

## **A Study of worker's participation in management practices to deal with uncertainty in industrial relations-A Theoretical Framework**

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### **Abstract**

Workers' Participation in Management is a very broad concept which has attained several different meanings over the period. It can be considered as a labor management cooperation wherein non-managerial employees participate in decision making process. It is an essential ingredient of industrial democracy. It helps to strengthen labor-management co-operation and maintain industrial peace and harmony. There is an improvement in worker participation in management in India from time to time. During the pre-independence era, these committees were used for short term goals, and it was not considered necessary to consult with them. After independence, there started setting up work committees and joint management councils. In 1975, three worker's participation in management introduced- worker's committee, joint management councils (JMCs), and worker's directors (public sector) on the board of directors. It ensures that there is minimum industrial conflict to avoid any economic slowdown. Workers' Participation in Management paves way for increased production and productivity through the means of more effective and efficient management, alongside better industrial relations. Participation in Management helps workers realize their self-worth and enables them to express themselves, this in turn compensates any loss of feeling found in material benefits. It helps generate strong emotions among the workers which motivates them. It also acts as a catalyst in improving industrial relations and workers' efficiency. This paper aims to study Workers' Participation in Management in various industries and its impact on Industrial Relations.

**Keywords-** worker's participation in management, Industrial Relations, Decision-Making, Steel industry

## **Introduction**

### **1. Industrial Relations**

The term 'Industrial Relations' came into being during the late 1910s to early 1920s with its regular usage in Britain and North America. This field of study has always emphasised on the significance of people and their role as 'the most vital asset' (Edwards, 2009). In the very beginning, this broad subject area was referred to by many names, including, labor management, personnel administration, employment management and labor relations. Many of these names disappeared while some of them gained popularity; gradually the meaning and context behind them came to light. All these terms had one common thread, that being their focus on the relation between employers and employees with respect to work and employment. Finally, this entire area of study and practice was expressed by one generic term inclusive of them all, called the industrial relations (Kaufman, 2001).

Industrial Relations has its origins in the industrial revolution that took place during late eighteenth to late nineteenth centuries. It emerged in response to the worker's problems i.e., low wage rate, long and monotonous working hours, harsh and hazardous working conditions and abusive supervisors. These problems in turn led to a great uproar in the face of violent strikes and higher employee turnover (Hayter, 2018). According to Webb and Webb (1897) collective bargaining was the most common approach employed by early trade unions to help resolve conflicts and improve worker's condition.

In the present day, Industry Relations is declining and other subject areas like Organisational behaviour and Human Resource Management are taking its place. But the lesson learned from industrial relations remains intact. Industrial Relations can be defined as the relations in the industry mainly between employees and management along with trade union and government which stem directly or indirectly and contribute to the betterment of the industry and economy (Chand, n.d.). Industrial Relations practices are very relevant in emerging economies like India. One such great practice is Workers' Participation in Management.

### **2. Covid-19 and uncertainty in industrial relations**

Covid-19 Pandemic is a health and humanitarian crisis. Initially with less number of cases the situation was in then hand but with gradual increase of the virus led to closure of the industries due to nationwide lockdown which led to loss of millions of jobs including workers in the industries who faced severe conditions due to lay off because of the economic crisis faced by the industry followed by non-operation of the major industries in the country. This mass lay-off created outrage among the trade unions and the management as in some cases management did not provide monetary compensation for survival in this pandemic as per the general lay-off rules which led to huge uncertainty in industrial relations between all the parties involved in the industrial relations.

### **3. Worker participation in management**

Workers participation means involving workers in the decision-making power in the organization. It gives a feeling of belongings to the workers in the organization. It is coming together – beginning, keeping together- progress, working together- success. This was suggested by Mahatma Gandhi in the year 1920 to bring both the worker and shareholder contribute to the prosperity. There must be cooperation, trust and friendship between the coworkers and the management and to bring harmony and peace in the organization. The origin of worker participation in management is divided into 2 stages before independence and after independence. ( Pahuja, H. 2015).

#### **4. Worker participation before independence**

Prior to the independence workers were not involved in the management and also the management believed they opinions matters only when there is need to increase the production otherwise it is not necessary to consult with the workers on issues which are defined for the management. They were neither any talk about the worker participation and recognition.

#### **5. Worker participation after independence**

The setup of industrial dispute act 1947 enhance the scope of wpm in India. With the recommendations drafted in the model agreement resulted in the formation of joint worker's management council in India.(JMCs).in the 1970s government accepted the workers in the board of directors.in the year 1976 government of India makes amendment I constitution to include wpm as one of the directive principle in India. On May 1990 the government introduced a bill in the parliament. Nearly after 26 years after industrial dispute act 1947 and various amendment acts. In the year 2010 the government of India bought a provision stating that every industry employing 20 or more than 20 workmen is now under the legal obligation to resolve the workers dispute. (Pahuja, H. (2015).

