

# LEGALFOXES LAW TIMES

## WORKERS PARTICIPATION IN MANAGEMENT AND GLOBALIZATION IN INDIA – A CRITICAL ANALYSIS

By Mr. P. Rajendra Kumar\*

### Abstract:

With the advent of globalization and the fast changing and far reaching developments on the global trade and industrial relations, our government has been left with no other option but to accept the policy of liberalization and globalization. Under the objective of economic liberalization the government, in early 1990's came up with radical economic reforms. It opened the doors for foreign trade and investments by initiating the policy of disinvestment. Thereby privatizing maximum public sector undertakings, not only those enterprises which have been incurring losses but even those which have been earning profits. As a result the scheme of WPM has been diluted and its value has been diminished. With stiff competition from foreign companies and establishments which have invaded the Indian industrial worker, many of the Indian companies suffered heavy losses, have been winded up leading to large scale unemployment in the Indian labour community. The lives of the Indian labour both in the organized and unorganized sector went upside down. Their living standards took a nose dive, leave alone the participative rights the very means of livelihood are lost. Most of the MNC's reintroduced the earlier draconic policy of hire and fire through the backdoor. Thereby throwing out the schemes of Worker's Participation in Management. The only saving grace has been that the Indian judiciary came to the rescue of the workers and upheld the workers right to participate in the winding up of the industry, in taking over the management of sick units so on and so forth.

Key Words: Policy, Privatization, Competition, Losses, Participative rights.

### Full length Paper:

Globalization is a process by which 'people, their ideas and their activities in different parts of the world become interconnected or integrated'<sup>1</sup>

Globalization as a term is new but the process is not

It shows how the world has "shrunk" and how people, goods and information can be moved easily around the world

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\*Research Scholar, University College of Law, Osmania University, Hyderabad. Email ID: rajendrapamidipati@yahoo.com

<sup>1</sup> <https://www.techtarget.com/searchcio/definition/globalization> last accessed on 31 August 2021 at 4.00pm

“an unprecedented compression of time and space reflected in the tremendous intensification of social, political, economic, and cultural interconnections and interdependencies on a global scale.”

Broadly speaking, the term ‘globalization’ means integration of economies and societies through cross country flows of information, ideas, technologies, goods, services, capital, finance and people. Cross border integration can have several dimensions – cultural, social, political and economic. In fact, some people fear cultural and social integration even more than economic integration.

The free movement of goods, services, people and information across national boundaries. It creates and in turn, is driven by an integral global economy, which influences both economic as well as social relations within and across countries. The opening up of the economy increases competition internationally as well as externally, leads to structural changes in the economy, alters consumer preferences, life styles and demands of citizens (The Human Development Report of South Asia, 2001)

Impact of globalisation is more malls, more God, more multiplexes coexisting with sharper inequalities in income and widening of the gulf between the billionaires and common man.

**Globalisation touched almost all sectors**, be it agriculture, industry and services.

On the one hand, there is a neoliberal bloc which favours the gradual incorporation of all the world’s economies and the elimination of any constraints or obstacles to such integration, even if force is required. On the other hand, there is a counter-hegemonic or globalization protest movement that perceives such an absolute elimination of barriers as detrimental to social justice. To this counter-hegemonic bloc, the principles of consumerism and consumption should not be an end in and of themselves, but a means to a more participatory, democratic, and just international economic system.

***The very diffusion of globalisation presupposes State’s action. Globalisation does not work its way automatically into a nation’s economy. It requires State action to remove the blocking mechanism in its path; so that economy can partake of it. In that sense the State continues to be important even under globalisation.***

