CHAPTER 1

Introduction

1.1 A Backdrop

“If workers are given opportunity to participate in the management process, there would be positive gains for the Organisation through higher productivity and reduction in negative attitudes and behaviour. Any Organisation which takes into consideration human feelings and aspirations, and associates staff members, is likely to be more efficient and healthier compared to an Organisation which manages the people in an authoritarian way” (Alexander, 1972).

The issues relating to increasing production and productivity have always attracted the attention of development thinkers and policy makers the world over. The industrial revolution in Europe taught mankind how machines and technology could aid human beings in increasing production by leaps and bounds. Increased production during those periods, however, did not contribute to improving the relations of production. Increase in production did not always lead to improving the working conditions and living standards of the work-
ing class. This led to the mobilization of the working class and collective bargaining which took several forms of wage negotiations to strikes and lockouts. The evolution of Marxist philosophy of establishment of the dictatorship of the proletariat through class struggle has to be understood in this context. Though the Marxist model resulted in the creation of socialist societies in the erstwhile Soviet Union and several other countries, it did not find favour with all countries and people. Thus the search for alternative models of increasing productivity and sharing its benefits with working class became a major concern in most European countries.

The enquiries by behavioral scientists and psychologists in United Kingdom and United States revealed that man is not purely an economic being but is, at work place, a member of groups sharing its norms and goals. Productivity can be achieved by emphasizing human relations instead of authoritarian rule of thumb approach of earlier school of scientific management. According to them, it is possible to increase productivity and efficiency by providing increased motivation to individuals within Organisations. If the working class in an Organisation can be given a feeling of involvement and sense of belonging, it will satisfy their egoistic needs. This in short is the concept of participative management.

The idea of participative management can be looked at from another angle also. The basic distinction between those who occupy managerial positions and workers is that managers are held accountable for the work of their subordinates while workers are accountable only for their work. The present factory system divorces managerial and operative functions authorizing persons who occupy managerial positions to exercise managerial functions while workers perform operative functions. Those who advocate participative management seek to bridge this gap, or even to remove it, by authorizing workers to take part in managerial functions. However, the amount of participation depends upon its scope, degree and extent. The scope of participation refers to the range of managerial functions in which workers take part. By degree of participation is meant the extent to which workers influence managerial decisions on a scale extending from complete unilateral control by management at one end to complete unilateral control by workers on the
other. Extent of participation is measured by the proportion of workers who take part, on
the one hand and by how much they participate on the other (Choudhury, 1979).

There is yet another school of participative management which emphasizes the exist-
tence of conflicts between the working class and management. According to this approach,
conflicts serve the purpose of bringing irritations and frictions to the surface indicating the
need for stabilizing the relationships. From this point of view, conflict may serve to remove
dissociating elements in a relationship and to re-establish unity. This stabilizing activity is
performed with the help of institutionalizing conflicts.

The conflict model of participation presupposes that there is an inherent conflict be-
tween the employer and the employee and that it can be resolved through institutional-
ization of conflict and reaching a higher stage of equilibrium by conflict resolution. The
process of collective bargaining is one of the accepted ways of institutionalization of con-
flict. The conflict model thus can be defined as “the participation of employees in decision
making through their representatives, who staying in the opposite side, force the manage-
ment to make decisions” (Mankidy, 1984).

The term participative management is understood differently by different sections de-
pending upon their ideological moorings, economic attitudes, and projections of the future
society. According to some authors, participation is the process where two or more parties
influence each other in defining objectives, designing policies and implementing joint deci-
sions, which affect all who take part in making them or those who are represented by the
decision makers. Social scientists of leftist persuasion believe that participative manage-
ment in its true sense is practicable only when workers have full ownership of the means of
production. Socialist thought emphasizes the need to change the mode of production and
production relations. The socialist theory holds the view that only basic change in social
structure will bring about workers freedom. Workers participation is one of the structural
changes aimed at changing the production relations and hence it is a political process.
According to this approach, workers participation is a macro level political activity of the
work a view to ultimately achieving the control of the entire economy.

**Synonyms of Participative Management**

The terms ‘participative management’, ‘workers’ participation in management’, ‘industrial democracy’ or simply ‘participation’ are used in this study interchangeably to mean one and the same thing.

### 1.2 Participative Management- The Concept

“You can buy a man’s time, you can buy a man’s physical presence at a given place, you can even buy a measured number of skilled muscular actions per hour a day, but you cannot buy enthusiasm, you cannot buy initiative, you cannot buy loyalty, you cannot buy devotion of heart, mind and soul, you have to earn these and they are the things that go to make a happy and prosperous enterprise”; is a worth saying where the crux of participative management lies.

Participative management refers to the work structures and relationships within an Organisation, which embraces information sharing, work re-organisation, joint consultation, joint decision-making, and self-management. It enables individual employees to influence decisions concerning their work and their work environment. Participative management aims at ushering industrial democracy essential for forecasting social justice for industrial employees.

Deb (2009) defined the concept of participative management as follows: “Participative management involves employee’s formal share in decision-making system of the Organisation as its key stakeholder.”

The concept of participative management is an attempt on the part of the employer to build his employees into a team which work toward the realization of a common objective. In the words of Mamoria et al. (2005), “it is a system of communication and consultation either formal or informal by which employees of an Organisation are kept informed about the affairs of the undertaking and through which they express their opinion and contribute
to management decision."

