PARTICIPATIVE MANAGEMENT IN MODERN ORGANIZATIONS A CRITICAL REVIEW

Muhammad Zeb Khan[*] & Muhammad Iqbal[**]

[*]Assistant Professor, Sarhad University of Science & IT Peshawar, Pakistan
Email: zebkhan.ba@suit.edu.pk

[**]PhD Scholar, Institute of Management Studies, University of Peshawar
Email: miqbalk12111@gmail.com

Abstract. *Participation as a social system is a complex and dynamic product of human action. Despite certain limitations, it has great potential in addressing many debilitating issues confronting organizations. Regardless of whether it is intentionally and rationally created or whether it emerges as consequence of many and sometimes fortuitous factors, participation serves a variety of values and goals and takes on different structural and operational properties in various configurations resulting in a variety of desirable outcomes. However, much depends on the prevalent culture in an organization. The study in question attempts to dig out theoretical underpinnings of participative management and its relevance for contemporary organizations by critically reviewing the existing literature.*

Key words: Participative management, culture, organization effectiveness

Introduction

There has been a growing movement around the globe toward more "Participative" methods of decision-making. Academics and practitioners have, in general, endorsed the viability of participation in areas as different as the organization of work and government regulations. Participative Management is a system of management whereby non-management employees are supposed to be active participants in an organization's decision-making process particularly in decisions that affect their work outcomes (Collins, 1997). It may take different forms including formal/informal participation, representative participation (workers unions), consultative participation (Quality Circles) employee ownership (employees as stockholders), and so on. This endorsement reflects the preference of contemporary managers for the new style in today's increasingly competitive and turbulent world. The effectiveness or otherwise of participative management is often evaluated in terms of various outcomes, including workplace democratization, conflict resolution, job satisfaction, employee commitment and morale, productivity, employee development, and efficiency (Cotton et al., 1988). Participation management is, however, not a cure-all prescription. It passes through its stage of infancy. Its effectiveness in solving organizational problems is yet to be precisely determined. The study in question attempts to critically evaluate the

effectiveness of participative management by reviewing relevant literature on the subject.

Origin of Participative Management

Participative management has its roots in the human relations movement that began in the early 1920s, largely as a reaction to writings on the scientific management of organizations (e.g. Taylor, 1911), which focused primarily on the principles of specialization and control. The principles of human relations, on the other hand, stressed the unique needs of individuals in organizations. This movement argued that while organizations and people may have different goals, these entities need each other: organizations need the ideas, energy, and talent that people provide, while people need the careers, salaries, and work opportunities that organizations provide (Bolman & Deal, 1984). Moreover, theorists advocating this movement argued that optimal performance depends on the convergence of interests and needs of the organization and employees (Mc-Gregor, 1960).

One of the principal tenets of the human relations movement is that people have a right to have input into decisions that affect their lives (Dachler & Wilpert, 1978). It is suggested that employees should be given greater influence in decision-making as it leads to their self-actualization—the highest order of needs in Maslow's needs hierarchy. By definition, giving employees greater influence over decisions reduces the impact of centralized decision-making and increases the chances of ownership and employee commitment. The question however is: Do the benefits of participative management exceed the costs involved? Or, alternatively, does participative management solve more problems than it creates?

Before answering these questions, it seems pertinent to understand the level of employees' participation in decision making. The extent to which employees have voice in organization's affairs depend on the nature of problem, time availability, the need for secrecy, capacity of employees, and prevalent organizational culture (Schein, 1990). The following ladder shows different ways of employees' participation in decision making:
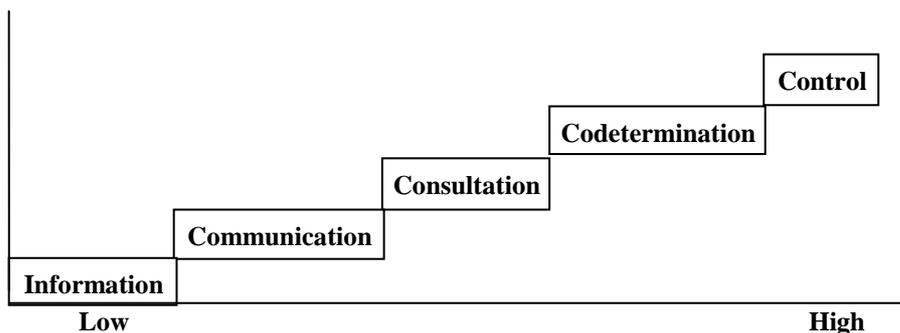

Figure 1   Participation Levels

According to Marchington and Wilkinson (2005), employees' participation in decision making moves upward in progression rather than a simple movement from no participation to full control. Moreover, participative management may be indirect in

some situations and direct in others. As indicated in *Figure 2*, indirect participation may take different forms such as worker directors, joint consultative committee, and collective bargaining agent etc. Employees can also voice their views directly through attitude surveys, interviews, and emails etc.

