

Workers' Participation in Management: Insights from a Case Study

Johnson Abhishek Minz & Bino Paul G.D.

This paper makes a case for workers' participation in management. The paper traces the subtle beginnings of worker participation schemes across the globe and brings out the concept as it has evolved in the present days. While a nationwide experiment on schemes of worker participation becomes a failure, the paper presents the case of a firm where such schemes have been a huge success. The paper also covers aspects of trade union functioning in the firm that has a bearing on these participative arrangements. The study brings out the degree of support and perceptions of the workers regarding various schemes of participation in the firm and the dispute settlement mechanism employed by the trade union.

Introduction

Workers' participation in management is a theme commonly discussed within the realms of industrial relations. Literally, it means a participative arrangement of workers and management in running a firm. Participation in what terms however remains an area of inquiry. Although on a different note but within the ambit of industrial relations itself, collective bargaining forms an essential tool for rule making in a firm (Flanders, 1964). Collective bargaining is a term synonymous with trade unions and their activities. Workers in any industrial organization find a medium to voice their concerns through forming unions. Along with collective bargaining, workers' participation in management forms an essential component of cooperation in a firm and as Aryee (1988) puts it that participation can be perceived in as involvement in decision making or involvement so as to influence decisional outcome. Either way the task of participation is to eke out a say of the workers in the decision making process. Nonetheless, as Sarma (1990) points out

Johnson Abhishek Minz (E-Mail: johnson.minz20@gmail.com) & **Bino Paul G.D.** (E-Mail: binopaul@gmail.com) are from Tata Institute of Social Sciences, Mumbai

Collective bargaining is a term synonymous with trade unions and their activities.

that the concept of workers' participation in management is shrouded with much ambiguity connoting different meaning to different persons. Of course, this would be varying and would be different for different firms. The crucial point of enquiry however is being the effect it has on the industrial relations climate in a particular firm.

In its most recent notion of the term, workers' participation in management has been received with varying degrees of acceptance. Sarma (1990:282) accepts that "... the infusion of the participative system in India cannot be considered as one of widespread success" and that "... it has not made much impact on industrial relations". On a different note, Sethi (1973: 317) too puts it that participation in a rather advisory fashion where worker representatives acting as mere rubber stamps would qualify for a 'pseudo-participation' than actual terms laid down in the arrangement. Reasons such as these have situated workers' participation as a diminishing area of interest that has lost its steam over the period of time. However, a few cases have been worthwhile to take note of, also providing useful insights into avenues which need improvement. It is against this background that this paper attempts to present the case of a firm in which this concept has been highly successful with support for it from workers and management alike. This paper would also try and locate the reasons for workers participation gaining currency in the firm.

Methodology

This is an organizational case study research. It is based on a single case of a steel manufacturing firm located in East-

ern India. Primary data has been collected from the workers through a questionnaire survey tool. The questionnaire contained both open-ended and closed-ended questions. Close-ended questions were based on a five-point Likert scale. Interviews were also taken from select key respondents. Secondary data sources and organizational documents were also reviewed. The study has tried to be both descriptive and exploratory in nature. As pointed out earlier the firm studied singles out itself to present a unique case wherein contrary to the experiences of other firms, workers' participation has met with considerable success.

The Firm & Data Collection

The firm has been a major player in steel manufacturing in India since its inception and has been in existence for more than 100 years now. It is associated with philanthropy work and has been instrumental in introducing many generous labor reforms in the country. The data collection for the study was undertaken from August to October, 2011. The firm was categorized into three divisions namely CSI (Coke Sinter Iron), Long Products and Flat Products which were further sub divided into numerous departments. The total number of employees in these divisions, thereby constituting the universe of the study was 14,245, comprising both workers and supervisors. For the purpose of this study those who were directly linked to the production process excluding the maintenance and utility staff, were involved in the study and the persons only in the workers category were given the questionnaire. A non-probabilistic purposive sampling was used for the survey due to the field constraints. A total sample size

of 303 workers were surveyed which was distributed equally among these three divisions.

