

# An Empirical Study of the Role of Management and Labour in the Overall Development of Tata Steel Jamshedpur

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## Abstract

India is the world's second-largest producer of crude steel after China, as of 2021, with an output of 118.2 million tonnes. (worldsteel.org, n.d.) The steel industry is emerging, and with the initiatives taken by Government, the steel industry's growth is very positive for the nation's economic development. The present paper deals with an empirical approach to Workers' Participation in management or the role played by management and labour at Tata Steel Jamshedpur, which leads to Industrial harmony. The introduction of the Worker's Participation in Management, where closer employee association with Management is an important landmark in the development of modern management philosophy in India and is an essential feature of industrial democracy. Tata Steel has successfully implemented this concept and has achieved more than 100 years of harmonious industrial relations.

**Keywords:** Role of management, Role of Labour, Tata Steel, Jamshedpur

## Introduction

Participative Management or workers' participation in management is essential for human relations as it offers a very high degree of potential for higher productivity and mental and emotional involvement of the workers towards the organisation. It helps to satisfy the self-esteem needs of the workers. Participative management also helps achieve industrial peace and harmony. (Dr. M. Veeraselvam, 2014) In 1920; Mahatma Gandhi introduced the concept of WPM in India. In Ahmedabad, textile workers and employers agreed to resolve the dispute through joint participation. In 1958, TISCO set up committees for workers to participate in various matters related to the organisation. (Sunita, 2020). Participative management exists in Tata Steel because of the agreement between the Tata Iron and Steel Company (TISCO) and Tata Workers Union on January 8<sup>th</sup>, 1956. (Mahanty, 2004) TISCO is now known as Tata Steel. The primary purpose of Participative management in Tata Steel was to promote increased production, giving the employee a better understanding of their role and satisfying workers' urge for self-expression.

1. The advantages of a participative management style:

- Increase team morale: Participative leaders give every team member a voice. Because employees play an active role in the company's success, they are more motivated and engaged with their work.

- Promote collaboration: Association contributes to higher morale and improved communication between team members. Employees are provided with the flexibility to work together to reach goals, make plans, and help one another.
- Uncover creative solutions: Since employees are encouraged to collaborate, a free-flowing exchange of ideas often leads to innovative solutions.
- Teams more readily accept decisions: Knowing that each team member contributed to the decision-making process makes employees feel more confident about the outcome.
- Improve employee retention: Participative managers foster an environment that makes people feel genuinely valued. They give employees plenty of development opportunities—showing that there is room for them to grow within the company—and offer them chances to implement their ideas. This significantly contributes to improved employee retention. (hrdqstore.com, 2022)

## 2. Objectives of the study:

- i. The primary objective of this study is to analyse the role of management and labour in the overall development of Tata Steel, Jamshedpur.
- ii. This study also strives to analyse the effectiveness of the concept of ‘Working Together’ in achieving growth in terms of profitability and production in Tata Steel.

## 3. Research Methodology:

As for the research purpose, the analysis of the secondary data was collected by the researcher. The data of saleable steel production and profit after tax was gathered from 1915-16 to 1982-83. The ‘working together’ policy was rolled out in 1956 at Tata Steel. Therefore, the data for both the variables were divided into two parts viz: before implementation of ‘working together’ i. e. for a period of 1930-31 to 1954-55) and after ‘working together’ i. e. for a period of 1955-56 to 1979-80. For analysis, two Null -Hypotheses are taken.

*H1: There is no impact of ‘working together in increasing the production of saleable steel*

*H2: There is no impact of ‘working together in increasing the profit after tax of Tata Steel*

The analysis is conducted in two parts:

1. Impact of ‘working together on saleable steel production of Tata Steel
2. Impact of ‘working together on profit after tax of Tata Steel

### 1. Impact of ‘working together on saleable steel production of Tata Steel

The organisation’s growth after the implementation of the ‘working together’ concept is evaluated in the context of saleable steel production done by the organisation. The following null hypothesis is formulated:

*H1: There is no impact of ‘working together in increasing the production of saleable steel*

A paired t-test was administered to check whether there exists a significant difference in average saleable steel production after implementation of ‘working together’. Commercial-steel production is measured in terms of thousand tonnes (i. e. '000 tonnes). The output of paired t-test is presented below:

‘N’ stands for the number of Workers

**Paired Samples Statistics**

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 Production.1931_55	709.48	25	121.866	24.373
Production.1956_80	1347.40	25	253.360	50.672

Table: 1.1 Paired Sample statistics for the production of saleable steel

**Paired Samples Correlations**

	N	Correlation	Sig.
Pair 1 Production.1931_55 & Production.1956_80	25	.946	.000

Table: 1.2 Paired samples correlation for production of saleable steel

**Paired Samples Test**

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 Production.1931_55 - Production.1956_80	-637.920	143.702	28.740	-697.237	-578.603	-22.196	24	.000

Table: 1.3 Paired samples t-test for production of saleable steel production

The results of paired t-test show that there is a significant difference in the production of saleable steel before and after implementation of the ‘working together concept’ ( $t=29.196$ ,  $p<.05$ ). Therefore, the null hypothesis ‘there is no impact of working together in increasing the production of saleable steel’ is rejected. Therefore, it is interpreted that the concept of ‘working together’ significantly impacts increasing saleable steel production (Before mean = 709.48., After mean = 1347.40) after its implementation.

## 2. Impact of ‘working together on Profit After Tax (PAT) of Tata Steel

The organisation’s growth after implementing the ‘working together’ concept is also evaluated in the context of profit after tax (PAT) earned by the organisation. The following null hypothesis is formulated:

*H2: There is no impact of ‘working together in increasing the profit after tax of Tata Steel*

A paired t-test was administered to check whether there exists a significant difference in the average PAT after implementation of ‘working together’. The PAT is measured in ‘Rs lakhs’. The output of paired t-test is presented below:

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 PAT1931_56	207.000	25	99.1758	19.8352
PAT1956_80	832.440	25	371.6401	74.3280

Table 2.4 Paired samples statistics of PAT.

	N	Correlation	Sig.
Pair 1 PAT1931_56 & PAT1956_80	25	.532	.006

Table: 2.5 Paired sample correlations of PAT

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 PAT1931_56 - PAT1956_80	-625.4400	329.7749	65.9550	-761.5644	-489.3156	-9.483	24	.000

The results of paired t-test show that there is a significant difference in the PAT before and after implementation of the ‘working together concept’ ( $t=9.483, p>.05$ ). Therefore, the null hypothesis ‘there is no impact of working together in increasing PAT of Tata Steel’ is rejected. Therefore, it is interpreted that the concept of ‘working together’ has a non-significant impact in increasing PAT (Before mean = 207.000, After mean = 832.440).

#### 4. Findings and Conclusion:

From the above analysis, we conclude that:

- The concept of ‘working together’ significantly impacts increasing saleable steel production (Before mean = 709.48, After mean = 1347.40.) after its implementation.
- The concept of ‘working together’ significantly impacts increasing PAT (Before mean = 207.000, After Mean = 832.440).

5. Limitations of the Study: Primary data needed to be considered while conducting the survey. Data for a minimum period was considered for research purposes. ‘Working together Concept’ has led to more than 100 years of Industrial Harmony at Tata Steel. After implementing the concept, there is no strike in the organisation.

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