Table 1 *Direct and Indirect Participation in Decision Making*

Type of Involvement	Power-centered	Ownership-centered	Task-centered
Indirect	Work Councils, Joint Consultative Committee Collective Bargaining Joint Partnership, Committee Workers Directors	Employee Share Ownership Employee Cooperatives	Task committee
Direct	Attitude Surveys, Interviews, Town Hall Meetings, Newsletters, Emails	Share options	Job enrichment Problem solving groups Quality circles

Source: Adapted from Boxall and Purcel (2008)

Why and Why not Participative Management?

Answer to the question of whether participative management enhances organizational effectiveness or impedes it requires an analysis of various organizational responses to environmental changes. First, structural changes in the business world potentially favour participative management. Specifically, as organizations reduce layers of management, they need to rely more on the active involvement of employees at all levels for activities that once were the prerogative of management. Second, competitive conditions favour the diffusion of employee involvement practices. In particular, Lawer, et al. (1992) found that in the face of substantial foreign competition and shorter product life cycles, organizations were more likely to share with employee key information on operating results and competitors' performance, to invest more in training, and to adopt 'non-traditional' power and reward systems favoring employee involvement.

Several research studies have been undertaken to determine the effects of participative management on various outcomes. Personality growth, development of individual potential, and mental health are the desirable outcomes of involving employees in decision-making in the context of organizations (Mc-Gregor, 1960; Argyris, 1964; Likert, 1967). These theorists assume that human beings, owing to their very nature, strive for self-actualization, which means the need to be active, independent, and capable of self-control through awareness of their potential.

Productive efficiency is another rationale underlying participation. When employees are involved in decisions relating to how the work is organized, what is done, and who does what, their morale and self-confidence increases with the result of enhancement of productivity (Fleishman, 1965). However, there is significant pressure

on management to abandon participatory mechanisms when it becomes apparent that employee involvement is not increasing productivity or profitability to the anticipated degree (Collins, 1997).

The cognitive models of participative affects suggest that capabilities of subordinates are more meaningfully utilized and job satisfaction is increased as a result of involvement. Managers often believe in involvement simply for the sake of involvement, because they think that as long as subordinates feel they are being consulted, their ego needs will be satisfied and they will be more cooperative (Ritchie & Miles, 1970). According to French and Israel (1960), one effect of a high degree of participation by workers in decisions concerning their work will be to strengthen their motivation to carry out these decisions. Such participation satisfies such important social needs of employees as the need for recognition, appreciation, and independence.

Despite strong support both from academics and practitioners, participative management is not stainless altogether. Some researchers argue that owing to the winds of change, the contribution of participative management is overblown. One of the problems with formal legal participation is that of political polarization, the formal group representatives tend to harden their positions to challenge their 'defined' adversaries and to impress the group they are representing (Rushefsky, 1991). Ongoing interaction may sometime lead to the institutionalization of conflicts rather than collaboration (Ring & Van-de-Ven, 1994). The researcher also notes that the repetition policy conflicts may cause polarization and mutual hostility and it gives each faction incentive to stand firm to keep opponents from easy concessions in future disputes. Participative management may also be interpreted by employees as symbolic at best and manipulative at worst (White, et al., 2003). Difficulty with participative systems arises when major structural changes are proposed. Moreover, participative manage-ment may bring more harm to organizations than good when employees lack the required abilities, attitudes, and values (Blumberg, 1969).

Conclusion

Participative management has become a cliché for modern organizations. Due to changing dynamics of organizations in the wake of global competition, change in the nature of work, and increased social pressures, contemporary managers are striving to attain and retain competent and committed workforce by offering them different incentives including opportunities of involvement in decision making. The scope and scale of employee participation, however, vary from one organization to another and the outcomes of participation depend to a larger extent on the organizational context. It may not work in an organization, which is devoid of norms of bureaucratic behavior, i.e. rule of law, rationality, professionalism etc. If these norms do not exist in the society at large, it may make the things worst if participative management is practiced in an organization. Review of various research studies, undertaken for the present study, reveals that participative management is a double-edged sword and needs to be used with due consideration given to many contingent factors. It is, however, an uncontested fact that knowledge workers can and should not be treated like the conventional factors workers. They want autonomy, participation, and sense of

achievement besides financial incentives in order to contribute to organizational goals and stay for long.

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