Why Workers' Participation in Management

Around 18th century, the Industrial Revolution began in Britain and later on spread to other parts of advanced countries. The Industrial Revolution or the more recent managerial revolution (Chandler, 1977) came along with the setting up of modern business enterprises that contained a hierarchy of salaried executives. However, as Kauffman (2004) notes that the current discourse and the relations between those who managed work and those who performed work is something which has existed since human civilization began, although the practice of recognizing it as a matter of social concern is recent. The process of industrialization in Britain brought about the setting up of factories, mills and warehouses where associations of men came together and jointly participated in the production process. Briggs (1954) clarifies that these places were not only viewed as places of production but as places where men spent a significant time of their lives. Scholars studying industrialization concerned themselves not only with issues like output, sales, costs in the production process but also the social aspects of a newly laid down base for an industrial society. It is this that has laid down the foundations of the domain known as industrial relations¹.

¹ Kauffman (2004) points out that the roots of industrial relations had been laid down through the combined effects of three revolutions during the late eighteenth and nineteenth centuries- the Industrial Revolution, the democratic revolution

With the turn of the century, workers' participation as a means and a way of restoring the lost status came to the fore.

Ghosh & Vall (1978: 55) brought out: "economically, early industrialization had impoverished the proletariat to a degree indicated by the term pauperization". The workers working in the factories and elsewhere had been reduced to 'marketable commodities'. Marx (1887) too had explained the degree of exploitation of labor in terms of the rate of surplus-value produced in a capitalist society. Consequently with the turn of the century, workers' participation as a means and a way of restoring the lost status came to the fore.

Modern industrial organizations face stiff competition where as they did not face any such competition during the early part of the twentieth century. The new social contract² provides for associations that rely more on the new insti-

and the capitalist revolution. On the other hand as Blyton & Turnbull (1994) explain that initially employee relations was largely a matter that was covered under the domain of economics but as it became increasingly difficult to explain behaviors of collective action and monopoly, neo-classical economics lay redundant, which paved way for the birth of a new discipline of industrial relations.

² William Whyte's *The Organization Man* (1956) talks about the social contract governing corporate behavior during that time in American society. In this regard the new social contract is quite different and takes into account the changes occurring in the labor market under globalised and integrated economy. Nevertheless, the new social contract derives its basic precincts from Whyte's book and it still is regarded as a classic.

tutional economics³, workers' involvement and forming of such rules through bargaining with worker representatives or the trade unions present (Mizrahi, 2002). While long term associations between employers and employees have given way for more flexible arrangements of work practices (Eyck, 2003), the workers now have become more demanding than before thereby shifting jobs easily between and among enterprises (Mizrahi, 2002; Eyck, 2003; Datta, Pellissery & Bino, 2007). However, amid these changes in the nature of labor market, worker participation has emerged out to be a strong contender in enhancing competitiveness and thereby firm development.

Meaning & Dimensions⁴

Kaler (1999) defined 'participation' in its various forms. On one hand when he speaks of having participation as having share of employees in the business and in its most prescriptive form would mean employee involvement in joint decision making, it does not solely refer to it. He also goes on to define participation in its dual form, one being 'operational' wherein it gives the employees a share in running the business while the other 'financial'⁵ describes as one being

profit sharing. As opposed to the different forms of participation it can also be defined to broadly differ in the motive of participation, one motive being considerations of equity while other being of efficiency. Kaler (1999:130) has also distinctly drawn a difference between participation and bargaining as "collective bargaining is often regarded as a form of participation".⁶

Levine & Tyson (1990) categorize participation either as being consultative or substantive. Consultative participation allows workers to give advices or suggestions to the management based on their own capacities; however the management reserves the right to implementation. In substantive forms of participation, workers have greater control over their work and are allowed to make decisions. In the current trends, firms usually have some overlaps between these two forms of participation. Batt & Applebaum (1995) in their survey of workers in telecommunications and apparel industries examine that substantive forms of participation is more beneficial than consultative forms in terms of affecting employee perceptions and attitudes.

