

Industrial democracy: Workers participation in management

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Abstract

In a democracy, participation of the people in the political process is an essential ingredient of the system. Workers' participation in management can be considered as an advanced form of labour-management co-operation. It is an extension of this political process to work place relations. The contents and structure of Workers Participation in Management is more important and is being debated in all industries to make it a 'best fit' as per their own working conditions. In other words, it can be said that it is a total involvement of people in the organisation to bring a democratic culture at the work place. It is now agreed that genuine Workers' Participation in day to day working of the organization can lead to harmony and higher productivity besides being able to bring out hidden talents in employees and giving the employees and acceptable status. A combination of powerful social, cultural, political, economic and industrial pressures has created world-wide demand for greater participation and democracy. Tools like co-partnership, suggestion scheme, joint consultation, management by objective and quality circle are discussed in this paper. An attempt has also been made to study the effect of industrial democracy on productivity, job satisfaction, conflicts etc. in this paper.

Keywords: democracy, participation, harmony, productivity, satisfaction

Introduction

The theory of 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 labour 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) [2].

The concept of Workers' Participation in Management is viewed by people differently. "There are people who feel that workers' participation is the tool for solving most industrial relations problems, and that it will even become the underline concept of the future society. So people use the term as the synonym for what they call Industrial Democracy."

The concept of Workers' Participation in Management has developed in different forms in different countries to suit the requirement, need and necessity of the political and economic system of different countries from time to time. The concept is an extension of political system to the workplace. In a democracy, participation of the people in the political process is an essential ingredient of the system. Workers' Participation in Management is an influence process at workplace which affects the condition of employment and helps in understanding the dynamics of an industrial establishment which ultimately fosters a "sense of belonging."

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 a different meaning. 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. Notwithstanding these different views on worker participation, all agree that it is an essential step involving redistribution of power between the management and workers in the direction of industrial democracy.

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.

Keeping in view the democratic way of working, Worker Participation in Management has become a mandatory situation in developed and developing countries. The contents and structure of Workers Participation in Management is more important and is being debated in all industries to make it a 'best fit' as per their own working conditions. In other words, it can be said that *it is a total involvement of people in the organisation to bring a democratic culture at the work place.* Human resource development (HRD) is a subject of great relevance in a developing and most populous country like India. Of all the resources, the "Human Resource" is the most crucial and difficult to tackle and without these resources, the development of physical/financial/technical resources of the country is not possible. Thus, there is a need to mobilize the human resource- with the purpose to enable them to participate effectively in the task of nation- building.

Literature Review

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. It implies a situation where workers representatives are, to some extent, involved in the process of management decision making, but where the ultimate power is in the hands of the management.

Mc.Gregor (1960) ^[11] contends that worker participation consists basically in creating opportunity under suitable conditions for people to influence decisions which affect them. It is a special case of delegation in which the subordinate gain greater control, greater freedom of choice with respect to bridging the communication gap between the management and the workers. This serves to create a sense of belonging among the workers as well as a conducive environment in which both the workers would voluntarily contribute to healthy industrial relations.

Wager (1998) ^[17]. Participatory management practice balances the involvement of managers and their subordinates in information processing, decision making and problem solving endeavours).

Cotton *et al.* (1988) ^[4]. Worker participation exists in a variety of forms the use of which is likely to produce different organizational outcomes.

International Institute for Labor (1966) ^[15]. Workers Participation in Management is the participation resulting from practices which increase the scope for employee's share of influence in decision-making at different tiers of organizational hierarchy with concomitant assumption of responsibility".

Davis (1962) ^[7]. "It is a mental and emotional involvement of a person in a group situation which encourages him to contribute to goals and share responsibilities in them".

