

# WORKERS PARTICIPATION IN MANAGEMENT DECISION MAKING – A THEORITICAL STUDY

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## ABSTRACT

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 all 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. Workers' participation in management aids two way communication which results in better flow of ideas and opinions. This helps the management to design and implement employee-friendly policies with minimum resistance. It also gives the employees a sense of belonging and commitment to the organization and ensures that the capabilities of Workers are properly utilized and that they are able to make significant contribution to the effectiveness and economic welfare of the organization Thus, effective participation enable the enterprise to make use of its manpower for the maximum achievement of its declared objectives. Workers' participation in management is an essential ingredient of Industrial democracy. The concept of workers' participation in management is based on Human Relations approach to Management which brought about a new set of values to labour and management.

## Keywords

Decision making; Employee; Impact; Industrial relation; Management; Participating; Productivity

## INTRODUCTION

**Workers' participation in management (WPM)** is an essential ingredient of Industrial democracy. The concept of workers' participation in management is based on Human Relations approach to Management which brought about a new set of values to labour and management.

Workers' participation in management implies mental and emotional involvement of workers in the management of Enterprise. It is considered as a mechanism where workers have a say in the decision-making.

**Definition:** 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 the responsibility of achievement.

Participation in Management gives the worker a sense of importance, pride and accomplishment; it gives him the freedom of opportunity for self-expression; a feeling of belongingness with the place of work and a sense of workmanship and creativity.

The concept of workers' participation in management encompasses the following:

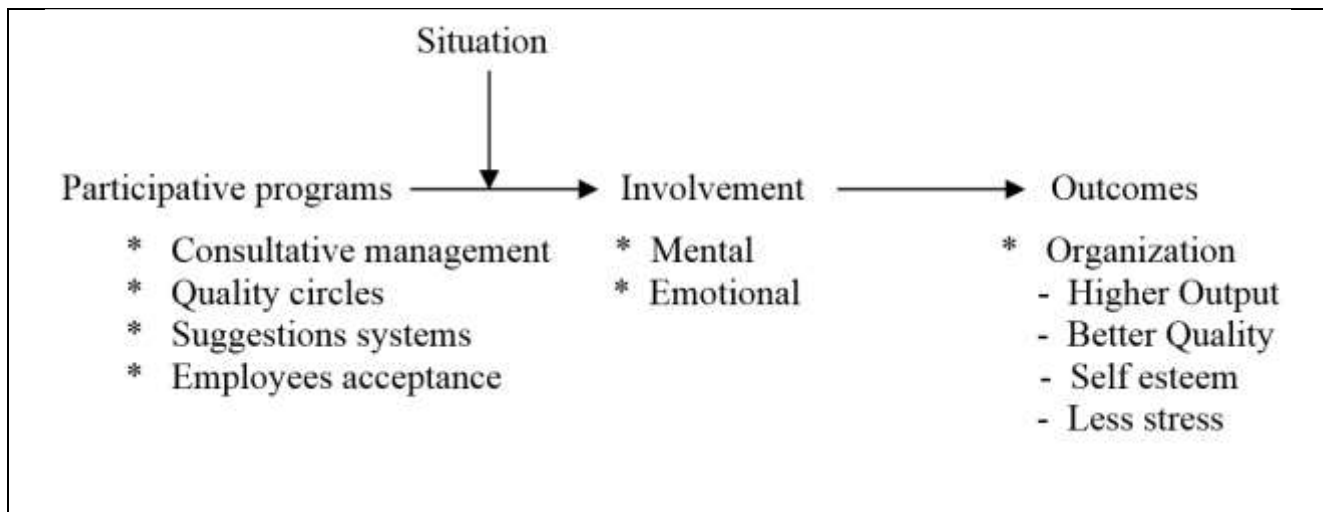
- It provides scope for employees in decision-making of the organization.
- The participation may be at the shop level, departmental level or at the top level.
- The participation includes the willingness to share the responsibility of the organization by the workers

#### **Features of WPM:**

- Participation means mental and emotional involvement rather than mere physical presence
- Workers participate in management not as individuals but collectively as a group through their representatives.
- Workers' participation in management may be formal or informal. In both the cases it is a system of communication and consultation whereby employees express their opinions and contribute to managerial decisions.
- Workers participation is different from collective bargaining. Collective bargaining is based on power play, pressure tactics and negotiations, whereas participation is based on Mutual trust, information sharing and mutual problem solving. There can be four levels of participation: shop floor, plant, department and corporate levels

#### **Characteristics:**

- **The following are the main characteristics of WPM:**



- 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.
- Worker's participation in management differs from collective bargaining in the sense that while the former is based on mutual trust, information sharing and mutual problem solving; the latter is essentially based on power play, pressure tactics, and negotiations.
- The basic rationale for worker's participation in management is that workers invest their labour and their fates to their place of work. Thus, they contribute to the outcomes of organization. Hence, they have a legitimate right to share in decision-making activities of organisation.

