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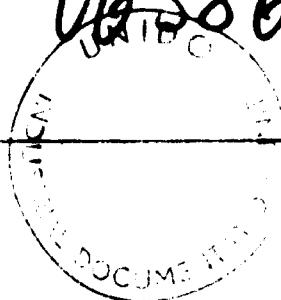
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UNITED NATIONS ECONOMIC  
DEVELOPMENT ORGANIZATION



Distr.  
RESERVED  
UNIDO/TOD. 49  
30 May 1973  
ENGLISH

MANAGEMENT IN NATIONALIZED INDUSTRIES, <sup>1/</sup>

(DP/BGD/73/046/11-01/10)

BANGLADESH . (1975) . J

Terminal report prepared for the Government of Bangladesh

by

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year, such as: the Emergency rules in January 1975. the establishment of rule by one party /Krishak Sramik Awami League - Peasants and Worker's People's Party/. This Party is divided into five organisations: One for Workers, One for Peasants, One for Youths, One for Students and One for Women. In February 1975, in his latest speech on March 27, 1975, the President stated the objectives of the "Second Revolution". The liquidation of corruption Family Planning, increased production in Agriculture and Industry, The Establishment of cooperatives in villages and changes in the political administrative systems.

The Nationalised Industries, the spearhead of the industrialisation in Bangladesh, have a definite position in the system; but excessive centralisation of power at the higher levels of management could decrease the efficiency of enterprises in the future.

The workers participation in management has an important place in the constitution. However, its implementation has not yet started. Trade Unions, who claim a main role in its introduction, have not been able to fulfil these expectations because of the personal interests of their leaders in particular policies and because of the inadequate policies of Trade Unions Organisations in the New situation in the country.

## I - S U M M A R Y

During last four years, after its liberation, the People's Republic of Bangladesh has made tremendous progress; However, several problems have arisen which could seriously imperil the future development of Bangladesh, if they are not be solved effectively and in time.

One of the main reasons for this is that there has not been enough time in the short life of the new State for the old system to be destroyed and for a completely new one created in its place. In addition, the habits of the people and the ways of thinking connected with the old social political and economical relations have not changed.

The constitution and other official documents of the Government determine the objectives of the society and the policies necessary to achieve these objectives; however, the achievement of these objectives is inevitably a slow process, which could weaken the faith of the people in the new system.

Problems connected with national Planning the increasingly active and destructive role of the opposition, corruption, black market and general insecurity resulted in fundamental political changes during the last half

The main policy objectives for the more efficient management of the public sector, particularly of nationalized Industries, should be: permanent training for managers and Directors, an improvement system of incentives for all employees in enterprises and other levels of management, the integration of enterprises with similar programmes of production in some industrial regions, and the revolution of more independency and authority to enterprises and greater participation in decision making. Workers participation in management should be designed as a system in which all employed in the enterprise will be involved, starting from the enterprise level and later spreading to other levels. This system should be changed or improved from time to time, according to changes in the development situation of Bangladesh and according to the workers level of education. It is therefore necessary to ensure permanent education of all workers in order to realize the potential of all the productive forces in Bangladesh.



2 - SCHEDULE OF ACTIVITIES

After the War, the People's Republic of Bangladesh Nationalized all industrial enterprises whose assets amounted to over 1.5 million Taka. This act of Nationalization represented revolutionary change in the economic system, and it was natural that the problem of how to organize the nationalised industries for greater efficiency arose very quickly.

As a result of this need one of the actions of the Bangladesh Government was to request the Yugoslav Government to send to Bangladesh a team of experts, with the task of making a study of the management of Nationalised Industries in Bangladesh. Accordingly Bangladesh visited from November 24 to December 12, 1972 a team of 2 experts. The members of the mission were: Černovsek Branko /B.S. in Machining engineering/ and Kalodera Dragutin /B.S. in Economics/ who prepared a report entitled "A study of the nationalised industries of Bangladesh". A part of this study contained proposals for further projects; one these was concerned with workers participation in management.

During Summer 1973 the Bangladesh Government asked UNIDO for a further mission by Mr. Cernovsek Branka as an

UNDP/UNIDO Expert in connection with the Project mentioned above. At the same time it was agreed to assign a combined ILO/SIDA Mission to Bangladesh. The purpose of this Mission was also to study the question of workers participation. However emphasizing some specific aspects /international rules for workers participation and the role of Trade Unions/. For this reason the visit of Mr. Černovsek was postponed. The ILO/SIDA Mission visited Bangladesh from 6 to 30 November 1973 and prepared a report with the title "Workers participation in Management".

More than one year later the project initiated by Yugoslav Experts was realised. The project was approved under the UNDP country programme /BGD/73/046/. The Expert UNDP/UNIDO Mr. Černovsek Branko was in Bangladesh from 10 March, 1975 to 10 April 1975 under the project.

The purpose of the project was partly to study the problem of management in the nationalised industries of Bangladesh with the accent on the problem of workers' participation in management, the legal regulations in this field, the present situation in practice and the preparation of recommendations. Additionally, it was necessary to make comments upon the report on "Workers participation in management" prepared by the ILO/SIDA Mission. The Job Descriptions are given in Annex No. 1.

The Expert had a number of discussions with Directors and General Managers of various enterprises of nationalised industries, he had discussions with the Chairmans of several Corporations and with the Secretary of NID and the Secretary of Labour. The detailed programme of work and contacts made are given in Annex No. 2. The Expert also studied a number of written documents and reports, the speeches of various political leaders of Bangladesh references are given in chapter 7 of this report.

It is necessary to emphasize that the expert had excellent cooperation with M/s. contrapart Mr. R.A. Chowdhury /Labour Adviser in NID/ who coordinated his programme. It is also necessary to emphasise the very positive relationship enjoyed by the Expert with all persons included in intervuyes. The expert had access to all the documents which he needed. Mr. R. Millar, The Programme Officer in the Assistance of UNDP-Dacca, has also appreciated.

### 3 - I N T R O D U C T I O N

#### 3.1. General

Even in the present-day world of rapid changes, unexpected events and daily surprises, Bangladesh as a State presents a political phenomenon in terms of its position within former and in terms of its features as an independent State.

It is not the intention to reproduce the events which brought to creat the State of the People's Republic of Bangladesh, but because of continuit, it is necessary give some basic characteristics of the country, connected with the location, political, economical and social system, and listen some specific problems of this country to which is no comparison in the rest of the World.

The People's Republic of Bangladesh was born at Dacca 16, 1971 when the last Pakistani Units surrendered; This day has been declared Victory Day and a National Holiday.

The People's Republic of Bangladesh /past East Pakistan/ is situated on the enormous delta of two major rivers in Asia, the Ganges and the Brammaputra and represents one of the most densely populated and poorest regions

in the World, on an area of roughly 55.000 Sq.M. /About 140.000 Sq.Km/ live about 75 million people.

In this country, which by its population ranks eighth in the World, is the density of population 1360 people per Sq. M., which represents the greatest density in the World with the exception of a few specific localities such as Hong Kong or Singapore, with an annual birth rate of 3% which is typical for many developing countries, its annual population growth amounts to 2,25 million people which means that, with the present ratio of growth Bangladesh will have 150 million of habitants after 30 years.

The national per capita income in 1969-1970 averaged 450 Taka of according to the official rate of exchange 1 US dollar = 8 Taka, about 75 US dollars. But if it is taken ind account only 20% of the poorest inhabitants, the national per capita income would be only about 20 dollars.

This combination of over population and poverty of such proportions is unique in the World; more then 90% of total population lives off the land or rather makes a living in agriculture, about 6% of the population lives in Urban areas but this areas can not be measured with criterias which exist for thought about the towns in developed countries.

70% of families /an average family has between five and six members/ live in one and half room units of a completely improvised nature with no built walls, 80% of all houses have no water supply, 97% have no electricity.

In the view of these circumstances it is no wonder that only 17% of the total population is literate.

3-5% of the totale active population is employed in the secondary and tertiary sectors.

In 1969, Industry accounted for only 9% of the total social product of Bangladesh.

The larger manufacturing industry enterprises have over past few years been contributing about 6% of the social product of Bangladesh and employing about 1% of the labour force. However, the significance of this industry by far exceeds this figures, the founds for the import of raw material and many important products.

In Bangladesh, the number of people who receive a regular monthly salary is very small /3-5%. The difference among those who do receive a salary ranges from 1 to 15. Besides, a small part of the population whichs has no salary, controls relatively large resources. /That is

the case in the private sector/. That is the reason, that this situation cannot be measured by stereotype yardsticks; the same is the situation for the solutions of the existing problems.

### 3.2 Political system

After the War, from 1972 in the country was dominated the largest party, the Awami League, with Sheikh Mujibur Rahman in the head, which is in the present moment the mainstay of National unity. From recently /the changes at the latest time will be listen later/ in the country existed Multi-party system, but on total Awami League 80% of members, and the remainder was divided between all other parties.

It can say that Bangladesh grew out of the ruins of another state in which the dominant role in management of state had the West Pakistanis and with their departure the old state structure disappeared. The old structure ceased to exist.

But a new one has still not been fully developed.

In this circumstances was formulated long-term political programme which parliament incorporated in its new

constitution which was formally declared on December 16th, 1972.

