

# Industrial, Organizational and Work Psychology

## Chapter 3

### Analyzing the Concept of Industrial Democracy in Organization

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#### Introduction

Democracy in the industrial setting is all encompassing as it cut across all phases of a workplace's authority, placement and operations. It reflects the power structure in a corporation in particular and the industry in general. The concept envisages a conducive platform for democratic practices in the management and control of industrial corporations by all the parties involved within the industry otherwise known as an organization. Nevertheless, before we explore in full scale the concept of industrial democracy as conceptualize, it is ideal we delineate on its meaning as ascribed by some authors.

Industrial democracy denotes having control over one's working conditions (pay, benefits, and hours) and over the wider set of policies that govern work and employment more generally, is rarely, if ever, discussed (Workers Action Centre, 2015). Nonetheless, over the past decade and a half the issue of enhancing worker voice and increasing worker participation in economic decision-making has been taken up by a new generation of labour economists, employment relations scholars, law professors and even management experts (Slinn and Tucker, 2013; Fay and Wilkinson, 2011; Wilkinson Donaghey, Dundon and Freeman 2014). Industrial democracy is an arrangement which involves workers making decisions, sharing responsibility and authority in the workplace (Rayton, 1972). Industrial democracy is about democracy in the workplace between the management and the employees, where they both make decisions on all the issues pertaining to the organization, labour and management relations matters. Whether the employees are represented by the union or the employees themselves have direct representation in decision making in organization, it is good and a fair play to allow industrial democracy in any given organization. In a situation where democracy is not given its pride of place in the running of an organization, conflicts and industrial unrest normally characterize such workplaces as the managed and the management seems to always be suspicious of each other and job satisfaction and efficient performance suffer (Dupe, 2015). Peter (2018) cited Harrison and Freeman (2004) asserted that any action, structure, or process that increases the power of a broader group of people to influence the decisions and activities of an organization can be considered a workplace move toward democracy. Shreyas (2019) advocates that industrial democracy means the management in industrial units is by the people, of the people and for the people. Here people include all those who are concerned with the industrial unit. Thus, it connotes an equilibrium between the rights of the dominant industrial hierarchy and the rights of employees with a broad social objective.

The Business Dictionary defines industrial democracy as the participation of employees' representatives from all or most levels of an industrial organization in its decision making process. Georgei (2014) stated that it is an arrangement which involves workers making decisions, sharing responsibility and authority in the workplace. He reiterated that it generally refers to the organization model in which workplaces are run directly by the people who work in them in place of private or state ownership of the means of production. Petersson and Spänge (2012) referred industrial democracy to a variety of interpersonal and/or structural arrangements which link organizational decision-making to the interests and influence of employees at various levels.

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In the light of the above definitions, it is trite to define industrial democracy as conceptualized in this study as the involvement of employers and employees in making decisions, sharing responsibility, authority and profits enhancement in the workplace. It is the democratic practice of a workplace where employers and employees come together to have a compass on which an organization should go in terms of its vision, mission, operations, goals and objectives, effectively and efficiently. Industrial democracy is treating enterprises as if they were political communities with citizens, just like countries or cities. It denotes a situation where everyone has the same right to participate in decision making—not just whoever owns the company—and to have management held accountable for their actions. That certainly includes the right to say 'no', but it also includes the right to insist that certain things need to be done, or to be done in a particular way. It's a completely different way of thinking about how a company should be run (Markus, 2013). The concept of industrial democracy is a complete departure from the traditional concept of autocratic management or one man rule. Industrial democracy means the application of democratic principles in managing industrial units. In such type of system, workers are treated as responsible partners of an enterprise and are allowed to participate in the decision making process through different methods. Workers are given the right of self-expression and an opportunity to communicate their views on policy formulation (Shreyas, 2019). Finally, industrial democracy practices in an organization, directly effects on maintaining a healthy industrial relations climate in order to maintain minimum disputes and harmonious work relationships. It connotes that when better industrial democracy practices are in place, the workplace becomes harmoniously peaceful and positive.