#### **6. Knowledge and worker participation in India**

In the country where the population is so large and also people from different cultures and religions, it is very difficult to follow worker's participation in management. It will be only possible when there will be diminishing gap between workers and the management. which can be achieved if the organization provides structural training which facilitate the participative learning between the management and workers

#### **7. Goals and worker's participation management**

In India the objective of the wpm is broadly defined into two categories – 1. Goals benefitting to the management and goals mainly benefitting the labors. (Ghosh, P., & Van de Vall, M. (1978).

Mechanics of worker participation in management –

For the meaningful participation of workers in the organization which help the organization in various way is to allow workers in all the decision levels. It will help the workers to feel-

1. A better understanding of their role

2. A sense of belongingness
3. Satisfy the urge
4. Stimulate their interest in higher productivity. (Sethi, K. (1973).

## 8. Types of Workers' Participation in Management

In (Dickson, 1981) opinion, there are two types of participation:

- a. **Direct participation-** The employees are given the opportunity to directly and individually participate in managerial decisions. There are no middlemen between the employee and the management.
- b. **Indirect participation-** The employees participate through representatives or official bodies. The employees are encouraged to share their issues with the representatives, and it is represented to the management by them.

## 9. Benefits of workers' participation in management

The involvement of workers in the decision has proven to be beneficial in the following ways: -

- A. Productivity-** Workers' participation in management helps the organisation to add to the productivity of the firm. The employees get the feeling of being salient part of the organisation and sense of belongingness.
- B. Mutual understanding-** It establishes a better way of communication between both the parties. It develops an understanding of work which is expected between workers and the management, it helps to understand each other's work better. It also helps to create peace and democracy in the organization. Both the employees and management help each other and perform their duties with enthusiasm.
- C. Effective communication-** Workers' participation in management welcomes opinion as well as feedback from the employees which might improve the ways of performing work. The problems get solved unanimously. It makes them feel belonging to the firm and they are relieved that if any problem occurs the management would always come forward to help them.
- D. Industrial democracy and peace-** It helps the management to keep its workers happy and fulfilled which in return leads to harmony and peace in industrial relations of the organization. The workers get an opportunity to present their viewpoints thus safeguarding their interests. In addition to that workers' participation in management is basically an effective method to avoid industrial disputes which are less likely to happen if it is implemented and followed successfully (Shodhganga).

## Research Objectives

### **- General objective**

The general objective of this research is to study the effect of IR practice, Workers 'Participation in Management on employee-management relationship and workers' motivation and satisfaction with respect to industries in India.

### **- Specific Objectives**

The objectives of the research are mentioned below:

1. To study about the level of motivation of workers by closer involvement.
2. To find how worker's participation helps state their interests; all the while establishing sound relationship between them and management.

### **Research Questions**

Q1. Is workers' participation in management an effective and efficient technique to boost the employee motivation level in the Indian steel industry?

Q2. How does workers' involvement in management in the Indian steel industry help keep a cordial relationship amongst them and management? Are the individual goals and interests of the employees fulfilled?

### **Scope of the study**

The scope of the study is to explore if Workers' Participation in Management helps in avoiding uncertainty in the industrial relations along with impact of it on the employees' performance at the workplace with respect to various industries in India and also putting light on the uncertainty due to the Covid-19 Pandemic.

### **Significance of the study**

This study's main objective is to give an improved perspective of the IR Practice, Workers' Participation in Management with respect to Indian industries. Besides, it also aims to study how workers' involvement helps their motivation level and its following impact on industrial relations.

This research will help the researchers to fill in the gap and provide further literature as an addition to assist them in their future research. This research study will provide the most recent implications in respect to examining the relationship between employees and employers and how workers' closer involvement helps them fulfil their interests. Moreover, this research also aims to give beneficial information to the Indian Steel Industrialists about how WPM increases the employee's motivation level and raises the production capacity. This will also aid the employers to maintain cordial relations with their employees and benefit the working of various industries.

### **Literature Review**

## Factors affecting workers' participation in management

The employees need to be encouraged and satisfied with the work they are performing at their workplace. (Vijayashree P, Dr M Chandran, 2008) identified some factors which influence the participation of workers in the management which are mentioned below: -

- a) **Career Development Program-** The Career Development Program is among the factors that contribute to employee satisfaction. Many businesses spend both time and resources in the growth of their workers at the Workplace to develop their career and have an opportunity to develop new skills and abilities at work.
- b) **Salary structure-** Salary is one of the essential aspects of employees as it acts as a driving force because it is the primary reason for which they are working for the organisation. The workers expect a fair and ample amount of salary for the work they perform and if this basic need is fulfilled, they feel secure about their livelihood.
- c) **Diversity in culture-** The diversity in culture has a great impact on the environment of the workplace. Due to various backgrounds and cultures people hailing from, it could help in bringing in different opinions and help in making better decisions.
- d) **Recognition of employees-** Employees are required to be recognized and rewarded for their good performance and positivity as it leads to the fulfilment of their social and self-esteem needs and also helps in motivating them to perform better which is beneficial for both the firm and the employee.

