CONTRADICTIONS OF WORKERS’ PARTICIPATION:
CASE STUDY OF A WORKERS’ OWNED JUTE MILL

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This paper focuses on the contradictions and issues involved in the process of employee participation in their work as well in other organizational issues, in a workers’ owned jute mill. The study shows that even in the best of preconditions - Workers’ Ownership – workers’ participation is still only an evolving process, that too, waxing and waning, and replete with uncertainties, which qualifies participation to a fine balancing act. Even when participation is set within the boundaries of political wrangles and hierarchical structure of the organization, it moves beyond the institutionalised mechanisms. Workers’ involvement seems to be contingent upon the feeling that the information that workers feel critical is being shared. But, while management looks at information sharing as an instrumental issue in bargaining and eliciting involvement, for employees it is an issue of trust. The case study is based primarily on interviews and documents, but participant observation was also used during the course of data collection. It is enveloped with the events that occurred during this period in other jute mills and generally in Indian jute industry.
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“... in a society permeated by inequalities, we can’t get rid of the patterns of domination and subordination we participate in unless we continuously examine our contradictions. And we find these contradictions by tracing out the political implications of our moral identities. Without such self-examination we may think ourselves as progressive, but fail to build a better alternative”.

(Sherryl Kleinman, in Opposing Ambitions, 1996: 140)

Though worker-ownership remains amongst the ‘most promising devices’ of instituting workplace democracy (Paton, 1989; Russell, Hochner & Perry, 1979), yet evidence suggests that employee ownership by itself does not automatically lead to ‘psychological ownership’ (Gunderson et al., 1995; Pierce, Rubenfeld & Morgan, 1991), especially in organisations where workers, unions, or/and management have resorted to worker ownership as a last resort, primarily to save their jobs (Cornforth et al., 1988). It is argued that if the organisation continues to work in the same manner as when it was owned by individual/family/share owners, if the same structure and culture continues, why will it make a difference to a typical owner-worker, who now owns a few shares in the organisation and perhaps collectively workers/employees even may have the majority stake? For instance, in a study conducted eight months after transfer of ownership in a furniture factory, where no formal mechanisms for institutionalising participation had been put in place, worker-owners in general considered management as the true owners of the firm and did not see themselves as partners (Hammer & Stern, 1980).

Worker ownership can at best be only a favourable precondition, yet worker involvement and commitment would require specific mechanisms, structures and institutions through which employees can participate and therefore learn to participate and function in a democratic set up (Pateman, 1970; Rhodes & Steers, 1981). Authority based organisations do not teach as to how to function in a set up where authority is not the primary mechanism for making employees fulfil their expected roles, more so where organisations have been functioning in a ‘hierarchical’ manner till the change of ownership
(Swidler, 1979). The change may create expectations (French & Rosenstein, 1984). Yet, there is every possibility that organisation may continue to work in the same old manner if conscious attempts are not made to institutionalise fundamentally different mechanisms and structure. Thus the relationship that we posit is as given in Figure 1:

![Diagram showing Employee Ownership, Organisation Commitment & Involvement, and Intervening Institutions for Participation]

**Figure 1: Process of Organisation Commitment**

What can be the nature of such intervening institutions? In a comprehensive literature review, Dachler & Wilpert (1978) argue that participation is a multidimensional and dynamic social phenomenon. Long (1981) examined possible effects of introduction of formal employee participation in ownership and decision-making on patterns of organisational influence, using longitudinal data obtained before and after conversion of an electronics firm to partial employee ownership. Although numerous formal participation mechanisms were introduced, including employee board representation, an employee council, and quarterly shareholder meetings, little change was found in perceived worker participation at any decision level. Employee ownership did not seem to increase desires for worker influence among either managers or non-managers, nor did it appear to significantly affect the total amount and distribution of influence within the organization. In another study, it was observed that dissatisfaction with financial performance might increase efforts by employee owners to influence decision-making (French, 1987). In a review of some European research on indirect participation, Lammers (1967) found that the more attention that the joint decision-making committees paid to the promotion of
issues like working conditions, the more attention they simultaneously paid to the problems of the enterprise as a whole.

In an interesting case study conducted in a small hi-tech plant in Canada, which was bought out by the employees in an agreement with the parent organisation, Long (1982) brought out the centrality of participative mechanisms in realising the positive effects of employee ownership. In spite of the workforce being very enthusiastic about their ownership, highly educated and the company doing very well, employees’ enthusiasm and actual participation in various forums rapidly declined. He asserts that the mere implementation of a variety of simple participation mechanisms will not necessarily produce increased worker influence unless management is willing to integrate these mechanisms into the mainstream of organisational decision making. The study also brought out the significance of employee expectations and when they realised that their raised expectations were not being fulfilled, their participation quickly declined. Moreover, this led workers to even question the ‘fairness’ of the management.