The political system is based according to the Constitution on 4 principles:

1. Nationalism. In the sense of unity and solidarity of the Banglades Nation, whose indentify from its language, culture and liberation struggle.
2. Socialism and liwuidation of exploitation and social inequality.
3. Democracy and human rights in the sense of freedom of the individual and rights of the Nation to effectively participate through its elected representatives in the administration at all levels.
4. Secularism and freedom of religion.

Meanwhile in the tendency to implement the principles mentioned above meet the great difficulties which reflectet on general security, and the stability; but, about this later.



### 3.3. Economical system

During the liberation struggle in 1971 and early in 1972 Bangladesh's Economy was badly damaged.

The migration of more than 10 million people, the most of destroyed houses and high losses of cattle, particularly affected agriculture.

The industry itself was not damaged very badly; according to estimates of the Bangladesh Industrial Corporation /BICD/ about 4% of installed capacities was damaged. However, far greater problems were caused by shortage or losses of spare parts and material stocks.

The great damages on the installations for transmission of electrical energy and transport facilities /it was destroyed about 280 bridges/ opened the enormous problems and losses to the economy of the country. /In December, 1972, for example, the production of electricity amounted to only 46% of the normal level/.

According to the principles declared the Constitution on June 6, 1972 were nationalised all industrial enterprises whose assets amounted to over 45 million Taka. This act nationalised more than three quarters of the entire industry /in terms of its total assets/ or 254 enterprises.

The nationalization of all larger industrial enterprises was a solution that imposed itself only as a step in direction to socialisation of the country, but also as a solution for ownership of a large number, in fact that majority, of those enterprises which their west Pakistani owners had deserted.

Simultaneously were also nationalized all banks and Insurance Companies /except those owned by foreigners/. So that all leading positions in the economy were put under the control of the State.

#### 3.4. Nationalised Industry of Bangladesh

The Nationalised section industry which dominates over the economy was meant to be organized in a way that would avoid the mistakes and ineffectiveness of the public sector typical of public enterprises in former Pakistan.

The following principles of social organisation of the nationalized industries were declared fundamental:

- /a/ Effectiveness
- /b/ Professional completeness
- /c/ Decentralisation of decision-making /authority/
- /d/ Workers participation in management.

The intention behind these principles was to avoid a high degree of bureaucracy particularly "at a top" of the organizational structure of nationalised industries consisted of three main levels:

- The Enterprise
- The Corporation
- The Government or Ministry of Industry  
in the name of Government.

Note: The Organisational structure and descriptions of authorities and responsibilities are given in the Annex No. 3.

The 254 enterprises are grouped in 10 Corporations /at present they are only 9 because the jute Corporation is now the independent Ministry/ in which are incorporated some branches of Industry and they are responsible to Ministry of Industry acting through the Secretariat know as the Department for Nationalized Industry of Ministry of Industry.

Such an organizational structure of nationalized industries was intended to help effectively to achieve the fundamental goals of nationalization, i.e.:

- To eliminate private and monopol capital from major industries and financial and insurance institutions.

- To establish state control over key sectors of the national economy and to manage those sectors on behalf of the state.
- To make sure that industrial profits are used for the benefit of the community as a whole and not in the private interest.
- To provide workers with greater rights and participation in Management.

4 - F I N D I N G S

4.1 Legal regulations connected with workers participation in Management and with the future position of working people in general

a/ Relevant provisions of the constitution of the People's Republic of Bangladesh.

In the preamble to the constitution of the People's Republic of Bangladesh it is indicated inter-alia "that it shall be a fundamental aim of the State to realise through the democratic process, Socialist Society, free from exploitation, a society in which the rule of law, fundamental human rights and freedoms equality and justice, political, economic and social, will be secured for all citizens".

In part II - "Fundamental Principles of State Policy"  
- the constitution provides inter-alia, for the following:

/1/ The principles of nationalism, socialism, democracy and secularism, together with the principles derived from them as set out in this Part, shall constitute the fundamental principles of state policy.

A socialist economic system shall be established

with a view to ensuring the attainment of a just and egalitarian society, free from the exploitation of man by man.

The Republic shall be a democracy in which fundamental human rights and freedoms and respect for the dignity and worth of the human person shall be guaranteed, and in which effective participation by the people through their elected representatives in administration at all levels shall be ensured.

The people shall own or control the instruments and means of production and distribution, and with this end in view ownership shall assume the following forms:

- /a/ state ownership, that is ownership by the State on behalf of the people through the creation of an efficient and dynamic nationalised public sector embracing the key sectors of the economy;
- /b/ Cooperative ownership, that is ownership by cooperatives on behalf of their members within such limits as may be prescribed by law; and
- /c/ private ownership, that is ownership by individuals within such limits as may be prescribed by law.

It shall be a fundamental responsibility of the State to emancipate the toiling masses - the peasants and workers - and backward sections of the people from all forms of exploitation.

It shall be a fundamental responsibility of the State to attain, through planned economic growth, a constant increase of productive forces and a steady improvement in the material and cultural standard of living of the people, with a view to securing for its citizens;

- /a/ the provision of the basic necessities of life including food, clothing, shelter, education and medical care;
- /b/ the right to work, that is the right to guaranteed employment at a reasonable wage, having regard to the quantity and quality of work;
- /c/ the right to reasonable rest, recreation and leisure, and
- /d/ the right to social security, that is to say the right to public assistance in cases of undeserved want arising from unemployment, illness or disablement, or suffered by widows or orphans or in old age, or in other such cases.

The State shall adopt effective measures for the purpose of:

- /a/ establishing a uniform, mass-oriented and universal system of education and extending free and compulsory education to all children to such stages as may be determined by law;
  - /b/ relating education to the needs of society and producing properly trained and motivated citizens to serve those needs; and
  - /c/ removing illiteracy within such time as may be determined by law.
- /1/ The State shall endeavour to ensure equality of opportunity to all citizens.
- /2/ The State shall adopt effective measures to remove social and economic inequality between man and man and to ensure the equitable distribution of wealth among citizens, and of opportunities in order to attain a uniform level of economic development throughout the Republic.
- /1/ Work is a right, a duty and a matter of honour for every citizen who is capable of working, and everyone shall be paid for his work on the basis



of the principle "from each according to his abilities, to each according to his work".

/2/ The State shall endeavour to create conditions in which, as a general principle, persons shall not be able to enjoy unearned incomes, and in which human labour in every form, intellectual and physical, shall become fuller expression of creative endeavour and of the human personality.

/1/ It is the duty of every citizen to observe the constitution and the laws, to maintain discipline, to perform public duties and to protect public property.

/2/ Every person in the service of the Republic has a duty to strive at all times to serve the people".

It is possible to say that the basic principles of the constitution are the most progressive which a society can have; however it is also possible to say that the realisation of such principles or objectives in the situation in which Bangladesh is on today will be long process.

The constitution contains only some basic ideas about workers participation without any details on the forms it could take.

/b/ The Labour Policy

/Announced on September 27, 1972/

On September 27, 1972 Alhaj Zahur Ahmed Chowdhury, Minister for Labour and Social Welfare, announced the Labour Policy /see Annex No. 3/. Undoubtedly, the introduction to this document lays down basic guidelines for Labour Policy; but, this policy has not yet been implemented except in some minor aspects. This is especially true of the chapters which define the forms of workers participation in management. For example, management boards and management councils have not been established; the wage Board has been established but not in the proposed form /i.e. with a member his including workers representatives/.

It seems that the basic obstacle to the implementation of the declared Policy that the position of the Trade Unions has not been clarified. In their existing form the Trade Unions cannot have a positive role and their representatives cannot participate in some decision-making bodies because of disunity and the vested interests of some of their leaders.

It is necessary to mention that the judgement in chapter III: "differences between Labour and Management in the Nationalized Industries will be resolved through joint consultations in the management board and workers management council" is not realistic because conflicts between workers /or working people/ and management are the result of many factors. However, it is true that many problems could be solved more easily if some form of workers' participation is developed.

It appears that as a result of the recent changes in the constitution a new Labour Policy is being prepared and should be announced within the next 2 to 3 months.

c/ The report of a special committee set up by planning commission in February, 1972

In its report the committee makes the point that workers' participation is now an important issue in Bangladesh because the past conduct of industrialists and the rise in the aspirations of the workers and the common people have created "a vacuum of legitimacy and accepted authority".

Thus it may be regarded not only as an important step towards socialism but also as an essential incentive to the workers to cooperate wholeheartedly in establishing an effective and competitive industrial capability in Bangladesh.

It is evident that the committee had some ideas about workers participation, but did not put forward concrete and realistic plans for its implementation.

d/ Written documents connected with workers' participation in enterprises

As a result of contacts with some Directors and Managers in different enterprises it is possible to make the conclusion that workers' participation rules do not exist to any significant extent in the nationalised industries and that there are no official written regulations based on law in this field. In one or two cases some form of workers' participation seems to have been introduced through Trade Union pressure. But Trade Unions have never been the official channel for workers participation. There has never been a model which could serve as a basis for the future development of workers participation. It is clear

that is necessary far more to be done before the part of the constitution concerned with workers' participation in management in Bangladesh can be implemented /a proposed system of workers' participations outlines in chapter 5.1/.

4.2. The present situation of management  
in nationalized industries - problems

Four years after the war and the liberation of the country the people's Republic of Bangladesh has had significant successes in different areas, but at the same time faces problems which if not solved in time, could slow down the further development of the country.

