3.1 **Origin and Development of the Concept**

The genesis of ‘participative management’ is deep rooted in the ancient history of mankind. Misra (1961) has made an attempt to relate the origin of the idea of the participative management in India towards the ancient periods. “Men should live in mutual love and amity”. This saying of Yajurveda dates back to 4000BC-1000BC and amply recognises the importance of group cohesiveness for happiness. In India during the era of kings also there are enough records of participative culture in the pages of history. Periodic meetings of the Rajas with Prajas were nothing but crude participative forums for grievance handling. Lessons from such participative forums later served as important guidelines to adopt corrective steps to run the administration.

The evolution of participative management from the ideological concepts to the stage
of social reality has a long history. Various factors such as socio-economic and political changes, the views of social thinkers, the theoretical orientations, and the managerial philosophies have contributed a lot in the origin and development of the concept of participative management. Hence, a detailed study is attempted under the following four heads:

1. Socio-economic changes: From feudalism to industrial revolution

2. Political changes
   (a) Emergence of political democracy
   (b) Establishment of International Labour Organisation

3. Views of social thinkers
   (a) Utopian Socialism
   (b) Proletarian Socialism
   (c) Syndicalism and Guild Socialism
   (d) Fabian Socialism
   (e) Trusteeship Socialism

4. Management philosophies
   (a) Scientific management
   (b) Human relations approach
   (c) Human resources approach

All these factors have influenced the idea of participative management and its growth and development. A study of these factors is attempted below:
1. **Socio-economic changes: From feudalism to industrial revolution**

The industrial revolution started from Great Britain in the late 18th and early 19th century and spread throughout the Europe and America is pivot of the whole development. Hence it would be appropriate to trace and relate the development of participative management through the different socio-economic stages in Great Britain.

In the middle ages, the feudalism was a system of economic and social satisfaction. The industrial production was carried on in towns and adjoining areas by craftsmen on small scale with their own labour, raw materials, tools and implements in their houses or shops. The worker was master too and there was no question of employer and employee. These crafts were organised in a common association, known as ‘Guild’. The Guild had two types of functions; economic and social. On the economic side, the Guild regulated the quality, standard, wages, and price of the output and by framing rules of business, prevented competition amongst its members. The social functions of the Guild were more important and it provided help in illness and distress, support to widows, and providing education and medical facilities to the members (Gopal, 1984).

Towards the close of the middle ages, the feudal system gradually collapsed and the agricultural revolution in the rural areas created a class of proletariat- landless workers compelled for their livelihood on work for wages; the revolution also created rich class of landlords. The decay of the Guild system and the commercial revolution created the class of merchants who amassed huge wealth and became big capitalists to invest their capital in large scale enterprises with a view to meet the demands of the increasing foreign trade. These factors led to the creation of factory system of industrial production with mass of workers assembled together under the one roof and engaged in production with the help of machines and power, under an Organisation set up by entrepreneurs, who were also capitalists and managers of the concern. The factory system was the outcome and embodiment of a rational
view of life. It was based on a rational technique of production, rational accounting, rational budgeting, and rational values of operation. This change in the conduct and organisation of production was termed as Industrial Revolution.

Thus, the genesis of the idea of participative management in industries has its roots in the ‘industrial revolution’ which began in England. This revolution resulted in large scale production. Unable to face the competition, the peasantry, craftsmen, and artisans were forced to quit their subsistence level of economic activity and enter large industrial enterprises as part of the huge work-force. The owners of industry took advantage of their helplessness and exploited them to the maximum (Fromm, 1955). With the feudal system giving way to the capitalist system, there arose simultaneously some associations, mainly of skilled craftsmen aiming at a change in social and economic system of Great Britain. They thought of organizing themselves into trade unions as an agency for realizing the dream of workers having control over the means of production and industry and eventually installation of a socialist state. The idea of workers’ participation, in its present form is a by-product of the socialist ideal of ‘workers’ control’.

With the industrial revolution, the size of the enterprise also grew and consequently, the number of workers also increased and therefore the owners started hiring personnel to supervise and get work from the workers which led to the emergence of a new class - professional managers. The management of big companies, instead of being run by individuals as in the first phase, began to be undertaken by a ‘Board of Directors’. Thus, in this phase, remarkable and profoundly affecting business management practices and procedures developed with the introduction of the ‘Joint Stock Company System’. The Joint Stock Companies, as a result of competition or the desire to acquire monopoly over production and distribution, developed into various kinds of combinations such as trusts, cartels, pools, holding companies, syndicates, etc., expanding their arena often to international sphere. Management
not only merely became separated but also completely alienated from the workers. Workers were regarded simply as a factor of production; their status and security became a matter of economic circumstances rather than social obligations.

These conditions created a feeling of revolt and hostility among the workers and this later on resulted in the working class movement – a movement based on the spirit of class consciousness of the workers and their solidarity of interest with the objective to fight for the change of the capitalistic social order. The trade unions were formed. The workers revolted against the new machine system and the factory and conducted big strikes and protests.

2. Political changes

(a) Emergence of political democracy

The emergence of political democracy gave rise to demand for institutional democracy and in a democratic society it is a logical correlate of the urge to democratise all the major aspects of social life. Such a demand grew in the western industrial societies in the wake of industrial revolution. It was thought that the process of democratisation would remain incomplete if the industrial sector did not get included in its purview and the political democracy could not be sustained for long if it was not supplemented by the corresponding change in the industrial sphere. Industry must provide quality goods and services at reasonable prices for general public and for labour it should provide congenial working conditions and optimal wages. It was also thought that participation of workers in management would be sufficient to meet the needs of social justice.

The old capitalist society in the West began incorporating the democratic principles of liberty, equality and justice by adopting the ideals of the welfare state. Social justice for the working class was more and more accepted as state responsibility. Workers were granted the right to organise themselves in trade
unions and to pressurise employers to achieve their economic ends. At the beginning of 20th century, especially during the crisis of the First World War, it was realised in the West that the interest of employers and workers could be integrated and industrial conflict could be avoided by encouraging them to co-operate with each other and to resolve their differences through committees of joint consultation (Sheth, 1972).

