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CHAPTER 1

INTRODUCTION AND PURPOSE OF THE STUDY

“In recent years employee involvement or participation in workplace decision-making has been a major focus of international attention for researchers, managers and policymakers alike as they seek means for improving communication and cooperation between management and labour. The concern with employee participation has included direct job-oriented employee involvement through, for example, teamwork and quality circles, as well as representative forms of participation” (Markey, 2005:2)

1.1. Introduction

From the earliest research in employment relations / industrial relations, there has been a long tradition of investigating the nature and extent to which employees should or could participate in workplace and company affairs. In particular, employee participation (EP), industrial democracy (ID) and employee involvement (EI) have been discussed widely in cognate fields such as industrial sociology, industrial relations, organisational behaviour, human resource management and political economy (Blumberg, 1968; Ramsay, 1977; Poole, 1979; Strauss, 1982; Marchington, 1992; Cotton, 1993; Markey, 2001; Poole *et al.*, 2001a; Hyman *et al.*, 2005). That such a variety of terms exists indicates the manifold ways in which employees might participate. This thesis joins these long term debates, and indeed aims to contribute to such debates, by exploring critical analytical issues in the scholarly literature, as well as seeking to understand how participation is practised in a successful emergent economy. The empirical study of forms, perceptions, policies and practices in participation in private sector firms in Malaysia around the turn of the twenty-first century aims to gain insights from current theoretical frameworks. In turn, the research in this thesis seeks to illuminate ways in which theoretical and analytical frameworks could be modified to take account of the practice and context of employee participation in Malaysian workplaces.

The main characteristics of the common terms noted above and used in the literature (employee participation (EP), industrial democracy (ID) and employee involvement (EI)) reflect different expectations of what participation might encompass. More recently, as the literature review will demonstrate, debate has often considered the extent to which employees participate, either, directly, or indirectly through representative organisations. In line with this argument, the next significant question to

be asked is whether or not employees (including trade unions) have any capacity to influence management decisions that have some impact on workers' working lives. The debates over the influence of employees in management decisions will be discussed more detail in the Chapter 2.

It is also important to note that the priorities and conceptualisation of participation have shifted over time. As will be discussed more fully in the literature review, the terminologies of EP have changed through different eras. The early twentieth century, Webb and Webb (1902) and other authors like Cole (1971) in the UK studied industrial democracy (ID) in order to determine the capacity of trade unions to influence management decisions. Later in 1960s and 1970s, many authors still used the term ID but interchangeably with EP (Clegg, 1960; Blumberg, 1968; Walker, 1976; Poole, 1979). From the 1980s onwards, the term EP was often discussed under the title of EI due to the emergence and rapid uptake of human resource management which developed in the US in the 1980s. A second reason for the expansion of the rise of EI as a commonly accepted concept is that from the end of the 1970s trade unions declined in many OECD-type economies, due to a complex mix of economic, political and social factors (Marchington, 1992). Generally, as will be discussed later, the term *employee involvement* (EI), refers to practices and policies where employees are involved in programs which have been management initiated and directed. Good examples of EI can be found in quality circles, total quality management, teamwork, 5S and so forth (Hyman & Mason, 1995; Davis, E.M. & Lansbury, R.D., 1996; Benson & Lawler, 2003; Marchington, 2005). Under EI development, the workers have very limited capacity to influence management decisions.

The changes in terminologies of EP in the literature are influenced by many political, economic, and social factors such as those found by Dachler & Wilpert, 1978. (see also Markey, 2001 and Poole *et al.*, 2001a) Most of studies on EP come from the western (OECD) countries, particularly in Western Europe, and the UK. On the other hand there has been very little research undertaken in Asia, including Malaysia which is the focus of this thesis (Markey, 2006). It has been for all of these reasons that this thesis investigates why there are direct and indirect forms of employee participation (EP) that have been developed and implemented in the Malaysian private sector. Extensive case studies were undertaken in the three selected companies in different industries in the private sector. These provided significant insights for this research. Moreover, the

analytical and theoretical frameworks that have emerged in the broad EP literature in recent years could be tested, and evaluated, in order to identify ways in which insights from non-western experiences of EP can augment and strengthen the models of EP that have been derived from scholarly studies of western (OECD-type) research. In these kinds of ways this thesis seeks to contribute to practices of EP in Malaysia and to the broad international scholarly literature.