Chaudhury (1979) traced the origin of the concept of participative management to the research studies undertaken in the Harvard University. According to his study, the basic premise of workers' participation is that man is not purely an economic being but is, at work place, a member of a group sharing its norms and goals. Greater productivity can be achieved by emphasizing human relations instead of authoritarian rule-of-thumb approach of earlier school of scientific management. If workers are also given opportunity to participate in the management process, there would be positive gains for the Organisation through higher productivity and reduction in negative valence and behavior. He held the opinion that the major objective of participative management is to help in increasing production and productivity and share the gains of productivity through more effective management and better industrial relations.

Participation of workers in management in one form or the other exists in almost all countries of the world. Most countries have incorporated in their labour legislations the provisions requiring some form of participative management. In India also attempts have been made to operationalize the concept of workers participation by incorporating it in the Industrial Disputes Act, 1947 which provided for establishment of statutory committees called Works Committees. There are five distinct stages of participative management in India;

1. Works Committees;
2. Joint Management Councils;
3. Shop Councils;
4. Joint Councils; and
In the Public sector industrial establishments where government is managing the industry, the schemes of participative management can be fruitfully implemented. But in the Private sector where the contradiction in terms of diversity of goals and role-conflict remains, unless the participating groups, namely, employers, managers and workers adopt the requisite value orientation, attitudes and behaviour pattern to understand the philosophy of participation, implementation of the scheme may be difficult. From the practical point of view, the effectiveness of participative management is dependent upon the following factors:

1. Social and political environment;
2. Participation potential of the enterprise;
3. Workers propensity to participate in management;
4. Managements’ attitude to towards participation; and
5. Trade unions acceptance (Chaudhury, 1979).

There are scholars who believe that participative management cannot be achieved without the working class surrendering their rights for collective bargaining. Cole (1957), one of the earliest thinkers on the question of workers participation, observed that “the worker, as soon as he is recognised as having the status of a partner and not of mere hand whose entire relation to industry is embodied in the wage he receives, acquires a responsibility for doing his best, to make the enterprise he works in, a success, not in terms of profits but in terms of rendering good service to the consuming public and thus contribution towards the improvement of the general standard of living.”

“The trade union is, in relation to the actual conduct of industry, an external body, which can bring pressures to bear on management but has no part in it. By its very nature it constitutes an opposition, rather than a co-operative agency in the task of control. Nor can it change its character in this respect without forfeiting capacity effectively to protect its members’ interests and thus losing their allegiance. Trade unions, if they become
participants in industrial management, would in effect cease to be trade unions and new agencies for collective defense would have to be created in their stead” Cole (1957).

This approach further holds that in a scheme of genuine worker participation, the workers’ representatives are expected to play their loyalty to the trade unions and to act in furtherance of a common objective, namely, increased efficiency in production. This cuts across the essential dichotomy of interests between the employer and the employee in a capitalist society and produces an inevitable adverse reaction in the minds of the labour. In the face of unusually high disparity of income between workers and managers, the workers are likely to view the experiments at workers participation with indifference.

Though the concept of participative management in India has a history dating back even to the ancient periods, studies on the effectiveness of workers participation have shown mixed results. Several studies have indicated the failure of workers participation schemes in Indian industries (see for example, Lavakare, 1977; Kumar, 1978). Although worker is recognised as a partner of management in joint bodies, consultative or decisive, he is not an equal partner in reality. Some scholars are of the opinion that participative management would remain only as an imaginative projection with ideological discrepancy (Tanic, 1969). Another scholar who studied in-depth the working of joint management councils has found that much to be desired in terms of its working as well as the preconditions for its success (Sheth, 1972).

The father of modern business management F.W. Taylor, has recognised the significance of participative management and included the concept in his philosophy of ‘scientific management’ which is revolved round the tenet of ‘mental revolution’. It means that both the workers and management should abandon their traditional thinking of an employer and employee. The employer should develop the concept of partnership and respect for the dignity of the worker as a human being. The worker should also develop the sense of belonging to the enterprise. He should consider the factory as his own place of work and put his sweat and blood for the success of such a joint venture.
The essence of the idea of workers’ ownership is the creation of a system of relations in which individual workers, in association with their fellows directly manage the means, conditions and results of their labour and thus achieve control over the totality of social relations in the community.

Participative management is basically an exercise in the re-distribution of power and authority between labour and management. It is in essence conceived as a device of sharing management authority with workmen as a part of the strategy of creating a committed workforce in industry (Azeez, 1980).

The nature of participative management is multidimensional. It addresses the relationship between the Organisation and its workers and stakeholders. It addresses fundamental issues of governance within Organisations and the role of employees and external stakeholders in all levels of organisational decision-making.

According to Bratton and Gold (2003), “employee participation involves workers exerting a countervailing and upward pressure on management control, which need not imply unity of purpose between managers and non-managers.”

The basis for participative management can be found in economic, psychological, and social factors. From the economic point of view, it is necessary for the management to willingly accept the workers claim that they play a vital role in the progress and prosperity of the enterprise and hence they have a right to share in the gains of productivity. Psychologically, labour wants to be a part of the management to satisfy his ego. He has a strong urge for status and importance in the industry where he works. When the worker becomes a part of the management, he feels proud as being a component of the organisational structure and this motivates him to co-operate. Thus participatory management provides for the integration of the workers interest with that of the management by making the worker a joint partner in the enterprise in which he is investing not only his money but his life also. Socially, participation exists when industry is looked upon as a social institution where employees and employer as well as the community and the nation have
common interests and such interests being interdependent. Thus, the social purpose is to use participation as an instrument to improve industrial relations and promote industrial peace, which the society has also a concern.

