

EMPLOYEE INVOLVEMENT – A TOOL FOR ORGANIZATIONAL EXCELLENCE

DR. SMITHA SAMBRANI

Asst. Professor

Department of Business Management

Osmania University

HYDERABAD, ANDHRA PRADESH

ABSTRACT

HR strategies are integrally linked to the management of change. There are two principal elements to this relationship. One of these focuses on the role that HR strategies may play in helping to generate organizational change. It is recognized that this aspect of the relationship is likely to be problematic in terms of implementation. Strategy is the direction and scope of an organization over the long term: ideally which matches its resources to its changing environment and in particular its markets, customers, or clients so as to meet stakeholder expectations. Employee Involvement (EI) refers to “a range of processes designed to engage the support, understanding, and optimum contribution of all employees in an organization and their commitment to its objectives” (Kessler and Bayliss). In this Paper, an attempt is made to evaluate the role of EI in achieving organizational and employee relations change. It also analyses the approaches to understanding the psychological contract and employee commitment and evaluate their links to EI besides linking employee relations and involvement strategies to other HR change interventions. This Paper also evaluates the scope for EI strategies to realize intended change.

A ‘unitary workforce’ is ‘an integrated group of people with a single authority/loyalty structure and a set of common values, interests, and objectives shared by all members of the organization (Salamon).’ One particular strategy to develop a ‘unitary workforce,’ that is related to attempts to engender EI is explored and evaluated in this Paper. In spite of alleged employer benefits as well as those from the perspective of employees, a number of problems in relation to the realization of EI are discussed. The scope for this strategy to realize intended change must therefore remain open to question and evaluation wherever its use is being considered. The way an organization introduces or uses EI may adversely affect its effectiveness. Line managers do confront a number of problems in their role in the implementation of EI and may have a problem around the low level of process control that they exercise and the expectations placed on them in relation to top-down approaches to EI.

KEY WORDS

Employee Involvement (EI); Employee Relations; Psychological Contract; Organizational Commitment (Attitudinal commitment; and Behavioral commitment); Unitary Workforce; Empowerment.

1.0 INTRODUCTION



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The use of Human Resource (HR) development strategies is integrally linked to the management of change. There are two principal elements to this relationship. One of these focuses on the role that HR development strategies may play in helping to generate organizational change. It is recognized that this aspect of the relationship is likely to be problematic in terms of implementation. In recognizing the potential for unintended outcomes from the implementation of strategic change centering on people at work, we realize that the contents of this Paper will only consider part of the complexity that results in practice.

Strategy is the direction and scope of an organization over the long term: ideally which matches its resources to its changing environment and in particular its markets, customers, or clients so as to meet stakeholder expectations. (Johnson and Scholes, 1993:10) This approach to strategy, focusing on the internal resource capability of an organization as well as the challenges that it faces in its external operating environment, has the potential to enhance the role that HR strategies may contribute to the change process as an organization attempts to adapt itself strategically (Purcell, 1995). Although an organization's human resources are only one aspect of its resource base, this approach suggests that recognizing and developing these resources will not only help an organization to match them to changes in the environment but also create 'distinctive capabilities' to seek (further) competitive advantage (Kay, 1993; Purcell, 1995). In this Paper, an attempt is made to evaluate the role of Employee Involvement (EI) in achieving organizational and employee relations change. It also analyses the approaches to understanding the psychological contract and employee commitment and evaluate their links to EI besides linking employee relations and involvement strategies to other HR change interventions.

1.1 MANAGING CHANGE THROUGH EMPLOYEE INVOLVEMENT (EI)

EI refers to "a range of processes designed to engage the support, understanding, and optimum contribution of all employees in an organization and their commitment to its objectives" (cited in Kessler and Bayliss, 1998: 125). EI may be conceived of and approached as a narrow concept, with limited objects, or as a much broader strategy. The recognition of EI as a broader concept demonstrates its problematic nature. EI strategies have been used by organizations in their attempts to develop a unitary workforce. In *theory*, these strategies are potentially an important means to bring about organizational and employee relations change. In *reality*, however, several other factors are likely to affect adversely any attempt to achieve this desired outcome. This Paper therefore evaluates the scope for EI strategies to realize this type of intended change.

As a general principle, many employing organizations want to employ people who feel involved in the work that they undertake. However, EI is more specifically used as a means to promote employee relations and other organizational change. For those organizations that recognize and negotiate with trade unions but wish to move away from this approach, EI may be used as a means to reduce union influence or to replace the role of unions in managing employee relations. Firms may also use EI as a means to generate employee support without the need to recognize trade unions. This type of strategy has been used to avoid a change away from an organization's non-union status and it characterizes the approach adopted by many organizations that espouse soft HRM principles.