The following are the main characteristics of WPM

1. Participation implies practices which increase the scope for employees' share of influence in decision-making process with the assumption of responsibility.
2. Participation presupposes willing acceptance of responsibility by workers.
3. Workers participate in management not as individuals but as a group through their representatives.
4. 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.
5. 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

Objectives of the study

1. To study the development and the need of Workers Participation in Management in achieving the goals of the organization.
2. To ascertain the significance of workers level of involvements in the decision making process.
3. To study the various forms or the levels of industrial democracy in which workers can participate in the organization.
4. To study the effect of industrial democracy on productivity,

job satisfaction, conflicts etc.

Origin and the need of industrial democracy

Around 18th century, the Industrial Revolution began in Britain and later on spread to other parts of advanced countries. The Industrial revolution or the more recent managerial revolution came along with the setting up of modern business enterprises that contained a hierarchy of salaried executives. However, as Kauffman (2004) ^[10] notes that the current discourse and the relations between those who managed work and those who performed work is something which has existed since human civilization began, although the practice of recognizing it as a matter of social concern is recent. The process of industrialization in Britain brought about the setting up of factories, mills and warehouses where associations of men came together and jointly participated in the production process. Briggs (1954) ^[3] clarifies that these places were not only viewed as places of production but as places where men spent a significant time of their lives. Scholars studying industrialization concerned themselves not only with issues like output, sales, costs in the production process but also the social aspects of a newly laid down base for an industrial society. It is this that has laid down the *foundations of the domain known as industrial relations*.

Participation brings the two parties closer and makes them aware of each other's problems. As a result, a better understanding and mutual trust can be created between employer and workers. Workers participation in management helps to reduce industrial disputes and to improve workers loyalty. Continuous dialogue between management and workers improves peace in industry. They become more able and ready to adopt themselves to technological and other changes made to improve the competitive position of the company.

Clerks, Fatchett and Roberts⁵ have mentioned four broad objectives of workers' participation in management in the British context, that is

- (i) as a means of promoting the satisfaction and personal development of an individual worker,
- (ii) on the ground that workers should have a greater say in decision making at work,
- (iii) as a means of improving industrial relations
- (iv) As a means of increasing efficiency.

Industrial democracy through WPM achieves the following

1. Performance of both groups is evaluated objectively.
2. Respect workers as free persons of equal value.
3. Rule of law and natural justice.
4. Discipline through self-control and self-direction
5. Morale, motivation and a sense of belongingness.
6. Productivity and high quality in work.
7. Better compensation.

Significance of industrial democracy in organisations

Labours are the integral part of the organisation; hence they should be encouraged to participate in decision-making. The participation might occur through various forums and methods. It could be formal or informal. It could be at shop floor level or at board level. The involvement of workers in management decision-making is beneficial in the following manner:

1. Effective communications at all level are essential to sound decision making;

2. Workers may accept decisions better if they participate in management;
3. Workers may work more intelligently if, through participation in decision making, they are better-informed about the reasons for and the intention of the decision;
4. Workers may work harder if they share in decisions that affect them;
5. Workers' participation may foster a more co-operative attitude amongst workers and management, thus, raising efficiency by improving team work and reducing the loss of efficiency arising from Industrial Dispute.
6. Workers' participation may act as a spur to managerial efficiency.

Forms of industrial democracy (worker's participation in management)

The form of WPM depends, to a great extent, on the levels of participation. The reason being the forms of participation attempt to achieve the objectives of WPM set by an organisation. Some of the most important forms of worker's participation in management are as follows:

1. Suggestion Scheme

Under this scheme, a suggestion committee is constituted consisting of equal number of members from management and workers. A suggestion box is installed at an appropriate place in the organisation. Workers are invited and encouraged to put their suggestions for improving working of the organisation into the suggestion box. The suggestion committee periodically scrutinizes the suggestions given by the workers. Good suggestions are accepted and implemented and also rewarded. This encourages workers to make more and better suggestions.

