

**“DIMENSIONS OF EMPLOYEE’S INVOLVEMENT AND INDUSTRIAL  
RELATIONS”**

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**ABSTRACT**

*The forces of economic liberalization and globalization have massively changed the functioning of the organizations by means of momentous impact on human resources capital and Technological change has influenced every amble of business life including industry, public and private sector undertakings, multinationals and domestic enterprises, companies and organizations. Globalization and extensive spread application of computers and information technology has accelerated the generation and transmission of information, making communication more efficient and effective. The globalization and economic liberalization have also drastically changed the industrial relations and management processes. It is a prime responsibility of the industrial administration in the industry to bring employees and organization in the joint from for effectiveness by employees’ involvement in decision making process at the administrative level of industry. In the joint process of organizational systems there are different steps were taken such as establishment of works committee, joint management council, workers participation scheme, on new method for employees’ involvement in the policy formulation and implementation process. The importance of participatory management with greater emphasis on employees’ In the view of growth and development and expansion of*

*participatory management, the present paper highlights the theoretical perspective of participatory management with reference of industrial relations.*

**KEY WORDS;** *Employees involvement, Industrial relations, industrial administration. Participation, policy formulation, joint management council.*

## **Introduction**

Workers participation management is a wider concept which lays down that the principles of democracy should be extended from the political, social and economic field of the society. In political democracy it is distribute the political power among the members of the Industry. But the workers participation in management is the distribution of both social and economic power among the people. Workers participation in management concerned as such both theory and practice. It does mean industrial democracy as a means to gear up the entire democratic as defined associated with the individual work place. G.D.H. Cole has made it clear that the democratic control of industry requires the recognition of the fact that the worker is not merely an employee but a working partner in the enterprise in which his daily work is done<sup>1</sup>. The concept of workers participation in management has assumed great importance and its runs parallel of political democracy. In practical the concept of Industrial democracy gets merged in to it.

Participation is a much used word these days; it means different things in different content. In training, the trainees benefit by participating in the activity being trained, they "learn from doing". In community work, participation means that the whole communities, including those that do not usually speak up, participate in decisions that affect the future of the community. In game participation means that people are allowed to play. Participative management has been around a long time. In participatory management, the designated managers still have the final responsibility for making decisions and answering for them, but members of the staff who are affected by those decisions are actively sought to provide observations, analysis, suggestion and recommendations in the executive decision making process. Human resources services in progressive organizations are undergoing dramatic changes. HR functions providing guidance to implementing business strategy. In Human Resources are challenged to

take more strategic perspective regarding their role in the organization. At the same time, more and more top level managers are realizing that HR or the people side of the business is critical to the long term survival of the business. Professionally and non-professionally human resources management is inside in different organizations from different on industries.

Participative management addresses the relationship between the organization and its workers and stakeholders. It addresses fundamental issues of governance within organizations and the role of employees and external stakeholders in all levels of organizational decision making. In addition to philosophical issues of governance and the appropriate relationship between workers and their employers, the literature on participative management can help managers dealing with the fundamental challenges facing public science managers in today's dynamic and competitive environment: maintaining high levels of effectiveness, productivity, innovativeness, and worker motivation in an increasingly dynamic, competitive environment. Participative management is recognized as particularly pertinent to organizations dealing with complex, knowledge-based problems. Extensive research conducted as early as the 1950s and 1960s demonstrated that participative management is particularly well suited to science-based organizations whose key staff are noted for their creativity, intrinsic motivation for work that interests them, stronger affiliation with their discipline than their organization, and sensitivity to directive management (Likert 1969; Marcson 1960; Siepert 1964; Macy 1965; Steele 1969). The interdependence of scientific research, and hence of scientific organizations, requires participation at multiple levels. New requirements to involve external stakeholders in policy-setting and planning decisions and to address concerns about the public acceptability of research programs place additional demands on the skills and capabilities of both managers and staff. One of the main social and organizational utilities of participation is that it offers the possibility of resolving contradictory interests through individual negotiation and/or collective bargaining rather than imposition of authority (Bolle de Bal 1992).

### **Employees Involvement Management:**

As noted in the brief overview of the development of management thoughts, the behavioral school has most directly influenced the development of the concepts of participatory management. The field of organizational behavior most impacted the practice of participatory

management principles and skills. Beginning in the mid 1950's and continuing even today, much has been written about participatory management. It became an acceptable practice following the published work on theory Y and theory Z management style. It is defined as managers sharing their power and influence by regularly asking employees for input while maintaining at a minimum a veto over their ideas.

This represent a significant increase in empowerment from traditional management style whose philosophy is to simply figure out what should be done and to tell people to do it (Brown et al. 1994). While few researchers have sometimes viewed it as a confusing theory or even foolish, new-wave types of management practice, most agree that participatory management is a viable management style in today's global competition. It is inclusive and efficient. In fact it is popular today than ever. A study done by the New York Stock exchange office of Economic research in 1995, survey by Hewitt Associates in Lincolnshire Illinois to be exact asked corporations with 500 or more employees which of the many efforts they have undertaken to improve productivity have had the most impact. Of those surveyed 32% mentioned employees involvement, two-thirds of the 1,811 employers nationwide reported using some form of employee involvement to conduct work according to recent surveys by Hewitt Associates in Lincolnshire Illinois (Badawy1994).

