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Employee participation in India

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ILO Decent Work
Team for South
Asia and Country
Office for India

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Relations Department
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Foreword

This paper is one of a series of national studies on employee participation practices in Asia undertaken within the research programme in the field of industrial relations in the region. This is linked to the ILO Global Product on Supporting collective bargaining and sound industrial and employment relations, involving close collaboration between the Industrial and Employment Relations Department (DIALOGUE) at ILO headquarters and the ILO Decent Work Team for South Asia. The national studies aim at analysing the degree of employee participation within the enterprise, the forms such participation has taken, the issues that have been its focus, and its impact on workers' rights, employment conditions, and the economic efficiency of the enterprise.

Employee participation at workplace level facilitates better labour-management communication, prevents and absorbs disputes and helps to find solutions for both work and production-related issues. It has also the potential to reflect the voices of those whose trade union representation tends to be either low or absent. Various employee participation practices can thus play a complementary role to promote collective bargaining and sound industrial relations, so long as they are not used as replacements for collective bargaining.

This paper provides an in-depth analysis of employee participation in India, in terms of its historical development, notions, practices and challenges, together with company case studies which demonstrate a wide variety of types of employee participation. Many participative practices indeed contribute to improvements in labour-management relations. Nevertheless, the paper identifies a number of factors behind the lack of genuine progress, including management reluctance to share decision-making with employees on major issues, and trade unions' preference for collective bargaining.

During the past two decades, however, many employee involvement processes have re-emerged at some large firms, along with other human resources management or industrial relations practices, mainly driven by enterprises' need to remain competitive and productive by involving their workforce in the business as a whole. Yet information-sharing, suggestion schemes and consultation are most commonly found, whereas co-determination or participation in its true sense exists only in a few cases. The paper concludes that real employee participation is still relatively rare and the sustainability of recent developments remains nebulous or at best unpredictable. The extent to which emerging employee participation processes in India can be used to complement collective bargaining and sound industrial relations will continue to be the subject of our research.

DIALOGUE working papers are intended to encourage an exchange of ideas and are not final documents. The views expressed are the responsibility of the author and do not necessarily represent those of the ILO. We are grateful to Dr Ratna Sen for undertaking the study, and commend it to all interested readers.

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Introduction

The concept of employee participation

Workers' participation in management is probably the most misunderstood and misused concept in labour-management relations in India, and has been taken to imply even collective bargaining, or to include suggestion schemes, employee ownership of stocks and so on. For example, several case studies on participative schemes were presented at a national seminar on workers' participation in management held in Delhi under the auspices of large government enterprises and the Ministry of Labour in December 1981. The Steel Authority of India Ltd. (SAIL) representative stated that its joint negotiating committee was an example of participation. The representative from Hindustan Electrographics proudly touted its suggestion scheme as a participative one. The Fertilizer Corporation of India representative cited the establishment of safety and vigilance committees as examples of participation. This illustrated clearly that there was neither consensus nor clarity on the concept of participation (Sen, 2010, p. 365 and p. 371).

Since the time the concept was defined by Sidney Webb and Beatrice Webb in their book *Industrial Democracy* as a right of workers to participate in decisions on issues which concerned them, any matter where workers exerted influence was deemed to be participation. Wages and working conditions were considered to be legitimate areas of employees' concern, but the question naturally arose about the limits of these concerns. In India, it is easier to ask what does not interest the worker or what does not affect his work. Where the organization is concerned, everything – from its products and processes, its machines and their maintenance, to the markets, finances, or managerial remuneration in the enterprise – is of concern to employees. These concerns, however, vary, depending upon the circumstances. Again, all concerns do not interest all workers equally all the time. In stable economic conditions, with assured markets and steady profits, employees may be content to count only their weekly pay packets. But once markets change, organizational performance declines or lay-offs and retrenchments start, employees become concerned with every aspect of the organization.

During the two World Wars, the imperatives of higher production led to a heightened interest in employee participation and the practice of participation. The establishment of formal bodies to give workers more say in the work process became more widespread. In India, Mahatma Gandhi had already launched the idea of trusteeship after the First World War, and some experiments had followed in the Ahmedabad textile mills. After independence, the Government of India consolidated tripartism and created consultative forums.

The various types of involvement with employees varied greatly, though, as several organizations established different practices in India. Information-sharing, suggestion schemes, consultation and, only in a few cases, co-determination or participation in its true sense, exist in many organizations. New terms also emerged to define or describe these variations and deviations from real participation in decision-making, such as employee involvement, employee empowerment and employee engagement.

The issues on which workers or employees are to be consulted have also varied widely. Broadly speaking, the range of issues in any enterprise on which decisions need to be taken from time to time can be classified under five major heads: safety and welfare issues; work-related issues (production on the shop floor, quality, machine maintenance); sharing of gains (wages, incentives, allowances); production-related issues (product-mix, plant production targets, technology) and; business policy (expansion, contraction, pricing). Even the most reluctant managers agree that workers should have some say in the first three categories, although there may again be doubts about the second category. The third category obviously gives workers some influence through the process of collective

bargaining, wherever it exists. There is, however, much difference of opinion as far as the last two categories are concerned (Sen, 2010, p. 367).

Monappa identified four types of participation – consultative, associative, administrative and decisive (Monappa, 1995, p. 275). Other participative models adopted by various enterprises can be classified into three groups as follows:

- Superficial participation, comprising information-sharing and suggestion schemes;
- Intermediate participation, comprising collective bargaining in both traditional and non-traditional areas, and consultation on restricted issues; and
- Real participation, comprising consultation on unrestricted issues and co-determination on restricted and unrestricted issues.

Bhattacharya defines real participation or “industrial democracy as the exclusive control of productive organizations by their total workforce on the basis of equality of vote.” In other words, workers do not merely influence decisions, they participate with managers in the management of industry on equal terms. This influence should not be confined to peripheral or minor matters, but be intrinsic to the governance of the industrial organization (Bhattacharya, 1986, p. 173).

Of late, interest in participative systems or even participative styles appears to have been renewed with the need for change in the post-globalization scenario. Enterprises cannot be changed without involving their employees. At the same time, formal participative processes seem to have shifted to more informal ones, with an emphasis on styles rather than forums of participation. But such systems of participation also seem to be in danger of lapsing into intermediate or superficial types of participation. They would also depend greatly on the individual perceptions of managers among and within the enterprise.

The issue of ownership is also relevant. Many employers and governments have been known to propose workers’ stock ownership as a method of participation. This, they feel, could increase worker control over industry, since they would become shareholders of the company. But few shareholders anywhere have any control over policy decisions. In the United States, there have been many experiments with what is referred to as ESOPs, or employee stock option plans. In India, New Central Jute Mills in West Bengal was operating for several years with majority employee ownership (Sen, 1996, p. 171).

This issue has been debated in India. From time to time, the Government has proposed employee ownership of some percentage of public sector equity. At a national seminar on this and related issues, union representatives hotly contested equity plans as substitutes for participation, however. They objected on two grounds: one, that equity divestment even to workers/employees would mean dilution of the concept of the public sector and its public ownership and, two, that participation in equity is separate and distinct from the issue of workers’ participation in management and not a cornerstone. Equity participation hardly contributes to managing a unit. The BMS union felt that equity ownership of more than 50 per cent could mean some control for workers (*Business Standard*, 10 January 1990).

Why participation

The objective of participation for management was initially limited to attaining higher productivity through a more committed workforce; later, as behavioural theories evolved, participation was thought and expected to achieve more elaborate organizational ends, such as improvement in employee morale, improved industrial relations, motivation and commitment, and quality of work life or even what Abraham Maslow termed self-actualization. One achievement that enterprises accidentally discovered was that the quality of decision-making improved. This had major advantages in a complex or unstable environment, since more variables and consequences were taken into account during decision-making itself. Managers also discovered that decisions taken jointly were more

acceptable to workers and could be implemented more easily. This, too, had implications for difficult decisions or decisions which are normally not easily acceptable to workers, such as redundancy. Virmani (1988) felt that the perceived differences in the objectives of participation had led to its failure in many cases.

One of the problems of participation is the lack of concrete and substantial evidence on the link between participation and production. Productivity depends on many factors other than worker motivation. In some cases, customer services have been known to improve with participation. But such improvements have also been achieved with other types of intervention, such as more facilitating organizations or better working conditions.

Controversies

The arguments and counter-arguments on participation do not appear to end with the depth of involvement and issues for discussion. Three other controversies have emerged in India over relatively simple problems:

- 1) Collective bargaining versus workers' participation;
- 2) Statutory versus voluntary participation; and
- 3) Trade union versus direct worker representation.

These are also issues which have bothered managers, unionists, workers and the government during actual practices.

Collective bargaining vs participation

Unions have in general sought to promote collective bargaining rather than participation. As early as 1952, the All India Trade Union Congress (AITUC) declared at the Indian Labour Conference that compulsory recognition of unions by employers and an obligation to negotiate would render participation unnecessary. In 1954–55, the Hind Mazdoor Sabha (HMS) observed that worker directors may enhance the prestige of some leaders, but would not help in protecting labour interests (Myers, 1958, pp. 151–2). It was primarily the Indian National Trade Union Congress (INTUC) which expressed some enthusiasm for participation as distinct from bargaining. But unions in India have hotly protected their bargaining domain and refused to allow participation on issues which impinge even faintly on the matter of bargaining. The evidence in India is that, despite the absence of all-India statutory provisions on union recognition or the right to bargain, collective bargaining has grown while employee participation has either stagnated or failed.

Statutory vs voluntary participation

This controversy also touches the question of whether participation needs to be institutionalized or structured through permanent bodies. Many, and managers in particular, feel that participative styles of management are sufficient to achieve results. This is equivalent to what managers call an open door policy, where employees are encouraged to walk in at any time and discuss any issue with a manager. But organizations which have tried this know how varied managerial perceptions on a participative style are. One high-profile Indian managing director is reported to have joked at a seminar on participation that he allowed his employees to agree with him through participation.

In such a situation, it is conceivable that a participative style would be ephemeral, unless there is some institutionalization. It is also clear that, to have a uniform management approach towards a participative style through informal participation, it would require a very high degree of centralization in the management value system. While institutional forms of participation have their place in a participative system, the controversy focuses on the question of whether the institutional form itself should be statutory or voluntary and left to mutual agreement. The evidence is mixed.

Participation is primarily a matter of attitude. Can attitude be imposed through statute? If managements do not really want to consult workers or see no apparent benefit in such consultation, there is hardly any point in forcing them to establish certain forums just to comply with the statute. The status of the two statutory forms of consultation/participation bears this out. Both the works committee under the Industrial Disputes Act 1947 and the worker director under the banking regulations have legislative sanction, but in practice are often overlooked. At the same time, these are the only two forms which appear to have survived out of the many that the government imposed. Voluntary forms or forums in most organizations became defunct over time or were replaced with newer forums/methods.

In India, many government orders on participation fell into disuse or lapsed, while the voluntary quality circles blossomed even in an inhospitable environment. Even the Government machinery for monitoring participation in central public sector undertakings has generally been inadequate and understaffed. One would be tempted to conclude that participation should be allowed to develop voluntarily for any real success. The evidence from the six cases discussed below is instructive. Management would install participative systems only if they feel that these would benefit the enterprise. The same logic would apply to unions. Thus the consensus among most industry participants at various seminars seems to be to have formal (structured) but voluntary systems of participation. This was also stated by Bengal Chamber of Commerce in their response to the Government when the Draft Employee Participation in Management Bill was circulated for comments.

Trade unions vs workers' representatives

Much of the representation of workers in participative bodies has been through union representatives. In 1990, unions debated this issue at a two-day national seminar called expressly for this purpose. It was reported that except for INTUC, all the union centres agreed that worker representatives should be chosen through secret ballot (*Business Standard*, 10 January 1990). The selection would, therefore, depend not on union representatives but on workers' choice of representatives.

Union representation creates a dual problem. First, in many cases, leaders may be outsiders and not real worker participants. The problem is compounded by the fact that many of the outside leaders are actually politicians who have never worked in industry, and never been workers in the real sense. The second problem is more fundamental to the purpose of participation. One of the basic objectives of participation is said to be the development of workers. Bhattacharya writes: "industrial democracy ... will also create an atmosphere for the production of something of even greater value – human beings of better quality" (Bhattacharya, 1986, p. 174). When outsiders participate, workers do not get this opportunity.

Advocates of union representation contend, on the other contrary, that workers are less knowledgeable and would not be able to participate fully with representatives of management, who would be able to manipulate them. The problem can be illustrated from some experiences. In the Bhilai Steel Plant, union representatives were found to be very satisfied with the participative schemes, but most rank-and-file workers did not even know that there were such forums. The workers were also heard to complain that all the information given by the company or unionists about these forums was received through circulars or notice boards, and never through face-to-face communication. Hence, while about half the workers knew nothing about the schemes, the other half felt alienated, even though they knew about them. The position was better in Hindustan Electro Graphites Ltd., Bhopal, where workers were elected directly to the shop councils. Since there were three worker representatives in each council, election was held if the number of worker nominations exceeded three. The secretaries of all the shop councils were in turn ex officio members of the joint council for the plant. Hence, union representation was only incidental, and it appeared to work quite effectively (Sen, 2010, p. 374).

One textile enterprise solved the problem of worker leadership and of multiplicity of unions in a fairly simple way. The enterprise had seven unions, and state-level political leaders were averse to participation. But the workers themselves wanted to give the process a try. The solution was found by nominating one senior skilled worker belonging to each union from the spinning and weaving sections to the participative forums for the respective departments. Thus a group of 14 senior workers was formed by workers' choice and they happened to represent the unions also. For some time at least, this system worked (Sen, 2010, p. 374).

Preparing for participation – workers' education

The contention that workers were often ill equipped to participate in decision-making due to their low level of education was sought to be offset by the Indian government through the Workers' Education Scheme launched in the late 1950s. Although the scheme itself was not formulated to counter the contention, the general drift of labour policy was that workers were an integral part of the industrial establishment and should be equipped to take part in it effectively. The Indian Labour Conference at its 16th session in 1958 adopted a resolution to make it a reality. The scheme was launched that year with the setting up of a Central Board of Workers' Education, supported by the National Institute of Labour and the Institute for Training (Virmani and Voll, 1989).

The scheme developed by the board was three-tier. At the topmost level were education officers or instructors, selected and trained by the board. At the next level, the education officers would be responsible for selecting and training worker teachers from different industries who would then instruct their own colleagues. At the last stage, the worker teachers would be deputed to their respective enterprises to conduct classes for their co-workers. Union leaders would be involved at every stage of the training programmes and play a major role in both the second and third stages.

The first training was held in May 1958 in Bombay. The original batch of 502 officers included 140 union nominees. From February 1959 onwards, these officers fanned out and were posted at different centres, training worker nominees in batches of 25–30 for three months each. The minimum education level of worker teachers was class VII. Both the number of training programmes and centres expanded over the years (Virmani and Voll, 1989). Employers became involved at the third stage of the process, since they were expected to provide facilities for the training programmes in their own premises. The programmes were held for one hour a day after working hours.

General

It is obvious that participation is not easy in India for a variety of reasons:

- 1) For union or worker representatives, the double roles they are required to play make participation quite difficult;
- 2) Managements are often reluctant to share responsibility;
- 3) There are often perceived differences in social status, education and awareness between the two parties in employee participation. This obstructs transparency and trust;
- 4) The unions find themselves party to decisions which they are not really influencing. In fact, a mere scheme of participation without an accompanying system of regular communication does not work anywhere; and
- 5) It is also clear that real participation cannot be continued for long in the current context. It may prove successful in a particular context, and in a particular crisis, but is very difficult to sustain when conditions improve or change completely.

Complete takeover by workers have been more successful, even if not on a sustained basis. Sonali Tea Gardens and New Central Jute Mills are examples (Sen, 1991). These did achieve short-term success.

2. Participative schemes in India

The need for some form of worker involvement was felt in the mid-1950s and 1960s, well after independence, and more by the Government than by the employers, because of the need for rapid industrialization. Workers' participation in management came to India through government intervention. There was no urge among unions for greater involvement in the management of industrial enterprises. This is a characteristic feature of most participative schemes in the country, and has had enduring effects on the functioning of the schemes themselves.

The introduction of works committees through the Industrial Disputes Act in 1947 was hailed by many as an encouraging measure for participation. But section 3 of this Act states that the works committee is meant "to promote measures for securing and preserving amity and good relations between the employer and the workmen and to that end comment upon matters of their common interest or concern and endeavour to compose any material differences of opinion in respect of such matters." The objective was clear. The works committee was envisaged as an industrial relations (IR) tool to resolve or reduce differences between managements and labour. It was not a participative body at all, and was not meant to be so. From the point of view of structure, the body had some participative pretensions. It was to be introduced in all enterprises with 100 or more workmen and composed in such a way that the number of representatives of workmen was not less than that of management representatives. The workers' representatives were to be elected for two years by the workmen of the enterprise, and had to be workers. They could in addition be unionists or union leaders.

If there was any doubt about its non-participative nature, the subsequent clarifications removed them. When joint management councils (JMCs) were proposed to be set up in the late 1950s, it was clarified that works committees should deal with a small number of issues so as not to encroach on the jurisdiction of the former or on the domain of collective bargaining. Three lists of issues were prepared, one for JMCs, one for collective bargaining and one for works committees. Works committees were allotted discussions on lighting, ventilation, temperature, sanitation, drinking water, canteens, dining and rest rooms, medical and health services, safe working conditions, administration of welfare funds, educational and recreational activities, and encouragement of thrift and savings among workers (Sen, 2010, p. 375).

There was some enthusiasm over the committees initially, but interest waned as other forums came up. In many enterprises, workers were particularly excited about the elections associated with them, and some unions treated the election exercise as a means of verifying union strength and flexing their muscles. The National Commission on Labour, 1969, recommended that the recognized union be given the right to nominate worker representatives to the works committee. However, the committees did serve some purpose. Even if elections were not held regularly or the committees did not meet often, they served as forums for airing workers' grievances. They are now defunct in most enterprises, but survive in pockets. (See the case study on Bharat Petroleum Corporation Ltd. in Chapter 3.)

The first real scheme where some kind of participation was envisaged was that proposing joint management councils. The Industrial Policy Resolution of 1956 stated that "in a socialist democracy, labour is a partner in the common task of development and should participate in it with enthusiasm ... there should be joint consultation, and workers and technicians should, wherever possible, be associated progressively in management. Enterprises in the public sector have to set the example in this respect" (Sen, 2010, p. 375).

In 1956, the government suggested at the annual labour conference that a delegation should go to Europe and study how the system worked in countries where many of the joint bodies were still active. The delegation reported back to the conference and proposed that JMCs be set up in all establishments employing 500 or more workers. The conference adopted this recommendation as a resolution in 1958, which thereafter became applicable to industrial undertakings, since employers and unions were a party to the resolution. The Third Plan desired that the JMCs become a normal feature of the industrial system and integrate private enterprises into a socialist order.

The objectives of the JMCs were to promote cordial relations between managements and labour and build up trust and understanding, but also to increase productivity, secure effective welfare and other facilities, to train workers to understand and share responsibilities, and in general function as a consultative body. More specifically, the joint council was to:

- 1) Have equal representation from workers and the management;
- 2) Be entitled to be consulted on certain specific matters including administration of standing orders and their amendments when needed, retrenchment, rationalization, closure, reduction in or cessation of operations;
- 3) Be entitled to discuss and give suggestions on certain other matters such as the general economic situation of the concern, the state of the market, production and sales programmes, methods of manufacture and work, the annual balance sheet and profit and loss statements as well as long-term plans for expansion; and
- 4) Be entitled to have responsibilities for the administration and supervision of welfare and safety measures, vocational training and apprenticeship schemes, suggestion schemes, schedules for working hours, breaks and holidays etc.

It was stated categorically that all matters for collective bargaining such as wages and allowances were to be excluded, and the creation of new rights between managements and unions was to be avoided. It was decided that initially JMCs would be set up in 50 selected enterprises and gradually expanded to others, using the experience of the first 50. But ultimately the total number never exceeded 140, and even that number gradually dwindled (Sen, 2010, p. 376). The JMCs did get off to a good start in a few instances where managements were not averse to the concept of sharing decision-making with workers and state government officials had vision and initiative. But these were few. With the growing inflation of the early and mid-1960s, the councils gradually fell into disuse. Other contributory factors were:

- 1) The imprecise method of nomination or selection of union representatives;
- 2) Reluctance of managements to accord equal status to worker representatives;
- 3) Nomination of very junior executives, who failed to take decisions and retracted on commitments;
- 4) Non-implementation of the decisions of the council;
- 5) Insufficiency of information provided to the council necessary for decision-making;
- 6) Pretexts for workers' incapability, and dubbing workers as illiterate and incompetent;
- 7) Major issues such as rationalization not being placed before the council, and the council being bypassed; and
- 8) Airing of grievances by workers at these forums.

Ultimately, and very often, the councils discussed relatively innocuous subjects including safety and canteen, thus becoming glorified works committees. The main problem was management reluctance to share decision-making with workers. It was this reluctance which lay at the root of the failure of the JMCs and the later schemes (Sheth, 1972).

After the JMC experience, the Government decided to make a fresh attempt at participation in public sector units (PSUs) at least. It announced in 1971 a scheme for worker directors on PSU boards. One worker director was made mandatory for each PSU, the representative being a nominee of the recognized union. The implementation was as usual slow, however. Since most of the recognized unions in the central PSUs were INTUC affiliates, it became easy to nominate the national INTUC president or general secretary on most boards. The practice barely survived into the 1990s. In the entire steel industry by then, the lone employee director was in IISCO, West Bengal.

For the banks, statutory amendments in 1973 to the State Bank of India Act 1959 and the Banking Regulation Act 1969 provided for the appointment of one workman (non-executive) director and one non-workman (officer/executive) director in each bank. The working of the scheme was delayed by both managements of various banks and by unions. Unions protested against officer directors, contending that officers were in any case represented. The controversy continued for many years till it was settled by the Supreme Court in 1989. The most representative union was to submit a panel of three names, one of which would be approved by the Reserve Bank of India and appointed by the Government. Most of the nominations were cornered by either INTUC or AITUC affiliates, since they were in the majority. But few incumbent workmen or bank staff members were appointed to the boards, since union leadership in many cases was in the hands of retired employees. Ghosh and Gupta (1992) found that while employees favoured elected representatives, the unions favoured nomination by the majority union.

However, the performance and role expectations of the nominees proved major hurdles to participation in banks. It was found that the top management envisaged the role of a worker director as one of coordination and cooperation. Employees, however, felt that the role should additionally involve policy formulation, improvement in working conditions and reduction in unjust treatment of employees. Where the actual performance was concerned, employee directors rarely spoke in the board meetings. Employees felt their number was too small to make an impact, and in many cases employee directors felt intimidated by the presence of so many non-workmen directors who all came from social and educational strata superior to the workmen (Ghosh and Gupta, 1992, p. 416).

