

Workers' Participation in Management in Nepal

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ABSTRACT

Worker's participation in management is a system of collective formal or informal communication and joint consultation between employer and employee individually or collectively by which workers of an organization are kept informed about the activities and actions of an undertaking and through which they communicate their view and ideas as well as contribute for management decisions of the organization where they work. It refers to any arrangement which is designed to involve workers in the important decision making within the workplace. It comprises giving scope for workers to influence the managerial decision-making process at different levels by various forms in the organization. It allows for worker's involvement in the initiation, formulation and implementation of decisions within the organization. Worker participation is important component to enhance human resource development in modern organizations. In the modern time worker's participation in management became the foundation and pre-requisite for the successful operation of the organization. Participative management in the organization contributes decreasing the communication gap between the management and the workers, improve performance and productivity, lower costs, motivation, satisfaction of psychological, social, economic, self-fulfillment needs, reduction of organizational conflicts, industrial peace and stability, an ideal working environment in the organization and job satisfaction of the workers. It provides workers a sense of importance, pride, freedom, and opportunity for self-expression, a feeling of belongingness so as to create positive condition for organizational relation. The existing constitutional and legal provisions are insufficient for the protecting, safeguarding the workers right and ensuring as well as regulating the worker's participation in management.

Keywords: Decision making, employer, management, organization, worker

INTRODUCTION

Work and developmental activities operate smoothly only through the means of good and harmonious relation between the employer (management) and the employee. Both are the part and parcel of the same team striving together for the common goal and interests.

Though, employer and employee are the contracting parties, the employer plays the role of owner and manager and direct and supervise employee in the respective work. Work and developmental activities operate smoothly when there is friendly and harmonious relation between the employers (management) and the employee (workers) (Thapaliya, 2013). Both are the part and parcel of the same team striving together for the common goal and interests. Though, employer and employee are the contracting parties, the employer plays the role of owner and manager and direct and supervise employee in the respective work.

There are several factors of production in an organization i.e. land, labor, capital and organization. Among these factors of production labor (worker) is the active factor of production whereas others are passive factors of production, which depends on the efficiency of workers. It is only a resource which mobilizes other resources for production. 'So no organization can afford to ignore this factor. It is this factor which results in achieving the predetermined objectives of organization. This is possible with the help of 100% co-operation from the labor force, which is achieved to a great extent through their participation in management. So, it is important for the management to any organization to nurture, mentor and groom people to realize their capacities and potentials to help them grow with the organization and there by enable them to contribute effectively in the attainment of organizational goal' (Koirala, 2015). In present time workers no more considered as commodity or machines. Workers feeling, ambition and emotions have been duly recognized by the management. The management has realized that the organizational objectives can be achieved only if the workers cooperate with them. Therefore, all the efforts are made to get their cooperation in the organizational affairs.

The growth of workers' participation in management is increased due to the growth of public enterprise, experiments of industrial psychologists (which proved beyond doubt that a worker works better when s/he wants to work rather than when s/he is compelled to work) and development of scientific management that encouraged close co-operation between employer (management) and workers to increase the efficiency of the understanding in the organizational setup (Koirala, 2015). A modern and forward-looking business doesn't keep its employees in dark when it comes to important decisions affecting them. It always trusts them and involves them in the business decision making. '*Command and Control*' is not the model followed any longer. A more open and collaborative approach/framework wonders in exploiting the employee's talents. Workers participation in management is not merely to protect and further one's interest but is also a system of checks and balance. Moreover, the idea of worker's participation in management has emerged in response to the threats from the power and

demands of continuous production with uninterrupted industrial activity (Koirala, 2015). It is an important device to the management in the modern time. These concerns reflect a growing interest in finding ways to make work more meaningful and satisfying to the workers. This rest on the belief that the organizational goals of high productivity and harmonious industrial relations are best achieved when the higher level needs of the human elements (workers) are satisfied. Today, the idea of worker's participation has become institutionalized in several countries of the world.

The word participation is very popular and glamorous term. Workers welcome it as it helps them to enhance the status in the organization and employer use it to show how they are progressive and concerned about the workers. Workers participation in management is an essential ingredient in industrial democracy and industrial good governance. 'The notion of worker's participation in management is based on human relations approach to management which brought about a new set of values to labor and management in the organization' (Worker's Participation, 2021). The human relations and participatory democratic theories are indispensable in the study of worker participation in management decision making. Human relations theory is significant for cooperation of workers to achieve the objectives of high productivity and industrial peace. It is believed that workers would be better motivated if they are treated properly as human beings rather than as irrational objects. For instance, by making them have a feeling that, the organization make recognition and participation in the decision making process of organization (Thakur, 2014). Workers participation in management has been understood and practiced as a system of joint consultation of employee and employer in organization or industry as a form of labor management cooperation; as recognition of the principle of co-partnership and as an instrument of industrial democracy.

