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Workers participation in management decision making – An overview

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ABSTRACT

Workers participation in management is considered as mechanism where workers have a say in the decision making process of an enterprise. The word participation means allocating the decision making power with the lower position of the union in a proper manner. The workers' participation at the workplace or what is called as WPM historically conceptualized with the emergence of industrializing capitalist societies as early as the Industrial Revolution, as workers struggled to have power over of the labor process and to democratize workplace management. In India the concept of worker participation in management still requires a deeper and clearer understanding. This concept is masked with so much indistinctness that for different people it has different meanings. For management it is joint consultation prior to decision-making; for workers it is co-decision making or co-determination; for trade union leaders it is the ushering in of a new era of social relationship and for administrators it is purely the association of workers with management without assigning them any authority or responsibility. The concept of worker participation represents a popular theme in the analysis of the world of work among scholars in the fields of Industrial Sociology, Industrial Relations as well as Management. In recent time, scholars have directed increasing attention to the issue of worker participation these concerns reflect a growing interest in finding ways to make work more meaningful and satisfying to the workers. This rest on the belief that the organizational goals of high productivity and pleasant industrial relations are best achieved when the higher level needs of the human elements (workers) are satisfied.

Keywords: Employees, Democracy, Involvement, Attitude, Workers participation.

INTRODUCTION

The concept of workers participation in management is considered as mechanism where workers have a say in the decision making process of an enterprise. The word participation means sharing the decision making power with the lower ranks of the organization in an appropriate manner. The workers' participation at the workplace or what is called as WPM historically conceptualized with the emergence of industrializing capitalist societies as early as the Industrial Revolution, as workers struggled to have power over of the labor process and to democratize workplace management. Since then, workers have started participating in decisions touching their working surroundings at various times in countries with capitalist systems, and soon after, in those with socialist systems. ***(Bayat, 1991)***

In India the concept of worker participation in management still requires a deeper and clearer understanding. This concept is masked with so much indistinctness that for different people it has different meanings. For management it is joint consultation prior to decision-making; for workers it is co-decision making or co-determination; for trade union leaders it is the ushering in of a new era of social relationship and for administrators it is merely the association of workers with management without assigning them any authority or responsibility.

The concept of worker participation represents a popular theme in the analysis of the world of work among scholars in the fields of Industrial Sociology, Industrial Relations as well as Management. It refers to any arrangement which is designed to involve low cadre employees (workers) in the important decision making within the workplace. This implies that rather than saddling only a group within the enterprise (for instance, Management) with the responsibility of making decisions, all those who are to be affected by these decisions (including the workers) would be involved in its formulation and implementation.
In recent time, scholars have directed increasing attention to the issue of worker participation and its broader corollary, industrial democracy ***(Mankidy, 1984: Yesufu, 1984, Adewumi 1989; Verma and Syha; 1991, Weller 1993; Kester and***

Pinaud, 1996; Adu- Amankwah, K. and Kester, G. 1999). These concerns reflect a growing interest in finding ways to make work more meaningful and satisfying to the workers. This rest on the belief that the organizational goals of high productivity and harmonious industrial relations are best achieved when the higher level needs of the human elements (workers) are satisfied.

In both capitalist and socialist countries, there has been substantial growth of and increasing interest in participative organizations over the past 20 years. In spite of these developments, there is still relatively little published information on how participatory firms are organized and how they perform. Only recently have there been published results about the effects of increased participation on firm performance, and there remains little solid information on whether the effects themselves vary according to the type of firm under consideration or the form of participation. Although many advocates stress welfare aspects of worker participation in justifying supportive intervention, the question of operational efficiency is clearly a crucial and as yet not a completely resolved one. In this paper we provide our first econometric estimates of the effect of various forms of worker participation on productive efficiency.

Research Methodology:
This study is based on the secondary data which has been taken from textbooks, journals, and websites.

Objective of the Study

- To analyze the importance and limitations of workers participation in management
- To suggest some methods/tools in increase WPM in DM of an organization
- To study the factors that influence on WPM in DM

REVIEW OF LITERATURE

The concept of worker participation represents a popular theme in the analysis of the world of among scholars in the fields of industrial sociology, industrial relations as well as management. It refers to any arrangement which is designed to involve low cadre employees (workers) in the important decision making within the work place. This implies that rather than saddling only a group within the enterprise (for instance, management) with the responsibility of making decisions, all those who are to be affected by these decisions (including the workers) would be involved in its formulation and implementation. There has been a resurgence of academic interest in worker participation, employee involvement and workplace mutuality in light of the growing trends toward the practice of workplace flexibility, social dialogue and social partnership. Worker participation and workplace mutuality are linked to improved organizational performance through the effects they are said to have on employee satisfaction, commitment, motivation and morale ***(Kearney & Hays, 1994; Davis & Lansbury, 1996; Black & Gregersen, 1997)***. Participative decision-making is also seen as a form of empowerment that allows employees to realize their full potential thereby helping organizations to secure competitive advantage ***(Jarrar & Zairi, 2002)***. In recent time, scholars have directed increasing attention to the issue of worker participation and its broader corollary, industrial democracy ***(Mankidy, 1984: Yesufu, 1984, Adewumi 1989; Verma & Syha; 1991, Kester & Pinaud, 1996; Adu-Amankwah & Kester, 1999).*** These concerns reflect a growing interest in finding ways to make work more meaningful and satisfying to the workers. This rest on the belief that the organizational goals of high productivity and harmonious industrial relations are best achieved when the higher level needs of the human elements (workers) are satisfied.

