

Participative management flashcard



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1. Introduction to Participative Management: Participative Management refers to as an open form of management where employees are actively involved in the organization's decision making process. Participative Management can also be termed as ' Industrial Democracy', ' Co-determination', ' Employee Involvement' as well as ' Participative Decision Making'. The concept is applied by the managers who understand the importance to human intellect and seek a strong relationship with their employees. They understand that the employees are the facilitators who deal directly with the customers and satisfy their needs.

Involvement of employees and other stakeholders who will be influenced by management decisions in helping to make those decisions. Participative management can increase employee commitment to an organization's goals at the same time it offers fresh insights into how the organization can become more effective. The idea behind employee involvement at every stage of decision making is absolutely straight. Open and honest communication always produces good results both for organization as well as workers.

Freedom and transparency in company's operations take it to the next level and strengthens the basis of the organization. On the other hand, there are several companies that straightway rule out the possibility of participative decision making process. According to them, employees misuse their freedom of expression and participation in decision making as it provides higher status to employees and empowers them. However, there are many companies who have embraced this particular style of management and are now getting positive results.

Toyota is the best example. The company has been following suggestion schemes and employee involvement procedures for over a decade now. The management receives almost 2, 000, 000 suggestions and ideas every year and around 95 percent of these are implemented by the company. Who is not aware of Toyota's success rate? Around five thousand improvements per year have made Toyota one of the fastest growing organizations globally. The need is to develop and implement a comprehensive company policy and everything works well.

Employee participation at each level of decision making process is not at all harmful if managed efficiently. The whole process can be well coordinated and controlled by the sincere and honest efforts of human resource managers. 2. Concepts of Participative Management: 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). Lawler (1996: 22) summarizes some of the principles of this new

logic, as shown in Table 1 Old Logic Principle| New Logic Principle|

Organization is a secondary source of competitive advantage| ; Organization can be the ultimate competitive advantage| ; Bureaucracy is the most effective source of control| ; Involvement is the most effective source of control| ; Top management and technical experts should add most of the

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value| ; All employees must add significant value| ; Hierarchical processes are the key to organizational effectiveness| ; Lateral processes are the key to organizational effectiveness| ; Organizations should be designed around functions| ; Organizations should be designed around products and customers| ; Effective managers are the key to organizational effectiveness| ; Effective leadership is the key to organizational effectiveness| There are five different perspectives and rationale for workers participation in organizations: A) 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. B)

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 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. C) 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. D) 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). E) 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. 3. Scope of Participative Management The scope of participative style of management certainly depends on the organization, its nature, functions and processes. Though associating employees at every stage of decision-making is not possible still regular exchange of information, ideas, consultations, thoughts, decisions and negotiations between employer and the employees definitely is a boon to the organization The scope of workers' involvement in managerial decision-making may extend to social,

economic and personnel decision making depending upon the requirements of the organization.

But there is a difference of opinion about the extent to which employees can participate in managerial decision-making process. Should they be equal partners and make joint decisions or should workers be given opportunities through their seniors to come up with the ideas. The first school of thoughts favors the actual participation of workers while the second school of thoughts suggests the consultation of workers in managerial decision making. It is up to the management to decide which style it prefers and till what extent it requires involvement of employees. However, if we talk about the scope of workers' participation in social, economic and personnel decision-making, it may have a direct impact on some of the most crucial activities of the organization.

Employees can participate in the following decision making areas: * Social Decision-Making: It refers to employee involvement in decision making regarding hours of work, rules and regulations at workplace, welfare measures, workers' safety, employee welfare and health. In this category, employees have a say in decisions in these areas. They may take an advantage of their liberty and sometimes, can dominate the management. * Economic/Financial Decision-Making: It includes involvement of employees on various financial or economic aspects such as the methods of manufacturing, cost cutting, automation, shut-down, mergers and acquisition and lay-offs.

Inviting ideas from employees on various issues like how to cut down the operating cost can work wonders. * Personnel Decision-Making: The employees' participation in personnel decision-making refers to their involvement in various management processes including recruitment and selection, work distribution, promotions, demotions and transfers, grievance handling, settlements, voluntary retirement schemes and so on. Participation of employees in these processes can safeguard their interests and motivate them to work hard for the betterment of self as well as the organization. Employee participation in decision-making process although is beneficial.