Lavakare (1977) explains that participation is actually a psychological concept wherein workers are introduced to

³ New institutional economics follows the approach of methodological individualism contrary to the old system of holistic integration (Klein, 1998; Bino & Sankaran, 2007).

⁴ For a detailed description of the levels of participation refer to Appendix.

⁵ In the United States, UK and Europe financial participation is practiced based on profit sharing and employee share ownership (Pendleton, 1997).

⁶ Kaler (1999: 125) explained: "in participation, there is an attempt to produce an over-arching common interest. More importantly, bargaining operates outside those organizational arrangements definitive of a business which grant a strictly subordinate role to labor with respect to management structures and property entitlements".

the concept of sharing of power. It acts as a motivational stimulus that not only improves inter-personal and inter-group relations but also has a positive effect on productivity.

While there can be various objectives and purposes for establishing a cooperation agreement in an industrial establishment, there is a general agreement and sound belief in the advantages of having such a system in place. Moreover, the global business environment persuades in having a mutual approach in the affairs of an enterprise. Management practices like Quality Circles, Kaizen have all stressed on the need for employee involvement and participation. Having an isolated environment wherein the employees and the employer have no dialogue between them except during formal arrangements of work, have become increasingly redundant and more so this system is not considered to be prudent in the long run.

'Participation' as it stands in the current context has been fraught with multiple meanings.

'Participation' as it stands in the current context has been fraught with multiple meanings. Defining participation in terms of 'power sharing' or 'co-determination' or to a more widely used term 'industrial democracy' is common. In a nutshell, it can be difficult to pinpoint the exact meaning of 'participation' since it consists of overlapping areas of our understanding the outline of 'participation' should encompass all. However, there

can be no one pattern of participation and the form that it takes would depend on the history of the existence of the firm, its environmental setting and industrial relations atmosphere (Bell, 1979). Precisely, it is this dimension of participation imposed on by the government on industrial organizations that makes it repugnant. Moreover, many employees, both workers and managers view these schemes to be enervating the position of union/s in the firm. Aryee (1988) points towards two streams of research on participation – firstly, those which point towards the advantageous consequences of participation both to employees and organization and secondly, attempts towards making participation a reality⁷. The latter part of the reason mostly focused on the lack of employee involvement and having an unclear picture of the dynamics of participation process. Moreover, whatever little involvement that was witnessed among the employees, accounted for the position that they held in the production procedure. For example, employees having a greater control and power in the production process exercised more involvement than the others.

A particular case of workers' management can be mentioned of former Yugoslavia. Ravnic (1967) presents two basic forms of workers' management – workers' self government as differentiated from workers' participation in management. He distinguished the two firstly on the basis of right to ownership of resources and secondly, the societal arrangement of the country of existence.

⁷ See also Strauss (1979).

Yugoslavia follows the system of social ownership⁸ that inadvertently expels the concept of an employer/s and hence exploitation of workers. Here workers control and manage the production process. Yugoslavia also followed decentralized form of government where the smaller confines of society practices self-governance as a contrivance of management. This is also extended to the working organizations in Yugoslavia where self government does not accommodate for a formal employer-employee relationship. In India, however, centralized planning makes no room for workers' self government and thus workers' participation in management takes its place.

In India, however, centralized planning makes no room for workers' self government and thus workers' participation in management takes its place.

Workers' participation in management as it has existed in the concerned firm has not been a recent phenomenon. In fact the firm's management had been the pioneers in putting the system in place in India. On these lines very importantly, Walker (1968) in the tradition of a contingency theorist, puts it that in order to determine the 'participation potential' in a firm, factors such as work conditions and structural arrangements prevalent in the concerned firm become imperative.