A major factor determining the success of implementation of participative management is the commitment of the management to operationalise such schemes through concrete action rather than introduce them half-heartedly. The experiences of participative management in several countries and in many Indian states have shown that schemes of workers participation have failed because of the failure of management to take the workers into confidence and share all information. In several instances, the various committees set up as part of the scheme often spent time discussing wage related or welfare related issues. Issues related to reducing wastage, improving quality and increasing productivity and efficiency are rarely discussed and decisions taken. Where decisions are taken, very often such decisions may not be implemented or there may be inordinate delay in implementation. Failures on the part of management in all these aspects very often create frustration among the workers and contribute to the failure of such schemes.

The mere existence of schemes of participative management does not serve much of a purpose unless it contributes to increased productivity, efficiency and capacity utilization. In the ultimate analysis, it is efficiency and productivity that any genuine scheme of worker participation aims at. The participation of workers in decision making at the shop level and plant level should result in increase in productivity in the first place. Secondly, the benefits of increased productivity should be shared between workers and management in an equitable manner.

Another set of issues relates to the differences between Private sector and Public sector in the successful implementation of participative management. It has been pointed out that participative management is likely to be more successful in Public sector enterprises than in Private sector enterprises because of the differences in the objectives underlying the working of Private and Public sector enterprises (Choudhuri, 1979). For the private
sector enterprises operating in a highly competitive market, it may not be always possible to introduce the kind of industrial democracy that is visualised under a genuine scheme of workers participation. On the other hand, in public sector enterprises where the welfare of the workers is as much emphasised as the profits, the scope for workers participation may be higher. This aspect is particularly relevant in the case of Kerala where the industrial sector is dominated by the public sector enterprises. It is also to be analysed the role participative management can play in avoiding sickness among public sector enterprises.

The importance of participative management is being greatly stressed at various places and forums with the object of creating climate for establishing industrial democracy as a pre-requisite to establish a socialist society and for the reason that labour is not viewed just as a wage earner but a vigilant active co-operator to share the gains and to contribute its efforts in the domain of increasing industrialisation. This is seen as a progressive trend in the field of labour policy in the world over.

Unless the status of the worker is raised and he is recognised as a partner in the industry and as a co-trustee of the community’s welfare along with capital, he could not be persuaded to put in his very best in the work.

Top level managers set the basic stones for planning, determine overall goals for the Organisation and give directions on the content of policies and similar planning documents. This is not done in isolation, but based on information provided through the direct participation of personnel in each department or division.

1.3 Salient Features of Kerala’s Industrial Sector:

A Brief Survey of the Debates

Kerala is considered an industrially backward state. There are historical, socio-political and locational reasons for Kerala’s industrial backwardness. Historically, Kerala never had a trading community unlike some of the North Indian States where trading community was economically very active. While Marwadi and Bania community respectively were
the forerunners of industrialisation in Rajasthan and Gujarat, in states like Uttar Pradesh and Madhya Pradesh the Agarwal Community played the same role. In these regions it was the capital accumulated through trading that was deployed in the industrial sector. Kerala never had a traditional trading community. Kerala has the history of inviting trading communities from other regions to undertake trading activities here (Albin, 1990). The study argued that regional factors have retarded industrialisation of Kerala. If the regional factors had not been so adverse, the structural factors should have in fact raised the rate of industrial growth in Kerala above the all India rate.

From the point of view of attracting industrial investment, Kerala has certain inherent disadvantages. The location of the state in the southernmost tip of the subcontinent and the density of population are the major ones. In spite of these disadvantages, the erstwhile Travancore region of the state could achieve some progress in industrialization in the early part of the 20th century. But due to a variety of factors, this progress could not be sustained and by the beginning of the latter part of the century, the state started to experience a kind of industrial stagnation.

Industrial backwardness of Kerala has attracted considerable debates and discussions. In the early eighties, Oommen (1981) studied the factors influencing the decisions of Kerala based entrepreneurs who either shifted their units from Kerala to neighboring states or decided to locate their units there to take advantage of the lower cost of production resulting from a variety of factors. Availability of cheap labour and higher labour productivity were the major factors behind the decisions to locate the units in the neighbouring states. The study also found that the hostile labour force of Kerala has motivated entrepreneurs to migrate from Kerala to neighbouring states.

Some of the later studies sought to question the widely held perception that it is the labour relations that hinder the industrial development of the state. Such studies held that the inadequate industrial infrastructure and capital and the locational disadvantage of the state are equally important if not more. In the mid-eighties, Subrahmanyan and Pillai
(1985) sought to question the popular perception that the industrial stagnation is due to high wages and militancy of labour. According to them, stagnation of a state exclusively in terms of region specific factors, that is, characteristics of labour, nature of trade unionism and quality of entrepreneurship is illogical and irrelevant in the context of Kerala. The alleged inefficiency of Kerala's industrial system in terms of labour militancy, high wage cost and low productivity do not have much empirical basis. They argued that Kerala's industrial backwardness is due to locational disadvantage and some facets of industrial structure are even comparable to that of industrially developed nations.

In recent years, Kerala's industrial sector has been showing a declining growth rate. During the past 50 years, the number of factories and the volume of industrial output increased substantially; however, capital intensity of output and the ratio of value-added to productive capital have been on a decline. The industrial sector of Kerala manifests a lopsided structure with its base consisting of a large set of resource-based units; there is a clear dearth of capital goods industries.

Thampy (1990) examined the influence of psychic factors in industrial investment. He noted that whether the perception regarding industrial relation climate is empirically true or not is less important than the perception proper. Besides, it may be that the past experience influences the perception more than the current realities. He argued that the labour scenario of the state had helped to have a 'psycho phobia' among entrepreneurs. The intensity of unionisation and the peculiarity of trade union culture and its behavioral pattern in Kerala determine to a large extent the investment climate and ultimately shape the prospects of industrialisation in the state.