Only these problems are mentioned in the following paragraphs which are concerned with the management of nationalized industries. Problems linked with workers participation are given in an other part of this report.

a/ After the war many people believed that the fact of the liberation works ensure better standards of living in a short time /every country no matter what system it has adopted must have after a war some period during which the standards of living decrease, to ensure conditions for further progress/. For this reason the people were not sufficiently conscious

of the need for hard work to rebuild the country. Various enemies of the country were able to use this fact for to oppose the existing system.

b/ Bangladesh established, after some centuries under the colonial rule and more than twenty years under west Pakistan rule, its own state which common policy defined principles different of principles which were inforce during centuries. For this reason it was necessary to find many new solutions on the management problems; old habits and ways of thinking still existed which caused a series of conflicts.

There exist some aereas in which problems arise because of imperfections in the system. Some examples of those problems are given in the following paragraphs:

a/ The price of many products is unreasonably high- very often two or three times higher than the cost of production of the same products. One of the reasons for this is that, although the production cost are controlled by the Governement /turogh the nationalized industries/, distribution costs are very often outside this control and come under the private sector. Thus, if production is under Governement control, so also should distribution.

b/ Personal incomes of highly qualified people in the Nationalized Industries are limited /2000 Tacas/ but they have full freedom to choose and change their work places and the enterprises they work for. The logical consequence of this is how to ensure a big enough of employ of the specialists who are required by the enterprises /especially in the situation where there is a grave shortage of this calibre of person anyhow in Bangladesh/. There is no means of preventing them from moving into other positions with better material and other conditions allied to living standards.

If salaries are limited, the distribution of specialized personnel should be planned.

c/ After the war, Trade Unions continued their activities in the same manner as before, although then industry was in private hands. The position of the workers was different since they were directly opposed to the private owners. In the present situation, with industry nationalized, the position of the Trade Unions and their role should be different.

These examples show that problems can arise if the system is incomplete, or if the solutions are only partly implemented.

- c/ The existence of many Trade Union Organizations and the fight by some thir leaders for mainly personal interests or the interests of only a few Union Organisations, and also their methods of work which corresponded more to the old social relationship brought to bear permanent pressures on the management and caused strikes: all these essentially diminished the efficiency and effectiveness of the Nationalized Industries of Bangladesh.
- d/ The existence of a number of parties also had a similar effect; both causing much insecurity in the country.
- e/ After the war most of the Directors, Managers in Industrial concerns in former East Pakistan and Administration Officers left because they originated from West Pakistan or cooperated with them during the war. The result was a shortage of experienced personnel in Industry. On the other hand the desire of Bangladesh to develop the country quickly and to build a modern economy results in a great demand managerial staff. An other problem is the lack of training and experience in decision making very important questions concerned enterprises and the economy in general. The problem of the Training of



Managers very well expressed by a Chairman of one Corporation who said: "While the State had taken over the task of planning and resources mobilisation the actual utilisation of national wealth at the micro level has been greatly handicapped because of an utter shortage of trained business leaders.

Our managerial development was limited for a long time to the familiar business houses and industrial empires.

On account of the lack of requisite trained managerial cadre to run nationalised commerce and industry in Bangladesh it has been necessary to place in fairly responsible positions, men of inadequate competence and training. This situation has also been heightened by the restrictions on remunerations which has meant that only men of competence limited have been attracted to responsible positions; as a result of this lack of competence the Government have been forced to make various rules and regulations in an attempt to prevent faulty decision making and also possible dishonesty. However this restriction on managerial flexibility relieves the managers of accountability and prevents any possible development in the people direction".

- f/ The generally low level of education of the people is a very big restriction on the development of the country. There has been some improvement during the last four years, however education is a long term process and should be a permanent aim of the country.
- g/ Internal enemies of Bangladesh have recently caused in enormous damage to the country. About 4000 persons were killed and demonstrations, strikes, sabotage and the boycott of some actions of the Government caused an atmosphere of insecurity and led to the believe that the policy of the present Government is unrealistic and that it is not suitable for the country.
- h/ The shortage of the food and some goods and the relatively low life standard led to the apperance of smuggling, black marke bering and corruption and forning. A group of people who gained great financial rewards without week.
- i/ The nationalisation of all important enterprises and the consequent system of management at three levels /Government, Corporations and Enterprises/ had many advantages, but also some disadvan tages which will limit the future development of Nationalized Industries.

One of these is the large number of small enterprises in some corporations. For example:

Bangladesh Steel Mill Corporation .....	19 enter.	4200 workers
Bangladesh Food and Allied Industries Corporation .....	32 enter.	3250 workers
Bangladesh Tanneries Corporation .....	24 enter.	1500 workers
Bangladesh Engineering and Ship Building Corporation ..	31 enter.	4800 workers

This situation results obviously in difficulties for management:

- Problems of coordination
- Higher business costs because of higher overheads
- Need for more managers and personnel in general
- Difficulties for corporations because they should have the same standards to work with enterprises independently of their dimensions
- Difficulties in determining production programmes
- Difficulties in planning development of particular enterprises
- Problems of education, training, spare parts, raw materials
- Greater marketing problems
- Etc.

These problems are specially interesting because enterprises of particular corporations are often located in a few regions /Dacca, Chittagong, Chulna/. That is the case with enterprises of the Steel Mill Corporation and the Textile Corporation.

The problem has broader implications and it will be necessary to study these in greater depth in due course in general.

j/ The lack of authority given to enterprises cause a lack of interest on the part of management in enterprises in more efficient business and diminishes their sense of responsibility for the successful business of the enterprise.

This is especially related to the authority to recruit all workers and employees except directors, the incentives given to more efficient enterprises, authority to purchase materials and sell final goods.

k/ The need to maintain standards of living in the country is one of the fundamental tasks of the system. The existing system of salaries and wages in the conditions of general inflation which prevail today in the world, but which affect the less developed countries more seriously than others, causes an

absolute decrease in living standards particularly for those working in nationalized industries, because salaries between say 150 to 2000 Takas are worth much less now in here terms than they were two years ago because of the increasing cost of living. This problem has a direct effect on morale and the interest of people in their jobs and causes a fluctuation of cadres in other activities.

1/ Bangladesh at the present time receives much help from a number of countries. Most of this help is given through the transfer of knowledge and methods of work. By means of assistance and advice by experts from different countries with different economic and political systems and different levels of development. These experts transmit modern concepts of management which have some common principles, but which are also based on the experience of particular countries. The result of this could be the mixture of different management styles in the future. For that reason it is necessary to develop in Bangladesh an indigenous style of management which corresponds to the needs of the country and which reflects the customs of its inhabitants.

m/ Of the aid which Bangladesh receives from world sources, a considerable portion is related to the

aid of the United Nations through UNDP. In the country programme for 1975-1976 it is planned that this aid will amount about 18 million us dollars, and for the next period will be larger. This aid will be mainly used for the payment of foreign experts who will operate in Bangladesh, and through them the transfer of knowledge /know-how/ should be realised.

However, the efficiency of transfer of knowledge very much depends on the calibre of the counterparts from the Bangladesh side. In this context, several problems exist:

- Shortage of people who could act as counterparts to the foreign experts
- Inadequate quality and poor selection of personnel for counterparts
- The fact that people who have worked and cooperate with the foreign experts, have changed the jobs for which they were trained after the departure of the experts at the end of the project, this, the value of the foreign experts visits was very much reduced.
- The arrangement that counterparts have other obligations, for example responsibilities not connected with the work of the projects.

All these items greatly reduce the success of the projects and for this reason it is necessary to consider the total problem rather than individual sections.

It is evident that the problems indicated above are extremely complicated and difficult to solve and it has been necessary to take very determined action to ensure a favourable social environment for development and particularly to change the Constitution.

In last few months happened some fundamental changes in the country:

In January 1975 "Emergency rules", in February 1975 establishment of one Party: Bangladesh Krishak Sramik Awami League which is composed of five Organisations: One for workers, One for Peasants, One for Youth, One for Students and One for Women. The President of the People's Republic of Bangladesh Sheikh Mujibur Rahman in his speech on March 27, 1975 defined the Basic objectives of the "Second Revolution". The liquidation of corruption, family planning, increased production in agriculture and industry, The Establishment of Cooperatives in all villages and changes in the Political Administrative System.

Now it is necessary to implement these objectives.

#### 4.3. Definition of workers

When discussing workers participation in management it is necessary to define clearly who are the workers involved. There are in Bangladesh several definitions of the word "Workers" depending on period and the subject. Some definitions are quoted below:

The gazette of Pakistan extra, November 13, 1969 /page 947  
"Workers" and "Workman" mean any person not falling within the definition of employer who is employed /including employment as an apprentice/ in an establishment or industry for hire or reward either directly or through a contractor whether the terms of employment be expressed or implied, and, for the purpose of any proceedings under this ordinance in relation to an industrial dispute includes a person who has been dismissed, discharge, retrenched, laid off or otherwise removed from employment in connection with or as a consequence of that dispute or whose dismissal, discharge, retrenchment, lay off, or removal has led to that dispute.

Workers compensation Act, 1923 /page 22/

"Workman" means any person /other than a person whose employment is of a casual nature and who is employed otherwise than for the purposes of the employer's Trade or Business/ who is employed - on Monthly Wage not



exceeding five hundred takas in any such capacity as is specified.

