

**Course Name: Labour Welfare and Industrial Relations**

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**Week – 11**

**Lecture – 04**

Hello learners, welcome back to the course on Labor Welfare and Industrial Relations. If you have gone through the previous lecture in this module, you would have observed that we are going through the thick of workers participation management. Specifically, we had looked into something like the joint management councils, etc., different avenues like that, which actually boosts or increases the workers participation or effectively facilitates workers participation. So today we look into a very interesting topic, employees participation in PSUs, employees participation in private sector.

We'll do a sort of a comparative analysis between both these sectors.

I'm Dr. Abraham Cyril Issac. I'm an assistant professor at the School of Business, Indian Institute of Technology, Guwahati. Now, when you look into the employees' participation, let's understand the definition of employees' participation in PSU because it is slightly different from what happens in the private sector. So, when you look into PSU specifically, we'll see that the participation of employees in PSU is different.

Typically, a case of where workers and state-owned businesses are involved in management decisions. Now, this is vital because these are state-owned businesses. There is no private entity that is coming into picture. So, when you are looking into the employee participation, in public sector undertaking, you have to understand that it describes the several procedures, the several methods that allow workers in government-owned businesses to participate in decision-making and have an impact on the administration.

And not only administration, even the day-to-day operations of the company. So by giving workers a sense of ownership, which we have tried to establish today, Over the

few lectures, a sense of accountability over the PSU's governance and strategic direction, this idea actually seeks to increase worker happiness, worker productivity and undoubtedly worker efficiency. When we look into the employee participation in PSU's, let's understand the key features of this. We'll see that there are certain rules and policies of the government that are critical.

Let's understand from the involvement in decision making. When employee participation PSUs are discussed, we should understand that it essentially includes engaging employees in the decision-making process. So what exactly it translates into? It allows them to offer expertise, allows them to offer consultations, and even views on various aspects of organization.

So one would be involvement. Another significant aspect could be bringing a democratic workplace or setting up a democratic workplace. When you're looking into this particular concept of democratic workplace, you will understand that this concept of democratic workplace fosters a democratic environment where employees feel listened to, motivated to, and can definitely contribute to the decisions that impact them, leading to an increased satisfaction and cooperation. When you look into the various forms and structures, you have to understand the workers' participation management can take different forms.

would be also interested or would be also interesting to note that different forms and structures depending on let's say organization culture, depending on the industry, depending on the legal framework or the goals. So common forms which will include something which we have already seen, joint committees, let's say work councils or something like quality circles if you are aware of. It's mainly with respect to the TQM, TPM, etc. What we have seen, the quality circles or even some of the direct involvement in strategic planning. So these are some of the various or different forms that could be a key feature.

Another important aspect could be the, you know, if you look into the benefits and challenges part. Benefits. and challenges. If you look into the benefits, employee participation, PSUs actually leads to benefits such as improved decision making, it could be, let's say, something like better understanding of the organization, it could be increased

cooperation for that matter, or even higher employee satisfaction, which ultimately results in reduced turnover rates and enhanced organizational performance. When you look into the challenges specifically,

While employee participation brings numerous advantages, there are also challenges that are associated with it, such as it's a need to create conditions for easy collaboration, you know, address factors that may actually influence the participation process in general. So rules and policies of the government. participation plans that are organized, trade union functions are all essential key features of the employee participation when we look into the case of PSUs. So this is what we have to understand when you're looking into employee participation in PSUs. When you're looking into, let's say, something like the scheme of employee participation, how does it actually work?

We have discussed about the different aspects associated with the employee participation, but how is generally done? This is what would be the interesting part. First and the foremost, we have workers' council. When you look into workers' council specifically, we'll see that PSUs, the public sector undertakings, often have workers' council that represent the interests of employees and it provides a certain platform for the participation in the decision-making process. Now, these councils, these workers' councils typically consist of elected employee representatives who

who engage with management on critical issues related to working conditions, issues related to wages and other employee concerns. So what we see here is that the workers' committees are established at the shop floor level to handle day-to-day operational issues. It could be that it is there to provide a platform. A significant platform for workers to discuss their concerns and suggestions directly with supervisors and managers. So this step actually helps in resolving all the minor disputes and certainly improving the workplace conditions.

When you look into something like the Joint Works Committee, it's another scheme whereby you can actually understand the employees' participation happening in PSUs. When you look into the Joint Works Committee, PSUs may have joint works committee that include both employee representatives and management. So these committees

actually discuss and resolve workplace issues, promote harmonious relations and totally ensure the compliance with labour law. So what we understand is that these councils involve representatives from both management and employees certainly.

