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WORKERS' PARTICIPATION IN MANAGEMENT
AS APPLIED TO INDIA

BY

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T. T. Williams
Director

WORKERS' PARTICIPATION IN MANAGEMENT AS APPLIED TO INDIA

Pradip K. Ghosh and Mark van de Vall

Based upon social science research of participation, a theoretical framework is developed of seven variables: 1. social perception, 2. power equalization, 3. self actualization, 4. organizational structure, 5. knowledge differential, 6. union involvement, 7. total amount of control available to workers and management. Using this framework a systematic evaluation is conducted of the formal organization of the recently introduced system of workers' participation in management of the manufacturing and mining industries in India.

I. A THEORY OF WORKERS' PARTICIPATION:

Workers' Participation (WP) is understood differently not only among social scientists, but also by public officials, managers and union leaders (Sreenivasa 1964). As it refers to decisions in the sector of industrial production, attempts at defining WP are often subjective, i.e., influenced by the author's political ideology, economic attitudes, and projections of the future of society. Differences in perception also result from the fact that there are various reasons for the development of workers' participation in management as a concrete social institution.

Economically, early industrialization had impoverished the proletariat to a degree indicated by the term pauperization.

In the sector of industrial production the workers had been reduced to a status not dissimilar to that of marketable commodities. Around the turn of the century WP appeared as a means of re-assigning the workers the economic status lost in the early development of Capitalism.

Politically, the workers' growing subordination to employers in the economic sector had become increasingly discordant with their political status of equality under the law. With the democratization of civil liberties the discrepancy between the workers' formal and actual status became increasingly obvious. Participation in management was viewed by many as a mechanism for reducing discrepancies between the workers' political and economic status.

Psychologically, the mechanized method of production had severed social and psychological links between the producer on the one hand, and the conditions and products of his labor on the other. When with the rise of machine fabrication the individualization of labor declined, the social fabric of the old system of production disintegrated. Many social practitioners and theorists viewed WP as a means to re-establish the psychological bond between the worker and the work organization.

As a result of these forces, labor relations systems in most developing and advanced industrial nations, with the exception of the United States, have moved from the 19th century conflict model to a more complicated model of labor relations.

In this model divisive issues are negotiated in union-management bargaining, while cooperative issues are delegated to participative bodies at levels of the shopfloor, the plant or the company. At the level of entire industries representatives of government will often take part in the deliberations.

A. Democracy and Workers' Participation:

According to French and Israel (1960) participation is a process where two or more parties influence each other in defining objectives, designing policies and implementing joint decisions. French perceives participation as restricted to decisions which affect all who take part in making them, or those who are represented by the decision makers. This definition has a number of virtues: it conforms to our common-sense understanding of the term, and is compatible with a fairly wide range of power relations between two (or more) participating parties. Its major limitation is that from an empirical point of view it is insufficiently broad; this is evident when tested against a grounded typology of participation which has recently been developed in studies of co-determination models in West German firms.

In vertical dimension, participation and power of the workers is greater at the expense of the prerogatives of management. Management merely informs the workers unilaterally of decisions which it has already made. At the lower end of the scale the labor force has ultimate control over company decisions, with management's power reduced to a bare minimum, chart 1.

Essential in French' concept of participation are the features of decision making, and of mutuality among two or more parties, rendering it incongruent with the two extremes at the top and the bottom of the participation scale in Chart 1. The first type for instance, where management unilaterally supplies information to a passive body of workers, can hardly be considered joint decision making. However, with respect to the second feature of French' definition, mutual influence, it can be argued that the mere act of giving information is indicative of a latent base of power of the labor force. Accordingly, one can view this practice as a rudimentary form of participation.