Years ago, the general secretary of the All-India Bank Employees Association indicated that managements did not really want participation because agenda papers were sent late, just ahead of meetings. But he did concede that participation at the board level gave employees access to a lot of policy information as well as the antecedents of such policy. This was found useful by the unions (Sen, 1983). But Ghosh and Gupta (1992, p. 417) found in their survey that employees were able to extract improvements in working conditions, minimize unjust treatment and settle many employee problems. In policy formulation, the observation was that the smaller executive committee of the board made the actual decisions without the presence of employee directors, and even the dissent of the latter was usually not recorded. It can be concluded that the worker director scheme has been partially successful. (See the case study on United Bank of India in Chapter III.)

In 1975, one of the populist measures adopted by the Government was a 20-point programme, and workers' participation was one of the points. A new scheme of shop councils and joint councils was formulated in October that year. This was applicable to all enterprises in manufacturing and mining employing 500 or more people in the public, private and cooperative sectors. Accordingly, in 1976, at the height of the Emergency, the constitution was amended (article 43A of the directive principles) to include the introduction of workers' participation as an objective of state policy. The article states that the Government shall take steps by suitable legislation, or in any other way, to secure the participation of employees in the management of undertakings, establishments or other organizations engaged in any industry. In 1977, the Shop Councils Scheme was extended by Government order to service and commercial undertakings employing 500 or more (Sen, 2010, p. 378).

The two-tier scheme provided for the appointment of shop councils in each department or shop of enterprises, with the management and workers represented in equal numbers. The former would be nominated by the management, and workers' representatives would be from the respective departments or shops. The manner of representation was not specified, though. The recognized union should be consulted on the number of councils and their coverage, depending on the number of workmen employed and on the number of members in each council. Once formed, each shop council should function for two years and meet at least once a month, oftener if required. The chairman of the council should be nominated by the management and the vice-chairman by the workers. Decision-making should be by consensus and decisions implemented within one month.

The functions of the shop councils would be to assist the management in achieving production targets, improving production, productivity and efficiency, eliminating wastage, and utilizing capacity and manpower to the optimum level. They should specifically identify areas of low productivity, study absenteeism and recommend measures for their improvement. The councils should also concern themselves with safety, working conditions, discipline and two-way communication.

There would be one joint council for a single plant, its constitution being much on the same lines as the shop councils, with the chief executive of the plant as chairman. Any one of the council members could be secretary for the council, which should meet at least once every three months. Voting on decisions was to be avoided. The functions included optimum production; efficiency; fixation of targets; matters emanating from the councils; inter-shop council matters; training; work schedules and holidays; evaluating suggestions; optimum use of raw materials and; health, safety and welfare for the plant as a whole.

The order did not clarify whether workers or unions would represent employees. This had obvious repercussions in intense inter-union rivalry. Needless to say, private and cooperative sector enterprises hardly attempted to implement the scheme. PSUs did start implementing the scheme, but most attempts came up against the wall of union representation, especially in multi-union enterprises. There was also an overlap of issues with works committees and JMCs.

When the Janata Party came to power in 1977, it appointed a committee under Labour Minister Ravindra Verma to investigate statutory imposition of participation. The Verma Committee in 1978 duly recommended a statute on participation. This was hotly contested by employers' organizations, and the controversy led to inevitable delay. The fall of the Government in 1979 helped shelve the proposal for statutory participation once more. In 1980, the new Government pre-empted any move in this regard by appointing the Sachar Committee to go into the whole question of company governance. Workers' participation was one of the issues. The committee did recommend compulsory participation, but with a proviso – that at least 51 per cent of the total employees of an enterprise votes in favour of such participation (Sen, 2010, p. 379).

Unable to make much headway on these controversies, the Government announced on 31 December 1983 yet another scheme for shop councils and plant councils. It was billed as a new comprehensive scheme for workers' participation in central PSUs, but excluded departmental undertakings such as the railways and post and telegraphs. This scheme would ordinarily be two-tier, like the 1975 scheme but, if the Government so ordered, could be extended to the board level, with worker directors. Hence, it could be referred to as a three-tier scheme. It was largely a modified version of the 1975 scheme. For instance, representation of workers from the shop floor would cover different categories such as skilled and unskilled, technical and non-technical, supervisory categories and women, if they constituted 10 per cent or more of the workforce.

The issues were more comprehensive than in the 1975 scheme and could be analysed and matched with the categorization made in the introductory chapter. This would help in understanding exactly what this latest scheme sought to achieve (Table 2.1).

Table 2.1
Three-tier scheme for workers' participation in PSUs, 1983

Category	Shop	Plant	Board
Safety and welfare	Safety; welfare; medical; transport; safety; sports; Housing	Township; canteen; control of gambling, drinking, indebtedness; community development	–
Work-related	Storage facilities; material economy; operational problems; wastage control; hazards; quality; cleanliness; work systems; group working; housekeeping; productivity; problems of women employment; absenteeism; suggestions	Designing productivity schemes; planning and review; materials shortfall; storage and inventory; quality and technology; machine utilization	–
Production-related	Production facilities; monthly targets; production schedule; cost reduction	Product development; operational performance; shop floor matters remaining unresolved; review of shop councils' functioning; financial statements, costs and sales review; training programmes; pollution	–
Business policy	–	–	All policy matters as well as review of the functioning of shop and joint councils

Source: Sen, 2010, p. 380.

Unfortunately, it is very comprehensiveness caused apprehension among even public sector managers. Virmani (1988) found in his investigations that the scheme was not even circulated properly by the public sector units (PSUs), and it was left to one of the major central union organizations to circulate it among workers and unions.

Bisht (1986) found in his study of PSUs that in the early 1980s, the three-tier scheme was practised in just four PSUs and the two-tier scheme in eight. His study also indicated that the representation system was extremely varied. Office bearers of recognized unions were on the forums in some PSUs, but in others representation was based on workers' seniority, sectional representatives from among workers or elected representatives in a few. Instrumentation Ltd. opted for nomination by unions, and Neyveli Lignite Corporation for a combination of union and management nominations. Outsiders were also present as union representatives in Bharat Earth Movers Ltd. (The Coal India case study in Chapter III deals with the working of similar schemes.)

The final step in the rather prolonged introduction of participation was taken in 1990, when the new Government drafted a Participation of Workers in Management Bill, and circulated it among chambers of commerce and major unions for comments. The annual labour conference that year had an almost single-point agenda – statutory participation. The structure of the participative scheme and the issues were no different from those of the 1983 scheme. But a major improvement was that persons representing “the workmen shall be elected by and from amongst the workmen of the industrial establishments, by secret ballot or nominated by the registered trade unions.” The term of the councils was extended to three years and penal provisions for non-compliance added, as is common to most Acts. Board-level participation was mandatory, and the number of workmen and non-workmen would together constitute 25 per cent of the total board strength. This was also an improvement on the existing worker director scheme. A monitoring agency to review the progress of implementation was included in the Act.

This scheme too suffered the sad plight of its predecessors, though, and before it could be passed, the non-Congress government fell (this was a coalition of several breakaway factions of erstwhile Congress groups and new state parties, and supported by the leftist parties). Interestingly, the new Government did not formulate any new schemes on participation, although the appropriate noises on workers' participation were made in both the Eighth and Ninth Plan approach documents. Obviously, the economic developments of 1991 and the new economic regime that it ushered in were incompatible with socialist ideas of workers' participation (Sen, 2010, p. 381).

Since then, governments have come and gone but have generally been either silent or inactive in the matter of workers' participation, except marginally. For instance, India and the European Union (EU) entered into a Joint Action Plan in 2006 for a policy dialogue and cooperation in the fields of employment and social policy. In line with this plan, the Ministry of Labour and Employment signed a memorandum of understanding (MoU) with the European Commission to strengthen dialogue and exchange of views and information on issues of common interests within the areas of employment. Social policy such as skills training and employment, social security, occupational health and safety, workers' participation in management and other relevant issues were identified jointly.

The structured dialogue was to consist of exchange of experience, best practice, views and information on topics of common interest, trends and policy developments related to the above areas. As a part of this structured dialogue, it was agreed to organize a joint seminar on mutually identified issues every year. Accordingly, the first seminar on skill development and training was held in New Delhi in November 2006. The second seminar on social security and social protection was held in Lisbon, Portugal, in September 2007. The third seminar, on employment relations and resolution of conflicts, held in New Delhi in September 2008, focused on trends in employment relations and social dialogue, collective bargaining, workers' participation in management and challenges, strategies and best practices in labour dispute resolution. However, the background paper for the last seminar still cited the history of participation in India up to the time of the 1990 Bill (<http://labour.nic.in/lc/Indo-EU/seminarSep22-23-08.pdf>).

2.1 Failure of schemes

The almost unending succession of schemes discussed above clearly indicates the futility and failure of preceding schemes. The existence of old schemes and the regular emergence of new ones were likely to confuse even well-meaning employers. Each new scheme made it clear that neither managements nor unions had any great enthusiasm for them. In spite of the understandable reluctance of managements, the unions could have achieved some success had they really wanted implementation.

Successive studies found that most managers were not ready or naturally inclined towards participation on major issues. Sethi (1973) observed that "managers ... do not think that participation will unleash the creative talents of their subordinates. On the contrary, they seem to have a rather low opinion about their subordinates' ability to understand and participate in organizational decision-making." In a survey of 200 workers of the Haridwar unit of Bharat Heavy Electricals Ltd. (BHEL), Bisht (1986) found several reasons for the failure of participative schemes: the management was not committed to the schemes; non-implementation of decisions led to worker alienation and; though workers in general were apathetic, employees in the age group of 30–40 were the most interested. Sethi also found that interest was highest among educated workers.

Some examples in Indian enterprises provide illustrations of the various dilemmas discussed above. There were instances in which workers' participation was believed to be a tool for improving industrial relations. Expansion also brought in labour trouble in Fertilizers and Chemicals Travancore Ltd. (FACT), India's first large-scale fertilizer plant which was established in late 1943 with two main manufacturing units in Kerala. It had 11 workers' trade unions and two officers' associations, and there were innumerable conflicts

during the 1960s and 1970s. The management tried to establish a participative culture, hoping that it would improve relations. The first JMC was set up in FACT in April 1959, which functioned till 1966. The council was revived in 1975, after the introduction of the Government scheme of 1975. Several joint management action groups were constituted. But union representation in these bodies proved a stumbling block, and they persisted in bringing up issues related to grievances and conditions of service.

In 1982–83, when the company incurred major losses, the 1983 Scheme of Participation announced by the Government came as the last opportunity to do something different. The company had a workforce of 8,610 at that time. It had diversified into chemicals and petrochemicals. In spite of the good intentions of the management, though, the shop councils started off with issues related to sports, welfare, environment and entertainment, rather than production, productivity or work-related issues. This happened with the JMC as well. The safety committee could reduce lost-time accidents from 61 in 1987 to just 19 in 1991. But participation appeared to be confined to this, and the entire series of measures in FACT proved to be severely limited where actual participation was concerned. Ultimately, the management resorted more and more to decentralized collective bargaining for relevant decisions on production and productivity (Sodhi and Joshi, 1995, p. 114). Subsequently, the company reportedly established a system of informal participation to supplement collective bargaining. In this case, the excessive number of unions probably prevented a holistic view of the company and its problems.

Jaipur Metals and Electricals Ltd. (JME) was established in Rajasthan in 1943 by the Kamanis, and diversified in 1950 into the manufacture of house service meters in collaboration with Fuji of Japan. It gained a near-monopoly status in this product, supplying mainly to government departments. The first union in JME was formed in 1950, affiliated to AITUC. In 1969, a union affiliated to the Centre of Indian Trade Unions (CITU) came into existence. INTUC entered the field in 1971–72, mainly among the office staff. The Bharatiya Mazdoor Sangh (BMS) followed in 1977, and finally the Janavadi Morcha in 1991, which tried to unite disgruntled elements from all the unions. However, the last was not included in the participative bodies when formed.

After continuing losses, the management proposed liquidation in 1977. This prompted the state government to declare it a relief undertaking under a 1961 Act, with special exemptions in taxes and in the operation of labour laws. This cleared the way for retrenchments, but a solution was still elusive. Losses continued. Production almost stopped. The employees struck work under the AITUC union for 27 days. The revival of the company began from 1983 under a new managing director (MD). Starting with the retrenchment of 500 employees in that year, the new chief executive began negotiations with the unions which culminated in a historic agreement in 1984. Under the agreement, a majority block of the equity was passed on to the workers through a credit cooperative. Major financial restructuring was also effected. The highest ever turnover of about Rs 110 million, was achieved in March 1985. The company was delisted as a relief undertaking by December 1987. The workers' cooperative which owned the company became the single largest shareholder with nearly 60 per cent of the new equity. By 1987–88, the issued capital increased to Rs 28 million.

In 1989, the management created several other committees – for planning and production, purchase, scrap disposal, and sales and communication – each with six members, and the last with 14 members. The employee directors were ex officio members of all the committees. While the first of these committees was to make recommendations on production and technology, the MD would have the final say in the decision. But even the purchase of a machine made the problems apparent. A suggestion for purchase was made by the committee, and was approved by the MD. The machine was actually purchased by the next MD, and broke down during the tenure of the third MD. The workers found that this underlined their helplessness. The scrap disposal committee degenerated into a fault-finding one. One middle management executive commented that the committees were nearly “dead and ineffective” (Sodhi and Joshi, 1995, p. 417). But

another agreement with the unions was concluded in March 1991, and the structure of the participative process was consolidated.

But the working of the committees ran into difficulties right from the beginning. The management members would meet in advance among themselves so as to present a united front. In spite of the fact that the unions represented the owners, a divide seemed to develop between the two sides. The management appeared to use the committee as a shield to parry uncomfortable issues (Sodhi and Joshi, 1995, pp. 390–1). Ultimately in 1992, the workers led a protest demonstration to the state assembly demanding either that the government completely take over the management of the enterprise or else leave it entirely to the workers.

New Central Jute Mills in West Bengal, which around the same time also turned over majority ownership to a workers' cooperative, faced several problems initially but got the process going fairly successfully (Sen, 1996, pp. 247–278). However, this mill too started facing severe problems after the initial honeymoon period was over.

In this context, a solitary example of trusteeship may also be referred to. Gandhi's idea of the owners being trustees for the assets of an organization was sought to be put into practice by one industrialist in Maharashtra. There, the participative committees faced problems very similar to Jaipur Metals. This trusteeship experiment was started in January 1983 in Jayanand Khira & Co. in Pune's industrial estate in Bhosari. A sick company was transformed into a trusteeship venture. But the experience was not happy. To quote, "the dominant characteristic of trusteeship principles is equality among owners and workers. But there was no equality in the unit. The workers were definitely subordinate and under the complete dominance of the Board of Directors. There was no scrutiny by them over the affairs of the company in the sense of financial or detailed production scrutiny" (Sen, 1991, pp. 412–422).

These illustrations indicate that the "degree of influence" accorded to employees is important. Where employee expectations have been raised by introducing participation, low levels of participation with little employee autonomy have been identified as a reason for disappointing results. Where participation is only from the top down, workers may feel that they are being lectured and not listened to. Even where participation is from the bottom up, workers may feel that the management is using their ideas, with no return to them. High levels of participation also have their own problems. Some analysts claim that either employees do not take hard decisions, or are not able to discipline co-workers. From the management perspective, a high degree of employee influence often leads managers to believe that their authority is being compromised or diluted (Joseph Rowntree Foundation).

But it would be a mistake to write off participation in India as a failure. Limited forms of participation, such as consultation, quality circles or discussing restricted shop floor issues appear relatively more successful and sustainable. Suggestion schemes prevail in many enterprises. Under these schemes, employees can submit suggestions on any aspect of work or function into designated boxes or to designated persons. The suggestions are periodically evaluated and implemented if found suitable. Bharat Electronics Ltd. had a scheme of employee suggestions, which worked quite successfully till 1981–82. Several hundred suggestions were received each year, and several cost-saving programmes were adopted as a result (Sodhi and Joshi, 1995, p. 84). But the suggestion scheme could not compete with the much more substantive quality circle discussions introduced later.

However, results may be different in other organizations. In a survey done by the personnel department of Bhilai Steel Plant, its suggestion scheme received a fillip in the post-liberalization era, and the number of suggestions between 1992 and 1998 rose to 34,600, of which 29,200 were accepted and 13,200 implemented. The benefits for the steel plant were 100 times the awards granted, at Rs 350 million. The plant also has joint committees in every department, which meet monthly to discuss shop floor problems, and a zonal committee in each mill. The issues discussed in the shop councils are

comprehensive, and include for union consultation everything other than items prescribed in the Madhya Pradesh Industrial Relations Act. Managerial policy on expansion, recruitment and individual discipline are excluded (Sen, 2010, p. 382).

2.2 Participation and HRM practices

In more recent times, many organizations in India have installed HRM practices which border on participation but are generally part of HRM strategies. Globalization and the consequent need for change to meet competition compelled most organizations to start comprehensive communication programmes, both with their unions as well as directly with employees. Having made a start with this, organizations developed many other HRM interventions. In some instances, these schemes have sidestepped the participative approach altogether. To take a few examples (Sen, 2010, pp. 431–3), HRM programmes were introduced in the Tiruchirapalli unit of Bharat Heavy Electricals Ltd. The interventions used were job rotation, inter-unit transfers, on-the-job retraining, job enhancement and on-the-job development. In Kolkata, after taking over Philips' facility for TV manufacture, Kitchen Appliances (Videocon Group) began the task of integrating erstwhile employees by combining the canteen for managers and workers. At Maruti Suzuki, a climate intervention was introduced through common canteen and common uniform for managerial staff and workers. There was change in the nature of supervision to emphasize the supervisor's guidance role. Employee development and training, and creating the image of a caring organization through good welfare facilities are other examples of interventions in Maruti. Absenteeism was apparently reduced to just 5 per cent in the plant as a result of these interventions.

HRM interventions in Bhilai Steel Plant included communication programmes (for non-executives and executives), training and training audit, multi-skilling for existing and new employees, counselling centre and laboratory, internal customer satisfaction (ICS) programme, benchmarking in key areas, particularly technical parameters, introduction of the concept of mentor-protege for on-the-job guidance and management development, suggestion schemes and quality circles. A climate survey was undertaken in 1992 on 10,000 employees to assess parameters such as openness, collaboration, trust, authenticity, proactivity, autonomy, confrontation, belongingness, role clarity, career growth and job satisfaction.

At Thermax, the HRM interventions focused on turning around certain poorly performing divisions. The procedure adopted was to draw up a contingency plan, throw it open to employees for discussions and suggestions and then create teams for the translation of the final plans for execution. The team building itself related to four types of sharing – image, expectation, responsibility and problems. The system was not smooth sailing in many respects, since even managers would dissimulate and pretend that decisions could not be implemented. But this was treated as part of the learning process. Parallel to this was a package of training programmes – leading hand course for workmen, supervisory development programme and employment-oriented skill development programme, attitudinal training programmes and TQM training programme. The supervisory development programme too had a built-in promotion avenue, under which 28 workmen were made supervisors in 10 years. The TQM training started in 1992 and was aimed at senior and middle managers initially and later extended to all workmen.

Bharat Electronics Ltd. (BEL) had a fairly long history of an integrated approach to HRM and IR. The process started in the 1980s with information-sharing. This included weekly and monthly meetings and consultations with unions. The agenda included all issues of mutual concern. The first quality circles were started in 1982–83, reaching their full potential in the 1990s. In 1988, when closure of the germanium semiconductors department was proposed, a committee consisting of trade union representatives was constituted. It was on the basis of the decisions of this committee that the 480 workers of the department were re-trained and absorbed elsewhere. Subsequently, joint brainstorming

sessions were carried out to improve productivity, discipline and supervisory effectiveness. At the beginning of the 1990s, an intensive training programme for productivity improvement covered nearly 7,000 workers in two years. Other training programmes focused on changing attitudes towards work and on keeping workers abreast of government policies and their impact on the company. The communication programme was strengthened with open letters from the executive director directly to workers. Unions had earlier objected to direct communication.

Visakhapatnam Steel Plant (VSP), a three-million-tonne integrated public sector unit which started producing steel in the early 1990s, had a communication programme right from the start. The mission and objectives of the company were clearly defined, the union was persuaded to accept it as part of a tripartite settlement and it was disseminated among employees through a series of workshops and training programmes. In addition, multi-skill-based job designing was adopted and job titles were reduced to just three – charge-man, technician and ‘khalasi’ – for its entire 12,000-strong workforce. Initially workers saw a threat in this, but gradually they understood that it was for their own development. The company gained from reduced idle time.

A third initiative was to design a training package to develop opinion leaders from among the workmen. VSP began identifying “socially active workmen” who were not active union office bearers and designed the package to include knowledge of current developments and attitudes, in addition to skills. The current developments included knowledge of global and national developments, their impact on the organization, overall knowledge of the company, financial status and essential elements of the manufacturing process. The target was to cover at least 1,000 such persons in a few years. The open house forums were very conducive to promoting healthy industrial relations (IR). Side by side, quality circles were initiated and grew to about 350 circles by mid-1990s. A suggestion scheme was added to the list of HRM interventions.

Titan Industries has a comprehensive package of communication and worker interaction at its plant in Hosur, Tamil Nadu. It also has its own extensive and intensive training through which it can tap rural schools for school certificate candidates. A large number of rural women were and continue to be recruited into Titan, as part of its special emphasis on female recruitment which matches the type of products made by the company (watches and jewellery).

In 1990, the management launched a concept called “dialogue house” as part of a policy initiative to promote an open door policy and consensual decision-making. The communication programme was flexible, and varied with the type and nature of communication. The ruling principle was “fact-based” communication. Employees were also encouraged to ask as many questions as they could during the communication. Usually, there were five or six contact programmes per month at different levels. In 1997, formal and informal communication was launched to explain the exact changes and implications of the competitive environment to all employees. The concept and practice of cellular production under which several operations were recombined, replacing departments with production cells, was also explained through these communication processes.

Total employee involvement, or TEI, is actually a committee of management representatives and union office bearers of Titan, which provide guidelines on three major issues – productivity, quality and technology. The committee also developed guidelines for the administration of new training programmes. Small group activities (similar to quality circles) were started under the TEI system. Gemba Kaizen was introduced for constant improvements, especially 5S for cleanliness and housekeeping, and Kanban for maintenance. Titan has one of the cleanest and most pleasant factories on a world comparison (Sen, 2010, p. 433).

2.3 Conclusion

These practices make it clear that a number of interventions have been adopted in many enterprises, but they are often piecemeal, except a few. Many of the practices do contribute to improvement in labour management relations. But there is sometimes a lack of integration of the activities either with the organizational culture or with IR practices. Such HRM practices do not indicate a real democratization of the workplace. A good example of the latter is Maruti Suzuki which, in the field of IR, refuses to allow its employees at the Manesar plant in Haryana the freedom to choose their union. It is somewhat akin to adding extra tools to what remains basically conventional personnel management. The main criterion to be used to evaluate participative practices would be employees' ability to influence substantive decisions through these processes.

Given this background, it is interesting to look at current practices in employee participation in India. The post-globalization era has seen renewed interest in participation, though it has also thrown up a variety of practices and schemes which indicate that participation is alive and kicking, though not always in the classical forms or even structured modes. There are many differences even within the public sector undertakings studied here. Of the two regions studied, one is in western India (Maharashtra) and the other in eastern India (West Bengal), both being old industrial regions with a large variety of industries and industrial ownership and practices.