However, there may be some limits on it to ensure that they do not take advantage of their liberty and right of participation. There are several ways through which employees can participate in the whole process. Some of them are financial participation, participation through collective bargaining, participation at the board level, participation through ownership, participation through work councils and committees and participation through suggestion schemes. Any one of these ways or processes can be adopted by the management to ensure participation from workers. 4.

Objectives of Participative Management: Participative management acts as a force to motivate employees to meet specific organizational goals.

The main idea behind this style of management is not only using physical capital but also making optimum utilization of intellectual and emotional human capital. This is the process of involving people in decision making process to ensure that everyone's psychological needs are met. It, in turn, increases the job satisfaction among employees and improves the quality of their work life. There are few main objectives to introduce participative style

of management: * To Make Best Use of Human Capital: Participative management does not restrict organizations to exploit only physical capital of employees. Rather it makes the best use of human intellectual and emotional capital.

It gives employees an opportunity to contribute their ideas and suggestions to improve business processes and create a better working environment. * To Meet the Psychological Needs of Employees: When employees have a say in decision making process, it gives them a psychological satisfaction. It is a simple force that drives them to improve their performance, create a proper channel of communication and find practical solutions to design better organizational processes. * To Retain the Best Talent: Participatory management is one of the most effective strategies to retain the best talent in the industry. It gives employees a sense of pride to have a say in organizational decision making process.

Once they are valued by their seniors, they stick to the organization and become management's partners in meeting specific goals and achieving success. * To Increase Industrial Productivity: In today's competitive world, motivation, job security and high pay packages are not enough to increase industrial productivity. Leadership, flexibility, delegation of authority, industrial democracy and employee say in decision making are important to increase annual turnover of any organization. * To Maintain a Proper Flow of Communication: Two-way communication plays an important role in the success of any organization. Employee participation in decision making ensures proper flow of communication in the organization.

Everyone contributes their best and tries to strengthen the organization by contributing their best to improve business processes. Participative management is beneficial to organization as well as employees. It gives employees a higher degree of enjoyment at work place that drives them to work harder. It is equally rewarding for the management as it ensures tremendous improvement in work culture within the organization as well as increase in its productivity. 5. Features of Participative Management:

Employees have always been bossed around their managers and told what they are supposed to do. They never had the authority to decide things in the company. Gradually, times are changing and employees are encouraged to participate in organization's decision making process.

Management motivates them to come up with ideas and suggestions that can make organizational processes far more efficient. The main idea behind adopting participatory form of management is to work together, achieve targeted goals in minimum possible time and stay ahead of competition.

Some of the features of participative management are given below: * Ethical Dimensions: Participatory management has ethical dimensions and based on morals, principles and values. In this form of management, everyone is treated equally when it comes to organizational decision making. It is based on employee empowerment, responsibility sharing and delegation of authority. Proper Channel of Communication: Participative form of management encourages two-way communication. It is not only management that decides what employees need to do but it also encourages employees to participate in decision making and give ideas and suggestions to make organizational processes better and more efficient. They are allowed

to share their problems, views, ideas and feedback with their managers. *

Empowers Employees: Participative style of management gives employees a chance to participate in management processes. They are encouraged to come up with their views. This provides a higher status to employees as they also have a say in decision making. **Recognition of Human Dignity:** In this form of management, all employees are treated equally irrespective of their designations when it comes to giving ideas and suggestions for

organizational decision making process. Employees are no more the servants of managers but are the most important assets of an organization. *

Psychological Satisfaction to Employees: Most of our lives are spent at workplace. It is important for everyone to have psychological satisfaction as far as our employment is concerned. Commitment from the organization, respecting the dignity of individuals and co-determining the company policies are some of the features of participative management that provide psychological satisfaction to employees.

Participative Management is a universally recognized concept but still most organizations hesitate to adopt it. Through this style of management, both the parties, employer and employees, are satisfied. It brings management and employees closer and thus, should be adopted open heartedly. 6. **Pre-requisites of Participative Management:** Participative management can best be described as a style of decision making that ensures that involvement of stakeholders at all levels. This operates at three levels, Problem analysis, strategy formulation and final implementation of the solution. There are certain prerequisites to be met before participative management can be put to work. Participative management requires following pre-requisites:

Willingness from the managers to give up some charge to the workers:

Managers must share some level of their authority with the workers and they must in turn be in a position such that the successful participation of all is ensured. It cannot be successful in any organization unless is carefully planned, timed and well thought upon. * Change in the employee's idea: The change must come in the organization culture and certain other style of decision making to participative style. * Attitude of the top and middle management: Top management needs to approach employee involvement with a receptive and open mindset. This encourages participation.