(b) Establishment of International Labour Organisation (1919)

The establishment of the International Labour Organisation (ILO) has been an outstanding and unique development on the international level of an institution to deal with labour problems, industrial relations and all subjects concerning labour and working class and provide an opportunity to the employers, employees and the state representatives to meet in International Labour Conferences, discuss and decide their problems. The ILO is established on the principle of co-operation to be generated and established between the three parties, namely, employers, workers and community represented by the State, to fix international norms for the working and living conditions of the working class.

The Declaration of Philadelphia, adopted by International Labour Organisation in 1944 upheld the personality and dignity of labour. Since then it has been increasingly realised that a worker is not a commodity to be bought and sold. But it is a self-respect seeking human being. Like any other human being, labour also has feelings, emotions and aspirations. He strives to fulfill them through the instrumentality of work from which he not only makes his life but also derives self-satisfaction, when he comes to his workplace, he brings with himself not only his hands but also a part of his life- its biological, social, and psychological concomitants.

The Philadelphia Declaration recognised the freedom of labour for expression and association and upheld the significance of an ‘industrial relations’ based...
on co-operation between labour and management. Thus, by bringing together the State, employers and workers’ representatives to discuss common problems, the ILO, in fact, started an era of workers-management co-operation with State as representative of community interest and proved nucleus for industrial democracy.

3. **Views of social thinkers**

The emergence of capitalism and socio-economic changes gave rise to a strong labour movement clamouring and fighting for the workers’ status and protecting them from exploitation of new factory employers. This movement was guided by philosophies of a number of socialist thinkers who pleaded for reforms in property rights and a fair deal to workers.

The philosophy of prominent social thinkers and their contributions to the development of participative management can be studied in relation to the following schools of thought:

(a) **Utopian Socialism**

The origin of the concept of participative management is linked to the ideas of the pre-Marxian Utopian socialists who recommended the regulation and restriction of property rights in order to reduce social disorder and exploitation. These early socialists were Saint Simon (1760-1825) and Charles Fourier (1772-1837) in France, and Robert Owen (1771-1859) in Great Britain. Saint Simon did not see socialism as a class struggle between capitalist employers and workers, but as a struggle in which both these classes would be united against the idle rich by means of social control of the means of production and administration through their scientific and business abilities. Fourier was concerned about creating a social environment to meet man’s needs. He felt that to achieve this involved the organisation of production and distribution along community lines. Here, workers would have had to voluntarily share their work
and would receive reward in accordance with their proportional contribution to
the social product. The importance of Fourier’s work rests on his emphasis on
the adaptation of social institutions to meet man’s needs.

The idea of workers’ ownership got considerable encouragement in the days
of Robert Owen. The co-operative movement was developed with the aim of
worker ownership. Robert Owen believed in the co-operative effort where cap-
ital would receive a fixed or maximum dividend, and in which all surplus profits
would be utilized in respect to the development of social services for the benefit
of all. Owen advocated a society in which the co-operative principle and united
labour would govern man’s approach to living, for he believed that man’s char-
acter is a product of the environment. Thus the guiding principle in Owen’s work
was co-operation rather than individualism among society’s members. Robert
Owen preached the philosophy of co-operative endeavour in production. He
felt that the employees should in real sense have a right to partnership in the
enterprise along with the managers and with those who provided capital.

The early socialists urged participative management for the protection of work-
ers against the exploitation of capitalists. In addition, they argued for the reform
of property rights with a view to minimise social disorder and exploitation and
for a fair deal to workers. They also believed that ‘producers’ were liable for
the future control of social affairs, but within the term ‘producers’, they included
both workers and employers.

Saint Simon, one of the early socialists never thought socialism as a class
struggle between capitalist employers and workers, but more a general conflict
between the producers consisting of the capitalist employers and workers and
the idle rich consisting mainly by the nobility and the military leaders. He saw a
transformed State controlled by the producers which would plan and organize
the uses of the means of production.
Charles Fourier and Robert Owen argued for closer association between employers and workers in order to eliminate exploitation and promote welfare of workers. They argued for the organisation of communities in which both production and social life were to be organised on a co-operative or communal basis.

Though the ideas of these early socialists were based on the philosophy of association or co-management, it was their successors like Louis Blanc, John Fransis Bay, William Thompson etc., who spelt out the principles of co-management or joint participation to put the idea into concrete terms. All of them favoured greater control of the workers on the means of production to ensure the right to work and just share in the products of the industry.

(b) Proletarian Socialism

Louis-Auguste Blanqui (1805-1881), Michael Bakunin (1814-1876), Karl Marx (1818-1883) and, Frederic Engels (1820-1895) emphasised the class struggle and ultimate revolution for the establishment of an egalitarian society. These thinkers and others who followed them, though suggested different approaches to establish a social society, but in unison advocated complete socialisation of production as the only method of putting an end to the exploitation of workers by the capitalists. Marx argued for the socialisation of the means of production and setting up of a proletarian State which would be under the control of the workers. Both Marx and Bakunin believed that the socialist society would be achieved by the destruction of the existing State. Marx thought that the capitalist State would be superseded by the proletarian State; Bakunin held that the existing State would be superseded by voluntary organisations, especially the trade unions.

Antagonisms and conflicts between workers and owners are well known. Karl Marx (1867) discussed the concept of alienation, the progressive dehumaniza-
tion of labour and struggle between capital and labour in economic and philosophic manuscripts. But environment of conflict is not conducive to economic progress and prosperity. Industrial peace and harmony is a pre-requisite for this. Participative management is a step advocated for achieving this goal.

The Marxian approach to labour has made people to think that cordial relation between labour and management occupies a prominent place in the age of industrialisation. All over the world, it has been well appreciated that good labour management relations greatly help in laying the foundation of economic growth and social change.

(c) Syndicalism and Guild Socialism

The emergence of syndicalism further strengthened the doctrine of workers control. Though it emerged in France, in its most popular years (1910-1920), the doctrine was responsible for movements for workers’ control in countries as far apart as Norway and Australia (Clegg, 1963). This group favoured for public ownership of industry along with joint control by the representatives of producers and consumers.