East Pakistan Labour Code 1967 /Page 8/

"Worker " means a person employed directly or through any agency, whether for wages or not in any manufacturring process, or in cleaning any part of Machinery of premises used for manufacturing process, or in any other kind of work incidental to or connected with, the manufacturing process or the subject of the manufacturing process, but does not include any person solely employed in a clerical capacity in any room or place where no manufacturing process is carried on

The State owned manufacturing industries workers /Terms and Conditions of Service/

Ordinance No. XXIII of 1973

Under c/ "Worker" means any person skilled or unskilled, who works for heir or reward but does not include a person who is employed in any managerial, administrative supervisory or solely clerical capacity or who is an Agricultural worker engaged in an Agricultural Farm, whether auxiliary to any industrial unit or not.

Common to all these definitions is the concept that a person is only a worker when he or she is engaged directly in the production process.

In the context of workers participation however the word worker will have to be defined differently because the process of production concerned with workers participation at the enterprise level/ begins when the materials arrive at the enterprise and ends when the finished goods are transported out of the enterprise. In the productive cycle thus defined the workers are not only those who work directly on the product but also other people who are indirectly engaged in the production process /auxiliary workers, clerical employees in different services etc./ If this is so, it is necessary to include them also and that they should also have the right to participate in management.

May be, in the case of the participation in management one should talk about "Working people".

f The problem of directors in this context is specific, because of the situation which exists in enterprises in Bangladesh. The specific role of directors nominated by higher levels, and psychological reasons, it would be better at present to exclude them from participation in management. One more reason for this is that they have this right through the very nature of their positions.

## 5 - RECOMMENDATIONS

In view of the present situation in Bangladesh the problems which the country faces and the stage of development which Bangladesh has reached the following programme and measures, connected directly or indirectly with the improvement of management in Nationalized Industries of Bangladesh are recommended:

### 5.1. Recommendations on workers participation in Bangladesh

The following is a short description of the system of workers participation in management in Bangladesh. The system is not described in detail because this would only be necessary on connection with future more detailed investigation, but an attempt is made to answer some basic questions connected with development of workers participation in Bangladesh.

#### 5.1.1. Introduction

The People's Republic of Bangladesh in the basic documents of the state has declared workers' participation in Management as one of its basic aims. However the first question is: how much participation? With regard to the situation in the public sector /we are concerned here

with the participation of workers in the public sector only/ where there are three basic levels, The Government, Corporations and Enterprises and with regard to authorities which are determined /see Annex No. 3/ it is possible to correlate the degree of responsibility for policy making and the degree of workers participation in different levels of management. This correlation is given in diagram No. 1. From the Diagram it is clear that there is an inverse relation between responsibility for Policy making and workers participation; Thus the number of policy decisions decrease as one goes from the Government level to the enterprise level, and the degree of Workers Participation increases.

#### 5.1.2. Basic principles

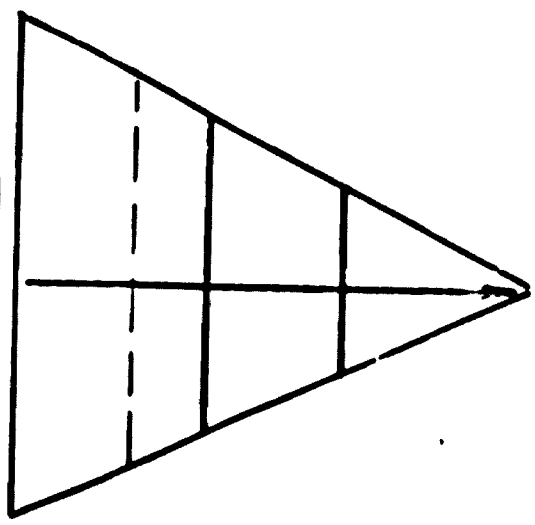
There are some basic principles which must be incorporated in the system of workers participation in management in Bangladesh. There are specified in the following text with short comments.

a/ To specified implement the provisions of the constitution.

The constitution declares that workers participation is one of the basis aims of Bangladesh.

RELATIONS BETWEEN THE POLICY MAKING AND  
WORKERS' PARTICIPATION AT DIFFERENT LEVELS

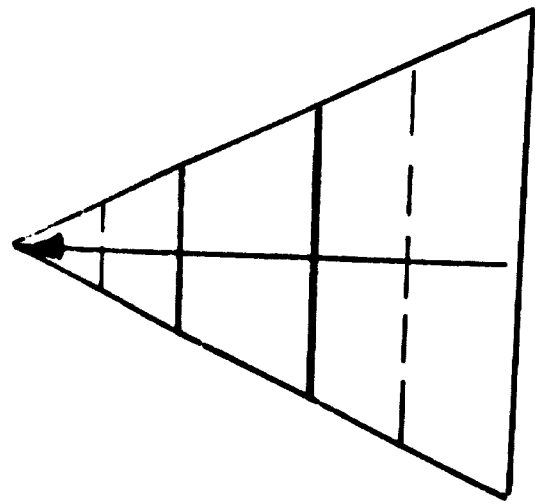
POLICY MAKING



LEVELS

Board of Ministers
Nation. Ind. Divison
Board of Directors /Corp. Level/
Management Board
Shop Floor and Officers /Enterpr. Level/

WORKERS' PARTICIPATION



b/ The system of Workers Participation must improve the efficiency of Nationalized Industry

Solutions connected with Workers Participation which do not help to improve the efficiency of Nationalized Industry as a whole are not acceptable.

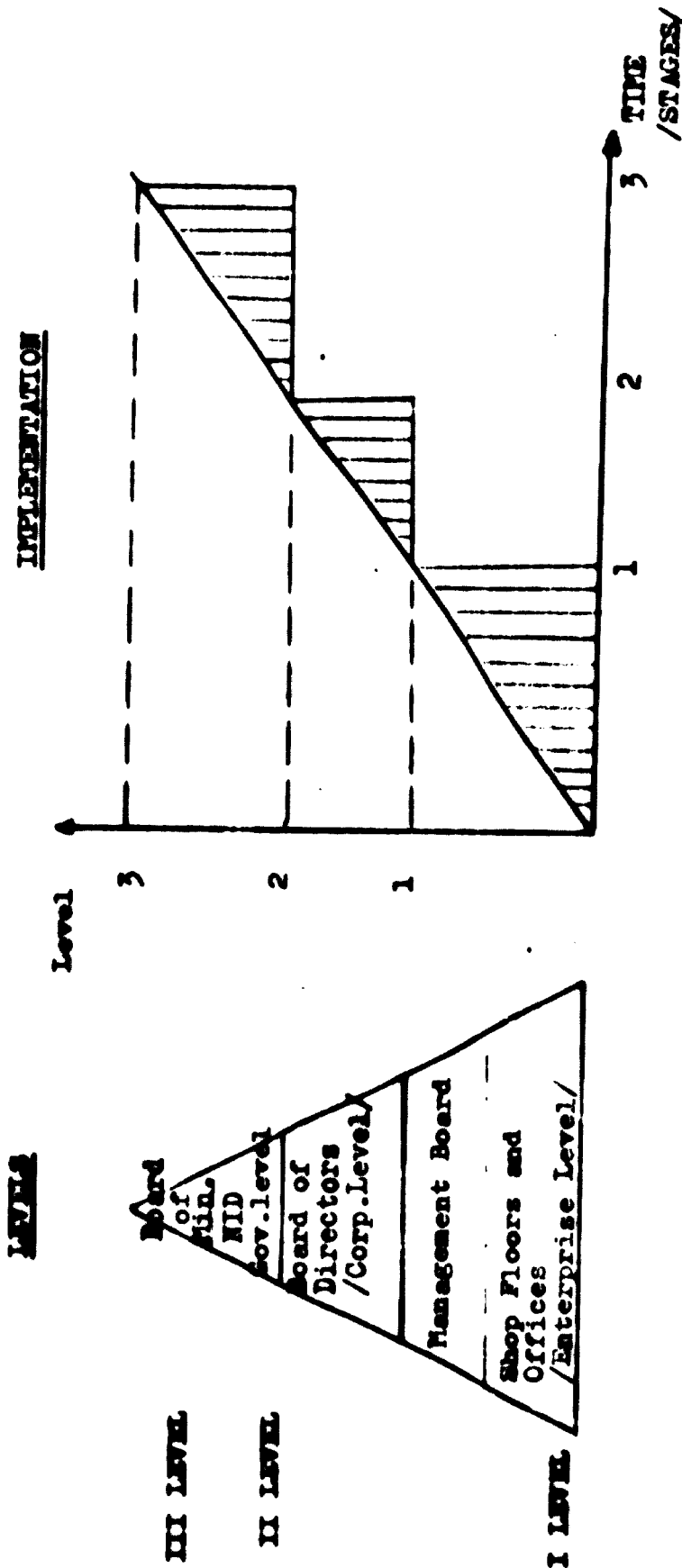
c/ Workers Participation is dynamic process

Forms of Workers Participation depend very much on the internal situation in the country such as the level of workers consciousness and education, and the general level of economic development. Thus it is necessary to continuously develop the system of Workers Participation bearing in mind all changes which will occur in the future.

d/ To implement the system at the enterprise level

In the present situation in Bangladesh the easiest way to develop the system of Workers participation is to start from the enterprise level and later to expand to other levels including Government /see Diagram 2/. This is because on the one hand some form of Workers Participation already exists in many enterprises, and on the other because workers can much better understand and help solve the problems of the factory where they work.