### Advantages of Participative Management

- **Increase in Productivity:** An increased say in decision making means that there is a strong feeling of association now. The employee now assumes responsibility and takes charges. There is lesser new or delegation or supervision from the manager. Working hours may get stretched on their own without any compulsion or force from the management. All this leads to increased productivity.
- **Job Satisfaction:** In lots of organizations that employ participative management, most of the employees are satisfied with their jobs and the level of satisfaction is very high. This is especially when people see their suggestions and recommendations being implemented or put to practice. Psychologically, this tells the

individual employee that, 'he too has a say in decision making and that he too is an integral component of the organization and not a mere worker'.

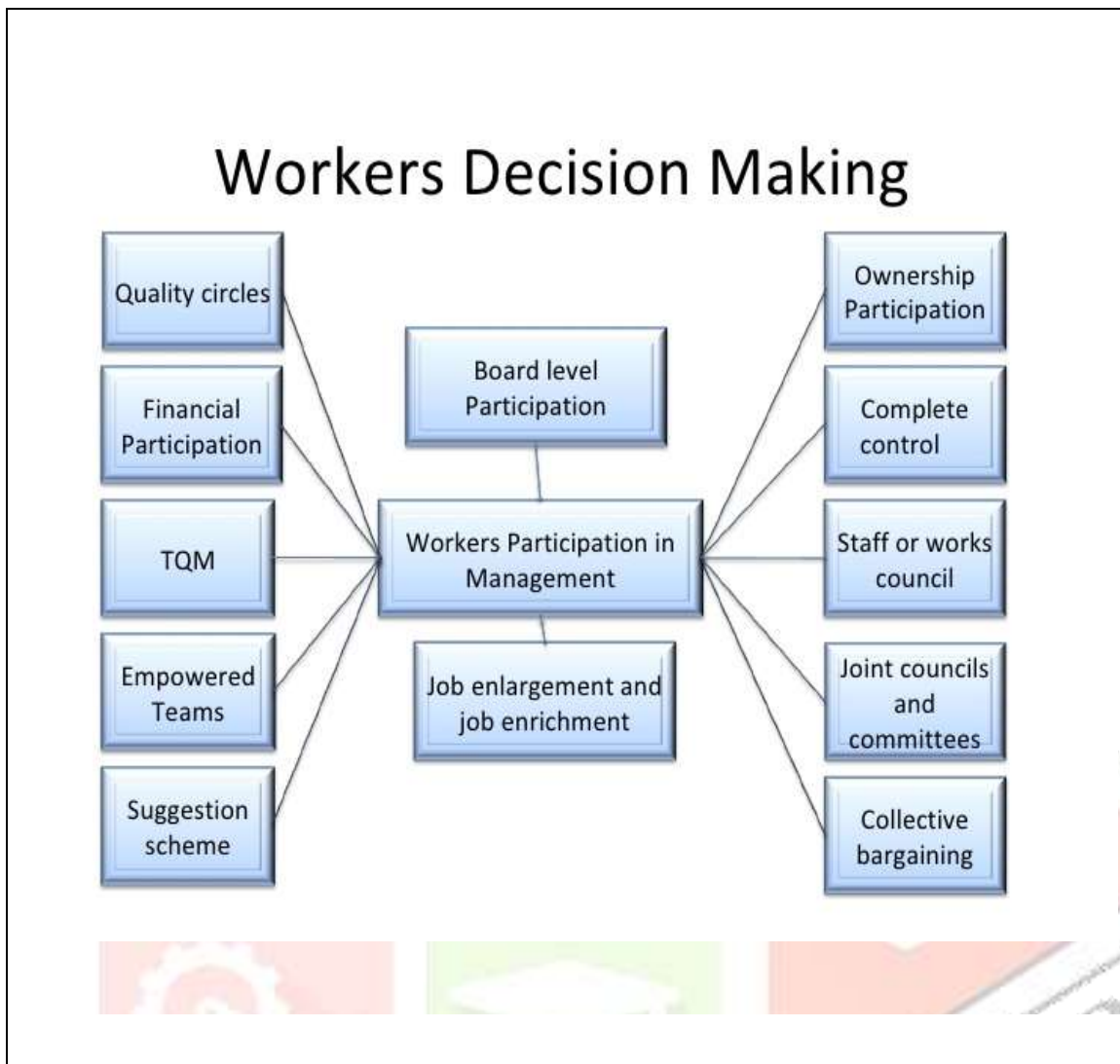
- **Motivation:** Increased productivity and job satisfaction cannot exist unless there is a high level of motivation in the employee. The vice versa also holds true! Decentralized decision making means that everyone has a say and everyone is important.
- **Improved Quality:** Since the inputs or feedback comes from people who are part of the processes at the lowest or execution level. This means that even the minutest details are taken care of and reported. No flaw or loophole goes unreported. Quality control is thus begins and is ensured at the lowest level.
- **Reduced Costs:** There is a lesser need of supervision and more emphasis is laid on widening of skills, self-management. This and quality control means that the costs are controlled automatically.