Industrial democracy refers, workers and employers should feel that in their work they will be evaluated and respected as free persons of equal value within the framework of the rules and natural order and discipline that will always be needed in a well regulated organization (Palaniammal & Subhachandra, 2017). In the organization the management must respect to the dignity, uniqueness and potentiality of every worker. It implies mental and emotional involvement of workers in the management of organization rather than simply acting on orders. Employee-Employer consultations in participative management are acclaimed as the harbinger of industrial democracy and industrial humanism. The philosophical reason of worker's participation in management is the basic consideration of humanization of the industry (Saxena & Chandra, 1999). It is considered as a mechanism where the workers have

say in the decision. It is democratic participation of workers in the decision making of an organization. It is also termed as joint consultation between employer and employee, joint decision making, labor management, co-determination, joint decision-making etc.

Organization makes some sort of decision in its daily routine of operations. The management must take opinions of workers those who are working on ground level knowing the actual problems and reality. Hence, organizations promote worker's participation in its culture as it facilitates improvement in their productivity and also helps organizations to achieve their ultimate goals (Pranhakar, 2015) improve quality, reduce cost and bring about improvement in organization departmental efficiency. Workers participation is the concept of sharing of social power in organization so that the power is shared among all those who are involved in work rather than power being concentrated and centralized only in the hands of management.

The aim of participative management is to create an atmosphere where workers and management feel closer to each other and work in unison to further the cause of progress and prosperity of the organization and the entire nation. 'Participative management would enable workmen to develop a sense of involvement in their work and identify themselves with a pride of achievement of their work' (Saxena & Chandra, 1999). Participative management may lead to better organizational health and effectiveness. In the present time most of the developed and developing countries have taken steps either through legislation or persuasion to maintain participation to workers in management process, the nature and form may differ from country to country owing to different ideological, economic and political factors. Workers participation gives employees the mental and psychological satisfaction and thereby increases their participation in the affairs of the organization. In the present world of organizational relation, it is the most accepted principle throughout the world and in Nepal too. The main objective of this paper is to clarify the concept of worker's participation in management, its objective and level of participation.

DATA AND METHODS

This paper is a theoretical and normative work. This article has adopted qualitative, doctrinal and descriptive research methodology and content analysis. Data and information have been collected from both primary and secondary sources. The Constitution of Nepal, and other relevant Acts, Rules and Regulations have been used as primary sources. Likewise, published research works, authorized books, journals articles and online sources have been

used as secondary sources of this research paper. After collecting the information and data they are descriptively analyzed and analytically explained.

RESULTS AND DISCUSSION

Worker's Participation in Management

Workers participation in management is a system where workers and management share important information with each other and participate in decision making. It is a process by which subordinate employee either individually or collectively become involved in one or more aspects and issues of organizational decision making. It provides scope for employees in decision making of the organization. 'Employees participation in management means involvement and contribution of non-managerial personnel and workers in management process of planning, organizing, direction and control at all levels. It is a cooperative process of consent and commitment of employee-employer to achieve the organizational goal (Saxena & Chandra, 1999). Therefore, it is a management in which there is involvement of ordinary employees in decision making at all levels of its business.

Worker participation has been described in many ways: as a behavioral mode, as the result of reallocating power within the organization, and as an institutional structure. Participation is examined as an organizational process within organization capable of contributing to the achievement of organizational instrumental goals. Therefore, its existence is not established merely by virtue of form or institutionalization, since it also embodies the interactions that take place among participants, the involvement of workers in participation activities, and the strength of the entire participation program. In the broadest possible terms, we define worker participation as organized 'non-doing' activity or more specifically, as managing activity carried on by blue-collar workers in conjunction with management (Rosenberg & Rosenstein, 1980). In this sense, employee participation exists whenever those at the bottom of the enterprise hierarchy take part in the authority and managerial functions of the enterprise. But worker's participation in management differs from collective bargaining while WPM is based on mutual trust, information sharing and mutual problem solving; the collective bargaining is essentially based on power play, pressure tactics, and negotiations.