PARTICIPATION OF WOMEN IN MANAGEMENT



e/ The implementation of the system of Workers

Participation should be introduced in stages

Because of the complexity and importance of the problem it is undesirable to implement the system at all levels at the same time. Therefore it is suggested that implementation should go in stages as shown in Diagram 3.

f/ Permanent education for workers is necessary

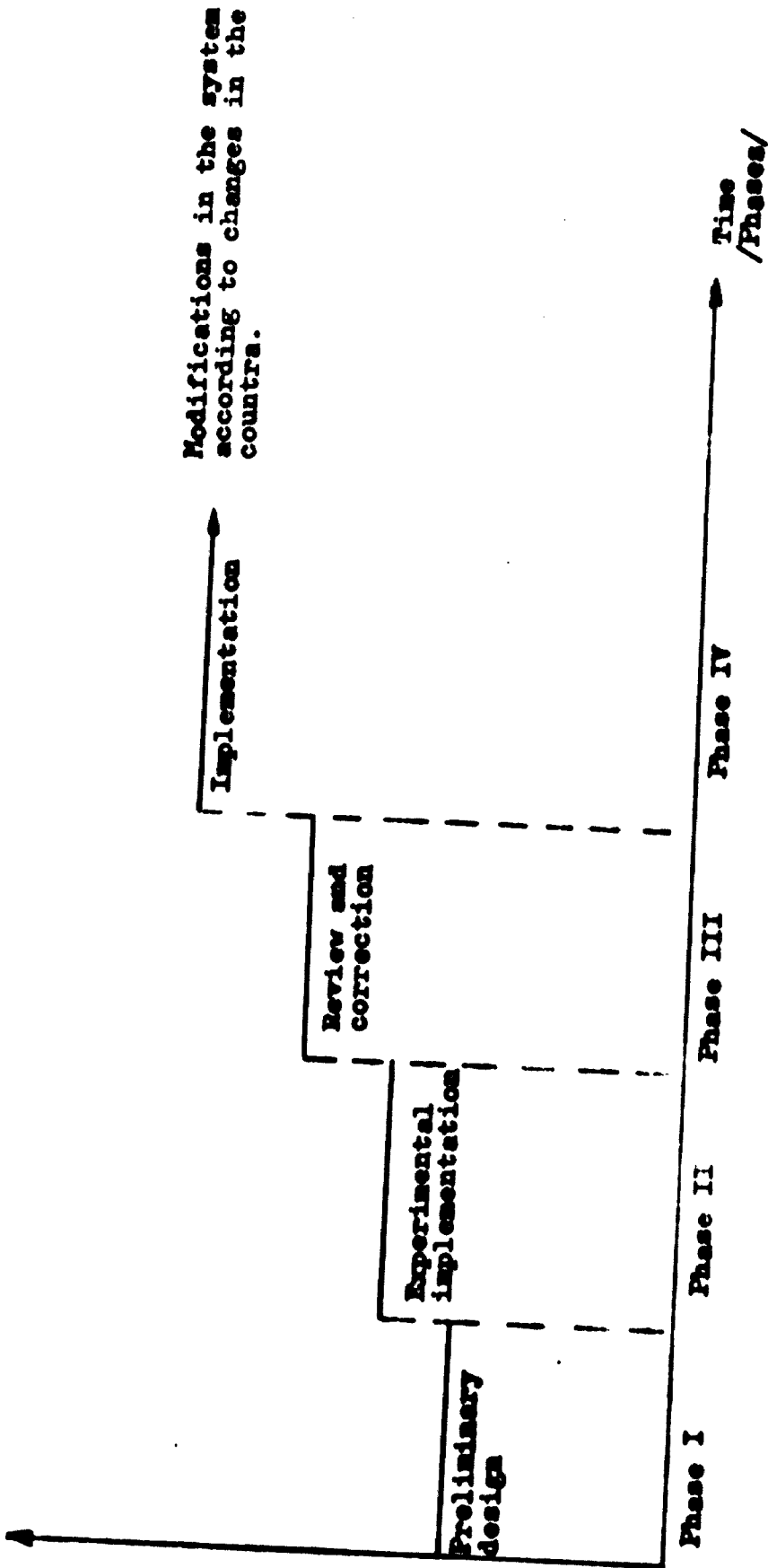
To increase the scope and quality of Workers Participation it is necessary to design an integrated system of permanent education for workers; better educated workers will be in better position to understand the problems of business and particularly the problems of their enterprises.

g/ A simple information system for workers information is necessary

Many difficulties and misunderstandings could be prevented if workers are given the right information in time in a suitable form. Therefore a simple information system should be developed. As a result of this system workers will be informed about the activities of their enterprise, its successes and its problems. It is important to stress that the information must be presented in a form which workers can easily understand. It is also important to mention that information should be given by the management and not through the workers representatives.



IMPLEMENTATION SCHEME AT THE ENTERPRISE LEVEL



h/ Every country must develop its own model of workers participation

A number of different forms or models of Workers Participation exist in the world, but all were developed according to the specific situation in the country concerned and a system adopted in one country cannot be used in another without modifications.

5.1.3. Operating methods procedures

Suggested forms of Workers Participation follow mainly for the enterprise level: normally it will be necessary to work out the details later.

On the enterprise level workers participation could be achieved through two bodies:

a/ Works Committes /Works Council/

b/ Workers Representatives on the management board.

a/ The works comittee /Council/ could be composed of workers elected at the workshop or office level /or some workshops or Offices/ and should discuss subjects such as these:

- The achivement of production programmes and plans.
- The absenteeism of workers.
- Conflicts between workers.

- Links with workers representatives on the Management Board.
- Praises of workers.
- Etc.

b/ The management Board should include two workers representatives. In the beginning they will almost certainly be only passive observers, but even in this situation their role could be very useful.

This study does not answer many practical questions:

- How many members should have a works committee?
- How should election be organized?
- For how long should representatives be elected?

These questions are connected with the design stage of the system.

It is suggested that at the enterprise level workers representatives should not be recorded as representatives of Trade Unions but as representatives of all workers.

It is important that workers participation at the enterprise level should include all working people.

/Not only wage-earners but all employees/. Because of their special authority, directors should be excluded.

#### 5.1.4. The implementation plan

As previously mentioned /5.1.2.ad d/, it is recommended that the system of workers participation should be implemented first at the enterprise level. The main reasons for this are: workers understand better the problems at the enterprise than at other levels, and their direct interest is biggest at the enterprise level.

However it is recommended that the introduction process should be gradual. The introduction of workers participation in management is a fundamental change, and according to the general rule the time required for implementation of any change is directly proportional to its importance.

In Diagram /3/ are shown proposed stages for the implementation of workers participation at the enterprise level. The first phase should be the system design stage. It is recommended that a system should not be implemented at the same time in all Nationalized Enterprises. It is better to select some enterprises /say 3-5/ which are stable, of average size and successful. In these enterprises in a given time /i.e. 1 year/ the system will be implemented. After the experimental period it should be possible to evaluate the system and make corrections if necessary. In the following phase legal regulations could

be prepared. After their acceptance by the Government, the system could be gradually introduced in all nationalized enterprises.

It will be necessary to improve the system from time to time, according to the development of the country.

The participation of this Project requires the establishment of Committee which should be responsible for supervising the implementation of workers participation schemes.

It should be noted that these are only basic principles for the introduction of the system in the enterprises. The details will be elaborated during the design stage. A detailed programme for project is given in Annex No.5.

At this moment it is rather difficult to give a more concrete picture of workers participation at the other levels. At the Corporation and the Government levels workers at these levels might be represented by Trade Unions. But participation should not be based on bargaining between Trade Unions and Management at these levels. There should normally be only one organisation or institution involved in discussions. Normally it will also be necessary to defined clearly the circumstances in which Trade Union will be able to participate in decision making.

## 5.2. Other recommendations

### a/ Systematic education of managers

The lack of managers in general and high qualified managers in particular could prevent improvements in the efficiency of Nationalized Industries. Training programmes and seminars should be provided by local institutes, with foreign technical assistance to give the additional training to managers. Foreign experts could run seminars on specific aspects of Management in different industrial regions of Bangladesh for different groups of managers.

### b/ Workers education

It will be necessary to work out a detail programme for systematic workers education covering not only their representatives, but all workers, because the degree of workers participation will depend on the extent of their education. /A modified version of the programme recommended in the ILO/SIDA report on workers participation in 1973 could be a basis for this./.

### c/ Assignment of foreign experts

In addition to seminars and training programmes it could be very useful for managers to receive foreign

advisory or operational assistance to assist directors in day-to-day decision making. Longer term assistance /for one to two years/ could be of great assistance to local managers in solving daily problems and is the best form of permanent training and the improvement of their knowledge.

The detailed programme is given in Annex No. 6.

d/ The integration of steel mills in the Chittagong Region

Nationalized Industries must show their value through improved efficiency and productivity. One way of achieving this objective is to integrate small enterprises which operate in the same field of production in the same region.

Thus it should be possible to achieve the following advantages:

- Improved efficiency
- Lower costs
- Better utilisation of personnel in general
- Better utilisation of managers particularly
- Easier communications especially between Enterprise and Corporation
- The ability to prepare development programmes for bigger units

- Better planning and product programming.

