Unit -3 Concept of Empowerment

Participative Management

Participative Management refers to as an open form of management where employees are actively involved in organization's decision making process.

Participative Management can also be termed as 'Industrial Democracy', 'Co-determination', 'Employee Involvement' as well as 'Participative Decision Making'.

OBJECTIVES OF WORKERS PARTICIPATION IN MANAGEMENT

The objectives o f workers participation in management may vary from country to country, state to state, and from industry to industry depending upon the quality of manpower, level o f technology, level o f competition socio-economic status, political philosophy, attitude of the working class and the industrial relations scene.

Though there are so many factors governing the objectives of workers participation some common objectives are:

1. To prevent workers from exploitation by the management or by the owners of the organisation.

2. To have democracy in the organization.

3. To have proper development of the working class.

4. To resolve conflicts and differences between management and employees in a democratic manner.

5. To create in employees a sense of participation in industry.

6. To encourage suggestions from employees.

7. To improve the working and living conditions of employees.

8. To promote better understanding between labours and management on the various issues o f the organisations.

9. To give employees a better understanding o f their role in the working of the industry.

10. To give the employees an opportunity for self expression leading to industrial peace, good relations and increased co-operation.

Types of Participative Management

Organisations use a variety of programs aimed at increasing employee participation. All the different programs have one major objective and that is to increase employee participation. However the programs differ with regard to the degree of direct or indirect involvement, the influence they exert and the time length of the program.

An organization is said to be using participative management when it uses either a very significant approach with widespread application or a sufficient number of programs to develop a substantial sense of empowerment among its employees. Participative management is basically a process where subordinates share a significant degree of decision making with their immediate superiors.

The different types of participative programs are :

1.Works committees : Enterprises with a workforce of 100 or more workers constitute a works committee with equal number of representatives from employees and the management. This committee has to evolve ways and means for maintaining cordial and harmonious relations between employees and the management.

The Industrial Disputes Act of 1947 provides for establishing works committees in every establishment employing 100 or more workers. This legislation thus makes it compulsory for the organization to ensure employee participation. The work committee consists of equal numbers of workers and employer.

The employer's representatives are nominated by the employer and should be those who are connected wit the firm and have day-to-day contact with workers. The workers representatives are elected from among the workmen engaged in the firm in consultation with the union.

The main function of the works committee is to promote measure for securing and preserving amity and good relations between the employers and the workers. The works committee is normally concerned with day-to-day problems of the firm. Their task is to smooth away any friction that may occur between the management and the workers.

Despite the noble intentions of the Act, works committees have not been very successful due to the following reasons :

a) Workers representative are on these committees lack the competent to carry out their responsibility well.

b) Unions consider these committees as a threat to their existence as employers prefer to talk to these committees rather than the union.

c) Some employers consider it below their dignity to sit on these committees along with the workers.

d) There is lack of interest among workers in works committees as they concentrate only on minor issues and major issues pertaining to wages, bonus, etc are not included.

2. Co-partnership :

In this method, employees are paid the share of profits in the firm of shares and not cash. Thus workers become shareholders in the company in which they are employed. Being shareholders of the company they are entitled to participate in management. They also receive dividend on their shares. Co-partnership increases the status of workers and improves their relationship with the management.

The problem with this method is that employees are not interested in co-partnership and want their share of profits in cash and refuse to accept shares of company. Even the unions oppose this scheme as well as they feel that nominal shareholding of the workers does not give them any real say in management.

3. Employee Directors :

Under this method one or two representative of the workers are nominated on the board of Directors of the company. They enjoy the same privileges and have the same authority as other directors have. They participate in the decision making process as regards policies and procedure. The representatives of the employees to be nominated are selected or suggested by the unions of the employees. The management of this method of participation is that many worker directors are ignorant about their role on the board and get in to conflict with other board members.

4. Joint Management Councils (JMC) :

JMCs were introduced in 1958. These councils are formed at plant level with equal number of employee and employer representatives. These are mainly consultative and advisory ones. The scope of JMCs encompasses to matters like working conditions, indiscipline, absenteeism, accident prevention, preparation of holiday schemes etc. It is generally alleged that both works committee and JMC are similar in scope and function. Hence multiplicity of bipartite consultative bodies did not serve the purpose.

Under this system, joint management councils are constituted. These councils consist of equal number of representatives of employers and workers. The councils discuss various matters concerning the working of the company. The decision of that council is advisory in nature. The management however considers these decisions sympathetically and implement them although it is not mandatory.

5. Suggestion schemes :

As the name itself indicates, suggestion programs are formal plans to invite individual employees to make suggestions for work improvements. The suggestions are then sorted out as per their applicability and cost-benefits ratio. Employees whose suggestions result in cost saving for the organization are given monetary rewards that are proportionate to the company's savings. The limitations of suggestion programs are :

a) Employee initiative : The emphasis is on individual initiative rather than group problem solving and teamwork. Only a few employees make actual suggestions and the rest do not experience any sense of involvement.

b) Demoralizing : There is a possibility that employees may be feel delay in the processing of suggestions or if certain ideas that appear good are rejected. The employee may stop making suggestions in the future.

c) Criticism : Some managers find it hard to accept suggestions from their subordinates and may view it as criticism of their ability and practice.