They must be open to new ideas and innovations. Since decision making is based on inputs of one and all, therefore its success also depends on the degree of participation of employees. In certain organizations despite obvious proofs, the employees decide not to participate or make contribution. In yet another organizations the employees are not skilled enough to make meaningful contributions to the final decision making process. This can be overcome by imparting the right kind of training and by the manager himself by ascertaining the individual strengths of his team members and asking for relevant contributions based upon the same. 7.

Preparation for Participative Management:

Participative management in itself does not ensure success and should not be seen as tool to create magic within no time. There is certain ground preparation required before an organization can decide for implementation of the management style. The following things need to be taken care of: * Clearly defined objectives: Each party mainly the management and the employees must have clearly defined objectives. Operationally there should

be no clash between the objectives of the two. * Clear Communication: There should be clear and timely communication between the management and the workers or the employees. This helps in building trust between the two parties.

Workers also gain a sense of responsibility increasing their stake in their work and in the organization as a whole. * Choosing the Representative: It is important for the workers to choose their representative from among themselves and not any person from outside the labor union. This is important for two reasons. First, the person is able to better understand the problems of his colleagues and report the same to the management. Second, the management is keener to talk and listen from a person who works within the organization. * Training the Workers: Training and awareness regarding the usefulness of participative management is required to make it more effective.

Further training is required to ensure that every person at every level knows his what contribution he/she has to make. * Confidence: Both parties workers and the management need a trust to develop between the two. Participation should not be perceived as intimidation to the position of any. If workers think that their status will be adversely affected, they refuse to participate. Similarly, if managers suspect that they will lose their authority, they will decline to participate. * Increasing Workers Participation: Workers participation needs to be increased at each level in order to encourage them to contribute meaningfully. Further, their suggestions and recommendations need to be treated with dignity and respect.

Nothing can be more motivating than seeing your recommendation being put to practice. * Ensuring ROI: Participation should not be at the cost of the values of the organization. It has to be carefully planned; employees should devote a certain time for participation and the rest upon their own specific area of work. Participative management may be a solution for each and every type of organization. It is a big challenge in big organizations with big employee size. The implementation needs to be carefully planned and implemented gradually. 8. Importance of Participation: The greatest and widely accepted benefit of participation is the increased work ownership of employee.

An employee is better able to relate himself/herself with his or her work and this improves performance and efficiency at work. Concepts by John Newstrom and Keith Davis worked extensively upon the subject. They identified three variables that lead to increased performance. These variables are a part of participative management. According to them, the three variables that collectively enhance performance are: * Removing conditions of Powerlessness: This implies empowering the employees to take decisions on their own, be enterprising and take more risks. This requires a wholesome change in the entire organizational structure and culture. Then leadership becomes a crucial aspect.

The choice of a leader who can inspire, motivate and delegate with equal efficacy assumes importance. The reward system needs a revamp. Psychologically empowerment connotes increased responsibilities in the mind of an employee, a hike is required. Finally, participation should result in either job enrichment or job enlargement. Job enlargement means expanding <https://assignbuster.com/participative-management-flashcard/>

the job responsibilities – adding task elements horizontally. Job enrichment on the other hand means that the job becomes more rewarding – monetarily and otherwise. * Enhance Job Related Self Efficacy: Increase in responsibilities also demands increased efficiency at work. This is achieved by providing training helping an employee achieve job mastery.

Laying down benchmarks for a certain set of responsibilities by the use of role models (those who have already accomplished tasks in similar capacities under similar workload) also benefits. * Perception of Empowerment: Employees often misunderstand the idea of participation. There may be a certain group of employees who participate aggressively and in the process their own work gets affected. These perceptions need to be taken care of otherwise they may be well the undoing of all the good work. Empowerment means more competence and value addition to work. It means that individual accepts the responsibilities with humility and fulfills them with grace and efficacy. It calls for increased use of talent.

It is in wake of this that the concept of talent management is fast evolving.