One of the ways in which this idea can be most easily realized, is to integrate some steel enterprises in the Chittagong region. A detailed programme for this project which could be carried out with foreign assistance, is given in Annex No. 7.

e/ The integration of some textile enterprises

This recommendations is based on some arguments given in the preceding recommendations. A detailed programme for this project which could also be carried out with foreign assistance, is given in Annex No. 8.

f/ Participation of enterprises in distribution of surplus profit

Under existing rules enterprises in Nationalized Industries do not have the authority to participate in the distribution of profit. This is the case also if the profit is higher than planned, but at the same time enterprises or management of enterprises are not affected if the profit was lower than it was planned.

The present situation does not encourage enterprises to minimize costs because better financial result are



not reflected in the wages of the employees, including managers. /It is necessary to mention that the level of profit depends very much on the efficiency and quality of the work of the Managers and Directors/.

A system should be designed which will permit enterprises to distribute them selves as a regard of part of the profit surplus of actual over planned as a reward for additional effort and greater efficiency. The remainder being used for the benefit for society as a whole.

Thus enterprises will be given an incentive to work more efficiently with minimum costs, and Managers will be encouraged to improve the efficiency of their production processes.

It is recommended also that the management boards rised to distribute the extra profits.

#### g/ Personal incomes and the cost of living

All countries specially the less developed countries are increasing susceptible to the inflation. This influence is bigger if country is less developed. If personal incomes do not follow the increase in the costs of living, living standards decline.

In Bangladesh during the last few years absolute values of maximum and minimum personal incomes /2000 Takas and 150 Takas/, in the public sector, have not changed. Because of the inflation in the prices of daily necessities /some estimates as much as are 30% per year/, the living standards of those employed in the public sector are falling continuously. An organization should be set up which should systematically monitor the increase in living costs. Data collected by this Department could be used by the Wage Commission to prepare the personal income policy for the following year. Because for many reasons it is necessary to keep living standards in the public sector at the same level.

h/ Production of spare parts for machine tools

One of basic problems not only of Nationalized Industries but the whole of Bangladesh is at the present time the problem of spare parts for industry and other general needs. Today practically all spare parts are imported from abroad. The procedures for purchasing are very long, delivery times are also not short. However in Joydepure there is a machine tool factory, installed to produce tools and machining components. This factory now produces only pumps and its capacity is under-utilized. One of reasons for this is that some machines are still not installed. It is recommended to make the study of the possibility of producing spare parts in Joydepure.

6 - COMMENTS ON THE REPORT  
ON "WORKERS PARTICIPATION IN MANAGEMENT" PREPARED  
BY THIS ILO/SIDA MISSION IN NOVEMBER 1973.

The ILO/SIDA Mission finished a big task in a very short time /less than 4 weeks/. The Mission:

- Studied documents connected with the political situation of the country, with problems of labour policy and relations the first five year plan of Bangladesh and the reports of some Government Commissions.
- Made an exceptionally large number of contacts with different political and industrial leaders and representatives of Government.
- Visited Enterprises in various parts of the country and had discussions with General Managers and Trade Unions leaders.
- Had discussions with representatives of local authorities, UNDP Officials and diplomatic representatives of various countries in Bangladesh.

Such an extensive programme required with careful preparation, exceptionally good Organisation and Coordination and a very detailed work plan.

A detailed report was prepared covering all the tasks mentioned in the job description. The report also described forms of workers participation in other countries such as Tansania, Egypt, Norway, and Zambia, and the self-management system in Yugoslavia.

The Annexes to the report lists talk given by the Head of the Mission during the ICFTU-JSL courses on family planning and population education and Workers' Participation in management /Dacca, 13 November, 1973/ and his talk on the occasion of the inauguration of the ILO/SIDA Norad National Industrial Relations seminars /Dacca, 15 November, 1973/.

The report analyses in detail the problems connected with some conventions on labour relations and the role of Trade Unions in Workers Participation in Management.

The report does not cover in as much detail the concept of Workers Participation an Management in Bangladesh. Moreover the proposed form of Workers Participation was recommended in the light of the situation when the Mission visited Bangladesh, and which was entirely different from the present situation. The reasons for the recent political changes in the country are given in detail in the preliminary chapters of this report. These changes are so important that they change completely the setting

for Workers Participation. Obviously, the Mission could not have foreseen these developments.

It is necessary to point out that the concept of Workers Participation proposed by the Mission is basically the standard concept which exists in many developed countries and which is based on bargaining between Trade Unions and Management; these cases Trade Unions represent the Workers in the Participation process. In the present situation this concept would probably not be feasible in Bangladesh.

The report does not discuss problems of implementation probably because of the shortage of time.

The report also makes proposals for projects connected with Workers Participation in management. All of these proposals are interesting, but will probably be necessary, because of the different situation which obtains at present, to change the content /Annex No. 20 "Proposed outline on Workers Education for Workers participation in Management/, or to change conditions of realisation /Annex 17" Assistance in Labour legislation and Labour relations/ because of new Labour Policy is currently being prepared for Bangladesh. The Project described in Annex 18" consultancy on work incentive system is very

interesting for reasons mentioned also in this report.

In conclusion it is possible to say that the report of the ILO/SIDA Mission represents a very useful contribution to the solution of the problems of Workers Participation in Management in Bangladesh.

7 - REFERENCES

- Preliminary survey of Nationalized Industries of Bangladesh /P.A. International Management consultants London/.
- Study of Nationalized Industries of Bangladesh /November 1972/.
- Report of the ILO/SIDA Mission on "Workers Participation in Management in Bangladesh /6-30 November, 1973/.
- The Constitution of the People's Republic of Bangladesh.
- The Labour Policy announced by Minister of Labour and Social Welfare on 27 September 1972.
- Five Year Plan 1974-1978.
- Nationalized Industries Half Yearly Review for the period ending December 31, 1974 - Nationalized Industries Division.
- East Pakistan Labour code.
- The Gazette of Pakistan, Extra November 13, 1969.
- The Bangladesh Observer /24 and 25 of February 1975./
- The People's March 27, 1975 the President's Speech.

ANNEX No. 1

PROJECT IN THE PEOPLE'S REPUBLIC OF BANGLADESH

JOB DESCRIPTION

DP/BGD/73/046/11-01/10

Post title Industrial self - management adviser  
Duration Six weeks  
Date required January 1975  
Duty station Dacca with travel within the country  
Duties The expert will be attached to the Nationalised Industries Division, Ministry of Industries and will be expected to:

1. Study the decisions of the Government and the legal regulations which determine the relations between workers and management and the role of workers in the management of Nationalized Industries of Bangladesh.
2. Study and analyse the existing situation of management in the Nationalised Industries of Bangladesh and the role of workers in the management of enterprises.



3. Study and current upon the report on "WORKERS PARTICIPATION IN MANAGEMENT" prepared by a joint ILO/SIDA Mission in November 1973.
4. Prepare recommendations for future actions and activities through which further development of workers' participation in management in enterprises of the Nationalised Industries of Bangladesh could be oriented.

#### Background information

In accordance with the basic principles covering the political social and economic systems of Bangladesh /nationalism, socialism, democracy and secularism/, the Government of Bangladesh has investigated the possibility of accelerating the development of the country through a higher involvement of workers in decisions making and a wider delegation of authority, this project is linked with the project is linked with the project completed in December 1972, covering "Study of Nationalised Industry of Bangladesh, which was financed by the Government of Yugoslavia,

a joint ILO/SIDA Mission has in November 1973 visited Bangladesh and prepared a report on "WORKERS PARTICIPATION IN MANAGEMENT".

ANNEX No. 2

DETAILED PROGRAMME OF ACTIVITIES

- |          |  |
|----------|--|
| 9 March  | - Arrival in Dacca   |
| 10 March | - Visit UNDP   |
|          | - Visit Mutijur Rahman - Secretary<br>of Nationalized Industries /NID/   |
| 11 March | - Study the ILO Report   |
| 12 March | - Study the ILO Report   |
|          | - Discussions in NID   |
| 13 March | - Study Material   |
|          | - Discussions in NID   |
| 14 March | - Study Material   |
|          | - Discussions in NID   |
| 15 March | - Discussions in NID   |
| 17 March | - Meeting with Dr B. Ahmed /Ing.<br>Director/ and G. Ahmed /Planning<br>Director/ - Engineering and Ship.<br>Corporation |
| 18 March | - Meeting with M. Zaman-Secretary<br>/Ministry of Labour and Social Welfare/<br>- Study Material                         |
| 19 March | - Meeting with M.M. Quddus - Chairman<br>of Management Board - Adamjee Jute<br>Mills Ltd.                                |
| 20 March | - Meeting with C.M. Murshed - Chairman<br>Textile Corporation  |
| 21 March | - Visit UNDP   |
|          | - Study Material   |

- 22 March - Study Material
- 24 March - Visit Chittagong Steel Mills Ltd.
- 25 March - Visit Eastern Cables - Meeting with Ali Imam - General Manager
- Visit Hashimi can and C. Ltd. - Meeting with A.B.M. Enayet Hossain - General Manager
- 27 March - Visit Ollimpia Textile Mills Lmtd - Tongi - Dacca - Meeting with A.K.M. Musharaff Husain - General Manager
- 28 March - Analyse Material
- Prepare Report
- 29 March - Meeting with Dr Fafguddin Ahmed, Chairman, Engineering and Ship Corporation
- 31 March - Prepare Report
- Meeting with Ayubur Rahman - Chairman - Paper Corporation
- 1 April - Meeting with D'Astugues - Resident Representative - UNDP
- Meeting with Salauddin Ahmed - Chairman Sugar Mills Corporation
- Meeting with Ehasanul Kabir - Chairman Tanneries Mills Corporation
- 2 April - Prepare Report
- Meeting with Rohan Sobun - Chairman Institute of Development and Economic Studies
- 3 April - Prepare Report
- Meeting with Mutijur Rahman, Secretary of NID
- 4 April - Prepare Report

- Meeting with Mutijur Rahman -  
Secretary of NID
- 5 April - Visit Mashine Tool Co - Joydepure
- 7 April - Meeting with Siddique, Planing  
Commission
- 8 April - Prepare Report  
- Visit UNDP
- 9 April - Prepare Report
- 10 April - Visit UNDP
- 11 April - Departure from Dacca

ANNEX No. 3

THE STRUCTURE OF THE NATIONALIZED INDUSTRIES

1. Introduction

The structure for the Nationalized Industries contains the three level of Management:

a/ Nationalized Industries Division

whose secretary is its chief executive.

b/ Sector Corporation

whose Chairman is its chief Executive.

c/ The Sector Enterprise

whose General Manager is its chief executive.

