CHAPTER 1
INTRODUCTION

1.1 General

The worker's participation in management is an essential ingredient of industrial democracy. If the status of the worker is not raised and they are not recognized as a partner in the industry they cannot be persuaded to put in his very best in the work. Thus the status of the worker is the most important issue in the industry. It is rightly said that you can buy a man's time but not his physical presence at a given place. An organization may buy a certain number of skilled muscular actions of workers per hour of a day, but you cannot buy the devotion of his heart, mind and soul. You have to earn these things that go to make a happy and prosperous enterprise. It is therefore, necessary to encourage participation of the workers in the industry.

1.2 Origin of Workers Participation

The origin and conception of Workers Participation was first seen in the writings of Fabian socialists headed by Sydney Web (1920) that highlighted the economic and social turmoil of industrially developing countries and stressed the need for harmony and cooperation among partners of production. The theory got further support from the establishment of political democracy in many countries in the world. It is believed that political democracy could not sustain unless economic and industrial democracies were also accomplished. Many writers advocated that as public in democratic countries have fundamental right to elect and choose their representatives to form the government; the workers too should have the right to persuade the
decisions of the management, but for the full right to choose the members of management. In India Mahatma Gandhi mooted the thought of Workers Participation in Management via his concept of trusteeship. Firstly; the demand of continuous manufacturing of goods for war affected during the two world wars provoked the managers to introduce such strategies as would guarantee continuous industrial activity. Secondly; the delineation between management and entrepreneurs increased the pace of professionalization in Industrial Management. At some stage in the days of the world war the concept found its first practical application. Faced by the dual problems of maintaining industrial peace and improving efficiency, many states in some aggressive countries convinced management's to set up joint committees for speedily resolving these issues through discussion. In the UK following the recommendations of the Whitley committee; a well-knit three-tier consultative system came into existence. It comprised of work committees at the plant level, district councils at the level of district and the joint industrial councils at the level of industry. Though, with the ending of hostilities in 1918 and the beginning of economic depression in 1921 the thought of joint consultation received a hold up. The interest of the working class now shifted toward nationalization because these were considered to be the most suitable solutions for economic stand-still and unemployment.

1.3 Employee Involvement and Participation

Employee involvement and workers participation can be considered two sides of a coin and have been used by different authors interchangeably. Both are complementary to each other and existence of one depends on the other. There is not much difference between the two terms. The meaning of involvement is the day-to-
day activity of the organization and participation is an act of sharing information and
decision making. Many writers have advocated for the development of this thought
of employee involvement or participation. Delaney (1996) did make use of the term
participation as a mouth piece of the workers in the decision making practice and to
portray different types of participation of workers in the organization's matter. But
only limited authors worked to find the variation between the two thoughts. Kale
(1999) advocates that participation is an understanding where employees participate
in business decisions.

Furthermore Ang (2002) has tried to find the difference and concluded that,
employee participation is all about sharing information and is a joint decision making
process. But the traditional participative management is viewed as a part of other
organizational processes. Employee involvement aim is to increase employee’s
participation in managerial decisions. It results in enhanced employee morale and
also retaining the potential manpower resulting in reduction in employee turnover
rate. In the past several writers have contributed differently they differ a lot in their
approach to the concept and the context. Employee involvement is considered with
different names by different authors and used for participatory management,
employee participation, participative management and worker involvement.

In recent time, the idea of workers participation has become institutionalized in
several countries of the world. Human resource is plays major role due to which
companies make their aggressive advantage (Becker and Gerhart, 1996). Since the
commencement of the 1980s, an enormous literature has been developed and
increased considerably the use of human capital (Guest, 1987). The rising interest in
human resources is also due to consideration by the organizations the enhanced role
of common employees in their management is very significant for the success of an organization. The schemes and level of workers participation, however, widely vary from one country to another. It may be in respect of range of subjects taken care by participation machinery, in the different levels of authority used with regard to employees and in the method of selection of workers representatives. It varies from workers self-management in Yugoslavia to co-determination in Germany and mere consultation in India.

1.4 Meaning of Workers Participation in Management

The terms involvement and participation are now and then used as synonyms, as the sharing of decision making between management and employees. The word ‘participation’ is also used in place of participative management and is taken as equivalent to team building. On the other hand involvement is used in her analysis as a way to participation. The terms involvement and participation are very often used interchangeably. Authors such as Kaufman and Kleiner (1993) have used the terms ‘employee representation’ and ‘industrial democracy’ to describe ‘workers participation’. So, workers participation can be called as a prospect for workers to have a common say in the governance and operation of the workplace. It is providing the opportunities to the employees through which they can persuade decisions relating to their work and their work place.