Albin (1995) further examined these issues and observed that two important regional factors-wage rates and labour disputes- have adversely affected industrial growth in Kerala. Through a multivariate model of wage determination, he showed that wage rates across industries and organisational categories in Kerala are much higher than the other southern states. The main factors that sustain high wage rates in Kerala are identified to be
the high disposable income on account of remittances and high wage rates in the agricultural sector. Indices of labour disputes also clearly show that the levels of labour militancy have been significantly higher in Kerala as compared to other competing regions.

The economy of the state however has remained stagnant over the last several decades. The productive sectors of agriculture and industry have grown at snail pace. What sustains the economy is the growth of the tertiary sector, which includes trade, hotels and restaurants, transports and communications, and banking. The growth of the tertiary sector in turn is attributed to the remittances of Keralites working in the Middle East and other countries and other Indian states (Zacharia et al., 2002). Though the exact volume of remittances into the state is difficult to obtain, the available estimates show them to be 15% to 20% of State Domestic Product (Kannan and Hari, 2002). As per the latest estimates of the National Sample Survey Organisation (2002), Kerala stands top among Indian states in per-capita household consumer expenditure. Since the manufacturing sector of the state produces very few of the items that are part of the consumption basket of the state, most of the manufactured consumer goods are brought into the state from other states and other countries. The faster growth of the tertiary sector is closely associated with the remittances and the high level of household consumption.

The labour force in Kerala is unique in several respects. It was in Kerala that workers, for the first time in the history of Indian industry, organized themselves into trade unions and demanded bonus, not as an ex-gracia payment, but as deferred wages. It was in Kerala that the concept of minimum wages was first introduced and implemented. Unlike the labour force in other parts of the country, the level of political consciousness of Kerala labour is very high. They are highly conscious of their rights and therefore oppose exploitative practices. Born and brought up in a different social milieu, the workers in Kerala are not docile and therefore expect decent and humane treatment from their employers. It seems that if the labour force in Kerala is taken into confidence, through innovative management practices, it is not only possible to maintain peaceful industrial climate and healthy industrial relations but to increased productivity and efficiency. For these
and several other reasons, Kerala is highly suited for innovative management practices like participative management. One of the objectives of the present study therefore is to analyse to what extent the entrepreneurial and managerial class in Kerala has come forward with such innovative practices.

While the debates continue, the feeling that the state has to refurbish its image at the labour front to attract more investment is getting strengthened at the academic and policy circles.

1.4 The Problem and the Enquiry

It is in the background of the above discussion that the present study finds the issues relating to the effectiveness of participative management in the industrial sector of Kerala worth studying.

Kerala, which lies on the south-western tip of India, is one of the small states of India accounting for nearly 1.18 per cent of its territory and 3.1 per cent of its population. The state came into existence on November 1, 1956 consequent on the re-organisation of states on linguistic basis. Kerala forms a narrow strip of land along the Arabian seacoast with the western ghats on its eastern boarder, sliding towards the west from the mountain ranges and having three distinct layers of land - the highlands, the midlands, and the lowlands. Since the formation of the State, Kerala has striven consistently to bring down the interregional disparities, gone ahead with progressive legislations on land tenures and agrarian relations brought down mortality and fertility rates and arrested population growth rate, promoted educational growth with significant support to private sector initiatives and expanded and modernized the health care sector. However, in the materially productive sectors of agriculture and industry, Kerala’s performance has not been remarkable. It is the process of large scale emigration that began in 1970s that has kept the Kerala economy on an even keel and promoted near-revolutionary changes in consumption pattern, housing conditions, educational levels, and health status.
Kerala has attracted international attention for its unique development experience. Though the State lags behind several of the Indian States in per-capita income, she is head and shoulders above them in most of the development indicators like Human Development Index (HDI), Physical Quality of Life Index (PQIL), and Gender Development Index (GDI). Known the world over as ‘Kerala Model of Development’, the development experience of Kerala has shown that it is indeed possible for low income countries to achieve human development through appropriate State intervention and public action (for details see Oommen, 1993). Kerala’s development has three unique characteristics, namely,

1. The attainment of a better quality of life as compared to other poorer states in India,

2. A low rate of growth and backwardness of productive sectors, namely, agriculture and industry, and

3. A very high incidence of out-migration and heavy reliance on migrant remittances.

Kerala’s development experience has attracted world-wide attention mainly because of the attainment of a better quality of life without achieving a substantial increase in investment and production and technological change of the productive and service sectors (Prakash, 2004).

In the Kerala economy, backwardness has co-existed with high quality of life, for quite sometime. The paradox persists. Growth has in fact taken place, but with serious structural changes along with it. In relative terms, the primary and secondary sectors languished and even registered negative growth rates and the territory sector has been leaping.

The industrial sector of the State is hamstrung and lopsided with limited capital investment available for modernization, technological improvements, and product diversification necessary to keep up with the requirements of the global market.

The Kerala economy is at present in a state of industrial stagnation, with poor growth of industrial employment, low industrial contribution to per-capita income and living standards and paltry support to the revenues and the developmental resources of the State.
The Gulf boom which provided employment to Keralites since the early 1970s has subsided. Not only has emigrations slowed down; returned migrants too find it difficult to find employment in Kerala. In addition, entrepreneurs are hesitant to invest in industrial establishments due to problems of labour militancy, unfavourable political attitudes, inadequate infrastructure facility, dearth of land, and government's inability to give adequate support to industry (Albin, 1990).

