

WORKERS PARTICIPATION IN MANAGEMENT

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CONCEPT

- Workers' participation is a system where worker and management share important information with each other and participate in decision taking. It is viewed as industrial democracy based on the principles of equity, equality and voluntarism.
- It gives right to the worker representatives to criticize and offer constructive suggestions for better management. The word 'participation' means sharing the decision-making power with the lower ranks of organization in an appropriate manner.
- Participation has a unique motivational power and a great psychological value. It promotes harmony and peace between workers and management. When workers participate in organizational decisions, they are able to see the big picture clearly i.e. how their actions would contribute to overall growth of company. Since they are involved in the decisions from the beginning, they tend to view the decisions as "their own". Participation makes them more responsible.

DEFINITIONS

- According to **Keith Davis**, "Workers' participation refers to 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".

- In the words of **Mehtras** “Applied to industry, the concept of participation means sharing the decision-making power by the rank and file of an industrial organization through their representatives, at all the appropriate levels of management in the entire range of managerial action”.
- According to **International Labour Organisation (ILO)** ‘Workers’ participation may broadly be taken to cover all terms of association of workers and their representatives with the decision-making process, ranging from exchange of information, consultations, decisions, and negotiations to more institutionalized forms such as the presence of workers’ members on management or supervisory boards or even management by workers themselves as practiced in Yugoslavia’.
- **Ian Clegg** says, “It implies a situation where workers representatives are to some extent, involved in the process of management decision-making but where the ultimate power is in the hands of the management.”

OBJECTIVES OF WPM

1.Establish Industrial Democracy

There must be a democratic environment in any industry. The employees should be able to express their demands. They must have a part for the same. That's what helps bring everyone's opinions together. A company's management must create a democratic exchange. Every decision should be under discussion. The workers must be involved in this. They should have the power to reject any policies which are against their benefit.

That's why one must establish this democracy in the company. It will also lower disputes as workers already know about the policies.

2.Build dynamic human resources

The objectives of workers' participation in management also include human resource development. Participation in policies and decisions will help them understand the working. They will have a responsibility in the process. Also, if they share profits or business ownership, the employees will be much more inclined to work harder. Some businesses may also provide training. It will ensure better thinking and understanding for all the employees.

3.Worker needs and esteem

The objectives of workers' participation in management also fulfil the esteem and needs. The workers also want to be listened to. The company policies affect them. They might also have different needs which are not understood by the management. Participation helps bring their issues forward. They can easily express their problems with some changes. Also, the entire process helps build their esteem as they have a platform. It will help workers get together and prioritize their welfare as opposed to harsh policies.

4. Industrial peace

The objectives of workers' participation in management also aim at increased cooperation. Workers can express any issues whenever they want. The policies are often made after consultations with the employees. They can suggest changes which are beneficial for them and the business. It helps bring harmony to the entire process. There will be fewer protests. Businesses can solve any problems with peace and promote a harmonious environment.

5.Increased productivity

Businesses will have more productivity when they listen to workers and work with them. The employees will not have any surprises. They can contribute to the policies themselves and bring changes. Companies may

also provide them with profit shares. It puts them in a gaining position if the company does well. One must understand this point and work on promoting their responsibility in the process. The employees will also be more welcoming of changes if they have a part in it. Thus, the objectives of workers' participation in management ensure better overall productivity. The parties must work on the company's goods and workers' facilities.

6. Recognition of workers

Some psychological objectives of workers' participation in management include recognition. They must recognize the worker's efforts. It will boost their morale. Also, the workers won't feel neglected. It will become better in the company's long run. That's why the business must work on their recognition. There should be reward schemes or other seats where workers feel valued in decision-making.

FORMS/METHODS OF WPM

1. Suggestion Method:

- ✓ Under this method the suggestions from the workers are invited as regards improvement in working, how to avoid accidents, cleanliness etc.
- ✓ The best suggestion from the worker is rewarded and a certificate to that effect is given to the worker so that others can make better suggestions in future.
- ✓ Management receives novel suggestions from the workers. This increases the importance of the workers with the management.
- ✓ This is a method of encouraging workers' interest in the industrial establishment. This method is adopted in many organizations in India.

2. Works Committees:

- ✓ The Industrial Disputes Act 1947 provides for establishing works committees in every establishment employing hundred or more workers. This is made compulsory to ensure workers' participation through legislation.
- ✓ The work committee consists of equal number of members of workers and employer. The object of establishing works committees is to promote healthy industrial relations. However these committees so far failed to achieve the objects as both workers and employers could not change their outlook.
- ✓ Enterprises with a workforce of 100 or more workers constitute a works committee with equal number of representatives from employees and the management.
- ✓ This committee has to evolve ways and means for maintaining cordial and harmonious relations between employees and the management.

3. Joint Management Council (JMC):

- ✓ JMCs were introduced in 1958. These councils are formed at plant level with equal number of employee and employer representatives.
- ✓ These are mainly consultative and advisory ones.
- ✓ The scope of JMCs encompasses to matters like working conditions, indiscipline, absenteeism, accident prevention, preparation of holiday schemes etc.
- ✓ It is generally alleged that both works committee and JMC are similar in scope and function. Hence multiplicity of bipartite consultative bodies did not serve the purpose.