Thus the term Workers’ Participation in Management (WPM) has been given several meanings. In simple words, it is a process in which the authority and responsibility of managerial function are shared with workers. It is a device of ensuring effective consultation with workers on the position that are related with them. Workers’ participation in decision making is an essential component of Industrial democracy.
The concept of workers’ participation in management is based on humanitarian approach to management and it brings a new set of values to labour and management.

Worker participation means arrangements designed to engage workers in the enterprises decision making process. This allows for employees taking part in the commencement, formulation and execution of decisions within the enterprise. The concept is newer to the dealing of workers in organisations where workers are interested in the taking of decisions which have direct bearing on them. Mc Gregor (1960) puts forward that worker participation consists basically in creating opportunity under suitable conditions for workers to influence decisions which affect them. It is a special case of delegation in which the subordinate gain better control and better freedom of choice with respect to eliminating the communication gap between the employees and the management. This serves to craft a sense of belonging among the workers as well as a favorable environment in which the employees would voluntarily contribute to smarten industrial relations.

Traditionally the concept of Workers’ Participation refers to participation of employees at lower level in the decision-making practice of the organization. The workers’ participation is too known as ‘employee participation’ in management. In Germany it is known as co-determination and in Yugoslavia it is called self-management. The International Labour Organization has been motivating member nations to endorse the scheme of Workers’ Participation in Management. Workers’ participation in management implies psychological and emotional contribution of workers in the management of enterprise. It is considered as a mechanism in which employees have a say in the decision-making.
1.5 Definition

The term workers’ participation in management covers the provision of scope for employees in decision-making in organization. This participation can be at the lower level i.e. shop floor, departmental level or at the top level and it includes the keenness in sharing the task of the organization by the workers. A few selected definitions are given as under:

According to Keith Davis (1987), “Participation refers to the mental and emotional involvement of a person in a group position which encourages him to put in to group goals and share the responsibility of achievement”.

Mc Gregor (1960) puts forward that worker participation is creating opportunity under suitable conditions for workers to impress decisions which affect them. It is one way the delegation in which the subordinate gain greater autonomy, more freedom of choice with respect to removal of the communication gap between the management and the workers.

According to Walpole (1975), “Participation in management gives the worker a sense of importance, pride and accomplishment; it provides the worker the freedom for clarity; a feeling of belongingness with the place of work and a sense of workmanship and creativity.”

Dr. Alexander (2013) considers a management to be participative, “If it gives scope to the workers to influence its decision making process on any level or sphere or if it shares with them some if its managerial prerogatives”.

Clegg(1960) says, “It implies a situation where workers representatives are, to some extent, involved in the process of management decision making, but where the ultimate power is in the hands of the management”.

As per De Bellecombe, L. G. (1978) in International Institute of Labour Studies, “Employee Participation in Management (EPM) is the participation resulting from the practices which increase the scope for employees’ share of influence in decision-making at different tiers of organizational hierarchy with the concomitant assumption of responsibility.”

1.6 Features of Workers’ Participation in Management

It is considered as a system of communications and consultation by which the workers of an organization are involved and informed about the problems and progress of their organizations. Through this system they express their view on the problem of industry and thus contribute to management decisions. Workers Participation basically means sharing the decision-making power at the lower level of the organization in a suitable manner. Employee’s participation may broadly be taken to cover all terms of association of employees and their representatives with the decision-making process which includes exchange of ideas, discussion and decision taken, to more institutionalized forms such as the presence of employees’ representatives on the management boards or even managed by employees themselves.
1.7 Forms of Workers’ Participation

The different types of workers participation can be explained as below:

(1) Workers Representative on Board of Directors:- The board of directors is the top most level in the administration of an organization. Representations of workers on the board add to workers participation and make sure improved employer-employee relationship. The workers participation at board of directors are supposed to protect workers’ interest. But practically, the participation of workers at the board level in management is not without problems. The board members are primarily concerned with decisions which are of the concern of top management like arrangement of capital, investment decisions and proper use of resource etc. Small problems such as personal matters do not receive any attention at the board level and can be solved at the lower levels of management.

As such, the appointment of workers representative at the board level does not considerably augment the role of workers in the management of an industry. Also due to workers separation and top management's unacceptability, the worker director may not be able to play constructive role. And lastly the power, status and privileges enjoyed by the workers director are not acceptable to top management. Nonetheless the nomination of one or two workers representative put them feel in minority, whereas the decision at top management level is arrived on the basis of majority vote.