### **Disadvantages of Participative Management**

- **Decision making slows down:** Participative management stands for increased participation and when there are many people involved in decision making, the process definitely slows down. Inputs and feedback starts pouring from each side. It takes time to verify the accuracy of measurements which means that decision making will be slowed down.
- **Security Issue:** The security issue in participative management also arises from the fact that since early stages too many people are known to lots of facts and information. This information may transform into critical information in the later stages. There is thus a greater apprehension of information being leaked out.

### **Scope and ways of participation:**

- One view is that workers or the trade unions should, as equal partners, sit with the management and make joint managerial decisions.
- The other view is that workers should only be given an opportunity, through their representatives, to influence managerial decisions at various levels.
- In practice, the participation of workers can take place by one or all the methods listed below:



### LEVELS OF WPM:

- a. **Information participation:** It ensures that employees are able to receive information and express their views pertaining to the matter of general economic importance.
- b. **Consultative importance:** Here workers are consulted on the matters of employee welfare such as work, safety and health. However, final decision always rests with the top-level management, as employees' views are only advisory in nature.
- c. **Associative participation:** It is an extension of consultative participation as management here is under the moral obligation to accept and implement the unanimous decisions of the employees. Under this method the managers and workers jointly take decisions.

d. **Administrative participation:** It ensures greater share of workers' participation in discharge of managerial functions. Here, decisions already taken by the management come to employees, preferably with alternatives for administration and employees have to select the best from those for implementation.

e. **Decisive participation:** Highest level of participation where decisions are jointly taken on the matters relating to production, welfare etc.

## FORMS OF WPM

1. **Suggestion schemes:** Participation of workers can take place through suggestion scheme. Under this method workers are invited and encouraged to offer suggestions for improving the working of the enterprise. A suggestion box is installed and any worker can write his suggestions and drop them in the box. Periodically all the suggestions are scrutinized by the suggestion committee or suggestion screening committee. The committee is constituted by equal representation from the management and the workers. The committee screens various suggestions received from the workers. Good suggestions are accepted for implementation and suitable awards are given to the concerned workers. Suggestion schemes encourage workers' interest in the functioning of an enterprise.

2. **Works committee:** Under the Industrial Disputes Act, 1947, every establishment employing 100 or more workers is required to constitute a works committee. Such a committee consists of equal number of representatives from the employer and the employees. The main purpose of this Committee is to provide measures for securing and preserving amity and good relations between the employer and the employees.

3. **Joint Management Councils:** Under this system Joint Management Councils are constituted at the plant level. These councils were setup as early as 1958. These councils consist of equal number of representatives of the employers and employees, not exceeding 12 at the plant level. The plant should employ at least 500 workers. The council discusses various matters relating to the working of the industry. This council is entrusted with the responsibility of administering welfare measures, supervision of safety and health schemes, scheduling of working hours, rewards for suggestions etc

4. **Work directors:** Under this method, one or two representatives of workers are nominated or elected to the Board of Directors. This is the full-fledged and highest form of workers' participation in management. The basic idea behind this method is that the representation of workers at the top-level would usher Industrial Democracy, congenial employee-employer relations and safeguard the workers' interests.



5. **Co-partnership:** Co-partnership involves employees' participation in the share capital of a company in which they are employed. By virtue of their being shareholders, they have the right to participate in the management of the company. Shares of the company can be acquired by workers making cash payment or by way of stock options scheme.

6. **Joint Councils:** The joint councils are constituted for the whole unit, in every Industrial Unit employing 500 or more workers, there should be a Joint Council for the whole unit. Only such persons who are actually engaged in the unit shall be the members of Joint Council. A joint council shall meet at least once in a quarter. The chief executive of the unit shall be the chairperson of the joint council. The vice-chairman of the joint council will be nominated by the worker members of the council. The decisions of the Joint Council shall be based on the consensus and not on the basis of voting.

