

Workers' Ownership and Management of Industry

Employers have come to realise that one of the major causes of industrial strife is poor human relations. Avoidance of industrial strife is one of the necessary conditions for improvement in productivity and in growth of industrial output.

The modern worker has become aware of his rights and in general does not subscribe to the Victorian concept of master-servant relationship. He wants a say in the employers' decisions that affect his interests. This awareness of his rights is universal in Europe and the American States. The Indian worker is also aware of this, and the employers as well in the country have come to realise this. As such employers cannot be adamant in their attitude towards their workforce. Workers are not just wage labour but 'human' too.

The 'labour is not a commodity or an article of commerce' was pointed out as early as 1914 in the Clayton Act.¹

This was re-inforced when in 1944, the ILO in its Philadelphia Declaration emphasised that "a worker is not a marketable commodity, but a self-respecting human being."²

A factory worker does not just labour with his hand while at work, but spends his time on the premises which involves his biological, social and psychological concomitant. He seeks further satisfaction and meaning in that working life. He feels that just as a citizen has certain inherent rights and a voice in determining and exercising he those rights, similarly as a worker he should have certain rights and a voice in decision making. He works for the benefit and prosperity of the employer and as such is entitled to a right to have a voice in determining the rules and regulations under which he works.³

In India, prior to Independence there was hardly any management-worker consultation in decision-making. The workers were considered as sub-ordinates and fit only to receive orders. Managers were afraid that such consultation would erode their authority. However,

1&2 V. G. Mhetras, *Labour Participation in Management*, P. 1.

3. cf. W.D. Scott, R.C. Clothier and W.R. Spriegel, *personnel Management* p. 5.

Workers' Ownership and Management of Industry

since then the situation has changed. The Constitution of India states that India shall be a Democratic socialistic Republic on principles laid down under the Directive Principles of State policy in Part IV of the Constitution, articles 36-51. The implementation of the socialistic pattern cannot be said to be complete unless workers' ownership and management of industry is adopted. The democratic set-up of the country has made the workers conscious of their rights and privileges. Unionisation has been on the increase, since workers see the union as an institution to realise all their hopes, dreams and aspirations.

Further with the emergence of the public sector on the industrial scene, as a responsible employer, it is expected to show a lead in fulfilling those obligations, which it hitherto imposed upon the private sector. Workers began demanding participation in decision-making. Workers participation in management resulted in establishment of Joint Management Councils, Works Committee, Suggestions Committee, etc.

The recent trend is not just 'Worker participation in management, but 'workers' ownership and management of industry' as well—i. e. since 'ownership' means 'control over means of production'—entirely different from workers' participation in management. It is the *feasibility* of such ownership and the pros and cons of this that forms the subject matter of my paper.

First a clarification of certain terms. By "worker", I mean "any person employed in any industry doing any job—unskilled, semi-skilled, skilled, supervisory or administrative." Thus, it denotes more than a class of industrial operatives doing manual rather than intellectual work"⁴. By "Ownership" in the Indian context I mean 'control over means of production through means such as share holding' and "Management" means the 'running' of the industry.

The idea of workers' ownership and management of industry has picked up momentum. Propounders of this idea, support this view on the following grounds :

1. *Rise in the level of productivity* :—It is believed that the fundamental causes of higher productivity are mainly psychological.⁵ 'The will to work has tremendous impact on productivity. No amount of coercion can enhance productivity as this single factor.

4. V.G. Mhetras, *Op. cit.*

5. I. L. O., *Higher productivity in Manufacturing Industries* p. 16.

Silvia M. de Mendonca e Noronha

If workers are treated like machines, they will give the performance of machines only but if they are treated as human beings they will give the productivity of human beings, with tremendous potentialities of increased productivity.⁶ In this respect, the climate of human relations at the place of work is of singular importance.

2. Better industrial atmosphere conducive to work, due to good human relations within the industry. Thus, the industrial climate in the country will improve, attracting highly qualified personnel, subsequently giving a fillup to the snail-pace industrialisation in the country.
3. The sense of importance, pride and accomplishment that the worker feels by owning and managing the industry, will go a long way in improving the functioning of industry and its prosperity.
4. The worker experiences a sense of freedom, and is given an opportunity for self-expression. Freedom from the shackles that earlier bound them to the employers will result in an elimination of the fear of displeasing the employer, of being sacked etc.—all this served as impediments to their performance and efficiency. Opportunity for self-expression, will bring forth the best in a worker and a feeling of belonging to the place of work. Latents will now come to the fore and may be the workers themselves will make the best managers, since they know better the problems faced by workers.
5. Self-confidence and a sense of responsibility. Earlier since employers did not consult workers in any matter, workers had no self-confidence. The workers did not feel responsible because they did not feel the industry belonged to them. Development of self-confidence and a sense of responsibility can make the impossible possible.
6. Understanding between individuals, leading to better efforts all round. All of them will be working towards a common goal. Co-operation and mutual understanding, will go a long way in enhancing productivity.
7. It will pave the way towards a classless society, where the master servant attitude will gradually disappear.

6 V.G. Mhetras, *op cit*, p. 14.

Workers' Ownership and Management of Industry

So far, so good, yet there is another side to this aspect.

The fear expressed is that workers who are used to authority will find it quite difficult to function on their own. They have always been on the receiving end and suddenly being on the other side will need time to get accustomed and it is bound to create some chaos and confusion. This will result in a decline in efficiency. Some may argue that such a situation may be shortlived, but the extent to which it will be short-lived depends on the workers' ability to change their attitudes.

There is also the likelihood that workers will not show much interest in trade union activities because now the role of trade unions will be relegated to a minimum. By and large the main role of trade unions is to demand higher wages for workers which will now be taken care of and so the role of unions will be superfluous and may even be a hindrance.

Workers' ownership and Management of industry is no doubt desirable but I would like to mention some of the impediments that may arise to its successful implementation in India.

1. The economic condition of the workers in India. To own and manage industry they have to buy shares of the company/industry which they can ill-afford. No capitalist will buy shares and let workers own and manage it. This is a major problem that will be encountered.
2. The social set up of the country. It will take time for society to accept this concept as for years they have been accustomed to a different set up.
3. Political factor—as things are at present, the government and the capitalists are hand in glove with each other one supporting the other for mutual interests. The fear is that the government might itself prove to be a hindrance to the success of this concept.

However, in the long run all these hindrances can be surmounted depending on the effort and persistence put in.

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