(2) Workers as Owners: There are greater chances that the workers are more involved in organizations if they become share holders of the company by inducing them to buy equity shares. This form of participation brings a feeling of
belongingness among workers. In India companies such as Infosys and Sahara group have set up an example of workers participation in ownership. Earlier in Otto India Calcutta workers had 60% of ownership. In this case participation through ownership has the distinguishing benefits of making the workers devoted to the job and to the organization.

(3) Works Councils: Works councils are formal groups where the representation is entirely of the employees. The numbers of councils can vary and may be one council or different council at shop floor or plant level. The members of the councils are generally elected by the employees of the particular department. This is very helpful if workers have a faith among their representatives. This is a right step in the direction of workers participation or the industrial democracy.

(4) Joint Councils and Committees: The Joint councils are bodies comprising representative of employers and employees. This is very successful if workers have proper knowledge of the rules and regulations of the company and are really interested to work for their colleagues. The function of these councils may range from decision making on some problems to advising the management as advisory bodies. Also these councils provide a platform to find expression for both employers-employee complaints and grievances.

(5) Collective Bargaining: The principle of collective bargaining provides the management and the workers the right through shared agreement, to form rules for the establishment and extinction of the control of employment as well as service conditions. These accords are regulations and controls in right spirit devoid of taking undue advantages. But in most cases workers take it as granted that whatever they demand, the management is bound to provide them.
(6) Suggestion Schemes: This is the form of participation which every organization follows. The workers’ view on such matters as working schedule, use of machine and equipments, waste management, water and electricity conservation, quality improvement and safety precautions are invited and prize is given for the best suggestion. This system enables the management to awaken and maintain the employees’ interest in the problems of their concern and also to find the solutions as expected by workers.

(7) Job Enlargement and Job Enrichment: The management often uses job enlargement and job enrichment schemes for removal of monotony of job. Job enlargement is expanding the job content and enhancing work elements. Job enrichment on the other hand adds motivations to job by making it more worthwhile. The main purpose of job enlargement and job enrichment is to relieve them of the boredom of doing same task repeatedly and to bring newness in the same job. These contribute to workers participation by providing freedom and opportunities to uses their judgment.

(8) The Quality Circles (QC): A quality circles consists of 6-10 people from the different work places where they meet regularly to define, discuss and solve quality and related problems of the product. Members are chosen voluntary, and meetings are usually held once a week. The group members in first meeting are trained in problem solving techniques, quality enhancement and maintenance. Quality circles are expected to turn out quick concrete and impressive results when honestly implemented. But the only requirement is the support of top management.

(9) Empowered Teams: Empowerment occurs when power is delegated to employees, and thus they experience a sense of ownership and control over their
jobs. Empowered workers know that their jobs belong to them and have to decide how things are done, employees feel more responsible. It considers a numbers of factors like value system, leadership actions, job structure and rewards system.

(10) Financial Participation: Financial participation is quite different from other forms of employee involvement in which it is less likely to involve employees in consultation or decision processes. The main objective of financial participation is for the increase of the organizational performance through workers commitment. The different organizations have various financial participation schemes like profit linked with pay and profit sharing with employees, Employee Stock Option Plan (ESOP), workers cooperation, pension funds etc.

1.8 Degree of Workers’ Participation in Management

a) Communication

It involves sharing information about all management decisions with workers. The communication may be upward and downward. The sound system of communication can itself enhance the confidence level of workers and they may start feeling that they are being listened to by the management. It is at the highest degree of control by management or the employers.

b) Consultation

Under it, workers express their views on work related issues. May be all decisions are finally taken by management but mere consultations with workers’ representative make it bindings on the part of workers that they are also involved in this decision and it is not just imposed over them. It costs nothing but makes the implication of change easy. It is joint system of decision making.
c) Self-Management

In this case workers enjoy complete freedom from planning to decision-making to execution. It is rarely found in the practical situation as workers are never trusted to be more knowledgeable than employer themselves.

1.9 Objectives of Workers Participation in Management

The term workers participation is although considered to be benefiting only the workers’ group but in fact the organizations do not just implement workers’ participation for workers’ sake. It is implemented because it benefits both, the employees as well as employers. Thus the objectives behind Workers Participation in Management are as listed below.

a) Economic Objectives

Workers participation in management aims at increasing productivity of workers by increasing cooperation between management and employees thus contributing to increase productivity by improving job satisfaction and industrial relations.

b) Social Objectives

Any industry is considered a social institution in which each and every person whether employee or employer has a vested interest. The main purpose of workers’ participation in management is to ensure human self-respect and to acquire the workers a respectable status in society. The industrial peace and harmony also helps the society along with organization as it reduces industrial conflicts.
c) Psychological Objectives

Workers participation in management seeks to bring about a change in the attitude of workers. Through participation they will consider themselves an integral part of industry rather than mere working hands. Participation provides the employees an opportunity to express themselves thereby satisfying their psychological needs and also inculcate among them a sense of belonging, pride and accomplishment.