However, it is important to recognize that EI may also be used as a parallel set of activities to traditional employee relations processes involving unions (see, for example, Storey, 1992). EI is also used in the promotion of change management events that do not relate to trade unions, at least directly. For

example, many advocates of quality management and continuous improvement programmes see the achievement of EI as a condition for success (see, for example, Wilkinson et al., 1992).

1.1.1 Claimed effects from the implementation of Employee Involvement

Generally definitions on EI lay stress on the alleged causal linkages between EI and the development of employees' commitment and contribution to their employing organizations. Claimed effects such as: improvement in employees' business awareness, employee relations, job satisfaction, employee morale, generation of employees' commitment to the firms' objectives, fostering in trust by employees towards those who manage them, creation of a more customer-focused approach and improvement in customer service and product quality, promotion of greater acceptance of organizational change, greater employee flexibility, encouragement for more effective working relationships, generation of employee empowerment, etc., need to be evaluated in this Paper.

1.1.2 Fundamental problems with Employee Involvement Initiatives

Although these claims are made in relation to the achievement of effective EI, they raise a number of fundamental problems. The very notion of effectiveness of EI is based on the assumption that this strategy will **not** lead to any conflict with other organizational or personal goals. We discuss these areas of potential conflict later. Although many of these aspects are not inevitable, they cast serious doubt on the achievement of effectiveness of many EI strategies. Consequently, while EI is intended to promote organizational change and effectiveness, its use is likely to be problematic, and its intended outcomes somewhat less than fully achieved (see, for example, Marchington, 1955a). Even where an issue is not raised about the validity of the philosophical underpinnings of this type of strategy, a problem would arise for those who claim that EI is capable of achieving the whole range of change outcomes suggested earlier. In such a case, it would need to assume a major significance in the operating process of an organization and become truly embedded as an underlying assumption of its culture. This raises a question about the ways in which this type of EI strategy would manifest itself in such an organization. If the adoption of certain communication techniques or a suggestion scheme indicates a narrow approach to EI with committed objectives, then a much more broadly based strategy would clearly require EI to be infused in many different areas of organizational decision making and implementation (see, for example, Caldwell, 1993).

1.1.3 Categories of Employee Involvement

Main categories of EI such as downward communication, problem-solving involvement and upward communication, consultation, involvement through structural changes at job and work organization levels, financial involvement, managerial style and leadership, etc. indicate the way in which the concept of EI is related to as well as affected by many aspects of organizational life. To approach this relationship from the opposite direction, there are many aspects of organizational life that are capable of producing negative employee feelings and emotions such as frustration, unfairness, and alienation. Approached from this direction, it becomes easier to understand the nature of EI as diffuse yet connected to many organizational aspects. In order for employees to feel genuinely involved in the operations of an organization, it is therefore very likely that a number of variables capable of engendering this feeling will need to be acting in concert to produce this desired outcome (see, for example, Marchington et al., 1994).

However, in reality, this may only serve to demonstrate the difficulties and even the contradictions associated with any organizational strategy to engender genuine EI. To exemplify this, there are cases where EI was 'crowded out' by other organizational factors. There are a number of broader

organizational strategies/facets that will serve to enable or inhibit EI. Some of them are: organizational performance, prospects, and corporate direction; organizational culture; organizational structures and restructuring; training, HRD and career management; performance management; and other strategies such as those relating to health and safety, and employee relations approaches. A 'unitary workforce' is 'an integrated group of people with a single authority/loyalty structure and a set of common values, interests, and objectives shared by all members of the organization (Salamon, 1998:5).

One particular strategy to develop a 'unitary workforce' that is related to attempts to engender EI can be explored and evaluated in this Paper. This strategy has been associated with many claims about its alleged benefits, based on a unitary perspective of the way in which organizations should operate. These claims are difficult to realize in practice and the use of EI is problematic. Organizational techniques to engender involvement may be negated by employee perceptions about a range of other organizational characteristics and circumstances that undermine their credibility. Nevertheless, a number of other factors, considered from the perspective of employees, can be discussed in relation to the pursuit of EI. These relate to employees' perceptions about organizational treatment, including managerial style, employee expectations, the scope for employee voice and influence, and the provision of managerial justification in relation to decision making.

In spite of alleged employer benefits as well as those from the perspective of employees, a number of problems in relation to the realization of EI can be discussed. They primarily relate to organizational characteristics and circumstances that inhibit EI; implementation issues around its use; the changing nature of many employees' psychological contracts; and the multifaceted nature of employee commitment. The scope for this strategy to realize intended change must therefore remain open to question and evaluation wherever its use is being considered.