At the bottom end of the WP typology in Chart 1 we find a situation of ultimate full workers' control. Here French' definition is once more inadequate, as the workers or their representatives unilaterally determine company policies, at the cost of joint decision making. Yet, for those primarily concerned with decision making by the workers' the latter variant undoubtedly represents a realistic mode of workers' participation (van de Vall and King 1973). Thus, we will broaden French' definition in such a way as to include the entire spectrum of workers' control, from its rudimentary form of unilateral, downward communication to its opposite, i.e. workers' management.

B. Goals of Workers' Participation:

Among social psychologists of work, participation is often perceived as a crucial link in the process towards self-actualization.

Chart (1): A Typology of Workers' Participation Systems*

workers' role

1. Consultation:

Workers indirectly (in # 1) or directly influence decisions without being responsible for these decisions:

- | | |
|--|----------|
| (1) Workers have the right to be informed | passive |
| (2) Workers have the right to protest decisions | negative |
| (3) Workers have the right to make suggestions | positive |
| (4) Workers have the right of prior consultation, without their suggestions being binding for management | positive |

2. Codetermination:

Workers share control of (certain) decisions, and share responsibility for these decisions:

- | | |
|---|----------|
| a. Workers have the right to veto decisions | negative |
| (1) Temporary, after which management: | |
| (a) may implement its decisions | passive |
| (b) must negotiate with workers | positive |
| (2) Permanent | |
| b. Workers have the right of co-decisions | positive |

3. Workers' Management:

Workers or their representatives have the full right of managerial decisions at the shop and/or plant level	positive
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*Adapted from Abram Schuchman (1957) Codetermination: Labor's Middle Way in Germany, Washington, D. C., Public Affairs Press, p. 6, and Renses Likert (1961) New Patterns of Management, New York, McGraw Hill, p. 242.

However, viewed against the complicated reality of industrial democracy this perception of participation may be overly simplistic.

According to Maslow (1943) self actualization is based upon the basic human need to become everything one is capable of becoming: a musician must make music, a poet must write, if he is to be ultimately happy: "What a man can be, he must be". The concept is not without its critics; Strauss (1963) considers 'self-actualization' at best an ill-defined concept, closer to myth than to reality.

Explaining industrial democracy exclusively in terms of self actualization is based upon at least two theoretical fallacies: (1) assuming that in social reality function follows structure; (2) assuming that a psychological process is identical with a sociological process. This becomes clear when we systematically distinguish between these four elements:

	Structure	Function
Psychological	participative structure	self actualization of the workers
Sociological	democratic structure	power equalization in the organization

Along horizontal lines it will be evident that while the introduction of participative structures, e.g. shop councils and plant councils, may have a self actualizing effect upon the workers' representatives on the councils and boards, it will not automatically lead to universal self realization among the mass of the workers.

Similarly, a more democratic formal structure does not always lead to equalization of power. As Michels more than half a century ago has observed, it may result in replacing an automatic elite by an oligarchic elite without diminishing the actual power differential in the organization.

Along vertical lines it will be evident that the sociological variable of power equalization is not identical with the psychological process of self actualization. If for instance a more democratic system of production would result in a lower GNP and, consequently, cuts in leisure time, the workers' opportunities for self realization would probably decline. With regard to structure, the workers' brigades in Socialist industry have illustrated how participative structures at the level of the shopfloor can be accompanied, or may even facilitate, a decline of democratic structures at the level of macro-economic policy making.

C. The Structure of Workers' Participation:

A dilemma of WP is whether the workers should only participate in influencing the technical and social aspects of the immediate work situation, at the shopfloor, or also in influencing broader working conditions. The latter may range from provisions not covered by the union contract to implementing contract regulations to specific situations.

Many managers and industrial consultants will accept the first alternative, allowing workers to take part in improving the technical and social aspects of the work operations.

To achieve this, mechanisms of 'human relations' have been introduced in the form of suggestion schemes and shopfloor discussions. This relatively weak variant of WP aims at utilizing the workers' collective experience in order to increase the productivity of labor (Clegg 1960).