**1.10 Impact of Workers Participation in Management**

The objectives of workers’ participation in management provide us direction as what an organization expects from its implementation. Although workers participation in management is mandatory by law but still firms expect results from each decision. The management thinkers find the following benefits from execution of workers’ participation in management:

1. It promotes mutual understanding between management and workers and it enhances industrial harmony.

2. It establishes and encourage good communication system at all levels.

3. It creates and inculcates a sense of belongingness among workers.

4. It helps in implementation and handling of resistance to change.

5. It Induces and motivates workers to contribute their best for the organisation.

6. It creates a sense of commitment to decisions to which they become a party.

Providing a healthy and safe work environment is not solely the liability of management, worker contribution is equally important. Workers are equally
responsible to improve job-related safety and health at workplace because they are often the ones who suffer the most from any failure. If implemented with the cooperation of employees, worker participation reduces absenteeism, accidents, and employee turnover rates; the threat of legal action and in turn reduces overall operational costs. Given the chance workers can advise, suggest, and execute and help to develop measures to prevent occupational accidents and ill-health in a timely and cost effective manner. WPM also helps in enhancement of understanding among suppliers and partners and in turn a better reputation for corporate. This also enhances social responsibility for investors, customers and communities and finally an increased productivity.

Although regulatory bodies and management thinkers have been arguing to implement WPM in one way or another, but organizations are not always on the same footings on implementation of WPM. Undoubtedly participative approach to management increases the stake or ownership of employees. But every decision has pros and cons. The following points elucidate the impact of WPM in any organization in one way or another.

- Increase in Productivity: An increased say of workers in decision making means that they have a strong feeling of association with the organization they work with. The employees now have sense of belongingness, assume responsibility and takes charges. All this leads to increased productivity.

- High Job Satisfaction: In the organizations that employ participative management, most of the employees are satisfied with their jobs. Also the level of job satisfaction is very high. This is especially when people see their suggestions and recommendations are being implemented or put to practice.
• Boost Motivation: Increased productivity and job satisfaction cannot exist until unless the employees are highly motivated. The vice versa also holds true. The overall environment of positivity enhances the moral of workers and they feel highly motivated.

• Superior Quality: If the organization maintains high quality the positive feedback will come from people who are part of the processes at the shop floor or operational level. In total quality management the slightest details should be watched carefully and reported. No flaw or loophole goes unreported. Quality control is thus begins and is ensured at the lowest level.

• Cost Reduction: The reduced absenteeism, employee turnover rate and sickness improves the productivity and hence the cost reduction. There is a lesser need of supervision and more emphasis is laid on broadening of skills, self management. Thus the quality control means that the costs are controlled automatically.

There is a flip side to everything and the participative management is not the exception to it. While workers’ participation in management or the participative style of management leads to better participation of all the employees, there is undoubtedly some negative impact as listed below.

• Delay in Decision Making: Participative management welcomes increased participation from every side and when there are many people involved in decision making, the process definitely slows down. Everybody provides Inputs and feedback and thus it takes time to verify the accuracy of suggestions provided which means that decision making will be slowed down.
Security Issue: As against the decisions by top management, in participative management lower rank employees are involved in certain strategic decisions and too many people are known to lots of facts and information. This information may convert into serious information in the later stages. There is thus a greater apprehension of information being leaked out.

The positive impacts of WPM seem to outnumber the negative impacts. This however does not advocate that one should blindly adopt it for the organization. It depends upon the type of organization, its culture and the human resources. A deep understanding of both is required in order to ascertain a decision making style. Participation in decision making is not welcome by one and all as trade unions, for example do not approve of this. They argue that it is against the welfare of the workers as the participative processes give deep insights to the management, which in turn puts the management in a better bargaining position while dealing with unions.