Using Meta- Analytic techniques, Chris Doucouliagos, an industrial relations researcher, synthesized the results of 43 published studies to investigate the effects on productivity of various forms of worker participation: Workers participation is decision-making; profit sharing; worker's ownership; etc. not surprisingly, he found out that all of these factors were positively associated with productivity, quality, and employees morale and satisfaction (Doucouliagos, 1995). Considerable change is underway in many of America's workplaces, driven in part by international and domestic competition, technology, and workforce development. These external forces are interacting with a growing recognition that achieving a high productivity / high wage economy requires changing traditional methods of labor, management relations and the organization of work in a way that may fully develop and utilize the skills, knowledge, and motivation, of the workforce, and share the gains produced.

Data from recent focus-group interviews carried out by the Princeton Survey Research Center report [PSRCR] those hourly workers, professional and technical employees, and supervisors consistently stated that among the things they value most in a job are varieties, freedom to decide how to do their work without closed supervision. They also reported that they value information and communication regarding things that affect their work and their firm, and evidence that their employers seek value and act on their suggestions for improvement at their workplace (Challenge, 1995). Thus, since the 1980's there has been a substantial expansion in the number and variety of employee-participation efforts and workplace committees in both establishments governed by collective-bargaining agreements and those without union representation. These arrangements take a wide variety of forms such as: Quality Circle, employee participation teams, etc. (Challenge 95).

Some of the major corporation who are reaping the benefits of participatory management are GE, IBM, Allied Signal, Super Sack, just to name a few. GE Fanuc Automation North America Inc. for example, has been transforming itself into a team- based organization since the late 1980s. In 1994, it posted its best results ever (Barrier, 1995). During an interview with Brad Eisenbarth, a production manager at Super Sack manufacturing plant in Savoy Texas, for a study on the impact of participatory management on productivity and employee morale, he responded by saying "Here, it is a family feeling where things are a lot opened particularly, with regard to passing on and sharing information." That sentiment was shared by Brian Suchland, an industrial engineer also at Super Sack who said "Here you have the enthusiasm and attitude you need for a successful business" (Verespej, A. 1995).

Management is one of the oldest professions in the business universe. A quick reflection revealed that nothing can be accomplished without planning, coordination, and implementation, all of which are functions of management. Management can be as basic as managing a household and as complex as managing a fortune 500 corporation. Whether it is the management of a household or a corporation, the end result is to achieve some mode of effectiveness and efficiency. The desire to achieve this bottom line is so powerful that earliest forms of management and its practices meant the difference between life and death in some cases (George, 1968). Today, however, we do not think of management in terms of individual death,

but rather the success or failure of an organization. Even though management is one of the oldest professions in the world, there is no single unified theory of management that can be successfully applied in all situations.

The foundation of management thoughts and practices can be presented by looking at three major schools of management: Classical, Behavioral, and Management Science (Wren, 1979). The classical school of management has its roots in the beginning of the 19th century, and is to some extent, accepted and practiced by some present day managers. Within the classical school of management there developed two distinct branches: one with the emphasis on the management of jobs (Scientific Management), and one with emphasis on the management of organization (Administrative Theory). The management of jobs or scientific management was the first to be developed. The practitioners in this area of management were basically scientists and engineers who were concerned with maximizing efficiency. This concern for efficiency led to the development and improvements of work methods and work flow (Griffin, 1984).

The pioneer in this area was Frederick Taylor, an engineer in the late 1800's. In fact, he became known as "The father of scientific management." Taylor's approach was to improve the efficiency of the job by designing the "One Best Way." Taylor's philosophy of management was influenced by four basic principles. First, develop efficient jobs; second, decrease soldiering, a term used to describe horse play, and third, good mental attitude toward work, and fourth, worker management cooperation. Taylor maintained that through cooperative efforts of all concerned, the betterment of society would result (Wrege & Stotka, 1978).

Further development of scientific management principles continued as more and more managers accepted Taylor's ideas. The three major contributors to the development of scientific management were Frank, and his wife Lillian Gillberth, Harry Gantt, and Harrington Emerson. The Gillberth work has centered around work simplification which, was based on motion and fatigue. By eliminating unnecessary movement by the worker and ensuring the most productive movement, the Gilberths were able to increase production by as much as two hundred percent, a remarkable achievement at that time.

Gantt's major contributions were in the area of work scheduling and control. His most famous contribution was the Gantt chart, a method used to control and schedule production. Gantt chart is still in use even today. Emerson made several contributions with his principle of efficiency. Through his work, Emerson established two management concepts that can be found in most organizations today. The first is, a clear distinction between the functions of line and staff, and second, the use of a clear statement of goals and objectives for an organization. Much of Emerson's work provided the framework for a transition into the second branch of classical management, the management of Organizations or Administrative Theory (Griffin, 1984).