6. Quality Circles :

The success of quality circles in Japan has led to their increasing popularity in Europe and the United States. A quality circle consists of a group of employees who meet regularly to discuss their quality problems, investigate causes, recommend solutions, and take corrective actions. Quality circles usually consist of eight to ten employees and supervisors who typically meet once a week on company time and on company premises. The benefits of quality circles are :

a) Employees feel that they have some influence on their organization.

b) Quality circles provide opportunities for personal growth, achievement and recognition.

c) Employees are more committed to the solutions as they generated them.

The limitations of quality circles are :

a) Not all employees participate. Some are just silent spectators.

b) They often address trivial and issues.

c) Employees feel isolated if they feel that their efforts are not having an impact on the organization.

7. Total quality management :

TQM or total quality management is a philosophy of management that aims at constant attainment of customer satisfaction through continuous improvement of all organizational processes.

TQM is not a merely a quality improvement technique but rather a set of corporate values-a way of life demonstrating a strong commitment to improving quality in everything that is done.

TQM gets every employee involved and every step in the firm's process is subject to intense and regular scrutiny for ways to improve it. Any issue may be taken up for exploration.

For TQM to be effective, employee must receive extensive training in problem solving, group decision making and statistical methods.

8. Self-managing Teams :

Self – managing teams are sometimes referred to as semi-autonomous work groups or socio-technical teams. Self – managing teams are natural work groups that are given a large degree of decision-making autonomy; they are expected to control their own behaviour and results. In simple words, self-managed teams are teams whose members are permitted to make key decisions about how their work is done.

Typically, self-managing teams consist of small numbers of employees, often around ten, who take on duties that used to be performed by their supervisors. Their task includes making work assignments, deciding on the pace of work, determining how quality is to be assessed, and even who gets to join the team.

9. Quality Circle – A Way of Participative Management :

Quality circles pioneered by Dr K Ishikawa, in early sixties, helped Japanese Industry to make a miraculous recovery from the ravages of the Second World War and transforming its earlier image as producer of substandard products into leading industrial nation with high productivity and reliable quality.

Quality circles are small groups of employees that meet on a regular basis to discuss ways in which they can improve productivity and cut costs. Generally a Quality circle consists of about ten employees who meet on a regular basis voluntarily for an hour or so to identify, analyse and discuss specific work - related issues, which will lead to over all improvement in total performance and enrichment of work life. The idea here is to meet at free period, generally lunch hours or after the factory hours. The meetings are loosely structured and often begin with a group of brain storming session to identify problem areas.

The organizational structure of the quality consists of following parties :

a) Non – members are those employees who are not the part of the circle however they are very important for the implementation and success of Quality Circles.

b) Members are the employees who form the Quality circles. The eligibility to become a member solely depends upon participation.

c) Leaders! Deputy Leaders are chosen among the members themselves on a rotation basis. Such convention would ensure leadership building aspect of quality circles, as every member would have an opportunity to lead the team.

d) Facilitator is a senior officer of the department and is nominated by the management. Outsiders are not appointed as facilitators.

e) Departmental Committee / Steering Committee comprises heads of major departments. Such involvement of the top management creates a lot of confidence and commitment on the part of workers which leads to higher productivity.

f) Coordinating Agency coordinates the activities of the circle throughout the organization.

Quality Circles:

a) Improve human relations and work area morale

b) Promote participative culture

c) Promote team work

d) Improve overall productivity yet cost effective

e) Satisfy the self esteem requirements of the employees at the grass roots.

Workers' Participation in Management (WPM) in India

Workers' Participation in Management Before Independence:

The workers' participation in management is not a novel and imported idea from outside. It can be dated as far back as 1920 when Mahatma Gandhi suggested participation of workers in management on the ground that workers contributed labour and brains while shareholders contributed money to the enterprise and that both should, therefore, share in its property.

He said that there should be a perfect relationship of friendship and cooperation among them. For the unions, he said that the aim should be to raise the moral and intellectual height of labour and, thus, by sheer merit, make labour master of the means of production instead of the slave that it is. It was at his instance that, in 1920, the workers and the employers in Ahmedabad Textile Industry agreed to settle their disputes by joint discussions and consultations.

Therefore, the Ahmadabad Agreement may be regarded as a milestone in the history of joint consultation i.e. participative management in India. Following this, some works committees were also set up in the Government Printing Presses and Railways. During the same period, such committees were also set up in the Tata Iron and Steel Company, Jamshedpur. Since then, there is no looking back in this direction.

While supporting the need for works committees, the **Royal Commission on Labour** suggested that, to promoting industrial harmony and to avoid misunderstanding and settle disputes, not only works committees be set up, but strong trade unions be developed and labour officers be appointed.