So they discuss issues related with the working conditions, the safety of the working conditions, welfare activities and other areas impacting both the organization and its workforce. So the aim is to foster mutual understanding and cooperation between employees and management. So what we understand here is that the critical aim is to foster this mutual, the typical mutual understanding and cooperation between employees and management teams. When you look into the third important scheme that comes under employees participation is the employees stock purchase plans or we call them ESPPs.

So what certainly is ESPPs? Let's understand this. Some public sector companies offer these ESPPs where employees can purchase shares of the company at a very discounted price. So this scheme allows employees to have ownership in the company and participate in its financial success to a certain extent. So if you look into the ESOPs, ESOPs would be already established.

No, you might be familiar with ESOPs. The interaction of ESOPs and PSUs allows the employees to have a stake in the company by offering them stock options based on the performance related pay, what we call it as PRP. So this scheme actually benefits employees by providing them with a great financial interest in the success of the organization and also can typically help to retain the top talent by preventing poaching or such other unfair practices by private sector counterparts. So these are some of the critical aspects. There are more.

We have seen workers' councils. We have seen joint works committee. We have seen employee stock purchase plans. How can we forget something like collective bargaining? Collective bargaining is something which we have already seen extensively, and in the previous lecture also we had a small discussion on that.

So we'll go quickly in this. Employee unions play a very critical role in PSUs, if you ask me. negotiating with management on behalf of employees for you know whatever reasons maybe for better wages maybe for working conditions for maybe benefits so

collective bargaining agreements are often in place outlining the terms and conditions of the employment so this is typically a formal process where representatives of employees usually it comes from the trade unions and management actually negotiate terms and conditions of employment so Whatever the case be, be it the case of wage, be it the case of working hours, the benefits and other employment terms, collective bargaining agreements aim to ensure fair treatment and job security for employees. We also understand that there is critical employee share ownership as one of the employees participation activity in PSU.

When you look into the PSUs, these are actually run by the central government to a certain extent. So PSUs may offer employee share ownership schemes, allowing employees to become shareholders and share in the company's profits. So what happens essentially is that this particular activity, this scheme, provides employees with a sense of ownership and promotes their participation in the company's success. That said, employees' participation PSUs would not be complete without understanding the grievance redressal mechanism. This happens to be one of the most critical machinery, most critical mechanisms when we are dealing with the employees' participation PSUs.

Let's say public sector companies often have grievance redressal machinery. which typically allows employees to raise their grievances and seek resolutions for that matter. So this scheme certainly ensures that employees have a voice and can actively participate in improving the working condition and addressing their concerns. So effective grievance. Redressal mechanisms are vital for addressing employees' complaints and disputes promptly and fairly.

So these systems provide a very structured process for employees to raise concerns and seek solutions, ensuring transparency and fairness. So these are another set of activities or schemes which actually... to showcase the employees' participation in PSUs. If you look into other schemes of employees' participation in PSUs, we'll see that there are employee welfare schemes. What do you mean by these employee welfare schemes?

Public sector companies often provide various employee welfare schemes, say schemes for housing loans, schemes for medical assistance, education support or even some

retirement benefits. So these schemes enhance employee participation and well-being. These schemes enhance the job satisfaction. These schemes enhance a healthy work environment. When you look into other significant aspects like training and development programs, very vital when you look into the employees' participation because it brings a sense of collective ownership into picture.

You are also part of the entire game of PSU. So you will be more keen. Otherwise, let's say it's a government setup. Who cares? That would be the actual attitude that every employee might have.

But when you are looking into training and development programs, public sector companies actually invest in training and development programs to categorically enhance employee skills and knowledge to a great extent. So these programs actually provide opportunities for employees to participate in learning and growth activities. So what we see as continuous training and development programs are offered to enhance employees' skills and knowledge. So these programs are often included in decision-making processes, in participative processes regarding

let's say, to choose their own career path or even development opportunities that are there within the organization. So the organization is very open with these training and development programs. Maybe they are finding better avenues, hardly they will try to resist them or hardly they will create any barriers. But more than that, they'll be interested that if the particular individual actually sees through the importance and the relevance and the critical career path that are otherwise offered within the organization, and that would make the cost, the training cost spent more effectively. When you look into employees' participation in PSUs, you cannot conclude the discussion without looking into the critical aspect of employee performance appraisal.