2. Basic concept

The Basic concept is that the sector enterprise has the full responsibility for the profitability of its operations, in this case it should be free to make its own decisions within the guidelines laid down to ensure:

a/ The effective coordination of the Sector within which it is operating.

b/ That it conforms of the policies and intentions of the Government.

### 3. Duties and responsibilities

According to the principles outlined above, the duties and responsibilities at each level may be summarised as:

#### a/ Nationalised industries division

- The Secretary of the NID;
- initiate or approve the formation of new companies which are to be promoted by the Sector Corporations;
- approved and remove the Chairman and Directors of the Sector Corporations;
- approve, in principle only, the arrangements made by the Sector Corporation Boards for providing adequate finance for the operation and development of their sectors;
- agree and approve the Annual Budget of the Sector Corporations ensuring that they conform to the Government guidelines;
- appoint the Auditors of the Sector Corporations;
- order special investigations into the activities of Sector Corporations or sector enterprises if he has reason to believe that they are being operated improperly.

b/ Sector Corporations

The Sector Corporations are responsible for the profitable, efficient and proper operation of the Nationalized enterprises operating in its Sector of Industry. In doing this, it:

- promote new companies in its industrial sector /with the approval of the Secretary of the NID/
- appoint and remove the Chairman, Managing Directors and other Directors /including General Managers/ of the enterprises in its industrial sector;
- provide finance for the operation of the sector Enterprises;
- provide or arrange finance for the development and expansion of the sector Enterprises;
- agree and approve the Annual Budgets for the sector Enterprises;
- supervise the operation of the sector Enterprises through regular operating statements and visits;
- appoint the Auditors for the sector Enterprises.

c/ Sector Enterprises

The enterprises would have full freedom within the guidelines laid down through the NID and the Sector Corporations to carry out its operations in accordance



and in a profitable and efficient manner, within the broad limitations laid down, the board has full freedom to decide and implement the course of action it considers necessary for the efficient operation of the enterprise.

ANNEX No. 4

THE LABOUR POLICY AS ANNOUNCED ON 27 SEPTEMBER 1972  
AND SUBSEQUENT DEVELOPMENTS IN THE LABOUR FIELD

On 27 September 1972, the following labour policy was announced by Alhaj Zahur Ahmed Chowdhury, Minister for Labour and Social Welfare:

1. Introduction

The workers did not get their due share in the past due to the unsympathetic attitude of the previous Government towards the genuine grievances and legitimate demands of the workers. Country's economy in the past was based on capitalistic pattern and exploitation of people in general and workers in particular was its main aim, Trade Union activities were viewed with disfavour and no opportunity was given for the growth of free and democratic atmosphere. The workers in the country got no opportunity of participation in the management.

a/ Government and people are grateful to the working class population of the country for their inimitable support during the liberation movement. It is gratifying to note that a large number of workers crossed over and took part in the liberation movement and fought valiantly for the liberation and those who

remained inside also rendered active support to the liberation movement.

b/ The liberation of Bangladesh has opened a new chapter in the economic and political life of the people. Government is social and economic inequality which prevailed in the country would be governed on four basic principles, viz. Democracy, Socialism, Nationalism and Secularism. Government is, therefore, committed to achieve social justice and keeping that in view, it has become necessary to streamline the principles to be followed in the field of labour management relations.

Accordingly, Government announces the following principles to be followed in the field of Labour management relations in the interest of maintenance of industrial peace and higher productivity.

## 2. Introduction of Socialism

Government is committed to establish democratic social order in the country and accordingly it believes in the promotion of social justice and equitable distribution of wealth in the country, irrespective of race, colour or creed. As a first steps towards socialism, Government have already nationalised the

major Industries viz. Jute, cotton, textile, sugar, steel, mills, banks and insurance companies, etc. These together with other public sector enterprises under different corporations constitute about 85% of the industrial potential of the country. This is definitely a step forward in socialising our economy and in improving the living and working condition of our working class.

3. Maintenance of industrial peace-settlement of industrial disputes in private and public sectors

Industrial peace is essential for economic progress and prosperity of the country. Government, therefore, hopes that both labour and management should endeavour to maintain industrial peace through their active and whole-hearted cooperation. Government believes that settlement of such difference between the labour and management is possible, through peaceful and constitutional means.

Following measures may be taken for settlement of disputes in private and public sectors:

a/ Private sector

Differences between labour and management in the private sector industries should normally be resolved

through bipartite negotiations between the labour and the management. In case such settlement is not possible through bipartite negotiation, the parties can utilize services of the conciliators of the Labour Directorate for bringing out an amicable settlement. If no settlement is effected at this level also, either of the parties can go to the Labour Court for adjudication. The parties aggrieved by the award of the Labour Court may go to the Labour Appellate Tribunal for redress and there will be no scope for appeal to the High Court.

**b/ Public sector**

Differences between labour and management in the nationalised and taken over industries will be resolved through joint consultations in the Management Board and Workers' Management Council.

**1/ Management Board** - There will be a Management Board in nationalised/taken over industries consisting of two representatives each from employers and workers and one from financial Institution for smooth functioning of such industries. As the fruits of the nationalised industries will be fully utilised for the

benefits of the entire population of the country, it is expected that there should not be any conflicts of interests between management and workers. Government, therefore, proposes that all matters/problems connected with proper functioning of the industries will be disposed of by the Management Board, except wage structure and other financial benefits, which will be directly handled by the Government with the recommendation of the National Wage Board.

ii/ Management Council - There shall also be Workers Management Council at each individual plant with equal number of representatives of management and workers to deal with the day to day problems and also disciplinary cases relating to the workers. The problems which cannot be resolved in the Workers Management Council will be referred to the Management Board.

The representatives of workers in both the Management Board and Workers Management Council will be directly elected by and from the workers.

Government feel that as there will be greater participation of workers in the management of the nationalised industries, the differences

will be resolved through joint consultative methods in the Management Board. In the circumstances, there will be no necessity for collective bargaining by workers employed in industries nationalised or taken over by Government.

#### 4. Wage Board

- a/ A National Wage Board will be formed consisting of the representatives of employers, workers and other experts to determine and review the periodical wage structure and other fringe benefits of the workers employed in nationalised/state-owned and taken over industries. Government also feel that in the interest of the country such matters should always be decided on the basis of the recommendation of the National Wage Board. The National Wage Board will review such matters after every two years.
- b/ As regards wages of workers of industries in the private sector, the existing minimum wages Board will review such wage structure from time to time. This will be suitably reconstituted for this purpose.

## 5. Functions of Trade Unions

The absence of collective bargaining by workers in nationalised or taken over industries will not mean cessation of trade union activities. Government will always encourage growth of democratic trade union in the country.

The functions of the trade unions will be:

- i/ In relation to industries and establishment owned and managed directly by Government, nationalised and taken over industries, to promote measures for well-being of the working class, take care of safety and protection of labour at work place, provide training, education and other welfare facilities to the workers and thereby create conditions for higher productivity, in the overall interest of the country.
  
- ii/ In relation to private industries and establishments, to achieve improved terms and conditions of employment for the workers, improved physical environment at workplace and other welfare measures through the process of collective bargaining.



**6. Trade Union at national level for industries**

a/ Government discourages growth of multiple and mushroom trade union in each industrial establishment for stable industrial peace which is an essential pre-requisite for higher productivity. Multiple trade unions in industrial establishments result in inter-union rivalry. Government will encourage growth of healthy and representative trade unions in industrial establishments.

b/ Government will also encourage formation of one National Trade Union for each industry in the Nationalised/taken over industries. Such trade unions will facilitate consultation on issues which are of national character at national levels.

ANNEX No. 5

PROPOSAL FOR PROJECT

1. Project title

Workers' Participation in Enterprises of Nationalized Industries in Bangladesh.

2. Project objective

To introduce a system of Workers' Participation in the Nationalized Enterprises of Bangladesh and implement the constitution of Bangladesh.

