

# **WORKERS PARTICIPATION IN MANAGEMENT**

## **UNIT 3**

# INTRODUCTION

Three groups of managerial decisions affect the workers of any industrial establishment and hence the workers must have a say in it.

- **Economic decisions**— methods of manufacturing, automation, shutdown, lay-offs, and mergers.
- **Personnel decisions**— recruitment and selection, promotions, demotions, transfers, grievance settlement, work distribution.
- **Social decisions**— hours of work, welfare measures, questions affecting work rules and conduct of individual worker's safety, health, and sanitation and noise control

***Participation basically means sharing the decision-making power with the lower ranks of the organization in an appropriate manner.***

# Definitions:

## ILO:

- Workers' participation, may broadly be taken to cover all terms of association of workers and their representatives with the decision-making process, ranging from **exchange of information, consultations, decisions and negotiations**, to more institutionalized forms such as the presence of workers' member on management or supervisory boards or even management by workers themselves

The main implications of workers' participation in management as summarized by ILO:

- Workers have ideas which can be useful;
- Workers may work more intelligently if they are informed about the reasons for and the intention of decisions that are taken in a participative atmosphere.

# Objectives

According to Gosep, workers' participation may be viewed as:

- An instrument for increasing the efficiency of enterprises and establishing harmonious relations;
- A device for developing social education for promoting solidarity among workers and for tapping human talents;
- A means for achieving industrial peace and harmony which leads to higher productivity and increased production;
- A humanitarian act, elevating the status of a worker in the society;
- An ideological way of developing self-management and promoting industrial democracy.

# **Other objectives of WPM can be cited as:**

- To improve the quality of working life (QWL) by allowing the workers greater influence and involvement in work and satisfaction obtained from work; and
- To secure the mutual co-operation of employees and employers in achieving industrial peace; greater efficiency and productivity in the interest of the enterprise, the workers, the consumers and the nation.

# Importance:

- Unique motivational power and a great psychological value.
- Peace and harmony between workers and management.
- Workers get to see how their actions would contribute to the overall growth of the company.
- They tend to view the decisions as `their own' and are more enthusiastic in their implementation.
- Participation makes them more responsible.
- They become more willing to take initiative and come out with cost-saving suggestions and growth-oriented ideas

# Essential condition for WPM

- The attitude and outlook of the parties should be enlightened and impartial so that a free and frank exchange of thoughts and opinions could be possible. Where a right kind of attitude exists and proper atmosphere prevails the process of participation is greatly stimulated.
- Both parties should have a genuine faith in the system and in each other and be willing to work together. The management must give the participating institution its right place in the managerial organization of the undertaking and implementing the policies of the undertaking. The labor, on the other hand, must also whole heartedly co-operate with the management through its trade unions.



- Management should be prepared to give all information connected with the working of the industry and labor should handle that information with full confidence and responsibility.
- the top management should make the lower echelons to show a new attitude in the light of the new relationship.

# Levels of Participation

- In practice, the participation of workers can take place by one or all the methods listed below:
- 1.Board level participation
- 2.Ownership participation
- 3.Complete control
- 4.Staff or work councils
- 5.Joint councils and committees
- 6.Collective Bargaining
- 7.Job enlargement and enrichment
- 8.Suggestion schemes
- 9.Quality circles
- 10.Empowered teams
- 11.TQM

# 1.Participation at the Board level

- The workers' representative on the Board can play a useful role in safeguarding the interests of workers. He or she can serve as a guide and a control element.
- He or she can prevail upon top management not to take measures that would be unpopular with the employees.
- He or she can guide the Board members on matters of investment in employee benefit schemes like housing, and so forth.

## 2.Participation through ownership

- This involves making the workers' shareholders of the company by inducing them to buy equity shares.
- Makes the workers committed to the job and to the organization
- Effect on participation is limited because ownership and management are two different things.

### **3. Participation through complete control**

- Self management gives complete control to workers to manage directly all aspects of industries through their representatives.
- Industrial disputes disappear when workers develop loyalty to the organization.
- Trade unions welcome this type of participation.

## **4. Participation through Staff and Works Councils**

- Staff councils or works councils are bodies on which the representation is entirely of the employees.
- Their role ranges from seeking information on the management's intentions to a full share in decision-making.

# **5-Participation through Joint Councils and Committees**

- Joint councils are bodies comprising representatives of employers and employees. This method sees a very loose form of participation, as these councils are mostly consultative bodies.
- Examples of such committees are welfare committee, safety committee,

# Participation through Collective Bargaining

- Through the process of CB, management and workers may reach collective agreement regarding rules for the formulation and termination of the contract of employment, as well as conditions of service in an establishment.
- Even though these agreements are not legally binding, they do have some force. For CB to work, the workers' and the employers' representatives need to bargain in the right spirit. But in practice, while bargaining, each party tries to take advantage of the other.



# **. Participation through Job Enlargement and Job Enrichment**

- Job enlargement means expanding the job content – adding task elements horizontally.
- Job enrichment means adding `motivators' to the job to make it more rewarding. This is WPM in that it offers freedom and scope to the workers to use their judgment. But this form of participation is very basic as it provides only limited freedom to a worker concerning the method of performing his/her job.

## 8. Participation through Suggestion Schemes

- Employees' views are invited and reward is given for the best suggestion.
- With this scheme, the employees' interest in the problems of the organization is aroused and maintained.
- Suggestions can come from various levels.
- The rewards given to the employees are in line with the benefits derived from the suggestions.

# 9-Participation through Quality Circles:

- A QC consists of seven to ten people from the same work area who meet regularly to define, analyze, and solve quality and related problems in their area.
- These circles require a lot of time and commitment on the part of members for regular meetings, analysis, brainstorming, etc.
- Employees become involved in decision-making, acquire communication and analytical skills and improve efficiency of the work place.
- Organization gets to enjoy higher savings-to-cost ratios.
- Chances of QC members to get promotions are enhanced

# 10. Empowered Teams:

- Empowerment occurs when authority and responsibility are passed on to the employees who then experience a sense of ownership and control over their jobs.
- **Features of empowered or self-directed teams:**
- Empowered to share various management and leadership functions.
- Plan, control and improve their work.
- Often create their schedules and review their performance as a group.
- May prepare their own budgets and co-ordinate their work with other departments

# 11. Total Quality Management:

- Meet the customer's requirement on time, the first time, and 100% of the time.
- Strive to do error-free work.
- Manage by prevention, not correction.
- Measure the cost of quality.
- TQM is called participative because it is a formal programme involving every employee in the organization; making each one responsible for improving quality everyday.

# **Evolution of participative management in India**

- The beginning towards WPM was made with the Industrial Disputes Act, 1947, which made Works Committees mandatory in industrial establishments employing 100 or more workers.