Globalization, characterized by the diffusion of new technologies, the flow of ideas, the exchange of goods and services, the increase in capital and financial flows, the internationalization of business and business processes and dialogue as well as the movement of persons, especially working women and men, is reshaping the world of work in profound ways. On the one hand, the process of economic cooperation and integration has helped a number of countries to benefit from high rates of economic growth and employment creation, to absorb many of the rural poor into the modern urban economy, to advance their developmental goals, and to foster innovation in product development and the circulation of ideas; on the other hand, global economic integration has caused many countries and sectors to face major challenges of income inequality, continuing high levels of unemployment and poverty, vulnerability of

economies to external shocks, and the growth of both unprotected work and the informal economy, which impact on the employment relationship and the protections it can offer.<sup>2</sup>

### **The Consequences of globalization:**

- Relatively low foreign investments
- MNCs manipulate stock exchanges
- GNP manipulated poverty came down-disparities widened
- Unemployment and under employment on the rise. Jobs casualised, contractualised - flexibilisation
- Brunt on structural adjustments on the poor and vulnerable sections
- Loss of national sovereignty
- Erosion of cultures and values
- Impact on social development

“WTO is ‘nightmare’ for developing nations.” A United Nations-appointed study team concluded that the rules of the 137-member WTO “reflect an agenda that serves only to promote dominant corporatist interests that already monopolize the area of international trade”<sup>3</sup>.

Concludes in its evaluation of 174 States according to life expectancy, education, income and other social factors that never before has the wealth been so unequally distributed.

Overall, 22 countries in Sub-Sahara Africa and Eastern Europe show a retrograde development as a result of economic problems, warfare, and Aids.

The United States has the highest poverty rate among the 18 wealthiest countries, despite having the second highest per capita income. (June 2000, UNDP-Development Report)

### **What do these two Reports tell us about the “New Global Order” or “New Global Disorder”?**

- 1) The economic disparities between and within nations have grown.
- 2) income distribution between richest and poorest country was 44 to 1 in 1973 grown to 72 to 1 in 1992
- 3) The richer get richer:
- 4) The net worth of the world’s 200 wealthiest people moved from \$440 billion in 1994 to \$1,402 billion in 1998.
- 5) Their assets are now more than the combined income of 41 % of the world’s people.

#### **Poverty is increasing in the Industrialized countries.**

US – about 53 Million fall under the poverty rate European Union – about 40 million former East block countries – 80 – 100 million

Globalization intensified poverty, unemployment, social disintegration, environmental risks changed the parameters of social development.

Countries paid less than adequate attention to the need for qualitative and structural changes in their societies relying far too much on the logic of GNP

<sup>2</sup> ILO Declaration on Social Justice for a Fair Globalization adopted by the International Labour Conference at its Ninety-seventh Session, Geneva, 10 June 2008:

<sup>3</sup> Headline of the Financial Times, 15. August, 2000 p.1

Globalization has had unfortunate ramifications for India's poor. Analyzing the impact of India's shift towards globalization on the poor proves that the saying "the rich get richer while the poor get poorer" is truly timeless. Globalization has largely benefited certain businesses and contributed to the growth of the middle class. As a result, the purchasing power of the country has increased. Price increases have made it difficult for the poor to afford basic necessities, such as education. Because the poor are not even able to invest in education for their children, an unfortunate cycle in which the poor remain at the bottom of the economic pillar persists. According to a survey by the World Bank, 35 per cent of Indian population lives on less than \$1 a day. But according to the latest billionaire's list released by Forbes, 55 Indians are listed.

**Globalization with specific reference to workers:** Stories on the positive and negative effects of globalization on workers in developing countries abound. But a comprehensive picture is missing and many of the stories are ideologically charged.<sup>4</sup>

Following the end of other alternatives, capitalist globalisation has produced some calamitous consequences for human resources, industrial democracy and humanity in general. Globalisation is presently a fundamental force that cannot be denied, as it affords obvious benefits to a large number of people, however, conversely, it threatens life, in a broader sense. Society currently manifests diverse ills, and it is postulated that protracted civil disturbance and revolutions could isolate governments from their subjects (Slabbert, 2005:738). In fact, globalisation has been endorsed as a worldwide remedy for worldwide problems from the viewpoint of globalisers, but is viewed with pessimism amongst the workers. According to Ukpere (2007:454),

*"Globalisation, as extreme internationalism and globalisation as capitalist globalism, have produced the worst nightmare for human resources and industrial democracy".*

According to him the negative impact of globalisation on human resources, overwhelm the positive aspects.