3. Project description

The Experts will be expected to:

- help to design a system of Workers' Participation in the Nationalized Enterprises;
- help to design an information system for Workers' information;
- help to select enterprises in which this system will be implemented in the experimental stage;
- design education programme for Workers which is necessary for the implementation of the system in selected enterprises;

- prepare implementation programmes;
- help running seminars for groups of Workers in selected enterprises;
- help in implementation of the system in selected enterprises;
- correct the system after review at the end of the experimental stage;
- help to formulate rules for the future implementation of the system in all enterprises in Bangladesh.

#### 4. Expected results

It is expected that this project provide a stable basis for the future introduction of Workers' Participation in all enterprises in Bangladesh.

#### 5. Basic information

The constitution of the people's Republic of Bangladesh states that Workers' Participation in Management is one of the Fundamental Objectives of Bangladesh Society. Two studies were prepared on this subject in the past two years, one by the ILC/SIDA Mission in November, 1973, and another under the present UNDP/UNIDO Project.

NOTE: Details about the situation of Workers' Participation in Bangladesh are given in this report in Chapter 4.1. The system as a whole is also described in Chapter 5.1.

6. Job descriptions

a/ One Expert /consultant/ with broad knowledge of Industrial Relations and Workers' Participation in similar Socio-Economic conditions.

b/ One Expert /consultant/ with a broad knowledge of legislation in the field of Labour.

7. Language: English.

Duration: One Expert /under 6/a/ - 15 Months  
One Expert /under 6/b/ - 6 Months.

ANNEX No. 6

PROPOSAL FOR PROJECT

1. Project title

Adviser of Management in Industrial Enterprises of Nationalized Industries in Bangladesh.

2. Project AIM

To increase the efficiency of Enterprises to give on the Job Training and to improve the internal Organisation of Enterprises.

3. Project definition

The expert will be expected to:

- Help the General Manager and other Directors in the Enterprise to Organize better management functions in the enterprise.
- Improve existing procedures in Different functions in the enterprise and help to implement them.
- Help the General Manager and other Directors in every day decision making.
- Study specific problems of the enterprise and prepare recommendations for improvement.
- Prepare Training programmes for different groups of Managers and run seminars with them.

4. Expected results

It is expected that the realisation of this project will improve operating decisions of General Manager and Directors, will result in better organisation of the enterprise, will ensure better trained managers and improve the efficiency of the enterprise as a whole.

5. Basic information

The Nationalized Industries of Bangladesh now face great difficulties because they lack qualified Directors for running enterprises. Formerly most of Managers and Directors were from West Pakistan and left the country during Bangladesh's Independence struggle.

Most of the present Directors are rather young and without enough experience. Because of the new social and political situations in the country it is necessary to have in the top positions very qualified persons. This is specially important because of their responsibility for the future development of the enterprise.

6. Expert profile

The Expert should be an experienced general consultant with wide practical experience in Management of

Industrial Enterprises, if possible in particular  
Industry concerned.

7. Language: English.

8. Duration: 24 Man/Months /per one enterprise/.

ANNEX No. 7

PROPOSAL FOR PROJECT

1. Project title

Integration of the metallurgical enterprises in the Chittagong region.

2. Project AIM

To merge the metallurgical enterprises in the Chittagong region with the purpose of providing a more efficient utilization of personnel and material potential, better planning, better business as well as increasing productivity.

3. Project description

The Expert is to perform the work as follows:

- to analyse the present situation on the steelplants in the Chittagong region:
  - the level of some functions such as: production, planned sales and finances,
  - situation regarding the equipment, supply of some enterprises and utilization of capacities,
  - situation with respect to enterprise personnel,



- opportunities for enterprise business etc.

- to work out recommendations for a more rational organization by creating some unique functions for all steelplants in the Chittagong region;
- to determine the basic procedures which are necessary for the new organization to function.

#### 4. Expected results

The integrated company will provide a more rational utilization of some personnel, better coordination, a more efficient business as well as decreased business expenses. Thus the company will be stronger and more capable to perform more efficiently both in Bangladesh and abroad.

#### 5. Basic information

In the Chittagong region there are 7 Steel Mills, but except for one /Chittagong Steel Mill/ which has 3500 employees, all others have 100 average. Their production programmes are complementary to the Chittagong Steel Mill programme.

6. Expert's profile

- an expert in metallurgy with the wide experience in technology as well as in organization of the metallurgic field
- management expert with wide experience in the industrial management.

7. Language proficiency: English.

8. Length of project: Three /3/ months.

ANNEX No. 8

PROPOSALS FOR PROJECT

1. Project title

Integration of Textile Enterprises in Dacca Region.

2. Project AIM

To merge Textile Enterprises in Dacca Region with the purpose of providing a more efficient utilisation of personnel and material potential, better Planning, Less costs and better efficiency.

3. Project description

The Expert is to perform the work as follows:

- to analyse the present situation on Textile Enterprises in Dacca Region:
  - the level of some functions such as:  
production, planned sales and finances,
  - situation regarding to equipment, supply or raw material and utilisation of capacities,
  - situation with respect to enterprise personal,

- opportunities for enterprise business etc.
- to work out recommendations for a more national organisation by creating some unique functions for all Enterprises of some of team in Dacca Region;
- to determine the basic procedures which are necessary for the new organisation to function.

4. Expected results

The integrated company will provide a more rational utilisation of some personnel, better coordination, more efficient business as well as decreased business expenses. Thus, new company will be stronger and more capable to perform more efficiently both in Bangladesh and abroad.

5. Basic information

In Dacca Region about 20 Textile Enterprises with 30,000 Employees, their programme is partly similar.

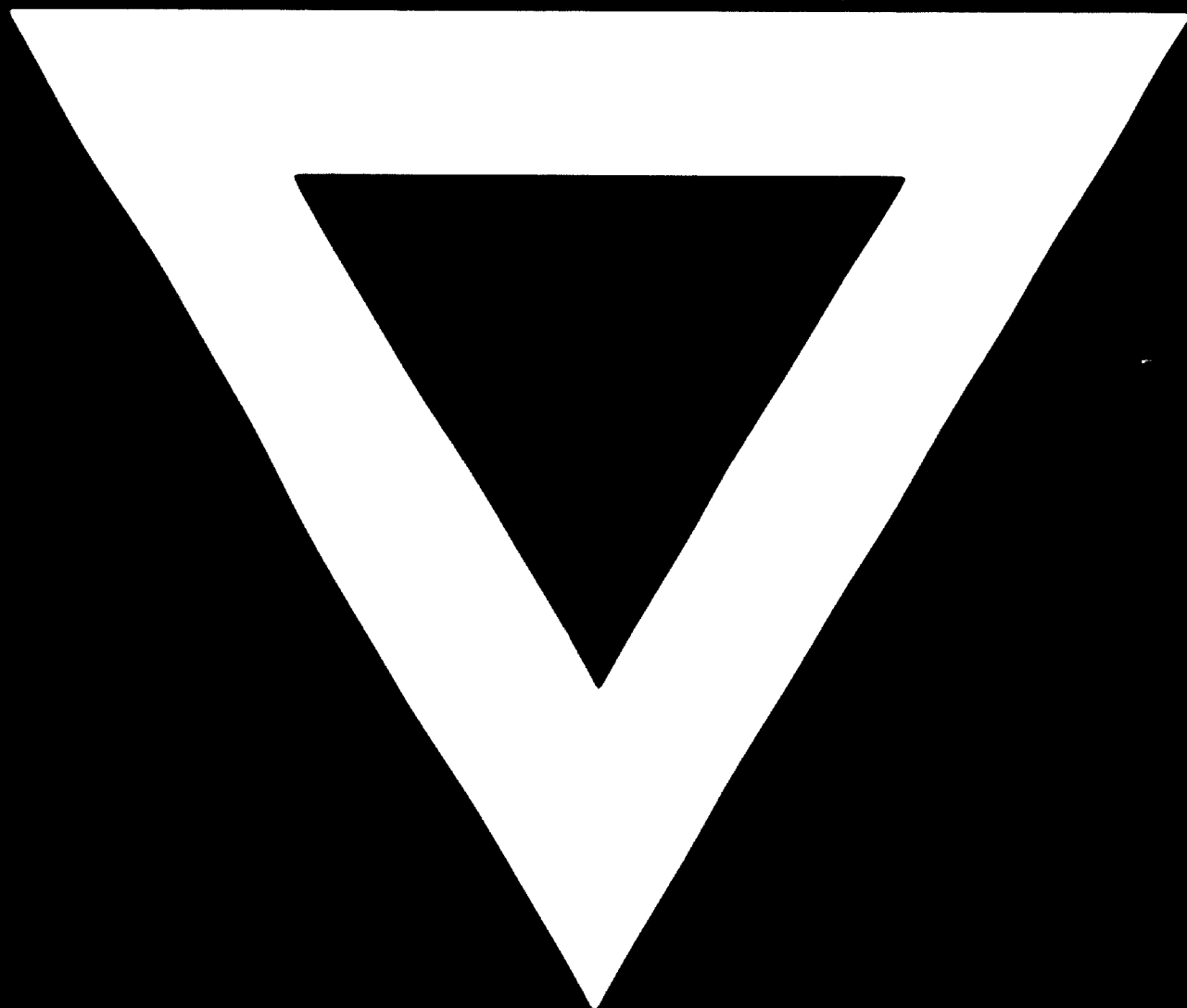
6. Expert profile

Management expert with wide experience in the Industrial Management.

7. Language: English.

8. Length of project: Two (2) Year/months.





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