With the industrial revolution and the emergence of large, complex organizations, managers became increasingly concerned with managing the organization and improving the organization's productivity, rather than individual worker efficiency. This drive toward organizational efficiency and overall productivity led to the development of the second branch of classical management or the administrative theory, the focus of this theory was on describing management in terms of various functions or roles the manager played. The three major functional roles described were, planning, organizing, and controlling. Perhaps the best known associated with the administrative theory is Henri Fayol. Fayol, like many of the contributors to management of the time, was an engineer with past business experience. Fayol's contribution can be categorized in four areas: first, Fayol made the distinction between operating and managing activities. The difference may seem obvious today. But early in 19th century, the distinction was rarely made. Second, he was the first to clearly identify specific management functions. Expanding on his original theory, Fayol gave us the classic five functions of management: planning, organizing, supervising, coordinating, and controlling. Third, Fayol proposed fourteen principles of management intended to help managers in solving management related problems. Finally, Fayol urged that managers be educated in the correct use of proper managerial skills not simply trained on the job (Fayol, 1930).

The classical school of management enables us to more clearly understand the distinction between functions, roles, and skills of management. By looking at the classical approach to Management, we can better understand these three aspects of management and evaluate their importance. The second school of management is referred to as the behavioral school. Within the

behavioral school, there are two distinct divisions, the human relations, and the organizational behavior. The behavioral school focused primarily on understanding the psychological processes. In contrast to the classical school which, focused on the jobs, the behavioral approach focused on the workers themselves. The behavioral school looked at the individual, the group, and the organization (Wren, 1979).

Three individuals who played major roles in the success of the behavioral school were Elton Mayo, Chester Barnard, and Douglas McGregor. Mayo, along with his associate, Fritz Roethlisberger, conducted the now famous Hawthorne studies. Through these and other experiments, Mayo established the important role of psychological factors on human performance and productivity. The importance of the treatment of workers, their work, and their social environment were well documented in Mayo's studies. Barnard combined his own experiences as president of the New Jersey Bell and his research on human behavior in writing a management classic, "The Function of the Executive." Barnard's work focuses on what he termed "Cooperative Effort." He maintained that people form organizations in order to achieve certain goals they could not achieve alone. Organization can only be productive, he argued, when the goals of the organization and the goals of its employees are kept in balance. Barnard also addressed the issues of communications, motivation, and setting objectives (Griffin, 1984). The component of the behavioral school, which grew out of human relations, was the field of organizational behavior. Organizational behavior relies heavily on the social sciences and the scientific method. For the most part, organizational behavior views management from a contingency orientation, suggesting that there is no one accepted theory or approach to the study of people in organizations. Researchers in this field have contributed to our understanding of such areas as motivation, leadership, group behavior, and the design of work (Griffin, 1984).

### **Participatory Management & Employee's Involvement:**

The literature on participative management and employee involvement addresses the interactive relationship between the broader socio-political system and the workplace, in both empirical and philosophical or normative terms, and then tiers that examination down to look at the relationships between organizational design, managerial approach, workplace conditions, job design, pay systems, worker and manager characteristics, organizational performance, and

worker and manager motivation and satisfaction. As a consequence, the literature spans discussions of social theory, organizational theory, human relations and organizational psychology, and management strategies and approach. It draws upon a variety of theoretical frameworks and models about the purposes and mechanisms for achieving participation and the impact of participation on the organization and its members.

A key factor in the interest in participative management was the realization, which really struck home during the 1980s, that better management practices -- superior quality management systems, better employee relations, integrated design and production teams -- could provide critical competitive advantages to public and private sector organizations (Lawler 1996). During this same period, heightened issues about the societal accountability of organizations also occupied management attention (Collins 1997). As a result, since the 1980s there has been substantial expansion in the number and variety of employee participation efforts and initiatives and the number of organizations employing participative management strategies, although these practices still remain only partially diffused throughout the economy (Commission on the Future of Worker-Management Relations 1995).

Underlying the entire discussion of participative management and employee and stakeholder involvement is the dominance of the bureaucratic, hierarchical organization model and management approach commonly referred to as *Taylorism* (based on Frederick Winslow Taylor's 1911 classic *The Principles of Scientific Management*) or *Fordism* (based on the principles developed by Henry Ford). However, the pre-eminence of the bureaucratic, hierarchical organization model and traditional management practices is facing increased challenge (Lawler et al. 2001). In the early literature, participative management strategies and employee and stakeholder involvement were approached as modifications of or supplements to the traditional bureaucratic, hierarchical model, undertaken to achieve particular goals or address particular problems. Recently, however, participative management has been discussed as a comprehensive governance system that could, and is, replacing the traditional bureaucratic hierarchical system for the new, organic, networked organizational forms emerging in the late 1990s. Conversion into a participative organization is seen as a way for an organization to build

key capabilities essential for success in the complicated and dynamic contemporary organizational environment (McLagan and Nel 1995; Bartlett and Ghoshal 1991; Case 1998).