There is an increasing realization in recent years that the industrialisation process should be stimulated in the State to solve the problems of slow growth and worsening unemployment (Subramanian, 1990). The Government's inability to support developmental activities actively due to fiscal constraints has led to a change in outlook towards private investment.

1.5 Significance of the Study

India, in general, and Kerala, in particular, cannot escape from massive industrialisation in view of the galloping growth of population and the inability of the agriculture sector to meet the needs of the rising population, to raise the gross national product and the per-capita of the people, to increase the living standards, and to meet the varying needs of the people. Further, the agriculture sector in these days depends heavily on the industrial sector both for its inputs and disposal of its output. It is needless to overemphasise industrialisation as Kerala would not be able to cope with the demands of the future generation without a substantial industrial progress.

Effective relationship between management and employees is one of the essential requirements for attaining a higher level of productivity, growth, and success for any industrial organisation. Management has to introduce not only sound techniques of management but also sound industrial relations by paying special attention to the concept of participative management. The best method of obtaining willing co-operation in speeding up productivity is to make workers feel that the prosperity of undertaking means greater economic and social benefits to themselves. It is only through participation of employees that their
whole-hearted co-operation can be sought and a sense of responsibility can be created in them. Sound and planned industrial development with a high level of productivity is the result of faithful relationship between management and employees.

Higher productivity generates a healthy circle of more production at less cost, more national income, more money for investment, and more employment. A programme of high productivity should lead to better economic development. This process in itself will create a chain reaction, which will raise the all-round economic prosperity of the Organisation and the country. It is in this context that the importance of the employees as the principal instrument in the fulfillment of the economic plans and the achievement of the economic progress has been recognised everywhere. At the level of social thinking and planning, it is assured that the higher the productivity of a social unit, the greater the volume of goods and services available to the people. Hence, greater is the opportunity to achieve personal and social objectives such as happiness and better standards of living. Giving employees a greater share in decision-making can reduce alienation and, with it, non-productive practices such as absenteeism, turnover, and poor quality of work.

The study is anchored on the need to raise the productivity level of workers through appropriate participation techniques. The involvement of workers in management decision-making is considered as a means for inducing motivation in the workers, leading to positive work attitude and high productivity.

The study is also deemed desirable in view of the benefits of employee participation to Organisation and the society at large. Worker participation is capable of providing workers conducive work environment, opportunity to exercise their innate potentials and willingness to pursue corporate goal of the Organisation and safeguards the interest of the society at large.
1.6 **Scope of the Study**

The scope of the present study includes an innovative effort to measure the effectiveness of participative management in the industrial sector of Kerala on the basis of a newly developed eight point scale ‘PISOOLIP’, where the core factors responsible for the success and/or failure of a system of participation are identified. The volume and magnitude of presence of such core variables in an industrial organisation determines the degree of effectiveness of participative management practices.

1.7 **Specific Objectives of the Study**

The study has been undertaken with the following specific objectives:

1. To study the origin and development of the concept of participative management;
2. To examine the different participative management practices operationalised in India and abroad;
3. To determine the factors those contribute towards the effectiveness of participative management in the particular context of Kerala;
4. To examine the relationship between the nature of ownership of an industrial Organisation and the effectiveness of participative management;
5. To study whether there is any significant difference between the manufacturing and service sector industries as far as the effectiveness of participative management is concerned;
6. To study whether there is any relationship between the total number of employees of an industrial organisation and the volume and extend of participative management there;
7. To take stock of the attitude and receptiveness of the managerial and non-managerial personnel towards participative management;
8. To discover the state of professional development among workers and managers in the industrial sector of Kerala; and

9. To put forward policy suggestions to improve the effectiveness of participative management in the industrial sector of Kerala.

1.8 Hypotheses of the Study

The following initial statements have guided the researcher to conduct the present study to satisfy the objectives mentioned earlier.

1. Participative management practices differ according to the nature of ownership of the industrial units;

2. The service sector industries effectively implement participative management practices when compared to manufacturing industries;

3. Participative management practices in the Group I industries and the Group II industries differ significantly;

4. Factors determining the effectiveness of participative management work more effectively among the managerial staff when compared to non-managerial staff; and

5. A low level of professional development among managers and workers will adversely affect the effectiveness of participative management.

1.9 Methodology and Data Processing

In due consideration of the above mentioned objectives and hypotheses, the following methodology has been adopted for conducting the present study. The study is predominantly correlative in nature as it explores relationships among several variables.
1.9.1 Source of Data

The study is both descriptive and analytical in nature and hence both the primary and secondary data have been used for the study.

Primary data for the study have been collected from 576 sample respondents of 28 industrial units spread over the State of Kerala. The sample industrial units have been selected on the basis of purposive sampling method and the sample respondents according to the stratified random sampling method.

The secondary data have comparatively got a limited significance only as far as the execution of the present study is concerned. A review of the published literature in the form of periodicals, books, and theses in the area of participative management in particular, and, personnel management in general, have benefited to understand the present scenario. Minutes of various participative forums and reports have also been examined.

1.9.2 Development of the Research Frame

For the purpose of measuring the effectiveness of participative management in the industrial sector of Kerala, the researcher, as the first step, has classified Kerala’s industrial sector into two broad classes, namely, manufacturing industries and service industries. Industry, for the purpose of the study, has been defined as “any economic activity which involves production, purchase and sale, transfer or exchange of goods and services on a regular basis with the objects of earning a profit and rendering a service to the society.” Only the joint stock companies, public corporations, and co-operative societies with their registered offices in the State of Kerala or having their presence in the State of Kerala by establishing a place of business in this State are included in the ‘industrial sector of Kerala’ for the purpose of the present study.