Another group known as Guild Socialists led by Cole (1889-1959) of Great Britain pleaded for a society in which guilds consisting of all classes of workers by hand or brain would control industry under a charter from the State. However, this would be a gradual process and due regard be given to the other sections of the society, namely, the consumers and citizens. To minimise the possibility of exploitation by the workers of these other members of the society, workers’ control should be subjected to certain safeguards: the guild would negotiate an agreement with the State, and the results of the negotiations would be a series of clauses protecting the interests of the citizens and the consumers.

But, in later periods, it was found that complete control of industry was neither
po-possible nor desirable. Even Cole who led the emergence of guild socialism later favoured industrial partnership and joint control rather than industrial self-government.

(d) **Fabian Socialism**

The origin of the concept can be traced back to the writings of Fabian socialists headed by Sydney Webb (1859-1947). Pierre Joseph Proudhon (1808-1865), a French philosopher and socialist, was the first economist who used the term ‘industrial democracy’ in explaining his economic ideas. However, a real beginning of the concept of industrial democracy started after the publication of the book ‘Industrial Democracy’ by Webb and Webb (1920).

In Great Britain, the Fabian socialists headed by Sidney Webb and Beatrice Webb also opposed the doctrine of workers’ control and instead favoured participation of labour in industry. They coined the term ‘industrial democracy’ and described it as the method in which workers collectively through their unions can exert influence over the decisions on different issues concerning them.

(e) **Trusteeship Socialism**

In India, the importance of workers’ participation was long ago visualised by Mahatma Gandhi (1869-1948). In several lectures published in ‘Young India’ in 1927, he expressed the view that labourers be made owners of the firm in proportion of the share they possess (Gandhi, 1927).

The idea of workers’ participation can be traced to the ‘trusteeship’ concept propounded by Mahatma Gandhi. He held that capital and labour both would be trustees of consumers, the relation between them being of family members living in unity and harmony. Gandhiji wanted the capitalists to make their workers, co-partners of their wealth and should look to the material and moral welfare of the workers. At the same time, he thought that the “labour to be intelligent enough to co-operate with itself and then offer co-operation with capital
on terms of honorable equality” (Gandhi, 1947).

4. Management philosophies

The professionalisation in industrial management and the growing complexity of modern industrial organisation compelled to search for new management systems and approaches to enhance labour efficiency and productivity.

(a) Scientific management

The first attempt in this direction was made by F.W. Taylor (1856-1915) who emphasised the significance of a formal structure to a business enterprise. Taylor and his associates like Henry Fayol, Luther Gulick, H.L. Gantt, Harold Koontz, and Earnest Dale were concerned principally with the operation level of organisation, but their emphasis on planning, standard practices, proper work tools and proper work methods based on time and motion study gained widespread acceptance and developed into what became known as the ‘Scientific Management Movement’. The major theme of scientific management was that works should be studied scientifically which involve time study, motion study, store-keeping, standardization and differential wage system by introducing various premium systems. The ideas of Taylor were firmly founded upon a desire for worker-management harmony and increased worker benefits.

(b) Human relations approach

Towards 1930s, a new trend in the theory of management emerged which was based on the doctrine of ‘human relations’. This approach advocated industrial democracy and participative management for the achievement of greater organisational health and effectiveness. The principal proponents of this approach were Elton Mayo (1880-1949), Mary Parker Follet (1868-1933), Chester Bernard (1886-1961), and Herbert Simon (1916-2001) who discovered that man is not purely an economic animal, but at workplace he is a member of a group sharing its norms and goals. The human relations approach emphasised
the need for improving human relations in a business organisation to improve its efficiency and productivity.

(c) **Human resources approach**

The human relations doctrine could not satisfy the majority of business men, for its practical recommendations were rather general in nature due to which it was difficult to improve concrete management systems on its basis. Therefore attempts were made to work out a more balanced approach which led to the formation of the human resources school of thought. The advocates of this approach were Douglas McGregor (1906-1964), Rensis Likert (1903-1981), and Frederic Herzberg (1923-2000). The school of thought argued that there should be a greater understanding of human behaviour in organisational setting and new managerial styles required to be evolved. McGregor suggested a number of innovative ideas in this respect such as greater decentralization and delegation of authority, job enlargement, participation and consultative management etc.

### 3.2 Meaning and Definition

There has been a resurgence of academic interest in participative management in the light of the growing trends toward the practice of workplace flexibility, social dialogue, and social partnership. Labour participation and workplace mutuality are linked to improved organisational performance through the effects they have on employees’ satisfaction, commitment, motivation, and morale (Kearney and Hays, 1994; Davis and Lansbury, 1996; Black and Gregersen, 1997).

Involvement of employees in the decision-making process has been termed variously as industrial democracy, employee participation, participative management, industrial government by workers, labour association in management, co-partnership, co-management, and workers’ participation in management. Whatever term is used, the objective is to involve subordinates in the process of decision-making at various levels in the enterprise
(Narain, 1977). It is a worldwide phenomenon to integrate or involve employees/ workers in matters concerning them. However, the nature and extent of such involvement as well as its process may vary widely.

Industrial democracy has been regarded as a logical counterpart of political and economic democracy. It is widely known that the object of making labour an actual participant in the working of the economy has received a large measure of acceptance and its validity is widely conceded both in capitalist and socialist world. In this wide range of association of workers with management is implicit the assumption that a worker is not merely a hand to be hired and fired by the employers as it suits their will or exigencies of production, but a human being with rights and obligations whose well-being is a matter of deep concern for the community through the active and intelligent interest in the working of the firm in which it is employed and its relation to the industry and economy as a whole.

Participative management means involvement of workers in management and decision-making process. In a sense, it is sharing of power and authority between workers and management. It is a measure directed towards minimisation of class-feelings at the workplace.

The classical definition of participative management has been provided by French (1960) in the following words: “it refers to a process in which two or more parties influence each other in making certain plans, policies and decisions. It is restricted to decisions that have further effects on all those making the decisions and on those represented by them.”