This chapter offers an overview of the study. It begins with the background of the study followed by the objectives of the study and significance of the study. The chapter concludes with an outline of the organisation of the thesis.

1.2. Background of the study

The subject of EP in the organisation has attracted a great deal of interest in the literature as evident in the extensive research carried out on this subject (see for example Marchington, 1992; Knudsen, 1995; Davis, E. M. & Lansbury, R. D., 1996b; Markey & Monat, 1997b; Heller *et al.*, 1998; Gill & Krieger, 1999; Markey, R. *et al.*, 2001; Harley *et al.*, 2005b). Many authors have been defined EP from different angles. It is not surprising therefore that Marchington and Wilkinson (2005) pointed out that the EP is an elastic term. In relation to this aspect, Strauss (1998) gave some examples by stating some authors may think

... participation must be a group process, involving groups of employees and their boss, others stress delegation, the process by which the individual employee is given greater freedom to make decisions on his or her own.. Some restrict the term participation to formal institution, such as works councils; other definition embrace 'informal participation', the day-to-day relations between supervisors and subordinates in which subordinates are allowed substantial input into work decisions (Strauss, G., 1998:15)

From the above quotation, we can infer that EP deals with the decision-making process in the workplace, and with communication between employees and management, either directly or indirectly. Another key issue that the above quotation highlights, is the question *'To what extent employees and their representatives have the capacity to influence their own work or influence management decisions at the company and workplace level?'* (Further clarification of EP terms will be examined more detail in next chapter)

In the literature on EP, conceptually and in practice, three forms of participation are generally identified, namely financial participation, direct participation and representation or indirect participation, all of which may coexist in the same workplace (Nel, 1984; Knudsen, 1995; Davis, E. M. & Lansbury, R. D., 1996a; Heller *et al.*, 1998; Gill & Krieger, 1999; Markey, 2001). Financial participation happens when employees own all or part of a company. The examples of financial participation are profit sharing or employee share ownership as part of management strategy for improvement of performance and employee commitment to the organisation (Markey, 2001:4). However, Markey (2001) and Poole *et al.* (2001a), both of whom are highly experienced and widely read EP scholars, have argued that financial participation does not involve participation of employees in the management decision-making process, and it is thus conceptually separated. Therefore in this thesis, financial participation is excluded. Rather the focus here is on direct and indirect forms of participation and the nature and extent of such participation.

Direct participation is normally concerned with task-oriented employee involvement schemes, either through group or individual employees, and includes initiatives such as team briefings, suggestion schemes, teamwork, quality circles and total quality management (Markey, 2001). Direct participation normally takes place at the lower levels of the organisations (Marchington, 2001; Marchington & Wilkinson, 2005).

Indirect participation is established either through statutory rights or on a voluntary basis (Markey & Monat, 1997b; Strauss, G., 1998). Indirect EP forms include Works Councils, collective bargaining, joint consultation committees, and employee representation on boards of directors. These forms vary from country to country, but their key feature is the role of representation as a form of employee participation. In Western European countries such as Germany and Netherlands, Works Councils are one of the most important modes of employee representation. By contrast, in English speaking countries such as Australia, United Kingdom and USA, collective bargaining and joint consultation are the more significant channels of indirect participation.

Many employers are interested in EP because programs can bring many possible benefits to their organisations, such as improved employee morale, increased

performance and higher job satisfaction (Likert, 1961; Lunjew, 1994; Wilpert, 1998; Markey, 2001; Markey, 2006). It can also be instrumental in creating satisfied and highly committed employees (Lawler, Mohrman, & Ledford, 1995; Zin, 1998; Marchington, 2001, 2005). These benefits were recognised by Japanese organisations as early as the 1970s (Odaka, 1975).

Strauss (1998:8-10) has also pointed out that there are three rationales for the implementation of EP in the organisations. First, he explored the issue from a humanistic perspective, which is the dominant approach of the industrial and organisational psychologists. From the humanistic perspective, EP is mainly implemented in the organisation to fulfil non- economic desires such as personal growth, self-work, and self-actualisation (Likert, 1961; Wilpert, 1998). In this way, employees are seen to give greatest weight to how much they can influence their own job, rather than how much they will get paid for their job. Vaughan (1983) also supports Wilpert's argument that EP will lead to employee job satisfaction that will eventually increase organisational productivity. Wilpert further explains if employees are satisfied with the nature and organisation of work, and have input in the organisational decision-making, then it will lead to their higher motivation that will benefit the company in the long term, in terms of the employees' work performance, and their desire to perform in their job even better in future.