A wider conception of WP draws its logic from the societal context of industrial production. At the micro-level, industrial production is governed by increasingly elaborate and rigid technical rules, resulting in a decline of the individual's role in the regulation of production. While the organization of work at the shopfloor has gradually lost in importance, however, it has obtained broader significance at company and industry level. In this sense the organization of the means of production has acquired wider social aspects.

This implies that workers' participation will be most effective if attended beyond the shopfloor, to the levels of the plant, the company and with industrial branches as steel, rubber and textiles. A negative aspect of this extension may be that the participative bodies move into areas traditionally covered by the unions. Instances of functional competition between WP and the unions are known to have occurred in West European models of labor relations (van de Vall 1970).

D. Knowledge and Workers' Participation:

Participation in managerial decisions requires intellectual skills and types of knowledge which, due to prevailing conditions

from the first years of life through adolescence, are unevenly distributed among the social strata (Inkeles 1966). Unskilled workers, for instance, and to a lesser extent skilled workers, have been found to have a lower cognitive involvement in work council issues than white collar workers, especially when the latter are in daily interaction with shopfloor operations, i.e., technicians, trainers, engineers and supervisors (van de Vall 1970).

According to Lammers (1967), persons who aspire to participate with individuals from higher levels in the decision making process have to attain a certain equality of expertise with these superiors. If they fail in doing so, the power gap with the higher level participants is likely to increase as a result of the participation. In that case it may be preferable to avoid workers' participation at all. This is confirmed by Mulder (1971), who found that under conditions of relatively large differences in expert power, participation will have the effect of widening the power differential among the members of the decision making system. The experts' ability to convince the less knowledgeable participants will lend legitimacy to their greater impact, thereby enhancing their authority in the organization. Naturally, this effect is of special relevance for participative systems in less developed countries such as India.

The implication is that lessening the knowledge differential is crucial for the success of a new system of workers' participation.

While provisions for the formal training of aspirant participants will aid in narrowing the knowledge gap, experience gained 'on the job' has proved indispensable for this purpose. Several structural devices have been found to stimulate this type of participative learning. A supervised system of council membership rotation, for instance, prevents representatives to succeed themselves in office, thereby monopolizing participative expertise. Also, a system of overlapping elections will create an opportunity for new council members to serve alongside more experienced participants. Both measures have proved their worth in the practice of the Yugoslav workers' councils.

E. The Unions and Workers' Participation:

Closely related to the structure of workers' participation is the role of the unions in the participative system. Union policies with regard to WP range from total rejection to conditional acceptance. A number of labor movements, especially in the United States, reject any forms of formal participation, fearing that it will benefit the employers instead of the workers. Unions which conditionally accept WP often do so in the expectation that it may be transformed into a device of labor-management negotiations. Viewing joint consultation as an opportunity for direct interaction with management, they utilize it as a means of encroachment upon managerial power.

Broadly speaking, the relationship between labor unions and ongoing participative systems tends to fall into one of

the following categories: (1) WP is fully supported by the union, participants are near-exclusively drawn from union ranks, while carefully selected tasks have been delegated to the work councils: individual grievance solving, implementing the contract in specific cases, supervising social security provisions or a profit sharing plan; (2) WP is reluctantly supported by the union, non-unionists are eligible for council membership and the councils' functions are to a greater or lesser extent confined to pursuing such managerial goals as productivity, waste reduction, communication, safety, discipline, control of absenteeism, etc. The actual practice of workers' participation shows many national models to combine features of the two categories. The relevance of this observation for WP in India will be illustrated.

As a result of the predominately skeptical attitude of the unions towards joint management existing forms of workers' participation tend to be put in a latent state of crisis. This situation is evident in many countries. The crisis is not only conditioned by union policies, but is to a certain extent, inherent to the nature of 'consultative' WP. Trusting the workers with co-responsibility for increasing productivity without the right to do-determine decisions on production, this type of participation often fails in creating a common base of interest between management and the workers. In this context it should be mentioned that the Indian system of WP gives the councils the right to make certain decisions.

