



INTERNATIONAL JOURNAL OF ADVANCE RESEARCH, IDEAS AND INNOVATIONS IN TECHNOLOGY

ISSN: 2454-132X

Impact factor: 6.078

(Volume 6, Issue 2)

Available online at: www.ijariit.com

Impact of industrial democracy on job satisfaction, commitment and engagement of employees: A study of Visakhapatnam steel plant

B. V. S. P. R. Vithal

vithalbvspr@gmail.com

Acharya Nagarjuna University, Guntur, Andhra Pradesh

Dr. Naga Raju Battu

battunraju@yahoo.co.in

Acharya Nagarjuna University, Guntur, Andhra Pradesh

ABSTRACT

The meaning of 'Democracy' resembles a social environment where Governments are of the People, run by the People and run for the People. Similarly, the term 'Industrial Democracy' can be understood as Management of Organization is of the employees, by the employees and for the employees. Enough research has been undertaken in the field of Employee Involvement and its influence on Organizational performance. Many of the Management experts, Researches and Scholars have used the terms Employee Involvement and Industrial Democracy interchangeably. However, Employee involvement is a mere scheme adopted by the Organizations to make their employees take part in making decisions that affect their jobs, job conditions and job environment. The idea behind this scheme is to utilize their creative and innovative potential and also to ensure hassle-free implementation of decisions since they are generated by a team where the actual performers (employees) are also a part. Making employees to take part in decision-making is proven to make them feel important, satisfied and committed to the Organizational goals. On the other hand, the concept of Industrial Democracy provides answers for the questions – Why should people involve? What makes them to involve? What benefit they do anticipate? How they should involve? and so on. Thus, Industrial Democracy encompasses all aspects of HRM related to employee welfare, Industrial relations etc. The present study is aimed at examining the impact of Industrial Democracy on employees' Job satisfaction, Commitment and Engagement as they are promoters of enhanced production and productivity of the organizations.

Keywords— *Industrial democracy, Job Satisfaction, Commitment, Engagement*

1. INTRODUCTION

Employee Involvement is a scientific Management strategy to make the employees commit to the organizational decisions by making them a part in the decision-making process. Industrial Democracy is an environment where employees are treated as assets, their opinions are valued, their rights and interests are protected and they are provided with several welfare and social security measures. Thus, employee involvement is only a segment of Industrial Democracy framework, and thus, Industrial Democracy makes much sense and supersedes Employee Involvement in terms of its scope and concept.

2. INDUSTRIAL DEMOCRACY

The term 'Industrial democracy' is an intricate one and often perplexed as Employee Involvement, Employee participation and Employee Empowerment. All these Three phenomena are essential ingredients of Industrial Democracy with minute changes with regard to their Definition and scope.

In social or Economic democracy, people elect the members for legislative assemblies or Parliament and the elected members represent the people and rise their voice on behalf of the people before the Government. Thus, social democracy stands as a perfect replica of Indirect and/or Representative participation. However, in Industrial Democracy, the participation may be Direct or Indirect. The employees are envisaged to convey their ideas, opinions and protests through the Direct involvement schemes provided by the organization such as suggestion schemes, Attitude surveys and Job enrichment programs etc. They are also entitled to participate indirectly through schemes like Works councils, Task forces, Involvement groups and so on. Hence, it is evident that, Industrial Democracy is a combination of processes and structures facilitating and motivating employees to participate directly and impact the decision-making phenomena in the organizations.

Macpherson, (1987) viewed Industrial Democracy as more involving the employees in terms of Production and working environment related issues within the organizations, and such involvement of people is not possible in economic democracy with regard to aspects like financial planning, distribution etc.