Workers’ participation in industry has become a confused rhetoric conveying a variety of meanings. Participation has been defined as any or all processes by which employees of an Organisation contribute positively towards the reaching of managerial decisions which affect their work (Sawtell, 1986).

The term participation has been derived from the Latin term 'participare' which means ‘to take part in’ or ‘to share in’. In this context, Mehtras (1966) has observed that partic-
Participative management advocates workers having a say in the decision-making process of the industrial management. The concept may be defined as “sharing the decision-making power by the rank and file of an industrial organisation through their proper representatives, at all the appropriate levels of management in the entire range of managerial action. It means sharing or transferring the decision-making right with the lower ranks of the Organisation. Thus it is a process of delegation of authority and responsibility in the general arena of managerial function.”

McGregor (1960) recognised that “participative management is a formal method of providing an opportunity for every member of the Organisation to contribute his brains and ingenuity as well as his physical efforts for the improvement of organisational effectiveness”. He contends that labour participation consists basically in creating opportunity under suitable conditions for people to influence decisions which affect them. It is a special case of delegation in which the subordinate gain greater control, greater freedom of choice with respect to bridging the communication gap between the management and the workers. This serves to create a sense of belonging among the workers as well as a conducive environment in which both the workers and the management would voluntarily contribute to healthy industrial relations.

According to Beach (1965) “participation is the process by which people contribute ideas towards the solution of problems affecting the Organisation and their jobs”. “Participation is the process by which people contribute ideas towards the solution of problems affecting the Organisation and their jobs; it includes not only the physical contribution of the person but also his intellectual and emotional involvement in the affairs of the Organisation” (Beach, 1980). He held the view that participation includes not only the physical contribution of the person but also his intellectual and emotional involvement in the affairs of the Organisation.

Johannes (1976) has mentioned the idea of participative management in the following words: “An ordinary worker invests his labour and ties his fate to his place of work...
and therefore he has a legitimate right to have a share in influencing various aspects of company policy”.

The Twenty-Point Programme (1974) of late Prime Minister Indira Gandhi included a scheme of workers’ participation in the management of industries particularly at the shop floor and plant levels in order to foster greater trust and understanding between the workers and management to accelerate the pace of productivity.

Participative decision-making is also seen as a “form of empowerment that allows employees to realise their full potential thereby helping Organisations to secure competitive advantage” (Jarrar and Zairi, 2002).

“Participative management is the totality of such forms of upward exertions of power by subordinates in Organisations as are perceived to be legitimate by themselves and their superiors” (Lammers, 1967).

Schregle (1976) has conveyed the idea of participation in the following words: “Participation is the extent to which members involve themselves in and devote energy to the operation of Organisation. Participation is based on the fundamental concept that the ordinary worker invests his labour in, and ties his fate to his place of work, and that therefore; he has a legitimate right to have a share in influencing the various aspects of company policy”.

In the words of Bloomsberg (1951), “the ability of the management to discipline the labour force and introduce changes and policies with the least resistance from the rank and file became enhanced with the introduction of a scheme of participative management. It is a matter of common sense that men will take greater pride and pleasure in their work if they are allowed to participate in shaping the policies and decisions which affect that work”.

“Participation is a process by which employees can influence decision-making at various levels in an enterprise, either through their representatives on the Board or in other
participative forums, including collective bargaining” (Narain, 1988).

Davis (1957) defined the concept of participation as “the mental and emotional involvement of an employee in a group situation which encourages him to identify himself with group goals and share responsibilities in them”. There are three important ideas in this definition. Firstly, there should be mental and emotional involvement, that is, the involvement is psychological rather than physical. Secondly, participation motivates people to contribute through their own resources of initiative and creativity towards the objectives of the Organisation. Thirdly, participation encourages people to accept responsibility in their group’s activities.

Gardner (1977) has very aptly pointed out that participation incorporates two of the very strong social motives, namely, self-respect and social approval. The former comes into play when the worker is doing a job which he understands and of which he approves. The latter is seen to operate when employees participate as a group in such a way that each knows that he is obtaining the approval of the other members of the group by doing his assigned task.

Mahatma Gandhi has suggested that, since, workers contribute labour and brains while the shareholders contribute money to an enterprise and that both should, therefore, have a share in its prosperity. The Gandhian economic philosophy considers that industry is the property of the society and labour and capital are its trustees (Gandhi, 1927).

“If the twin objectives of rapid national development and increased social justice are to achieved, there must be the most complete understanding between management and labour. Workers should work with zeal assuming an ownership feeling in them and also the management to create such a condition that labour is not their servant but a partner in the process of production” (Desai, 1954).

“Schemes of participative management are culmination of a series of steps aimed at giving the workers a feeling of having a place of their own in the industrial and social
structure of the country" (Nanda, 1958).

The idea of labour participation in management gathered momentum in India due to the observations made in the Government’s Industrial Policy Resolution of April 1956 and in the Second Five Year Plan. As per the Resolution, “in a socialist democracy, labour is a common partner in the task of development and should participate in it with enthusiasm”. The Second Five Year Plan (1956) stated the ideas of labour participation in the following words: “A socialist society is built up not merely on monetary incentives, but on ideas on service of society and willingness on the part of the latter to recognise such service. The worker should be made to feel that in his own way he is helping to build a progressive State. The creation of industrial democracy, therefore, is a pre-requisite for the establishment of a socialist society”.

In the words of Sashkin (1944), “participation involves workers in the planning and control of their own work activities.” He has identified three sets of contingencies also which affect participation, namely, (a) psychological contingencies which include the values, attitudes and expectations of members of the Organisation; (b) organisational contingencies that relate to organisational complexity in terms of the use of sophisticated technology etc., and (c) environmental contingencies that do with the changes in the environment in which the business is working.

According to Athreya (1973), “at the enterprise level, participation could refer to the involvement of the worker in the conduct of enterprise affairs”.

Alexander (1972) considered a management to be participative “if it gives scope to workers to influence decision-making process at any level of sphere, or if it shares with them some of its managerial prerogatives.”