F. Control and Workers' Participation:

In view of the unions' negative policy the main factor essential for the continued operation of workers' participation is probably its unique relationship to industrial control. Social scientists have in this context given much attention to the idea of a 'flexible amount of organizational control'. This concept implies that the total amount of power available to all members of the organization is not necessarily a fixed quantity. On the contrary, the effect of WP is seen as expanding the power of both subordinates and superiors within the industrial system. A discussion of this social science literature follows.

March and Simon's (1958) concept of 'participative management' is instructive: "Participative management can be viewed as a device for permitting managements to participate more fully in the making of decisions as well as for expanding the influence of the lower echelons in the organization" (our emphasis). Likert (1961) argues that organizations differ in the extent to which members are able to exert influence over each other. High mutual influence of all levels in an organization is important for the integration of individual goals with organizational objectives, resulting in an expansion of the amount of control for all members. Tannenbaum (1961) comes to parallel conclusions. French and Bell (1960) point out that the influence deriving from jointly made decisions does not logically imply an asymmetrical relation among participants. If one participant gains in

influence this does not automatically mean that others lose in influence. The reality is that all may gain or lose in influence, i. e. that there is a larger or smaller amount of control in the organization.

Applying the above theories to the subject of workers' participation, Lammers (1967) concludes that the theorem of the relativity of conflicting power interests bears a strong resemblance to the relativity of conflict among economic interests. In this view the "Gross National Product (GNP). More specifically, new forms of 'direct' participation (by all workers) as well as of 'indirect' participation (by representatives of the workers) will have the effect of expanding the total amount of organizational control available to management and the workers.

The benefit in power from 'direct' WP is enhanced control by the workers over their immediate work situation; this increases their motivation and stimulates upward communication, thereby strengthening management's control over the flow of production. Participation by workers' representatives (in direct participation) has the effect of complementing union-management negotiations with a device of labor-management cooperation. It establishes labor's right to be heard about major decisions, and increases management's power over subordinates for implementing agreed-upon ends. This is more than mere theory. Indirect forms of workers' participation have not only been found to reduce the number of labor stoppages, for instance in the West German iron and coal, but also to lessen the tension between supervisors and workers which usually accompany open conflicts. This, in

turn, has enhanced management's impact upon normalizing post-conflict labor relations.

II. IMPLICATION OF THE WP THEORY TO LESS DEVELOPED COUNTRIES IN GENERAL AND INDIA IN PARTICULAR:

Various factors make it difficult to conduct a representative survey of the existing schemes of worker's participation in India: (1) the vastness of the country, with about 580 million people, representing fifteen major languages and cultures; (2) the heterogeneity of the WP systems already operating in Indian industry, especially in the public sector; (3) the newness of legislation introducing WP in Indian manufacturing and mining firms of more than 500 employees. Consequently the analysis is restricted to the formal organization of workers' participation in India, outlined in the Resolution, 'Scheme for Workers' Participation in Industry at Shopfloor and Plant Level', New Delhi, The Ministry of Labour, Oct. 30, 1975, No. S 61011 (4)/75-Dk I (B). Conclusions from each theoretical section of this paper will be applied to the specific case of WP in India (numbers in the text refer to paragraphs in the Resolution).

A. Re Section 1: Perceptions of WP in India:

The Resolution presents two-way communication in the industrial organization (# 9) and mutual decision making by

management and the workers (# v/5 & # 6/VII) as the main structural characteristics of the new participative system in large Indian enterprises in manufacturing and mining. However, both features are formulated in slightly contradictory terms, suggesting a degree of compromises between opposing perceptions of workers' participation. This is most evident in the ruling about two-way communication. While devising a system of mutual communication in industrial firms is prescribed as a crucial condition of participation (Res.: #9), only the workers' need for this communication is emphasized, while the fact that management may equally benefit from better communication channels is neglected. This notwithstanding the fact that in a participative system upward communication, from the workers to the chief executive, is usually more effective than communication downward, from management via the few councilors to the large mass of industrial workers. This suggests that the perceptions represented in the Resolution of two-way communication as a participative mechanism differs from the actual reality of two-way communication in the practice of workers' participation.