4. Board of Representation:

- ✓ Under this scheme, one or two representatives of workers are nominated or elected to the Board of Directors. They enjoy same privileges and have the same authority as other directors have. Here the representatives of the employees to be nominated are elected or suggested by the unions of the employees.
- ✓ They participate in the decision making process as regards policies and procedures. The basic idea is to safeguard worker's interest, and usher in industrial harmony and good relations between workers and management.
- ✓ This is the highest form of participation. Government of India introduced this schemes in public sector enterprises like Hindustan Antibiotics Ltd, BHEL, NTC, National Coal Mines Development Corporation, Hindustan Organic Chemicals, etc.
- ✓ Public Sector Banks have introduced the scheme from 1970 onwards. The representative unions have to give a panel containing names out of which one will be selected by the Government.
- ✓ The success of the worker director depends in his role in the board and his prior consultation communication with the other workers. He should articulate the worker's concern very effectively and cogently with facts and figures and enlighten the management of the implications of various proposals at the board.

5. Co-partnership:

- ✓ It is a means of workers' participation in management and is viewed as leading to industrial democracy. Co-partnership allows workers to participate in decision making.
- ✓ Under this method the employees get shares of the company and establish their ownership. This is made possible because the share of

profit is not paid in cash but company shares are allotted to the workers.

- ✓ Being shareholders of the company they are entailed to participate in management. This increases the status of workers and leads to improvement in their attitude as they realize their responsibility and relations between workers and management become smooth. They also receive dividend on their shares.
- ✓ Co-partnership suffers from limitations. Employees are not interested in co-partnership and want their share of profit in cash and refuse to accept shares of the company. They prefer to remain wage earners rather than to become partners in the business.

6. Participation through Complete Control:

- ✓ It is called self-management.
- ✓ Yugoslavia is the country practicing this model. Even in such a system, there exist two distinct managerial and operative functions with different sets of persons to perform them.
- ✓ Though workers have the option to influence all the decisions taken at the top level, in actual practice, the board and the top management team assume a fairly independent role in taking major policy decisions for the enterprises, especially in economic matters.
- ✓ This gives a complete control to the workers to directly manage all aspects of industries through their representatives.
- ✓ This method ensures complete identification of workers with their organization.
- ✓ The scope for industrial conflict becomes lesser under the self-management method. But the success of the method depends on the intensity of interest shown by workers in the management.

7. Collective Bargaining:

- ✓ This mechanism gives the management and the employees to lay down rules relating to working conditions and contract of employment. This type of participation is in practice.
- ✓ Collective bargaining results in collective agreements which lay down certain rules and conditions of service in an establishment.
- ✓ Such agreements are normally binding on the parties.
- ✓ Theoretically, collective bargaining is based on the principle of balance of power, but, in actual practice, each party tries to outbid the other and get maximum advantage by using, if necessary, threats and counter threats like; strikes, lockouts and other direct actions.
- ✓ Workers prefer to use the instrument of collective bargaining rather than ask for a share in management.
- ✓ Workers' participation in the U.S.A has been ensured almost exclusively by means of collective agreements and their application and interpretation rather than by way of labour representation in management.

MERITS OF WPM

Workers' participation in management has several advantages. They are:

1. Mutual Understanding:

- ✓ The employees and employers nurture two different conflicting interests. Surprisingly both lack the knowledge of the problems faced by them. Workers' participation in management brings both the parties together. This togetherness enables them to understand each other's problem. This minimizes conflicts and promotes mutual understanding.

2. Efficiency of Workers Increase:

- ✓ The workers become the partner in decision making process. Whatever decisions are taken, they are their own and hence they have to abide by them. They become enthusiastic and put lot of hard work while working. This helps in increasing the overall efficiency of workers.

3. Increase in Production:

- ✓ Increase in efficiency of workers, better understanding between workers and employers lead to mutual cooperation which results in increased productivity and increase in total production of the enterprise.

4. Establishes Industrial Peace:

- ✓ Workers participate in decision making process. Whatever decisions good or bad taken workers are the party to it and hence they cannot evade the responsibility. Employers and workers understand each other better and conflicts are minimized. Each dispute is solved with mutual understanding. In this way disputes are eliminated and industrial peace is restored.

5. Promotion of Industrial democracy:

- ✓ Participation of all the parties' employees and employers in the management of the industries which works to safeguard the interests and betterment of all is industrial democracy. Workers' participation in management helps in promoting industrial democracy.

6. Welcomes Changes:

- ✓ Some if not all the changes are resisted by the workers. But workers' participation in management helps in arriving at a unanimous decision whether to accept or reject any change. The changes which bring more benefits than the costs incurred on them, are accepted. Hence the changes are welcomed by the employees.

7. Personal Development:

- ✓ Participation helps workers to express their creative instinct and they respond favorably to the challenges at the workplace as regards performance of the job. They feel free in doing so. It is possible as participation brings industrial democracy.

8. Reduces Misunderstanding:

- ✓ Participation reduces misunderstanding regarding the managements' outlook. This increases the organizational balance.

9. No Outside Help to Sort-out Disputes:

- ✓ Employees themselves are participating in the decision making with the employers. They therefore realize workers as well as managements' problem better hence disputes are resolved by understanding the difficulties of each other. So in case of industrial dispute no outside help is taken they are sorted out within the plant itself by the employees and employers themselves.

DEMERITS OF WPM

1. Weak Trade Unions:

- ✓ Trade union movement is not quite strong in our country. There are multiple trade unions and they are dominated mainly by political leaders and with political ideologies. Participation can succeed only when labour is duly organized so that they can work on equal footings. For successful participation, it is very necessary to have one representative trade union in one unit.

2. Workers are Inefficient:

- ✓ The workers are inefficient and uneducated in the eyes of the management and are not competent in taking the decision. It will

delay the implementation of the decision. Sometimes a good decision cannot be carried out if it is not supported by the workers.

THANK YOU