According to Tannenbaum (1973) participative management is a concept which is difficult to define its exact scope. “It refers to the formal involvement of members in the exercise of the control, usually through decision-making in group meetings”.

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According to International Institute of Labour Studies (1968), participative management would be understood as “practices which increase the scope for the employee’s share of influence in decision-making at different tiers of organisational hierarchy with concomitant assumption of responsibility.”

Rehnman (1968) has observed that “practically, since labour today is more awakened and more expectative they should have the right to make the important decisions about managing the business.”

Mamoria and Mamoria (1985) have also thrown light on different aspects of the concept of participative management. According to them, “participation 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 management decisions. It is a distribution of social power in industry so that it tends to be shared out among all who are engaged in the work rather than concentrated in the hands of a minority. It is industrial democracy in action, based on the principle of equity, equality, and voluntarism. It gives to the employee representatives the right to criticise, to offer constructive suggestions and to become aware of the pros and cons of the decision made.”

Throwing light upon the importance of participative management, Giri (1967) opined that “such an association of labour with management at all levels would lead to promotion of increased productivity for the general benefit of the enterprise, the employers and the community giving employees a better understanding of their role and importance in the working of the industry and in the process of production. Satisfaction of the urge for self-expression in employees, thus leading to industrial peace, better relations and increased co-operation, will serve as an effective connecting link between labour and management at each level, will enable employers to win confidence and co-operation of labour and will impart a new meaning to their instruments of co-operation. Such associations of labour with management in a real way at all levels will break the barriers between labour and
management and do away with suspicion and mistrust and replace antagonism with co-operation.”

Participation is a process by which employees can influence management decision-making at various hierarchical levels in an enterprise (Jain, 1980). Thus, it refers to influence in decision-making exerted through a process of interaction between workers and managers and is based upon information sharing.

The concept of participative management is an extension of the political system to the workplace. In a democracy, participation of the people in the political process is an essential ingredient of the system. Similarly, participative management is an extension of the political process to workplace relations (Subha Rao, 1983).

“Industrial democracy means that workers and employers should feel that in their work they will be evaluated and respected as free persons of equal value within the framework of the rules and natural order and discipline that will always be needed in a well regulated industry. In an atmosphere of co-operation, mutual respect and tolerance, they should have the natural right to influence conditions and measures that affect them directly and the whole community inside the undertaking (Aspengren, 1969).”

Wall and Lischeron (1977) described participation as “influence in decision-making exerted through a process of interaction between workers and managers and based upon information sharing”.

Workers’ participation is not a working class movement but a form of management which repudiates the idea that the labouring work-force can have no say in the organisation of their work and the functioning of industry.

Participative management prepares the ground for peaceful and co-operative relations by promoting the common interest in industry. For management, it is a joint consultation for decision-making; for workers, it is a co-determination and for government it is an association of labour with management for acting as a responsive agency.
The desirability of the ‘participative management’ is based on the very fact that it increases the welfare of the society as a whole. It increases the production not only through peaceful industrial environment but also through increase in the productivity of a labour by inculcating into him the sense of belongingness to the plant community life.

Participative management is a system, where the employee and the employer feel that they are working together towards a common cause, hand in hand, pulling together their weight, for the development of industry and progress of society.

Participation is not merely to protect and further one’s interest but is also a system of checks and balances on both the groups, which requires a great sense of responsibility and educated awareness to cope with the several aspects of the participative system.

India in its commitment to establish a socialist pattern of society through mixed economy adopted the present system of participative management which has been an important part of its labour policy since it attained independence. The Second Five Year Plan laid emphasis on a constructive relationship between employer and employee. Participative management in India can also be traced to one other factor, namely, the Gandhian approach to management of industrial relations which is based on the concept of trusteeship.

The concept of participative management has evolved out of the recognition of the fact that workers are also human beings, that they are not machines, that they have the capability to contribute to productivity, and that on their willing co-operation, satisfaction and morale depends the productivity and smooth running of the enterprise. A cordial relationship between the labour and the management is sine-quo-non for industrial peace and productivity. The great benefit of participation is that it restores to people at work their birth rights to be contributing members of the groups in which they work.

The participative management has though gradually developed under the influence of social, political and economic changes and modern management philosophies; it is now
an inherent and integral part of the modern industrial relations. Participative management is a historical necessity. It is plentifully supplied with ideas, institutions and opinion. In the modern times, this concept is known as ‘participative management’ because of the emergence of new economic order and new researches and developments in the field of human relations and human resources, involving basic changes in the very system of management and philosophy.

3.3 Objectives of Participative Management

The fundamental objectives have been better incorporated by Joship (1978) in the following words: “Participative management may be looked as an instrument for improving efficiency of enterprises and establishing harmonious industrial relations; as device for developing social education; for effective solidarity among the working community and for tapping latent human resources; as a means for attaining industrial peace and harmony leading to higher productivity and increased production; as a humanitarian act for giving the worker an acceptable status within the working community and a sense of purpose in activity; and as an ideological device to develop self management in industry”.

The objectives of participative management as perceived by the Government of India include resolving industrial disputes, establishing industrial peace and harmony, and increasing productivity (Michael, 1979).

The general objectives and functions of participative management are the following:

1. to promote cordial relations between management and workers;
2. to build an understanding and trust between them;
3. to effect substantial increase in production;
4. to secure better welfare and other facilities for workers;
5. to train workers to understand and share the responsibilities of management;
6. to promote increased productivity for the general benefit of the enterprise;

7. to give the employees a better understanding of their role in the working of the in-
dustry and the process of production;

8. to satisfy the workers’ urge for self-expression, thus leading to industrial peace, bet-
ter relations and increased co-operation;

9. to prevent workers’ exploitation either by owners or by top managers;

10. to ensure growth of the economy as a whole through democratic processes and
    regulations;

11. to facilitate team work;

12. to make employees committed to goals through promoting their creativity;

13. to reduce labour turnover and absenteeism;

14. to provide an atmosphere of acceptance to change;

15. to ensure greater job satisfaction;

16. to contribute to the all round development of human personality; and

17. to perform its real function of serving the community most efficiently, industry must
    adopt the democratic methods in its relations with the workers.