3. Participation in India today: case studies

3.1 Objectives and methodology

Context

The context of this study was provided by the International Labour Organization's search for filling the gap in information on participative practices in the developing countries of Asia. While the developed economies had a considerable history of effective employee participation models, empirical research in this area for developing countries was scarce. The additional context was the changes which had affected the industries and the workplaces in these countries after most of them adopted globalization, though at different times and at different speeds. These changes had made most workforces more diverse but less secure, and had raised questions of equality of treatment and rights at work. Under these changing conditions, the concerns of employers, policy makers and employees themselves in safeguarding and promoting their interests were reflected in different approaches to employee participation. Governments had to balance the needs of a competitive economy with the welfare of workers and citizens. Employers sought productive efficiency but had to ensure compatibility with the awareness levels and tolerance of those they employed. Employee organizations had to strike a balance between the survival of the industries they worked in and the rights and aspirations of their members.

In addition, the rapid development of human resource management (HRM) had generated an expanding concept of employee involvement and empowerment. The concept is particularly linked with the expansion of direct forms of employee participation, where individual employees are actively involved in the mechanisms of participation. Indirect participation is exercised through processes such as collective bargaining and elected representational structures. The search by enterprises and companies in the highly competitive globalized economy for competitive advantages has been a significant driver for new models of partnership. These are not only direct participation forms, but also new alignments between trade unions and employees and employers. The concept and practice

of participatory structures manifest wide variations in national models of industrial relations, but there are also comparable developments driven by legislation.

Objectives

The study aimed at analysing the different forms of direct and indirect employee participation which have developed in India, both as a result of statutory obligations and formal models as well as informal mechanisms that have emerged from the pressures of globalization. Based on literature review and case studies, the research will analyse, among other issues, the degree of involvement of the workers' representatives and trade unions in decision-making at the enterprise; the forms that participation has taken; the subject matters that have been the focus of employee participation and; the impact of workers' participation on workers' rights, employment conditions and the economic efficiency of the enterprise.

For the purposes of this paper, employee participation will encompass a wide range of practices, such as employee involvement through joint committees, works councils or workers' committees, quality circles, board representation, involvement groups, teams or task forces. The study will exclude collective bargaining, the focus of a different line of ILO research on industrial relations. The IR angle, beyond pure HR, however, has also been kept in mind, and the experiences that involve the participation of workers' representatives and trade unions in some forums have been included to ensure a complete picture.

There is a fundamental characteristic of all employee participation models – it is a process designed for employees to participate, affect or influence decisions related to their working environment. In this respect, employee participation is also an issue of power relationships and the ideological paradigms of the societies in which it functions. In this sense, “participation” includes all the processes applied to engage employees' representatives at all levels of enterprises and companies in decisions affecting them.

Methodology

The research includes an introduction to the national scenario; the historical background of employee participation in the country; statutory or other frameworks for participation; the dialogue generated on the issue and; the compulsions of the socio-economic situation. In addition, the study includes the developments and interventions in HRM which have been conducive to employee participation. This is based on literature review.

The main part of the research aims at analysing existing practices in various industries and organizations through selected case studies, based on surveys and interviews developed by the researcher. Given the time constraints, it was decided to include six enterprises in India from two different regions – West Bengal and Maharashtra – both having a long history of industrialization and both having been studied earlier for their IR practices. It is expected that the current research will throw additional light on the HR and IR situation and practices in the two regions as well as in the country.

In selecting the enterprises, it was decided to include equally, if possible, the private and public sectors. The latter again has a long history of employee participation, and still commands large sections of the country's industrial economy despite globalization and privatization. It was also decided to include as wide a variety of enterprises as possible – representing the old and the new, large and small, traditional and modern, manufacturing and service, labour-intensive and technologically advanced, unionized and non-union. In the process, the largest or growing industrial sectors of India such as textiles, coal, banking, IT, petroleum and automotive sectors have been included. The actual choice of companies within this industrial range, however, depended on the consent of the companies to participate in the study, and to some extent on the convenience or accessibility of these companies for research.

Once the enterprises were selected, the date and time of contact were established, Internet sources on companies reviewed and interviews scheduled. The interviews were conducted in mid-2011 with HR professionals in the companies and with workers' representatives, employees and trade unions, where appropriate, to ensure authenticity. When these cases were completed, some companies desired to check these for factual correctness. Hence, the information included in the cases is verified and authentic.

3.2 Background of employee participation in Maharashtra and Mumbai

Major changes have occurred in Mumbai during the last two decades in the wake of economic liberalization in India. The unions CITU and HMS have been active in Maharashtra for long, particularly among Mumbai workers and have observed this process closely. They were able to provide interesting information on the labour scenario in the city and the state. According to the unions, there are very few manufacturing units in Mumbai today. They have dispersed either to other parts of Maharashtra or to other states, or have closed down. The three large private sector plants remaining in Mumbai proper are Mahindra & Mahindra, Godrej & Boyce and Larsen & Toubro. A few public sector units remain, too, such as Bharat Petroleum Corporation Ltd. and Rashtriya Chemicals and Fertilizers Ltd.

The exodus apparently started in the 1970s and 1980s, even before the Government of India's new economic policy of 1991. The first to depart was the woollen industry, textiles in the 1980s (following the prolonged strike in 1982–83) and then manufacturing and pharmaceuticals in the 1990s. Major companies such as Premier Automobiles, Bombay Dyeing, Hindustan Ferrodo, Hindustan Lever (Sewrie plant), Tata Oil Mills and Modistone moved out or were shut. The few companies which remain in eastern Mumbai are CEAT Tyres, Asian Paints and Johnson & Johnson. This situation came about mainly because of the government policies of offering tax incentives (lower or no-tax concessions) in other regions to disperse industry. It was also partly because of the state government policy of developing real estate and housing in Mumbai, a metropolis too expensive for manufacturing.

Pharmaceuticals manufacturers such as Abbott Laboratories, May & Baker, Ciba and Rhone Poulenc moved out first to Gujarat and then to Himachal Pradesh. Lal Bahadur Shastri Marg, the arterial road from Bandra to Bhandup, used to be lined with big industrial establishments at one time. Now these have been replaced with residential colonies and malls. Even the "beedi" (country cigarettes) industry has been reduced to cottage operations with work parcelled out to family units or shifted to neighbouring states such as Karnataka. Managements made little or no investment in existing units, in terms of either technology or expansion. This led to a situation in which Mumbai industries had an ageing workforce and outdated technology. Balancing workers and plants, as both got older, was not easy. Emerging industrial areas such as Nasik, Satara, Pune (IT industry and educational institutions), Sholapur, Nagpur, Raigad and Aurangabad (proposed as a civil aviation hub) drew new industry away from Mumbai.

The service sector has grown in Mumbai, but comprises mostly private banks and IT, where unions are hard to find. Even Mumbai Port is in a sorry state, similar to other older ports, especially after private ports emerged after globalization. From 35,000–40,000 permanent jobs in Bombay Port Trust, employment has shrunk to about 20,000. Trade union participation at state forums is only formal and routine, with government paying little heed to the unions' suggestions. Under the Construction Labour Welfare Act, for instance, each state has to set up a tripartite board for labour with five members each representing employers and workers. The Maharashtra government has set up such a board with two members, each affiliated to INTUC and the Nationalist Congress Party (their political sponsors being coalition partners at the Centre and in the state government), ignoring other major unions.

According to these two unions, in Maharashtra, there has been increased informalization of labour and employment, growth of special economic zones to more than 100 locations now, despite resistance from land losers; peaceful IR with hardly any strike or lockout; union presence mainly in the public sector despite shrinking permanent employment; difficulty in unionizing contract workers and; employers' promotion of their own unions in certain industries such as the multinational companies in Pune. The last is apparently a strategy to maintain control over unions.

Since globalization, the unions admit, managements have been under great pressure from foreign competition and falling profit margins. There is also increased criminality in union dynamics, a fall-out of globalization. For instance, credit card vendors such as banks depend significantly on mafia links for recovery. Growth in security services entails some degree of links with local toughs. With the construction boom, contractors are also subject to mafia presence and pressure. Political links have become important. Some existing unions have also become vulnerable to threats or attacks, which have to be dealt with promptly and strongly. The CITU union at CEAT Tyres has faced one such attack from a small section of the workforce. Toughs are involved even in the unorganized sector, in the case of hawkers where urban space is involved, for instance. The construction industry is involved in legal violations in a big way, inviting more mafia interventions.

Given this scenario, the scope for participation appears to be limited. Union cooperation with the management, however, seems necessary for the continued survival of the few companies remaining in Mumbai. The policies of the state government and a major employers' federation may be of interest in this context.

The Draft Policy on Labour of the Government of Maharashtra (No. Misc-2010/CR-171/LAB-9) dated 6 November 2010, inviting suggestions and objections (www.medcindia.org), was apparently for the first time issued online. This draft represents a statement of the state government's intentions covering the world of work and thus provides guidelines for interactions between workers and employers in the organized sector, the role of trade union and employers' organizations, guidelines for the protection of workers in the unorganized sector (including the self-employed) and so on. The government is in favour of participation in decision-making and implementation through representative institutions and their representatives, and allowing those affected by decisions to have a say in the formulation of those decisions. This requires that such institutions be permitted to exist, are free to express their views, and are recognized as legitimate. It also encompasses participation by men and women and requires transparency and responsiveness in decision-making. There is thus official support for employee participation in Maharashtra.

One of the main employers' organizations in western India, the Employers' Federation of India (EFI), did draw up a monograph (No. 14) way back in 1971, specifically on worker participation in management. Today it talks primarily about harmonious labour relations and productivity improvements. The change may be deliberate or just a reflection of the changing environment of industry. The EFI was established with the "express purpose of protecting, promoting and championing the interests of industrial employers mainly in the area of industrial relations, labour problems and cognate matters."

Its objectives include:

- Maintaining harmonious relations between the management and labour and initiating and supporting productivity improvement schemes; and
- Advising its members on key issues in HRM, particularly emerging employee relations.

These indicate a concern for employee relations and to some extent support for employee involvement, even if indirectly, but to what extent they are relevant to Mumbai needs to be understood in the context of what the unions are currently doing in the few industries remaining.

The actual scenario regarding employee relations and participation in Mumbai and Maharashtra could be gauged to some extent from the experience in some industries. For example, CITU – the only union in CEAT – with members among the regular workers of smaller units of Mumbai suburbs Thane and Mulund, and engineering workers in smaller units as well as units among unorganized sector workers (domestic workers, construction workers, hawkers and street vendors and auto-rickshaw drivers), and a presence in the new industrial areas of Maharashtra, among both organized and unorganized workers.

In CEAT, CITU has agreed to address issues relating to productivity in cooperation with the management. Tyre manufacturing is relatively labour-intensive, and the work is stressful. CEAT has remained viable because depreciation is low, and there is continuous low-cost upgrading of machinery. There are about 2,000 permanent workers in the Bhandup and Nasik plants. In Bhandup, there are also 600–1,000 contract workers on any given day for loading, unloading, housekeeping, canteen, non-machine and non-skilled jobs. There is a reserve pool of trainee employees at lower salaries who are put into regular jobs but on a rotational basis at any point required. CITU has succeeded in getting them absorbed to some extent. It has also ensured that contract workers get the minimum notified state wages for rubber workers (Rs 160–170 per day) as well as canteen, provident fund and ESI facilities.

There are, however, local committees in CEAT in every department to discuss service conditions, safety and canteen committees and a cooperative credit society. In addition, there is regular consultation between the management and the union's external office bearers. The union also raises certain issues relating to productivity, environment, work process and fatigue. The central office bearers of the Mumbai Shramik Sangh are involved in the negotiations.

CITU has a policy on productivity improvements, not only for CEAT but for every company where it has a presence:

- 1) Workers must be taken into confidence when negotiating agreements on productivity changes;
- 2) Job security has to be kept in mind; and
- 3) Once norms are negotiated and accepted by the union, the company should ensure that norms are implemented and the union sees to it that they are adhered to by workers. Workers must accept changed norms. This entails a democratic process.

CITU also has membership among the contract workers of public sector undertakings, though it is largely confined to legal action. Service conditions are much better in these public sector companies.

There is apparently some employee participation in the Mumbai Port Trust (MPT) as well. The HMS, with a strong presence in ports and docks, railways and the construction industry, elaborated on this aspect. Mumbai Port is about 150 years old. The major ports in India are administered under the Indian Ports Act 1908 and the Major Ports Trust Act 1963. Each is governed by a board of trustees appointed by the Government. The composition of the board is dominated by public enterprises and government departments, and has two labour representatives. However, the trustees have limited financial powers and are restricted by the Government's policy directives (Sundar). In the 19-member governing body of MPT, the two representatives of workers are obviously included in the decision-making process. It is interesting to look at the history behind this, with which the HMS is closely linked.

A major union is the Transport and Dock Workers Federation, Mumbai, (HMS) affiliated to the All-India Port and Dock Workers Federation, which is in turn affiliated to the International Transport Workers' Federation. The union claims that under the check-off system it has 14,000 out of the total 20,000 dock workers in Mumbai Port. There are now also about 10,000 contract workers in Mumbai Port Trust. It also claims it has been a

pioneer in workers' participation in port management, from the time P. d'Mello of the HMS began organizing the contract workers in the docks, and holding a series of agitations for the abolition of the contract system. The Dock Workers (Regulation and Employment) Act 1948 was enacted to govern the working conditions of dock workers involved only in loading and unloading vessels. Other workers were employed by the port trusts. Merging the two groups has been a key issue in efficiency. Under the Act, dock labour boards (DLBs) were set up in seven major ports, but this was made optional for others (Ray, p. 2).

The decisions of the boards were to be administered by tripartite administrative bodies which had five representatives each from trade unions, government authorities and employers/shippers. These were set up by 1953–54. These bodies not only laid down norms for workload, the rates to be paid to workers, but also welfare allowances etc. as well as the levy to be raised on employers. The Dock Workers' Act 1948 provides protection to dock workers but has not been able to prevent malpractices such as speed money, over-manning, low productivity and idle time, among others (Sundar, p. 11).

The union claims that during the 1990s, the government tried to scrap the DLBs. Mumbai Port was made a test case as the government wanted all ports to be run on commercial lines. The HMS says the DLB was deliberately made sick by reducing the levy on employers. The first major private investment was the creation of two container berths by a consortium led by P&O of Australia. In 2001, a new port was set up at Ennore, near Chennai, as a corporate body under the Companies Act (Sundar, p. 5). Under the amendment Act of 1997, the DLBs of three ports (Cochin, Chennai and Mormugao) were merged with the port trusts. The Mumbai Port DLB was superseded (Ray, p. 4). The union has another grouse. New docks are being developed on a BOT (build-operate-transfer) basis, paying royalty to MPT. But during operations they use contract workers, further undermining permanent employment.

It is against this backdrop that existing employee participation practices have to be viewed. The two case studies in Mumbai discussed below, featuring one unit each in the private and public sectors, bear testimony to some of the general features described above. It is also obvious that the issue of employee participation is closely linked with organizational health and performance.

3.3 Mahindra & Mahindra – Kandivali farm equipment plant

Introduction

In 1945, two brothers joined forces with Ghulam Mohammed and started Mahindra & Mohammed as a steel trading company in Mumbai. Two years later, when India won its independence, Ghulam Mohammed left the company to become Pakistan's first finance minister, and the Mahindra brothers renamed the company Mahindra & Mahindra (M&M). In 1947, M&M entered automotive manufacturing to bring the iconic Willy's Jeep onto Indian roads. Thereafter collaboration with a wide range of international companies extended the Mahindra Group's reach to steel, tractors, telecom, financial services, leisure and hospitality, engineering, trade, information technology, aerospace, aftermarket, agribusiness, automotive components, consulting services and logistics. As India's premier utility vehicle (UV) company, M&M is a global leader in utility vehicles and tractors, and commercial vehicles that are rugged, reliable, environment-friendly and fuel-efficient (<http://www.mahindra.com>).

The group's business model is to create empowered companies that enjoy entrepreneurial independence and group-wide synergies. This has resulted in a US\$11.1 billion multinational group with more than 117,000 employees in more than a hundred countries across the globe, spanning Europe, Australia and South America, South East Asia and Africa. There is commitment to sustainability — social, economic, and environmental.

Post-recession, there has been substantial growth in its sales of 23 per cent in the automotive sector and 13 per cent in farm equipment, apart from new BPO investments in the Philippines. The company has set a target of donating 1 per cent of its annual profit after tax to social activities each year. It has an employee social options programme connecting Mahindra employees with people who need help, especially the elderly, the disabled, disadvantaged students or rural population. The group also supports an annual travelling hospital on rails, the Lifeline Express, to bring free surgical treatment to people with polio-related orthopaedic disabilities, hearing disorders, cleft lips and eye problems (<http://www.mahindra.com>).

The company

M&M Ltd. is the flagship company of the Mahindra Group, and includes the automotive division (producing utility vehicles, small trucks and a new passenger sedan) and the farm equipment (FE) division producing tractors. The two divisions have been merged to form the AFS (automotive farm sector) group. The Kandivali plant in Mumbai is the original unit, and has both automotive and tractor manufacturing sections. The automotive section produces pickup trucks at this facility, with other plants in Maharashtra at Nasik, Igatpuri (producing engines) and Zaheerabad (producing three-wheelers and small trucks etc.).

The farm equipment (FE) section is also located at various facilities. The first one was set up at Ghatkopar in 1963. The Kandivali plant, being the original mother plant, was established in 1967–68. M&M also has plants in Nagpur in Maharashtra, Rudrapur in Uttarakhand, Jaipur in Rajasthan, and in Chandigarh (a unit acquired a few years back). A new farm equipment facility is coming up in Zaheerabad adjoining the automotive facility there. All the plants combined currently have a capacity of 520 tractors per day. With 302 working days, this amounts to an annual production of 160,000 units. In 1996, the annual production was just 47,000. It is only since 2002 that the market demand for tractors in Indian farms spurted. Exports of 10,000 units per annum to the US mainly, as well as to countries such as Australia, have given M&M a toehold in the global market. Its domestic market share is between 46 per cent and 50 per cent. Its customer-pull strategy has led to creation of a production range of more than 128 variations.

HR policy and set-up

The company has grown around the core idea that people will succeed if they are just given the opportunity. Employees across the group constantly challenge conventional thinking to create solutions that make a significant difference in the lives of customers. The company claims to follow three basic tenets internally:

- Accepting no limits;
- Thinking alternatively; and
- Driving positive change in everything it does.

The core values of the company are based on:

- Good corporate citizenship;
- Professionalism;
- Customer first;
- Quality focus; and
- Dignity of the individual: upholding individual dignity, the right to express disagreement and respecting the time and efforts of others and nurturing fairness, trust and transparency.

Its participative culture could be anchored in this last concept (<http://www.mahindra.com>).

The company's AFS group, including all its plants, is supported by an HR set-up of about 140 persons. It is headed by a president, HR, two executive vice-presidents – one for the senior management in grades above L3, and another for the remaining employees. There is also the senior VP, group IR; VP, IR, auto and; VP, HR, followed by senior general managers, senior managers, plant HR/IR heads etc. and staff.

Employment

Being primarily a manufacturing company, the employment structure is based on a workforce division of 70 per cent in primary manufacturing, 20 per cent in sales and 10 per cent in other support functions. The total employment for the AFS is approximately 20,000. Employment in three shifts as on 31 March 2011 in the farm equipment section is given in Table 3.1.

Table 3.1
Break-up of farm equipment workforce in various M&M plants

Plant location	Workers (non-executives and blue collar)	Officers (executives)	Support and marketing staff	Fixed-term employees (project-related)
Kandivali	1 700	1 100	600	2 830
Nagpur	950	215	n.a.	n.a.
Rudrapur	365	105	n.a.	n.a.
Jaipur	36	35	n.a.	n.a.
Chandigarh	1 620	600	n.a.	n.a.
Total	4 671	2 055	n.a.	n.a.

Source: Mahindra and Mahindra.

This study focuses on the Kandivali plant, which also has 984 casual employees for housekeeping and cleaning jobs. Hence, the Kandivali plant has a little more than 7,000 employees in all. The total number of women employees in the plant is approximately 100, all of them either officers or staff. It has no woman worker. The company has recruited some women workers at its other factories in recent years.

Manpower rationalization is need-based, depending on workers who want to leave and trainees available for use on the shop floor. The minimum entry qualification for workers in the manufacturing units is schooling up to class X, plus two years' training in relevant skills in an Industrial Training Institute. For officers, the minimum requirements are an engineering graduate degree. However, the plant has not recruited any new workers since 1991. It does induct trainees (currently about 273 apprentices) and fixed-term employees with tenures of two to three years who undergo training and perform regular jobs, without being taken onto the company's payroll. In fact, trained temporary workers are used to meet demand fluctuations in production. Intensified training is accompanied with skill-mapping, which measures not only acquired technical skills but also knowledge and awareness about the overall economic and competitive situation.

Industrial relations

In the FE section, each of its five plants has a single union, some with no external affiliation. The Kandivali plant has had only one union for the last 41 years – the Bharatiya Kamgar Sena Mahindra Tractor Unit, Kandivali (affiliated to the Shiv Sena). All office bearers are workers. The same union has branches in the Nagpur and Rudrapur plants.

Plant-wise collective bargaining based on individual union demands and management charters of demands led to separate three-year agreements for each of the plants, with wages/salaries differing to some extent based on the local cost of living, age of plant and

productivity and local competitors' wages, among others. However, there is a coordination committee of all the unions in various plants which bargains with the corporate management to arrive at a common rate of bonus for the entire section.

The Kandivali plant concluded an agreement in 1993, requiring workers to complete production as per market demand, but failed to implement it fully. At that time, the plant was mainly dependent on overtime to achieve required production volumes. The union resisted any management moves for change or skill development, making demands for individual benefits and finding support both in the political set-up and a sympathetic judiciary. A new VP, IR, joined the company in 1996 who felt compelled to make workers and union leaders aware of the changed economic situation, the growth in competition and the need to improve product quality and volumes. Initiatives to introduce business process re-engineering and SAP were taken, and the really "hard nuts" in the union were exposed to behavioural training in a two-day camp. The VP was able to conclude a tough agreement in 1998. This was followed up by agreements in 2004 and 2009. Regardless of the date of actual signature, the effective date of implementation is on completion of three years.

But there was resistance from the union, and the management found it difficult to enforce higher productivity norms. Some 50–60 unionists did not work at all. In 1999, union elections became due and the management made arrangements for the elections to be held, but with the stipulation that the union office would henceforth open only from 3 p.m. and all union leaders would be accommodated in the morning shift from 7 a.m. to 3 p.m., after which they could attend to union work. Inevitably, a strike was called in December 1999. The last strike had taken place in 1977. The Bombay High Court decision in the Blue Star case (relating to union office bearers' right to be absent from work stations) encouraged the management to adopt a tough stance. After the strike commenced, the management did not enter into a confrontation by running the plant with engineers and officers, choosing rather to stay away from the factory for a couple of days and allow rumours of closure to float around. An injunction was obtained from the High Court to prevent blockade of the gate. The city was facing a spate of company closures at the time, and this lent grist to the rumour mills.

After a time, the union stance began to soften and feelers were sent to the management, which insisted on individual undertakings from workers before allowing them to join work. Once the strike was called off after 30 days, the IR managers decided to reach out to the workers and the union to integrate them into the production and factory efforts for improvement. This, however, did not prevent the gradual curtailment of many extra benefits that workers had obtained earlier. According to the management, the factory was to be run by it, not by the union.

