CHAPTER 1

INTRODUCTION
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INTRODUCTION

The concept of workers' participation in management is widely used, but indistinctly defined. Nevertheless, it is frequently misunderstood. Some thinkers feel that it is a good method of industrial democracy. It is widely accepted as consultative machinery. However, the view that it is more of ideological and political nature is gaining ground. Theoretically speaking, "Workers’ Participation is a means for mental and emotional involvement of workers in a group situation which encourages them to identify themselves with the group goals and share responsibilities in them". 1

Participative management is an important part of human relations because it offers an enormous potential for higher productivity, improved satisfaction, and creative thinking. In India, as abroad, various participative management mechanisms have been evolved, nurtured and strengthened to inculcate a sense of involvement among employees in their spheres of work. This generates positive commitment and appropriate motivation towards desirable and legitimate productive pursuit.

Participation as a conscious and deliberate choice in designing human systems is recognised as a predominant value in most social systems. Participative designs of social systems not only create conditions conducive to the release of human potential and constructive use of human resource, but also enhance such conditions through collective action, the quality of life of people at work and in the community. For the best in man to come out, it is

necessary for him to know why he is doing certain things and not the others, and participation is precisely a quest towards that end.

Participation, however, should not be everybody’s involvement in everything. It is the involvement of workers only in such areas of activities of the enterprise in which they have the capability to make some positive contribution. It obviously means that participation should not be limited to the areas which are favourable and convenient either to the management or to the areas beneficial to the trade unions. Meaningful participation becomes possible only when the management and workers have full commitment towards work to accomplish their common goals.

Thus, workers’ participation is a philosophy, principle and practice for ensuring industrial democracy through their mutual consultation, communication and understanding by establishing faith, mutual trust and cooperation among them. This results in achievement of organisations’ goal, industrial peace and harmony.

The Indian enterprises are facing problems because of increasing their level of performance. Especially, the public sector undertakings are performing very badly due to poor industrial relations. There is a substantial scope for improving the quality of human resource management through participation in every organisation, in order to get more return from the investment in the industrial sector. So, the participation schemes are given more importance in recent days in public enterprises. Hence, the subject has attracted the attention of both management and labour in the industrial setup of our country.
All the factors discussed above necessitates the need to explore the different aspects of the participative management and its impact on the organisational effectiveness through research work from time to time, to evolve suitable policies or to amend the earlier policies. This has induced the researcher to study the various issues of participative management in public sector, by taking two textile mills in the public sector, namely, Pankaja mills and Sri ranga vilas mills in Coimbatore, as samples for the study.

**STATEMENT OF THE PROBLEM**

India is one of the major cloth suppliers to the world. It competes with the developed countries in this sector. It has got about 1395 textile mills comprising of 1128 spinning mills and 267 composite mills. But among these mills the National Textile Corporation Mills were brought into existence by an ordinance of The President of India in April 1974. The sick textile undertakings (nationalisation) Ordinance 1974 enabled the nationalisation of 103 sick textile mills in the country.

There are 145 Textile Mills in Coimbatore, the Manchester of South India. But only 15 of them come under the public sector undertaking. Therefore, the researcher has taken two public sector undertakings for his study. Pankaja mills and Sri ranga vilas mills have been selected for study purpose based on their performance and production capacity. These units have implemented the workers' participation programme to their workers and executives.
<table>
<thead>
<tr>
<th>No.</th>
<th>Name of the Mill</th>
<th>Period</th>
<th>Production of Yam (Lac.Kgs.)</th>
<th>Number Of Workers</th>
<th>Profit / (Loss) (Rs.in Lac.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PANKAJA MILLS</td>
<td>1994-95</td>
<td>17.28</td>
<td>472</td>
<td>40.17</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1995-96</td>
<td>15.42</td>
<td>505</td>
<td>(15.05)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1996-97</td>
<td>14.42</td>
<td>502</td>
<td>(47.05)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1997-98</td>
<td>15.62</td>
<td>495</td>
<td>(10.12)</td>
</tr>
<tr>
<td>2</td>
<td>SRIRANGA VILAS MILLS</td>
<td>1994-95</td>
<td>26.52</td>
<td>749</td>
<td>(35.65)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1995-96</td>
<td>19.22</td>
<td>730</td>
<td>(291.36)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1996-97</td>
<td>18.00</td>
<td>744</td>
<td>(15.19)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1997-98</td>
<td>18.89</td>
<td>720</td>
<td>10.12</td>
</tr>
</tbody>
</table>
In these two mills, no systematic effort has so far been made to evaluate the participation schemes at various levels of organisational decision making. The present study is probably an attempt in analysing the importance of participative management scheme in the textile mills in Coimbatore. This study reveals many interesting facts that are normally not brought to the limelight. It is also a study which is new and different from the routine studies normally conducted in textile mills like, absenteeism, job satisfaction, motivational-study etc. Hence, this study will be much useful for the management of textile mills for effective implementation and making improvement in the programmes. The major thrust of this study is to find out whether participative management has any impact on organisational effectiveness. In this study, the researcher has attempted to analyse the following aspects in the selected mills for the study.