Our review of the literature will focus selectively on the nature and determinants of participation. Managers who hold Human relation theory of participation belief simply in involvement for the sake of involvement, arguing that as long as subordinates feel that they are participating and are consulted, their ego needs will be satisfied and they will be more cooperative ***(Ritchie and Miles, 1970)***. Employee Participation is generally defined as a process in which influence is shared among individuals who are otherwise hierarchically unequal ***(Locke and Schweiger, 1979; Wagner, 1994)***. Participatory management practice balances the involvement of managers and their subordinates in information processing, decision making and problem solving endeavors ***(Wager, 1998)***.

Concept Definition of Wpm

WPM means different things to different people depending upon their objectives and expectations. Thus, WPM is an elastic concept. For example, for management it is a joint consultation prior to decision making, for workers it means co-determination, for trade unions It is the harbinger of a new order of social relationship and a new set of power equation within organizations, while for government it is an association of labour with management without the final authority or responsibility in decision making According to ***Keith Davis***, "Workers' participation refers to the mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share in responsibility

of achieving them". It is very difficult to define 'Participative Management', because commentators differ in their views, depending on the socio-economic goals of the countries they belong to. However, it is generally agreed that the influence of participative management is quite significant. ***Allport*** (1945) refers to, 'Participation in decision-making as active (ego) involvement.' ***According to Davis*** (1957), "Participation may be defined as the mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share responsibilities in them". ***Tannenbaum*** (1966) defines participation as the "formal involvement of members in the exercise of control, usually through decision-making in group meetings." ***Lammers*** (1967) pointed out, "participation in decision-making may be defined as the totality of such forms of upward exertion of power by subordinates in organizations as are perceived in this sense can be of two varieties i.e., direct or indirect." **Sawtell** (1968) has described the concept as, "any or all of the processes by which employees rather than managers contribute positively towards the reaching of managerial decisions which affect their works". ***Butteriss*** (1971) describes participation as, "process whereby workers have a share in the reaching of managerial decisions in the enterprise."

Importance of workers participation in management

- Mutual understanding
- Higher productivity
- Industrial democracy
- Less resistance to change

Characteristics of workers participation in management

- Participation implies practices which increase the scope for employees' share of influence in decision-making process with the assumption of responsibility.
- Participation presupposes willing acceptance of responsibility by workers.
- Workers participate in management not as individuals but as a group through their representatives.

Scope of participative management: The scope of workers' involvement in managerial decision-making may extend to social, economic and personnel decision making depending upon the requirements of the organization.

- **Social Decision-Making:** It refers to employee involvement in decision making regarding hours of work, rules and regulations at workplace, welfare measures, workers' safety, employee welfare, health and sanitation. In this category, employees have a say in decisions in these areas. They may take an advantage of their liberty and sometimes, can dominate the management. Here the concept of bounded or restricted participation can work well.
- **Economic/Financial Decision-Making:** It includes involvement of employees on various financial or economic aspects such as the methods of manufacturing, cost cutting, automation, shut-down, mergers and acquisition and lay-offs.
- **Personnel Decision-Making:** The employees' participation in personnel decision-making refers to their involvement in various management processes including recruitment and selection, work distribution, promotions, demotions and transfers, grievance handling, settlements, voluntary retirement schemes and so on. Participation of employees in these processes can safeguard their interests and motivate them to work hard for the betterment of self as well as the organization.

Methods/ways/tools of workers participation in management

- **Participation at the board level:** Representation of employees at the board level is known as industrial democracy. This can play an important role in protecting the interests of employees. The representative can put all the problems and issues of the employees in front of management and guide the board members to invest in employee benefit schemes.
- **Participation through ownership**: The other way of ensuring workers' participation in organizational decision making is making them shareholders of the company. Inducing them to buy equity shares, advancing loans, giving financial assistance to enable them to buy equity shares are some of the ways to keep them involved in decision-making.
- **Participation through Collective Bargaining:** This refers to the participation of workers through collective agreements and by deciding and following certain rules and regulations. This is considered as an ideal way to ensure employee participation in managerial processes. It should be well controlled otherwise each party tries to take an advantage of the other.
- **Participation through Suggestion Schemes:** Encouraging your employees to come up with unique ideas can work wonders especially on matters such as cost cutting, waste management, safety measures, reward system, etc.
- **Participation through Complete Control:** This is called the system of self management where workers union acts as management. Through elected boards, they acquire full control of the management. In this style, workers directly deal with all aspects of management or industrial issues through their representatives.