One central element of all such participative institutions is sharing of information (Cornforth et al., 1988; Lawler III, 1989). Authors have been advocating ‘open book management’ (Davis, 1997), that is sharing the state of financial health of even conventional enterprises, for organisation commitment (Case, 1997). It is suggested that while authority based organisations thrive on limiting the flow of information for ‘efficiency’ purpose, democratic organisations can function only if information is freely available, especially information about the activities of the management (Pendleton, Wilson & Wright, 1998; Pierce, Rubenfeld & Morgan, 1991; Varman, 1999). Based on a large sample in 37 ESOP companies, Klein (1987) found that communication to employees regarding ESOP is one of the factors, which leads to satisfaction. When the management level information was withheld from workers by reluctant managers in Belgium works councils after World War II, workers withdrew from further attempts at participation, and the system essentially died (Potvin, 1958). Bernstein (1982) stresses that sharing management level information is one of the essential components to sustain participation.
Information helps in building up the larger perspective of the employee, in the sense that they get a wider view of the organisation. Strauss (1989) highlights that the management offered information to even unions at the time of adversity. Moreover, it also has the potential of checking the activities of the management and holding them accountable to the owners of the company, i.e., employees in general. Yet the fear has been voiced that too much information may lead to inefficiency in the sense that workers may end up wasting their time in processing all the information. Moreover, they may not have even the ability to make sense of all the technicalities involved (Cornforth et al., 1988). Also, it may lead to spilling of ‘company secrets’! Legendre (1983) brings out the mismatch between information expected by the Parisian office workers and provided by the lower management. Batstone (1979) highlights the power-laden nature of experts and expertise. He argues that the whole discourse of experts may be in such a manner that it, in fact, may lead to greater concentration of power in their hands as the structures are democratised. He stresses that certain expertise may need to be ‘decodified’ and made amenable to lay people if one truly believes in democracy.

The point that emerges from the debate is that information sharing is a central issue in the process of organisation commitment of an employee in a worker owned organization as depicted in Figure 2:

![Figure 2: Role of Information Sharing in the Process of Organisation Commitment](image)

Yet the moot point remains that what needs to be the nature of this information and how
it should be shared. Based on our case study of one of the largest workers’ cooperatives in India, we address to some of the issues involved in information sharing.

**METHODOLOGY**

Participation, a ‘social learning process’ (Becileelaar, 1999), essentially is a phenomenon of the collective. Hence any discussion, which does not bring out collective processes, will be inherently incomplete. Case studies provide a fuller contextual sense of the studied phenomena and are best suited for exploring ‘social processes as they unfold in organisations’ (Hartley, 1994). The data were collected by the first author during first quarter of 1999, applying the case-study methodology. While selecting different caselets, the most important consideration was that they should be substantive enough to reflect the complexities and finer aspects of variations in employees’ involvement over time. Thus, disciplining process, a consultative committee, and the workload change were focused to map the changes in employees’ involvement. Documents like, clippings from local dailies, articles, letters, personal diaries, reports, minutes of meetings and joint memoranda were examined. But inferences from documents were treated only as clues (Yin, 1984). Some key informants, who were not the employees of this organisation, also were identified inside and outside the organization. Further, 105 face-to-face unstructured/semi-structured interviews (50 from workers) were conducted with organisational members from different hierarchical levels. Observations, conversations, informal discussions and participation in various meetings were also an important source of data gathering. A few group discussions were also conducted by the researcher among workers in Workers’ Colony and also with unions at their residence and in union offices.
BACKGROUND OF THE CASE

This paper is based on the study of a jute mill- NCJM- an undertaking of an employee cooperative credit society- in West Bengal, India. It is the largest employee owned cooperative under private sector in India. Out of about 7000 employees almost 60% are migrants from rural areas of Bihar and UP states (areas with low education and low standard of living) with lower level education (below 7th standard). Most of the employees have been living in the company premise for more than 10 years.

THE FORMATION OF THE COOPERATIVE

The cooperative was formed from the remnants of a deserted Family Owned (FO) company, primarily to save workers’ jobs. In April 1986, the former owners declared lockout on the ground of ‘labour unrest’* (source: Company Document) and subsequently withdrew leaving assets worth 1Rs.10 million (approx.) and liability worth Rs.400 million (approx.). The lockout spanned a year, throwing workers into starvation and death. The place was marked with heavy unemployment and deteriorating socio-economic situation, since most of the jute mills – the main business in this locality- were in a miserable condition. In this context, the Managing Director (MD) of the company, together with the local government and local political leaders, had protracted discussions with the Trade Unions (total 14 TUs)ii of the company. Finally, they came out with the idea of taking over the company by forming an employees’ cooperative (Refer Appendix A for details on Formation). Subsequently, the unions held a few meetings with those workers who were left in the plant premise –around 2500- (remaining had gone to their native places) and the workers agreed to contribute Rs.40/week/worker (13% of wage) from their weekly wage till it reached Rs.30002i/employee towards buying the shares of the company. Thus, in April 1987 the ivemployees took over and the company resumed its operations.

Considering the variations in employees’, particularly workers’ involvement in their work and in other organizational issues, though with fuzzy boundaries, the decade (1987-1998) can be divided into four periods: a) FORMATIVE PERIOD [1987-1991], b) STABLE

THE FORMATIVE PERIOD [1987-1991]

Even though the operations resumed in 1987, majority of the employees came back only by 1989 without having any information about the occurrences in between. During 1987-89 the MD, along with TUs, was intensely involved in unwinding legal knots (the cooperative came into legal existence only in 1989). Also, numerous meetings had to be held with different financiers, governmental agencies, local government, etc (see Appendix A). Before participating in any such meeting, the MD would have an internal meeting with Trade Union representatives (URs), which was formalised as All Union Advisory Committee (AUAC).

