:** The main aim of TQM is to satisfy its customers. This form involves the complete participation of workers at all levels to improve the quality of the product. Thus it involves a greater level of workers participation.

- 9) Board of Representation:** Under this form, representatives are chosen from a group of workers and these representatives present the issues of workers in front of the board. Thus it is also a form of workers participation.

1.13 REASONS FOR THE FAILURE OF THE CONCEPT OF WPM IN INDIA

- A. Unclear Concept:** Unable to understand the concept of WPM.
- B. Opposed by Employers:** This concept is opposed by employers. They think that participation will take away their right to manage from them. So, the employers are not willing to share their power which is one of the reasons of failure of WPM.
- C. Improper Implementation:** Improper implementation of schemes which leads to dissatisfaction among workers.
- D. Illiterate Workers:** The workers of India is generally illiterate. They are generally less educated in comparison to management. So in the absence of education, they are not able to participate actively in the decision making process.
- E. Lack of Trust:** There is lack of trust and committed spirit between the parties.
- F. Weak Trade Unions:** The other reason for its failure is the absence of Strong Trade Unionism. It makes the WPM scheme ineffective.
- G. Incompetent Workers:** There is incompetency of workers and sometimes the ideas presented by workers are not accepted by management so the workers feel frustrated, demotivated and become uncooperative.
- H. Lacks Initiative:** Workers also lack initiative and self-confidence in participating in management decision making process.
- I. High Workload:** Heavy burden of workload also stop the workers from participation.
- J. Stereotyping:** The feudalistic concept of the master and the servant is still prevalent among industrial workers, especially in India. Workers have an innate feeling that they are born to serve and not to rule so participative management is of little interest to such workers

(<https://www.googlesir.com/limitations-and-obstacles-of-workers-participation/>).

1.14 SUGGESTIONS FOR MAKING WPM EFFECTIVE IN INDIA

- 1. Cooperation with Workers:** Management should cooperate with workers in sharing information.

2. **Faith in System:** Management and workers must have genuine faith in the system.
3. **Proper Training and Education Programmes:** Since the workers are not much educated so proper training and education programmes are to be conducted in the organisation for enhancing knowledge and skills in the workers.
4. **Motivating Workers:** Workers should be motivated to give their ideas and suggestions and to increase the level of participation.
5. **Proper Awareness Programmes:** Proper awareness programmes are to be conducted so that both the parties become aware of the concept and benefits of WPM.
6. **Appreciating Workers:** The management should appreciate the ideas of workers even if these ideas are not to be implemented so that the workers don't feel demotivated.
7. **Fair Chance to Everyone:** The management should give equal chance to workers for representing their ideas. There should not be any kind of discrimination on the basis of favouritism etc.
8. **Better Communication:** The method adopted for participation should be according to the working environment. The communication between workers and management should be effective and both the parties should respect the decision taken at the end.
9. **Optimistic Approach:** Both the parties should have positive attitude towards this process.
10. **Less Workload:** The workload should be reduced and few as much as required so the workers can freely participate.
11. **Monetary and Non-monetary Incentives:** There should be provisions of monetary and non-monetary incentives for workers to encourage them for active participation.

1.15 RECOMMENDATIONS OF SECOND NCL(NATIONAL COMMISSION ON LABOUR)

The second National Commission on Labour (NCL) was setup on 15 October 1999 under the chairmanship of Ravindra Verma which submitted its report to the then Prime Minister Atal Bihari Vajpayee on 29 June, 2002. It was in favour of setting up wages boards for fixing wage rates for workers in the organised and unorganised sector.

Recommendations:

- I.** It recommended that the central and state government should have a uniform policy on holidays, only three national holidays be gazetted- Republic Day, Independence Day and Gandhi Jayanti Day.
- II.** The working hours should be flexible as per the convenience of workers like there is late opening of industries during the winter season and the workers should be compensated for overtime.
- III.** Tried to change the time period in all jobs.
- IV.** The commission also recommended that those workers who are at highly paid jobs and presently deemed as workman category are to be excluded from the list of workman category and included in the proposed law for protection of non-workmen.
- V.** It also recommended to keep all the supervisory personnel, outside the rank of worker irrespective of their wages/salary and keep them out of the area of labour law meant for workers.
- VI.** It also recommended that administrative, managerial, supervisory and other excluded from the category of workmen.
- VII.** It also recommended that a single law called “THE LABOUR MANAGEMENT RELATIONS LAW” or “LAW ON LABOUR MANAGEMENT RELATIONS” is to be made by consolidating the Industrial disputes Act,1947, The Trade Union Act,1926, Industrial Employment(standing order) Act,1946, Sales Promotion Workers (conditions of service) Act,1976.
- VIII.** Any establishment cannot be regarded as “small enterprise” having nineteen or more workers.
- IX.** It also recommended to use the gender neutral expression ‘worker’ instead of using ‘workman’ so that the female worker may not feel inferior.
- X.** Law will apply equally to all such establishments.
- XI.** If any member having support of more than 50 percent of members of trade union enter into a settlement then it must be binding on all workers.
- XII.** It also recommended the withdrawal of essential services maintenance Act.
- XIII.** Commission also stated that recognition once granted should be valid up to 4 years.