The traditional logic of organizing is to give simple work to employees at the bottom of the pyramid who then report through a supervisor up a hierarchical chain of command to senior executives who provide direction, coordination, and control. This does not work well for organizations managing knowledge intensive tasks. As the number and visibility of high knowledge-based organizations increases, the need for a “new logic” of management has gained currency among both academics and managers (Lawler 1996; Beer et al. 1990; Case 1998).

The competitive success of Japanese companies in the 1970s brought American attention to their use of group-work, team-consciousness, quality circles, and decision-emerging process, and the central role of consultation and participation (Beer et al. 1990). U.S. companies implemented participative management strategies such as quality circles and production teams in an effort to meet the Japanese economic challenge, and incidentally, to address local social demands. Collaborative problem solving groups or workers organized in committees or teams were heralded as a superior method for addressing problems of coordination within complex organizations, permitting more rapid diagnosis and resolution of production problems affecting quality and productivity (Kelley 2000). As it became evident that imitating the Japanese organizational design and managerial strategies did not yield similar results, U.S. firms and researchers gradually realized that employee involvement and participative management needed to be designed as a complete organizational model rather than as piecemeal modifications to traditional practices (Lawler et al. 2001; Case 1998). A growing consensus was building in the academic business literature that U.S. firms needed to fully embrace participatory work strategies if they were to regain economic prominence in the global economy because it provided the best way to create the necessary flexibility and worker commitment (Markowitz 1996).

In the United States, there is a widespread philosophical belief that people have a right to be involved in making decisions that affect their lives. This is matched by a belief that people who are involved in making decisions have a greater stake in carrying out those decisions than those who are not involved (Bloom 2000:5). In addition, Ackoff (1999) asserts that employees at all levels, but particularly those in the lower half of U.S. organizations, have become

increasingly disturbed by the inconsistency of living in a society “dedicated to the pursuit of democracy but working in organizations that are as autocratic as fascist dictatorships.” Participatory management is widely perceived as an attribute of socially responsible companies (Collins 1996), with participation in decision making at the workplace seen as central to the democratic vision and basic to the good society (Greenberg 1986).

These core values are reflected in five different perspectives on the purpose and rationale for worker participation in organizations (Bolle de Bal (1992);

- The Managerial Approach, which is inspired by productivity and efficiency goals (participation is organized at a lower level in order to relieve worker dissatisfaction and morale problems). This approach reflects the emerging viewpoint that organizational design and management effectiveness can provide a significant competitive advantage. It gives considerable attention to issues of organizational design and organizational change, on the basis that entirely new work structures and ways of organizing work can lead to substantial gains in effectiveness (Lawler et al. 2001). A key issue in this approach is the extent to which management delegates or retains the power to initiate, frame, and terminate participative processes. It also reflects management’s view that the direct participation of workers undermines union power.
- The Humanist Psychology Approach, which is inspired by human growth and development goals, (participation as a way to enhance the well-being of the individual by promoting individual creativity, self-esteem, and ego strength). This approach reflects the movement led by Elton Mayo, and followed by the work of Argyris (1957); Likert (1961); McGregor (1960); Mohrman and Lawler (1985); Cassar (1999); Massarik 1983; and Sagie (1997). It reflects a much more positive view of human nature and emphasizes the need to retrain managers to develop their participative leadership skills and unlearn authoritarian behaviors. It acknowledges the societal function of the workplace and the benefit of participatory restructuring of the workplace, given the central role it plays in the lives of most ordinary people (Pateman 1970).

- The Industrial Relations Approach, which is inspired by democratic goals (participation is not only a means to an end in itself but also a way to create a strongly democratic society, characterized by active participative citizens). This approach reflects the importance of the external environment to the organization (not highly recognized in bureaucratic, hierarchical organization design, but more widely recognized in organic, open-system designs). Participation in the workplace is seen as contributing to an effective and just society. The workplace is seen as a point of leverage from which to achieve a more egalitarian redistribution of power, leading to a greater democratization of the entire political process (Emery and Thorsrud 1969; Bachrach and Botwinick 1992; Pateman 1970; Matejko 1986).
- The Political Approach, which is inspired by revolutionary goals (participation as a means to change the overall structure of ownership to a collective base and to educate workers to class consciousness). The role of organized labor is addressed in this approach, with Bachrach and Botwinick (1992) noting that worker participation in postwar U.S. is substantially less developed and widespread than in Europe, a factor attributed to the weakness of the trade union movement in the U.S. and the absence of enabling legislation such as is present in Europe. Advancement toward greater worker participation is seen as very dependent upon a strong labor movement.
- The Psycho-Sociological or Anthropological Approach, which is inspired by synthetic, multidimensional goals (participation as a way of acculturation, of pushing workers to internalize the economic norms of the organization) and emphasizes the fundamental aspects of human nature and how to get the best out of workers. It emphasizes the fundamental social interactions in the workplace and the role of participation in addressing issues of resistance, motivation, and engagement (Lewin 1947; Coch and French 1949; Bolle De Bal 1992a and b). This approach draws a clear contrast with traditional Taylorian and bureaucratic models, which attempt to exclude subjectivity and creativity. In this approach, subjectivity and creativity are integrated into the enterprise culture.

