EMPLOYEE PARTICIPATION IN MANAGEMENT AND STUDY OF ITS TOOLS - A LITERATURE REVIEW STUDY

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Abstract: *According to Gallup's new 142 country study on the State of the Global Workplace, only 13% of employees are engaged at work worldwide. This means, only one in eight workers are committed to their jobs and likely to be making positive contribution towards their organizations. This triggers out the need of implementing various engagement tools that initiate their participation to the maximum. This paper is focused on the various worker's participation tools and their assessment so as to infer that which among them will yield better results as a whole. Tools like co-partnership, suggestion scheme, joint consultation, Management by objective and quality circle are discussed in this paper by the way of the literature review study for the valid support. Also, scope for future study is determined in this paper related to employee participation after discussion of it's all tools.*

Keywords: *suggestion scheme, joint consultation, worker's participation, management by objective (MBO), Quality circle, co-partnership, employee voice*

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INTRODUCTION

Organizations tends to indulge themselves into some sort of decision making in its daily routine of operations. It's always better to have opinions of those who will actually perform the tasks as they are working on ground level. Therefore, organizations promotes employee or worker's participation in it's culture as it facilitates improvement in their productivity and also helps organizations to achieve their ultimate goals. According to *Keith Davis(1989),* "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"(1). *International Institute of Labor Studies* has defined worker's participation as "the participation resulting from the practices which increases the scope for employees' share of influence in decision making at different tiers of Organizational hierarchy with concomitant(related) assumptions of responsibility"(2).

The concept of **Employee Voice** is worth noting here as it is similar to the above discussion. It refers to the participation of employees specifically for influencing Organizational decision making."Employees are given a voice through formal and informal means to minimize conflict, improves communication and encourage staff retention through motivation and fair treatment"(3). Individual's productivity is directly related to his job related attitude which is ascertained from his degree of involvement. Worker's participation is being practiced since ages because of its benefit to the organization in numerous ways such as, increase in the level of morale of the employees, increased association with the organization, increased loyalty, etc. "In India, at National Thermal Power Corporation (NTPC), Ramagundam, Andhra Pradesh, Worker's Participation in Management is effectively functioning"(4). As per the case study on NTPC by *Kumar and Taunk (2013)*, it is found that "here the management with the help of workers ensures that they are capable of taking fruitful decisions regarding policy making, service conditions, productivity, manufacturing supervision and administration"(5). It is very much necessary for the managers of today's organization to involve this mechanism in the day to day functioning. However, it's incorporation is not that easy as it seems. This paper is focused on various tools that help in its implementation in the organization with the underlined review of literature.

TOOLS TO WORKER'S A PARTICIPATION

1. **Co-partnership:** this form of worker's participation involves employee participation in the share capital of their own company. "Worker's participation in management through co-partnership was approved in India by the Supreme Court in its judgment in *Navneet R. Kamani vs. R.K. Kamani* in 1984 by permitting workers to takeover a sick unit"(6). As per a study prepared by the *Inter-university Center for European Commission's DG MARKT* in which a pilot project was conducted throughout 31 countries concluded that "thirty years of research have confirmed that companies partly or entirely owned by their employees are more profitable, create more jobs and pay more taxes than their competitors without employee ownership"(7). Mostly researches revolve around pros and cons of co partnership and the question of extent of this partnership is yet to be explored more.

2. **Suggestion Scheme**: under this scheme, a committee is formed that consist equal number of representatives from both of the parties i.e. Management and workers and they scrutinizes the suggestions so given by the workers. This scheme works by the way of installing suggestion box at an appropriate place in the organization. Under this system, valid suggestions are implemented and rewarded. **Milner *et al (1995)*** defined suggestion scheme as a "formalized mechanism which encourages employees to contribute constructive ideas for improving the organization in which they work"(8). Suggestion scheme make the employees more committed towards their organizations and thus must be encouraged in all business units. But it's not always easy to retrieve desired outcomes from such tool as demonstrated by **Income Data service report (1991).** This report conclude that "the greatest obstacle to implementing a suggestion scheme in organizations is the fear by middle managers that such schemes will undermine their importance in the organization"(9). Continuing the flop side, *Carvenale and Sharp (1993)* "also reports that suggestion schemes can backfire on the organization if they become overtly bureaucratic"(10). In an another study presented by *Du Plessis and Paine (2007)* correlation between the number of suggestions submitted and the time taken to give feedback was ascertained. The conclusion of such study was "the initial view should be the assumption that all suggestions are beneficial until the evaluation proves otherwise"(11). Suggestion

scheme is incomplete without conclusion of proper feedback system. Such feedback to the suggesters will encourage them to express even more which is better for any organization.