Workers participation in management refers to institutional and formal arrangement of creating participative forums to associate worker's representatives with management, participative management refers to informal process, work ethics, team work, communication

system and leadership styles. From the conceptual view point, these are two different arrangements but in reality one cannot succeed without the other (Saxena & Chandra, 1999). The participation includes responsibility of the organization by the workers. The principle form of worker's participation is information sharing, joint consultation, suggestion schemes etc. Basic rationale of worker's participation in management is that workers invest their labor, knowledge, skill, and ability to their place of work. So, they contribute to the outcomes and flourishing of organization. Hence, they have a legitimate right to participate and share in decision-making activities of organization.

It is a model of joint governance in an organization which helps to maintain good governance in the work relation of employer and employee. Employee's participation may be in major organizational matters affecting company objectives or those affecting employees interest in work wage situations. Participation may be in corporate level decision to shop floor level workings (Saxena & Chandra, 1999). Participation of workmen in management provides the workers an opportunity for sharing information, the right to be consulted and to influence the managerial decisions on several organizational matters; thereby this system becomes an instrument of decentralization and democratization of production process to the satisfaction of planners and operatives (Saxena & Chandra, 1999). Workers participation is a system where the workers get the rights to participate collective bargaining in decisions on issues which are of concern to the workers like wages, working conditions, safety, sharing of gain, production related aspects, incentives, allowances and welfare were considered to be legitimate areas of workers concern and therefore workers should be consulted when these are determined. It is conducted through the mechanisms of forums which provide for association of worker's representatives i.e. trade unions through collective bargaining.

Thakur (2014) claimed that worker participation consists basically in creating an opportunity under suitable conditions for people to influence decisions which affect them. It is a special case of delegation in which the subordinate gain greater control, greater freedom of choice with respect to bridging the communication gap between the management and the workers.

Therefore, worker's participation in management is a system of joint consultation between employer and employee individually or collectively either formal or informal, by which employees of an organization are kept informed about the affairs of an undertaking, participate in the decision making and through which they express their opinion, ideas and contribute to management decisions of the organization where they work. The scope and

the extent of worker's participation depends on the objectives set to be achieved from the participative machinery in an organization.

Level of Participation

The structure, nature, content and type of worker participation in management depend on the political ideology and system adopted by a particular society and organization. Socialist societies advocated direct participation at every level of management, whereas the capitalist societies lift it unstructured. So, the range of worker's participation in management in terms of forms, levels and content extends from self-management, co-determination and collective bargaining to joint management councils as well as works committees and labor relation committees (Chakhun, 2004). Information participation, consultative participation, administrative participation, decisive participation and associative participation are the different forms of participation in management.

National Legal Framework of Workers Participation in Management

The Constitution of Nepal, 2072 B.S.

Article 34 of The Constitution of Nepal 2072 B.S. provisioned about the "*Right to Labor*" as a fundamental right which state that, every laborer shall have the right to practice appropriate labor, shall have the right to appropriate remuneration, facilities and contributory social security. Similarly, they shall have the right to form and join trade unions and to engage in collective bargaining, in accordance with law (Article 34, The Constitution of Nepal 2072 B.S.). Similarly, right to Freedom-Art.17(d), Right to Equality-Art.18, Right against Exploitation-Art.29, Right to Employment-Art. 33, Right to social Justice-Art. 42 etc. of the Constitution of Nepal 2072 B.S. are also relevant provisions related to it.

The Bonus Act, 2030 B.S.

The Section 13 Bonus Act is concerned with the Welfare Fund. It has provided that the Seventy percent of the residuary amount after distribution of bonus from the allocated amount for bonus shall be deposited with the Welfare Fund Established in accordance with Section 37 of the Labour Act, 2048 (1991) and remaining thirty percent shall be deposited with the National Level Welfare Fund, established by Government of Nepal for the interest of the employees of the enterprises. The provision of Bonus Act provides that the amount should be deposited with the "welfare fund established in accordance with the prevalent laws of Nepal (Section 13, The Bonus Act, 2030 B.S.).

Trade Union Act, 2049 B.S.

The Section 11 of the Trade Union Act has mentioned about the recognition of the Authorized Trade Union. The Authorized Trade Union has been recognized for the collective bargaining with the management on behalf of the workers of authorized enterprise level Trade Union (Section 11, Trade Union Act, 2049 B.S.). Trade Union Act, reads that notwithstanding anything contained in Section 74 (1) in the Labour Act, 2048 (1991), the working committee of the Authorized Trade Union on behalf of the workers may present claims in written form with the number and names of its representative to the management for collective bargaining.

Privatization Act, 2050 B.S.