1. The mode of implementing the participation schemes.
2. The personal factors that influence the participation of the employees.
3. The employees' participation in various level of decision making.
4. The employees' desired level of participation in different processes of decision making.
5. The desired forms of participation by employees.
6. The factors that determine organisational effectiveness.
7. The important factors determining organisational effectiveness.
8. The relationship between participative management and organisational effectiveness.
9. The major constraints or barriers for effective participation.
SIGNIFICANCE OF THE STUDY

Organisations exist for people. They are made of people and by the people, and their effectiveness depends on the behaviour and performance of people constituting them. There was a time when people were considered liabilities. Now they are mostly considered as resources and assets. Many of the industrial problems can be easily managed by the systematic handling of the manpower resources. The end result not only leads to industrial peace but also helps people utilise the material resources properly by increasing the productivity. Based on the effective implementation of the programmes, employees’ individual satisfaction and the organisation’s common goal could be easily achieved. So organisational effectiveness is the ultimate goal for every organisation. Every organisation must integrate the individual needs and common goals for its betterment.

OBJECTIVES OF THE STUDY:

Having discussed the broad area of investigation, the following specific objectives are arrived at:

i) To analyse the method through which participation schemes are effected and also to identify the personal factors which influence the participation among the different levels of employees.

ii) To examine the possible areas of decision-making in which the participation schemes can be implemented and the extent to which it is perceived and desired by the employees at different levels like lower level, medium level and higher level, and also to identify their forms of participation.
iii) To study the major hurdles which prevent the employees to take effective participation in management and also attempts are made to suggest the measures to overcome the hurdles.

iv) To identify the variables that contribute towards the organisational effectiveness and to study the effect of significant variables on organisational effectiveness.

v) To investigate the perception about the level of organisational effectiveness in the mills selected for the study and to measure the degree of relationship between workers’ participation in management and organisational effectiveness.

vi) To prepare steps to improve the workers’ participation in management system which will accelerate the growth of organisational effectiveness.

HYPOTHESIS

The following hypotheses have been framed to verify the objectives of the study:

Hypothesis 1- The educational background of the employees has got a significant relationship with the participation of the employees in the decision-making process.

Hypothesis 2- There is difference of opinion among the different categories of employees pertaining to the level of participation in workers participation schemes, like higher the cadre, the more the participation and lower the cadre, the lesser the participation.

Hypothesis 3- Organisational effectiveness is affected by many personal factors.
Participation of employees in decision making may be classified into various levels. The main classifications are:

1. Participation in Lower Level Decision-making.
2. Participation in Medium Level Decision-making.
3. Participation in Higher Level Decision-making.

The study has taken up 9 decision areas in lower level decision-making, 7 decision areas in medium level decision-making and 8 decision areas in higher level decision-making, which makes a total of 24 decision areas. Out of the 24 decision-making areas, 22 decision areas have been taken up from Hepse and Wall (1976) and Wall and Lischeron (1977). The other two decision areas have been included as per the requirement of the mills under study. The three levels of decision-making processes are as follows;

1. Participation in Lower Level Decision-making.

This refers to the participation of employees in the decision making process at the lowest levels in an Organisational hierarchy. Decision connected with the day-today routines like the allocation and scheduling of work and its implementation etc comes under this category. Further, it also includes decision about the autonomy in work, provision for safety measures, choice of working hours and similar decision which are of immediate relevance to the workers.
2. Participation in Medium Level Decision-Making.

Participation of employees in medium level decision-making is concerned with the promotion of workers, purchase of tools equipments and machines, purchase of materials used in the work, changes in the policies of bonus scheme, nature and allotment of work, employing casual workers, norms of disciplinary action and similar other schemes. The medium level decision-making may effect a large number of employees.


Participation of employees in higher level decision-making is concerned with the long run interest of the organisation and policies connected with the budget allocation, expansion and development of the unit, determination of wages and distribution of profit, marketing policy, capital expenditure, long term planning and so on. These decisions would require a careful analysis as they affect all the employees of the organisation, irrespective of the position they hold.

FORMS OF PARTICIPATION

Forms of participation are concerned with the ways and methods through which the employees participate in decision-making. Form of participation is classified as direct and indirect form of participation. Direct form includes all the methods in which workers participate personally. This form mainly includes personal contact of the workers with the foreman or immediate manager and departmental manager. Indirect form of participation refers to the methods by which workers are represented by others in the decision making process. The workers may be represented by the union or through worker-director.
RESEARCH METHODOLOGY

i) Data Requisites

Primary data like age, educational background and experience of the employees are mainly required for the study. And also their participation in committees, their perceived and desired influence on different, decision areas, desired forms of participation, information about the barriers to the effective use of participation, are to be known. Perception about job satisfaction, morale of the employees, industrial relations, quality of work life (QWL), Organisational climate (OC), and Organisational health (OH), are also required for present study.