9. Benefits of Participative Management: There are few benefits that have been associated with participative management and these are follows: * Innovation and increased efficiency: The problem solving process and openness to new ideas can result in innovation. Apart from this as mentioned above there is also knowledge sharing amongst the workers and the managers. This means that those who are part of a certain process at the ground level give inputs for improved efficiency of the same. This has dual implications, helping improve the quality of product and curtailing the cost of manufacture. Timeliness: There is improved communication between the

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managers and the workers and between workers across different units. A loophole or flaw is reported in time. * Employee satisfaction and Motivation: Empowering the employees increases their ownership or stake in their work. This increases efficiency and productivity. Consequently there is decreased absenteeism and less employee turnover. This also works in attracting more people towards the organization and the job. * Product quality: A say in decision making means that workers can immediately pin point and suggest remedial measures for improving the efficiency of the process they are a part of. This means that quality control in product or service is exercised for the lowest level. Less supervision required: There is greater focus on management of self with due emphasis of widening one's skill set. One of the major benefits of this is that there is a lesser need of supervision and support staff. * Better grievance handling: Increased communication paves way for reduced number of grievances and quick and effective resolution of dispute (often on the spot). * Flexibility: Flexibility is increased as a result of cross training. Increased coordination among team members also offers a comfort zone for the newly hired. Participative management thus results in overall increase of the ownership of work of an employee. This empowerment can lead to increased efficiency, better productivity, improved morale and job satisfaction.

But the fact the participative management requires an overall change in the organizational culture, the implementation of the same, especially when there is a bureaucratic style of decision making in place, can be a major challenge. 10. Limitations of Participative Management: Participative management is undoubtedly one of the better approaches to management.

But like any other style of decision making there are certain limitations. These limitations arise either externally or internally. The following are certain limitations of participative management: * The employee's right of not participating: An employee has the right to not participate. Certain people do not believe in the usefulness of participation and therefore opt out of the same.

Some labor unions for example question the usefulness of participation reasoning that participation offers the management deep insights into the workers and they may then use it against the latter. * Manipulation: Managers may sometimes use participation to manipulate employees. This may be both conscious and subconscious. Similarly, representatives of the labor unions may also exploit the workers in the name of participation. * Workers Psychology: An existent psyche amongst the employees, that they are the workers and their primary purpose is to serve their masters (management) prevents them from participating. It is therefore of little interest to such people. General Bias: Resistance to change inside the organization as mentioned earlier is the biggest hurdle to participative management. Managers decline to share power or to delegate apprehending that they may lose authority by doing so. Workers similarly show disinterest in the participation presuming everything to be well in order. * Trade Unions: Trade unions are integral to the success of participative management; they may be equally detrimental to the success of the same. Most of the trade unions engage in politics and are little bothered about participation. Add to it, the approach of representatives or individuals is also not very favorable.

Workers join trade unions for personal rather than organizational reasons.

11. Ways of participation of employees in decision making: Participation of workers in decision-making process has resulted in successful value creation in many organizations. Though the extent to which employees should participate in organizational decision making is still a matter of debate. Some say that workers' union should participate with management as equal partners while some believe in restricted or bounded participation, that is, participation of employees or workers to a limited extent. However, there are a number of ways through which employees can participate in decision-making process of any organization. Participation at the Board Level: Representation of employees at the board level is known as industrial democracy. This can play an important role in protecting the interests of employees. The representative can put all the problems and issues of the employees in front of management and guide the board members to invest in employee benefit schemes. * Participation through Ownership: The other way of ensuring workers' participation in organizational decision making is making them shareholders of the company. Inducing them to buy equity shares, advancing loans, giving financial assistance to enable them to buy equity shares are some of the ways to keep them involved in decision-making. Participation through Collective Bargaining: This refers to the participation of workers through collective agreements and by deciding and following certain rules and regulations. This is considered as an ideal way to ensure employee participation in managerial processes. * Participation through Suggestion Schemes: Encouraging your employees to come up with unique ideas can work wonders especially on matters such as cost cutting, waste management, safety measures, reward system, etc. Developing a full-

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pledged procedure can add value to the organizational functions and create a healthy environment and work culture. * Participation through Complete Control: This is called the system of self management where workers union acts as management. Through elected boards, they acquire full control of the management.