Industrial Democracy resembles an environment with high degree of cooperation between the employees, Employee Unions and Employer, and this situation is said to have sound Industrial Relations. Though all the three agencies are considered to be responsible to ensure sound IR, the Employer or the Management has more role to play in respect of the following:

- Suitably synchronizing the employees' needs with organizational targets,
- Promptly implementing the Government guidelines with regard to Wages, Welfare amenities etc.,
- Ensuring strict compliance of Government statutes pertaining to workmen safety and social security.
- Ensuring authentic and transparent work processes and procedures within the organization.
- Establishing a mechanism to resolve the issues pertaining to employee disputes, conflicts and grievances.
- Promoting development of employees, ensuring effective communication channels and collaboration between different work units or departments.

Sound IR is expected to benefit the organization in terms of increased productive efficiency, decreased conflicts and disputes, increased morale amongst employees, reduced costs and minimized wastage. These benefits are accrued since the sound IR ensures a satisfied, committed and engaged workforce with harmonious relations and with no grievances.

Just like the opposition party in social or economic democracy, there will be an employees' association in Industrial democracy, often referred to as Trade Union to communicate, negotiate, convince and even fight with Management with regard to the protection of employees' problems, rights and interests.

While describing the significance of Trade Union, Bryson et al., (2007) stated as individual voice is not a substitute for collective voice, the Trade Unions initiate issues and articulate grievances. Employees feel the importance of Trade Union when Management fail to comply with the Government mandates, fail to provide the welfare amenities as envisaged through different labour acts and fail to provide non-statutory (or voluntary) welfare amenities based on the local conditions or as promised from time to time. Trade Unions also take active role when prejudiced decisions are taken by the Management with regard to Jobs, Job conditions and Job environment that adversely affect the well-being of employee fraternity.

Bolton et al (2007) defined that Trade Union as a legitimately organized employees' association ensuring collective participation in the functions pertaining to fulfilment of their needs and protection of interests.

The vital function of Trade Unions is to negotiate with employer with regard to the issues pertaining to the employees in terms of their problems, needs, safety, working conditions, training, wages, layoffs and so on. This negotiation process is referred to as Collective Bargaining and the resultant of this process is formally known as Collective Bargaining agreement, binding on all the agencies associated with. Bendix (2010) considers that collective bargaining is an indirect participation as it involves collective deliberations between employers' representatives and employee representatives on the issues like work conditions, work environment and their improvement.

3. JOB SATISFACTION, COMMITMENT AND ENGAGEMENT

Positive and favouring attitude of the employee towards his organization is known as Job satisfaction. Such satisfied employees display commitment in their actions and behave in a pro-active manner and in turn, voluntarily and wholeheartedly strive for the fulfilment of the Organizational objectives and Goals.

Engagement is not mere hiring of people and giving them a work to perform as many feels. It is much deeper in sense and represents a concept where the individuals are physically and psychologically inclined to deliver their fullest abilities for the fulfilment of the organizational Goals and objectives. Thus, Engagement is considered as a characteristic feature exhibited by highly committed work force.

In Management literature, it is said that, Employee engagement is a two-way partnership between the employee and the organization (employer), wherein the employee commits himself to contribute to the organization' success over a period of time. On the other hand, the organization takes an active interest to blossom and maintain the employee's commitment.

From the above definitions, it is evident that when employee feels that his needs are fulfilled, opinions are valued and his welfare, safety and social security are taken care, he obviously develops a positive attitude towards his organisation and do exhibit Job satisfaction. Satisfied employees are emotionally committed towards the Organizational ideologies and exhibit inclination to walk an extra mile beyond what is expected from them by the Management. This stage is called as Engagement.

Thus, in the environment of Industrial Democracy where employees' extrinsic and intrinsic needs are fulfilled, they tend to display high quality of Job satisfaction, Job commitment and Engagement. Undoubtedly, such satisfied, committed and engaged work force put their best efforts for fulfilment of the organizational objectives and the organizations containing such work force attains competitive edge Globally.

4. LITERATURE REVIEW

H A Clegg (1960) opined that Industrial Democracy is dependent upon the existence of an opposition agency within the organization to represent the workers, similar to that opposition party in economic democracy.