**Benefits of Participatory Management:**

As literature on participative management and employee involvement accumulated, a wide range of benefits was elaborated, and organizations were encouraged to adopt a variety of participation strategies, and to cultivate a culture of participation (Denison 1990). This enthusiasm undoubtedly influenced organizational behavior, at least to some degree. Kanter (1989; 1983), for example, pointed out that a participatory work environment is theoretically more effective at enhancing innovations than traditional bureaucratic structures because it promotes the sharing of product knowledge between managers and workers, who are closest to the products being made and work being done and therefore more likely to develop strategies and suggestions for better quality items, and Markowitz (1996) asserted that “giving employees decision-making power boosts their morale and commitment to the organization, which aids productivity.... Everyone benefits: businesses accrue higher profits and stability because they are more secure in their industry niche and workers are more fulfilled and attached to the companies because they have a voice in decision-making.” Denison (1990) provides empirical evidence that higher levels of employee participation are correlated with better organizational performance.

The literature reveals its management orientation in these discussions – benefits are almost always framed from the perspective of the firm. In this regard, Lawler’s (1990:38-40) summary of expected benefits reflects much of the U.S. literature, although unlike many others, he also includes a summary of potential negative consequences. The expected benefits listed are:

- Improved, more innovative and efficient work methods and procedures (less resistance to new methods may result, and the problem-solving process may produce innovations).
- Better communication between management and workers and across work units.
- Attraction and retention of employees (improvement results from increased satisfaction and involvement).
- Reduced tardiness, turnover, and absenteeism.
- Greater staffing flexibility (increased flexibility results from cross-training and teamwork).

- Increased service and product quality (higher motivation and better methods increase quality).
- Higher productivity and output (higher motivation and better methods increase the rate of output).
- Reduced staff support and supervision requirements (more “self-management” and broader skills reduce the needs for staff support and supervision).
- More effective resolution of conflict and reduced number of grievances (better communication and an improved union-management relationship reduce the number of grievances).
- Better decisions (better input and decision-making processes improve the quality of decisions).
- Expansion of staff skills (problem-solving as well as technical skills are developed).
- Improved morale and job satisfaction.

And the potential negative consequences are identified as:

- Salary and training costs (developing new skills and responsibilities for lower-level participant’s results in increased salaries and additional training).
- Support personnel (if the new program creates a new structure that needs support and management, support personnel must increase).
- Expectations for organizational change and personal growth and development opportunities (any program that talks about participation increases expectations for organizational change and personal growth, which, if it is limited or fails, results in dissatisfaction and cynicism).
- Resistance by middle management and/or by staff supports groups (if they are not positively affected by the program, they may resist it).

- Lost time (participation takes time and can slow decision making because a number of people have to understand and accept the decision).

In 1993, Lawler (1993:174-177) emphasized the *strategic* benefits of participative management, arguing that decisions could be made more rapidly and flexibly when power is moved to the lowest possible level and that workers, especially knowledge workers, were empowered and motivated by these changes. Overhead costs can be greatly reduced, increasing the organization's competitive advantage, and better use can be made of capital-intensive technologies by improved problem solving and adaptive behavior.

Appropriate for a discussion of participation and involvement, Bolle de Bal (1992a) points out that those at different positions in the organization have different interests, and hence different perspectives on the benefits and costs of providing direct participation mechanisms for employees.

#### **Dimensions of Participatory Management:**

Most of the literature on participative management and employee and stakeholder involvement reflects a systems view of organizations and emphasizes that decisions regarding organizational design or change concerning participation are complex in many ways, meaning that different approaches will fit different types of businesses, situations, and individuals. As participation became more common, and participative management started to be seen as a system of governance rather than a collection of activities or programs, attention has been focused on the importance, and challenge, of designing the right combination of participative management strategies for a particular organization and objective (Lawler 1988; Coye and Belohlav 1995). Drehmer et al.'s (2000) research demonstrated that there are relationships and interactions among different the participation strategies and approaches and they, along with others, emphasize that care must be taken in choosing and implementing those activities. This includes decisions not only about both the nature and extent of the activities, but also their location within the organization and the manner in which they are introduced and implemented Bloom (2000:10), Lawler, III (1993:177), Case (1998). Lawler (1993) emphasizes the need for a complete organizational model in order to design an appropriate participation approach or

transition, noting that this can be particularly challenging because most existing large organizations do not provide useful models for how an organization should be designed to create an effective participative management approach. Indeed, he notes that almost all existing systems are designed to accomplish – and reinforce – just the opposite.