3.4 Need and Necessity of Participative Management

World markets are becoming more and more competitive. India lags behind and is unable
to compete effectively, either due to high cause or unsatisfactory quality and untimely de-
deliveries of products. It is beholden upon all whether it is the employers or the workers, or
even for that matter the government, that it is necessary to put the most sincere efforts
to raise production, improve quality and productivity, reduce costs and ensure timely deliveries to enhance our competitive production. These objects can only be achieved with congenial industrial climate where both rights and obligations exist in harmony.

In order to create congenial atmosphere at workplace, it is required that mutual trust and understanding is created so that workers and employers are not always at loggerheads but, are ready to co-operate for fostering growth and prosperity. It is a result of this conciliatory mood that participative management has been put to practice in one form or another all over the world.

In the words of Sharma (1987) “the first step towards ensuring harmony between labour and management is to associate workers with the decision-making process of the enterprise. The system which involves the workers in the management process develops mutual trust and regard, develops employee commitment towards rendering whole-hearted co-operation to the management. Further the system bridges the gulf created between mechanistic structures and human structures. In fact, this system enhances productivity and efficiency and fosters industrial harmony and human personality.”

3.5 Pre-conditions for Better Participation

The pre-requisites for better participation of labour and management are perceived as follows:

1. The primary condition is a wholesome change in the attitudes of both labour and management. If they still believe in conflict of interest theory, participative management will be a non-starter and will only provide another forum for quarrelling. Both sides should accept the fact of commonality of interest and the inevitable co-operation that should follow and be ready to play the role of a responsible and enlightened partner.

2. The employers must give up the habit of looking down upon their workers. The old concept of master and servant relationship must give place to a new concept of
partnership and the employers must be prepared to see in every worker a partner and treat him with respect and dignity.

3. Management should understand the philosophy and dynamics of the concept of participative management.

4. There should be no ambiguity about the objectives and approach towards the participative management so as to avoid confusion and conflict.

5. The management should relish sharing the decision-making with the workmen. There must be a drastic change in the present attitudes of the managers towards workers. Workers’ role should be recognised by giving equal respect and due weightage to their views in the enterprise.

6. The workers should also not view all the action taken by the management with hostility and suspicion as it only leads to conflict and confrontation.

7. There should be adequate exposure of workers to acquire requisite skills and knowledge of the art of decision-making.

8. Workers may be represented at the board level through secret ballot system.

9. Consensus needs to arrive at among labour unions, industrialists and government to ensure effective implementation of the concept to further focus on the constructive contribution of workers in the overall development of the industrial sector.

10. Participative management should not be considered as a separate phenomenon but an integral part of the entire industrial environment.

11. Effective training for both managers and workers is imperative.

12. Any scheme of participative management has to be real and meaningful, must be backed by responsible union and an enlightened management.
13. There should not be any threat or coercion or victimisation on account of the views expressed by the workers. Otherwise, the worker will not come out with free views which ultimately destroy the motivation and morale of the workers and the very purpose of the workers’ participation is defeated.

14. Work is to be treated as sacred.

15. There should be strong and well represented unions in the industrial establishments for which the government should restructure the pattern of unionism through suitable and comprehensive legislation for effective participative management.

16. Unless there is a thorough understanding of the philosophy of the Organisation and the organisational objectives, the workers’ co-participation will not give desired results in any Organisation.

17. The workers should never feel that the management always avoids sharing of required information in the meetings except advocating the concepts of productivity, efficiency and excellence.

18. The success of participation of workers depends on the language in which the deliberations of the meetings of various participative forums are held. If the deliberations are conducted in the English language, there should be simultaneous translation in the workers’ mother-tongue.

19. For the functioning of workers’ participation, both downward and upward communication in the business organisation is essential.

20. Last, but not least, there shall be abundant flow of mutual trust and confidence between management and workers.

### 3.6 Issues for Consideration

The following critical issues are to be discussed and proper solutions found before a system of participative management can be launched:
1. **Mode of representation**
   In the implementation of the scheme of workers’ participation, the most critical difficulty is with regard to the means by which worker representatives are to be chosen to the forums. Decision also has to be taken as to whether the worker representatives are to be nominated by trade unions functioning in the enterprise and whether selection is to cover all the workers including non-unionists.

2. **Scope of the forums**
   Decision has to be taken with regard to the scope of participative forums whether, they are meant primarily for information sharing, consultation, grievance redressal or decision-making.

3. **Level of participation**
   Another problem shall be with regard to fixing the various levels of participation, namely, shop and floor level, departmental level, works level, plant level etc.

4. **Coverage of the scheme**
   The scheme of participation shall be one suitable to the nature and size of the Organisation. Similarly, Organisations with large number of employees working can not have a scheme very similar to one with a small number of employees.

5. **Voluntarism or legislation**
   Another matter to be discussed is the mode of implementation of various schemes of participative management. The point to be clarified is whether such schemes can be initiated through persuasion or worker participation needs to be legislated.

6. **Workers’ share in equity**
   The crux of the issue is whether equity participation is a major element for enhancing participative management.

7. **Changing composition of the workers**
   Importance has to attach to the changing composition of workforce. Evidences indi-
cate that the average age of industrial worker is declining and his educational level and technical skill attainments are raising. All this accounts for greater awareness in the workforce and a greater desire to be involved in decisions relating to their work and career management. Participative forums have to tackle these needs and it call for greater information sharing and more participative work systems and processes.

### 3.7 Formal and Informal Participation

Participation may be formal or informal. The formal type of participation is carried on by formally constituted bodies set up by agreement or under legal compulsion which follow a clearly laid down procedure. There may be formal organisational structures, such as shop and floor committees, works committees, joint management councils, workers’ representatives on the board of directors etc. The formal participation is institutionalised, that is, it has a formal institutional basis.

On the other hand, as far as the informal type of participative management is concerned, it has gained relevance and importance in recent years. Workers and managers voluntarily form different committees and meet periodically. Even a ‘consultation scheme’ where a supervisor or foreman consults a worker in day-to-day operations is a style of informal participation.