Dr. Supriya Choudhary (2016), opines that Trade Unionism is a promoter of social relationship between the employees and Management in the current organizations, since it is the group of workers associate with management without having any authoritative relation.

Harrison and Freeman (2004) opined that Organizational performance can be enhanced with Industrial democracy since it resembles a situation where employees exhibit involvement, satisfaction, higher standards of innovation and commitment.

Gollan and Wilkinson, (2007) observed that growth of an organization is an outcome of the process of involving employees in decision-making; and such involvement enhances employees' motivation levels and render them to perform well.

Delery et al., (2000) viewed that the presence of Trade Unions in organizations results in mutual trust and cooperation amongst employees thereby ensuring high performance work practices and job security.

Chang & Lorenzi, (1983) explicated that Industrial democracy enhances the organization's productive efficiency as it contributes to employees' morale and job satisfaction.

Grimsrud and Kvinge (2006) stated that encouraging employees to participate in decision-making results in improved Job satisfaction and morale amongst employees thereby lowering the labour turnover, reducing the absenteeism.

Frege, (2005) and Sturmthul, (2008) explicated that Industrial democracy improves the sense of commitment in employees to organizational plans, goals and objectives, since the very feature of Industrial democracy is to satisfy the psychological needs of the employees, and respecting the human dignity of employees.

Hodson (2002) opined that, Participation of workers results in enhanced trust, supportiveness, openness in employees and improves commitment to high-performance goals since they are entitled to voice their feelings, opinions, ideas and concerns.

Harter et al. (2002) emphasized that the Organizational performance which is measured in terms of Productivity, Profitability, customer satisfaction, employee turnover and accident rate etc., will increase with satisfied work force, since there is a correlation between employee satisfaction and engagement.

Macey et al (2009) opined that Employee engagement is the potential source of committed workforce who delivers their fullest abilities. As such, the engaged employees are considered to be more active, competent, creative, efficient and are absolutely helpful in making decisions with regard to enhancement of organizational production and productive efficiency.

5. NEED FOR THE STUDY

People who are satisfied with their jobs exhibit commitment towards the organizational goals and objectives and show inclination to engage themselves to deliver their fullest abilities and adhere to policies and ideology of organizations. Motivating People and making them satisfied, committed and engaged in this modern era of increasing interests, increasing global competition and soaring technology is not an easy task. Several Management experts and Authors pointed that involving employees in all organizational decisions is the solution to deal with the situation. However, employee involvement or participation appears to be only a scheme or a platform to motivate them to some extent. There are several aspects to be taken care. There should be an agency to fight for the employee, to represent the employee and to protect the interests of the employee since employee alone can't rise his voice before the employer. Thus, the existence of trade union and negotiation processes with management with regard to the employee issues like collective bargaining are also needed. In addition, the management should be with a motive to ensure strict compliance of various Statutes and workmen acts in terms of employees' wages, welfare and social security. Thus, Industrial Democracy, the harmonious environment where the Trade unions (collective bargaining) and sound Industrial relations strive for the well-being of the employees is considered to be the panacea. With this idea, the present study is aimed at examining the impact of Industrial democracy on the Employees' job satisfaction, commitment and engagement.

6. OBJECTIVES OF THE STUDY

The present study aims at examining the existence and impact of Industrial democracy on the Job satisfaction, commitment and engagement of employees of Visakhapatnam steel plant. To be specific, the following are the objectives of the present study.

- (a) To study and examine whether Industrial Democracy prevails in the organization under study.
- (b) To study the Job satisfaction, commitment and engagement levels of employees of the organization under study
- (c) To study and analyze the impact of Industrial Democracy on Job satisfaction, commitment and engagement of employees of the organization under study.

7. HYPOTHESIS FOR THE STUDY

- Null Hypothesis H₀: There is no significant impact of Industrial Democracy on Job satisfaction, commitment and engagement of employees.
- Alternate Hypothesis H₁: There is significant impact of Industrial Democracy on Job satisfaction, commitment and engagement of employees.