7. **Shop councils:** Government of India on the 30<sup>th</sup> of October 1975 announced a new scheme in WPM. In every Industrial establishment employing 500 or more workmen, the employer shall constitute a shop council. Shop council represents each department or a shop in a unit. Each shop council consists of an equal number of representatives from both employer and employees. The employers' representatives will be nominated by the management and must consist of persons within the establishment. The workers' representatives will be from among the workers of the department or shop concerned. The total number of employees may not exceed 12

8. **Collective Bargaining:** Good relations between the employer and employees are essential for the success of industry. In order to maintain good relations, it is necessary that industrial disputes are settled quickly and amicably. One of the efficient methods of resolving industrial disputes and deciding the employment conditions is *Collective Bargaining*. Industrial disputes essentially refer to differences or conflicts between employers and employees.

#### **NEED FOR THE STUDY**

- To recognize the importance of participative management to resolve industrial disputes and increasing production simultaneously.
- To know the mutual cooperation of employees in achieving industrial peace, greater efficiency and productivity in the interest of the enterprise, the workers, the consumers and the nation.
- To know how trade unions cooperating with the empowered employees in managerial decision making.
- To investigate the implications of workers participation to worker and their organization.
- To identify the importance of participative management to improve quality of managerial decisions and team work
- To determine factors which aid or hinder the observed level of participation

## RATIONALE FOR THE STUDY

The rationale for the study is anchored on the need to raise the productivity level of workers through appropriate motivational 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 worker participation to the organization and the society at large. Worker participation has been seen as capable of providing workers conducive work environment, opportunity to exercise their innate potentials, and willingness to pursue the corporate goals of the organization.

## SCOPE OF THE STUDY

- Worker union should be actively participating in it and Participation should be at all levels Continuous communication between workers and management. The top management should develop a positive attitude towards workers and employees should be given knowledge of the importance of WPM in organization and Proper implementation of all schemes. Management should Conducting training to all participants to form a good environment. Industrial Disputes should be resolved immediately and Communication should also be informal.

## CASE STUDIES

- Case study Conducted on **Aristocrat Luggage Company in Mumbai** its deals about the **WPM and consultative input** by a worker Mr.Raman regarding dispatch procedure **was ignored** 2 years later a company appoint New dispatch manager and he gave an idea virtually similar to the Raman's dispatch procedure idea and company implemented it and this lead to an emotional distress to Mr.Raman Even though the company has WPM in decision making but the top management rejected workers idea. The company appoint 3 member team consists of production manager ,plant manager, worker's committee member to analyze it

- Finally they submit the report to implement Idea Box in the plant area the suitable ideas from the worker's will be rewarded

- **Case study is** about the **labour problems of The Philips India limited PIL 1998 Salt Lake factory Kolkata difference of opinion between management and worker's leads to an low production the difference** resulted in 20 month long battle of go slow tactics and PIL faces huge loss decided to sell integrated unit to Videocon kitchen appliances at low cost 90 million

- The workers filled the petition to stop selling but judgement was against the workers petition in march 2001 company transferred to Kitchen appliances

- The PIL fails to clear the difference of opinion between union and management; fails to concentrate on the worker's job security ; fails to discover conflict starting point Difference of opinion raised at the point of diversification of PIL relocated to Pune 600 worker's jobs in danger and management also face huge loss but



the company justified to argue for not accepting unions hike offer as the workers were underutilized due to slow down of sales and production because of WPM Miss -Management both management and workers faces huge loss

## IMPLICATIONS

- To maintain cordial relations between the employer and employees.
- To protect the interests of the workers through collective action and by preventing unilateral actions from being taken by the employer.
- To ensure the participation of trade unions in industry.
- To avoid the need for government intervention as collective bargaining is a voluntary collective process.
- To promote Industrial democracy.

## CONCLUSION

Employer should adopt a progressive outlook. They should consider the industry as a joint endeavor in which workers have an equal say. Workers should be provided and enlightened about the benefits of their participation in the management. Employers and workers should agree on the objectives of the industry. They should recognize and respect the rights of each other. Workers and their representatives should be provided education and training in the philosophy and process of participative management. Workers should be made aware of the benefits of participative management. There should be effective communication between workers and management and effective consultation of workers by the management in decisions that have an impact on them. Participation should be a continuous process. To begin with, participation should start at the operating level of management. A mutual co-operation and commitment to participation must be developed by both management and labor.

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