Confrontation was completely replaced with a major communication initiative and campaign. The IR management began a series of face-to-face communication sessions with about 30 workers daily to soothe adversarial feelings and build awareness of the market realities, quality factors and the global scenario among workers. This was now a war against competitors, and initiation of the employee involvement process in the company. Initially this included communication channels, intensified training and market visits. Such visits in the company of marketing personnel were arranged for union leaders, which brought them face to face with farm equipment users who pointed out defects and shortcomings in products. Some voluntary retirement schemes (VRS) were also offered and the headcount trimmed by about 1,000. The company paid consultants to help some of them become entrepreneurs. The company outsources about 80 per cent of the components for manufacture.

After these various initiatives, the FE section won the Deming award by JUSE of Japan in 2003, the Japan Quality Management Award in 2007 and the TPM award in 2010.

Wages in the plant have progressively increased through collective bargaining agreements. Permanent workers in the plant draw a minimum of Rs 21,000 per month, rising to Rs 35,000 for senior workers. Fixed-term employees make about Rs 8,500 and get

leave with wages and several other benefits. The plant is not covered by the Employees State Insurance Corporation since all workers have crossed the maximum limit of Rs 15,000. The company offers appropriate medical facilities.

On the IR situation, the union president, general secretary and a negotiation committee member agreed that relations have been smooth since 2002 and there was no dissatisfaction, primarily because of attitudinal changes in the management, which respected unions now. They admitted that despite many large industries leaving Mumbai, the M&M management had successfully retained the company in the city and had been running it successfully with the cooperation of the union. They also admitted that training and technical changes and the Shiv Sena had made them aware of market realities.

Employee participation system/employee involvement

The participative system or various interventions for employee involvement in M&M are varied and multi-pronged. There were some consultations before 2000, but the union generally dominated these discussions. It demanded welfare facilities, promotion and withdrawal of orders for changes in work. In 2000, the company launched its total employee involvement (TEI) programme focusing primarily on building trust, encouragement of workmen's efforts, empowerment and engagement. This was reinforced with intensive training to provide workers and managers with knowledge and the requisite tools for conversion of ideas into reality.

An understanding of the Kandivali plant structure (cellular organization) in terms of units, modules and cells is necessary to appreciate the nature of the TEI programme. The plant has four performance units (PUs) – engine, transmission, tractor assembly, and central – which in turn have various modules. The engine PU is divided into six modules or departments – engine block, crankshaft or camshaft, engine assembly, testing, maintenance and engineering. Each of these modules has a module leader. The cam and crank module can be taken as an example and further divided into four sections or cells (camshaft, crankshaft, cylinder head and connecting rod). Each cell also has cell leaders (officers). All workers of each section are members of that cell. A large number of components (about 80 per cent) are outsourced, with 20 per cent being produced in-house. The key performance challenge of the plant is to synchronize the marriage of all the different components to match the transmission with the compatible and correct engine, since there are 128 different tractor models.

Workers of each cell are further grouped into self-managed teams (SMTs) on the basis of work contiguity, with six to seven members per team. These teams meet once every day during their shift time to handle daily work and operational tasks and issues in such a way that they can function even if the officer concerned is absent or engaged elsewhere. Within each manufacturing section, each work station has to certify its own work completion which also signifies the completion of previous stages of work. The operative concerned remains accountable not only for his own work but also for inspection of the previous stages in the assembly line. Each engine is produced in 148 seconds. In addition to these SMTs, the same cell workers are also grouped on a voluntary basis (but all must belong to some group) into six or seven-member Akraman (attack) teams for hour-long weekly meetings to bring about small improvements in the cell. The parameters for employee ideas for both interventions are based on PQCDSM, where the alphabets signify production attributes (P = productivity; Q = Quality; C = Cost; D = Delivery; S = Safety and; M = Morale).

Thus the TEI is based on the following:

- Group Kaizen;
- Self-managed teams (SMTs) (for daily routine operational matters);
- Total preventive maintenance (TPM); and

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- Other forms (such as voluntary cells for war on waste, zero defect initiatives, cost re-engineering for both material and process cost reductions etc.).

As a result, some 484 teams have been formed (SMT 184 and Akraman 300).

The communication programme was envisaged at four levels:

- Cell leader to workmen;
- Module manager to workmen;
- General manager to workmen; and
- Display on notice boards.

In the pre-2000 days, the communication measures for personal/individual and production-related problems were Sandesh (imparting news on changes required) and Susanvad (good communication) which was also a grievance handling forum.

The revised communication programme now includes the following:

- 1) Pre-shift meetings between all workers and their cell leader where, for five minutes each shift, simple stretching exercises are performed standing together, a very brief work review is given and a common oath taken;
- 4) Monthly meetings of all workers and their module manager are held by the seventh of each month, in which the previous month's performance is reviewed, shortcomings are discussed and corrective measures suggested;
- 5) Quarterly meetings between the production/performance unit leader and workers within 15 days of the end of the quarter to review and make corrections.
- 6) Open house or Khula Manch for about one-and-a-half to two hours every six months, attended by nearly 1,200 employees who can raise any issue or ask any question and the senior management provides answers. Questions relate to both family time for workers as well as flexibility, rotation, deployment and service conditions.
- 7) An annual open house where the president of the company and CEO of the AFS are present to answer questions.

Communication kiosks have also been provided on the shop floor to enable workers/employees to communicate any idea to the chairman or CEO of the company.

Total quality management was introduced from 1980s starting with quality circles, ISO 9000 etc. Gradually other aspects were integrated into the system and it is now based on five pillars:

- Standardization: Standard operating procedures (SOP) in local language were introduced for every operation and task, which had to be followed without deviation for perfect quality (these can now be modified by workers through discussions with others);
- Policy deployment: Downward percolation of policy and its implementation (for instance, say, 150,000 tractors are to be manufactured and what exactly has to be produced at which stage, how many components have to be procured etc. are discussed);
- Daily work management: There are daily tallies on each aspect of the PQCDMS parameters after all three shifts are completed. Visible monitors have been installed on workers' suggestion. For example, a heart has been denoted for safety, with any accident in the cell marked with red on the heart. The colours act as warnings for greater care in safe operations.
- PDCA (plan, do, check, act): Methods of work, modified slightly to check, act, plan and do, so that mistakes are not repeated and gaps are addressed; and

-
- Kaizen in groups.

There is no trade/grade system, and skill flexibility is supposed to be total, where any worker within a module/cell can perform any operation. The Akraman projects, improvements or changes in PQCDSM undertaken are uploaded onto a website accessible to employees. Till date, about 35,000 changes have been uploaded. Managers as well as workers are encouraged to volunteer as excellence enablers (EEs) to take initiatives in activities for change towards excellence. An EE monitors, coordinate and support change efforts. Mahindra Yellow Belt, Green Belt and Black Belt awards are given for significant achievements. Seventeen award functions have taken place till date, each time recognizing 100 to 150 employees for actual achievements. Any individual wanting to register for the Mahindra Yellow Belt etc. has to approach the EE, put down on paper the proposed project and get it recorded in the business excellence unit, and then proceed to arrive at a solution. These measures are designed to create initiatives and ownership of ideas and improvements and ultimately supervision-less cell management.

The TPM is based on nine pillars and is based on workers' technical training so that they have requisite knowledge about their own equipment and machinery and can perform simple maintenance jobs themselves or know exactly where to look for corrective intervention. Workers have put up visual signs for machine operations so that as soon as such a visual sign is matched, preventive action is taken. Such low-cost automation has helped reduce worker fatigue and increase safety.

Other routine participative committees include joint committees on safety, canteen (common for officers and workers), IR, transport (company provides buses at several stations and points to ferry workers), provident fund trust, cooperative credit society and corporate social responsibility activities.

Outcome

Kaizen projects completed have increased over the years, starting from 4,903 in 2005 to 21,294 in 2011. The savings achieved through the cost re-engineering procedures have also grown over the years from Rs 82.3 million in 2002 to Rs 182.7 million in 2010.

Intangible benefits include increased commitment, enhanced knowledge, awareness, better work culture and more confident workers who can operate independently. This was confirmed by union leaders, who said there had been a lot of changes in worker attitudes. Instead of working three hours in a shift earlier, they now put in eight hours on a minute-to-minute basis. Workers put in extra work when the need arises. After the floods in Mumbai, for instance, workers spent two full days cleaning up the entire factory.

Union leaders said the Akraman and TQM interventions were good, especially the zero defect initiatives, because if the company suffered, workers suffered. They also said employees took pride in international quality standards achieved by the company. The BKS union also trains union leaders in economic changes. It also showered encomiums on Chairman Keshub Mahindra.

3.4 Bharat Petroleum Corporation Ltd., Mumbai

Introduction

When industrial development and the consequent growth of petroleum refineries took place globally during the 1860s, Burmah Oil Co. emerged in South Asia. The search for oil in India began in 1886, when oil was struck in upper Assam. In South Asia, while the US oil companies consolidated into the giant Standard Oil Trust, its non-US rivals grouped under Royal Dutch and Shell Co. They came together later to form Asiatic Petroleum for marketing petroleum products. In 1928, Asiatic Petroleum (India) joined hands with

Burmah Oil to form an alliance – Burmah Shell Oil Storage and Distributing Co. of India Ltd., dealing mainly in kerosene (<http://www.bharatpetroleum.com>).

With motor cars came canned petrol, followed by retail sales stations in the 1930s. LPG (liquefied petroleum gas) as cooking fuel was introduced to Indian homes in the mid-1950s. An agreement to build a modern refinery at Trombay, Bombay, was signed between the Burmah Shell group of companies and the Government on 15 December 1951. Burmah Shell Refineries Ltd. was incorporated as a private limited company under the Indian Companies Act on 3 November 1952, and work began on the marshland of Trombay. The refinery on 454 acres of land at village Mahul (near Chembur in Mumbai) went on stream on 30 January 1955. On 24 January 1976, the Burmah Shell Group of Companies was taken over by the Government to form Bharat Refineries Ltd. On 1 August 1977, it was renamed Bharat Petroleum Corporation Ltd. (BPCL). It was also the first refinery in India to process newly found indigenous crude from Bombay High. BPCL, together with Indian Oil Corporation Ltd. and Hindustan Petroleum Corporation Ltd, provide the overwhelming bulk of the petroleum products consumed in India today (<http://www.bharatpetroleum.com>).

The company

BPCL produces a diverse range of products, from petrochemicals and solvents to aircraft fuel and specialty lubricants, and markets them through its wide network of petrol stations, kerosene dealers, LPG distributors and “lube shoppes”, besides supplying fuel directly to hundreds of industries and several international and domestic airlines.

Following nationalization in 1976, Bharat Petroleum embarked on a rapid growth path. Turnover, profitability and financial reserves grew by leaps and bounds and modernization provided a boost to the company’s performance. Large-scale recruitment and training became critically important to meet the demands of expansion. Globalization of the Indian economy in the 1990s introduced competition. Other challenges came with the phased dismantling of the administered pricing mechanism (APM) for petroleum products and emergence of additional capacities in private refining and marketing (<http://bharatpetroleum.com>).

The Government wanted PSUs to adopt a much more market-driven approach. Accordingly, BPCL in 1996, got consultants Arthur D Little to advise on a completely new restructuring exercise based on visioning. The process was based on Peter Senge’s *The Fifth Discipline*. The company had about 12,000 employees then. The visioning process was the start of BPCL’s employee involvement and was done in three stages:

- Visioning (about 3,000 employees from all levels were involved, including workers in plants, depots and marketing);
- Recognizing current realities; and
- The change plan, under which more than 200 initiatives were launched, based on the consolidation of the ideas of 3,000 people into 12 major statements.

The exercise created a foundation of learning, and many BPCL managers became coaches while they also learnt. The vision thus derived was:

- Of being a socially responsible, leading, energy company with global presence as well as being environment-friendly; and
- In terms of organizational values BPCL is “a learning organization” and “a great organization to work for”.

Based on this, the company restructured itself into two main divisions – marketing (dispersed all over India) and refining, dismantling the function-based structure and replacing it with a process-based one. After restructuring, Bharat Petroleum has a corporate centre, strategic business units (SBUs) and shared services and entities. Marketing includes five SBUs (aviation, industrial and commercial, LPG, lubricants and retail) and is divided

into four regions – west (Mumbai), east (Kolkata), north (Delhi) and south (Chennai). All the refineries, comprising a single asset-based SBU, are highly automated, with executive directors in charge of each refinery. This equipped the company to be more responsive to its customer needs. It is a Fortune 500 oil refining, exploration and marketing PSU (<http://www.bharatpetroleum.com>).

The strategy development effort at the corporate level achieved better focus in the new organizational structure. A business planning process was put in place that provided opportunities for the SBUs to pursue their visionary goals. Bharat Petroleum was the first public sector oil company to implement enterprise-wide resource planning (ERP) solutions through SAP. The implementation project known as ENTRANS (enterprise-wide transformation) has been awarded the SAP Star Implementation Award. Bharat Petroleum is reaping the benefits of the integrated system in many areas of its operations (<http://www.bharatpetroleum.com>).

BPCL has multiple refinery units at Trombay (Maharashtra), Kochi (Kerala), Numaligarh (Assam) and Bina (Madhya Pradesh), a crude oil storage terminal at Vadinar (Jamnagar, Gujarat) and 935 km of cross-country crude pipeline from Vadinar to Bina. The company's sales turnover was Rs 1.34 trillion in 2009–10, with crude throughput of 23.03 million tonnes and market sales and exports of 30.76 million tonnes and a net profit of Rs 17.19 billion (Annual Report, 2009–10). It has made promising oil reserve discoveries abroad.

HR policy

The core perception the company claims is “people are above oil”. The feeling of ownership has facilitated employees to understand the complexity of the market and needs of customers and respond to these needs with innovative initiatives. The commitment of its employees is a critical resource and stems from the many steps the company has taken to make the organization a great place to work in. In a survey conducted by Hewitt Associates for the January 2001 issue of *Business Today*, Bharat Petroleum was ranked among the top ten employers in India (<http://www.bharatpetroleum.com>).

BPCL says it is an organization that “provides its people a lifestyle and not only a career and attributes its ability to retain talent to the sense of assurance that employees have, that their company will take care of them in times of crisis” (Corporate Sustainability Report). The thrust areas for development of people and their organizational capabilities include performance management, recognizing competencies and capabilities of the staff through competency modelling, identifying competency gaps and bridging such gaps through appropriate training and developmental programmes, and multi-skilling.

Bharat Petroleum was conferred the National HRD Award 2000 by the National HRD Network for outstanding contribution to HRD. At the National Petroleum Management Programme (NPMP) on Excellence in Creativity and Innovation (1999–2000), Bharat Petroleum employees won all three awards in the individual category (<http://www.bharatpetroleum.com>). Nearly 700 employees have been listed in the annual report as drawing total remuneration of Rs 200,000 per month or more, inclusive of pension funds, provident fund and medical facilities (Annual Report, 2009–10).

Employment

The total employment in BPCL as of 1 May 2011 was 13,812. Of these, 8,974 employees were in marketing, 2,885 in the Mumbai refinery and 1,953 in the Kochi refinery, with small numbers in Wadilube and Numaligarh. Bina is yet to start production. There has been no recruitment for 10 years in marketing, but some recruitment has taken place in refining because of attrition among process technicians and capacity expansion in the Mumbai refinery. Process technicians man the control panels within the refinery. The minimum entry qualification for this category is a diploma in chemical engineering. All refinery employees are unionized in each refinery.

Other categories in plant operations handle production dispatches, housekeeping, maintenance etc. The company also employs 3,000–4,000 contract and casual employees, though none are involved in core activities, and are deployed in security services, housekeeping, canteen, township etc. There are 3,527 executives in marketing, and 805 and 615, respectively, in the two refineries. Of the women employees at BPCL, 450 are executives, including engineers, 712 (50–60 per cent) are clerical staff and 34 plant workers.

Industrial relations

BPCL has several unions in all the different regions and refineries but has had little industrial unrest. Employee relations have been peaceful and work was last stopped in 2007. There is one common agreement for the entire marketing division (all SBUs), achieved through negotiations with 10 unions, with three or four representing each of the four regions. There is one condition for union representation – the union should have at least 25 per cent employees of that region as members. Each refinery has separate agreements. As a matter of policy, welfare and social security are not up for bargaining. Unions are informed about the measures or changes and only informal discussions are held on these issues. The nature of the unions is identified in the plant-wise reports later in the chapter.

Employee involvement

Structured employee involvement is confined to safety and canteen. Each location, refinery, depot and LPG bottling plant has safety committees. Canteen committees have also been set up at all locations where canteens are operated by the company. All these bodies have representation from the unions, all of whom are employees, who sit jointly with the management of these locations to discuss and resolve problems on these matters. Informal consultations are held between unions and the regional management on issues such as holidays and uniforms.

Any policy changes involving launch of voluntary retirement schemes, the New Pension Scheme and new loan facilities are handled by informing all unions and sending copies of the proposal or scheme to them, obtaining feedback, discussing modifications and announcing the changes formally. This procedure was followed before restructuring and introducing ERP and before expanding capacity. The company prefers to keep these discussions need-based rather than have permanent forums “to avoid bureaucratizing the system”. In addition, the unions can write or verbally tell the management or ask for discussions on any issues they feel are a problem or need some correction. There is constant engagement with the unions in the form of weekly meetings.

Consultations are also held on productivity, wastage and cost reduction. In addition, managers go on location visits to find out first-hand any issues likely to cause irritation, or use the official email channels to disseminate information. Notice boards are also used liberally. BPCL has a regular suggestion scheme and several suggestions are received from employees. Quarterly structured meetings are held with unions jointly or separately on any issue that the management or unions feel needs to be discussed. Based on this broad framework, it is interesting to look at the employee involvement process in two plants/locations of the BPCL: the Wadilube installation and the main Mumbai refinery.

The Wadilube plant (lubricants) is located in the dock area of Mumbai and is supplied with the base oil for lubricants through a pipeline from the refinery a few kilometers away. The manufacturing process is relatively simple: The base oil is mixed and blended with additives in batches, depending on the specifications required for various industrial uses, stored, packaged or filled in barrels and dispatched. It has a total capacity of 125,000 tonnes per annum, meeting 70 per cent of the demand for BPCL lubricants. It has won several awards on health, safety and environment. Quality assurance is a key performance factor. The employment strength is 256, including three women clerical staff and 28

managers and officers. It also has 70-odd contract workers. Some blending is outsourced (toll blending) when demand is high because of capacity constraints in the plant. It also trades in base oil for other lubricant manufacturers.

Work is carried out in two shifts and one general shift. There are three trade unions and, as in the head office, are affiliated respectively to the Shiv Sena (Bharat Petroleum Karmachary Union), the MNS (Petroleum Karmachary Union) and the INTUC (Petroleum Employees Union). All office bearers are employees. The last work stoppage at the plant had been for a few hours in 2006.

The plant has several employee involvement procedures, termed collaborative initiatives. These can be classified into two groups:

- 1) Structured, such as:
 - a. A works committee, set up under the Industrial Disputes Act 1947. It has six workers elected from among the employees. Four of them represent operatives, one represents clerical employees and one represents service and maintenance workers. Six managers too sit on the committee. The current works committee was formed in April 2011 for two years. According to the unions, quarterly committee meetings are used mainly for discussions on welfare activities, working conditions, suggestions for improvement made by any workman and for counselling workmen who have problems with alcoholism or drugs, or are chronic absentees. Absenteeism was brought down, primarily as a result of expectations of the workers' children and in view of the changed economic scenario;
 - b. Various committees for ISO standards certification, achieved for the plant through union-management cooperation;
 - c. Constitution of quality circles. One has been set up so far in the small packaging section; and
 - d. Suggestion schemes. Both managers and unions said suggestions are made often and the unions said the good ones were given recognition.
- 2) Unstructured, convened from time to time on specific issues, such as:
 - e. Communication. Various plant functions and events are utilized by the management for spreading awareness about performance and the competitive environment. The union feedback is that the plant management conveys all major issues to the unions, for example, production; additional working hours during January–March each year due to increase in demand; irregularity in working cycles caused by availability of ships for loading and; time taken for tests to achieve best quality.
 - f. Discussions among management and union representatives
 - To increase capacity utilization;
 - To redeploy some workers from cleaning and canteen tasks to actual operations (28 workers have been given upgraded to new job definitions after proper training);
 - To improve packaging unit for small packages; and
 - To reduce costs in various operations.
 - g. Unions also can and do ask (confirmed by the unions) the plant management for any improvements they feel are necessary (for instance, they sought two annual health check-ups. They also discussed overtime, problems related to work, ship loading and Saturday working for half day or full day).
 - h. Vertical Integration Training for Harmony, an intensive training-cum-workshop programme held between June and July 2008. Nine batches of

30 employees each, including operatives, managers and clerks, attended one-day programmes without production being disrupted. Thereafter each mixed batch, again with vertical representation, came together to brainstorm and prepare a presentation on how to improve their work or operation. The batch then selected three persons from their group (one officer, one operator and one clerk) to present their idea. The presentations came up with excellent ideas for changes, some small, some substantial. Some examples are:

- Reduction of SLOP or oil wastage between two batches of lubricants from five to six barrels per day to two barrels per day;
- Reduction in leakages and spills; and
- Reduction in downtime so that machinery is utilized 100 per cent.

This vertical integration programme was hailed by the unions as “‘very good since everybody got an opportunity to express themselves, exercise their brains, improve their self-esteem and give suggestions”.

Outcome

In general, the achievements of the above involvement processes relate to the recession in 2008–09, which had an effect for only a few months but during which there was no lay-off or retrenchment. Adjustments were made by reducing overtime and part of one shift without any pay cuts. Considerable improvements were made in softer behavioural skills. This has helped improve cooperation among different levels and in production improvements. The more tangible outcomes have been:

- Significant increase in blending from 96,612 tonnes in 2007–08 to 144,258 tonnes in 2010–11 (more than capacity);
- Increase in filling from 62,884 tonnes to 74,606 tonnes in the same period;
- Significant increase in dispatches from 164,902 tonnes to 244,849 tonnes; and
- Power savings worth Rs 700,000–800,000 by 2010–11.

Mumbai refinery

Bharat Petroleum’s Mumbai refinery is one of the most versatile refineries in India. With successful implementation of various projects and de-bottlenecking, the refinery currently processes about 12 million tonnes of crude oil per annum. This refinery uses latest microprocessor-based digital distributed control system (DDCS) and has been accredited with ISO 9002 (quality management system). The refinery laboratory has also been accredited with the unique distinction of a quality certification from NABL for “quality assurance laboratory” (<http://www.bharatpetroleum.com>).

In the Mumbai refinery, the nature of production operations requires employees with high skill levels. The highly automated nature of operations allows very little deviation from standard procedures or the use of individual discretion. As a result, small improvements and individual work effort have less importance than collective efforts at improvement. There is, hence, an overwhelming dependence on collective bargaining.