### **Industrial Democracy**

In a very general way, industrial democracy is associated with the application of democratic practices to the workplace. Such practices include voting, discussions and deliberative or participatory decision-making. The roots and motivations to claim democratic rights and to establish industrial democracy are complex. One strand focuses on the realization of democracy as a value, a way of life and self-government, and a method to reach individual autonomy and freedom in a liberal sense. It can also be considered as a means of class struggle in a socialist tradition. According to its Leadership strand, industrial democracy can be used as a method to raise workers' motivation in order to contribute to entrepreneurial efficiency (Markus, 2013). Equal playground for management and employees is germane for the fruition of industrial democracy and workplace harmony. According to Rousseau (2008), by equality, we should understand, not that the degrees of power and riches are to be absolutely identical for everybody; but that power shall never be great enough for violence, and shall always be exercised by virtue of rank and law; and that, in respect of riches, no citizen shall ever be wealthy enough to buy another, and none poor enough to be forced to sell himself or herself.

Hatcher in Vidyaratne, Dhammika and Mendis (2017) stressed that industrial democracy suggests that it would give workers a more creative and responsible role in making decisions, thus breeding increased capacities, competencies and more positive attitudes required for societal and political citizenship. Democracy in the industry provides a culture of balance, immersion, unity and community that is healthy in mentally and physically and as overall a positive industrial relations climate.

The main attribute of industrial democracy is that employees are involved in the decision making process of the organization. Industrial democracy connotes making the employees' part of the organization, and allowing them to take part in decisions that affect them and the running of the organization. By this token, the servant master relationship will translate to partnership which is expected to yield better working relationship and improved performance for the organization. Most often than not, though, workers especially through their union, could use the issues of their participation and democracy as instrument of control and seek for every reason to have aggressive confrontation with the management especially where employees do not know what is expected of them in labour relations matters due to lack of knowledge in labour education and questionable

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leadership. This is a negative assumed attribute and use of democracy which is expected to be a good tool for peace of mind of the workers and that of the management as the organization is expected to perform excellently using this all important tool.

Parks (1995) as cited in Dupe (2015) says that one view of employee involvement claims that employee involvement is part of a transformation of workplace from the traditional hierarchical roles to an idealized industrial democracy in which employees, management and owners benefit from the new work structure; that the win-win situation is seen as ethically superior because it results in stable, more satisfying jobs for employees and higher productivity for the firm.

### **Benefits of Industrial Democracy**

Some of the benefits of industrial democracy include: improved decision making process resulting in higher quality decision, less industrial disputes resulting from better communication between management and staff, increased creativity, enthusiasm and commitment to corporate objectives, lowered stress and increased wellbeing, better use of time and resources, improved productivity including service delivery, increased job satisfaction resulting in reduced absenteeism, improved personal fulfillment and self-esteem (Wikipedia Encyclopedia, 2018). This therefore explains the importance of industrial democracy to efficient and effective performance of organizations, which among others include financial (Deposit Money Banks) and non financial enterprises. However, Shreyas (2019) asserted that some salient features of industrial democracy are as follows:

1. Employees are treated as partners in the organization and are given an opportunity to participate in the management.
2. The various methods through which industrial democracy can be introduced are work committees, joint management councils, suggestion schemes etc.
3. Employees are generally allowed to participate indirectly i.e. through their representatives. This participation is restricted to certain aspects of management only. The participation of employees is sought only in those areas which are directly related to them.
4. The morale of the employees is boosted as they have an effective say in the working of the enterprise where they are working. They feel as if they have been elevated to a higher status.

### **Industrial Democracy in Organisation**

Interestingly, there are prerequisites for the effective implementation of industrial democracy in an organizational setting. These include: a strong trade union with effective leadership, willingness on the part of employers to treat workers as partners, all concerned-workers, employers, government and the public, management and the unions. The concerned-workers, employers, government and the public-fully must realize the importance of industrial democracy and its due place in the national life (Georgej, 2014). Also, the management and the unions must have the strong and genuine desire to deal with the industrial problems peacefully and through democratic means. Reasons for the enshrinement of industrial democratic precepts in Deposit Money Banks among others include creating a sense of belongingness among stakeholders (employees), improving the sense of commitment to the organizational goals, objectives, plans and activities among employers, satisfying the psychological needs of the employees, and respecting the human dignity of the employees and other stakeholders.