At the second stage, industries in Kerala have been classified into four types on the basis of the nature of their ownership and management, namely, Central public sector industries, State public sector industries, Private sector industries and Co-operative sector
industries. Industries owned and managed by the central government are Central public sector industries; those owned and managed by the state government are State public sector industries; industries owned and managed by the private entrepreneurs are Private sector industries; and industries owned and managed by co-operative societies are Co-operative sector industries, for the purpose of the study. Although, there is a concept of 'joint sector industries' where the ownership is shared between the state and private individuals, the volume and number of industrial units belonging to such a category is very few nowadays; rather good to ignore this sector as far as the present study is concerned.

In all these four types, there are manufacturing and service industrial units. Manufacturing industrial units are industries those engaged in agriculture, mining, manufacturing, and construction activities and creates some tangible objects or goods. A part of the industry that creates services rather than tangible objects are Service industries. Hence, broadly speaking, eight types of industries really determine the scope of the present study. The researcher has thus attempted to measure the effectiveness of participative management in the industrial sector of Kerala with reference to:

1. Central public sector manufacturing industries;
2. Central public sector service industries;
3. State public sector manufacturing industries;
4. State public sector service industries;
5. Private sector manufacturing industries;
6. Private sector service industries;
7. Co-operative sector manufacturing industries; and

As the third stage, the above mentioned eight types of industries are further classified into two groups: Group I industries and Group II industries, on the basis of its manpower.
strength. Industrial units where there are 500 or above number of employees working and their names included in the roll of pay are put in the Group I and those with below 500 numbers of employees working and their names included in the roll of pay are put in the Group II. The researcher has made such a classification on the assumption that there should be some sort of relationship between the labour strength of an industrial establishment and the volume and degree of effectiveness of participative management there.

Through the different stages of classification above mentioned, the researcher has finally arrived at the sample frame (chart given in Appendix I) of the present study consisting of sixteen types of industries, namely,

1. Central public sector manufacturing industries-Group I;
2. Central public sector manufacturing industries-Group II;
3. Central public sector service industries- Group I;
4. Central public sector service industries- Group II;
5. State public sector manufacturing industries- Group I;
6. State public sector manufacturing industries- Group II;
7. State public sector service industries- Group I;
8. State public sector service industries- Group II;
9. Private sector manufacturing industries- Group I;
10. Private sector manufacturing industries- Group II;
11. Private sector service industries- Group I;
12. Private sector service industries- Group II;
13. Co-operative sector manufacturing industries- Group I;
14. Co-operative sector manufacturing industries- Group II;
15. Co-operative sector service industries- Group I; and
16. Co-operative sector service industries- Group II.

1.9.3 Source of Sample Units

In the fourth stage, two industrial units each from all the sixteen categories of industries have been selected except for the Central public sector industries where only one sample unit represent one category of industry since the presence of Central public sector industrial units in the State of Kerala is too limited. The sample industries are selected on the basis of purposive sampling method. Thus there are altogether 28 sample units of industries selected for the present study (list of sample industries given in Appendix II). Composition of sample industries of the study is given in Table 1.1.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>II</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>14</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: Primary Data

Table 1.1: Composition of sample industries of the study

1.9.4 Sample Respondents

Towards the fifth and final phase of constituting the sample frame, structured questionnaires (model questionnaire given in Appendix III) have been distributed to adequate number of respondents and questionnaires which are complete in every respect received from 576 sample respondents who have been selected on the basis of stratified random sampling method have constituted the major data base of the study. The principal research
## Chapter 1. Introduction

### Table 1.2: Composition of sample respondents of the study

<table>
<thead>
<tr>
<th>Designation</th>
<th>CPS</th>
<th>SPS</th>
<th>PS</th>
<th>CS</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager</td>
<td>39</td>
<td>27</td>
<td>34</td>
<td>59</td>
<td>159</td>
</tr>
<tr>
<td>Supervisor</td>
<td>35</td>
<td>24</td>
<td>33</td>
<td>0</td>
<td>92</td>
</tr>
<tr>
<td>Office Staff</td>
<td>26</td>
<td>21</td>
<td>42</td>
<td>21</td>
<td>110</td>
</tr>
<tr>
<td>Worker</td>
<td>44</td>
<td>72</td>
<td>35</td>
<td>64</td>
<td>215</td>
</tr>
<tr>
<td>Total</td>
<td>144</td>
<td>144</td>
<td>144</td>
<td>144</td>
<td>576</td>
</tr>
</tbody>
</table>

Source: Primary Data

questions included in the questionnaire sought to assess the impact of several parameters on the effectiveness of participative management in the industrial sector of Kerala. Composition of sample respondents of the study is given in Table 1.2.

For undertaking the present study, sample respondents belong to two broad categories, namely, managerial staff and non-managerial staff. The researcher has put managers and supervisors as managerial staff and office staff/field staff and workers as non-managerial staff.

Besides gathering sufficient information through the execution of structured questionnaires to the sample respondents, the researcher also held discussions, casual interactions, and interviews with the sample group to have an effective opinion survey. He observed many things going in real practice in the industrial units and thus ‘observation’ has served as a powerful tool in gathering significant knowledge for undertaking the present study.

### 1.9.5 Core Variables of the Study- ‘PISOOLIP’

The researcher has made an attempt to measure the effectiveness of participative management in the industrial sector of Kerala in a unique manner based on the eight parameters mentioned below.