The refinery has four unions – Bharat Petroleum Corporation (Refinery) Employees’ Union (BPCREU, for general employees), BPC Process Technicians and Analysts’ Union (PTAU), Petroleum Workmen’s Union (PWU, for clerical employees) and Bharat Petroleum Technical and Non-Technical Employees’ Association (for maintenance and general operations) – in which all office bearers are employees. The respective strength of the unions was 793, 540, 189 and 326, based on the check-off system as in 2010. None of the unions are affiliated. At the time of the visit to the plant, all union leaders went on a tour of the Indian Oil unit at Kayoli in Gujarat before finalizing the long-term wage

settlement. Negotiations had been going on for a considerable time. The last agreement had completed its 10-year duration on 31 December 2006. The new agreement was to be effective from 1 January 2007. The negotiation committee has five office bearers from each union. Since the clerical employees' union has some women, a few women office bearers/negotiators participate in the negotiations.

The last agreement had an open-ended scale, which resulted in wages and salaries reaching very high levels. This led to an imbalance with managers' salaries. The last strike in March 2007 was for a day, on the issue of introducing performance-linked wages. Career progression avenues have been enlarged. Technicians can currently be promoted up to a maximum position of charge-hand. Henceforth, proposed in the forthcoming agreement, they would be free to apply for officers' positions if qualifications match, or they can switch to marketing jobs.

Employee involvement

These can similarly be classified into two:

1) *Structured*, such as:

- a) Safety committees in each department and one joint safety committee for the plant as a whole. The number of members in the joint committee is approximately ten from the unions' side and ten from the management side. They meet monthly to discuss safety in the whole plant as well as unresolved issues from the departmental safety committees. The GM, IR, chairs these meetings;
- b) Employees' cooperative society;
- c) Employees' club committees have two management nominees in them and deal with recreational events etc.;
- d) Quality circles have been introduced from 2010, but till now only five circles are functioning. Ten had been formed initially;
- e) Suggestions schemes. Under these, 1,500 were received during 2010–11 and awards given to several;
- f) Regular consultation with employees in all cases of routine plant shutdown for maintenance and repairs (25 lines, with one at a time being shut down for three weeks approximately). The extent of work by contractors' workmen, supervision of actual work, speedy return to normal production, daily plans and supervision, minor maintenance or repairs, are all discussed with concerned employees; and
- g) Joint monthly meetings of the management with all four unions (generally three members from each). The agenda points raised by the management or unions range from manpower optimization, comparison with manpower in other refineries, tightening of pricing margins due to continuous rise of crude prices globally and constraints on pricing in the Indian market to control panel operations by officers. Though there is no fixed day of the month, the meetings are convened regularly and unions can have any agenda for discussion.

2) *Unstructured* (convened from time to time on specific issues), such as:

- h) Unions were consulted before BPCL introduced SBUs and union office bearers were sent to four or five refineries to see for themselves the nature of the changed operations;
- i) Consultations on manpower. Whenever the plant goes in for upgrading or technological change, a process of consultation with the process technicians' union is initiated, since their members man all the operational points of the

plant. BPCL signed a manpower agreement in July 2004 with the PTAU – a result of the continued dialogue from November 2003 to April 2004. The refinery modernization project was undertaken to increase the capacity from eight million tonnes to 12 million tonnes annually and for upgrading technology to produce environment-friendly products and reduce source emissions. The agreement included clauses on union cooperation, actual proposed manning for new and modernized sections and redeployment of existing manpower from positions with comparatively low job load, and elimination of a few positions. This was not related to any understanding on wages or salaries. Since this was signed under section 12(3) of the Industrial Disputes Act, it is tantamount to a dispute settlement process. The reason for signing under section 12(3) was that it would apply for the present as well as the future and to all workmen within the plant;

- j) Consultation with all unions before ordering a manpower study by NITIE; and
- k) In late 2010, a Dream Plan Exercise was performed in the plant. All employees were asked to consider the question – where do we want to see BPCL in the years 2015 and 2020? – through group discussions. Unions were asked to give their inputs which were consolidated and compared with the inputs from the managerial staff, such as:
 - We want BPCL to be a global company;
 - There should be more emphasis on exploration;
 - There should be diversification into other products such as gas and bio-diesel; and
 - BPCL should be best employer paying best salaries.

Outcome

Being a highly process and technology-oriented manufacturing plant, the most tangible outcome that BPCL identifies is that the plant operates all 365 days in a year, year after year without any hold-up. This ensures that production and productivity targets are reached. The only shutdown was for a single day in 2007. Such operation allows the company to achieve its rated capacity and not fall below it.

In terms of intangible gains, the employee consultative process ensures that workmen are aware of any changes planned by the management and of the changes in the environment, and that they cooperate in these changes. As a result, change processes are acceptable to employees and are undertaken smoothly.

4. Case studies in West Bengal

4.1 Background of employee participation in West Bengal

The actual scenario in West Bengal does not appear to be conducive to participation. The state had already faced de-industrialization from the late 1960s, when several industries moved out of the state during the ultra-Left Naxalite uprising and subsequent political turmoil and unrest. It never recovered from this exodus, and with a high concentration of traditional, low-productivity industries such as jute, tea, engineering and coal, and small, inefficient units with low levels of technology, it kept sliding in the ranking of industrialized states. Today, it holds 11th rank all-India in terms of industrial contribution percentage to the state's gross domestic product (GDP). The Annual Survey of Industries (ASI) 2009–10 belies the claim of the state industries department on the number of

factories operational in West Bengal. While the statistical abstract published by the department says a total of 14,389 factories were operational in the state, the ASI estimates this at only 5,799 factories. The ranking at 11th position was done on the basis of gross value added by the state's industries to its GDP. Maharashtra, Gujarat and Tamil Nadu were adjudged the top three.

However, the state is now on the way to recovery, with the last Left Front government having identified the information technology (IT) and information technology-enabled services (ITeS) sector and food processing, together with four other industries such as retail, as growth engines for industrial revival. There was also an attempt to disperse industrial concentration away from the Kolkata urban agglomeration. Asansol-Durgapur had been selected in the 1960s, and during the 1980s, Haldia (port city) was identified for growth. This port was downstream of Kolkata port and could take larger vessels unable to reach Kolkata docks due to silting in the upper reaches of the Hooghly river. The IT industry has grown significantly in the state but is confined to Kolkata's suburbs, and an entire sector of Salt Lake City is devoted to IT, ITeS and educational institutions which provide recruitment sources for managerial, engineering and IT jobs.

Industrial parks have also been set up in some larger towns, but they have not become growth centres as yet. In the quinquennium 2005–10, the government did manage to allot land to three steel plants, together with proposals for a chemical hub in Nandigram in East Midnapore district, and the Singur location for Tata's small car. The last two proved to be the Waterloo of Left rule in West Bengal due to land agitations. The final result of these efforts at re-industrialization was an end to the 34-year Communist Party of India (Marxist) rule in the state, and its replacement with a party led by one person, purportedly representative of the people's aspirations at the grass-root level and their reluctance to give up land for industrialization. This change has put an effective stop to new land acquisition for industrial projects in the state and has not yet crystallized into any alternative policy framework for industrialization.

In terms of IR, there has been a steady decline in industrial disputes and work stoppages, with cautious unions apprehensive about denting the government's pro-industrialization image. This has not, however, prevented lock-outs in the traditional sector, which increase or decrease in two- to three-year cycles, depending on industrial and market conditions. In fact, in West Bengal, lock-outs account for 80–90 per cent of the man-days lost in industry. Casualization of labour, outsourcing and the usual developments related to globalization have also increased. But attitudes have undergone changes among both managers and unionists, and most industries, both public and private sector, take pride in flaunting their "no dispute" records of one-and-a-half decades or more.

This change has paved the way for the many instances of management-union cooperation, not only in reducing industrial disputes, but also in augmenting productivity, reducing wastage, improving working conditions and implementing competitive strategies. CITU, which has dominated unionization in the last three decades, has focused on two areas – promoting cooperation in the organized industrial units to improve financial viability and promoting collective bargaining in the unorganized industries (for instance, cinemas, restaurants, small engineering, iron foundries and forgings and security services). As part of its first focus, it has withdrawn its earlier ideological opposition to workers' participation or employee involvement and now advises its members to cooperate with managements for industrial survival and growth (Sen, 2010). This, however, has not been announced officially, and is only advised or suggested to its local unions. Militancy is generally avoided. At one time, its official position was that a union's function was not to collaborate with the management since it could not become a party to decisions which it might have to oppose. There are several instances (Sen, 1996) where CITU actively opposed takeover by workers' cooperatives of sick or abandoned factories or plantations. Ironically, CITU did support the same in another Left-ruled state, Tripura.

INTUC has also turned its focus to the unorganized sector and has not led any movement in the last decade and a half in the organized sector. Employee grievances and

union resentments are usually handled through peaceful means such as deputations and memoranda, or are included in charters of demand for negotiation. There has been some militancy on the part of INTUC, the trade union wing of the Trinamool Congress (in power since May 2011), since the electoral advances made from 2009 onwards. One of the cases discussed below, Jayashree Textiles, indicates this emergence, but it was handled skilfully by both the management and the other recognized unions.

None of the established unions in the east, especially in West Bengal, oppose any schemes introduced by the management to engage employees. Communication and suggestion schemes are by far the most popular tools for involving employees in the organizational process. Kitchen Appliances, for instance, has an elaborate system of communication as well as a large number of quality circles. The next most popular schemes are quality circles and TQM or world-class manufacturing (WCM) teams. Exide Industries, Haldia, has several quality circles by which shop floor employees are able to influence their work processes to some extent. National Thermal Power Corporation at Farakka has a strong quality circle movement. Most companies, including some state-owned undertakings such as the West Bengal State Electricity Board, and ordnance factories, have introduced quality circles which are very popular. The Kolkata chapter of the Quality Circle Forum of India (QCFI) has nearly 130 institutional members. Other schemes or mechanisms of involving employees are not very common but are varied, and employees have some influence over decision-making, in ways other than collective bargaining.

Durgapur Steel Plant (a subsidiary of the Steel Authority of India Ltd, or SAIL) illustrates an elaborate system of participation involving three major unions. There are 33 departmental committees and several more at the apex level. A total of 75 bodies take all major decisions jointly. Decisions include those on manning, redeployment, training, promotion criteria, incentives, restrictive practices as well as on production targets, rationalization and change. All minutes are recorded and signed by the participants (Sen, 2010, p. 224).

Other companies have schemes to improve labour productivity. Many interventions are constantly being tried, such as training, workers' performance appraisal, counselling for problem employees, labour flexibility, redeployment and cost reduction. Job hygiene factors such as canteens have been improved, but these are isolated interventions or tools which do not by themselves lead to a fundamental change in organization and management systems; hence the need for more comprehensive changes. Small beginnings in this respect were made when physical conditions of work were changed. Unions continue to exist, but managers established communication channels directly with their workers. But a genuine rethinking of workers as capable, mature and willing people, who only needed to be convinced that it was in their best interest to allow the enterprise to develop and grow was also needed. This was obviously not an easy task. Workers and unions, used to adversarial relations and the bargaining table, were not convinced easily (Sen, 2010, Chapter 20).

The official policy of the Labour Department of the government of West Bengal (<http://labour.wbgov.com>) is silent on employee participation. It says only that the government is dedicated to the cause of the toiling masses, and providing them better standards of living through various laws and schemes implemented by different wings under its control. It seeks to provide:

- Safety, security and improved conditions of service at the workplace;
- Social security for the worker and family;
- Legal remedies in exigencies such as loss of job, strikes, lockouts and closure, terminal benefits and other industrial disputes;
- Special care for special groups of labour such as women and children. Workers in the beedi industry, motor transport, construction, shops and establishments and in plantations, working journalists etc. and workers in the unorganized sector; and

-
- Employment/placement of job seekers.

The functions and facilities of the department do not mention employee participation, but refer primarily to resolution of industrial disputes and conflicts through conciliation and adjudication, promoting and protecting the rights and interests of the working class, maintaining industrial peace and harmony to ensure uninterrupted industrial activities and the like.

The two main industry chambers in eastern India – the Indian Chamber of Commerce (ICC) and the Bengal Chamber of Commerce and Industry (BCCI) – have no policy on employee participation. ICC is the premier body of business and industry in eastern and north-eastern India, with membership comprising mainly large manufacturing units with operations all over the country and abroad. It also includes banks and financial institutions, as well as governmental organizations (<http://www.indianchamber.org>). The chamber has commissioned some studies on special economic zones and public sector units, among others. The study lists some of the best practices in central public sector units (PSUs) related to HR, none of which are participative schemes or practices. These include performance systems, standardized and formalized KPA-based performance appraisal, continuous training to update technology, skill, attitudes, leadership, unified load dispatch communication system, SAP ERP packages, rating and billing solutions and joint ventures for developmental activities (<http://www.indianchamber.org>).

The ICC theme for 2010–11 was “Promoting growth through inclusion, empowerment and development”. This document, however, dwells on penetrating and exploiting rural markets and has no comment or policy on employee relations.

The BCCI, established in 1853 and the oldest chamber in India, aims at influencing decision makers, shaping policy and ensuring the best possible environment for business, situated as it is in the heart of the economy in eastern India. The HR and IR subcommittee organizes seminars/workshops on contract labour, and on attitudinal changes for improving productivity. There is no policy on employee participation, though, or even on employee relations.

West Bengal nevertheless appears to be doing much better on the employee participation front than this background would suggest. This is probably a result of the needs emerging out of globalization. Four case studies – two in the public sector, two in the private sector in different industries and of varying size – bear this out. There is significant variety in the companies selected for the four case studies. From the ITeS sector, a labour-intensive public sector behemoth and a highly sophisticated textile unit to a nationalized bank, we have studied a cross-section of industries in West Bengal providing a good idea of employee participation practices.

4.2 Acclaris India, Kolkata

Introduction

Outsourcing work in India began in 1993, when American Express started using its India operations to provide book-keeping support to its other operations in Asia. India’s ITeS industry can trace its origins to the Y2K problem in 1995–96 that ended in December 1999. The buoyant US (and global) software market in the late 1990s added to the growth. The subsequent downturn also helped, when US companies outsourced several operations to their Indian link companies to reduce costs.

The Annual Report for 2009–10 of the employers’ association in software and services, NASSCOM, states that it has more than 1,200 members among Indian companies and Indian arms of multinational companies. Of these, institutional and large companies constitute only 17 per cent. The rest 83 per cent are small and medium companies. Of its members, 3 per cent are in Kolkata. All-India employment was an estimated 10 million and turnover \$40 billion.

In 2001, the West Bengal government announced a new IT and ITeS policy. By 2010, the state expected to grow into the third largest contributor among Indian states in IT, contributing 15–20 per cent of the nation's revenue from this industry. Currently, about 35 business process outsourcing (BPO) and ITeS companies operate from Kolkata. The NASSCOM CEO summit held in the city in September 2009 noted that despite the worldwide downturn, the national average growth rate for IT and ITeS in India was 15 per cent; in West Bengal it was 25 per cent, with employment growth of 20 per cent in 2008–09. In 2010, the Chief Minister estimated that IT and ITeS employed about 105,000 persons and that exports from the state had grown to Rs 65 billion.

The company

It is against this background that Acclaris India, a medium-sized knowledge process outsourcing (KPO) non-union organization was studied. Acclaris India handles reimbursement administration, primarily in healthcare, and benefits paid to employees of various companies in the US. The Acclaris website says that it simplifies the administration of consumer-driven healthcare for benefits administrators, HR outsourcers, financial institutions and health plans by delivering financial technology and integrated services to manage health savings account (HSA), health reimbursement account (HRA) and flexible spending account (FSA) plans, among others (<http://www.acclaris.com>).

Its clients include US insurance companies and third party administrators (TPAs), banks, manufacturing and consumer products. It also has embedded expert processes/services, handling complex and high-volume account administration. Since 2010, it has also been handling client disbursements worth nearly \$2 billion.

Founded in 2001, Acclaris India acquired two companies in India between 2001 and 2002 and started business in Kolkata from 2003. It chose Kolkata because of its lower costs, especially manpower costs. Subsequently, it also set up offices in Visakhapatnam, Andhra Pradesh, and Siliguri, north Bengal, both located near educational institutions for easy recruitment. Employee costs comprise more than half of the total expenditure. Acclaris claims it was the No. 259 fastest-growing company on Deloitte 2010 Technology Fast 500, and secured \$5 million in financing to boost consumer-driven healthcare platform. In 2009, Acclaris India was ranked No. 4 in the all-India ITeS list, and was the only company from eastern India in the list (<http://www.acclaris.com>). Acclaris India aims at becoming the premier choice of TPAs, health plans, HR outsourcers, financial institutions and providers of consumer-driven healthcare (CDH) solutions.

HR policy and set-up

The HR department has seven members, including the head of HR. This is a small number, considering that offices are spread out in several locations and the company depends primarily on its human resources. It also prides itself on providing a conducive workplace. Acclaris featured among the top 50 Great Places to Work companies in India in 2008 and 2009. In 2010, it figured among the top 100. This annual survey is carried out jointly by *Economic Times* and the Great Place to Work Institute, India, which ranks best workplaces. The company has four core values which employees must respect and adhere to – integrity, diligence, enthusiasm and accountability, or IDEA.

Acclaris lays a lot of emphasis on the recruitment of persons compatible with its culture and core values. The company is facing several challenges in terms of acquisition of human resources and in retaining talent, demand being more than the industry can readily supply.

Considerable training is provided to all employees. Induction is followed by short individualized training, depending on the project they are engaged in. Some common training programmes such as stress management are also organized for all. Acclaris conducts a culture audit annually which is used as a basis for its application for rating.

Employment and employee relations

The total strength of the company in India is at present about 400, of whom 78 are women – 53 in Kolkata, 21 in Visakhapatnam and four in Siliguri. The bulk of the staff is in Kolkata and is headed by the managing director and executive directors. There is no union. Table 4.1 gives a broad category-wise break-up of its workforce:

Table 4.1
Category-wise employee break-up in Acclaris India

Category	Male	Female	Total
Operations personnel (junior process associates, process associates, senior process associates, process leads/subject matter experts, team/knowledge leads, assistant managers, managers, senior managers, assistant VPs, vice-presidents and senior VPs)	9 managers, 20 team leads/assistant managers	4 managers, 4 team leads/assistant managers	280
Software personnel (junior software engineers, software engineers, senior software engineers, lead engineers, technical/application architects, senior managers, assistant VPs, VPs and senior VPs)			40
Support and staff departments, e.g. HR, administration, accounts and infrastructure support services, or ISS	30		37
Sub-staff, e.g. security, drivers, receptionist, telephone operator, cleaning, clerical, all outsourced from various agencies			40
Total	319	78	397

Note: The numbers given are only for managers and team leaders. Overall, the categories include many other personnel.

There are two work shifts – from 8 a.m. to 6 p.m. and 6 p.m. to 4 a.m. The general shift is from 12 noon to 10 p.m. The work flow involves obtaining or renewing company clients, initial planning by operations, project migration in case of new clients or changes in client requirements, detailed software creation, and operationalizing the accounts. The main requirements for employment are bachelor or master's degrees in commerce studies, or economics/mathematics and computer training for the software department.

For the HR department, the main concerns are getting good people, retaining them and providing growth opportunities for them. Cross-training is arranged to get people to cross over to other teams or operations in case of discontinuation of certain accounts or jobs. Employee turnover is 14–15 per cent annually. Involuntary separations amount to 2–3 per cent of the total strength and are a result either of client separation or closure, or poor performance and indiscipline on the part of employees. The company rewards continued service. Employees who continue with the company for three years or more become members of the WOW Club.

To strengthen the recruitment process, Acclaris has created a recruitment and training machinery by setting up a KPO lab jointly with the University of Burdwan, called BUAcKLab, where a three-month course for all postgraduate students (two months of classroom at the university and one month of practical on the job at the company's service centre) is conducted. This ensures better screening and cultural fit of new recruits along with the requisite competence.

The induction process that follows includes a two-day orientation with the MD and senior management; a welcome kit including the vision and mission statements and other information necessary for familiarization and; exposure to the Acclaris story. Long-term nurturing is initiated through programmes such as “Gladiators” and “Advanced Gladiators”. These are year-long programmes where employees with good performance record and potential are further groomed to take up larger roles. They are trained in communication, presentation, public speaking, decision-making and negotiating skills. The Acclaris Leaders Programme identifies and nurtures future higher managers. Most of the

current team leads, assistant managers and managers have worked their way up through the rank and file of the company.

The performance evaluation method is transparent, with a number of subjective and measurable parameters. Employees are encouraged to voice their views post-evaluation and counselling or explanations are provided in case of dissatisfaction. The performance evaluation of supervisors is also shared with team subordinates, which lends transparency and clarity. For example, the managing director's performance evaluation is shared with managers and those ranking higher.

The company also has a performance-based incentive structure across the organization, with a large part of the incentive depending on individual performance and share in team and company performance. Acclaris also has employee stock options (ESOPs) of the parent company (Acclaris Inc.).

In terms of compensation, the company does not feature in the top bracket, but is competitive within the industry. Acclaris featured along with a few other SMEs in the best practices report under "Compensation and benefits" in the "Exciting emerging companies survey" conducted by NASSCOM in 2008.

Employee involvement/participation

Acclaris tries to ensure full participation of its employees in the various activities offered. This is treated as part of employee initiatives. However, those who cannot participate because of official work or other formal assignments are excused. Repeated non-participation is looked into by both project managers and HR managers.

The company has several forums and bodies which allow employees a say in how the company is run. Each forum has specific target groups and specific objectives, and overlapping is avoided. Specific persons are responsible for convening the meetings of different forums, informing employees in advance. The various meetings are usually held for an hour, except the managers' forum, management meeting and strategy meeting, which may run for two to three hours, depending on the agenda for the month.

The procedures followed are:

- Minutes of the last meeting and pending action points, if any, are reviewed before getting on to the current meeting's agenda.
- The convenor of the meeting usually records the minutes. However, at times the responsibility is shared by other members.

The decisions or functions in which employees have a say include:

- Financial decisions;
- Decisions regarding clients (what is done or not done for them, client processes and changes or improvements);
- Human resources maintenance and employee relations, including salaries, incentives, increments, career paths, working conditions, employee benefits, productivity, employee rights and communications and induction; and
- HR policies, such as manpower rationalization, manning, allocation of work, methods of work and work load.

Information-sharing is done largely through a monthly open house session and the HR software (Adrenalin) messaging system. These sessions are held in the second week of each month, generally at the end of the first shift (about 6 p.m.) for 30 to 60 minutes, convened by the HR department. New recruits are introduced, awards and medals presented, outstanding achievements recognized and extolled and company performance during the past month outlined. Both good and bad news is shared with employees. There is also a small slot for asking questions (zero hour Q&A), such as the future of employees

at the Siliguri office then on the verge of closure, growth prospects of Acclaris during the recession, and possible lay-offs.

One example of information-sharing related to diversion of a major project involving more than 50 per cent of the total people strength. Another example of transparency was when the company shared procedures adopted to tide over the economic slowdown.

Other communication forums designed for employees to convey their concerns or queries to the management or just share hopes and aspirations include:

- Coffee with the MD;
- Enjoy with Acclaris (a sort of annual family day, with all team members and their family members are invited to an exotic location). This provides an opportunity for extended interaction, usually coinciding with senior executives visiting from the US;
- Skip level meeting;
- Ombudsperson;
- Walking the aisle. The MD and other directors take a walk in the offices and talk to any employees; and
- Open door policy, that is, an employee can approach any person in the organization even bypassing immediate supervisors or managers.