Subcommandante Marcos (1996:1), has opined:

*"In the name of globalisation, a new world order has begun, but now it is against humanity, as in all world wars, what is at stake, is a new division. This new division of world class consists of increasing the power of the powerful and the misery of the miserable".*

Globalization affects workers not only through wages, but also through employment.

The impact of globalization extends from human and social or ethical perspective to the strategic or technological perspective. Due to liberalization of economy, several organizations have taken a number of steps to improve operational efficiency. This includes the introduction of quality management system. Another step that was taken in the wake of globalization or in the post-New economic policy 1991 era was the government's decision to disinvest their stake in the equities of leading public sector undertakings. Eventually many business houses have begun consolidating their businesses and large number of acquisitions and mergers have started taking place. With large mergers and the development of new free markets around the world, major

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<sup>4</sup> Martin Rama, Globalization and Workers in Developing Countries World Bank - Development Research Group (DECRG)

corporations now wield economic and political power then the governments under which they operate. In response, public pressure has increased for businesses to take on more social responsibility and operate according to higher levels of ethics. Firms in developed nations now promote-and are often required by law to observe-nondiscriminatory policies for the hiring, treatment, and pay of all employees. Some companies are also now more aware of the economic and social benefits of being active in local communities by sponsoring events and encouraging employees to serve on civic committees. Businesses will continue to adjust their operations according the competing goals of earning profits and responding to public pressures for them to behave in ways that benefit society. Among the employment benefits that are prevalent are VRS, ESOP and other fringe benefits.

However, on the recruitment front, as globalization evolves from being a mere corporate buzzword to basic economic reality, more and more organizations are realizing that they need managers and workers with skills that conform to the international standards. The CEOs and senior recruitment consultants have to talk about why selecting and developing global managers. Hence organizations are keen to take care of expatriation and repatriation issues or meeting relocation costs to keep their employees motivated and to retain the best performers and keep building a global talent pool.

***Industrial democracy, an aspect of workers' participation in management, which was one way of introducing democratic principles and industrial humanism into the work place, seems to have been demoted in the present economic era*** (Uriarte, 1999; Klein, 2001). Industrial democracy, which stressed involvement of workers in the decision making process in such a way that workers feel a sense of pride in and belonging to their organisations (Tripathi, 2001:492)), is presently considered a threat to trade and profit maximisation by transnational corporations (TNCs) and globalising institutions. Workers' participation in the form of co-partnership, labour directors, work committees, collective bargaining and the power to unionise, have become irrelevant to most TNCs.

Globalization has also given competitive advantage to most organizations. Accelerated growth, productivity improvement, and accent on total quality have been great milestones. World Bank and IMF have also advised such organizations to focus their attention on social and labor issues and align themselves to the effort being made by institutions like UNESCO and ILO. In India, the confederation of Indian Industries (CII) has addressed itself to social and ethical issues and a few organizations have shown concern to these issues including those under study in this project. Negative impacts of globalisation on human resources have been clearly delineated as a growing downward spiral on wages and working conditions; job destruction and losses; a race to the bottom in labour standards; effects of corporate mergers on workers; problems of unemployment; effects of flexibility and casualisation on labour; less training for workers; more expenditure on advertisements and less on workers; expanded global inequality; an increasing rate of poverty; restricted labour mobility; workers' exploitation and abuse in the EPZs; abusive labour relationships and employee killings; industrial actions and violent protests; an increase in

crimes; congested jails and forced labour; child labour; footloose speculative capital; the effects of technology on workers; erosion of labour unions' powers and demotion of industrial democracy (for details see Ukpere 2007; Ukpere and Slabbert, 2007).