Along with the works committee, the Commission also suggested the establishment of a joint machinery to deal with the more general questions, and also to act as an advisory appellate body in respect of disputes which were confined to a single establishment. These recommendations of the Commission bore fruits with the provision of formal statutory machinery under the Bombay Industrial Relations Act, 1946 and the Industrial Disputes Act, 1947.

Workers' Participation in Management After Independence:

In fact, the first major step in the direction of workers' participation in management in India was the enactment of the **Industrial Disputes Act, 1947** with the dual purpose of prevention and settlement of industrial disputes. The Industrial Policy Resolution, 1948 advocated WPM by suggesting that labour should be in all matters concerning industrial production. Article 43 A of the Constitution of India has provided for WPM in these words:

“The State shall take steps, by suitable legislation, or in any other way, to secure the participation of workers in management of undertakings, establishments or other organisations engaged in an industry”.

The First Five-Year Plan and the successive plans emphasised the need for workers’ participation in management.

The Government of India set up a ‘Study Group on Workers’ Participation in Management’, in 1956, consisting of representatives of the government, employers, and workers to examine the system of WPM in the UK, Sweden, France, Belgium, West Germany and Yugoslavia and make recommendations for the Indian case.

The Group submitted its report in May 1957 with the following recommendations:

1. WPM schemes should be introduced in selected undertakings on a voluntary basis.

2. A sub-committee consisting of representatives of workers, employers and government should be set up for considering the WPM in India.

The above recommendations, among other things, were accepted by 15th Indian Labour Conference held in July 1957. The Conference appointed a 12 member sub-committee to look into further details of the scheme. The recommendations made by the sub-committee were discussed in a “Seminar on Labour-Management Co-operation” held in New Delhi on January 31 and February 1, 1958. It drew up a “Draft Model Agreement” between labour and management for the establishment of the Joint Management Councils (JMCs) which would have the following three sets of functions:

First, to fulfill its functions as an advisory body.

Second, to receive information on certain matters.

Third, to fulfill administrative responsibilities.

Besides, the Seminar on Labour Management Co-operation also took the size of the Councils, its office bearers, term of office, etc. Thus, the Joint Management Councils (JMCs) were set up in 1958.

Following the recommendations of the Administrative Reforms Commission, the Government of India accepted the inclusion of the representatives of workers on the Board of Directors of public sector undertakings.

Thus up to July 1975, there had been three forms of workers' participation in management introduced in India: **Works Committees, Joint Management Councils and Workers-Directors** (public sector) on Boards of Directors.

Under the Government of India's 20-Point Economic Programmes, a new scheme of **shops and plants councils** was introduced in 1975 after the emergency was declared in June 1975. In the following year 1976, the Government of India amended the constitution to incorporate workers participation in management as one of the Directive Principles of State Policy.

In June 1977, the Government of India set up a high-powered Expert Committee on Companies and MRTP Acts under the Chairmanship of Rajinder Sachar with terms of reference to:

(i) Consider the provisions of the Companies Act and MRTP Act and

(ii) To suggest measures participation in management and share capital of companies can be brought about. The Sachar Committee submitted its report in August 1978.

Meanwhile, the Janata Government also set up a "Committee Workers' Participation Management and Equity" in September 1977 under the Chairmanship of Ravindra Varma the then Union Minister of Labour The Committee consisted of 18 members representing Central Organisations of trade unions and employers and some of the States and professional institutions of management.

The strength of Committee increased to 21 by nominating three additional members in January 1978. The terms of reference of the Committee were to consider, among other things, the need for a statutory scheme for workers' participation in management. The Committee was also to study and recommend an outline of a comprehensive scheme of workers participation at different levels of management in industrial establishments and undertakings

The Committee submitted its report to the Government in March 1979. The report showed that the majority of the members favoured adoption of a three-tier system of participation, viz., at the shop, plant and corporate or board levels. However, the employer of private sector did not favour board or corporate level participation in management. It also recommended to enact legislation on workers participation in management covering all undertakings, be public or private, employing 500 or more workers.

The Government accepted the recommendations made by the 21-Member Committee on Workers' Participation in Management and Equity. Based on a review of the working of the various schemes of workers' participation in management and experiences so gamed the Government formulated and notified a new comprehensive scheme on a voluntary basis for 'Workers' Participation in Management' on 30th December, 1983.

The salient features of the scheme were:

1. The scheme will be non-legislative.

2. It will apply to all central public sector enterprises, expect those specifically exempted.

3. It envisaged constitution of bipartite forums at shop and plant levels.

4. The mode of representation of workers representatives was to be determined by consultation with the concerned unions.

5. A wide range of work related issues were brought within the ambit of the councils.

However, a host of constraints such as multiplicity of unions, inter-union rivalry, lack of proper knowledge on the part of workers about the scheme, etc., served as stumbling blocks in the successful working of the scheme.