1. Productivity;

2. Industrial relations;
3. Social commitment of the Organisation;

4. Organisational effectiveness;

5. Organisation culture and development;

6. Labour welfare and compensation;

7. Industrial discipline; and

8. Professional development of the labour.

Effectiveness of participative management, for the present study, is thus measured on the basis of the volume and magnitude of presence of these parameters in an industrial organisation. For the purpose of the present study; an industrial unit to be included within the purview of the study need not have introduced a formal system of participative management with different types of committees formed at various levels, even a mere suggestion scheme existing in that industry itself is taken as a sign of some sort of participative and worker friendly approach of that Organisation and qualifies that industry to be included in the sample frame of the study.

1.9.6 Pilot Study and Checking the Reliability

Necessary pilot studies have been carried out at the beginning stage of the research study. Reliability of the questionnaire has been duly checked through executing it to 25 respondents each from two sample industrial units at the time of the pilot study. The very process has been repeated among the same respondents as part of the study after a gap of six months and the reliability in their response has been found very high.

1.9.7 Data Processing and Analysis

The primary data collected have been processed and analysed with the help of computer softwares and statistical tools and techniques. Statistical Package for Social Sciences (SPSS) has been the major software used.
Mathematical and statistical techniques like ratios and percentages, averages, standard deviation, coefficient of variation, estimation, chi-square test, Z-test, t-test, one way ANOVA, Tukey's Honestly Significant Difference (HSD) test etc. have been employed for data analysis. Tables, diagrams and graphs have been used to present the data. Following is a brief description of the tools and techniques used for the analysis of data of the present study.

1. Ratios and Percentages: Ratios and percentages help to understand the nature of classified and tabulated data and facilitate comparison.

2. Tables, Diagrams, and Graphs: Tables, diagrams and graphs have been used to present the classified data in a compatible form. Pie Diagrams and various forms of Bar Diagrams are mainly used to demonstrate the data.

3. Averages: An average is a measure of central tendency of a numerical data. It gives a single value that describes the central tendency of the entire group and also facilitates comparison. The best average is arithmetic mean (mean), defined as the ratio of sum of the items to the number of items.

4. Standard Deviation (SD): SD is the best measure of dispersion of a numerical data. It is the positive square root of the arithmetic mean of the squares of deviations of values from their arithmetic mean.

5. Standard Error (SE): SE is defined as the ratio of SD to the square root of the number of items. It gives the possible dispersion in the mean value and hence can be used to obtain the confidence interval for the mean value.

6. Coefficient of Variation (CV): CV has been a commonly used technique to compare the variability of two or more series of data. It is the percentage of the ratio of SD to mean. The series with greater CV is said to be more variable and less consistent.
7. Profile Analysis: It is a multivariate statistical tool which employs graphical procedures for assessing or comparing two groups of populations with respect to a number of variables or characteristics. A profile can be obtained by plotting the mean values over the variables and joining them by means of straight lines. For comparison of two populations, the procedure is to plot the profiles with respect to the two populations and if Profile 1 lies above the other, it indicates better performance of the first population.

8. Correlation: The correlation between two variables establishes the degree of relationship between the variables. The tool of correlation is used to study the relationship between the core variables ‘PISoolip’ as well as to develop models using exploratory factor analysis.

9. Estimation: For estimating population mean, the sample mean as a point estimate is used. It has a number of desirable statistical properties. In many cases, instead of a single estimate it would be more advantageous to provide an interval within which the true value lies with a certain probability say, 0.05. A 95% confidence interval for the population mean is given by \( (\bar{x} - 1.96 \frac{\sigma}{\sqrt{n}}, \bar{x} + 1.96 \frac{\sigma}{\sqrt{n}}) \) where \( n, \bar{x}, \) and \( \sigma \) are the sample size, sample mean, and population SD respectively.

10. Z-test, t-test: t test is used to verify whether there is any significance difference in the opinion of employees in Public and Private Sectors, Manufacturing and Service Industries, Managerial and Non-managerial status etc. Since the sample under the study is of large size, the test statistic \( t \) defined as

\[
t = \frac{\bar{x}_1 - \bar{x}_2}{\sqrt{\frac{s_1^2}{n_1} + \frac{s_2^2}{n_2}}}
\]

is normally distributed, where \( \bar{x}_1, \bar{x}_2 \) are the sample means and \( s_1, s_2 \) are the sample SDs of two samples of sizes \( n_1 \) and \( n_2 \) respectively. For testing the null hypothesis \( H_0 : \mu_1 = \mu_2 \) against the alternate hypothesis \( H_1 \) where \( \mu_1 \) and \( \mu_2 \) are the means of
two sets of data, the decisions depends on $H_1$ and are as follows:

(a) If $H_1 : \mu_1 \neq \mu_2$ (two-tailed test), then we reject $H_0$ if $|t| > t_{\alpha/2}$ where the tabled value $t_{\alpha/2}$ is determined such that the significance level is $\alpha$.

(b) If $H_1 : \mu_1 < \mu_2$ (one-tailed test), then we reject $H_0$ if $t < -t_{\alpha}$ where the tabled value $t_{\alpha}$ is determined such that the significance level is $\alpha$.

(c) If $H_1 : \mu_1 > \mu_2$ (one-tailed test), then we reject $H_0$ if $t > t_{\alpha}$ where the tabled value $t_{\alpha}$ is determined such that the significance level is $\alpha$. For the two-tailed test the tabled value is 1.96 and for one-tailed test, it is 1.645 (for $\alpha = 0.05$).