1.2 WHAT OTHER ASPECTS OF THE WAY IN WHICH AN ORGANIZATION INTRODUCES OR USES EMPLOYEE INVOLVEMENT MAY ADVERSELY AFFECT ITS EFFECTIVENESS?

Implementation issues in the use of employee involvement as a change strategy

A simple stakeholder analysis reveals another source of conflicting factors that are capable of inhibiting the realization of EI in practice. There is a body of literature that evaluates the roles for and responses of groups of managers, employees and trade unions in relation to attempts to encourage EI (e.g. Marchington 1995a, 1995b). We will briefly consider each of these from the perspective of the conflict that is likely to arise, which will impair EI.

Line managers are likely to play a central role in implementing EI. However, they may feel that this type of strategy is wasteful of their time or misguided in terms of its intended outcomes. This may be because they feel that their discretion to operate as they wish is threatened or because they recognize that demands from above to use their time to promote employee involvement will not be properly resourced, or perhaps for both reasons.

Given the earlier recognition of the relationship between organizational culture and EI, it is likely in situations where managers feel their power will be threatened that this will also indicate a cultural state which will inhibit effective EI. Storey (1992:111) refers to the fate of an EI technique in one of his case study organizations: 'quality circles had been introduced by- factory manager but they had been "killed off" by middle managers who saw in them a threat to their own role.'

Guest *et al.* (1993) undertook case study work that recognized the potential for conflict between production or financial targets and the pursuit of EI. Their case study organization, British Rail, was undergoing rapid change that involved it pursuing goals related to cost efficiencies and restructuring, on the one hand, and higher quality customer service, on the other hand. Guest *et al.* (1993: 199) found that the attempt to encourage EI related to the desire to achieve better customer service was 'crowded out by the financial imperatives and the spate of reorganizations'. In less dramatic ways, it is possible to understand how EI is 'crowded out' by the imperative of other targets, so that it becomes at best a marginal, bolt-on strategy that is 'nice to have' but only when the organization sees some benefit from seeking to involve its employees!

1.3 WHAT OTHER PROBLEMS LINE MANAGERS MAY CONFRONT IN THEIR ROLE IN THE IMPLEMENTATION OF EMPLOYEE INVOLVEMENT?

Although attempts to engender EI may be seen as a positive development for employees, they will not necessarily be received in this way. A number of factors will affect employee perceptions about particular attempts to introduce EI strategies. One such factor may relate to employee experiences of any previous attempt to introduce an employee involvement strategy. Previous attempts that have been seen to fail, or which were perceived as attempts to increase managerial control over employees rather than to encourage their involvement, are likely to increase employee resistance and cynicism. In addition, some groups of employees may be used to an environment in which they have not been involved and will view any attempt to achieve involvement as something that they do not want (Guest *et al.*, 1993). A further factor will relate to the broader organizational circumstances and characteristics discussed earlier.

Employees are likely to resist and feel cynical in relation to overtures to develop EI if they perceive the existence of other threats from the organization and inconsistencies with the way in which it treats them (Marchington *et al.*, 1994). Attempts to introduce the notion of empowerment are a point of issue in relation to the way in which employees perceive the motives and actions of management. Marchington (1995b: 61) summarized the espoused intention underpinning empowerment and its reality as follows:

"The implication behind notions of empowerment is that employees will be allocated greater power to do things, be entrusted with authority, and achieve higher levels of control – not only over their own specific work functions but also more widely throughout the organization. In reality, of course, this does not generally happen and any increase in authority is heavily circumscribed and maintained within the confines of managerial control systems."

The study by Cunningham *et al.* (1996) into empowerment practices in thirteen organizations substantiates Marchington's conclusion. They found that non-managerial employees gained little in terms of increased control through the approach adopted. Indeed, the approach to 'empowering' employees in several of their case study organizations was narrowly conceived (e.g. introducing Suggestion Schemes). In others, where it involved a broader approach to empowering employees (e.g. through teamworking and job enrichment) strong managerial control was still evident through the imposition of accountability and intolerance of repeated mistakes. Sewell and Wilkinson (1992: 111) similarly posed the question 'do self-managers (so-called empowered employees) possess any real degree of empowerment?', and concluded, 'The answer is "yes", but only in a highly circumscribed

form.' In relation to empowerment's role to introduce change, we conclude that this approach may be effective for the organization (*see* Cunningham *et al.*, 1996), but that it may not involve employees in terms of promoting their organizational commitment or altering their perceptions of the way in which they are treated. This will especially be the case where empowerment is effectively little more than a means to make employees work harder (Marchington, 1995b).