Extensive secondary data are also used in this study. They are pertaining to the total work force of the textile mills, profiles of the mills, information about workers participation schemes, welfare facilities and particulars about production of yarn.

ii) Sources of Data

The primary data have been collected through the interview method from the sample respondents of textile mills. The secondary data were collected from the records, minutes of the workers participation meetings and annual reports of the mills selected for the study.
iii) Method of Data collection

With the help of questionnaire and interview method, the primary data was collected from the employees. The secondary data was collected through the books, journals, newspapers, and government reports.

iv) Sample Size

The employees of the textile mills taken up for study are classified into two groups, namely managerial staff and workers. The managerial staffs consist of supervisors and executives. The workers are generally classified into three categories based on their skills. They are I) Unskilled workers, II) Semi-skilled workers and III) Skilled workers.

The respondents were classified into five categories namely 1) Unskilled workers, 2) Semiskilled workers, 3) Skilled workers, 4) Supervisors and 5) Executives. From each mill 20 persons have been randomly selected from each category, which constitutes 200 employees totally.

The respondents selected from the Pankaja mills constituted 20.20 percent of the total number of employees and in Sri ranga vilas mills it was 13.89 percent.

STATISTICAL TOOLS USED

Both parametric and non-parametric methods are used in this study. The data has been analysed with some of the popular statistical tools like Scaling technique, Mean, Standard deviation, Co-efficient of variation, students 't' test, Mann-Whitney 'u' test, Simple correlation and Multiple regression.
❖ Scaling Technique

Likert’s five-point scale is used to find out the extent of participation in committees and the perceived and desired level of influence in lower, medium and higher level decision-making. Each item of the decision is attached to a five point nominal scale of possible degree of influence. Only in the case of job satisfaction, three-point scale has been used.

❖ Mean, Standard Deviation and Co-efficient of Variations

Mean has been used to measure the average level of participation in committees, the level of perceived influence in different decision making, desired level of influence, the extent of effectiveness in each determinant or Organisational effectiveness, by the different categories of employees.

The standard deviation is used to find out to what extend the scores are deviated from their respective means for committees, decision making areas and determinants of Organisational effectiveness, irrespective of five points and three point scales, and also to compute co-efficient of variation.

The co-efficient of variation is used to compare the degrees of variation of the scores of the different categories of employees.

❖ Students ‘t’ test

Students ‘t’ test has been used to test the difference between the mean scores and thereby decide whether the opinions of the different categories of
employees about the level of participation / influence / satisfaction are same or not for selected cases.

❖ Mann-Whitney 'U' test:

Whitney 'u' test has been applied to test whether there is any difference between the populations of the employees of the two textile mills on committees, in different decision making areas, and the population as a whole.

❖ Simple Correlation

Correlation has been used to examine the relationship between the total participation score and each factor of organisational effectiveness.

❖ Multiple Regression

Multiple linear regression has been used to analyse the impact of participation in committees and decision making at different levels in the organisation. The total score of organisational effectiveness is taken as the dependent variable and the total scores of participation in committees and total score of decision making at different levels as the independent variables, multiple regression has been calculated.
CHAPTER SCHEME

This thesis entitled "A Study on the Impact of Workers' Participation in Management on Organisational Effectiveness" is presented in ten chapters. An abstract of each chapter is given below.

Chapter I:  *Introduction.*

The first chapter deals with the significance of the study, the objectives, methodology and limitations of the study.

Chapter II: *Theoretical framework of Workers' Participation in Management.*

This chapter deals with the meaning, definition and cross national experiences in participative management in developing and developed countries.


This chapter discusses the review of earlier studies connected to the present research work in India and abroad.

Chapter IV: *Employees' Participation in Committees.*

This chapter relates to the extent of participation in committees by different categories of employees and personal differences among them, in the selected mills.

Chapter V: *Employees' Participation in Decision-Making.*

The fifth chapter analytically studies the participation of employees from the two mills, at various levels of decision-making, difference in perception and individual differences.
Chapter VI: Desired Forms of Participation.
In this chapter desired forms of participation of the sample employees have been analysed.

Chapter VII: Determinants and Measurements of Organisational Effectiveness.
This chapter explains the determinants of organisational effectiveness and the factors influencing these determinants.

Chapter VIII: Overall Participation and its Impact on Organisational Effectiveness.
This chapter studies the impact of workers participation in management on organisational effectiveness and its relationship with different components and to compare the views of different categories of employees.

Chapter IX: Barriers to Participation.
This chapter deals with the barriers, which affect the workers from taking active participation in management, like organisational barriers, situational barriers, managerial barriers, and subordinate barriers.

Chapter X: Summary and Conclusion.
This chapter gives us the summary, findings and conclusions of this study.