Although the legal formation was over, the employees (especially those who came later, as mentioned earlier) were yet to digest the new system. Before the formation of the cooperative itself workers were sceptic about the idea of worker cooperative - a “ploy” of the unions along with the management to take away workers’ money. This doubt was deepened when some workers could not sell off their shares, as the shares were made non-transferable. All these raised a lot of confusion in workers’ mind. The TUs could not clarify their doubts (as TUs admitted), especially regarding financial matters, and the MD did not make any attempt since the workers “can not comprehend these matters” (source: Interview with the MD).

The Plant Level Consultative Committee (PLCC) and other Channels of Communication

Workers continuously complained to the MD that the URs were not aware of the shopfloor problems. ‘To enhance workers’ interest in their work’, the MD felt that it would be better ‘to give workers a chance to influence plant level decisions and to air their problems to the management’ (source: Company Document). Thus, a Plant Level Consultative Committee (PLCC) was constituted in 1989. It was meant to be a ‘democratic decision making system’ ‘with a view to create a sense of belonging and confidence among the employees in the functioning of the company’ and ‘to remove the
misunderstanding between shopfloor management and the workmen’ (source: Company Document). Along with PLCC, there were four more ways (two were existing during Family Ownership period and the other two were instituted during cooperative period) for communication between the management/union members/committee members and the rank and file:

1. **Joint memorandum of All Union meeting (new):** All union representatives and committee members used to have a joint meeting to discuss various issues raised up in different meetings and other matters of common interest. Usually, a consensus was forged through consultation and these were put down along with conclusion/explanations as the memorandum of the meeting. Such memoranda were passed/distributed to worker mass.

2. **Union group meeting (old):** This was for creating consciousness among representatives about the shop level problems in the various sections and were held between each union leader and his respective rank and file membership.

3. **Works committee meeting (old):** This was intended for discussing problems primarily related to workers' welfare and work conditions which helped in creating awareness among the leaders regarding shopfloor conditions so that they can be taken up with shopfloor managers/supervisors.

4. **Gate meeting (new):** This helped in general information sharing and served as a forum for airing grievances or letting off steam. While proposals were mooted by the union leaders and shop level activists, workers could also yell back and express their approval or disapproval to such proposals. Workers could communicate individual grievances verbally or in writing to managers or shop leaders. Informal discussions were also held at the canteen or common rest locations inside or outside the factory.

The common objective of these committees and meetings was ‘to win workers’ confidence and to increase their interest in their work’ (source: Company Document). These information channels played a vital role in bringing out workers’ involvement in their work and in other organisational issues like disciplining process.

*Changes in Disciplining Process*
Disciplining was the apple of discord between the unions (representing the worker mass) and the management (represented by labour officers), during pre-cooperative period. Depending on the ‘strength’ of the union, “the bargaining” (as labour officers called it) usually ended in work disruptions or strike. Workers were not even present during the discussions between the UR and the labour officer. But during cooperative period, the disciplinary cases were settled in the plant itself (not referred to labour office) through consultation among respective UR, the accused and the accuser. Gradually, a typical style of disciplining evolved. The staff would explain to the concerned worker the consequences of his ‘misdemeanour’ and try to take his consent on the punitive action. Simultaneously, the staff would inform the respective UR and ask him to take care of that worker in future. If the worker did not agree with the staff, he would be asked to come with his UR and the decision would be taken between the staff and the UR in the presence or absence of the worker, as worker desired. But these changes did not last for long, as a new TU, called Shramik Samiti, shook the whole cooperative.

Shramik Samiti (SS) and Its Impact

The cooperative could neither pay the full wages/salary of the employees consistently nor could pay up the full interest on old liabilities. This was contrary to the expectations of the workers. TUs and some staff tried to explain the financial difficulties to workers. But workers could not believe that the cooperative had no money to pay their wages, when they noticed that the URs and some staff were given allowances (travel & dearness) and leave from work for attending meetings. Due to very high frequency of such meetings (2-3 in a week), many of the URs did not need to work in the plant, while some URs exploited this situation, moving out frequently from the plant on flimsy grounds. Workers observed and kept all these in their mind. Compounding this, a rumour went around that the cooperative was a ploy of management in collusion with TUs to take away workers’ money and also that the unions/management were the ‘pet men’ of the old promoters. At the same time, as an alternate means of generating surpluses, managers proposed running additional production lines with contract labour. Some workers came to know about this at the proposal stage itself. These workers, especially casual workers, felt that their “jobs were in danger” and they formed a new union – Shramik Samiti (SS) - to protect their jobs.
The implications of the proposal were debated later in AUAC and PLCC. The unions claimed that respective union leaders in various departments discussed this issue with shopfloor workers and the implications were explained. But the SS accused both the management and the unions with selling jobs to the contract workers without the consent of worker mass. The SS demanded these jobs for the casual workers, many of who were members of the SS and who did not get work throughout the year. Political intervention added fuel to the disgruntlement. When the new contract workers appeared for work, there was open confrontation with SS members. The SS leader, who put forth the accusations, conducted a Gate meeting, which was attended by a good number of workers. In this meeting he sarcastically pointed out the changes in plans from an industrial cooperative to a cooperative undertaking (see Appendix A). The reason for the delay in sanctioning, he argued, was that the funds allotted had already been spent by the management along with the unions in the way they liked without any consideration to workers. He also told that even though the workers along with the management and the staffs were called owners, there was not even an iota of difference in the quality of life of ordinary workers except that of the union representatives. Many workers could not even imagine that the earlier owners “flew away” leaving such a huge amount of assets and they did not believe in the existence of any liability for the present company. Even though unions distributed joint memorandum, explaining the reasons for the delay in sanctioning of funds, and discussed it in unions group meeting and Gate meeting, workers called these explanations as “phoney” and “big lies”. Many workers came out of their unions and joined SS. SS made significant impact on the working environment and workers’ involvement. The first blow was on disciplining. Many workers started opposing unions’ role in disciplining and they (workers) wanted to resolve the issues with the concerned staff. As the unions’ role in disciplining declined workers’ also lost interest. The MD’s note went on, ‘The workers are not willing to maintain discipline as they did in the beginning.’ (source: Company Document).