8. SAMPLING

The universe for the present study is a large public sector undertaking located in Visakhapatnam, Andhra Pradesh, India, namely Visakhapatnam steel plant. Since the undertaking chosen as the universe is a manufacturing industry, it is largely labour-oriented and contains about 17,850 employees. There are different cadres in the organization. These different cadres are broadly classified into three categories namely, Executives, and Non-executives for purpose of this study. In view of the variation in the total strength of the employees of the both categories, 2 percent of the numerical strength of each category is felt to be representative. Finally, the size of the sample worked out to 357.

9. DATA COLLECTION

Initially, official records relating to the HR practices, involvement schemes, Committees, statutory and non-statutory welfare amenities and work environment are verified and studied as one of the sources of data. After the collection of the preliminary data and review of literature, the researcher has designed a questionnaire for purpose of the study. The questionnaire contains items on Two different variables viz., Industrial democracy as one variable and Job satisfaction, commitment and Engagement as the other. Under the Industrial democracy variable, the items seeking information and opinions with regard to status of Employee involvement, Trade unionism, collective bargaining and Industrial relations were incorporated. The researcher has administered the questionnaire to the respondents on the prior appointments fixed for the purpose. Thus, it has been ensured that, leisure time is allocated for answering and respondents give appropriate opinion for each and every statement of the questionnaire. Every item is provided with five alternative responses on the pattern of the Likert's five-point scale.

10. LIMITATIONS OF THE STUDY

The study is only limited to Visakhapatnam Steel Plant, Visakhapatnam. Since the important method used in the enquiry is the case study, it has all the limitations associated with the method. The generalizations of the study cannot be expected to have universal application. Even when we try to apply to the organization of similar nature, these must be applied with caution. The problem of not getting a perfect mix of respondents and also the probability of obtaining vague responses may also be there. However, the above-mentioned limitations do not detract from the quality output of the present study.

11. RESULTS

The data collected through the questionnaire has been classified, tabulated and analysed according to the objectives of the study. For the analysis of data, simple statistical tools have been used. As the opinion of the respondents for the items in the questionnaire were obtained through 5-point Likert Scale, those opinions under each variable was combined and obtained average score for each variable. To find the average score, initially weights were assigned as 2 for strongly agree, 1 for agree, 0 for can't say / no idea, -1 for disagree and -2 for Strongly disagree. Using this average score for each item an attempt was made to test the equivalence of Industrial Democracy and Job satisfaction, commitment and Engagement, and then, the impact of the former on the later. Analysis of Variance (ANOVA) technique was applied to the average scores as obtained above from where, it could be analysed that the null hypothesis is rejected.

12. DISCUSSION OF FINDINGS

Based on the critical examination of the results of analysis obtained from data, the researcher considers that Visakhapatnam Steel Plant is a democratic organization and different aspects of Industrial Democracy are absolutely prevailing in the organization.

Majority of the respondents figured in the sample have either strongly agreed or agreed that workers' committees are promoted by Management at Corporate level, Plant Level and Shop-floor level and they are playing a pivotal role in identifying and addressing the employees' issues and grievances. They also confirmed that Safety, Welfare, Sports and Production Committees, where employees are participating, are effective and are able to resolve the issues and Employees' participation in Management is equally contributing towards the better relationship between employees and management. They also agreed that Trade unions are capable of recognizing the essential needs of the employees and put forth for negotiations with Management and also confirmed that Collective bargaining is successful in protecting employees' rights and interests in line with the prevailing Statutes. They also confirmed that the working conditions, Statutory and Non-statutory amenities provided by VSP are very effective and overall Industrial Relations in VSP are congenial and promote positive work culture.