The divide between the managers of globalisation and workers have distended owing to the exploitation of the latter. These exploitations, in varying degrees, have expanded the level of inequality in societies, and have intensified the divide between the haves and the havenots, the poorest poor and the richest rich, as well as globalisers and the workers (Bataoel 2003:1; Martin and Schumann, 1997:23; Sklair, 2002:48).<sup>5</sup> The current development has resulted in ill-feelings within societies as major global cities have become a center for recurring protests and street battles, which should be a warning sign that urgent solutions are desirable, if society should be rescued from the wreckage of an atrocious economic system, otherwise a global catastrophe could be pre-ordained within a few years. Based on this concern, therefore, the present author has charted out some tangible, but not exclusive, suggestions towards building of a more inclusive and fairer globalisation that could ameliorate the plight of global workers, while promoting industrial democracy for the benefit of humanity.

The very fact that more than half a century of people have been trying to explore and expand the area of mutual contact, cooperation and codetermination between the management and workers surely underlines the extreme importance of the cooperative approach to the problems that arise in the course of industrial activity.

Workers' participation in management is a resounding phrase, bridging the past and future. It echoes the millennial vision of nineteenth century thinkers while heralding the evolution of new forms of individual organizations under twentieth century pressures. It has been the most discussed subject of industrial relations in the last quarter of twentieth century and in many countries it has been a subject of research and debate rather than a concrete reality. It has not only remained a means through which workers and their organizations can put forward their views and influence decisions, it is also developing into a new management strategy, which is intended to provide an institutional structure in which interest-based conflicts become less bitter through preventive as well as positive ways. This development is perhaps due to the realization that this might be the way to suppress conflicts, achieve a harmonious and qualitative development and also to carry out the political programme of the most progressive forces a society.

Technological superiority is entirely a mechanical phenomenon whereas labour management relation, the most important determinant of the industrial peace, is a complicated issue. It relates to human beings, who are responsive, who feel, think and act. Therefore, they cannot be operated like a machine. In the absence of healthy relations between the labour and the management even the latest technology fails to bring described fruits.

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<sup>5</sup> Bataoel, L. 2003. Globalisation: Myth or a reality : <http://nuntia.cs.depaul.edu/globalization/bataoel.htm> last accessed on 30th June 2020 at 8.05 pm

Workers' participation in management introduced statutorily through the institution of works committees under section 3 of the Industrial Disputes Act has not been successful. The reasons have perhaps to be sought in the method of constitution of the works committees and the functions assigned to them. We have also seen that the three voluntary schemes introduced in 1975, 1977 and 1983 have also not found many takers. The debate is still on, whether it should be introduced by a statute or by voluntary arrangements. While the Central Trade Union Organizations have been demanding the introduction of workers participation in management by statute, the employees' organizations have been against introducing schemes of workers participation in management by law.

If one looks at the institutions of workers' participation in the management set-up in various countries like Germany, Japan and now the member nations of the European Union, one will see that most of these systems have been established by law. There is no evidence to show that workers participation in management has in any way weakened an enterprise financially or otherwise. In fact there is over whelming evidence to suggest that wherever the system has been introduced the enterprises and the economy as a whole have shown tremendous growth. Hence, there is every need to feel that a legal base should be provided for institutionalizing workers participation in Management particularly in the context of liberalization and globalization. Workers and the management have to join together to not only sort out their day to day problems, but build up confidence in each other, improve work culture, enable the introduction of new technology, improve production processes, achieve production targets. These objectives can be achieved only by mutual understanding. Mutual dialogue and workers participation are therefore, the need of the hour. It will not only ensure that the workers welfare is taken care of and their interests are safeguarded while effecting changes in the enterprise structure or improving technology by obviating unnecessary retrenchments and ensuring payment of dues and full compensation in cases where retrenchment etc. become necessary, but also ensure smooth revision of the strength of the workforce, introduction of new technologies, improving work processes, etc. and make the enterprises capable of standing up to global competition.