There was a noticeable shift in the issues discussed in PLCC. PLCC representatives recalled that during this time the workers pressed them to take up the issue of “payment of wages” frequently. Also, workers were not interested "to hear any other matter
discussed in PLCC”. Meanwhile, workers put up a complaint that unions nominated only their ‘loyal’ members to PLCC but not the 'common shopfloor workers who know workmen's problems well' (source: Company Document). Consequently, many unions replaced their PLCC members by shopfloor representatives. Here onwards, workers’ representatives (WRs) took up the issue of payment of wages frequently and vigorously. But, the Chairman of the committee (usually Mill Manager or Personnel Manager) objected to discussing the issue. This resulted in walk out by WRs and some URs. Frequency of such walkouts increased and ultimately PLCC meetings came to naught. Coincidentally, same time SS disturbances also reached its peak. SS staged a number of demonstrations and work disruptions. To resolve the crisis, SS also was invited to participate in the Board meeting. In the Board meeting, ‘BIFR (a governmental agency for controlling the restructuring activities of sick’ industry [refer Appendix A]) rebuked the financier openly for the delay in sanctioning funds’ (source: Minutes of the meeting). SS in its following meetings with workers explained all what happened in the Board meeting. Gradually, workers got back to the usual mode of working.


Workers resumed approaching unions (as well as staff) for settling disciplinary cases as they did earlier. The attendance register revealed that punctuality came back. During this time, it was told that worker mass teased and even pressurized the union members and some workers who tried to go out for long chatting and evade work. But the status of other jute mills was drastically different. The whole jute industry was badly hit by continuous strikes in the wake of clashes between management and unions/workers. Closing of jute mills on the grounds of labour unrest was a common phenomenon. The lack of raw material supply in the jute industry added fuel to fire. But workers and unions of this cooperative decided to abstain totally from the industry wide strikes (except for a day), though there was strong political pressure on them to join the strike. Even on the day of ‘Bharat bandh’ – a countrywide strike- also, most of the workers came to attend their work (source: attendance register). The local dailies, a local researcher and the local government commended the cooperative as a ‘model’ (source: News clippings from local dailies & Manuscript of the local researcher). The committees like PLCC, Works
Committee, etc., were all active with live discussions and presence of staff, URs and WRs (source: Minutes of these meetings & Interviews with employees).

Interestingly, during this period also, on the request of worker representatives, financial details were shared in PLCC meetings. For instance, the Chairman once gave explanation regarding 'disbursement and further utilization of funds received from different sources under BIFR scheme'. Shopfloor workers’ common comment on this change was, “they started discussing our problems in the meetings”. But many staff as well as Chairman felt that the “discussions on financial details could have been avoided, since it is a higher-up matter”. Some joint memoranda also appeared in between. For example, one joint memorandum was on rationalization of employment featuring issues like: i) Rationalisation of employment – reduction in number of employees and various implications of this rationalisation and the reasons for this decrease, (ii) details of production, product mix, exports, investments, etc., (iii) problems of finance vis-à-vis exports were explained, (iv) the rationale for the loan taken from workers and utilisation of the resources thus generated and the repayment schedules for these loans as well as those from the Fis, etc.

This memorandum written in native language was distributed to the workers and the workers were asked to clarify their doubts with their respective sectional union leaders, if they felt interested. The lengthiest (and heated) discussion in PLCC was on rationalisation of employment and consequent workload increase, which went on for nearly three months.

The Workload Change

Due to repeated instruction from IRBI - the operating agency of the revival scheme - the cooperative had to reduce the number of employees and increase workload. The issue was taken up in the PLCC meetings by URs. They emphasized the compelling need to increase workload, and shared what they understood from AUAC discussions, meetings with IRBI and other such meetings. Unions further explained to worker mass in Gate meetings and in union group meetings, that ‘for the survival of the cooperative and thus of the workers, workload change is imperative’ (source: notes found in union offices and the interviews with the unions & workers). The MD had sent a note for the staff and URs,
specifically assuring that ‘this amount (means the additional money from workload change) would be utilized for capital expenditure initially and subsequently for the reduction of employee based dues gradually’. Unions distributed a common note also. In due time, the URs informed workers about finalization of changes. At this point of time, workers opposed any change in workload. But due to 'high pressure from the operating agency and lack of time' (source: MD's note) management went ahead neglecting workers’ opposition.

During implementation, workers protested any change. A shop-floor worker remarked, “They (unions/management) told us that we have to quickly increase production, but we did not get the need for workload increase itself”. At this stage, unions started holding frequent meetings with workers. They explained to workers how increased workload would lead to a better financial health and emphasized the MD's assurance of future payment (source: Unions' note & diaries of union officials). Besides this, the union leaders showed discussion papers to workers proving that the unions had already discussed with Central TU leadersx about all possible alternatives for increasing production, but they also could not find any. After a number of meetings and heated discussions, workers agreed to accept workload change. Then onwards, workers seemed to have taken interest in the issue. PLCC documents read that many permanent workers even volunteered to be transferred to new jobs with additional responsibilities. Some workers came up with suggestions on sharing of new responsibilities.