2. Works Committee

Under section 3 of the Industrial Disputes Act, 1947, and the appropriate Government may require an enterprise employing 100 or more workers, to constitute a works committee with equal number of representatives from the employees and the management. The main purpose behind constituting works committees is to evolve ways and means for maintaining cordial and harmonious relations between the employees and the management.

3. Joint Management Councils (JMCs)

JMCs were introduced first in 1958. These councils are formed at plant level with equal number of representatives from employers and employees. These are mainly consultative and advisory ones. The responsibility of the JMCs is relating to matters such as working conditions, indiscipline, absenteeism, training, safety, accident prevention, preparation of holiday schemes, etc.

4. Board Representation

Under this scheme, one or two representatives of workers are nominated or elected on the Board of Directors. The basic idea behind incorporating workers' representation on the Board of Directors is to safeguard the workers' interest, usher industrial harmony and good relations between the workers and management. The Government itself, as an employer, introduced this scheme in several public sector enterprises such as Hindustan Antibiotics Ltd., Hindustan Organic Chemicals Ltd., National Coal Mines Development Corporation, Bharat Heavy Engineering Ltd., National Textile Mills, etc. This is the highest form of workers' participation in management.

Table 1: Characteristics and Outcomes of the Practice of Workplace Democracy

| Open communication internally and externally | Fuller participation of women and underrepresented groups. |
|---|---|
| Open governance | Individual freedom of expression and choice Power is related to relationships versus structure |
| Meaningful work | Workplace democracy is not possible without "Unalienated and meaningful work" (Mason ¹⁴ , 1982, p. 102). |
| Gender and ethnic equity | Tolerance, respect, inclusion of women and underrepresented groups. |
| Less managerialism | Psychological ownership of activities depends on worker contributions, knowledge and competence. |
| More worker control over the functions that impact them | "Reduce alienation, create a solidarity community based on work, strengthen attachments to the general good of the community, weaken the pull of selfinterest. [and], stimulate citizenship in the government of the state itself (Dahl ⁶ , 1985, p. 95). Individuals have control over their work tasks (Luhman ¹² , 2006) |
| Improved trust and less fear | Legitimacy for workers to question control (Markowitz ¹³ , 1996) |
| Enhanced flow of information | Increase in organizational commitment, personal responsibility, ability to change (Harrison & Freeman ⁹ , 2004) |
| Worker voice in job design, work requirements and quality | Because worker groups may not be privy to organizational strategies or have the required skills and knowledge they may make incorrect or less than advantageous decisions. Worker group decisions may take an inordinate amount of time and may disrupt normal operations (Harrison & Freeman ⁹ , 2004). |
| Flatter, team-based organization structures Non-hierarchical controls (Luhman ¹² , 2006) | Educate through participation thus inculcating democratic values in the citizens of the workplace (Grady, 1990) ⁸ . |

5. Co-partnership

Co-partnership means employees participation in the share capital of their own company. Under this scheme, workers are induced to buy equity shares of the company. Workers may be allowed to make payments in instalments, advanced loans or even give financial assistance to enable workers to buy equity shares. The scheme was approved by the Supreme Court in its judgement in Navneet R. Kamani vs. R.K. Kamani in 1984, by

allowing workers to take over a sick unit. Kamani Tubes, New Central Jute Mills, Kamani Metals and Alloys and HCL Ltd. Are the examples of enterprises in which workers through shareholding participate in management by their respective workers co-operatives.

6. Workers complete ownership

Under this scheme, workers acquire complete control of

management of their enterprise through an elected board or/and Workers Council. This system of participation is also called "self-management". This prevails in Yugoslavia. In this system, two different sets of persons perform two distinct types of functions, namely, managerial and operative.

Effects of industrial democracy on workers in organizations

Participate may protect the interests of both parties. But more than this protection, participation is a system of checks and balances which prevents exploitations and provides equity and fairness. This requires great awareness, education and conceptual skill from both the parties, to make WPM, a success.