## 1. Workers' Participation in management and industrial relations in Indian industries

### i. Tata Steel Ltd.

Tata steel Ltd. backed by 10 years of glorious success of being among top ten steel companies in India. It was established in 1907, is Asia's first integrated steel plant and now in the Fortune 500 companies. It has more than 30 thousand employees. Back in its initial days, the Tata steel Ltd. had recognized trade unions namely Tata Workers Union (TWU) which was affiliated to Indian National Trade Union Congress (INTUC) in the year 1920. After 36 years. Tata steel emphasized improvement in productivity and maintaining peace, so they introduced a program called 'Closer association of employees with management' on August 4, 1956. It was a three-tier system of joint committees and workers' representatives with joint councils in accordance with the provisions of the Special Collective Agreement (1956). The joint committees met regularly and discussed industrial relation issues. In the period of 1957-82, it the forwarded 28915 suggestions to the management and 70% were implemented. They were not allowed to discuss individual employee or group of employees cases, instead they were encouraged to suggest policies to improve discipline and reduce absenteeism and accidents. In 1980, Tata steel completed '50 years of uninterrupted industrial harmony' (A.V Subbarao,1987).

**ii. Steel authority of India limited (SAIL)**

The steel authority of India limited is one of the public sector undertakings wherein the workers participation in management has been successful. The company included joint committee the name was changed to national joint consultative committee in June 1979. In these committee the two members are represented – one representing employer and the other two members are of trade union of the employee. The sail joint committee helped to keep a good climate for peaceful industrial relations. Sail has also developed joint machineries at the plant and shop level to ensure the association between the employees in the decision-making process, production, productivity welfare and safety of workers etc. They have made a 4-tier structure – Shop floor committee, the plant level committee, and the national level committee. Through the SAIL is successful in increasing their profits and reducing its costs.

**iii. Mahindra & Mahindra (Kandivali Farm Equipment Plant)**

Mahindra & Mahindra Limited (M&M Ltd) is the flagship company under the Mahindra group. It is India's main utility vehicle company and the global leader in tractors, utility vehicles and commercial vehicles that are reliable, fuel- efficient as well as environmentally friendly. M&M Ltd. has a single union in each of its five plants. The Kandivali plant's union - the Bharatiya Kamgar Sena Mahindra Tractor Unit, Kandivali in affiliation to Shiva Sena has been in working for the last 41 years. Furthermore, plant-wise collective bargaining has taken place to establish wage/salary rates with respect to the cost of living in the particular branch area (with the bonus remaining same throughout all the plants). A three-year agreement has been signed to adhere to all the demands put forth by unions and the management. Since, 2002 the functioning of the operations has been smooth sailing with a stable increase in wages and salaries (through collective bargaining). This is also because the management now respects the unions and its members and takes the opinions of the same into consideration.

Mahindra & Mahindra Limited's employee participation system is multi-pronged and diverse. In the year 2000, the company launched its famous Total Employee Involvement Programme (TEI) which aims to motivate workers, build trust and help increase engagement. The TEI Programme is based on the following: Group Kaizen, Self-Managed Teams, Total Preventive Management and other forms. Many communication programmes have been established at different levels. established. Communication kiosks have also been set on the shop floor to facilitate communication of any ideas between employees/workers and the CEO of the company. As an outcome, the Kaizen projects have also increased from 4,903 in the year 2005 to 21,294 in the year 2011. Alongside, the amount savings gathered have also increased from ₹82.3 million to ₹182.7 million over the period of 2002-2010. Furthermore, it has helped raise work commitment, knowledge and confidence of the workers. The workers have started putting in more hours and working overtime whenever company requires it. They now associate company's growth to their own and vice versa. This goes to show how significant a role does workers' participation in management plays.

## **Workers' Participation in Management practices in India**

### **A) Suggestion scheme**

Suggestion scheme is a management tool which encourages the employee to give ideas for the improvement and innovations in the organization. Suggestion schemes are becoming popular day by day in organizations. (Fuller, U., Helbling, C., & Cooley, R. (2002). The involvement of employee suggestion scheme helps the organizations to improve cost related problems. Further employee suggestion schemes also help in improving work related problems but also improve the performance as well as innovate employee creativity. Creative ideas not only reduce the cost but also improve the efficiency in the organization. The factor of success in the organization is working culture, encouragement, leadership and participation of the employee. (Lasrado, F., Gomiseck, B., & Uzbeck, C. (2017). Employment suggestion scheme also further helps in the sustainable development in the organization. For this the employee must have personal interest in the activities, the scheme should be easy to work with. The schemes should be designed in way that everyone in the organization can adapt that. There should be commitment by the managers. (Rapp, C. (2002).