THE TURBULENT PERIOD [1994-1996]

Despite these efforts, the cooperative could not make the estimated progress. Hence, the financiers became reluctant in continuing their support. Many times wage/salary was delayed and such delays became frequent. Meanwhile, many workers, who were members of ‘strong’xi unions, managed to get some loans ‘secretly’ from provident fund, with MD’s approval, while the loan was denied to others on account of poor financial health of the company. Workers came to know about this “secret deal” and alleged it as “collusion” between the management and unions. The allegations grew into conflict between workers and unions and spilled over to shopfloor. Subsequently, staff as well as workers stopped consulting unions on disciplinary issues.
When the issue of payment of wages was raised in PLCC, the Chairman asked to avoid that issue, reminding that 'the committee was not meant for discussing those issues'. Meanwhile, according to some PLCC members, workers started avoiding the representatives who did not take up the payment issue. A shopfloor worker commented, "Neither the management nor the leaders took any interest in our problems...they were discussing something else (in PLCC), telling us lies". As time progressed, 'due to general work disruptions and increased frequency of walk out form PLCC meeting', the weekly meeting of PLCC was not held for a month. Major chunk of worker mass believed that the PLCC was closed by this time and were not bothered about it further. The following PLCC meetings reflected heated exchanges on 'deterioration of workers' trust on unions' (commented by staff representatives/ Chairman), 'alarming increase in workers' indiscipline' (commented by staff representatives) and 'the loss of workers' trust in the management' (commented by URs) (source: Personal diary of some URs for the final point). Finally, when the management (practically means the MD) felt that 'the PLCC became a stage for fighting between workers (includes union members) and the management (includes staff)' it was formally cancelled.

After cancellation of PLCC, work disruption became quite frequent. The situation of jute industry itself was not different. It was again hit by strikes, lay offs and closures of jute mills. Unlike earlier period, this time the cooperative took active part in the industry wide strikes. To alleviate all the problems and ‘to maintain their interest in work, workers’ payment was given top priority (source: company document). The sustained payment (for 4 months) did not evoke workers’ interest in work and moreover, the next default in payment precipitated a strong workers’ protest against union and management. This, subsequently, resulted in manhandling of union officials and some officers and finally in a lay off. After nine months, the lay off was revoked in April 1997, with the appointment of a new MD. The MD, in turn appointed a President (Works). This marked beginning of a new period.

THE NEW LEADERSHIP PERIOD [1996-1998]

The President started this period holding a number of different meetings with all
employees including unions. The President was easily accessible to all employees for discussions. Whenever the President entered any department, he spoke at least to a few workers, and asked their opinion/suggestions about the working of the company. At the same time, with respect to discipline, he was tough equally with union members and staff as with workers.

Gradually a new disciplinary style evolved. The President frequently moved around the plant openly warning whoever came late without any discrimination. He suspended a worker on the spot when he caught the worker sleeping during duty. The President unravelled an act of forgery by a union member and disciplinary action was taken as per rule (source: Company Document). Many workers, while narrating these incidents and similar other incidents, praised the President’s capability and sincerity.

Later, the President encouraged staff to take disciplinary actions. But, only a few staffs were interested in enforcing discipline. Contrarily, workers progressively took interest in maintaining discipline. It was observed many times that when some workers/union members (including leaders) went on chatting with shopkeepers, non-union workers forcibly took them back to work. The workers teased them openly in work groups, telling, ‘It is our cooperative. You also should work for it’ (source: Author's listening).

In due course of time the President had to increase workload further. The President, with the help of senior staff, finalized the implementation plan. Before implementation, the President directly addressed a Gate meeting and explained the need of workload change and its benefits like ‘the survival of the company’ and 'sustained future payment which may take some time (emphasis added) to come true’ (source: Company documents, Author's participation in the meeting). Workers gave their consent through voice raising. Simultaneously, unions were asked to give their suggestions. Suggestions cum complaint boxes were installed. Also, workers were asked to 'inform the respective HODs/URs, if they (the worker) wanted to be transferred to some other department showing the reasons thereof' (source: Company document). Co-operation from workers was remarkable. Many suggestions as well as complaints were posted. Some workers suggested redeployment from Machine Manufacturing Division (MMD) to production side, since the work in
MMD was less. These workers themselves sought consent from MMD workmen for transfer.

Meanwhile, the President suspended a few staff and some strong union members. After this suspension, majority of staff and two of the strong unions turned against the President, while remaining unions and workers supported him openly. The President then terminated one of the earlier suspended staff members and made advance payment to workers in emergency service without consulting the MD. This was against the rule and thus led to the dismissal of the President. Subsequently, some workers and some union members physically manhandled the MD. This event, once again, kicked off work disruption and turbulence.

This brief but eventful history gives an overview of undulations in industrial relations and employee involvement at work as well as other organizational issues like Disciplining, Plant Level Consultative Committee (PLCC) and Workload Change. In the following section, we discuss the issues around information and workers’ involvement over the years in the cooperative.

