

# Employee Participation: A Tool of Motivation and High Productivity

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## Abstract

Employee participation is a modern concept in industrial democracy. It is one of the means of employee empowerment. Individual employees are encouraged to take responsibility for quality in terms of carrying out activities, which meet the requirements of their customers. Employee participation is also part of the move towards human resource development in modern organizations. This article talks about the rationale of Employee Participation, Prerequisites and the benefits of Employee participation in business decision making.

**Keywords:** Employee Participation, Decision making, Employee involvement, Commitment, Empowerment

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## Introduction

### Employee Participation

Workers' participation in management is an essential ingredient of Industrial democracy. A modern and forward-looking business doesn't keep its employees in dark when it comes to important decisions affecting them. It always trusts them and involves them in the business decision making. 'Command and Control' is not the model followed any longer. A more open and collaborative approach/ framework work wonders in exploiting the employees' talents. 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. Traditionally the concept of Workers' Participation in Management (WPM) refers to participation of non-managerial employees in the decision-making process of the organization. Workers' participation is also known as 'labour participation' or 'employee participation' in management. In Germany it is known as co-determination while in Yugoslavia it is known as self-management. The International Labour Organization has been encouraging member nations to promote the scheme of Workers' Participation in Management.

Employee participation is the process whereby employees are involved in decision making processes, rather than simply acting on orders. Employee participation is part of a process of empowerment in the workplace. Empowerment involves decentralizing power within the organization to individual decision makers further down the line.

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. The philosophy underlying

workers' participation stresses:

1. Democratic participation in decision-making;
2. Maximum employer-employee collaboration;
3. Minimum state intervention;
4. Realization of a greater measure of social justice;
5. Greater industrial efficiency; and
6. Higher level of organizational health and effectiveness.

According to International Labour Organization (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' members on management or supervisory boards or even management by workers themselves (as practiced in Yugoslavia).

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

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

Employee participation is in part a response to the quality movement within organizations. Individual employees are encouraged to take responsibility for quality in terms of carrying out activities, which meet the requirements of their customers. Employee participation is also part of the move towards human resource development in modern

organizations.

• Keith Davis has defined “*participation* as mental and emotional involvement of a person in a group situation which encourages him to contribute goals and share responsibilities in them.” This definition emphasizes on three elements,

- It means mental and emotional involvement rather than physical activity
- Participation must motivate a person to contribute to a specific situation with his/her attributes, knowledge, skills in achieving the objectives of the organization
- It encourages employees to share responsibility towards a decision and strengthens their commitment.

Participation is an effective motivational tool because when subordinates take part in the decision making process, they are more motivated to implement the decision, as it becomes their own. Employee participation is a management and leadership philosophy about how employees are most enabled to contribute to continuous improvement and the success of their organization.

#### Forms of Employee Participation

1. **Collective Bargaining:** Collective Bargaining is based on the principle of balance of power. It is a technique intended to achieve a greater degree of harmony and cooperation by emphasizing on matters of common interest. Employees at times prefer to use collective bargaining than asking for a share in the management.
2. **Works Councils:** Works Councils are exclusive bodies of employees assigned with various functions in the management of an organization. In some countries like West Germany and Yugoslavia such councils have wider decision making powers.
3. **Joint Management Councils and Committees:** These are the consultative and advisory bodies of employees where the final decision making is left to the top management.
4. **Workers Ownership of Enterprise:** Here, workers/ employees themselves take the responsibility of running the business. Yugoslavia is the best example of social self management by workers where entire control of business management is with the workers.

Employees are trusted to make decisions for themselves

and the organization. This is a key motivational tool.

Employee participation is also referred to as employee involvement (EI).

*Employee participation*-When an employee participates in a business activity, it means he shares the activity with others. These others form one team with the employee and the team is responsible for completion of a goal or project. The team provides the forum where the employee can suggest ideas to make the item more efficiently and make decisions about his portion of the team's project. Whether the level of the employees' involvement is major or minor, all team members are encouraged to participate.