What do you mean by employee performance appraisal? Public sector companies often have performance appraisal systems that actually evaluate employee performance and provide certain important feedback. So this scheme encourages employees to participate actively and certainly improve the performance. So this is what we understand with

respect to scheme of employees participation in PSOs. We have understood almost a list of

Such activities or such schemes and these are a few of them. When you look into employees participation in PSU, let's contrast this with employees participation in private sector. When you look into employees participation in private sector, the Private sector employee participation actually is all about the involvement of workers in privately held companies. So the decision making processes of privately held companies are critical.

I'm trying to stress on the word privately held companies. So the decision making is already supposed to be in some other hands. When it is more of a PSU, there could be a collective representation. But when it is private sector, then the sense of ownership actually only belongs to a few. Now here, the employee participation is very tricky.

It encompasses, no doubt, various practices that enable employees to contribute to and influence decisions that affect their work and organization. Employee participation in the private sector actually aims to improve employee retention. It has a certain element of organizational performance associated with that. It has a certain element of even job satisfaction. So it can take different forms depending on factors involved.

such as, let's say, company size, the industry which it is associated with, and even the management philosophy of what the company is following. So, if you look into the private sector, it has certain key features. The first and foremost one, definitely, without doubt, would be profit motive. The primary goal of the private sector companies is definitely to generate profits for their own owners or shareholders. There is absolutely no doubt regarding that.

Employee participation is often tied to the company's financial performance. So when you are looking into that, you have to also understand about private ownership and controls. Private sector companies are owned and controlled by individuals. They are owned by groups or business entities and companies. Not the government.

So employees have limited influence over major business decisions, which I tried to introduce in the previous discussion. When you look into the management, it is not like

the PSU. Unlike the PSU, there is independent management. Private companies have their own independent management teams that make decisions. critical operational decisions without any government interference.

So, employees can provide input but do not directly manage the company. When you are looking into the competitive environment, private sector companies operate in very competitive markets and must adapt to stay profitable. Employees are expected to contribute to the company's competitiveness. There are possibilities of diverse industries that are there. Unlike the PSUs, the private sector encompasses a wide range of industries.

It could include IT. It could include finance, it could include consumer goods, hospitality and more. So employee participation varies based on the company and industry. And finally, if you look into the profit sharing mechanism, some private companies offer profit sharing plans or maybe some stock options to incentivize employees and align their interest with the company's financial success. But this is not universal.

There could be, you know, some companies which actually get into it. But when it comes to, you know, the profit making, private companies are strikingly different from PSUs. More adaptable constructions, implementing participation schemes voluntarily, prioritizing innovation and productivity could be the possibility where you actually try to delve into employees participation in private sector. When you look into the general scheme of employees' participation in the private sector, we'll see that there are critical options which otherwise we try to introduce in the PSU case. But here we have some critical employees' participation schemes.

One is the ESOPs, Employee Stock Ownership Plans. Some private companies, some private sector companies typically offer this ESOPs where employees are given the opportunity to own shares in the company. So, this scheme allows employees to participate in the company's ownership and be a part of the financial success what the company is having. Now, what is ESOPs? ESOPs allow employees to own shares in company they work for.



This ownership can be direct or through a trust fund. Now what is the benefit of ESOPs? If you look into ESOPs, ESOPs align the interest of the employees and the shareholders. This is vital because this is one element which can bring both these entities, otherwise the distinct entities, employees and shareholders together in one page, incentivizing employees to work towards the company's success as they benefit directly from the increases in the company's stock value.

When you look into the second scheme, one was ESOP's employee stock ownership plans. The second is profit sharing. Private sector companies may implement profit sharing programs where a portion of the company's profits is distributed among employees. So this scheme actually incentivizes employees to contribute actively to the company's success. and certainly reward them for their critical efforts.

So what happens with respect to employees who receive a share of the company's profit in addition to their regular compensation? This will... Get translated in the form of, let's say, cash bonuses or maybe sometimes stock options. What are the benefits of this? Profit sharing can motivate employees to perform better as their earnings are directly related now to the company's success.

So this is where the skin in the game is coming into picture. You are more involved in the game. When you're looking into the third important aspect, which is employee representation on the board of directors. This is also significant when you look into some private companies. Employees may have the opportunity to be represented in the company's board of directors.

This enables the employees to have a direct voice in the company's decision-making process. But please note, most of these interactions happen when you are experienced or you are somewhat different from the lot. When I'm talking about difference, no private sector company will actually try to bring you into picture if you have constantly taken a stand against the whole organization for quite some time. If you are a yes man, if you are a person who is gullible, who is always in line with the organization object, I'm not denying or I'm not instructing to go against the organization, but at times when you feel

that something is not right, You have the right and you should have the guts to point out that it is not right.