Although there is no authoritative source or theory that defines the dimensions of participation, Lawler and others (Lawler 1998:197; Lawler et al. 1998; Ledford 1993)) provide a good starting point by identifying four key strategies, whose nature and location in the organization are central issues for governance in all organizations and which largely determine the nature and degree of participation available to employees. These strategies are:

- *Information sharing* about business performance, plans, goals, and strategies, about new technologies and competitors' performance. Without business information, individuals are restricted in their ability to make meaningful contributions, participate in planning and setting direction, understand the effectiveness of their performance and that of the organization. Information sharing includes both information disclosure and open communication processes.
- *Knowledge development and training* to provide skills in group decision making and problem solving, leadership, quality and statistical analysis, an understanding of the business, and job skills and cross-training. This knowledge and training enables employees to understand and contribute to organizational performance.
- *Rewards and recognition systems* that are based on the performance of the organization and that are designed to encourage employees to obtain information, add skills, take more decision making responsibility, enhance teamwork, and perform in ways that help the business (for example, through the use of individual incentives, work group or team incentives, gain sharing, profit sharing, employee stock ownership plans, stock options plans, and non-monetary recognition and awards for performance).
- *Power sharing*, particularly in decision making, either through parallel structure practices, such as quality circles, committees, survey feedback, or suggestion systems, or work design power sharing practices such as job enrichment and redesign, self-managing

work teams, mini-business units, and participation on decision-making boards and committees that enable employees to use and apply the information and knowledge effectively; key strategies include locating decisions at the lowest possible level in the organization.

Bolle De Bal (1992b) makes the point that the participative model of management can be called post-rational because its rationality is adapted to previously neglected values of creativity, self-expression, and participation. Reflecting Lawler's four dimensions, he describes the participative model of management in the following terms:

- Job hierarchy is narrowed and the workers recover a number of tasks that the Taylorian model had hived off to the technical staff.
- Supervision based on authority is replaced by supervision based on competency and performing two functions: technical consultancy and small-group human relations.
- Negotiations become possible at the rank-and-file level over production goals, product quality, working conditions, and job assignments.
- Hiring and promotion are linked to a person's technical capacities, but also to his degree of involvement or participation in company life.
- Mixed decision-making models are developed in which the hierarchy sets general objectives while leaving many questions open to negotiations at lower levels.
- Islands of production are created where small groups of wage-earners are responsible for a complicated set of maintenance, production and quality control tasks.
- Employees' activities are all linked to the firm's objectives through the overriding concern about product quality; on management's initiative, participative groups are formed, and cultural operations (information, communication, company charters) are launched.

As pointed out by Lawler (1988), Lawler et al. (2001) and others, creating a participative organization, either through design or transition, requires rethinking the entire structure and management of the organization, including how individuals interact, roles are defined, and

practices implemented. For transitions, the principles of change management need to be followed.

Lawler (1993:177), McLagan and Nell (1995:44), Cotton (1993), LaGrossa (1998), Landsdale (2000), and Plas and Lewis (2001) characterize participative organizations, and the attributes particularly important in leveraging transition to a participative system, in the terms of the following organizational features:

- *Organization and work design* (teams, enriched jobs, flat lean structure, product/service/customer-based activities; task forces, diagonal slice policy groups). Structures express the philosophy of governance of an organization. They influence relationships. Participative structures have two basic building blocks: teams and value-adding work streams.
- *Physical layout and design* (egalitarian space, layout that accommodates a changing team structure, meeting areas, co-location of business units). Physical space affects relationships and hence information exchange and teamwork.
- *Information systems* (two-way communication, local ownership, performance orientation, human system orientation). Information is power. Those who do not have information or the ability to use it to influence decisions are disempowered. New information technology has increased the amount of participation possible. Controls provide the criteria and warning systems that establish replicable processes, create stability, and prevent anarchy. Participation in the establishment of controls promotes commitment and accountability.
- *Managerial role, style, and processes* (leadership, vision, empowerment, enabling, participation). Participative management requires leadership that reflects system thinking that motivates and does not depend on superiority and subordination for its influence but respects employees and encourages them to take the initiative and seek new responsibilities and solutions. Management processes are powerful determinants of organizational culture. If strategy, plans, budgets, goals, decisions, and feedback remain authoritarian, the organization's culture cannot be participative.

- *Reward system* (individualized rewards, performance based rewards, egalitarian rewards, growth-oriented rewards, open and participative administration). Rewards are a tangible signal of what is important. They influence relationships and motivation.
- *Training and development* (lifetime learning, economic literacy, teamwork, personal growth, understanding of the business). Everyone needs the skills and abilities to do their job and to participate effectively. Training and development are essential to build the competencies needed by the organization.
- *Staffing* (careful selection, mutual commitment, support of the culture, personal growth, and understanding of the business). Competencies and relationships are the building blocks of the new governance. A learning oriented workforce, who can and are motivated to learn new skills and adopt new perspectives. Recognition that no one can know everything. In science-based organizations, where professional standards provide the dominant guide for behavior, selection of staff that are adequately trained and socialized into the normative system of their discipline is particularly important (Friedson and Rhea 1963).
- *Personnel policies* (participative design and administration, individual choices, encouragement of social interaction, development of orientation, support of the family). These show a commitment to meet the needs of those who actually design, produce, and market the organization's product.
- *Culture and values* (empowerment, personal accountability, open access to information, focus on the customer, commitment to continuous improvement, teamwork). Values determine the nature of governance. Authoritarian values create hierarchies, disempowered people, create rigid control mechanisms, restrict access to information, and treat people as subordinates. Participative values invalidate such practices.

