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Participative Management and Employee Involvement: Slogans and Reality?

*William K. Rusak**

It is a pleasure to be here today. However, it is also a bit intimidating. Today, I will discuss the realities of human resource management. Much of the human resource business is based on logic, common sense, talent and skill. I would like to focus on the “what” of human resource development and suggest a few “how to’s” for human resource development. I will discuss both participative management and employee involvement.

First, our business environment is becoming more unified. Everyone has heard about such forces as the globalization of markets, Europe 1992, the revolutionary political and economic realignments in Eastern Europe, New Industrialized Countries (“NICs”), the triad and the environment. However, there are also less prominent forces in the headlines: the changing character, values and expectations of the worker, the public, the customer and other stakeholders.

Our business environment is also influenced by computers, robots, lasers, scientific advances and shifts in consumer demands. Today, more than ever, customers are demanding quality, price and service at a higher level. Customers can make such demands because supply sources are greater than ever, and still growing. To say that “a happy customer means job security” will be more meaningful than ever in the 1990s.

An additional factor affecting the business climate of Canada and the United States is the Free Trade Agreement (“FTA”). We also have a long list of acquisitions, mergers and restructuring programs. These factors create a significant amount of change leading to the most intense period of global competition in history.

The dynamics and complexities of the business market are virtually unprecedented. Yet, somehow, we must leash this change and competition to achieve results. I believe that I have a solution, or at least a portion of a solution. The single most important challenge facing business today is developing an optimum utilization of human resources. Employee participation and involvement is more crucial now than ever before. It is important to take a holistic approach to management of human resources. Many North American corporations have witnessed a phenomenon referred to as Total Quality Management (“TQM”). It

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touches every aspect of a company's operations such as manufacturing, administration, information, organization, structure, technology, capital utilization and even human resource management. TQM is a commitment to doing the right thing and doing it right the first time.

Everything in a typical business day falls into one of four categories:

- (1) Doing the right thing incorrectly;
- (2) Doing the wrong thing incorrectly;
- (3) Doing the wrong thing right; and, of course,
- (4) Doing the right thing right—the very first time.

Some surveys indicate that as much as sixty percent of an employee's time is spent doing something other than doing the right thing right.

Management expert, Philip Crosby, thinks of TQM as conforming to requirements. He measures TQM in terms of what it costs not to conform with the requirements. For example, Mr. Crosby figures that for some multinational corporations, the cost runs as high as thirty-five percent of their total sales.

It is clear that the ideas of participative management and employee involvement are major components of the solution. These will advance a business closer to the practice of doing the right thing the first time around. There will be significant paybacks in the form of better products, lower costs, more innovation, improved morale, higher productivity and improved competitiveness.

In order to compete, a business must commit to the development of a skilled and flexible workforce. Also, a corporation should divest itself of the traditional attitudes and methods, particularly in organizations driven by manufacturing. For example, the old-school maxim that "All we have to do is make it and they will buy it" has disappeared. Today's auto industry, and plenty of other industries, are showing their obsolescence. The new business reality is the need for our employees to work together. The need for cooperation and a shared sense of vision and strategies is crucial.

For example, in about fifty percent of mergers and acquisitions the deals do not bring about their intended results. The primary reason is people and other related issues. The solutions to these problems, while they sound logical, are complicated to implement. First, one fundamental aspect of participative management and employee involvement is acquiring a basic understanding of the on-the-job needs of employees. Otherwise, a business will not be able to generate the personal commitment from employees that is necessary to meet the goals of a corporation.

There are four basic on-the-job needs. The first is security. Employees need to have an overall sense of well-being and comfort within the company, including basic issues such as health and safety. The second on-the-job need is the ability to improve. People must be able to enhance their situation through hard work and commitment. The third factor is

recognition, both as an employee and as an individual. And finally, there is the important participation factor, a sense of being part of the process.

In North America, these four concerns have come to be viewed almost as rights rather than privileges. American society is laden with personal rights, freedom of speech, freedom of movement and equity, and workers expect to find a somewhat similar environment at work. If these considerations are not respected, then a business will no longer have its choice of employees. This potential lack of choice is indicated in the demographic projections that predict future shortages of skilled replacements for workforces as the baby-boomers retire.

There are also problems associated with literacy and technical skills. Furthermore, there are deep social issues to deal with such as drugs, AIDS, dual careers, single-parent families and others. In addition to the task of recruiting, the human resource departments will be competing to retain and develop the best talents available. There are some interesting approaches to this problem, such as a suggestion system that encourages creativity and involvement. It is important to generate feedback and demonstrate that employees' suggestions are not only encouraged, but ultimately utilized.

Another approach is implementing an improvement team, where groups of employees tackle problems together. In some cases, it is possible to redesign jobs so that employees take on broader roles to make their work less monotonous and more interesting. Gain sharing can also be an effective method in some cases.

At Dominion Textile, we are trying to involve our employees by broadening the job descriptions at all levels. We will be including non-financial objectives, such as customer service, innovation, technology, employee development and health and safety. However, none of these efforts will succeed without the communications efforts that are so vital to participative management.

In virtually every case where corporations have succeeded in improving productivity, quality and profits, the first improvement has been in the communications area. Management must listen and explain its vision to all its employees, tapping their individual and collective genius to find practical solutions and novel ways of dealing with current challenges.

The changes in this decade will come about because at least half of what people have learned by the age of thirty will become obsolete by the time they are forty years old. Virtually every factor of production can be duplicated anywhere in the world. Capital, technology, raw materials and information are all available. However, as Robert Reich, the economist, puts it, "The one element that is unique about a nation or company is its workforce."

In many cases, the quality of the workforce, the productivity of a company's personnel and their commitment to that company, is the sin-

gle most important factor in improving that company's competitiveness. The effects are beginning to show in a new range of rapports involving managers, workers and unions.

In the case of Dominion Textile, we are actively participating, along with government and labor, in a major review of the Canadian textile industry. Together, we are examining a systematic approach to education, training and development. My industry, along with many others, has undergone significant changes. We recognize that we need much closer cooperation between the educational institutions and industry in order to produce the right sort of employees.

It is important to look at the effects of restructuring, particularly in terms of the social consequences and the responsibilities incumbent on a good corporate citizen. In addition, we must develop our present employees to meet the new requirements in terms of products and technology, and especially, customer satisfaction. Customer satisfaction is the best measure of a company's performance. It is the best indicator of how well positioned the company is in order to survive in the 1990s.

Management must provide leadership through an articulated statement of the company's mission, goals and objectives. Leadership, together with appropriate human resource development tools for increasing productivity, will enable us to meet global competition. Participative management and employee involvement are not slogans: They are reality. We must hear the voices and triangulate the interests of the customers, employees and shareholders.

We do not have a choice. If we do not do the right thing the first time, we will end up like the gunslinger buried on Boot Hill: "I knew it was coming," the tombstone reads, "but I didn't think it was coming so soon."