B. Re Section 2: Democracy and WP in India:

The Resolution explicitly provides the representatives of the labor force on the shop and joint (i.e. plant) councils with the democratic right of taking part in company decisions (Res.: # 4/V & # 6/VII). In addition, once a council has made a

decision, both management and the workers are given responsibility for its implementation within one month (Res.: #4/VI & #6/VII).

These restrictions not only will keep potentially controversial issues from the council agenda but are in the practice of participation bound to benefit the representatives of management who are usually more articulate and successful in convincing the representatives of the workers than the other way around.

Nonetheless, an important latent effect of the rule of consensus is that it gives the workers a right to block those council decisions which lack their full consent. This right to veto council decisions by the workers, and to have co-responsibility for implementing adopted council measures, tends to put the Indian system in the middle of the control scale (Chart 1), of models with an intermediate power equalizing effect, however, several imponderables interfere with this evaluation.

C. Re Section 3: the Goals of WP in India:

The formal objectives of the Indian participative system, as formulated in the Resolution, fall into two categories: goals predominantly benefitting management, and goals mainly benefitting the labor force (Res.: #5 & # 7). However, with such terms as "production" and "productivity" mentioned no less than twelve times in the eighteen sentences describing the system's functions, the Resolution leaves little doubt about the system's major objective, i.e. attaining and facilitating managerial goals.

Activities traditionally considered managerial: setting and reaching higher production targets, the optimal utilization of manpower, correcting factors interfering with productivity, controlling absenteeism and maintaining discipline in the labor force figure predominantly among the manifest functions of the shop and plant councils. Even the labor benefitting health and welfare measures are restricted by the condition "for efficient running of the shop/department" (Res.: # 5/VIII).

Another group of goals is directly beneficial to the labor force: safety measures, measures reducing fatigue, improving physical working conditions (lighting, ventilation, noise, dust), rewarding suggestions, health and welfare, and developing manpower training programs (Res.: # 5 & # 7). Aiding in the initiation of these measures will undoubtedly enhance the self actualization of the workers' representatives on the councils, whose number will not exceed six delegates per council. However, other measures, e.g. tighter disciplinary rules and stricter adherence to production targets, are found to have the opposite effect upon the majority of the workers.

Thus, the formal organization of the Indian participative system seems primarily designed for obtaining the workers' support in strengthening management's control over production, leaving relatively little room for WP's power equalizing potential. If used exclusively for this purpose by management, the workers'

major democratic right in the system, of vetoing non-beneficial decisions, might turn into an indispensable device for defending their interests on the councils.

D. Re Section 4: the Structure of WP in India:

On the other hand, by explicitly distinguishing between participation in shop councils and joint (i.e. plant) councils, the Resolution lifts participation clearly beyond the level of 'human relations' at the shopfloor (Res.: # 3). Matters which are of more general importance, e.g. relating to two or more shops, are to be brought before the joint council (Res.: # 4/VII & # 7/II). Because issues which remained unsolved in a shop council can be resolved by a joint council (Res.: # 7/III), decisions at the plant level evidently have jurisdiction over those at the level of the shop.

The systems's structure is further strengthened by the fact that the firms' chief executive is automatically Chairman of the joint council, securing that communication within this body will get the attention of management. This will undoubtedly strengthen the council's function as a direct channel of communication from the lowest to the highest level of the industrial organization. Less clear is how the few workers' representatives will communicate back to their own constituency, i.e. a labor force counting more than 500 workers. This absence of feedback provisions within the ranks of labor opens the way for communication conflicts and crises of confidence between the council delegates on the one hand and

the workers whom they are supposed to represent on the other. This may well turn into one of the more serious threats to the democratic impact of the system of workers' participation in Indian enterprises.