Secondly, Strauss considered EP in terms of the idea of power sharing perspective and democratic principles in the workplace (Strauss, G., 1998; Strauss, 2006). Some scholars interested in this aspect favoured the notion of "industrial democracy" (Pateman, 1970; Poole, 1975; Dachler & Wilpert, 1978; Poole, M., 1986; Strauss, George., 1998a). This has been a long-term area of interest. For example, both Pateman (1970) and Strauss (1998a) have argued that employees or their workplace representatives (e.g. trade union or works councils) are interested in EP because they want to have more power in influencing the organisational decision-making. Similarly, Poole *et al.* (2001a) also stated that employees are more interested in indirect EP, rather than direct, particularly in the Western European countries such as Germany and the Netherlands because employees believed that their collective efforts through trade unions or works councils are more effective than individual methods in influencing or controlling decision-making processes in the workplace.

On the other hand, if employees are actively involved in EP particularly in direct participation, then employers benefit in terms of productivity, company business performance, and excellent service quality (Cotton, 1993) but the gains for employees or unions are less (Ramsay, 1991; Markowitz, 1996). Drawing on her research in US industry, Markowitz (1996) argued that EP is not beneficial for employees and indeed may create stress as a consequence of increased control by management and less participation in giving ideas in their own work. She also found that it can undermine the influence of the union in the workplace decision-making process.

The third rationale that Strauss found, was that EP could contribute significantly to organisational efficiency and performance in organisations. In this context, EP has a positive effect on organisational effectiveness, particularly in terms of strategic decision-making, improved communication, and cooperation between management and employees or trade unions. Other labour advocates also found that EP can enhance job performance, commitment, and employee skills in organising their own work (Walton, 1985; Ackers, Marchington, Wilkinson, & Goodman, 1992; Youndt, Snell, Dean, & Lepak, 1996; Addison, Siebert, Wagner, & Wei, 2000; Benson & Lawler, 2003; Preston & Crockett, 2004).

While the above rationales focus on expected outcomes, other scholars seek a more macro perspective. For example, much scholarship explores EP in terms of broader social and economic changes. Thus researchers have argued that the implementation of EP in the company and workplace are also based on the cycles of control phenomenon which reflects political and economic pressure (Ramsay, 1977). Ramsay (1977) argued that EP would increase in organisations when management authority was under challenge. Thus employers will introduce various forms of EP in the organisation in order to regain the support from workers and trade unions when these are strong and growing. Ramsay (1977) observed this phenomenon in the Britain in early twentieth century. During this period, the British employers introduced forms of EP such as joint consultation committees, and profit sharing when they felt their authority was challenged by the unions or workers. By the same token the initiatives of participation will be decreased when the power of labour declines (Ramsay, 1983).

Different macro factors led Lammers and Szell (1989) to seek to identify why EP may ebb and flow. They pointed out that in the 1970s and 1980s macro factors such as economic recession, socio-cultural and political changes also led companies to become more interested in EP. For example, during the economic crisis in the 1970s, employers implemented various forms of EP in order to improve their competitiveness and flexibility in the workplace and also introduced new technologies in the company. The state has also played an important role in terms of introducing labour legislation directed at either promoting or constraining EP in the workplace. For example, under the Conservative government in UK in 1980s, unions gradually weakened in terms of their power to influence management decision-making processes. Anti-union sentiment among employers also grew during this period due to strong support from the Conservative government. But this phenomenon changed when the Labour government came to power in late 1990s under Tony Blair (Tailby & Winchester, 2005). The Blair government encouraged the unions to work closely with the employers through cooperation and partnership relationship (Stuart & Lucio, 2005). However, these latter perspectives have been questioned by some authors who have doubted the effectiveness of genuine partnership in the workplace (Ackers, Marchington, Wilkinson, & Dundon, 2005; Hyman, 2005; Edwards, Belanger, & Wright, 2006). Nevertheless partnership agreements between union and management have expanded in the UK industry in recent years.