- **Participation through Quality Circles:** A quality circle is a group of five to ten people who are experts in a particular work area. They meet regularly to identify, analyze and solve the problems arising in their area of operation.
- **Participation through Job Enrichment:** Expanding the job content and adding additional motivators and rewards to the existing job profile is a fine way to keep workers involved in managerial decision-making. Job enrichment offers freedom to employees to exploit their wisdom and use their judgment while handling day-to-day business problems.
- **Joint Management Councils**: Industrial Policy 1956 of government of India has stressed on joint consultation between management and workers to maintain industrial peace and to promote better industrial relations in the prime sector of industries. The joint management councils received recognition during second five year plan.
- **Works Committees:** The Industrial Disputes Act 1947 provides for establishing works committees in every establishment employing hundred or more workers. This is made compulsory to ensure workers' participation through legislation. The work committee consists of equal number of members of workers and employer.

Levels of participation: Workers participation is possible at all levels of management the only difference is that of degree and nature of application. For instance, it may be vigorous at lower and faint at top level. Broadly speaking there is following five levels of participation.

1. **Information participation:** it ensures that employees are able to receive information and convey their views pertaining to the matters of general economic importance.
2. **Consultative participation:** here works are consulted on the matters of employee welfare such as work, security and strength. However, final decision always resets at the option of management and employee's views are only of advisory nature.
3. **Associative participation:** it is extension of consultative participation as management here is under moral obligation to accept and implement the unanimous decisions of employees.
4. **Administrative participation:** in the administration participation, decisions already taken are implemented by the employees. Compare to the former level of participation, the degree of sharing authority and accountability by the employees is definitely more in this participation.
5. **Decisive participation:** higher level of participation where decisions are mutually taken on the matters relation to production, welfare etc is called decisive participation.

INFLUENCES ON PARTICIPATION

Certain prerequisite conditions are necessary for participation to succeed in any organization. Some of these conditions exist in the environment while some actually occur in the individual. These conditions as stated by Davis (1981) are as follows:

1. There must be adequate time to participate before action required for participation is hardly appropriate in emergency situations.
2. The subject of participation must be relevant to the employee environment; otherwise employees will look upon it merely as busy work.
3. The participants should have the ability such as intelligence and knowledge to participate. For example, it is unreasonable to ask security men in a product manufacturing organization to participate in mapping out marketing plans for their products.
4. The participants must be able, mutually, to communicate (to talk each other's language) in order to be able to exchange ideas.
5. There should be no feeling of threat to either party. If workers think their status will be adversely affected they will not participate. Similarly, if managers feel that authority is threatened, they will not allow participation.
6. The potential benefit of participation should be greater than its cost. Participation should not be done at the expense of the organization's work.
7. Participation can take place within the area of job freedom. Job freedom for an individual or a department is its area of discretion after all restraints have been applied. Restraints in this context include the framework within which the group makes decisions and such decision cannot violate policy

Reasons for failure workers participative management in decision making

Some of the factors responsible for failure of workers participation scheme have been identified as follows

- There is a lack of follow-up measures
- A majority of workers in India are not strongly motivated to assume decision making responsibility
- Management lack a positive response to the idea of worker participation

- In India trade unions are not very strong and responsible
- More emphasis has been given to participation at the higher levels.

Advantages of workers participation in management in decision making

- It increases employees morale and enhances the productivity
- It provide employees the opportunity to use their intellectual, which will lead to better decisions for the organization
- Employee participation contributes to trust and sense of control
- As a result of participation, resources required to monitor employee can be minimized thus reduced cost
- Employee participation in decision making minimizes the view points and give diversity of perspectives

Disadvantages of Workers Participation:

- Workers are not enthusiastic about the scheme and employers believe that they being incompetent cause delay in decisions.
- Some of the good decisions cannot be implemented for lack of support from the workers.
- Weak trade unions are not strong enough. There are multiplicities of trade unions and they are dominated and led by political leaders. This makes trade unions weak.

Limitations of participation

- Technology & organization today are so complex that specialized work roles are required for participation
- There is no evidence that participation is good for everybody
- Participation situation can be used to manipulate employees by management or trade union or undercover cliques
- Unwillingness of the employer to share his power with the workers representatives
- Perfunctory attitude of government towards participation
- Trade unions indulge in politics & have little time to think about participative management

CONCLUSION

Employee participation is indeed a productive mechanism for any organization. But its mere implementation does not guarantee its success. Many a times it gives a sense of false assurance to the management. The failure of participative approach in India was basically due to management's lack of faith in workers participation in management. Limited forms of participation such as consultations, quality circles appear relatively more successful and sustainable.

The organization is giving utmost importance to the workers participation in management . There exist a healthy sign of team spirit and co-operation among the employees in the organization workers participation in management may reduce alienation or increase personal fulfillment of workers. it also influences efficiency in various direct and indirect ways participation is confined to all the members in the organization and considers them at different levels of decision making. on the other hand, the workers generally demonstrated high interest in management decision making .employee participation has been found to favorable effects on employee attitude, commitment and productivity even also on the efficiency of the managers.

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