E. Re Section 5: Knowledge and WP in India:

It was emphasized in Section 5 that in less developed nations, participative systems will only be effective if they succeed in diminishing the knowledge gap between the delegates of the workers and those of management. Stronger, the Yugoslav experience suggests that this may be the most important latent function of workers' participation in a developing nation. This can be achieved by combining formal training programs with structural provisions which facilitate participative learning.

The Resolution mentions no provisions aimed at decreasing the knowledge differential between the two groups of representatives. No funds or time are made available for training programs educating aspirant worker-participants; there is no regulation inducing membership rotation on the councils in order to prevent monopolization of expertise by individual councilors. Elections or appointments for the council are not staggered, preventing novices on the councils to profit from the expertise of more experienced councilors.

Due to the rule of consensus, controversial issues on the councils can only be resolved if one party succeeds in convincing

the other. This rule, together with the knowledge gap, gives the representatives of management a considerable edge over the labor representatives in the Indian participative system. It has been observed that this will probably increase the power differential between the two participating groups, to the detriment of the role of the workers.

F. Re Section 6: the Unions and WP in India

The Resolution is relatively vague about the role of the labor unions in the formal organization of the Indian participative system. Although the unions are explicitly mentioned in the section determining the structure of the shop councils (Res.: # 4), they are absent in the parallel section about the more important joint councils (Res.: # 6). In a closing statement calling for the "early adoption of the scheme .. and its continued healthy functioning" (Res.: #12) the unions are mentioned together with management and the workers.

More specifically, the unions' role at shop level is to aid in determining the number of shop councils in a firm, and the number of members per council (Res.: # 4/III & # 4/IV). The Resolution is silent about the unions' role in designing procedures of selection and, once these are established, influencing which delegates will represent the workers. While the managerial councilors shall be nominated by management (Res.: #4/b), the Resolution merely states for the workers' representatives that they "shall be from among the workers" (Res.: # 4/II-c).

This vagueness leaves the role of the labor unions in the operation of the participative system open for interpretation, and could turn into a possible source of union-management friction. By the same token, skilled union officials should have little difficulty with expanding the union's acknowledged role of co-determining election procedures and slates of candidates. It was suggested in Section 6 that this functional extension will probably be decisive for the viability of the participative system. The reason is that an active part of the unions in the shop and joint councils will provide a possible counterweight against the managerial orientation of the system and focus the discussions upon goals benefitting the workers. In addition, a much needed channel for communicating feed back to the rank and file will become available in the union meetings, while training courses for aspirant councilors organized by the union will aid in lessening the knowledge gap and, consequently, managerial domination. All this will lead to power equalization within the participative system, and to the possibility of trade-offs between council measures benefitting the workers and decisions supporting the managerial goal of higher production.

G. Re Section 7: Control and WP in India:

Decisive for the system's healthy future is probably whether WP will expand the total amount of control available to management and the workers in the industrial organizations of India.

One limitation is that the system does not create opportunities for 'direct' participation, by all workers in the plant. With membership of a shop council restricted to six delegates of the workers, the system's motivational impact upon the labor force is limited, and the way is open for dissension between the few councilors and the mass of the workers.

Notheless, even when confined to indirect participation, involvement of the unions in the participative system will probably have the effect of expanding the total amount of power available to both labor and management. The logic of this inference is relatively simple. On the one hand, the new shop and plant councils will give the workers greater input in policies about safety, working hours, suggestion schemes, holidays, manpower training, welfare measures, health provisions and physical working conditions. On the other hand, in exchange for these benefits, management will be in a stronger position to require cooperation by the workers in measures aimed at reducing waste and absenteeism, and increasing efficiency, communication, productivity and output. The conclusion is, then, that given the involvement of the Indian unions, the sum of the partial gains in control resulting from WP in Indian industry will outweigh the total amount of control that would have been available without a system of workers' participation.

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