**DISCUSSION**

Information is a ‘contested terrain’ (Edwards, 1979) around which waxing and waning of employee involvement happened at NCJM. During the formative period of the cooperative, while management and the unions were intensely involved with numerous meetings and discussions, workers were left alone to understand the ‘new way’ of functioning and the various happenings. The ‘codified’ (Batstone, 1979) nature of the legal and financial intricacies involved in the transformation of a FO company into a cooperative undertaking and the mistrust laden socio-political situation prevailing in the industry led workers to confusion and scepticism. This scepticism came out in the form of SS disturbance and other frequent work disruptions. Contrastingly, during the Stable period, even while the socio-political environment in the jute industry remained turbulent, NCJM was commended as a ‘model’ for its high employees’ involvement. The significant difference during this period was in the manner of information sharing among the management, unions and workers – management being more sensitive to workers’ need for
specific and ‘demystified’ information. It is not that the information sharing was not occurring during the turbulent periods. The information channels were in place and were active with live discussion on issues like employing of contract labour, utilization of funds, workload change, etc. For management the expectation/objective of sharing these information was ‘to increase their (workers’) interest in work’, while for workers information sharing was a ‘proof’ that the management/unions were ‘understanding’ and ‘discussing our (workers’) problems’. Thus, in our opinion there are significant differences in the expectations vis-à-vis information between management and employees. In fact we propose that the information-expectation chain goes through two different loops for management and workers (see Figure 3).

Lack of Involvement/
Interest by workers

Management Loop

Expectation of Involvement/
Efficiency
Further information
withheld
Information sharing  
by management

Contradictory  
Signals  
Testing of  
Trustworthiness

Worker  
Loop

Breakdown of  
Communication

Repeat information sharing

Build up of trust

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Figure 3: Contested Terrain of Information between Management and Workers at NCJM

Management has short-term expectations from information that they share. Their expectations are that sharing of information will lead to greater involvement of workers in the affairs of organisation and result in enhanced productivity and quality at work. This was further reflected in the remarks of the Mill managers/Personnel Manager: since workers were given chances ‘to influence plant level decisions’ and to have ‘free discussions’ with the management/staff, the management expected that ‘workers should take up their responsibilities as owners to increase the throughput’. But our experience here shows that this may not happen in quick succession.

Information sharing may encounter apathetic attitude of workers, as it happened during the initial phase of increased workload implementation and during SS disturbance. Prior to employing contract labour in textile division, although all the implications and the modalities of this proposal were discussed with the worker representatives and generally with the worker mass, still workers did not take any interest in the issue/work and rather joined SS disturbance and subsequent work disruptions. Thus, workers adopted the old style as they did during the FO period. Even if information is shared, workers may still simply continue with their old style of functioning. Or they may feel inefficacy in processing information and making sense of it (Pateman, 1983). For instance, comment of a shopfloor worker: though the management/unions discussed with the workers regarding the ‘compelling need’ for workload increase, workers “did not get the need for increasing workload t itself”

Workers may also be testing the management whether they are really consistent in their deeds (Neill, 1960) and whether they are willing to share the information (which earlier was the privilege of the management only) with the workers openly (without any hiding) and honestly (without any distortion). Many a time, even when management/unions extensively explained to workers, workers took these “explanations” as “phoney” and “big lies”. Some time, at workers own request, financial matters were discussed and
explanatory notes were distributed to worker mass. But along with all these, workers also observed that union members were deliberately avoiding working in plant in the name of meetings and striking “secret deals” with the management. This inconsistency between what management/unions talk and how they act deepened workers’ doubts. Workers perceived management’s/unions’ explanations as an attempt to hide away some “secret matters”, especially regarding the financial dealings from worker mass. “As owners”, workers expected that “they (management/unions) should discuss all these with us also”. An often-echoed question, which workers posed during the group discussion was, “How can we believe their (unions'/management's) explanation, when some of us saw them taking bribes for releasing our own funds? They mishandled our money, telling us some fraud reasons. They have no faith in us”. Workers expectations have deeper dimensions. They are looking for the “trustworthiness” (Whitner, 1998; Mishra, 1996) of the management/unions. For workers, this trustworthiness – the concern for understanding workers’ problems/expectations, subsequent open and honest information sharing, reinforced with consistent deeds - is a manifestation of the trust that management/unions reposed on workers. Thus, for the workers, information perhaps is in the nature of a symbol, an indicator that the management/unions care for workers and their opinions.

But, if management’s expectations of involvement and productivity are not met, that may lead to withholding of information further and breakdown of the positive loop that had just begun because of sharing of information. Recall that during SS disturbance and the later part of the turbulent period, even after the contentious issues were discussed in committees like PLCC, the lingering ‘work disruptions’ and ‘lack of interest in work’ were cropping up. This precipitated the management’s reluctance to share further details (especially financial) in PLCC. Such situations may eventually result in a deadlock of communication between the two parties as the cancellation of discussion forums like PLCC. While management may accuse that workers do not respond to the information shared, for workers, as mentioned earlier, it is more an issue of gesture. It is a signal that management counts their opinion and trusts them with information that earlier they were not privy to. But the signal immediately may not convert into tangible action. Given the history of suspicion and lack of trust between management and workers, and the distance in hierarchy, it may be some time before managerial gesture converts into tangible change.
in worker behaviour. Point is that participation has its own ‘cost’ as well for a worker like carrying the psychological weight of the whole company, inter-personal conflict, never-ending meetings, etc. (Cornforth et al., 1988). This is another reason why gestures of management may not immediately result into corresponding positive feedback from the workers. One of the new roles proposed by Cornforth et al. (1988) for managers in cooperatives is that of an ‘educator’. For instance they relate that the management accountant in one of the cooperatives that they studied made lot of efforts in simplifying the accounts, so that they become comprehendible to a worker. But it was only two years later that he was able to say: “Now people are speaking about it as if it is (their) second nature”.