In this style, workers directly deal with all aspects of management or industrial issues through their representatives. * Participation through Job Enrichment: Expanding the job content and adding additional motivators and rewards to the existing job profile is a fine way to keep workers involved in managerial decision-making. Job enrichment offers freedom to employees to exploit their wisdom and use their judgment while handling day-to-day business problems. * Participation through Quality Circles: A quality circle is a group of five to ten people who are experts in a particular work area. They meet regularly to identify, analyze and solve the problems arising in their area of operation. Anyone, from the organization, who is an expert of that particular field, can become its member. It is an ideal way to identify the problem areas and work upon them to improve working conditions of the organization. Employees can participate in organizational decision making through various processes mentioned above. However, there are other ways such as financial participation, Total Quality Management, participation through empowered teams and joint committees and councils through which they can contribute their share in making the organizations a better place to work. 12. Advantages and Disadvantages of Participative Management:

There exist both advantages of and disadvantages of participative management. 12. 1 Advantages: Increase in Productivity: An increased say

in decision making means that there is a strong feeling of association now. The employee now assumes responsibility and takes charges. There is lesser new or delegation or supervision from the manager. Working hours may get stretched on their own without any compulsion or force from the management. All this leads to increased productivity. * Job Satisfaction: In lots or organizations that employ participative management, most of the employees are satisfied with their jobs and the level of satisfaction is very high. This is especially when people see their suggestions and recommendations being implemented or put to practice.

Psychologically, this tells the individual employee that, ' he too has a say in decision making and that he too is an integral component of the organization and not a mere worker'. * Motivation: Increased productivity and job satisfaction cannot exist unless there is a high level of motivation in the employee. The vice versa also holds true! Decentralized decision making means that everyone has a say and everyone is important. * Improved Quality: Since the inputs or feedback comes from people who are part of the processes at the lowest or execution level. This means that even the minutest details are taken care of and reported. No flaw or loophole goes unreported. Quality control is thus begins and is ensured at the lowest level. Reduced Costs: There is a lesser need of supervision and more emphasis is laid on widening of skills, self management. This and quality control means that the costs are controlled automatically. 12. 2 Disadvantages: * Costs: Participative management increases cost. If workers are to take important management roles, then they must be trained on many complex issues. Many workers may feel dissatisfied, since the promises of democratic

management are often not connected to results; hours are longer, debates can get fierce, and the workplace can become divided. * Time: If the very long workday is to be avoided, then council meetings would have to take place during work time. This means lost labor hours, lost productivity and endless distraction.

Many managers would not want to constantly referee debates over firm issues when the council members are debating. * Union Objections: Independent labor union representatives are concerned that organizations will use employee participation or involvement programs to deter employees from using the independent union representation. “ The law should continue to prohibit companies from setting up company dominated labor organizations. * Decision making slows down: Participative management stands for increased participation and when there are many people involved in decision making, the process definitely slows down. Inputs and feedback start pouring from each side.

It takes time to verify the accuracy of measurements which means that decision making will be slowed down. * Security Issue: The security issue in participative management also arises from the fact that since early stages too many people have been known to lots of facts and information. This information may transform into critical information in the later stages. There is thus a greater apprehension of information being leaked out. 13.

Conclusion: Participative management is an effective decision making tool. It is often the managers who implement it the wrong way. Participative management calls for a change and this change can not come overnight.

You require patience and consistency before employees realize the usefulness of the management style. Participative Management is a universally recognized concept but still most organizations hesitate to adopt it. Through this style of management, both the parties, employer and employees, are satisfied. It brings management and employees closer and thus, should be adopted open heartedly. There are other problems that often arise with the managers. The problems may arise because of the following: Managers often view it as the ends and not as a tool. There is confusion if whether participative management means democratization. Managers sometimes manipulate the process for their own advantage.

Finally it can be said that there are positives and negatives of participative management, but the company should allow some kind of participation from its employees in the decision making process. References: 1) <http://business.yourdictionary.com/participative-management> 2) http://www.academia.edu/467403/Why_should_Employees_participate_in_management_decisions_The_advantages_of_participative_management 3) http://www.ehow.com/info_8526128_disadvantages-participative-management.html 4) Lawler III. , Edward E. 1996. From the Ground Up: Six Principles for Building the New Logic Corporation. San Francisco: Jossey-Bass Publishers. P. 22. 5) <http://www.managementstudyguide.com/participative-management.htm>