Majority of the employees figured in the sample either Strongly agreed or Agreed that organization is creating a climate of Trust, Honesty and Transparency and each employee is treated with genuine respect at the work place and the employees are free to express their opinions/views w.r.t improvements in job. They also exhibited their commitment by stating that Visakhapatnam Steel Plant is a recommendable place to work and also stated that Management is competent enough to lead the organization towards prosperity. Even 100% of the employees figured in the sample have proclaimed that they always feel proud to say that they are working for VSP. The similar portion of employees also confirmed that their job inspires them and utilizes their fullest abilities and they are recognized for their contributions.

13. CONCLUSION

It is very appropriate to conclude that Visakhapatnam Steel Plant is a Democratic organization and all concepts and elements of Industrial Democracy are in place. It is also understood that of the employees are being treated as assets and Management is making reasonable investments on their development, welfare, well-being and also ensuring that the workforce enjoy quality of work-life. This strategic approach of Management is rendering the employees exhibit Job satisfaction, Commitment thereby making them positively engaged to strive for fulfilment of Organizational Goals and Objectives. Hence, it is prudent to state that Industrial Democracy will have a positive, significant impact on Job satisfaction, Commitment and Engagement of the employees.

14. REFERENCES

- [1] Bendix, S. (2010), *Industrial Relations in South Africa*. 5th ed. Lansdowne: Juta.
- [2] Bolton, J.D., Bagraim, L. Witten, Y. Mohamed, V. Zvobgo, and M. Khan (2007), "Explaining union participation: The effects of union commitment and demographic factors," *Journal of Industrial Psychology*, vol. 33, no. 1, pp. 74-79.
- [3] Bryson, A., Gomez, R. and Willman, P. (2007), "The diffusion of workplace voice and high-commitment human resource management practices in Britain, 1984-1998", *Industrial and Corporate Change*, Vol. 16 No. 3, pp. 395-426.
- [4] Chang, G.S., & Lorenzi, P. (1983) *The Effects of Participative versus Assigned Goal Setting on Intrinsic Motivation*. *Journal of Management*, 9: 55-64.

- [5] Clegg, H A (1960), A new approach to Industrial Democracy, Basil Blackwell publishers; Oxford.
- [6] Delery, J.E., Gupta, N., Shaw, J.D., Jenkins, J.R. and Ganster, M.L. (2000), "Unionization, compensation, and voice effects on quits and retention", Industrial Relations, Vol. 39 No. 4, pp. 625-645.
- [7] Frege, C. (2005). The discourse of industrial democracy: Germany and the US revisited, economic and industrial democracy arbetshvinstutule 26(1) 151
- [8] Gollan, P. J., & Wilkinson, A. (2007). Contemporary developments in information and consultation. The International Journal of Human Resource Management, 18(7), 1133-1144.
- [9] Grimsrud, B and Kvinge, T (2006), "Productivity puzzles—Should employee participation be an issue?" Nordic Journal of Political Economy, vol. 32, pp. 139-167.
- [10] Harrison, G. and Freeman, R. (2004) Democracy in and around Organizations, The Academy of Management Journal, 18 (3).
- [11] Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2002). Business-unit level relationship between employee satisfaction, employee engagement, and business outcomes: A meta-analysis. Journal of Applied Psychology, 87, 268–279.
- [12] Hodson, R. (2002). Worker participation and teams: New evidence from analyzing Hemson, D. (1996) Beyond the frontier of control? Trade unionism and the labour market in the Durban Docks. Transformation. 30: 83 – 114.
- [13] Macey, W. H., Schneider, B., Barbera, K.M., & Young, S.A. 2009. Employee Engagement: Tools for Analysis, Practice and competitive Advantage. London: Blackwell Publishers.
- [14] Macpherson CB (1987) The rise and fall of economic justice and other essays. Canada: Oxford University Press.
- [15] Sturmthal, A.F. (2008). Unions and industrial democracy annals of the America Academy of political and social sciences (431).
- [16] Supriya Choudhary, Dr. (2016), Industrial democracy: Workers participation in management, International Journal of Advanced Scientific Research, Volume 1; Issue 8; November 2016; Page No. 01-05.