Davis (1976:7) identifies four models of organizational behavior that inform the discussion of participative management: autocratic, custodial, supportive, and collegial. In a collegial model, the managerial orientation is toward integration and teamwork and the employee

orientation is toward responsibility and self-discipline. Jain (1992) provides a complementary representation of the extent of employee influence in the management of the organization

### **Labour Management Relations:**

Since the mid-1980s the practice of human resources management (HRM) has significantly altered traditional union-management relations in the advanced sectors of production, notably in multinationals and other private firms. Since the economic reforms of 1991, some public sector firms have also incorporated modern HRM practices into their otherwise traditional labour management relationship. Some of the essential characteristics of these HRM practices are: attempts at direct communication between managers and employees; individualized and/or contingency pay systems; modular organization of production through work teams with team leaders who often form part of the management structure; carefully designed and fairly implemented performance appraisal systems; and so on. While many would argue that modern HRM practices undercut union effectiveness at enterprise level, there is no clear evidence of this in India. Unions have a strong presence in the firms where modern HRM practices are implemented successfully, and it is only with cooperative union-management behavior that this has been possible. But this applies mainly to the manufacturing sector.

In the skill-intensive service sectors such as information technology, HRM practices continue to pose a challenge and possibly create permanent barriers to union entry and organization. To the extent that information technology redefines the nature of work in banking and insurance, unions will have little success if they resist modernization, given the entry of new, mainly foreign, players in these sites. It is no coincidence that the most publicized post-reform industrial conflict at national level has been in banking and insurance. If labour law reforms facilitate competitive pluralism and lead to efficient collective bargaining in the private sector and to tripartism with responsibility and accountability in the public sector, we can postulate that the effectiveness of unions would not necessarily diminish if modern HRM practices were introduced in enterprises.

One critical reason why labour law reform has been continually debated but ultimately shelved, is the lack of a consensus within the labour movement and across different state

governments. Since economic liberalization, every state government has attempted to attract national and international capital. This has involved significant media costs, and many states have even hired international consultants to draw up economic renewal agendas. A vital consideration in this post-liberalization discourse has been the question of work ethic and comparative union militancy.

One of the most important concerns of social scientists in India today is the effect that economic liberalization will have on inter-state variations in human development, social productivity and civil society at large. States with a less organized labour movement, if controlled by pro-capital state governments, may attempt to attract capital with implicit promises of a union-free environment. This has clearly happened to some extent and has often taken violent forms. Ruling governments in other states with a long history of proletarian politics are desperately attempting to change their signals. These attempts are causing confusion within the union movement, both among the leaders and the rank and file, and also leading to chasms between political parties and their affiliated unions. In several instances, temporary or issue-based alliances have been formed between unions affiliated to opposition parties, especially with regard to privatization of public sector services and utilities.

The state government changing its signals after being in power for over 20 years is the case of the CPI (M) in West Bengal. For the last 20 years, the CPI (M) and its trade union wing, the CITU, has been at the forefront of proletarian resistance to capitalist production processes and management hierarchies that control the labour process. The large-scale flight of industrial and commercial capital from West Bengal, which has been occurring since at least the mid-1960s, is attributed by many commentators to heightened industrial conflict supported by a sympathetic state government. In the meantime, the state's reputation declined, fuelled by a hostile local press. But the fact that the industrial health of the state withered during this time was there for everyone to see and experience.

Since the mid-1990s, the CPI (M) has attempted to attract national and international capital at several well-publicized gatherings in Calcutta, through government funded ministerial visits abroad, and through promotional advertising. The state government has been sending strong signals to the trade unions in the state to accept the requirements of industrial

regeneration. Unions and employees in hospitals and nursing homes have been warned. As an important CPI (M) minister put it recently: “In the name of trade unionism, we have allowed many things. But enough is enough. We will take immediate action if there’s the slightest hint of agitation at a hospital”. After nurturing (some would say pampering) the trade unions in the state for so long, it is now very difficult to change attitudes, behavior, customs and institutionalized practices to facilitate capitalist expansion, a process that was anathema to the CPI (M) for so many years. With hindsight, one could argue that if the party had thought out a strategy only a decade ago, the state could have reaped considerable returns from an effective model of social democracy. In the meantime, trade unions are now realizing that there is nothing voluntary about the ‘voluntary retirement schemes’ being imposed on workers in some well-known large firms.

Recently, tensions between the party and its affiliated union (the CITU) came to the fore on two counts. At the Haldia Petrochemicals Limited Township the union is demanding that “sons of the soil” be given permanent jobs in the Rs.51.7 billion project. According to management such a recruitment policy would spell financial disaster, and consequently, the state government has gone against the wishes of its affiliated union. The second site where tensions are currently running high is the transport sector in the city of Calcutta, where due to environmental pressures the state government wants to implement Euro- I and Euro-II emission standards as from 1999. This would mean taking nearly 80 per cent of private buses and taxis off the road. The transport workers’ unions have threatened indefinite strikes to cripple the public transport system in the city.