Employees are also encouraged to submit relevant suggestions to the management through Kaizen, which is reviewed on a monthly basis by the Kaizen evaluation committee. The best Kaizen and the employee with most number of Kaizen for a month are rewarded in the next month's open house with a cash prize and a trophy.

A new initiative named Reach Out allows all team members to speak their mind with their managers on any issue, including grievances owing to sudden behavioural outbursts. All interactions are recorded. One manager said he bypasses his assistant manager, directly approaching team members individually, once a quarter. He feels that he must understand the person, his problem, role, satisfaction, preferences and potential thoroughly. This has helped him develop as a counsellor too and get out of his previous organization's culture of "do or get out".

Captain's feedback: Twice a year it seeks, in a given format, inputs from employees on five areas of improvement for all managers and above and five positive aspects of the managers. This is collated and shared with the respective individual.

The participatory forums are as follows:

- PRO-REP (PR) forum: This forum was started in 2006, for all supervisory personnel (24 team/knowledge leaders, including four women) in answer to a long-felt need. Acclaris, being a subsidiary of a US company, is governed fairly tightly by its parent company, and these representative forums lend a sense of autonomy into the Indian arm. The forum meets monthly, generally on the first Friday for about an hour. The members convene the meeting themselves, select their own presiding person, discuss any problems ranging from personal problems of employees, adjustment between work and family life, changes in the office, increment percentage, incentives, machinery requirements, software changes, better management of pickup vehicle services, problems related to administration and infrastructure, growth of the company, emerging challenges and so on. Thus, employee concerns are brought to the notice of senior managers and offer solutions.
- Through discussion, consensus is arrived at on what is to be placed before the managers' forum and the minutes of the proceedings are prepared accordingly, carried by the chairperson and one other member delegated to present their views. Suggestions range from bridging the gap between older and younger

employees, to training in Excel and CDH or to issues such as soft music in the corridors, a large-size screen to view the cricket World Cup, a separate computer for personal use or for surfing the Internet, or even shifting the venue of the meeting to some other office or place once in a while.

- **Managers' forum:** All managers up to the level of assistant vice-presidents and one or two from the PRO forum are members. They discuss their own agenda and the suggestions of the lower body. The forum generally meets on the second Monday of every month. Issues discussed range from operations, projects, project requirements, reallocation of team members to other projects and surplus manpower in some project to evaluation of Kaizen suggestions. The discussions are summarized and sent as recommendations to the next higher level body. One suggestion, for example, by a manager was to utilize relatively slack periods (second half of year) for training and for cross-training team members.
- **Management meeting:** All vice-presidents meet all the members of the managers' forum (20–22). It is held two days after the meeting of the forum. Strategic inputs pertaining to project productivity, incentive scheme, employee/floor feedback, customer issues and infrastructure bottlenecks are discussed in the management and strategy meetings.
- **Strategy meeting:** The managing director, executive directors and heads of HR, finance, operations and IT, are members of this meeting. They discuss all the issues raised by the PR and managers' forums and consider the views of the management meeting.

The practice of managers' forum and management meetings started when the company began operations. But over the years it was found that discussions or decisions taken were not properly followed up. Hence supervisors were included in the process through the PRO meetings. The strategy meeting was added to take the process further.

In addition, Swayam (only for women) was formed about four years back in response to the need to liven up the workplace. Since monotony and long working hours were demotivating, women employees felt they needed cultural programmes to make the workplace more enjoyable and increase bonding among women at all levels.

Outcome

Some important decisions of these forums, according to the HR head, are:

- **Salaries:** These include a fixed component (a little less than half of gross pay) and a variable part which is productivity-linked. When Acclaris started operations, it continued with the salary levels of the employees of the acquired companies, adjusting slightly to competitors' wage levels and, additionally, to all statutory requirements. Subsequently, salary grades and scales were fixed for each of the levels. Flexible variations were later introduced that allowed individuals to opt for three or four different salary plans (for supervisors and above).
- **Incentives:** Using an elaborate assessment system, the incentive component depends on an individual's credit points based on productivity relative to the team/group average productivity, which is a contentious issue. The system also creates major incompatibilities and anomalies in earnings and to a great extent bypasses the grade and scale system. There are also complaints that salaries relegate team culture to the back seat.

Employee participation has helped address several concerns of employees, increase interaction and awareness about their contribution to the company, reduced wastage and promoted acceptance of the incentive structure. One manager, who joined just two years back, said she found the atmosphere in Acclaris very relaxed and transparent. She

conceded that on joining, she too thought there were too many forums but later found that each fulfilled some needs of every employee.

4.3 Eastern Coalfields Ltd, Sanctoria, Asansol

Introduction

Eastern Coalfields Ltd. (ECL) is one of the subsidiaries of Coal India Ltd. (CIL), a holding company formed in 1974 under the Ministry of Coal when the Government nationalized all private coal mines. In India, coal is produced commercially mainly by public sector companies, of which Coal India is the largest, employing a little less than 400,000. The company is a key undertaking, since 50 per cent of primary commercial energy is fuelled by coal. India is the third largest producer of coal in the world (<http://www.coalindia.in>). Its target of production for fiscal 2011–12, was 452 million tonnes. Major consumers are the power and steel sectors as well as the cement, fertilizer and brick-kiln industry.

CIL has its headquarters in Kolkata. It produces non-coking and coking coal of various grades, operating 471 mines in 21 major coalfields across eight states in India, including 163 open cast mines, 273 underground mines and 35 mixed mines (open cast and underground) and 17 coal beneficiation facilities. Coal India has nine direct subsidiaries in India, including ECL, and one abroad, along with two indirect subsidiaries. It emerged from its loss-making past during the early 1990s, steadily increasing profits since 2001–02, and achieving Rs 96.22 billion net profit in 2009–10. It has received awards for energy conservation, quality and management (<http://www.coalindia.in>). Eastern Coalfields, however, continued to run up losses during the decade and made some profit only in 2009–10. Its total production of coking and non-coking coal increased from 28.13 million tonnes in 2008–09 to 30.06 million tonnes the next year.

A major problem for the coal industry is the continuation of old mines which have become unproductive. The cost of extraction of the residual coal is prohibitive. While some have been closed for production purposes, there is no complete shutdown. Many workers have been transferred to other operative mines or trained for other operations. But not all workers or unions agreed to this. Service conditions had to be modified for those who refused.

Coal India's mission is to produce the planned quantity of coal efficiently and economically, with due regard to safety, conservation and quality, and to emerge from the position of domestic leader to leading global player in the energy sector.

The company

Eastern Coalfields has been hampered in its performance by several factors. It has the oldest mines, depends substantially on underground mines and has a large workforce. Only 25 per cent of underground mines have been mechanized. The slight improvement shown by ECL in 2009–10 was due largely to better availability of wagons from the railways and only partly due to increased extraction. There are also problems of land acquisition and local demands because there is illegal mining even in virgin coal-bearing areas. Productivity is low because the mines are relatively deeper. Many old underground mines which have been exhausted and abandoned have faced instances of self-ignited fire and habitation destruction. Compensation and rehabilitation have led to increased costs. Residual coal pillars cannot be cut and have to be left in the mine because of fears of subsidence in heavily populated surfaces. The geological characteristics prevent deployment of technology such as long-wall mining and installation of continuous mining. ECL is still under the Board for Industrial and Financial Reconstruction (BIFR) and there are some constraints on expenditure for machinery.

The unions contend that unfavourable geological factors are an excuse for the low level of mechanization. They attribute the lower output per man-shift (OMS) of ECL's

mines to low capacity utilization of machinery, poor inputs and maintenance of equipment. The Colliery Mazdoor Sabha of India (CMSI) (CITU) puts the blame squarely on the management for improper planning of underground (UG) mine operations.

Some years back, the BIFR recommended the shutting down of 10 unviable mines and operation of open cast (OC) mines under contract. Employing contract workers is a major issue in the consultative structure. Contracted mines operate with fewer employees than Coal India's own mines. Seventeen OC mines, when opened, were given to contractors to extract coal. The Colliery Mazdoor Union (CMU) (INTUC) allowed contract operations because the company was sick and had been referred to the BIFR. A special Government notification of 8 October 2004 exempted Eastern Coalfields for three-and-a-half years from the provisions of the Contract Labour (Regulation and Abolition) Act 1970, which disallows contract labour in perennial jobs. There was also an understanding that the funds generated from these OC mine operations would be used to revitalize the UG mines. Of the 17 mines opened, 14 have been exhausted (upper layers) and projects completed. Only 3 are currently operational. The CMU has lately objected to contract operations unless such workmen are issued identity cards and are paid proper wages. An order of 8 October 2004 also required that wages paid to the contract workmen of ECL should be "midway between the wages prescribed by the Government under the Minimum Wages Act, 1948, and wages payable to the lowest category of regular workers (category 1 of NCWA) comprising of basic pay, plus dearness allowance and benefits of Provident Fund as well as medical facilities."

The CMU claims to have unionized 8,500 of the contract workers. The total number of contract workers varies from year to year depending on the operations being outsourced in that year. The CMSI says there are contractual workers in UG mines as well, and together with those engaged in maintenance jobs, cleaning, security, township and canteen at all levels, it estimates their number at 20,000–22,000. ECL does not give any numbers either. The CMSI has organized them under Khadan Thikadar Mazdoor Union, West Bengal, with a claimed membership of 7,000.

ECL had made a set of proposals for the company to exit the BIFR by 2014–15. These proposals have been listed and submitted to the unions for their comments. The CMU had agreed to several of the proposals. For instance, all unviable UG mines with no scope for mining in the near future and which are within economic stripping ratio shall be mined by open cast, augmenting UG production through intermediate technology and 100 per cent mechanized loading. It also agreed to increase evacuation and crushing capacity, expedite construction of washeries and enhancing UG production by increasing mechanization.

HR policy and set-up

The corporate-level HR department of Coal India Ltd. is headed by the director, HR, with three or four general managers under him and about 30 other managers and staff. This department deals only with overall HR policy of the holding company as well as the recruitment, training, transfer and promotion of all 15,431 executives of all its subsidiaries. Their pay is determined by the Pay Commission, Government of India. ECL has its own HR set-up, as do the other subsidiaries, with an HR director, general managers and other managers and staff. All personnel matters related to the subsidiary are handled by this department. The HR function is generally decentralized, with HR personnel at the mine, area and zone levels.

Based on the strategic plan, an HRD plan is worked out every year to integrate HRD efforts in all the training centres of the subsidiary. But the ECL management admits that there is no structured system of training and attendance at training programmes is poor. Both executives and workers appear disinterested. Infrastructure for training is also lacking. There are 85 hospitals and 424 dispensaries in Coal India, and their staff too comes under the jurisdiction of the subsidiaries, depending on the location.

Employment

After nationalization of coal mines in the early 1970s, employment increased substantially because of the public sector policy of generating employment, reaching nearly 700,000. But after the new economic policy in 1991, the Government decided in 1995 to curtail budgetary support to PSUs and fresh recruitment has been confined to the newer subsidiaries.

The company-wise manpower status in CIL as of November 2010 is given in Table 4.2.

Table 4.2
Manpower position of Coal India Ltd. and its subsidiaries, 2010

Category	ECL	BCCL	CCL	WCL	SECL	MCL	NCL	NEC	CMPDI	DCC	CIL (HQ)	Total CIL
Executives	2 144	2 012	2 285	2 249	2 712	1 345	1 351	100	842	35	356	15 431
Supervisors	6 743	6 603	3 700	5 923	8 577	2 910	1 993	449	752	96	109	37 855
Workmen	73 590	60 525	46 984	51 340	67 089	17 154	12 967	2 112	1 560	462	576	334 359
Total	82 477	69 140	52 969	59 512	78 378	21 409	16 311	2 661	3 154	593	1 041	387 645
Executives	2 144	2 012	2 285	2 249	2 712	1 345	1 351	100	842	35	356	15 431

Source: Coal India Ltd.

The table indicates that coal mining in India is still labour-intensive. ECL has been able to reduce manpower from about 170,000 to a little more than 80,000. The CIL Director, Personnel, claimed that Coal India achieved reduction primarily through natural attrition, since public sector units have faced resistance to voluntary retirement schemes (VRS). Reduction in manpower in ECL was achieved through both natural attrition and VRS. According to the unions, the substantial reduction in employment in ECL was achieved initially through VRS. This was discontinued from 2003 after protests from the unions. Closure of some mines from time to time was also a means of reducing employment. For instance, after 12 UG mines were closed, the number of employees in them reduced to just 84. Thirty more UG mines will be closed down, according to the April 2011 statement of the Chairman-cum-Managing Director of ECL. In addition, canteens, guest houses, township administration, maintenance and cleaning, and schools are also run by contract employees.

The production factor which has helped the overall reduction in workforce is the change in emphasis from underground mining to opencast mining. The OMS for Eastern Coalfields is just 0.47 tonnes for UG mines compared to 0.75–0.80 tonnes for CIL and 7.29 tonnes for OC mines compared to 9.0–9.6 tonnes for CIL. Coal India currently achieves 90 per cent of its production from OC mines. The unions say productivity is lower because only five UG mines in ECL are fully automated with continuous mining technology. Climatic factors, infrastructure as well as manpower profiles also play their part. For instance, a Government order requires work to be stopped during the summer months between 12 noon and 3.30 p.m. Monsoon also holds up work at many locations.

Of the 82,477 employees in ECL, the total number of women was 7,336 as on 1 April 2011. Of these, 69 were executives, 1,156 monthly rated staff and 6,111 general workers.

The Coal Mines Act does not permit women to work underground.

New recruitment for low-skilled jobs is made only from among those who have passed class VIII, while for technical jobs both higher level of schooling and industrial training/diplomas are required. The management said recruitment was confined to two categories among non-executives:

-
- Statutory manpower as required under the mining regulations of the Directorate General of Mines Safety (DGMS), such as mining sardar, overman; and
 - Land losers and dependants of deceased/disabled employees in expansion of existing or new projects.

Industrial relations

Eastern Coalfields is part of the IR system prevailing in Coal India, which has had a regular system of bipartite negotiations for years. A permanent body called the Joint Bargaining Council for Coal Industry (JBCCI) consists of management and trade union representatives not only from Coal India, but also a few other companies operating captive coal mines. All major issues between the management and labour are regulated by the National Coal Wage Agreement (NCWA) for four or five years' duration. Coal India has multiple unions, including all the major national central unions as well as a large number of craft unions. There is also an officers' association (up to the general manager level) and unions of supervisors, technical personnel and diploma holders, only the major ones being recognized. The current agreement is the NCWA VIII, which was due to expire in June 2011.

The JBCCI has 18 members from the management side, including the top management of Coal India and its subsidiaries, Singareni Collieries as well as Tata Steel (coal mines) and several private steel companies with coal mines and; 18 members from unions in the coal industry – six representatives from the CMU (INTUC), and three each from the CMSI (CITU), AITUC, the HMS and the BMS.

Despite this, Coal India has had a history of industrial unrest since 1974. Frequent strikes and work stoppages marred employer-employee relations across its many mines and offices. The 1980s saw company-wide strikes over the composition of the JBCCI which also provided an avenue for political interference. The 1990s saw a simmering down of the unrest, attributed to growing maturity among both management and unions, financial independence from the Government for two decades, fulfilment of most demands of employees and unions, reduced militancy on the part of union leaders and greater firmness on the part of area-level managers. There have been very few strikes since, only six in 2008–09, including those called by national unions, and none in 2009–10. However, other incidents such as go-slow or local stoppages numbered about 250 in these years. The incidents have been highest in ECL, whose management felt that more IR problems were because of closer contiguity of the local population and employees and greater expectations and demands of villagers. The unions concur, but they also blame the management for declaring suspension of work over local issues and unrest.

With its large workforce, the respective union membership in Coal India has been difficult to estimate. The method for membership determination used in the early years was verification by the central labour department. Subsequently the check-off system was introduced and today, except for CITU, which feels that it destroys the interaction during fees collection, the major unions have accepted check-off. The respective membership of four unions in the last check-off was: INTUC 76,954; AITUC 36,702; HMS 54, 581 and; BMS 47,271. CITU claimed membership of a little less than 100,000 in Coal India, which is more than the largest union INTUC, and 47,000 in ECL – 55 per cent.

Both the management and unions agree that the structured meetings provide a good forum for grievances. These meetings are convened by the general manager (P&IR) and are held with individual unions about four times in all in a year, including meetings with the director, personnel. This practice was started in 1997 in response to the long-standing demand of unions which could not raise grievances of their members at the existing joint forums. Issues discussed include VRS, surplus manpower and poor IR, among others.

Participative/consultative framework

ECL's participative system is also subsumed within CIL's elaborate participative framework, which was initiated at the behest of the Government in 1975. The initial structures have been enlarged or modified as required by experience. Detailed level-wise structure is given in Table 4.3. Equal representation guides the composition of all the bodies, although exact number of members may vary to a small extent, depending on the number of unions operating locally, the issues involved or the presence or absence of senior managers. All employee representatives are nominees of the major trade unions operating in the company or its various subsidiaries.

Table 4.3
Participative/consultative system in Eastern Coalfields Ltd.

Level	Name of forum/committee	Members (management)	Members (unions)	Agenda/issues for discussion
Unit level (underground or open cast mines) Frequency of meetings – monthly	Joint consultative committee	Project officer/agent; senior manager; senior personnel officer; other officers	Two nominees each from four main unions present in that unit and one each from BMS and UTUC (BB)	Any matter arising from operation of the unit; issues pending; problem areas; non-implementation of agreement
	Welfare committee	Same as above	Same as above, but different personnel	Welfare-related measures
	Housing committee	Same as above; deputy manager concerned with housing	Same as above, but different personnel	Matters relating to housing allotment, house rent, HRA, vacating house, construction
	Safety committee	Same as above; safety officer of unit	Same as above, but different personnel	Matters related to safety, safe operations, accidents, treatment
	Production committee	Same; manager, operations	Cross-section of workers from each work category; supervisor	Matters relating to productivity, production, fallback wages, work-related
Area level (each area comprises several mines)	Joint consultative committee	CGM/GM; operations manager; senior personnel manager	One each from five main unions in that area; not nominated by the union concerned	Any matter arising from operation of the area; issues unresolved at the unit level; problem areas

Source: Coal India Ltd.

The joint consultative committee (JCC) at the ECL corporate level has two union members each from INTUC, CITU, AITUC, HMS and one each from BMS and UTUC (BB). It is for common problems of the company. These are held initially at GM level and at the DP level only for unresolved issues. But at ECL, the last JCC was held on 25 December 2010, and till April 2011 no other meeting had been held on the plea of elections in West Bengal. The apex-level JCC at Coal India, however, last met in 2007, indicating that most issues have been resolved at the subsidiary level.

At the area level, most union nominees are employees and at the unit level nearly all are employees. Meetings may last for one to three hours, depending on the agenda. Occasionally, meetings have gone on for 12 hours or more at Coal India headquarters. For all meetings, minutes are drafted and circulated to all those present and approved with modifications at the subsequent meeting. Records are maintained.

The issues discussed at these joint forums are as follows:

Unit-level JCC:

- Mainly non-implementation of the National Coal Wage Agreement, or its uneven implementation;
- Regularization of employees on deputation for tasks needing higher skill levels, who have not been put in the new skill category or paid higher basic or allowances;
- Demolition of surface structures over a mine and shifting habitation to other locations; and
- Shutdown of some mines.
- Unit-level welfare committee:
- Water supply, availability of prescribed medicines.

The representation of women in the participative or consultative bodies at all levels is just 15, a miniscule portion of the 7,000-plus workforce in ECL, and includes those in the ECL headquarters:

- Four in the sexual harassment committee;
- One on the advisory committee of house journal; and
- One in the grievance cell.

At the area level, only in the Satgram location:

- Two in the sexual harassment committee;
- One in the corporate social responsibility cell; and
- One in the area-level monitoring for HIV/AIDS prevention

At the Sanctoria Hospital:

- One in the outside referral committee;
- One in the PME;
- One in the administration purchase committee;
- One in the gynaecological instrument purchase committee; and
- One on the death board of Central Hospital, Kalla.

It is clear that women are present only on committees dealing with specific women's or social or health issues. They have no part in any other decisions, especially those relating to the performance or working of ECL.

Outcome

The impact of the participative system generally has helped

- Reduce IR problems;
- Resolve unresolved issues;
- Provide a parallel system to supplement the negotiating system; and
- Provide a pulse of the dissatisfaction levels in the organization and its reduction or enhancement.

According to the ECL Director, Personnel, and his HR managers, the impact of the consultative system has been tremendously positive because:

- The management has taken a proactive role to make the system effective and resolve all outstanding issues during the last five to six years, involving a cultural change from adversarial to collaborationist;

- Productivity and production have improved and stoppages have reduced. The loss of man-days in disputes has come down from 53,000 in 2006–07 to 5,900 in 2009–10;
- The consultative system has helped the unions to mature and understand company problems better; and
- The management has been able to create trust and improve unions' perception of the management as partner and of the utility of discussion.

The CMU does not concur, saying that this is not effective. It contends that suggestions made by the union at the joint forums are not accepted by the management, and they have to be pursued at the ministry level. However, through these discussions, the union has been persuaded to allow outsourcing of coal transport from quarry face to the surface/coal handling plant; redeployment of men and machines to viable units by suspension of mining operations in unviable mines and for improving production, productivity and cost reduction; outsourcing of patch deposits and; rationalization of railway sidings for wagon loading wherever possible.

The CMSI commented on the infrequency of meetings, such as monthly mine-level meetings and two-monthly area-level meetings which are being held only three or four times annually. The apex-level JCC meets three or four times a year and the welfare and safety committee about once. Just three joint inspections of welfare measures have been conducted in the last two years.

Both unions say the number of meetings is less important than the fact that union suggestions are not implemented. The main issue is generally production and productivity, and meetings are called by the management whenever it feels that these need to be revamped. Only 10 per cent decisions are implemented. Some examples of non-implemented decisions are: The unions had asked that stocks of spares of machinery such as side discharge rolling m/c and LSD should be maintained. This has not been done. Unions have also demanded regularization of employees in jobs needing higher skill levels once they are allocated to these, and payment of higher wages and incentives. The proposal was not taken forward.

4.4 Jayashree Textiles, Rishra

Introduction

The textile industry in India is one of the oldest, and Indian handlooms have been known to the world from the earliest days of trading. The mill textile manufacturing activity goes back to the mid-nineteenth century, clustering around Mumbai (Maharashtra), Ahmedabad (Gujarat), Coimbatore (Tamil Nadu) and Kanpur (Uttar Pradesh), as well as in West Bengal. The organized sector has been a source not only of cloth, but also yarn for the widespread handloom sector in India. But this industry is also afflicted by sickness and all states are home to a large number of closed or sick mills. Bucking this trend is Jayashree Textiles, established in 1949 by the Birlas, a major family business house in India, to process linen at Rishra, 30 km from Kolkata, West Bengal. It has modernized and is now a highly sophisticated mill, part of Aditya Birla Nuvo Ltd, a \$3.5 billion diversified conglomerate comprising a portfolio of manufacturing as well as service sector businesses, including successful ventures in life insurance, telecom, business process outsourcing (BPO), IT services, asset management and financial services. With more than 50,000 employees, Jayashree Textiles ranks as India's second largest producer of viscose filament yarn, its largest premium-brand apparel company and largest manufacturer of linen fabric (<http://www.adityabirlanuvo.com>).