Marchington et al. (1993) have tended to focus on factors at the level of the firm as being more important in explaining the rise and fall of interest in EP. They also observed that in the 1980s and 1990s the level of interest in individual forms of EP by companies waxed and waned because of internal attributes. They argued that companies sought to implement various forms of EP due to their own individual management styles, management education, management awareness of the importance of employee commitment and other micro factors at the firm level.

In 2001, Poole *et al.* (2001a) proposed a *favourable conjunctures* model for comparative analysis of industrial democracy in which they sought to integrate company level aspects with a range of wider factors. Thus in the favourable conjunctures model, Poole *et al.* argued that macro factors such as the role of state, legislation, cultural values and economic matters (which are external to the organisation) will influence the

organisation to develop different forms of direct and indirect EP (Poole *et al.*, 2001a:494). Apart from the macro factors, the various forms of EP in the organisation were also seen to be determined by the strategic choices of the state, employers, and unions as well as the power of IR actors. Finally, developments at the firm level such as organisational structure and process of modernisation also affect the establishment of EP forms. In sum, all these factors are interrelated and will have some impact on the organisation to develop certain forms of EP. This aspect will be discussed further in Chapter 2.

It is clear then that EP has been well researched in Europe (Hyman & Mason, 1995; Knudsen, 1995; EPOC, 1997; Markey & Monat, 1997b; Gold, 2003; Hyman *et al.*, 2005) and US (Markowitz, 1996; Strauss, G., 1998; Foley & Polanyi, 2006). By contrast, as Markey (2005; 2006), Wimalasari & Kouzmin (2000), Wan & Phee (2001), Wu & Lee (2001) and Erez (1995) have found, research on EP is rather less common in Asia and in developing countries. Given the rate of economic growth and the growing importance of Asian economies, more studies should be conducted in the EP field in order to understand the nature of EP from the Asian countries perspective. Their argument also supported by Gollan and Markey who concluded

a major effort is necessary on the part of researchers and the International Industrial Relations Association (IIRA) to expand their horizons, particularly to the participative practices of Asia and Africa, if our perspective is to be truly international (2001:341)

The veracity of Gollan and Markey's assertions are evident from any survey of the existing literature in Malaysia, for example, where there have been few studies conducted in this area (Lunjew, 1994; Zin, 1998; Naceur & Varatharajan, 2000). In the main, EP in Malaysia has been studied predominantly by researchers trained in the organisational behavioural and administrative sciences (Lunjew, 1994; Zin, 1998; Naceur & Varatharajan, 2000). These researchers focus their research on EP from an organisational perspective. For example, Zin (1998) studied the relationship between participative decision-making and its impact on organisational commitment in the Public Service Department among non-managerial employees only. Lunjew (1994) and Naceur and Varatharajan (2000) also studied the relationship between participation, job satisfaction and job performance. They all studied EP from the organisational behaviour perspective, generally drawing on quantitative approach.

As well, there has been no detailed research in Malaysia on the reasons that companies have implemented direct and indirect forms of EP in the private sector business organisations. As a result, there is a need to fill this gap by examining why private sector companies in Malaysia have chosen and developed different forms of direct and indirect EP at the firm level.

1.3. Research objectives

The main purpose of this thesis is to explore why different forms of EP (direct and indirect) have developed in different companies in the Malaysian private sector. As seen in the literature review (see Chapter 2), there are many factors such as economic, political, cultural and social elements that can influence the implementation of EP in organisations (Ramsay, 1977; Ackers *et al.*, 1992; Marchington, Goodman, Wilkinson, & Ackers, 1992; Marchington *et al.*, 1993; Knudsen, 1995; Markey, R. *et al.*, 2001; Poole *et al.*, 2001a; Harley *et al.*, 2005b; Marchington, 2005).

Specifically this thesis attempts to meet the following objectives:

- to examine the similarities and differences in the objectives of EP from the perspectives of management, union and non-managerial employees.
- to describe and examine comprehensively direct and indirect forms of EP in three private companies in Malaysia and explain how these forms have operated at the company and workplace level.
- to determine the factors that explain the nature of EP in three private companies in Malaysia in light of the theoretical literature briefly discussed above and at greater length in the next chapter.