11. Chi-square test: It is used to test the association between two sets of data and the test statistic is $\chi^2 = \sum \frac{(O - E)^2}{E}$ where ‘O’ is the observed frequency and ‘E’ is the expected frequency calculated as the ratio of the product of the row total and column total to the grand total. Here the test statistic follows Chi-square distribution with $(c-1)(r-1)$ degrees of freedom where ‘c’ is the number of columns and ‘r’ is the number of rows.

12. Analysis of variance (ANOVA) and $F$-test: ANOVA is the statistical technique that allows analysing and interpreting observations from several populations. It compares several population means for their: (i) differences between means, and (ii) within population variation. In ANOVA, F-test will determine if significant differences exist between the sample means.

13. Tukey’s HSD test: In the case of more than two means which differ, Tukey’s HSD test as post Hoc test is applied to determine the pair of means which differ.

14. Exploratory factor analysis: It is a statistical technique used to reduce data to a smaller set of summary variables and to explore the underlying theoretical structure of the phenomena.
1.9.8 Universe of the Study

Universe of the present study extends to the industrial sector in the whole State of Kerala. The findings obtained on the basis of the statistical analysis of the data, the conclusions drawn, and the policy recommendations made thereafter are applicable throughout the industrial sector of Kerala.

1.10 Period of the Study

Evidences suggest that economic liberalization, which the country embarked on in the beginning of the 1990’s, forced the Indian industries to face the challenges offered by the multinationals and industrial empires of the west. This seems to have inspired them to search for innovative techniques of motivating labour to increase productivity and efficiency. The present study therefore proposes to concentrate on the experiments at participative management in the post-liberalization period. The primary data for the study have been collected during a four year period of 2004-2008. Secondary data have been reviewed and gathered for a period of eight years of 2000-2008.

1.11 Limitations of the Study

Even though the study is pioneering, innovative, and extensive; it is not free from drawbacks. The following are the major limitations and difficulties felt by the researcher while collecting and interpreting data for the present study:

1. The study is based on primary and secondary data. The inherent limitations of both are expected to affect the study.

   (a) With regard to the primary data, at least a few of the sample respondents might have made wrong disclosures. The opinion of some of the samples might have been biased.

   (b) Similarly, secondary data have been obtained from published literatures and there exists a possibility of window dressing, errors of omission, etc. Hence,
the accuracy of the data used for the study heavily depends on the reliability of the sources from which it is gathered.

2. Though, generally, industrial establishments selected have been co-operative and helpful, difficulties have been experienced in some particular instances. It was difficult to administer the questionnaire at least among some prospective sample respondents. A few managers were busy in their routine work schedules and other activities, and many times the researcher felt that some managers consider the former as an invader to grab their business secrets. Even a few top level officers, highly educated and experienced, hesitate the presence of an academician in their business institution and are indifferent to his purpose. Some of the workers did not agree to respond to the questionnaire. Some others agreed to respond the questionnaire but their responses were indifferent and inconsistent.

However, it is inevitable to mention that the researcher has got boundless help and patronage of many industrial organisations, its managers and workers and only a little exception has been mentioned as above.

3. Another difficulty the researcher faced was the non-availability of organised and up-to-date data in some areas.

4. While making the statistical analysis of the data, only prominent factors affecting the study was considered, even though, there are also other influencing variables, due to the fact that simultaneous consideration and analysis of a large number of variables is possibly difficult.

In spite of the above limitations, earnest attempt has been made by the researcher to incorporate in the study, all the relevant matters pertaining to the problem, cross-check the responses of sample respondents, and to make the conclusions meaningful and rational.
1.12 Scheme of Presentation of Thesis

The contents of the thesis have been presented in seven chapters.

The first chapter is an introductory one which presents the problem of enquiry, significance of the study, the specific objectives of the study, hypotheses framed to investigate the problem, the methodology and data base of the study, method of processing and analysing the data of the study, period of study, limitations of the study and also the scheme of presentation of the thesis.

The second chapter is a review of the relevant research and literature pertaining to the problem under present study. An attempt has been made to trace out the growth of participative management right from its inception through the survey of available literature both in India and abroad. The ‘knowledge gap’ rationale behind the present study has been explicitly mentioned on the basis of the general survey of research and literature.

The third chapter is devoted to present the conceptual framework with regard to the operationalisation of participative management. It speaks about the origin and development of the concept of participative management, its meaning, definition, and objectives, different forms and levels of participation, general approaches towards participation, preconditions for the successful participation, and problems of employee participation.

The fourth chapter is a study of various experiences in India and foreign countries toward the operationalisation of the concept of participative management.

The fifth chapter is specifically devoted to brief about the dimensions of the present study on the basis of a new eight points scale ‘PISOOLIP’ to measure the effectiveness of participative management in the industrial sector of Kerala. A theoretical appraisal of the eight variables, namely, Productivity, Industrial relations, Social commitment of the Organisation, Organisational effectiveness, Organisation culture and development, Labour welfare and compensation, Industrial discipline, and Professional development of the labour, which in the opinion of the researcher, are the factors contributing to the effectiveness of
participative management in an industrial organisation and whose abbreviation is coined as ‘PISOOLIP’, is made in this chapter.

The sixth chapter examines the real position and status of participative management on the basis of an analysis of data. Effectiveness of participative management in the industrial sector of Kerala is appraised in relation to the eight points scale of ‘PISOOLIP’. An attempt is also made to develop certain models of PISOOLIP on the basis of the nature of the components with due regard to the analysis of data.

The seventh chapter is a summary of findings of the study and also included the policy recommendations to make the operationalisation of participative management in the industrial sector of Kerala more effective.

References