In the Nigeria context, there is mostly this unusual cooperation between the employees and management or owners of business as the case may be. This is because business social relations is created in master servant power chain to such as extent that the workforce has no close ties with the owners of work, or its agents (Nwinyokpugi, 2014). Orders are given using the steam shovel approach such that no one worker is allowed to know the reason for any decision that affects the tasks they do. Nigeria business managers and employers see themselves as in a class far removed from the others (employees and other minor personnel like vendors and suppliers). The ideal postulations of Karl Max obsession for capitalistic manipulation are seen to manifest in all facets of

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the organization. The workman who tills the ground and who do all the complex activities of bringing out the fruit, of production and service is just seen as a mere machine for use to the advantage of the interest of capital. Any near consultation with employees does not seem to be an issue in most firms across the nation's business world. There exist closer tie between law enforcement agents, the repressive apparatuses of the state who benefits from business owners and their agents known as management for being used to force orders and decision on the workforce (Peter, 2018).

Apparently, tall structure organizations as is allowed in the context of Nigeria business practice does not see employees as part of the decision making system in the pursuit of organizational goal. The worst case scenario is the public sector parastatals where government appoints members of the board of the departments based on their social lineages which sometimes may be traced to biological or cult relationship. Only members identified in these groups of social affiliations are entitled to give opinions which are not subject to query (Kelvin, 2017 cited Fajana, 2000). Thus, management of Deposit Money Banks in Nigeria are not left out as the development has enshrined the culture of clique teams who decides for the others and as Weber indicated, power relationship decides the side of the divide. Either you are a subject and subjected because you have no trace to the authority or you are in the business of decision because you are a member of the power clique.

Hitherto, industrial democracy is seen to suffer since there is no cordial link between the employees and management. It is evident that there is no year that two or three sectors of the Nigeria economy are not on industrial action either to the extreme of strike or preparatory grievance manifestation which permeates discordance in the workplace setting. The spirit of work which is always as in other developed economies kept alive by stakeholders existing in an organization is in this clime seen as a taboo. Workers who want to remain at work signs yellow-dog contracts that make them individuals on their own and not individuals as seen in collective status with labour unions. The Nigeria Labour Congress issues threat monthly to financial institutions, construction organizations, food and beverage firms and multinational corporations on the issues of contract staffing which debars an employee from taking the long term employment relationship, a position that is key for union membership conditions of service. Contract works exist only at the mercy of a 'goodboy' management of Deposit Money Banks who keeps them when they see them in good light and drop them at will when they raise any sign of disagreement with the management of poor employment conditions (Shreyas, 2019). Organization's stakeholders among others such as employees in Deposit Money Banks have democratic rights and privileges as enshrined in the industrial laws and court rulings limiting the right to quit jobs, in vagrancy laws and coercive uses of the police and military, in stringent and punitive forms of private poor relief. Furthermore, Luhman and Fredrick (2015) identify alienation at work as the common condition of modern man and contend that it can be substantially mitigated by worker participation and that employees want to participate in decision making that affects their work lives. It is an issue of fact that the design of jobs and organizations directly frustrate the normal adult human need for autonomy and control over one's own behaviour. Thus, industrial democracy is essential if workplace harmony is to be ensured in the life of an organization. Through the nature of the work provided for employees among Deposit Money Banks, management most times infantilizes their employees as they limits them to regressive and familiar reactions and even go so far as to argue that participation is not the answer, but a further symptom of the problem, which can only be solved through management dispositions and expertise. This customized them to be basically tyrannies and hierarchical systems.

### Conclusion

Democracy in decision making increases the employee's power in the industry, which in turn enhances the status of the employee both in his or her own eyes and in the context of the industry which also leads to improvements in morale and productivity of the workforce. The democratization of all social arenas for the sake of emancipation among stakeholders (employees, employers, vendors, suppliers, shareholders, government, host communities) is on the increase as globalization

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and technology keep shaping the conduct of business and human expertise in the industrial world. The democratization of the industry, however, is not explicitly mentioned; even if it pertains to it implicitly.

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