1. Improvement of substantive satisfactions

Worker-group involvement in work processes and management decisions does protect workers' substantive interests. For instance, work-process participation becomes a way of ensuring health and safety, as in the worker steward system in Sweden. Job security has become one of the major motivations for extended participation in recent times. Any decision about job continuity depends on many local and national economic considerations, but the formal impact of worker groups can and has had a meaningful influence.

2. Job satisfaction

Improvement of the intrinsic nature of the job, one of the major objectives of work democracy. Some producers' cooperatives, which closely represent the optimum type of workers' power, frequently pay little attention to such goals as job enrichment. Research reveals that some work-democracy systems do significantly change the work process so as to make the actual work more intrinsically meaningful, but many show little connection. The very existence of greater worker involvement in decision-making itself sometimes creates more job satisfaction, especially for those who take part directly.

3. Productivity

Research shows improvement in some instances, little in others. However, no actual decrease has been noted, suggesting that, overall, work democracy is probably linked to some productivity improvements. Reports about quality of work-life programmes suggest more positive changes, but caution about such results is necessary because these tend to be self-justifications for those who organize the plans. In any case, with all the other potential benefits, any improvement in productivity can be viewed as an added bonus.

4. Alienation

Management tends to lose its 'command' orientation. It is compelled to affirm its role by competence rather than authority. It should be pointed out that management functions are not eliminated, they can be rotated but they become more controlled by and accountable to the workers. The entire structure typically becomes less hierarchical with a tendency towards extolling equality norms, including rates of pay. Without exaggeration, worker participation, however limited, usually creates a stronger sense of work community and improved morale, even while adversative attitudes remain conspicuous on many issues.

5. Information and ideas

The most important consequences of work democracy result from the knowledge, ideas and proposals of a large number of people. Meaningful work democracy improves information channels, allowing for more accurate 'feedback' about how well goals are being achieved, thus creating the background for more meaningful planning. Extensive participation in decision-making of all kinds permits more checks on mistakes. Participation of representatives of those who actually do the work, in large-scale economic decision making bodies can enhance societal wellbeing, in terms of both economic health and the quality of life concerns that have recently become so prominent.

6. Conflict

Conflict tends to be more openly political, and is typical of any democratic system. In codetermination systems, for instance, consensus on major supervisory board decisions appears typical, despite the contending groups involved. But analysts perceive this as a result of the efforts of the managing boards, which offer the relevant recommendations. The latent conflict is thus anticipated, not ignored. One of the other noted features of codetermination systems, demands further consideration: the apparent minimal number of strikes. But, this is probably as much a result of the strength of the trade unions in such industries as of participation on the board—their latent power compels attention to their demands in most situations.

Conclusion

One of the important requirements of industrial relation is industrial democracy. The worker's participation in management is an essential ingredient of industrial democracy, because unless the status of the worker is raised and recognized as a partner in the industry and as a co-trustee of the community, he cannot be persuaded to put in his very best in the work. The form, structure and the content of Workers Participation in Management vary with social norms and nature of government in each country. WPM takes the shape of self-management, co-determination, co-partnership, joint management councils. Participation means sharing the decision making power between management and workers. Workers Participation in Management has assumed great importance these days because it reduces industrial unrest and helps in dispelling employees "misunderstanding about the outlook of management in industry.

Whatever hopes and standards we have for political democracy in our society, we seek in our workplaces. We can have participation/democracy that is employer-controlled, "pseudo-participation that gives employees little in the way of empowerment or enduring voice in the workplace" (Turner, 1997¹⁴, p. 309), or a true democratic workplace where participation and voice are negotiated, entitled and supported by internal and external management and owners, workers, and organized labour. If we have democracy in political life but not in economic life and if the weight of economic power grows relative to political power, then citizens might have reason to question how democratic society 'really' is and whether political democracy is 'really' of much relevance. Thus, 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' members on management or supervisory boards or even management by workers themselves.

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