Thus, we propose that management must take account of phase lag between their actions in institutionalising structures for worker involvements and actual positive effect on worker behaviour. Authors on workers owned organisations have stressed the need for special commitment by the management in institutionalising organisational democracy (Bernstein, 1976). Even one of the authors here has discussed the need for organisational slack in institutionalising democratic processes in an earlier writing (Varman & Chakrabarti, 2002). The difficulty is that such slack is often not available to those cooperatives which have been formed by ‘reluctant entrepreneurs’ (Paton, 1989) primarily to save their jobs and yet once they are formed, and given that they may continue to be in a tight situation, it is important to stress that there is a significant change in their expectations from the management. The complication is that, in spite of change in their expectations they may continue apparently to behave in the same manner as before the transfer of ownership! One of the ways in which such organisations, who otherwise are in a tight situation, may be able to create slack is through information dissemination, even if all the information is not immediately translated into action and even if workers are not competent to process it and make sense. Information disseminated may become more of a symbol that management trusts workers, that things are working well in the organisation and may play a role in change of worker behaviour in due course and even demand for further training to improve their competencies. Moreover, since for workers information sharing is a symbol of the trust that management reposes on former, the information which workers feel critical assumes more importance. As pointed out earlier, this calls for a fine sensitivity and concern from the management regarding workers’
expectations on the information to be shared with them. But, this brings us to the second aspect of workers’ expectations that this case study signifies – the evolving nature of the expectations.

To begin with the expectations might be only that the cooperative runs as an economic entity, which makes “profit” and “saves” one’s job. But, as gradually the idea of their changed status sinks in, both individually and collectively, workers may demand more influence and more information like information on ‘fund distribution’ and further on ‘details of financial handling’ of the company. Yet the difficulty remains that if there is lack of commitment from the management, then given the limitations of worker skills and competence, frustration may quickly set in, which may lead to distrust and withdrawal from the workers. This is marked in the case of NCJM. During the turbulent period, when management did not show any interest in discussing the financial matters with the workers, they took it as management’s lack of interest in “considering” their views and “discussing our (workers’) problems”.

The result was a ‘growing distrust between workers and management’ and ‘workers and unions’. Thus, we propose that trust based ties between management and workers can be achieved only if expectations of workers can be matched by the management action – to begin with, by information sharing in a sustained manner (see Figure 4). In a participant observation based study of an alternative health organisation, which otherwise claimed that every member was equal in the organisation, Kleinman (1996) shows the subtle ways in which gender divide and practitioner-office staff divide works and societal norms of domination and power are reinforced. Kleinman brings out the processes and the dominant ideology behind it through which practitioners stonewall any debate with the office staff on bringing any change to the traditional roles, which carry their own notions of superiority-inferiority, competence-incompetence, etc. But then, this feeling of we vs. they, thwarting of the ambitions of the staff group either to become part-practitioners or insisting that practitioners volunteer to do some staff work as well quickly leads to increasing distrust amongst the two sides, withdrawal and even quitting organisation by valued members.

Fair process according to Kim & Mauborgne (1997), requires ‘engagement’, ‘explanation’, and ‘explanation clarity’, which evidently has information sharing as its core element. Once this happens, people cooperate willingly. Finally it is only matching of evolving expectations with information sharing that leads to trust based ties between management
and workers even in NCJM kind of workers’ cooperative.

Information
Sharing
Evolving Expectations
of workers

Trust Based Ties

Figure 4: Expectation – Information – Trust Triangle

REFERENCE


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APPENDIX A

THE STRUGGLES IN FORMING THE COOPERATIVE

The Backdrop

The New Central Jute Mills (NCJM) also has to be understood in the overall context of the jute industry in India. Till 1970, jute industry was prospering in India. But then onwards, due to various factors many mills have been periodically closing down for short or long durations. Closures and lockouts for a few months are endemic to this industry, extending to 2 or 3 years. In many cases closures for longer periods are not uncommon. It is against this background that the NCJM experiment has to be viewed.

Albion and Lothian mills were established in 1919 by a British industrialist and were offloaded to an Indian industrial family – Sahu Jain Group – in early 1950s, with its name changed to New Central Jute Mills. Under the latter the mills acquired a reputation for technological excellence and quality production. However, financial constraints led to a gradual deterioration of viability of the company. Various reports show that the financial crisis was created largely as a result of the losses incurred by the Shahu Jain group's chemical and fertilizer units in other states. Gradually, promoters became indifferent in investing further in the company and mainly due to fund constraint the company started dying. Meanwhile, it had faced lockout four times during 1982-1987, 1986-1987 lockout extending almost a year. Many workers faced starvation for days. Some workers went back to their native place, some committed suicide and others adopted begging on roads. The local economy of the area was shaken since most of the residents in that area were dependent on this company in some way or other. In due course, the owners of the company withdrew leaving some assets and liabilities behind. During this period, jute industry itself was passing through a crisis. It was reported in local news dailies that due to the non-profitability of the jute industry many jute mill owners were withdrawing. This had resulted in a number of mills getting closed down and a general labour unrest in the industry. A few mills even have gone for making workers cooperative but many of them could not take up/sustain even for a year. Regarding some of the cooperatives rumours spread around that they were attempts by vested interest to crush the ‘unionism’ and the workers in general. Clashes between the unions and workers, management and workers, was a common phenomenon.