*Employee involvement*-Employee involvement involves a one-on-one approach between the employee and management. This is a more direct method of handling a work project, as the individual employee is included in all aspects of the decision-making process. This process encourages an employee to take ownership of the outcome of the project. The employee affects the process itself by making decisions with management, which both encourages the employees to become more involved in the project and share their ideas on how to improve the project.

#### Objectives of Employee Participation

1. To raise the level of motivation of employees by closer involvement in management
2. To provide opportunity for expression and a sense of importance to employees
3. To develop ties of understanding for harmony and growth
4. To act as an instrument in solving industrial relations problems

Employee participation helps in managing resistance to change which is inevitable in this changing business environment. If the need for change is felt by all the members of the organization the acceptance of change is high. Employee participation in change management will facilitate effective and smooth implementation of the decisions.

Employee participation can encourage better communication at all levels leading to better decision making. Joint decision making ensures minimum industrial conflicts.

#### Levels of Employee Participation

Employee Participation is possible at all levels of management. There are five major levels of employee participation.

1. **Information Participation:** Here, the employees are able to receive information and express their view relating to work and business in general.
2. **Consultative Participation:** The employees are consulted on matters related to their work and their

welfare. The employees can only express their expectations and advice on related matters. However, the final decision rests with the management.

3. **Associative Participation:** It is an extension of Consultative Participation where the management is under obligation to accept and implement the unanimous decisions of the employees.
4. **Administrative Participation:** Here, employees have a greater share in the discharge of managerial functions. The employees are empowered to select the best from the alternative decisions for implementation.
5. **Decisive Participation:** It is the highest level of participation where the decisions are jointly taken by the employees and the management on the matters related to production, welfare, introduction of change, etc.

It is clear from various researches held that most types of employee participation are more likely to fail unless there is a strong commitment by employers towards employee participation. These studies also highlight the degree of centrality and prominence a scheme has within the organization.

#### **Pre-requisites for Effective Employee Participation**

1. There should be a strong and representative unionism for the successful participation
2. Both the employees and management should have firm faith in the philosophy of employee participation
3. There should be strong feeling and zeal towards participation on the part of employees
4. There should be clearly formulated and mutually agreed objectives for employee participation
5. The employees should be effectively consulted in the matters of participation
6. There should be proper education and training with regard to employee participation for its success
7. There should be specified forms and areas of participation
8. The guidelines for implementation of then decisions taken should be specific and there should be prompt follow up action and feedback for improvement.

#### **Factors need to be addressed in the proper**

#### **implementation of Employee Participation systems**

1. Willingness by management
2. Training to the managers/supervisors
3. Clear policy regarding the role and prerogatives of senior managers, line managers and the workforce under their supervision
4. Training to employees on managerial skills such as presentation, decision making, problem solving, leadership, etc.
5. Feedback mechanism

#### **Benefits of Employee Participation**

Employee Participation is used as a tool to enhance the relationships in the organization.

1. Employee Participation increases the job satisfaction and morale of the employees and in turn enhances their productive efficiency.
2. It increases their commitment towards their organization.
3. It provides the employees with the opportunity to share and use their ideas and information in the business decision making.
4. It helps in the cost reduction by minimizing supervision and control on employees.
5. It improves the employee-management relations.
6. It finally increases and improves business performance of the organization.

Major outcomes of Employee Participation in decision making are:

1. Quality Improvement.
2. Increase in employees' commitment with a sense of ownership having been involved in decision making.
3. Improvement in the behavioural process
4. Increased adaptive capacity of the organization. 1

#### **Conclusion**

Employee Participation is central to HRM and modern management practices. Employee Participation in business decision making serves to create a sense of belongingness among the employees as well as congenial working environment where both the management and the workers can voluntarily contribute to better industrial relations. It increases employees' commitment and improves the work performance. Successful EP schemes need to be embedded in the organization's culture. If employee participation is implemented effectively its benefits are wide ranging. Thus,

participation of employees in decision making is considered as a tool of employee motivation leading to a positive work attitude and high productivity.

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