⁸ Social ownership as explained can be differentiated from private ownership and state ownership wherein the former presents the case of an individual or an organization controlling the process of production and the latter where state is the owner.

The laxity or observance in producing an environment for participation would produce results likewise. Over the years there have been some revisions in the participation schemes of the firm but the basic structure has remained the same. However the crucial aspect of the discussion is: what role or impact do these different forms of participation have on the industrial climate of a firm particularly on the dynamics of trade union?

Workers' Participation

Worker's participation in management in the firm is exercised through Joint Management Councils and the Works Committee. Table 1 brings out the degree of support to worker's participation in management in the firm. More than eighty five per cent of the workers across the divisions have welcomed the idea of having joint councils and works committee. They find it as an opportunity to voice their concerns and issues to the management through dialogue and discussions.

More than eighty five per cent of the workers across the divisions have welcomed the idea of having joint councils and works committee.

Joint Consultation System

In practice, the firm had been the pioneer in introducing schemes for workers' participation in management. It was only after this that the government followed and introduced these schemes nationwide, however it was "... set up outside any

Table 1 Degree of Support to Worker's Participation in Management

Division name	What is your degree of support to worker's participation in management (%)			
	Don't support	Indifference	Support	Total
CSI	1.0	13.5	85.6	100 (N=104)
Long product	4.1	8.2	87.6	100 (N=97)
Flat product	5.0	6.9	88.1	100 (N=101)

N: Number of Respondents.

Source: Field Survey

Act on a purely voluntary basis” [sic] (Punekar, 1977:161). By way of introduction of an Advisory Joint Committee in the 1920s, the firm had initiated workers' participation in management. Later in 1956, the union and the management signed an agreement which laid down its three-tier structure for the closer association of the workers and the management. The Joint Consultation System provides a platform for the employees to discuss issues related to safety, welfare, production targets, training etc. The Joint Councils did not involve itself in matters such as collective bargaining and grievance handling. These functions of the Joint Councils have been neatly segregated for its smooth functioning⁹.

Punekar (1977: 161) contends that the experiment with Joint Management Councils was a failure as “both industry and labor showed indifference, particularly when the councils were non-statutory or voluntary”. The ‘spirit of participation’ had been missing. However, in the firm studied the councils were a success and were both welcome by workers and management.

⁹ See also, Second National Commission on Labor (2002: 1286–87).

Table 2 brings out the opinion of workers regarding having adequate space for representation through the joint consultation system. We observe that more than seventy per cent of the workers across the departments have agreed to the statement, with some departments even having all the workers (100 per cent) agreeing to the statement. This shows that the Joint Consultation System has been successful in its objective and one of the reasons for the same lies in the non-overlapping functions of the different bodies.

Works Committee

The Industrial Disputes Act, 1947 specifies the constitution of consultative bodies called Works Committees consisting of representatives from both employers and employees. The Second National Commission on Labor (2002:1280) specifies the function of the Works Committee:

- a) to promote measures for securing and preserving amity and good relations between employers and workmen;
- b) to that end comment upon matters of common interest or concern; and
- c) to endeavour to compose any material difference of opinion between the

Table 2 Joint Consultation System

Department name	There is adequate space for dialogue between senior management and employee representatives through Joint Consultation System in the firm (%)			
	Disagree	Undecided	Agree	Total
A-F Blast Furnace	5.9	0	94.1	100 (N=17)
G Blast Furnace	0	10.0	90	100 (N=10)
Coke Plant	5.0	2.5	92.5	100 (N=40)
Sinter Plant 1&2	0	23.5	76.5	100 (N=17)
Pellet Plant	16.7	0	83.3	100 (N=6)
LD1	3.0	0	97.0	100 (N=33)
Merchant Mill	8.3	0	91.7	100 (N=12)
Wire Rod Mill	5.0	10.0	85.0	100 (N=20)
New Bar Mill	0	5.3	94.7	100 (N=19)
Lime Plant	0	0	100.0	100 (N=14)
LD2	8.7	8.7	82.6	100 (N=23)
Hot Strip Mill	0	0	100.0	100 (N=42)
Cold Rolling Mill	8.8	8.8	82.4	100 (N=34)
H Blast Furnace	0	0	100.0	100 (N=7)
Sinter Plant 3&4	0	28.6	71.4	100 (N=7)

N: Number of respondents.