The company

Initially, Jayashree Textiles tried producing several allied products or adding new products to its manufacturing portfolio, such as canvas, cotton and fire hose (Application Report, pp. 2–3). In 1976, it was merged with Indian Rayon and Industries Ltd, and the company began to export some of its products. In 1993, it exited cotton manufacture and launched into synthetic textiles. Wool combing was added in 1995. But the next year brought a challenge for the company when it was hit by a three-month strike, resulting in closure for that duration. The factory reopened in a bleak financial situation, with an eroded customer base and huge stocks of semi and raw products choking the plant. Employee morale was low. The turnaround started thereafter, very slowly at first, picking up gradually. Some existing capacities were doubled, but the synthetic yarn plant, employing 900, was shut in 2006–07 since the price realization was not profitable enough amid increasing competition from smaller units. The company decided to focus on high value-added products.

Today it is the only integrated linen factory in the country with state-of-the-art facilities equipped with the latest spinning, weaving and finishing systems from Switzerland and Italy. Its main divisions are wool and linen. The wool division has two strategic business units (SBUs) – wool combing and worsted spinning. The linen division further has two SBUs – flax spinning and linen fabric. All raw materials are imported – merino wool from Australia and New Zealand and flax from France and Belgium. It is a leader in both these areas and its market share in the domestic linen market is claimed to be more than 70 per cent and in wool tops more than 80 per cent. It also claims to have about 16 per cent share of the global worsted market. The company offers other blends as well with lyocell, silk, rayon and wool cotton. Even at the intricate stages of dyeing and finishing, new techniques are continuously developed to add brighter colours and more innovative textures to the finished product, and topped off by the most delicate finishing technology from Italy (<http://www.adityabirlanuvo.com>).

The company claims commitment to quality and customer satisfaction, combining state-of-the-art machinery and fundamental management techniques with innovative improvement efforts and specialized technical skills. Jayashree Textiles has a number of certifications to its credit: ISO 9001, ISO 14001, SA 8000, OHSAS 18001 and Oeko-tex 100 with a well-equipped testing laboratory (<http://www.adityabirlanuvo.com>).

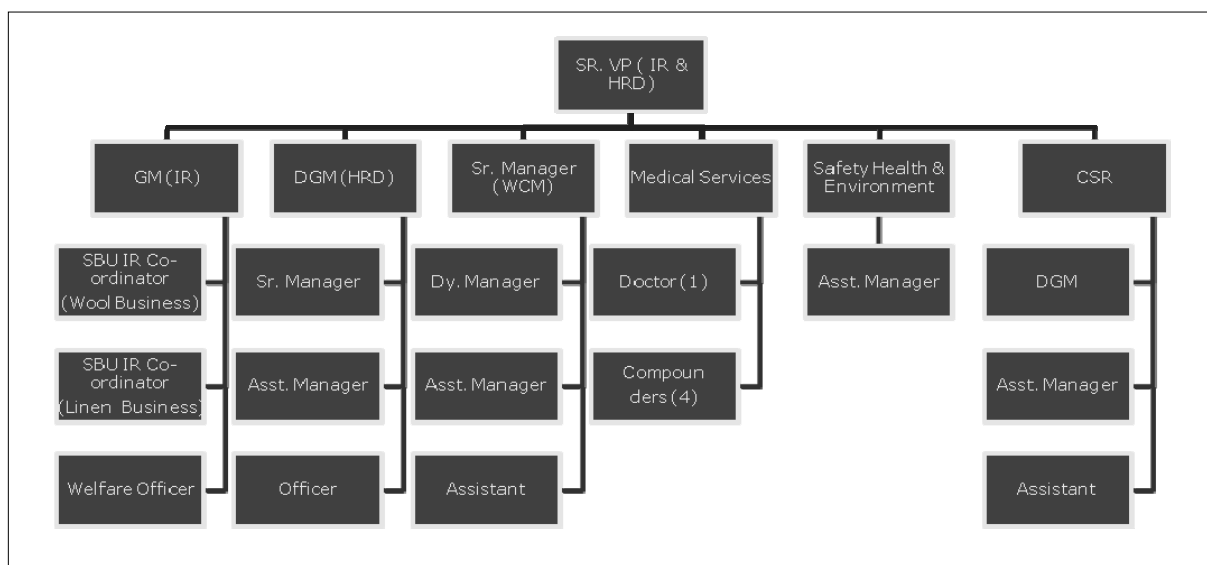
Even during the 2008–09 recession, Jayashree was able to continue production at nearly 100 per cent capacity most of the time. The current turnover is approximately Rs 5.50 billion annually. The company was adjudged sixth out of 177 companies in a survey of Top Companies for Leaders in the Asia-Pacific Region, conducted by Hewitt Associates and others in 2009.

HR policy and set-up

Figure 4.1 illustrates the structure of the HR department.

The cornerstone of HR policy in Jayashree is talent management, increased productivity, creativity and innovation, and making the organization “a great place to work in” (Application Report, p. 11). In line with this, its Senior VP said, the company provides all information and knowledge related to functioning of the organization to its employees. An elaborate consultative performance appraisal system helps empower employees and incorporate their aspirations into HR management.

Figure 4.1
Structure of the HR department of Jayashree Textiles



Source: Jayashree Textiles.

Employment

Jayashree has a workforce of 2,785 as of April 2011. Together with 250 managers and 75 other staff, workers are spread across three shifts in the two divisions. The company does not employ many women, but it has 12 permanent women employees on its rolls, working in design, HR, wool combing, IT, flax spinning, accounts, marketing and linen fabric, who are also members in WCM teams. Fifteen trainee women, both staff and officers, are also involved in the WCM teams. About 24 women work as contract labour in sorting out raw materials and opening flax bales, but are not in the WCM teams.

The employment policy is as per group norms and the practices followed are indicative of the management philosophy:

- Worker recruitment is almost entirely local, with emphasis on employee wards;
- Closure of a section or unit or changes in manufacturing process or technology are handled mainly through transfer, redeployment and training;
- VRS is used only in cases where other options have been exhausted; and
- The retirement age for workers and junior staff is 58, but 60 for managers and technical persons.

Industrial relations

The company had seven unions (AITUC, CITU, INTUC, BMS, NFITU and two small unions with Naxalite affiliations) and combined bodies for both the textiles and insulators company (same campus, same ownership group). These formed a joint union committee that meets regularly to identify problems and desired changes. There is no check-off or secret ballot system for assessing union strength. The only indicator is provided by elections for the union seat in the provident fund committee of the company, held once in five years. Currently, the AITUC assistant secretary is the worker representative. He is the time office in-charge and claims that AITUC has about 1,000 members, CITU 650, INTUC 150 and the others with fewer numbers. The emerging Trinamool Congress union (affiliated to the current ruling political party in the state) asked for a separate meeting with

the management after the state election results were out in May 2011, but joined the joint committee at the management's urging and concurrence of the seven existing unions.

Surprisingly, there is no centralized negotiation system with either the majority union or a combined group of all unions. But consultations on wages and salaries do take place annually based on workload in the area concerned, details of which are given in the next section. The wages for different categories of skilled, semi-skilled and unskilled labour are settled as per bipartite group agreements.

This has not hampered good management employee relations in the plant. There has not been a single incident of work stoppage since 1996. This was corroborated by the unions, which said that even the closure of the synthetic yarn unit in 2006–07 did not lead to a loss of even "one man-second". The shutdown process was characterized by the following:

- Communication meeting with unions first to apprise them of the decision and the reasons for it, and with their president and vice-presidents, answering all questions raised by employees in an open house;
- Three options were offered to workers:
- For younger workers, training and redeployment to any unit according to the management requirement;
- For older workers, training and redeployment to flax spinning, since the work was easier; and
- VRS for others or those unable to cope with the demands of new technology in the new plants. Only 30–40 actually took VRS;
- Phased shutdown, so that employees had time to be trained and redeployed;
- The shutdown was parallel to capacity expansion in linen and wool; and
- Seven out of the 80-plus ring frames were retained for skeleton production and to accommodate about 30 workers.

Employee consultative systems

Interestingly, the company has three parallel consultative systems existing side-by-side with no apparent disharmony or jurisdictional overlaps among them. These incorporate considerable degrees of employee involvement. These systems are:

The industrial relations system (for employee problems and union demands)

- 1) The joint union committee has the eldest unionist (currently NFITU secretary) as convenor. It meets monthly or oftener, depending on issues and urgency, between 10.30 and 11 a.m. Members available during that time in the time office, in weaving and in the general shift, participate. Once issues have been finalized, the senior VP (IR & HRD) is apprised and a meeting organized. Discussions go on till the issue is resolved.
- 2) Communication meetings, held monthly at 6 a.m. after the night shift ends, are convened by the senior VP (IR & HRD), lasting 60 to 80 minutes. All senior managers available at the time and about 300 workers attend. Nearly all workers are covered in three months, since shift duties changed once a month. The HR chief opens the discussion, stating the company's vision and mission, its performance, future direction, problems etc. Other managers share developments in their own areas. Questions are invited and answered and suggestions from workers noted down.

-
- 3) Two-day IR conferences with union leaders are held once in two years outside the factory at a good location. They are structured, combining interaction with behavioural training. The last one was held in December 2010.
 - 4) Day-to-day problems in a work area are solved with the HR head calling the dominant union in that area and discussing them with the workers concerned. These issues generally relate to adamant attitudes or deadlock in the workload agreement.
 - 5) The senior VP (IR & HRD) walks around the plant and talks to or listens to any worker with any grievance or something to say.
 - 6) The safety committee for the entire organization covers all the SBUs.
 - 7) Suggestion boxes also help capture employee suggestions for improvement (usually on leakages, loose wires and the like).

Some issues discussed recently and decisions taken include:

- 1) Increase of increments on the basic daily rates for all permanent workers from tiny amounts of Re 0.25–0.29 annually to Rs 1.50 in the first year, Rs 1.75 in the second year and Rs 2.00 in the third year with effect from 1 January 2011. All arrears were paid by March 2011.
- 2) New employees being absorbed in service have been paid full wages during the training period of 6–12 months through bipartite agreements made between 2004 and 2007.
- 3) Shift changes, previously once a month, have been changed to 15-day cycles from June 2011. This was proposed by shift engineers since there was too much absenteeism in the night shift.
- 4) Break shifts during the day, for instance, morning shift from 6 a.m. to 11 a.m. and 2 p.m. and 5 p.m., and corresponding second shifts, proved tiring for workers who came from some distance. This has been replaced from 2004 by full eight-hour shifts.
- 5) Full uniforms are being issues to all workmen.

The management feels there has been a perceptible change in worker behaviour and in perceptions as a result of these consultations. The unionists feel that the general information helps them to understand the company and its economic situation better, there is now a lot of trust, the management listens to the workers and rational suggestions offered are implemented.

The wage settlement system, for instance, wages, allowances, incentives and workload

The management feels that a uniform wage system is not possible due to the varied nature of the operations and workload in each section, the constraints, productivity and so on. Hence, annual workload agreements are signed separately for each section in the mills detailing increases in target output and increase in rates.

Workload agreements are discussed for all the workers of a single section (for instance, wool carding) with opinion leaders of that section. In case of continuing improvement in productivity, annual increases are given for that section by revising the daily wage rates and incentives, based on production, productivity, performance ratings, quality etc. This is not related to union affiliations or membership, though union help may be invoked in case of a deadlock. The management provides and shares comparative data on work load from industry and competition or arranges visits to other industries. The workers also confer among themselves, and then with the IR coordinators and finally the GM, IR. The principle followed is that any gains from change in productivity will accrue to workers and the management in a ratio ranging from 40:60 to 50:50. In addition, technical changes are also considered. Earlier, for example, work allocation in weaving included attending to all four sides of two looms. Recent changes require workers to attend

to three machines (six sides). In addition, workers completing three years get a retention payment of Rs 10,000 lump sum.

In one such agreement signed by 28 workmen on 16 March 2011, workers in one section agreed to keep their department clean and maintain discipline for an additional payment of Rs 16 per day. They also agreed that in case they do not give the agreed production, their wages could be deducted on a proportionate basis. In another agreement, dated 1 April 2011, seven workers in the packing and marking section of the warehouse have signed an agreement for packing 55 boxes of cloth rolls, up from 35 previously, 75 boxes of flat bundles, up from 35, and marking on bale up to 130 boxes, up from 100. Each section concludes similar agreements annually. Increases in rates are accompanied by promises to increase output.

The participative system through the WCM structure – (for production, productivity, work allocation, technical issues and small improvements), which can be termed as a participative system.

Employee participation: The concept of WCM and team work was adopted in 1997. Prior to that, the tools used were quality circles (QCs) and small group activities (SGAs). After WCM was introduced, the participative system includes all workers mandatorily. The structure is elaborate, with interlocking teams at three levels, their activities being coordinated by the senior manager, WCM, and 5S is used for tracking abnormalities or identifying small improvements and changes in machinery or quality.

Level 1 comprises section-wise teams of all workers of each section which select their own leader (generally senior workmen or supervisors). These teams meet fortnightly on a fixed day of the week and time fixed for each shift immediately after the shift ends. In case of a holiday on that day, the meeting is rescheduled. The leaders, in turn, form the level 2 team in this department.

Level 2 comprises leaders of all the teams at level 1, from all the shifts of each SBU, headed by the section or area head. These teams meet monthly to discuss the suggestions of the level 1 teams and in turn provide suggestions for level 3 teams to discuss.

Level 3, generally one for each department or SBU, comprises leaders of the level 2 teams who meet once a month to decide on the suggestions of the level 2 teams.

The entire system is monitored by the steering committee, comprising the president of the textiles company, all functional heads and all SBU heads. The structure of product group and function-wise teams in the factory is given in Table 4.4.

Table 4.4
Structure of product group and function-wise teams in Jayashree Textiles

Area	Level 1	Level 2	Level 3
Wool combing	12	2	1
Worsted spinning and fibre dye house, hank dyeing	53	10	1
Flax spinning	37	9	1
Weaving	35	6	1
FR		1	
Warehouse		1	
Fabric section		1	
Engineering	8	1	1
Materials (store and purchase)	3	1	–
Security and estate area	5	2	1
Godown	1	1	–
IT	–	–	–
HR and IR (training centre)	1	1	–
Total	155	36	6

Source: Jayashree Textiles

Level 1 teams in each section or department have a formatted record book, in which the workers themselves make entries on the issues discussed and the proposed changes. The procedure is usually to jot down any abnormality in the working of the section in that shift and look for reasons for this, Kaizen improvements and day-to-day problems. In one meeting held on 25 January 2011, records of which were made available, the items noted were:

- Roving machine no. 2 roving layer omitted.
- In another roving machine, back light stop motion was not working.
- In roving machine 1, lift was jamming.

Most of the notes observed were in Hindi, and written in different hands by different workers. Some other notes included:

- Black marks were seen in yarn and in material and rollers.
- One drying machine was getting heated up.
- Bleaching machine programme stopped while working, hence spare pressure pipe had to be replaced because it was cracked.

The procedures used in these team meetings are similar to ones used for quality circles, such as why-why analysis, ABC analysis etc.

One worker, Kamender Tiwary, member of a level 1 team who joined in 1997, said there were doubts among workers when WCM was first proposed by the management. All were informed and seven-day training was imparted. Workers then started meeting to identify 5S, Kaizen and facilitation of work. Advances were made and the company began seeing the benefits. The result has been systematic working, and WCM is well liked by most workers now. Everybody can express their problems and opinions. There is recognition for good solutions. WCM cells decide also on price and productivity increases.

Dilip Das, member of the level 1 team in machinery maintenance, arrived at the root causes of machine malfunctioning through meetings.

A woman member of a design shop level 1 team, Devjani Chakrabarty, has a diploma in textile designing and has been working for nearly five years in linen fabric. Of the total of 10 persons in the design shop, seven are women. Led by the head of department, the team meets a senior manager once a month to discuss the activities in the shop, 5S, Kaizen and feedback from the marketing department on designs. A foreign consultant is also available in the design shop for inputs. Chakrabarty said the team members were very satisfied with these meetings because they felt they were contributing to the market success and performance of the company.

Another woman employee, Mridula Dubey, a computer graduate, joined on a two-year contract as trainee in production planning and control, and after absorption has been working for five years. She is the only woman in her section and is part of the level 1 team on housekeeping. She said she felt very satisfied in Jayashree, because they could move around the shop floor freely and there was no discrimination against women here.

Outcome of the WCM process

- Two teams (from flax spinning and wool combing) won awards in an international competition in QCs;
- Several quality concepts are in force;
- Six Sigma is being gradually achieved from level 1 to level 3;
- Five certificates have been won, one for latest technology;
- The customer base has grown and is spread across 125 countries; and
- 50-60 per cent of the Indian linen market is with Jayashree.

Specific technical improvements include:

- Marks removed in spinning bobbin;
- Reduction in colour variations from batch to batch;
- Savings of Rs 1.15 million in one year through cost savings;
- Oil consumption cut down;
- Hard waste reduced;
- Count variations in yarn brought down – 56 problems were identified.

In 2010-11, 10 to 15 major projects have been taken in hand in flax spinning II, with a targeted savings of Rs 10 million.

The AITUC representative said WCM teams have contributed to information-sharing. The CITU representative felt that WCM had helped improve safety, family involvement and relationships as well as production. WCM had also allowed workers to share in the management vision and mission of increasing turnover from Rs 7.74 billion per annum to Rs 11 billion by 2016.

In 2010, the company got Gallup to conduct an organizational survey (among five textile and apparel companies of the Aditya Birla Group) and found that the women employees of Jayashree scored 100 on “My unit is the most conducive place for women to work in”. They were apparently the most satisfied group among all employees.

4.5 United Bank of India, Kolkata

Introduction

Modern banking emerged in India in the eighteenth century but remained marginal to earlier systems of moneylenders, currency traders and barter systems. Important banks emerged at the end of the nineteenth century and beginning of the twentieth century, and gradually replaced those systems. Imperial Bank of India was nationalized and converted to State Bank of India under a statute in 1955 and is today India's largest public sector bank. In 1969, 14 private banks were nationalized by the Congress government as part of a socialist programme of catering to economically backward sections of the population. In 1980, six more private banks were nationalized. With this, the Government acquired control over 90 per cent of the country's banking industry. Post-globalization, private banks and several foreign banks emerged. Public sector banks began losing market share by about 1 per cent per annum. Foreign and private banks today outnumber public sector banks, but the latter still have a 70 per cent market share. The entire banking industry is regulated by the Reserve Bank of India.

The company

United Bank of India (UBI) is one of the 14 major banks originally nationalized under the Banking Companies (Acquisition and Transfer of Undertakings) Act 1970. Its predecessor was Bengal Central Bank Ltd, established in 1918. In December 1950, three other local banks (one established in 1914) were merged with UBI. Subsequently, some other banks were also merged.

The origin of UBI thus goes back to 1914. Against 174 branches, Rs 1.47 billion worth of deposits and Rs 1.12 billion in advances at the time of nationalization in July 1969, it now has more than 1,600 branches and offices (<http://www.unitedbankofindia.com>). The head office of the bank was shifted to its present location in Kolkata in 1972 for operational efficiency.

The bank expanded, particularly in rural and semi-urban areas, in conformity with the objectives of nationalization. In recognition of its role, UBI was designated as lead bank in 30 districts in the eastern states of West Bengal, Assam, Manipur and Tripura. The bank is also convenor of the state-level bankers' committees (SLBCs) for West Bengal and Tripura. It is now fully computerized and core banking solutions (CBS)-enabled and has a total business of more than Rs 1 trillion. It has a three-tier organizational set-up, consisting of the head office, 31 regional offices and the branches. The bank has three full-fledged computerized overseas branches – one each in Kolkata, New Delhi and Mumbai (<http://www.unitedbankofindia.com>).

UBI also sponsors four regional rural banks (RRBs), one each in West Bengal, Assam, Manipur and Tripura, which have more than 1,000 branches. It has contributed 35 per cent of the share capital or additional capital of these four RRBs. Each is headed by a general manager. UBI is also known as the "tea bank", the largest lender to the tea industry. However, according to the unions, its customer base lies largely in the middle- and lower-income groups. Hence its credit transactions are also mostly with small and medium enterprises. It has few large-denomination accounts or credit transactions.

The vision of the bank is "to emerge as a dynamic, techno savvy, customer-centric, progressive and financially sound premier bank of the country with pan-India presence." Two new regional offices in Chandigarh and Chhattisgarh were accordingly opened by March 2011 and one in Bangalore in April 2011. The core philosophy and driving force for the bank is "pursuit of excellence". The Ministry of Small Scale Industries awarded UBI the national award for the second-best performance in financing small scale units in 2006. The Ministry of Micro, Small and Medium Enterprises awarded it the Golden Jubilee Award for the best bank in the north-east zone for excellence in the field of khadi and village industries in 2007 and 2008, and the national award under the Prime Minister

Employment Guarantee Programme in the north-east zone in 2009 (<http://www.unitedbankofindia.com>).

Financially, the bank was in a comfortable position in 2010–11, with total achieved business of Rs 1.38 trillion and increase in net profit to Rs 5.24 billion. Both deposits and advances increased substantially, topping 14 per cent and 26 per cent, respectively, in 2010–11. Non-performing assets – bad loans – a major headache for most nationalized banks, declined to 2.51 per cent from 3.21 per cent. Sixty-three new branches were also added (financial results in UBI press release dated 29 April 2011). It also achieved its target of new branches in rural areas where banking facilities were not available so far.

HR policy and set-up

The core values of the bank are “Trust and Transparency, observing highest standards of corporate governance and corporate social responsibility, meeting the expectations of all its stakeholders as well as the aspirations of its employees.”

The department is headed by the GM (resources management, planning and retail banking), and includes the deputy GM, HRD; assistant GM, HRD; principal, Staff Training College; chief manager, industrial relations; chief manager, HRD, and; chief manager, personnel administration AS. The 31 regions also have regional heads.

Manpower problems relate not only to shortages in numbers and skills. One union leader, who is also currently a director on the board, said job redefinitions, re-combinations and rotation and customer orientation were needed. UBI thus needs more professionalism in HR in many respects. He said the bank should take training to a higher level for employee participation to be more effective, adding: “There are many things in banking transactions that employees do not know but need to. Also, stress management, customer orientation, new generation computer requirements etc. should be taught.”

The challenges in HR management in UBI, according to the union leaders, are as follows:

- Technological shabbiness, or the inability to adapt to the latest technological changes in computer systems, software and customer requirements;
- The challenge of expansion in the face of competition and the need to excel in customer services; and
- The financial muscle needed to fight in the interest war for prime customers, in which area the bank has several constraints.