India is not an exception to these changes but its place in the context of globalization requires new approaches. The concept and practice of WPM and the experience available from organization in India clearly calls for a speedy approach based on organization specific participative schemes. The system of participative decision making should be specific to each organization, and decided by its stake holders. Public Enterprises should be advised to have strategic plan and the participative system to be designed in tune with the strategic plan.

The fundamental difficulties in the way lie in the concept itself. There is a basic conflict of interests between the workers and the owners of the business enterprise. Participation involves parting with power. Managements have been reluctant to part with their authority and prerogative to manage the enterprises. Similarly trade unions have not been prepared to divest themselves of their power manifested in bargaining and pressure. Multiplicity of trade unions and factionalism has been a serious obstacle in the way of workers' participation in management.

Both managements and trade unions have often complained of a plethora of joint bodies in Indian industries for example, works committees, joint management councils, shop councils, unit councils, plant councils, establishment councils, canteen committees, production committees, safety committees, welfare committees, grievance committees, and so on. Thus, it is natural for them to become bewildered by this multiplicity of joint bodies. Another hurdle has been lack of specific arrangements for sharing the gains of participation. Workers are assured in a vague manner, that they would gain if production increases and quality of products improves as a result of participation, but vague and remote expectations cannot be expected to enthuse the workers. A prior arrangement for sharing the fruits of participation is a necessary condition for the success of the scheme on a lasting basis.

Other factors include lack of regularity and punctuality and agendas in the forum meetings; poor attendance and poor participation in terms of ideas and contributions from members; Discussions not based on data and information; Lack of proper attitude among the participants; Lack of consensus in decision making delay or non-implementation of decisions; Lack of awareness about the forums amongst non-members. Other reasons for the failure of WPM include, lukewarm response to WPM in practice from management side; Trade union perception of WPM as a threat to their authority; Ambiguity about the process, objective, scope and limitations of the system of WPM; Absence of proper organizational climate; Failure of the grievance handling machinery; Ineffective collective bargaining forums; Multiplicity of trade unions and rivalry among trade unions also affects.

Despite the noble intentions and evolution of the various WPM schemes over the period, the schemes have not been a success. There are ample evidences to report that the Indian experience in workers' participation in management has been far from satisfactory. To quote, the 1983 scheme it was introduced in only 91 out of 216 central public sector undertakings up to September 1986.

### Conclusion

With globalization the time has come when we cannot leave the question of participatory management to be determined by the management or the trade unions, Experience has demonstrated the necessity and utility of participatory management. The time has come for the Government to enact a law to provide for participatory at all levels keeping in mind the necessity to ensure that the responsibility and freedom to take managerial decisions are not fragmented to the detriment of the enterprise, the social partners or society at large.

The globalization impact has to be viewed in different angles. One should consider the effects of labor policies of transnational companies (TNCs) that operating across the nations in regarding the impact of globalization on the workers' right or the participation. To permeate the state borders and establish the globalization themselves in the countries of more than one or two, the globalization phenomenon and the liberalization growing trend have been achieved easier. Eighty percentage of the industrial output across the world is accounted for the top 1000 TNCs.



However, these organizations are powerful economically, but their capacity and mobility are evading the national enforcement and national laws due to the relocation or using their economic and political clout to ignore the abuses of corporations and pressure on the governments<sup>6</sup>.

Apart from the country of incorporation, the operations of TNCs have included in the least developed or developing countries. Such countries have implemented the ease of doing business propels for labor law or environmental law relaxation and compliances. The special incentives have involved in the negotiations between TNCs and countries and they are in the form of domestic laws. Without the minimum labor standards, the cost of production is cutting down by TNCs. To give the companies for flexibility relating the laws compliance specially, environmental laws, tax laws, or labor laws, the Export Processing Zones (EPZ) are established. The effective role doesn't play by the workforce in the policy making of such organizations.



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<sup>6</sup>Claudio Grossman and Daniel D. Bradlow, *Are We Being Propelled Towards a People Centered Transnational Legal Order?*, 9 AM. U. J. INT'L & POL'Y 1, 8 (1993)