Source: Field Survey

employer and the workmen in respect of such matters’.

The report of the National Commission on Labor cited several reasons for the experiment of Works Committee to be a failure nationwide. As Punekar (1977) notes: the bone of contention was laid by the trade unions who vehemently opposed such committees and considered themselves as rivals to them who were elected through a democratic process. “This rivalry between trade unions and works committee became so serious that the Indian Labor Conference appointed a tripartite committee to demarcate the functions of works committee from those of trade unions’ (Ibid:160).

However, Table 3 is illustrative of the firm studied and shows that

nearly eighty per cent of the workers agree that the works committee in the firm play a significant and proactive role. Only 5.3 per cent of the workers have disagreed with the statement.

Dispute Settlement Machinery

Trade unions are an important part of any industrial organization especially

Table 3 Works Committee

The Works Committee in its function thrives for greater cooperation between management and workers and is necessary and quite significant, playing a proactive role in the firm		
Responses	Frequency (N=303)	Percentage (%)
Disagree	16	5.3
Undecided	49	16.2
Agree	238	78.5

N: Number of respondents.

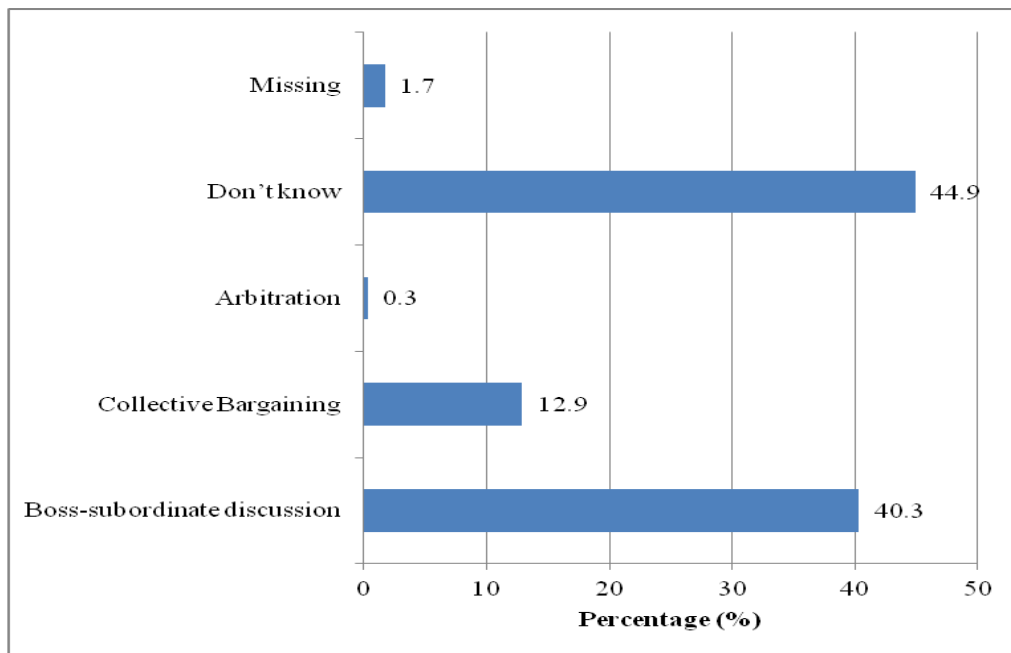
Source: Field Survey

when the labor stands at a relative disadvantage as compared to the employer on account of the disparity in bargaining power and economic resourcefulness. The Trade Unions Act, 1926 thus provides for registration of such associations wherein workers can organize and raise their issues related to the terms of employment. Out of the several issues related to work, Hutt (1954: 22) puts forth that collective bargaining forms an integral part of trade unionism. It provides a mechanism through which a concerted effort can be made by the workers as well as employers to come to joint decision making. In the firm studied there is only one recognized trade union having a pivotal role in the settlement of disputes arising out of