Calcutta exemplifies the failure of state-controlled unionism where “class consciousness” is dominant. In contrast, the market-driven industrial relations system of Mumbai exemplifies a decentralized regime where the important role played by individual trade union leaders in the city’s labour history has added to the “job conscious” nature of industrial relations. Although considerable growth has taken place in Mumbai, this regime has led to almost uncontrollable and corrupt links between politics, the real estate market and the organized labour movement. It is no wonder that post-reform capital has invested in newer industrial locations, and this logic is slowly but surely changing the industrial geography of India (Shaw, 1999). It will thus become increasingly difficult, if not impossible, to generalize about an Indian labour relations system.

### **Changing Public Perception of Trade Unions:**

The memories of nationalism and independence struggles sustained the image of trade unions as the collective voice of the oppressed, dispossessed and the exploited during the first two phases of unionism. In the third phase, segmented and uneven economic growth fractured union voices, and the public was able to distinguish between them. The Mumbai textile strike of 1982-83 has generated considerable solidarity, not just within the organized labour movement, but among the urban citizenry at large. At the same time, however, impatience with the declining work ethic and a growing lack of accountability in the public sector, especially in service and education, often reached critical levels.

Since the liberalization process in 1991-92, the print and visual media have clearly supported globalization. By and large, organized labour, especially in the public sector, has not received a sympathetic press; in fact, coverage of trade union matters has declined considerably. At the same time though, considerable media attention is given to the conditions of unorganized workers, child and women workers and to the attempts by non-governmental organizations to improve the status of disadvantaged groups. Trade unions in India today face the challenge of convincing the public that they can act on behalf of all employees, unionized or not. This requires the formation of strategic alliances with community bodies, social movements, and other non-governmental organizations. Trade unions will have to come to accept that the credibility of political parties is at a very low level. There is considerable scope for the trade union movement to capitalize on potential alliances, and a concrete beginning can be made by first forging alliances among themselves. However, this could entail a weakening of links with their political parties.

Change in an organization involves altering its structure, processes, the behavior of its management and staff, its strategy, environment and so on. The organization's structure is perhaps one of the most common targets of change. This would cover the manner in which it is held together, the various configurations of people and the relationships between them, communication channels, job roles and skills. Some other processes which are the targets of change include (1) communication processes – formal or informal – for disseminating information and knowledge within the organization, (2) management processes which governed

the manner in which decisions are made, as well as allocation of work and resources, (3) learning processes, which should help an organization learn from its past and through its customers, competitors and staff.

### **CONCLUSION;**

Organizational change has to be seen in association with the character and style of management. The pace of change and development of skills necessitated by decentralization and employee empowerment make the process of continuous learning essential. Globalization and the wide spread application of information technology, particularly internet and mobile communication has radically change the functioning of organization and improving the efficiency and worker's performance. The organizational culture and climate is also changing in the context of globalization and economic liberalization. There is more emphasis on participatory management in order to improve organizational effectiveness as well as efficiency and performance of workers. Trade unions as a product of industrialize society have played an important role in modern times however, the functioning of trade unions is also changing in the post-globalization era. The importance of trade unions has receded and their membership has declined in the recent years due to new work environment. Globalization in general and technological change in particular has had a colossal impact on the labour and human resource dimensions of the modern workplace. The higher levels of quality, flexibility and cost efficiency in today's competitive environment are leading to major changes in work processes, the organization of work, and the kind of knowledge and skills required of the workers and managers. Moreover, globalization and technological change have brought about radical changes in the conditions prevailing in the labour market, organization culture and the way of work place is managed, including trade unions and industrial relations.

Industrial relations should be seen as dynamic in nature. The key feature of industrial relations in India has been the confrontational relationship between the employer/management and trade unions, and the overwhelmingly dominant role played by the state through a plethora of labour laws. Thus, the trade unions need to shift their focus from traditional wage bargaining to pro-active bargaining. There is also growing perception among the workers and employees that disruptive strategies may threaten their survival in the increasing competitive environment.

There is a shift towards the cooperative model of industrial relations. Centralized bargaining is gradually giving way to localized bargaining, which is characterized by the formation of enterprise unions. Chief Labour Commissioner's organization known as Central Industrial Relations Machinery, attached with the Ministry of Labour and Employment has been entrusted with the task of maintaining industrial relations, enforcement of labour laws and verification of trade union membership in central sphere. During the year 2008-09, the organization has intervened in 379 threatened strikes and its conciliatory efforts succeeded in averting 362 strikes. The organization has also handled a number of industrial disputes cases. The Ministry has also amended Trade Union Act, 1926 and enforced it during 2002. Similarly, the Industrial Disputes (Amendment) Bill 2009 was introduced in the Rajya Sabha and has been referred to Parliamentary Standing Committee on Labour for examination and report. The proposal was approved by the Committee.

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