After going through the management expectations, regulatory requirements, advantages and disadvantages of WPM, the impact of workers’ participation in management can be studied under different heads as listed below;

a) Impact on job satisfaction and motivation

The WPM enhances job satisfaction of the workers as mutual understanding between management and workers improve. In most cases employer and employees doubt the integrity of each other due to ignorance of each other’s problems. Participation brings the two parties closer and makes them aware of each other’s problems. As a result, a enhanced understanding and common faith can be created between employer and workers and thus improves job and workplace satisfaction.
b) Impact on Productivity

Cooperation between management and labor helps to increase productivity, production and profits of the organizations. Workers’ participation in decision making improves employee motivation and job satisfaction which as a result help to increase their efficiency. Higher productivity leads to lower costs per unit and greater profits which are beneficial to both.

c) Impact on Industrial Peace and Harmony

None of the organization wants industrial disputes and workers participation in management helps to reduce industrial disputes. It also helps to improve workers loyalty. The constant dialogue between management and employees improves peace and harmony in the organization.

d) Impact on change management and introduction of Newer Technology

Workers often refuse to accept change due to fear and ignorance. When employees are participating in the decision-making they come to understand that change is ultimately in their own interest. Hence workers are more able and prepared to accept themselves to technological and other changes made to improve the competitive position of the company.

e) Impact on Workers’ Initiation

Participation encourages workers to think and take initiative. Their talent and ability can be utilized for the growth of the organization. The competent employees can be spotted and motivated and given promotion for their valuable contributions to the
organization. Participation is helpful in training and developing future executives. Also workers urge for self-expression is satisfied.

f) Impact on reduction of cost

The improved productivity, workers job satisfaction and motivation, their sense of belongingness and quality production adds up to reduction in overall cost of production. This is achieved with the help of all the factors contributed by workers’ participation as now workers think it themselves as owners and not the workers.

1.11 Workers’ Participation in Management in India

The Industrial Policy Resolution (1956) stated that in a socialistic democracy labour is a partner in the joint mission of development and should participate in it with enthusiasm. There should be joint consultation and workers and employees at lower levels wherever possible should be associated progressively in management. The public sector undertaking (PSU) have to set an example in this respect.

Various schemes of participation have been introduced to give effect to the policy statements. A brief review of these schemes is given below.

1.11.1 Workers’ Committees

Workers committees deal with matters of day to day functioning at the shop floor level. According to the Indian labour Conference the works committees are deals in:

- Conditions of work and work environment such as ventilation, temperature, lighting, and sanitation which includes latrines and urinals.
• Amenities such as drinking water, canteens, dining rooms, medical and health services, safety and accident prevention, occupational health and protective equipment.

• Adjustment of national festivals and national holidays.

• Management of welfare and fine funds.

• Educational and recreational activities.

• Promotion of thrift and savings.

• Implementation and review of decisions arrived in the meetings of works committees.

1.11.2 Joint Management Council

These councils were set up in 1958 following the acceptance of socialistic model of society. This must include equal representatives of management and workers, not exceeding twelve; at the unit level, the units should employ at least five hundred workers should have a well established and strong central organization of employees unions and should have a record of good industrial relations.

1.12 Failure of WPM in India

The workers’ participation in management as dreamt in industrial policy 1956 could not succeed due to following reasons:

• Lack of competence and genuine interest on the part of workers representatives.
Management sometimes considered it below their self-esteem and position to sit along with blue collar workers.

Workers committees were misunderstood as substitute of collective bargaining and employers used to ignore unions. On the other hand, unions thought that the committees are a threat to their very existence.

Inter-union rivalries and absence of provision to hold the election of workers representatives by secret ballot.

Lack of feedback on the performance of works committees.

Undue delay and problems in implementation due to advisory nature of recommendations.

1.13 Conclusion

The concept of participation in management has changed from time to time and country to country. Worker's participation in management means the workers are given a chance to share the functions of the management in achieving the organizational goals. This is so called industrial democracy in practice. Its success basically depends upon the will power of top management whether it wants to implement honestly or just for sake of showing to workers and avoids legal consequences. The second reason is the low education level of workers about their rights as well as organization rules and regulations. And lastly, if both of the above problems are not there then it is only lack of motivation of workers. Absence of these three has been reason of failure, especially in public sector enterprises. In modern era
with educated and skilled labour, organizations have no problem in making participation as a supportive tool for management.

The literature advocates of positive impact of workers’ participation in management for the organization as well as for the workers. It helps in increase of productivity, cost reduction, and enhances motivation and the job satisfaction also it helps in change implementation and reduces resistance to change. On the other side if workers are involved in all the decisions, then the decision making will delay and also the chances to security leakage increases. But, the positive impacts of wpm seem to outnumber the negative impacts. This however does not advocate that one should blindly adopt it for the organization. It depends upon the type of organization, its culture and the human resources. A deep understanding of both is required in order to ascertain a decision making style. Participation in decision making is not welcome by one and all as trade unions, for example do not approve of this. A certain category argue that it is against the welfare of the workers as the participative processes give deep insights to the management, which in turn puts the management in a better bargaining position while dealing with unions.