1.4 RECOGNIZING THE NATURE OF THE PSYCHOLOGICAL CONTRACT AND ITS IMPACT ON THE SCOPE FOR EMPLOYEE INVOLVMENT

One of the ways in which a more flexible workforce may be created is through the use of a core-periphery strategy. However, while this strategy will introduce one form of organizational change, it is likely to create another, less tangible outcome related to the psychological contracts of those affected by this type of structural change. Herriot and Pemberton's (1996) contractual model of careers provides a useful framework through which to explore this transfer of employee status and any change in psychological contract. Within this model, a clear distinction is made between two types of psychological contract that emerge from this type of change. The first contractual type is termed 'relational' (Herriot and Pemberton, 1996). It implies an ideal model of mutual commitment between the employee and the organization involving general reciprocity. The organization offers security of employment, training and development and promotion prospects while the employee offers loyalty, commitment and trust (Herriot and Pemberton, 1995). The second contractual type identified in the model is 'transactional' (Herriot and Pemberton, 1996). This implies that the relationship between the employee and the organization is an instrumental exchange implying strict reciprocity between the employee's labour and some form of compensation. While employees will be concerned about whether or not this exchange has been fair, their loyalty and commitment is unlikely to be an integral part of the contract.

1.5 THE DESIRED LINK: UNDERSTANDING THE REALITY OF EMPLOYEE COMMITMENT

One of the claimed benefits of using an EI strategy is the generation of employee commitment to an organization. In turn, this is seen as a means to bring about beneficial change in an organization. However, attempts to define, engender and measure commitment in the context of organizational behaviour have led to the recognition that this is a problematic concept (e.g. Legge, 1995). Two principal problems have been recognized. The first of these relates to the difference between attitudinal commitment and behavioural commitment (*see*, for example, Coopey and Hartley, 1991; Morris *et al.*, 1993). Attitudinal commitment refers to the strength of an employee's identification with and involvement in their employing organization (Mowday *et al.*, 1982). Porter *et al.* (1974) operationalize this approach to organizational commitment as: a strong belief in and acceptance of an organization's goals and values; a willingness to expend considerable effort on an organization's behalf; and a strong desire to continue as a member of the organization. This is the type of commitment associated with the claim referred to at the start of this paragraph.

In contrast, behavioural commitment is based on a different set of motives, at least with regard to the first two elements of the Porter *et al.* conceptualization. Whereas attitudinal commitment is based on moral involvement and the internalization of organizational values, behavioural commitment is founded

on an individual's calculative judgement about the investments they have made in relation to their current job and the organization for which they work - referred to as 'side bets' (Becker, 1960).

In this way the time they have spent in their employing organization will 'bind' rather than commit them to continued membership (Griffin and Bateman, 1986). This approach to organizational commitment makes clear that the desire to maintain membership of an organization may be due to the opportunities for development. However, those managers who took an interest in the outcome of these attempts to introduce employee involvement still felt that even in these sections, as well as elsewhere in Engco, the introduction of this strategy 'still left a lot to be desired'.

1.6 CONCLUDING REMARKS

The way an organization introduces or uses EI may adversely affect its effectiveness. In support of this, one may produce an answer containing a number of different aspects. However, we should emphasize two aspects. EI may simply be used as a 'bolt-on' strategy in an organization. EI is, or should be, an 'integrated' concept, affected by as much as affecting other aspects of organizational life (Marchington et al., 1994). Therefore, where no attempt is made to integrate this strategy as part of the culture of the organization, for example, it is unlikely to develop as intended. We may refer to Guest et al. (1993), whose work indicated how EI was seen as a secondary concept in their case study organization and became 'crowded out' by other strategies seen as far more important. A second aspect related to the way in which an organization introduces and uses EI that may have a significant bearing on its effectiveness is related to the thesis of Beer et al., 1990. The distinction between the use of involvement as a bottom-up strategy that is developed in the specific setting of an emergent change and as a top-down, imposed approach. Beer et al. (1990) believe that the former approach is likely to be much more effective and to lead to genuine involvement. This is associated with their task alignment approach to the generation of change through involving employees and building on their skills and knowledge in the context of a specific change scenario. They believe that the latter, imposed type of strategy is less likely to be effective for this reason.

Line managers do confront a number of problems in their role in the implementation of EI. Again, one can generate a number of different aspects in his/her responses to this question. The additional problems that they confront may include conflicting approaches to the implementation of EI initiatives between managers. Thus, some managers may attempt to implement faithfully the initiatives that have been introduced, while others may not do so. This may result in conflict and stress. Another problem for line managers may relate to the range of initiatives that they are expected to have responsibility for and changes that emerge to the techniques that are used. This suggests that managers themselves may have a problem around the low level of process control that they exercise and the expectations placed on them in relation to top-down approaches to EI.

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