WJEC BUSINESS STUDIES A LEVEL RESOURCES.

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Employer/Employee Relations—Employee participation

Specification requirement. Employee participation – methods of increasing participation. Control versus empowerment.

Employee participation means the involvement of workers in decision making. Employee participation can take either a representational or direct form.

There are a large number of methods of increasing employee participation. Some are very simple such as the use of suggestion boxes - an example of direct employee participation, others much more complex, such as involvement of workers directors.—an example of representational employee participation. What ever methods are used the objectives are to increase efficiency, get the most out of human resources, and to motivate.

Direct Methods of Employee Participation

Most of the direct methods of employee participation will not be new to A Level Business Studies students, you will have come across them before in subject areas such as motivation, operations management etc.

Below is a list of the most popular methods

- newsletters,
- employee surveys,
- self-managed teams and team briefings,
- suggestion programs—offering rewards for cost saving / efficiency improving ideas
- quality circles

Representational Forms of Employee Participation

With this type of participation, employees take a formal role in the decision making process. Employees have the right to contribute through a range of types of consultative bodies. The term Industrial Democracy covers these formal representative bodies.

Industrial democracy

Industrial democracy is not a new concept, in some European countries the structures of Industrial Democracy have been in place for decades, and there is no doubt that effective industrial democracy has been one of the key parts of the post war German 'economic miracle'.

But the ideas behind Industrial Democracy do not fit in well with the more adversarial (confrontational) relationship that has existed between managers and unions in British companies. Even so in the new more 'partner based relationships', unions and management working toward the same goals, that now exist in British industry, there is more room for industrial democracy. This trend towards increased industrial democracy is being extended by European legislation that encourages a much more prominent role for workers in a firms decision making process.

The Structures of Industrial Democracy

Works Councils.

A works council is made up of representatives of all departments within a firm. The role of works councils is to discuss long term objectives of the business and to suggest strategies for improving the future prospects of the business. This might seem like the obvious extension of the ideas behind quality circles or Y Gaya groups, but works councils are often

criticised for being no more than talking shops, too diverse to offer coherent solutions, and just an internal public relations exercise. Where they can be effective is when works councils are used to appoint worker directors to the board of the company.

Worker Directors.

These are workers (often elected by works councils) who sit on the board of the company. It is argued that in this situation all workers will have a stake in setting long term aims of the business, and therefore workers will be more committed to making the objectives of the firm work in practice. But again there is a downside. Firstly Worker Directors are often indecisive, preferring to refer back to their peer groups (those that elected them), before making decisions. This slows down the decision making process. Secondly there are questions of confidentiality that arise. Worker Directors should in theory have first hand access to information that may have negative effects (redundancies etc), on those that have elected them to the board. In this case where do their loyalties lie? To the business, or to the workers? Finally Trade Unions have in the past seen Worker Directors as selling out, or confusing the issue. How can unions fight decisions of the firm, when these decisions may have been approved by their own members sitting on the Board of Directors?

Worker Shareholders and Worker Partners.

Worker Shareholders and Worker Partners have a stake in the ownership of the business. Share holdings are often encouraged by the use of share option and saving schemes. These schemes have seen some success in the UK, with ASDA putting a great deal of emphasis on the importance of as many workers as possible having a stake in the business. The best example of a worker partnership scheme is John Lewis Partnership. Here all employees are partners, having a stake in the business which is controlled by a partnership trust. These partners take an annual share of the profits, equivalent to around 12 weeks pay. John Lewis argue that the scheme helps encourage a high level of commitment from staff to both customer service and the long term success of the business.

Control versus Empowerment

Employee Empowerment

Empowered employees have control over how they achieve their work objectives – how they do their jobs. The empowerment process should enable an individual to think, behave, take action, and control work and decision making in autonomous ways – without management direction. Empowered workers do not need to refer up the hierarchy for permission or authority to act, they are able to provide their own solutions to problems.

The role of the employer is to create a work environment which helps encourage and foster the ability and desire of employees to act in empowered ways. The firm has the responsibility to remove barriers that limit the ability of staff to act in empowered ways.

Worker Control

When we look at the control of employees, we are examining methods of taking away from employees their ability to take independent decisions. Your studies at AS level will have introduced you to the work of Taylor and Scientific Management. Here efficiency was to be

achieved through job design, and ensuring that workers did their jobs as designed, they were kept to the tasks by close supervision. Workers were controlled in everything they did. A similar situation occurs today in call centres, where work is continually monitored, and workers stick to scripts, and computer based prompts.

Advantages of empowerment include: increased employee contribution, and input of ideas; employees have more satisfying work which leads to lower absenteeism and better productivity; improved communication throughout the workplace; less conflict with administration and managers; fewer middle management positions means lower costs to the firm; increased employee education and training increasing capability and flexibility of the workforce;. employees are more likely to agree with changes if they participate in decision making.

Disadvantages of employee empowerment include: it is too much responsibility for some employees, they cannot handle decision making and pressure; some employees can abuse the increased power given to them, taking decisions that reduce their personal workload; managers might find it difficult to share information, and cooperate with those junior to them in the hierarchy; all employees must "buy in" to the concept for it to be effective; there is an increased costs for training and education; more time spent in groups or committees which takes away from production; some employees may not be knowledgeable enough to make good business decisions.

For control in the workplace, the advantages are derived from the disadvantages of empowerment, so for example—no risk of unqualified workers making the wrong business decisions. And the disadvantages of control from advantages of empowerment—so little or no input of new ideas from employees.

Notes