Employment

After nationalization, large numbers of employees were inducted in the 1970s. After the new economic policy was adopted in 1991, the Ministry of Finance banned recruitment in banks. After some time, though, banks began to feel the pinch. As recruits of the 1970s began retiring, competition intensified and technical inabilities among the ageing workforce showed up, the bank faces an age imbalance and severe clerical staff shortage from 2000. Clerical staff had been promoted to officer positions, which called for a major training effort, but this left the clerical ranks depleted. The shortage became acute from 2006–07, and after several representations, the ministry relaxed the embargo on recruitment. The bank’s board of directors was allowed administrative autonomy to decide the type and pace of recruitment. The process started from 2009. The Khandelwal Committee’s recommendation for an officer to staff ratio of 1:2 has not been implemented at the bank out of humane considerations, but there is constant pressure from the ministry to do so. Major recruitment drives, as well as reopening of three training centres in different locations, mean that about 2,000 new employees are set to join in 2011–12. Table 4.5 gives the employment status as on 31 March 2011.

Table 4.5
Employment status in United Bank of India, 2011

Category	Male	Female	Total	Recruitment in process
Officers	5 353	580	5 933	Probationary – 746 Specialist – 280
Single window operator (award staff or clerical)	4 877	854	5 731	1 334
Sub-staff	2 879	415	3 294	
Total	13 109	1 849	14 958	2 160

Source: United Bank of India.

UBI has a major system of preventive vigilance, taking care to authorize officers in financial transactions only after due training and performance and character appraisal. This has prevented any major scam in the bank. The DGM, HRD, claimed that there were very few disciplinary cases.

Industrial relations

The IR situation is very good, according to both the management and unions. United Bank of India has had no strike during the last decade except the all-India general strikes called by the leftist parties on issues relating either to Government of India or banking policies. There was only one dispute each in 2009, 2010 and 2011 (until May). This is in sharp contrast to the decade of the 1980s, when strikes were almost daily occurrences. Grievance handling is well established in UBI. One HR officer has been designated to hear the grievances of retired employees.

There are six unions in this bank – two among officers and four among the non-executives. The United Bank Officers' Association, with 4,337 members, is affiliated to the All-India Bank Officers' Confederation (AIBOC). The United Bank Officer Employees' Association has 1,227 members. Among officers, 395 have given no union preference. Among the balance staff, the four unions are the United Bank Employees' Association with 5,326 members, affiliated to the All-India Bank Employees' Association (AITUC); United Bank Employees' Union with 2,732 members, affiliated to the Bank Employees Federation of India (CITU); United Bank Shramik Karmachari Union with 835 members and; United Bank of India Employees' Congress with 494 members. The last two have links with INTUC. There are 487 staff members with no union affiliation.

The precision in membership counts has been achieved through the process of check-off. Each employee may give a letter on union preference when after joining service in the bank or later. The position is reviewed each year on 31 March and the membership tally is updated with retirements, resignations and changes. The majority union among the officers and among the non-executives may nominate one member each to the board of directors under the participative system.

Employee participation

Table 4.6
Composition of various committees in United Bank of India

Committee	Members	Functions/decisions	Procedures	Employee representatives*
Board of Directors	Chairman – CMD; ED; govt. nominees; RBI nominee; non-official directors; shareholders' director Total 12–13	All policy and major decisions for the bank	Usual Generally monthly, but at least 10/year	Worker director – nominee of majority employees' union; officer director – nominee of majority officers' association
UBI Staff Provident Fund Trustees Board	Chairman – ED; convenor – GM (corporate business group); AGM, investment fund management; chief manager (corporate AS); manager (establishment); staff nominated by internal banking dept.		In existence since the bank was nationalized	Union representatives** Officers' association – 1 Employees' association – 1
UBI Staff Pension Fund Trustees Board	Chairman – CMD; ED; GM, RM; GM, credit; GM, IRM	Agenda – policy changes accounts; change of trustees; investment of funds (investment proposals are made by the dept. to the IFM dept. and then placed before these committees)	In existence since the PR Act was amended to include pension	Union representatives*** Officers' association – 1 Employees' association – 1
Staff welfare committee@	Chairman – GM (RM); DGM, HRD; AGM, HRD; CM, DIR- coordinator; CM, HRD; CM, PAAS	Agenda: Medicclaim insurance (current and retired); lump sum financial assistance for funeral in case of death in harness; special gift for completion of 25 years in service; lump sum ex-gratia for family in the event of death of employee; group personal accident scheme; annual sports and games	Quarterly meetings	Officers' association – 1 Employees' association – 1 Invitees: general secretaries of two majority unions

Source: United Bank of India.

* Procedure for nomination:

Union/association concerned suggests three names in order of priority.

Bank vets these names in terms of vigilance reports, performance appraisal records etc. and sends to ministry.

Forwarded to RBI for clearance.

Final approval by ministry.

** PF department suggests names and board of directors approves

*** Pension department suggests names to be approved by board of directors

@ Ministry of Finance issued a letter No. 12/6/32/2006-IR dated 7 Feb 2007 that all nationalized banks could spend 3 per cent of the net profit at the end of a financial year on employee welfare in the subsequent year up to a maximum of Rs 150 million. This amount is considerably higher for State Bank of India.

Three committees – the board-level steering committee on HR, the general managers' committee on HR and the training advisory committee – have no employee representation.

In addition, involvement processes for employees include:

- Suggestion system: Online website helpdesk – any employee can log in and make a suggestion. This is monitored by all managers from time to time. The officer concerned takes action. There are usually 10–15 suggestions per day relating primarily to transfer, posting, training needs and suggestions for improvement.
- Structured meetings with unions: Meetings are held by all senior HR officers with all six unions individually, both at the headquarters and at the several regional offices. Joint consultative committees were started in 1983, in which the senior HR managers discussed problem issues with all the unions in a joint forum. This system continued till 2003, but was discontinued since it did not work, according to both union representatives and senior managers. Instead, they were replaced by meetings with individual unions. When a meeting becomes due, the union concerned gives a letter to the GM (RM)/regional head for a date and time and lists specific issues for discussion. The management too uses these meetings to inform unions of proposed changes in work methods or HR/operational practices. These meetings take half an hour to two hours at a time.

The frequency of meetings varies:

- For the majority unions at HQ – quarterly;
- For the majority unions at regional level – once in two months;
- For smaller unions at headquarters – six-monthly; and
- For smaller unions at the regional level – once in three months.

According to the GM, the structured meetings take care of all unresolved issues as well as changes proposed by the management and have proved quite effective. An example was the issue of job rotation within the same town. Earlier, it was agreed that employees up to the age of 55 could be rotated. The management used the structured meeting to persuade the unions to accept rotation up to the age of 57. Another issue taken up was involvement of all employees in the recovery of non-performing assets.

In addition to these structured meetings, one union meets the chief manager, DIR, at the headquarters every Friday to resolve IR problems or irritations. At the regional offices, meetings with the IR head of the regional office are held monthly. Meetings in the regions usually start with a review of the overall performance of the bank, but there is little discussion on it. Most issues relate to HR. According to the employees' representative on the board, this was a weakness of the UBI system. Officers generally felt that business performance or decisions were their domain and should not concern the staff unions.

Informal meetings on HR issues with prior request in writing are also held, in which any union can meet the DGM, HRD, at the headquarters.

Outcome

It is clear that employee representatives participate in the most important policy decisions of the bank at the board level.

Some of the specific policies influenced by the association in recent times at the board level related to daily collection agents and the cleaning staff. UBI has collection agents who visit customers (for example, small tradesmen) daily to bring in their savings/deposits. The board representatives got the bank to provide them with hand-held computers and to increase their commission. In the case of the cleaning staff, smaller branches are appointing them now for cleaning as well as sub-staff work, a combination that gives them a better job profile. The officers' representative said they had been able to influence

favourable decisions at the board level on overdraft facilities for staff and filling of promotional vacancies.

The employee and officers' association representatives said participation was healthy, and they personally had had a very happy experience during their tenure since 2009. The employee association representative appreciated the freedom of expression extended; also, the board of directors was open to suggestions. Management inhibitions regarding union representatives have disappeared. He had met four CMDs and EDs and all had been quite responsive. No embargo had been imposed on proposals.

However, it had not been so with their predecessors. Previously there was no culture of acceptance, and the representatives' experience was not so satisfactory between 2003 and 2005. Also, the effectiveness of employee representatives depended a lot on how they participated, on the bank culture and on union perceptions. If a union insists on opposing every proposal, the management too attempts to barrack the union. But if the union representative is well-informed, makes rational proposals and understands the problems of the bank, the process can be very effective.

Asked about two weaknesses of the system of board participation, namely, restriction of representation to two unions and lack of widespread employee participation, both representatives said board decisions and other information were disseminated immediately after the meeting by first talking to all office bearers of the union and any other interested employee who, in turn, talked to other employees.

Were all employees interested in board proceedings? Sometimes – generally whenever financial decisions on employee benefits were involved. How were other unions involved in the process? They were not involved directly but the representatives talked to them ahead of board meetings and informally took their opinion, feedback and suggestions. Women, too, were under-represented. There is reportedly one woman each in two different regions in the regional structured meetings, and the union's all-India body has one woman vice-president.

5. Summary and conclusions

5.1 Conclusions

India is no stranger to employee participation and all the stakeholders in labour relations have been familiar with the concept and practice since 1957, though interpretations have varied. The initiative was taken in 1958, primarily by the Government, with tripartite concurrence, but thereafter participative practices petered out or failed in most organizations. The idea and spirit did not die down completely, however, re-emerging after globalization along with other HRM and IR practices. Clearly, this was propelled by the need to become or remain competitive in the more market-driven economic situation.

During the last two decades, the country has seen many employee involvement processes evolve, but with certain specific features. For instance, out of the five major categories of organizational decision-making outlined in the first chapter, we find today that involvement or consultative schemes related to safety and welfare and shop-floor and work-related categories predominate, with less evidence of plant-related or policy issues being covered, and mostly in the public sector units discussed.

At the same time, we find that confusion on the concept of participation remains. While some organizations continue to categorize suggestion schemes as employee participation, others dub safety or welfare committees as participation. The case studies show that quite a few HRM practices and Japanese production techniques have also been integrated into employee involvement processes. In the public sector units, structured meetings with unions on a regular basis are being included in the practice of participation.

However, it is also true that diverse organizations have established formal systems voluntarily, though each may have devised their own structures, forms, levels or issues. All have elaborate structures. To some extent there is some uniformity in the matter of representation, in that equal representation of unions/employees and the management has been a common feature.

More specifically, the six case studies bring out certain characteristics (Table 5.1, following).

None of the companies studied have relied on optional forms or informal processes or just style to ensure participation. There are informal or unstructured processes, but as supplements to the structured formats. It is also to be noted that participative structures in these six do not conform to the Government's schemes except in the case of ECL, and board-level representation in the case of United Bank of India (UBI) is out of statutory compliance.

5.2 Different categories of the schemes

Most of the schemes or mechanisms adopted in the six organizations studied can be grouped into three categories:

- Communication or information-sharing and getting feedback, at various levels and on many issues. This was started mainly after the new economic policy was adopted, and used primarily to secure employee cooperation in organizational change. Organizational transparency is now a key word in employer-employee relations
- Involvement for enhancing productivity, efficiency and quality, or the adoption of various Japanese management practices such as Kaizen, Kanban, 5S, total preventive maintenance (TPM), total quality management (TQM) and quality circles, as well as statutory bodies including safety committees, canteen committees, welfare forums or employee clubs and provident fund trustees. These are particularly popular with the private sector organizations, which have generally limited the participative processes to these and excluded policy decisions or major issues.
- Real participation, or the inclusion of employees/unions in major decision-making bodies such as board of directors, joint management council or plant council. This is largely confined to UBI and ECL, but restricted to union office bearers (not all being employees). In both, employee influence extends to policy decisions on company expansion, technology and HR policy (in BPCL).

There is in all the six organizations a concern for quality of work life (QWL) that runs like a thread through the various tools and mechanisms. At the same time, it does not prevent the private sector organizations from achieving the highest levels of productivity and quality.

Yet, form does not appear to matter very much, with the same form used for different issues or different forms used for the same issues. In the BPCL Mumbai refinery, even collective agreement is used for a major issue like participation on manpower decisions for expansion. Forms may also vary without jeopardizing the participative experience.

5.3 General

Several issues emerge from the overview and the case studies:

One, it would be a mistake to imagine that participation exists wherever joint forums have been set up. In the case of the ECL, actual employee participation may be minimal, since many of the union representatives in the joint forums are outsiders. Also, by the management's own admission, the system had existed for long but was not automatically effective. To make it effective, the management had to become proactive.

Table 5.1
Aspects of employee participation emerging from six case studies

Parameter	Public sector companies			Private sector companies		
	Oil	Coal	Bank	Heavy engg.	KPO-IT	Textiles
Reason for initiation	Globalization	Govt. policy	Govt. policy	IR crisis; global competition	Company policy	Global competition
Variations in structure	Quarterly, structured meetings, and at lowest level	Union representatives in all decision- making bodies; only company with outsider unionists	Board of directors, plus lower levels and union consultations; suggestion schemes	Total employee involvement; group Kaizen; self-managed teams	Supervisor and manager forums	World-class mfg, and teams at section, area and dept. levels
Variations in level of employee representation	Union consultations and at lowest level	Apex level to mine level	Board of directors and welfare committees	Shop floor teams, plus union consultations	Managerial level down to supervisor level	Shop and dept. levels
Optional or mandatory participation and coverage. Only permanent employees participate	Optional, covers some employees	Optional, covers union leaders	Statutory only at board level, covers only union leaders	Mandatory for some bodies, optional for others	Mandatory for all	Mandatory for all
Variations in issues	Future vision and manpower requirements	All policy issues, closure and mining operations, contract operations	All policy issues	Company performance; market environment and competition; consumer preference; quality; efficiency; productivity and technology; employee performance; employee welfare and satisfaction	Competition; quality; efficiency; productivity; employee performance; employee welfare; incentives	Competition; consumer preference; quality; efficiency; productivity and technology; employee performance; employee welfare
Union assessment of participation	Unions happy with greater transparency	No positive assessment	Very positive assessment	Unions happy with greater transparency	Employees happy with transparency	Unions happy with greater transparency
Links in participation and production	Quantified increase in production and dispatch; power savings; no lost man-days	Improved production and productivity; fewer IR problems and unresolved issues	Positive but vague impact on organizational performance	Considerable cost savings; bigger number of completed Kaizen projects	Reduction of wastage and acceptance of incentive schemes	Major improvements in quality
Participation of women	Marginal	Only in health and welfare committee	Marginal	Marginal	All women involved	All women involved
Communication processes	Extensive	Primarily with unions	Primarily with unions; online with employees	Substantial	Extensive	Extensive

The Tata Steel experience, discussed by Mamkoottam in his book, supports this. Joint departmental councils (JDCs) and joint works council did not address problems of planning or management in the wider sense, but were restricted to production, productivity and safety. Most workers had not the faintest idea about the working of the JDCs, what they discussed or what they decided (Mamkoottam, 1982, p. 79–82).

The second issue is that statute or governmental regulation is not always necessary for encouraging employee participation. In all the cases studied, statute has provided the backbone only in two of the public sector units: The United Bank's employee directors and Eastern Coalfields' apex-level JCC arise from the need to comply with statute or government order. Even Bharat Petroleum, which technically comes under government regulations, has devised its own joint bodies. There is no statutory provision on employee participation binding private sector units, but nonetheless they have built up strong and structured systems for employee involvement. The sheer variety of processes and structures emerging in the case studies brings out the limitations of statutory forms. This strengthens the case against statutes on organizational participation; alternatively, even if there is a law on organizational cooperation and consultation, it should be kept as flexible as possible.

Interestingly, in May 2010, the Government initiated a move to revive the 20-year-old Bill on workers' participation, seeking to give representation to workers on company boards. As a first step, the Union Labour Secretary met HR directors and other senior officials of 12 "Navratna" public sector units, including BHEL, NTPC Ltd. and Coal India, to find out if they had objections to such a proposal. A representative of the International Labour Organization was also present. The Participation of Workers in Management Bill is still formally alive in the upper house of Parliament. The Labour Ministry is hopeful that if the public sector takes the lead, it will be easier for the Government to convince the private sector to create a quota for workers on their boards.

Stakeholders may be sceptical about the move. While INTUC, the union arm of the ruling party, offered no comment, Tapan Sen, a CITU general secretary, said that while trade unions should be given meaningful participation at all levels of the company, the private sector had vehemently opposed the Bill and continues to do so.

The current concerns of the Government as well as of the unions and employers' associations are clearly not related to workers' participation, as evident from the agendas of the Indian Labour Conference (ILC), the tripartite meetings to discuss changes in labour policy. For instance, the agendas of the 40th to 43rd sessions of the Indian Labour Conference held between December 2005 and October 2010 related to:

- 1) Social security for unorganized sector workers;
- 2) Amendment of labour laws;
- 3) Strengthening of labour laws to prevent violation;
- 4) Several social security laws on bonus etc.;
- 5) The Contract Labour (Regulation and Abolition) Act and contractualization of labour;
- 6) Measures to increase employability of youth;
- 7) Issues related to migrant workers;
- 8) Role of social partners in appropriate skill development for employability;
- 9) Issues relating to sales promotion employees;
- 10) Global financial crisis – its effects such as large-scale downsizing, lay-offs, wage cuts and job losses.

It is also clear that participation is not easy in India, for many reasons discussed in the introduction. It is also clear that real participation is relatively rare, and cannot be continued for long in the current context. It may prove successful in a particular context,

and in a particular crisis, but is very difficult to sustain when conditions improve or change substantially.

Complete takeovers by workers have been more successful, even though not on a sustained basis. Sonali Tea Gardens and New Central Jute Mills are examples (Sen, 1991). But these could not carry on for long, stumbling primarily on financial constraints and paucity of technical expertise. Interestingly, these experiments were revived in south India in 2005. Faced with unemployment in their failing tea estates, tea pickers in the rolling highlands of Munnar, Kerala, responded by forming cooperatives to buy out their former employer Tata Tea and turn the gardens into profitable enterprises. A World Bank team visited one of the cooperatives, Kanan Devan Hills Plantations (KDHP) in 2007, and expressed eagerness to promote similar efforts in the north-east. This cooperative was set up on 1 April 2005, some three years after the Tata made known its intention to exit the tea plantation sector in Kerala. Some 13,000 ordinary tea pickers and other staff now hold 70 per cent of the stake in the cooperative. The then Commerce Minister Jairam Ramesh said during a visit that year that his ministry was examining the KDHP Model to revive nine other defunct tea gardens. There were about 20 closed tea gardens in Kerala, affecting nearly 35,000 workers, and the model could be considered also for West Bengal, where as many as 17 gardens had been closed, affecting some 50,000 workers (Devraj).

5.4 Challenges ahead

Sustainability of the participative processes: Once the challenge of competition loses momentum as companies gear up fully and achieve success as competitors, will the need for comprehensive employee involvement continue? We have already seen a considerable degree of dilution in participative processes from that envisaged by the stakeholders in the 1960s and 1970s, with the recent emphasis on performance-related processes and lower-level work-related decisions, especially in the private sector. This may gradually transform participation into a peripheral intervention.

As several Indian companies go multinational, they may switch from employee involvement to more MNC-oriented policies. Some of the multinational companies operating in India have no employee-friendly policies or practices or democratic management styles at all. Is it possible that Indian MNCs too will get into the mould of highly competitive entities and put performance above everything else? Joint forums in Indian companies may also acquire greater orientation towards production, productivity and quality-related practices and not HR, manpower and employee satisfaction issues in existing or newer forums.

The issue of employee development remains nebulous. Even where employees did have direct access to participation in the organizations among the six cases studied (Jayashree Textiles, M&M, BPCL and Acclaris), no employee commented categorically on their own development as human beings. When this question was posed specifically, most replied that there was more work satisfaction or that they had more access to information. Only in UBI did both employee representatives on the board say their participation had helped them mature as individuals.

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List of interviewees

Mumbai

Rajendra Giri, Acting Director, Maniben Kara Institute, Mumbai (HMS)

R. M. Murthy, Transport and Dock Workers Federation, Mumbai (HMS)

Vivek Monteroi, Vice-President, CITU, Maharashtra

Mahindra

Sattish Ghogre, Senior Vice-President, Group IR, farm equipment (FE) division, Kandivali

Vishwas Patil, Senior Manager, HR, FE division

Shreyas Acharya, Deputy General Manager, HR, FE division

Suresh Babar, Training Coordinator, FE division

Vijay Vithal Deorukhkar, President, BKS, FE division

Vijay Bhosle, General Secretary, BKS, FE division

Bharat Petroleum Company Ltd.

S. Gathoo, Executive Director, HR Services, headquarters, Bharat Bhavan, Mumbai

Ramesh Nair, Deputy General Manager, HRS West, headquarters

Vijay Kharche, Plant Manager, Wadilube plant, Wadi Bunder, Mumbai

V. S. Degwekar, Deputy Manager, Admin., Wadilube plant

Sitaram A. Kharekar, ex-VP BPKU, SS (employee in logistics and works committee member), Wadilube plant

C. J. More, BPKU (employee in pump house, also works committee member) Wadilube plant

G.R. Bende, PEU (security employee, and safety committee member), Wadilube plant

H.D. Mali, PKNNU (employee in excise department, and works committee member) Wadilube plant

Sunil Pawar, PKU (employee in excise dept, and works committee member) Wadilube plant

Vijay Kumar, GM, HR, Mumbai refinery, Mumbai

Acclaris India

Ranjan Sarkar, Senior Vice-President and Head, HR, Salt Lake, Kolkata

Arpita Gangopadhyay, Assistant Manager (member of PRO-REP), Kolkata

Rupam Bhagwati, Assistant Manager (member of PRO-REP)
K. Murthy, Manager, Operations (member of managers' forum)
Soma Dey, Manager, HR (member of managers' forum)
Araktim Saha, Team Lead Executive (member of PRO-REP)
Nupur Gangopadhyay, Senior Subject Specialist, Travel and Exp. (member of PRO-REP)
Seppo Majumdar, Assistant Manager, Accounts (member of PRO-REP)
Shilpi Sharma, Manager (member of managers' forum)

Coal India Ltd

R. Mohan Das, Director, Personnel, Coal Bhavan, Kolkata, and Dalhousie
A. K. Raju, Senior Personnel Manager, Kolkata and Dalhousie
S. K. Srivastava, Director Personnel, Eastern Coalfields Ltd, Sanctoria, Asansol
Probhat Gowami, General Secretary, Colliery Mazdoor Union (INTUC), CMU office, Asansol
Safal Sinha, Assistant Secretary, Colliery Mazdoor Sabha (CITU), CMS office, Raniganj

Jayashree Textiles Ltd, Rishra

A. K. Sinha, Senior Vice-President, HR
Rajendra Kaushik, General Manager, IR
Pinaki Sengupta, Senior Manager, WCM and ISO
Bikash Chakraborty, Assistant Secretary, Jayashree Textiles and Industries Mazdoor Union (AITUC)
Dilip Das, CITU
Madhava Upadhyay, IFTU (Naxalite sympathies)

United Bank of India

R. K. Mohanty, GM, Resources, Retail Banking etc., head office, Kolkata
Manas Dhar, DGM, HR, head office
Debashish Dasgupta, AGM, Training, head office
Kironmoy Mitra, Chief Manager, Discipline and IR, head office
Suprito Sarkar, General Secretary, UBI Officers' Association, head office
Soumitra Talapatra, General Secretary, UBI Officers' Association, head office