work place. The trade union encompasses twenty three office bearers also referred to as UCM (Union Committee Members). The structure of the union is elaborate, with decisive powers mainly resting with the President, Deputy President and the General Secretary. Fig. 1 shows that in most of the occasions when workers were asked about industrial disputes arising in the firm more than forty per cent workers did not know how settlement is done. Close to forty per cent agreed to boss-subordinate discussions for the settlement of such cases.

Collective bargaining forms an integral part of trade unionism.

Fig. 1 Dispute Settlement Machinery Employed in the Firm



Total no. of respondents N= 303
Source: Field Survey

The boss-subordinate discussion which takes place within the department is for minor issues that concerns day-to-day functioning. A large number of workers being not aware of the union negotiations and dispute settlement machinery points to the communication regarding disputes settlements or higher level agreements with the management and the union that were not well disseminated down the line. The union functions were not transparent and many deals between the management and union happen inside closed doors. In most of the cases even the lower rung union members are not consulted or informed of the same. There is an environment of suspicion and doubt among the workers regarding union functioning and activities.

There is an environment of suspicion and doubt among the workers regarding union functioning and activities.

Conclusion

Workers' participation in management has not gained much progress in its implementation across firms, both public and private. The field data collected from a firm rebuke the experience of a nationwide experiment regarding workers' participation in management. When on the one hand we observe that such schemes of participation have failed to gather the kind of support/acceptance from the employees of an organization, the scheme introduced in the firm under question has gained tremendous support from the workers. Our analysis of the field data shows that any form of participation in management in the concerned firm is welcome. The questionnaire survey

and the interviews conducted with the workers point to the resentment of the trade union functioning. A worker having little say in the functioning has only been left with directly going and talking to the management. Where the existence of the union is seen to be more or less redundant by the workers more space for different schemes of participation emerges and gains popularity. Also, this behavior is particularly encouraged by the lower and middle levels of management. In order for these schemes to be successful it is important to inculcate a 'spirit of participation' among the employees. The firm studied has had a long history of philanthropy work which has gathered support for assistance and participation in the working of the firm. Moreover, it might be useful to note that any firm introducing such schemes of participation has to have certain prerequisites for such schemes to be successful.

References

- Aryee, Samuel, O. (1988), "Structural Preconditions for Employee Involvement and Influence in Managerial Decisions" *Indian Journal of Industrial Relations*, 24 (2): 198-212.
- Batt, Rosemary & Applebaum, Eileen (1995), "Worker Participation in Diverse Settings: Does the Form Affect the Outcome, and If So, Who Benefits?"; *British Journal of Industrial Relations*, 33(3): 353-78.
- Bell, D. Wallace (1979), *Industrial Participation*, London: Pitman Publishing Limited.
- Blyton, Paul & Turnbull, Peter (1994), *The Dynamics of Employee Relations*, London: Macmillan.
- Briggs, Asa (1954), "Social Background," in Allan Flanders and H.A. Clegg (eds.): *The system of Industrial Relations in Great Britain: Its History, Law and Institutions*. Oxford: Basil Blackwell.