Many a time, such people might not see themselves coming up the ladder or reaching, let's say, as a representative in the board of directors. This is what my whole contention is. When you are looking into aspects of employee participation in private sector, it is easily said that employee representation board of directors is there. But how significant? Who is representing that?

All these are vital questions. Sometimes those people who are being disguised or masqueraded as the company, as the employee person would be actually a company person, actually a employer person. he or she might not go with the actual standing or might not go against the actual standing of the employer in the first place. So maybe they are given a chance, they are rewarded for their loyalty in that matter. Loyalty is not a bad thing, but when you are looking into something where you have to take a stand, you have to represent a larger good, a greater good or a

you have to look into what you are taking as a stand. So, employee representation on board of directors is good, but how effective it is, that has to be observed closely. When you look into other important schemes of employee participation in private sector, we have seen that there are certain employee advisory groups. Employee advisory groups are critical private sector companies, may establish employee advisory groups or committees that actually represent the interests and concerns of employees.

So these groups typically provide a platform for employees to participate in the decision-making processes and actually provide critical, valuable insights to management. We also have, let's say, flexible work arrangements. Yes, we have seen that, you know, as the communication technology has evolved, there has been some changes or some forced changes like COVID-19. There had been some change in the work contracts, new flexible work systems or work arrangements have emerged, which has also facilitated to this change. When you look into workers' participation, this flexible work arrangement is also critical.

Many private sector companies offer flexible work arrangement, let us say telecommuting or flexible scheduling, which allows employees to have a say in their actual work schedule and it enhances their work-life balance to a great extent. You also have something called work, you know, employee surveys and feedback mechanisms. Private sector companies often conduct employee surveys to gather feedback on various aspects of the organization, including working conditions, employee satisfaction and to a certain extent communication. So this allows employees to participate in the decision making by voicing their opinions and voicing their Their suggestions typically when you're looking into the employees participation, other schemes in private sector, we have some arrangements like the employee engagement programs.

What do you mean by the employee engagement programs? Private sector companies often have employee engagement programs that are aimed at involving employees and decision making processes. and actually fostering a sense of ownership and commitment. So this can include, let's say, regular forums. It can include suggestion programs.

It can include employee feedback mechanisms also. We also have some systems like the open-door policy. When you look into many private sector companies having an open-door policy where employees are encouraged to approach senior management with their ideas, concerns, and even suggestions, So this certainly allows for direct employee participation and to a great extent input in decision making. These are some things which we already know.

There are situations of team participation also that emerges or enhances the employee participation in a private sector. When you look into team participation, private sector companies often say, Promote team-based decision-making. It is not individual decision-making, but team-based decision-making involving employees and cross-functional teams to actually address specific organizational challenges or projects. So this allows employees to participate in critical problem-solving and decision-making process.

When you're looking into employee survey, private sector companies may conduct regular employee surveys to gather feedback on different various aspects of work

environment, such as, say, job satisfaction. It could be based on the communication. It could be based on even organizational culture. So this actually helps in identifying areas for improvement and involving employers in the process. So are performance-based incentives.

Private sector companies may have typical performance-based incentive schemes that reward employees for achieving specific targets or goals. So these incentives motivate employees to actively participate in achieving organizational objectives. So when you look into the entire employee participation in private sector, we cannot conclude without understanding Acknowledging employer recognition programs and also the most critical training and development opportunities provided. When you look into employer recognition programs, private sector companies often have employer recognition programs to certainly acknowledge and appreciate employees' contributions.

These programs can include, you know, awards. It can have a list of bonuses or other incentives linked to the performance, encouraging the employee participation and employee engagement to a great extent. And finally, you have the training and development opportunities. All these private sector companies invest in employee training and development programs, you know, providing training. providing employees with opportunities to enhance their actual skills and knowledge.

So employees' active participation in these programs contributes to their professional growth and participation in organizational decision-making. So these are some of the typical possibilities where workers' participation could happen in private sector companies. We have tried to compare and contrast between public sector companies undertakings psu's and private sector companies the critical aspect is worker participation is essential psu's do have a different work style and work structure and organizational structure which actually facilitates the worker participation when it comes to private sector companies things are quite different private sector companies will have a different arrangement altogether but the Yet again, there are revenues, there are opportunities, there are schemes which actually boost the worker participation.

And this is the essence you have to take away from this lecture. We'll deal with more details in the next class. Till then, take care. Bye-bye. ¶¶