### 3.8 Approaches to Participative Management

The different approaches to workers’ participation are put under the following broad categories:

1. Syndicalist- Guild approach;
2. Socialist approach;
3. Gandhian approach;
4. Eclectic approach;
5. Reformist approach;

6. Marxist approach; and

7. Plurastic approach.

1. **Syndicalist- Guild approach**

   Syndicalism called upon the workers to build up industrial unionism as a revolutionary force and believed in the principle of replacement of State control by workers’ control. Syndicalism was an extreme form of participation and a little more flexible form has been the Guild approach. The Guild socialists looked forward to democratisation of the State and of local government, and to a sharing of industrial control between producers and consumers, the State should own the means of production. The guild approach was an attempt to build the workers’ control over the industrial establishments where, the State should issue to Guilds charters conferring this right and embodying the conditions of responsibility to the public. So the Guilds, as democratic institutions, consisting of mental and manual workers, were to function in unison with the State. Both the views were criticised; syndicalism due to its anarchist approach to the State in the future society and Guild socialism because of its divergent views on the structure of the society.

2. **Socialist approach**

   The socialist approach treats participative management as an essential step in the development and perfection of a socialist democracy, which ensures fullest decentralisation and participation of the people. It views participative management as a multi-dimensional programme for the construction of a socialist State which includes (a) economic, (b) socio-political, and (c) psychological aspects. The economic aspects aim at the nationalisation of the means of production. From socio-political angle, the participative management is practiced through workers self-governing bodies. The psychological aspect aims at replacing the sense of acquisitiveness by the
sense of collective belongingness. In this way, the socialist approach promises the ascendancy of man from the kingdom of the necessity to the kingdom of freedom.

3. Gandhian approach
The Gandhian approach to participative management is known as ‘Theory of Trusteeship’. According to Mahatma Gandhi, both capital and labour are to function as trustees of each other and in combination become joint trustees of the property belonging to the community. It, in essence, recognises the right of workers to participate in management. He observed that “capital and labour should supplement and help each other; they should be a great family living in unity and harmony” (Singh, 1963). Gandhiji believed in gradual reduction in the power of management and its transfer to voluntary associations.

4. Eclectic approach
The most common approach to participative management in the non-socialist countries is based on eclecticism. Sometimes a form of participative management is introduced due to one or more reasons and later on its contents are modified to suit the local conditions. Generally speaking the eclectic approach emphasises on ‘joint consultation’.

5. Reformist approach
From the beginning of modern industrial era, social thinkers in the factory organisation and society concluded that in order to prevent workers from being exploited by managers, workers should have as much power as the managers. Thinkers such as Saint Simon, Charles Fourier, and Robert Owen advocated the participation of workers in management for achieving distributive social justice. Saint Simon stood for unity among the productive classes against parasite non-producers on the basis of social control of the instrumentals of production and their administration by means of the requisite scientific and business abilities. Fourier also advocated close co-operation between employers and workers to eliminate exploitation and to pro-
mote the welfare of the latter. Owen also preached the philosophy of co-operative
endeavour in production.

6. Marxist approach
As against Reformist approach, there emerged another school which emphasised
revolution and class struggle for attaining the egalitarian society. The founder of this
school was Karl Marx and many others who followed and advocated complete so-
cialisation of production as the only method of putting an end to the concentration
of wealth and the exploitation of workers by the owners of capital. Under Marxist
approach, all the enterprises are owned by the State and workers themselves con-
stitute the management. This approach takes the color of workers’ control rather
than that of workers’ participation as it contemplates workers as management them-
selves.

7. Plurastic approach
According to this approach, collective bargaining is the mode of participation and
is the method of solving the disputes between the management and the workers
by negotiation. The propounders were Allan Flaulends and Clegg. The approach
was based on the thought that, whatever be the pattern of management there must
always be potential conflict between management and workers. According to this
conflict theory of trade unionism, the management shows an inherent tendency to
overlook the interest of workers and it always tries to exploit labour and due to that,
management must therefore be coerced and threatened with obstructive policies and
practices in order to safeguard and promote the interest.

3.9 Forms/ Stages/ Levels of Participative Management
According to Likert (1961), the lowest level of participation occurs where employees are
given no information about current situation or proposed changes in a business organisa-
tion. Towards the middle of the scale are the situations where employees are given full
explanation for any proposed change and at the same time their ideas and suggestions
are sought generally. The two highest levels of participation are where ‘subordinates and leader tackle the problem as a group and after consideration and discussion decide upon solution but leader holds right to veto power’, and ‘leader and subordinates acting as a group tackle the problem and solve it, using the best available methods of group functioning’.

McGregor (1971) envisaged the maximum participation occurring where the manager is indifferent to several alternatives and allows workers to choose among them.

Participative management exists in a variety of forms, the use of which is likely to produce different organisational outcomes (Cotton et al., 1988). The level of participation indicates the degree and depth of participation. The following are the different forms and levels of participative management:

1. **Ownership participation**
   In this form, final authority resides in the elected representatives of the workers who formulate policy while management implements it. This form is otherwise called co-ownership or self management. The form of self-management may be regarded to some extent as the realisation of the socialist dream of ‘workers’ control’. Here, the workers are the owners of the concerns and are responsible for the management of these concerns. The idea has been designed to motivate workers to feel more committed to the Organisation, so that their feeling of being partial owners of the firm may motivate them to do their best for the firm.

2. **Decisive participation**
   Decisive participation or joint decision-making is the highest form of participation where sharing of decision-making is complete and the delegation of authority and responsibility of managerial function is a maximum. In matters like economic, financial and administrative policies, decisions are mutually taken. This refers to a situation where management and worker representatives are jointly represented on a decision-making body, but workers are usually in a minority.
3. **Goal setting participation**

   This form of participation means that workers, as individuals, with supervisors, or in groups, are involved in determining, to some degree, the goals that they will attempt to reach with respect to work performance and output.