3. **Joint Consultation:** this concept came into existence in 1958 and are also popular as Joint Management Councils (JMC's). These councils are formed at plant level with equal number of members from employer and employee side. These joint consultations were formed to manage matters related to working conditions, health & safety, discipline, etc. **The First Five Year Plan document in India (1951)** "emphasized the importance of such committees as a forum for participation"(12). This tool certainly benefit organizations in many ways. *Emmott (2010)* in his research concluded that " joint consultations have positive effect on employee attitudes, reassuring employees that their interests are not being ignored when key decisions are taken"(13). On the flop side, a report by **Ministry of Labor and Employment (1966)** revealed "the limited success of these councils in India after conducting extensive research in 99 industrial units out of which 65 were private units and 34 were public corporations"(14). In extension to this, *Bates and Murphy (1981)* noted that "joint consultations continued to survive in the organizations partly because of the lack of consensus as to its function by organization members and partly as the result of what amounted to a conspiracy of vested interests"(15). According to *Armstrong (2003)* "for joint consultations to work well, it is necessary to first define, discuss and agree on its objectives"(16). The scope of such objectives must be wide enough to accommodate all significant aspects of the job and overall Organizational practices.

4. **Management by Objective(MBO):** *Drucker (1954)* first advocated MBO as a "systematic approach to setting objectives that would lead to improved Organizational performance and employee satisfaction"(17). Management by objective is a conventional form of employee participation. Components of MBO are studied in details by many researchers as failure or success of this system majorly depends on identification of its vital influential component. In this regard, a research by *Thompson, Luthans and Terpening (1981)* is worth mentioning here that concluded as "goal setting component improves performance of this system and to some degree satisfaction. Participation and knowledge of results component can improve performance and satisfaction but there are moderating variables that effect the results"(18). "Criticism of the MBO process often points to the presumed infallibility of the objectives"(19). In addition to this goal setting problem,*Captain James M.Grant (1978)*

highlight "introducing MBO without first educating people to the concept of participative management is to ensure the failure of the program"(20). Employee participation is well supported by MBO technique when objective setting is priory done with much vigilance and employees are well aware of this mechanism in advance.

5. **Quality Circle:** " a Quality Circle is volunteer group composed of members who meet to talk about workplace and service improvements and make presentations to their management with the ideas"(21). Generally, this circle consist of "six to twelve volunteers from the same working area"(22) creating enough intellectual for discussion on the encountered problem. "For the first time in India, Dr. S.R.Udpa, the then GM of M/s BHEL started quality circle in 1980 in his Hyderabad unit with a view to empower and involve working level employees in solving their work related problem"(23). For retrieving better results from Quality Circles, it is necessary to include cross functional teams. By including the representatives from different departments, whole Organizational perspectives are taken into account for better rationalization. However in a research conducted by *Prasanna and Desai (2011)*, the causes for failure of Quality Circle in India were - "i) more focus was given to Organizational improvement rather than improvement of people. ii) work associated to Quality Circle was left to the external consulting agency"(24). Also, it must be take care that "the implementation of Quality Circles is not easy. Problems derived from using QC, in most cases, are caused by the managers who perceive threats to their positions"(25). For successful operation of Quality Circle, again understanding of Participative management is necessary. Organizations must make their people understand the need of employee participation to fetch best results out of this tool.

CONCLUSION

Employee participation is indeed a productive mechanism for any organization. But it's mere implementation doesn't guarantee it's success. Many a times, it gives a sense of false assurance to the management. As per the observation of *Narain (1986),* " the failure of participative approach in India was basically due to management's lack of faith in worker's participation in management. Also, Indian workers in general are neither interested nor competent in participative management"(26). But to its contrary, in the latest report of **Employee participation in India (2012)** it is mentioned that " it would be a mistake to write

off participation in India as a failure. Limited forms of participation such as consultations, quality circles appear relatively more successful and sustainable"(27). Afterward researches majorly displayed their take on various tools of employee participation mechanism and factors contributing to the effectiveness of employee participation in management were ignored. This could become the scope for the future study in this area, as today, participative management exist in more meaningful manner as it used to be earlier.

Table: Scope of Tools

S.No:	Tools	Scope of Future Study
1	Co-partnership	Planning Premises for determining content and context of partnership agreement
2	Suggestion Scheme	Proper Feedback System Model for immediate implementation
3	Joint Consultation	Clear definition of Objectives
4	Management by Objective (MBO)	Rational Goal Setting Model
5	Quality Circle	Implementation Technique along with leadership Traits
6	Employee Participation (as a whole)	Factors contributing to the effectiveness of Employee Participation mechanism

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