### **B) Workers representation on board**

The worker's representation on board is a successful worker's participation in management practices also works as a corporate power in the organization. As the involvement of workers in boards reflect the recognition of power and role of the organization in the society. (Blumberg, P. I. (1973). The most important extension of the worker's participation in management happened when the government sated to include worker's representatives as the board of directors in public enterprises. In year 1973, there is one worker-director, in the nationalized banks under the banking companies acquisition and transfer of undertaking. Act 1970. In 1983, the central government made a new 3-tier policy. which covers all the central public sector undertakings. (Saini, D. S. (2000.)

### **C) Works Committee**

By the implementation of Industrial Disputes Act, 1947, Works Committee was established for introduction of legislation in the labor management system. These committees include equal number of employers and workers. The state government stated to compulsion of formation of these committee when there are hundred or more number of employees. The main purpose of constitution of these committee of is to maintain peace and harmony between employers and employees and securing the interests of both the parties. (Businessmanagementideas)

### **D) Joint Council**

If an industry has employment of 500 or more number of employees, then they should have a joint council for the whole unit. The main features of this council is the actually engaged people of the

unit should be the members of the council, the council meeting should be scheduled for at least once in a quarter. Every decision of the council should be based on the consensus. The members are supposed to elect a secretary and the chief executive of the unit should be the chairman of the council. (Pradip K. Ghosh and Mark Van de Vall).

### **E) Quality Circle**

Quality circle is a group of employees considerably small in size, employed in a similar line of work or organisation who meet up frequently every week to help determine, examine and finally settle problems arisen at work which would aid in the advancement of productivity, performance and work life as a whole (Crocker, Chiu & Charney, 1986). Quality circles are not task oriented i.e. the members do not split after the issue is resolved but instead are a permanent fixture of the organisation.

Quality Circles is a very advantageous form of workers' participation in management. Through quality circles the workers develop a sense of active participation for the sake of individual as well as well organisational enrichment. It also helps block out any obstacle that may arise or prevent employees to openly exchange ideas. Moreover, as a quality circle is filled with members that share the same line of work, it makes it more specialised. Hence, the members are able to work together better as a team. Quality Circles also help instill a feeling of belongingness in the employees; the employees feel cherished and are made aware of their importance in the decision making process.

Quality Circles cast the organisation in a positive light filled with employees that have a positive work attitude and are headed towards advancement. This development is not only limited to the employees but to the whole workplace in the form of increased production and productivity which results in growth (Jatt, 2016). Quality Circle has now been successfully implemented by many Indian companies, foremost of them is the example of Bharat Heavy Electricals Limited (BHEL) who in the year 1981 was the first to bring quality circle in India (Srinivasan, 1991).

### **F) Co-Ownership**

Under this scheme of workers' participation in management, commonly known as Employee Stock Ownership Plan (ESOP) the workers are offered shares in the company. There are different plans made available to employees depending on their position. Employee Share Ownership provides a financial incentive to the workers which makes them motivated and committed. Moreover, as the employees now are part owners of the organisation, they begin associating the organisation's success to their own. This renewed work commitment shown from the employees increases the level of productivity which in turn increases profitability.

Employee Share Ownership also reduces employee turnover drastically and saves the organisation from incurring losses. This goes to show co-ownership is a great form of workers' participation in management (Zhu, Hoffmire, Hoffmire & Wang, 2013).

## Research Methodology

The study is a qualitative study based on data collected from secondary sources such as Emerald, Scopus, Jstor, and Google Scholar. Information has also been gathered from books, articles that aid the study of sustainable development. Researchers also looked at articles published by companies to understand WPM practices. The researchers have looked at company reports and websites to understand their strategic WPM along with HRM practices.

## Findings and Discussion

Uncertainty in today's world is very common in industrial relation. It can be due to the adaptation of new technology change in polices or can be caused due to the pandemic. The three different types of uncertainty usually faced are- Strategic, structural and job-related uncertainty. All of this uncertainty can be reduced by involving participation decision making in the organization. It has been shown that the workers in decision making are positive. If the workers are involved in the decision-making process, they tend to perceive it more beneficial for themselves. Employee involvement in decision making reduces the ambiguity and yields positive results

Workers, who are involved in the decision making or organizational communication are less insecure about their jobs. During the time of changes in the organization such as adaptation of new technology, at the times of pandemic, change in government policies or during the time of recession there should be increase in the participation of workers. It creates a sense of recognition among the employee and reduces the job insecurity.

## Limitations

Since the study is based on the secondary data, it was not easy to find a course of reliability and information specifically related to this topic. Also, while connecting the main points to research statements

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