4. **Administrative participation**

   Administrative participation involves greater degree of sharing in the authority and responsibility of the management functions and allows members autonomy in the exercise of the administrative and supervisory powers in respect of welfare measures and safety works, preparation of schedules of working hours and breaks and holidays, payment of reward for valuable suggestions received and any other matter as may be agreed to by the members.

5. **Consultative participation**

   Consultative participation or advisory participation involves a higher degree of sharing of views of the members and giving them an opportunity to express their feelings. Members are consulted on matters like canteen, welfare and amenities, production and methods of work, safety, housing and other programmes of the company. This refers to a model where management has the final decision, but workers are given an opportunity to voice their views.

6. **Informative participation**

   At the initial level, participation may be informative or information sharing, where the members have the right to receive information, discuss and give suggestions on general economic situation of the concern, production and sale programmes, methods of manufacture and work, long term plans for expansion, and such other matters as may be agreed to.

7. **Problem sharing participation**

   It requires subordinates who have the thinking capacity to analyse the multi-dimensions of industrial problems and to develop ideas for solving it.
8. **Associative participation**

In case of associative participation, the representatives of workers can take active part in the decision-making process with the management. They share the responsibility with management in taking decisions on items of close interest to workers.

9. **Idea sharing**

In idea sharing, the management indicates its willingness of encouraging labour to initiate ideas in any kind of production and personnel activities, and on its part labour, with certain safe guards, expresses its willingness to contribute to the operation of the business.

10. **‘Change’ participation**

It normally requires managers and employees to participate in generating, analysing, and interpreting organisational data in order to develop specific innovative environmental for organisational changes.

11. **Participation by ‘protest’**

Participation by ‘protest’, commonly known as collective bargaining is a method available with workers and trade unions in which a decision is reached by a process of negotiation and compromise; but the ultimate decision is neither the management’s nor the union’s- it is determined jointly.

12. **Participation through delegation**

This form of participation aims at exercising decision-making power by workers or subordinates in a business organisation with regard to specific matters delegated to them.

### 3.10 Trade Unions and Participative Management

In our country, the right to form associations or unions is a privilege conferred by the Constitution on the workers. Trade unions are autonomous associations with a legal status.
They have come to stay as an integral part of industrial democracy and play an important advisory role in the framing of industrial policy.

For industrial democracy to be a reality, management is accountable to trade unions and its leaders who in turn, are accountable to the workers whom they represent. Workers can be seen to participate in decision-making only if union leaders have direct control over decisions and the workers have the power to elect and recall leaders as well as hold them accountable.

It is also well known that trade unions use their political links to gain advantage in their dealings with management. What is forgotten is that management is equally adept at this game. Therefore, unions have not been an instrument for the exercise of worker control. Two important reasons have been responsible: (i) the inability of unions as organisations to obtain control and through inability of choice they have concentrated on obtaining improvements in terms of service and (ii) unions themselves have become institutionalised and bureaucratised (Bhattacharya, 1988).

### 3.11 Constraints/ Problems of Participative Management

Following are the major constraints to the participatory approach of management:

1. **Lack of clarity in objectives**
   
   Existing provisions and evidences suggest that the objectives of participative management were not spelled out very clearly. It has led to a lot of confusions.

2. **Lack of intrinsic motivation**
   
   It has been a fact that the motivation for participative management in industry has been largely external and prescriptive rather than internal and discretionary. It has been the government which has prescribed or obtained participative management for public sector enterprises. Thus due to lack of intrinsic motivation, public enterprises’ response to participative management has been rather lukewarm.
3. **Political and Bureaucratic systems**
   The political and bureaucratic systems at the central and state levels exert considerable influence on the organisational process within the industry as also on the industry’s interactions with other parts of its external milieu such as the trade unions.

4. **Lack of interest of workers and trade unions**
   The workers in industrial undertakings have not shown the desired interest in participative management schemes. The trade union leaders too view participative management as an intrusion into their domain.

5. **Multiplicity of trade unionism and the inter-union rivalry**
   Too much of politicalisation has also created negative effects on participative management.

6. **Lack of positive attitude of the management**
   Managers’ acceptance of participative management is very crucial for the success of any participative scheme. Employers are incredulous about the capacity of participating workmen. Besides, most of the employers/managers believe that decision-making is their prerogative and they do not want it to be shared by workers.

7. **Lack of legislative support**
   Even though ours is a country with multiplicity of laws, a comprehensive Act of participative management still lacks.

8. **Lack of government initiatives**
   “The Indian experience provides little encouragement to those who would like to see a greater and speedier development of participative managerial practice. The Government efforts to promote such practices by means of works committees have not been notably successful and the same fate seems to have overtaken the more selective efforts to establish joint management councils. Possibly, there might have been less participation without such efforts, but certainly the evidence does not sug-
gest that these have led to notable advances in increasing the participative role of workers or unions in the decisions of the firm (Kannappan, 1968).

9. **Role conflicts**
Another important problem is the conflict which the worker-director feels when he is faced with the issue of deciding the fate of his immediate superiors. Following this, he has to perform two incomparable roles or has to ‘sail in two boats’, one sharing the managerial responsibility and the second; leading the opposition to management, the problem of divided loyalties emerges.

10. **Problem of sharing commercial secrecy**
Yet another problem is that of maintaining commercial confidentiality by the workers’ representatives on the Board. There is no denying the fact that for peaceful industrial relations, there are some issues which are confidential and which have to be dealt by the management alone. Not all issues can be openly discussed with the employees. However, union members and representatives feel that they are generally asked to participate in discussion, only those issues which are routine type and irrelevant.

Besides the above, the following problems too cause failure of various participative management schemes:

1. Lack of political will in implementing the schemes of participative management.

2. The general worker seems to be ill-informed about participative management, which implies that the idea is confined to the leaders and a few enlightened workers.

3. Lack of follow up measures on the part of the government has been another major problem.

4. Class distinction and class antagonism are the other two identified problems towards the progress of industrial democracy.
5. For making participative management reality, ability and skill along with willingness to participate on the part of the workforce are quite important.

6. The urge to participate must come from within, i.e., it should emerge from voluntary agreements between the two parties. For its better performance, schemes of participation should not be induced or governments sponsored.

References


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