- Chandler, Alfred D Jr. (1977), *The Visible Hand: The Managerial Revolution in American Business*, Massachusetts: The Belknap Press of Harvard University Press.
- Datta, R.C., Pellissery, Sony & Paul G.D. Bino (2007), *Employability: Concepts, Indicators and Practices*, ATLMRI Discussion paper 2.
- Eyck, K.V. (2003), *Flexibilizing Employment: An Overview*, SEED Working paper No. 41; Geneva: ILO.
- Flanders, A. (1964), *The Fawley Productivity Agreements*, London: Faber and Faber.
- Ghosh, Pradip K. & Vall, Mark Van de. (1978), "Workers' Participation in Management: Applied to India", *Management International Review*, 18(3): 55–68.
- Globerson, Arye (1970), "Spheres and Levels of Employee Participation in Organizations"; *British Journal of Industrial Relations*, 8 (2): 252–62.
- Hutt, W.H. (1954), *The Theory of Collective Bargaining*, Illinois: The Free Press.
- Kaler, John (1999), "Understanding Participation", *Journal of Business Ethics*, 21(2/3): 125–35.
- Kaufman, B. (2004), *The Global Evolution of Industrial Relations: Events, Ideas and the IIRA*, Geneva: International Labor Office.
- Klein, Peter G. (1998), *New Institutional Economics*, Forthcoming in Boudewin Bouckart and Gerrit De Geest, eds. *Encyclopedia of Law and Economics*. Cheltenham, U.K.: Edward Elgar.
- Lavakare, S.P. (1977), "Workers' Participation in Management"; *Economic and Political Weekly*, 12(9):M22–M24.
- Leberman, Susan M & Leberman, Robert L. (1978), "Two Case Studies on Workers' Participation in Management", *Indian Journal of Industrial Relations*, 13 (4): 467–510.
- Levine, David I & Laura, D' Andrea Tyson (1990), "Participation, Productivity, and the Firm's Environment" in Alan S. Blinder (ed.): *Pay- ing for Productivity*, Washington, DC: Brookings Institution.
- Marx, Karl (1887), *Capital: Volume One: The Process of Production of Capital*, Moscow: Progress Publishers.
- Mizrachi, Shlomo (2002), "Workers' Participation in Decision-Making Processes and Firm Stability", *British Journal of Industrial Relations*, 40 (4): 689–707.
- Bino Paul G. D. & Sankaran, K. (2007), *Capability-Achievement link: Role of knowledge and institutions*. (<http://binopaul.googlepages.com/economictheoryofknowledge.pdf>).
- Pendleton, Andrew (1997), "Characteristics of Workplaces with Financial Participation: Evidence from the Workplace Industrial Relations Survey"; *Industrial Relations Journal*, 28(2):103–19.
- Punekar, S.D. (1977), "Worker Participation in Management"; *Indian Journal of Social Work*, 38(2):P157–63.
- Ravnic, Anton (1967), "Workers' Management and Employment Relationship", *Indian Journal of Industrial Relations*, 3(2):160–72.
- Sarma, A. M. (1990), "Worker's Participation, Self-management and Worker's Control"; *Indian Journal of Social Work*, 51(2): 279–90.
- Second National Commission on Labor (2002), *Report of the National Commission on Labor, Vol. I*, New Delhi.
- Sethi, Krishan C. (1973), "Workers' Participation in Management: A Report and a Viewpoint"; *Indian Journal of Industrial Relations*, 9 (2): 313–21.
- Strauss, G. (1979), "Workers' Participation: Symposium Introduction" *Industrial Relations*, 18: 247-61.
- Walker, K F. (1968), "Workers' Participation in Management"; *IILS Bulletin*, 2: 89–115.
- Whyte, W. H., Jr. (1956), *The Organization Man*, New York: Simon & Schuster.

Appendix 1 Spheres & Levels of Employee Participation

Spheres	Levels				
	1	2	3	4	5
Institutionalization	Voluntary	Plant agreement	Industry agreement	National agreement	Government-law
Decision making	General information to personnel	Joint consultation	Passive participation in management	Active participation in management	Self management
Subject matter	Wages, salaries and fringe benefits	Safety and hygiene	Welfare	Plant operations	All subjects
Personal participation	Individual	Selective groups	Functional units	Full plant representation	Entire personnel
Material gain	Basic contractual wages and salaries	Incentives	Bonuses and prizes	Profit sharing	Profit and loss sharing

Source: Globerson (1970:262).