The section 14 of Privatization Act, 2050 has mentioned about the provisions relating to Employees. It provides the government of Nepal may, at the time of transferring the services of, and gratuity and other benefits accrued to the workers to the enterprise of the new investor ensure the continuity of service of the present workers in the enterprise to be privatized. It has provided that, the government of Nepal shall on the recommendation of the Committee, arrange for reasonable compensation or benefits in respect of the present employees and workers being retired from the privatized enterprise. The government of Nepal shall make available to the present employees and worker of the privatized enterprise, shares of such enterprise free of cost or at discount price (Section 14, Privatization Act, 2050 B.S.).

Labour Act, 2074 B.S.

The Labour Act, 2074 B.S. has mentioned the four ways where worker are seen participation in management of the Company in Nepal which are:

- **Collective Bargaining** (Section 116-129 of Labour Act, 2074 B.S.)
- Claim to be presented to management
- Upon receiving claim, dialogue by management need to be initiated.
- If not resolved, the dispute shall be resolved by Labour office.
- If not resolved, then it may be referred to mediator.

Labour Relation Committee (Section 111 of Labour Act, 2074 B.S.)

The proprietor shall have to constitute a labour Relation committee in each enterprise in order to create amicable atmosphere between the workers or employees and the management and to develop healthy.

Labour or industrial relation on the basis of mutual participation and co-ordination is regulated by the following ways:

- (1) The method of composition of the committee: The employer of an enterprise where ten or more than ten labours work shall form a labour relation committee as prescribed (Section 111(1) Labour Act, 2074 B.S.).
- (2) The functions, duties and powers of the committee shall be as prescribed in Section 111(2) of the Labour Act, 2074 B.S.
- (3) The committee constituted may regulate its own procedures.

Minimum Remuneration Fixation Committee (Section 107, Labor Act, 2074)

Government of Nepal may fix the minimum remuneration, dearness allowances and facilities of worker and employee or enterprises on the recommendation of the minimum Remuneration Fixation Committee and the notification on rates so fixed shall be published in the Nepal Gazette. Government of Nepal shall, in order to fix the minimum remuneration, dearness allowances and facilities, constitute a Minimum Remuneration Fixation Committee consisting of the equal number of representatives of workers or employees, Managers and Government of Nepal.

Central Labour Advisory Council (Section 102 of Labour Act, 2074 B.S.)

Government of Nepal may constitute a Central Labour Advisory Board consisting of representatives from workers or employees, Proprietors and Government of Nepal to receive necessary opinion and advice in relation to formulating policies and drafting of laws with regards to labour.

The Right to Employment Act, 2075 B.S.

This Act is enacted ‘to make necessary provisions in order to ensure the right of every citizen to employment, provide every citizen with an opportunity to choose employment according to his or her capacity, and in relation to the terms and conditions of employment and unemployment support’ (Preamble, The Right to Employment Act, 2075 B.S.). This Act provisioned about “*Employment Service Center*” ‘in order to collect data of the unemployed person, identify employment opportunities and disseminate information, provide information on the availability of laborers to the employer and provide other services relating to employment’ (Section 2(j), The Right to Employment Act, 2075 B.S.). Likewise, Section 17 provisioned about “*Steering Committee*” in order to operate, look after and steer the functions related to the protection of the rights to employment of the citizen (Section 17, The Right to Employment Act, 2075 B.S.).

Reasons for failure of Workers Participation Movement in Nepal

The major reasons for the failure of worker's participation in management are summarized hereunder:

- Employers refuse to participate workers in decision-making because they feel that workers are not competent enough to take decisions of the organization.
- Workers' representatives who participate in management have to perform the dual roles of workers' spokesman and co-manager. Very few representatives of workers are competent enough to perform the two incompatible roles.
- Generally, trade unions' leaders who represent workers are also active members of various political parties. While participating in management they tend to give priority to political interests rather than the workers' issues and problems.
- The focus has always been on participation at the higher levels, lower levels have never been allowed to participate much in the decision-making in the organizations.

CONCLUSION

Worker's participation in management provides an opportunity to worker's involvement in the initiation, formulation and implementation of decisions within the organization. It is considered as one of the means of employee's empowerment where individual worker is encouraged. Workers participation in management decreases to the gap of communication between the management and the workers which may improves performance, efficiency and productivity. After examining the legal provisions, we can conclude that, the existing constitutional and legal provisions are insufficient for the protecting, safeguarding the workers right and ensuring as well as regulating the worker's participation in management. There is lack of specific and adequate laws related to it. Since, Nepal is at an infant stage as far as worker participation in management is concerned, a broad view has to be taken for the totality of the concept and its proper implication.

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