A Mosaic of Meeting

The workers of NCJM, through their unions, approached the state Government and the unions, through their state/central leaders, put pressure on even Government of India to nationalize the company or to implement take over of the company by the state Government. At this juncture, the state Government asked the management of the company to come up with any workable solution. The top management took the help of the local influential political leaders to build unity among the warring Trade Unions (TUs)
of different political colours. Eventually, all unions agreed to sit for a joint meeting with the top management to discuss re-opening of the company. The top management held a number of meetings with the unions and the idea of industrial cooperative came up.

But, this was considered as only the third alternative after nationalisation and liquidation. The unions/workers realised that their jobs and life were at stake. But, may be due to the situations prevailing around (as described) like withdrawing of jute mill owners, labour clashes, floating of new cooperatives and consequent futile attempts, even under this kind of pressure unions/workers were skeptic about the success and formation of a employees cooperative. As the Managing Director (MD) suggested, the unions visited a few working Indian worker owned organizations. These visits helped to reduce the doubts. At the time of lockout (April 1986), workers were up in arms against union leaders, accusing them of collusion with the management. But as the lockout continued and there appeared little hope of re-opening, workers became conciliatory to the leaders and were ready for any proposal, which would result in reopening of the mills. This time the convener of TUs proposed that if any worthwhile settlement had to be made, it would require the cooperation of all the 14 unions and would certainly fail if they continued to bicker. All unions agreed to stand united and they jointly approached the MD with an offer to cooperate in any plan that he thought would be viable. The first task then was to get a general approval from the West Bengal (WB) government. Subsequently, an application was sent to the BIFR, a governmental agency, which is legally authorized to assist (legal + financial) reviving dying industrial units. Simultaneously, a formal plan was sent to the WB government also.

The Managing Director held meeting with staff to get their consent while all unions together called a mass meeting to get the support for forming an industrial cooperative. All employees agreed to contribute to purchase equity shares of the company and to form an industrial cooperative to acquire and hold the equity of the company on behalf of the employees. Subsequently, a bi-partite agreement was signed between the management and the unions (representing staff + workers) and the mills were reopened on 7th March 1987 in phased manner.

As per BIFR procedure, reference was made to the BIFR under the Sick Industrial (Special Provision) Company, Act 1985 to declare the company as “sick” and consequently to get sanction of company’s revival scheme. The BIFR appointed IRBI-another governmental agency- as its operating agency, to study and check the legal and financial sides of the revival scheme that the company had submitted to BIFR. After IRBI’s initial studies and checks, BIFR declared the company as “sick”. Further, IRBI held separate meetings with workers and staff and with all financiers. They asked for guarantors for their investment. Then WB Government agreed to become guarantor on behalf of employees. It also agreed to take equity shares (41.17%) of the company to reduce the employees’ financial burden. After all these the employees’ share stood at
Formation of the Cooperative

While attempting to form an industrial cooperative, it was understood that the formation of an industrial cooperative for such a “sick” and old company was legally very difficult. But, it was found easier to use the existing cooperative credit society of the mills, called New central Credit Cooperative Society Limited (NCCSL), which had been working for last several years. NCCSL purchased the shares of the company on behalf of the employees. Thus, the NCJM Co. Ltd. legally became an enterprise of NCCSL.
End Notes
Usage of quotes in this paper: Single quoted word/sentence(s) are taken from a written/document word, while double quote shows an oral conversation.

i. Rs: In this case study Rs stands for Indian Rupees. 1 US$ = 45–48 Indian Rupees.
i. According to the TU law in India, any 7 members can register a union. There is no provision to have a sole bargaining agent, hence there is multiplicity of unions.

ii. The total value of shares to be taken by each employee.

iii. For this case study, the word employee means all the personnel working in this organization. For the sake of study, employees are categorized into management, staff, union members, and workers.

iv. There were only 2 union representatives from shop floor, even though 75% of the workers belonged to the floor.

v. The co-operative was declared ‘sick’ in 1987 by BIFR under the Sick Industrial (Special Provision) Company Act, 1985.

vi. West Bengal has been continuously ruled by Communist Party for almost 20 years. This party along with other major political parties of the State had formally asked the TUs in this co-operative to join the strike, since TUs in this co-operative are affiliated to these parties. Moreover, people in this state are said to be politically more active and more political strikes driven compared to other states.

vii. There was a countrywide strike called on by major political parties of India. West Bengal, being politically very sensitive and strong, people fear to attend their office/work during this kind of strike.

viii. Dr. Alok Bhaumik, in his survey conducted in 1992 (titled ‘workers’ Industrial Co-operative Societies in Calcutta: Selected indicators of status and performance’) described NCJM co-operative as a “model” co-operative.

ix. Local mass respects the Central leaders as knowledgeable and authoritative persons regarding these matters.

x. Unions affiliated to the ruling party and the opposition party in the state were said to be powerful.

xi. Workers who are actively involved in union activities. Total strength of union members including union leaders was around 200 out of 7000 (approx.)