In other words this thesis seeks to contribute to the substantive literature by investigating EP in firms in Malaysia, an under-researched area, and to the scholarly literature by testing the Malaysian experience against the current Eurocentric theoretical literature and exploring how models might be adapted.

1.4. Significance of this study

First, in the Malaysian context, there are few studies conducted on EP in the public sector (Lunjew, 1994; Zin, 1998; Naceur & Varatharajan, 2000). Additionally, no studies on EP have been conducted in the Malaysian private sector. This is despite the importance of the private sector which has played a vital role in achieving the nation's long term economic and development goals (Lunjew, 1994; Rasiah, 1995; Ghosh, 1998). Indeed, this thesis is an opportunity to make a substantial contributions to the Malaysian industrial relations literature.

Second, the findings of the thesis test current analytical frameworks and show how they are not easily generalisable to Malaysia. As a consequence, the thesis offers modifications to a theoretical/ analytical framework which enable broader generalisation.

Third, Gollan and Markey (2001) also argue that, particularly in the Anglophone research, most research evidence of EP is either from surveys, or from company-level case studies which focuses on responses from managers or sometimes from unions or works councillors. They believed that there was insufficient focus on non-managerial employees and expressed the hope that in the future more studies on EP should be conducted from the non-managerial employees' perspective, particularly if taken together with perspectives from managers and union representatives. In response to such gaps in the scholarly literature, I have researched EP from the management, union and non-managerial employees' perspectives in each of the case study organisations. Multiple perspectives contribute to reinforcing validity and reliability of the research (Yin, 2003; Cepeda & Martin, 2005).

Fourth, the motives for EP in the workplace and company level can be multifactorial and the effects may be real (i.e. genuine participation). In these respects, it is important to understand whether the driving forces for EP are due to organisational efficiency, control, or industrial democracy motives. This study is the first attempt to explore these issues, taking account of the direct and indirect EP forms in three Malaysian private

companies. Unpacking the ways in which different forms of EP affect all the parties is important, as is the extent to which these forms provide evidence of effective participation, especially for non-managerial employees.

Fifth, the thesis also offers practical benefits for companies that attempt to introduce direct and indirect EP. The findings of this study will provide a better understanding of the factors that influence the effectiveness of EP and the role and contribution of management, union, and employees to EP initiatives.

Sixth, the findings of this study will also assist the policymakers, especially within the Ministry of Human Resources Malaysia, to look seriously at EP and perhaps prepare for revising the Code of Conduct for Industrial Harmony 1975 in regards to EP. Based on the evidence in this thesis, potential revisions may be developed to enhance the current scenario of industrial relations development in Malaysia. Apart from this Code, the existing labour laws such as the *Industrial Relations Act 1967* and *Employment Act 1955* have not incorporated EP issues, a gap which deserves closer examination and consideration by policy-makers.

In other words, this thesis will not only contribute to the academic literature on EP in terms of analysis and method, but could also have an impact on the philosophy, policy and practices of EP at the level of the firm, and indeed, nationally through the insights into enhancing the workings of government legislation and the Code of Conduct for Industrial Harmony.

1.5. Organisation of the Thesis

There are nine chapters in this thesis, which are organised in the following order.

Chapter 1 has briefly highlighted the issues surrounding in EP. It also indicates the research background, and objectives of study, as well as identifying the significance of research and offering the organisation of the thesis.

Chapter 2 contains a review of previous research on the main topics covered in this study. It addresses the major theoretical and empirical contributions to the understanding of EP processes and also research questions. The immediate outcomes of

Chapter 2 set the points of departure from the traditional approaches and demonstrate the originality of the proposed study.

The methodology of this study is presented in **Chapter 3**. Key areas addressed therein include the qualitative and quantitative modes of inquiry, the qualitative case study research strategy employed, the choices regarding the nature of the cases, the number of cases, various instruments utilised, and data analysis. As shown in Figure 1.1, Chapter 5, 6 and 7 belong in a cluster that deals with thematic organisation, presentation, and analysis of data collected. In order to put the case studies in context it is important however to consider the broader context in which the Malaysian firms operate.

As a consequence **Chapter 4** contains a review of political, social, and economic development and industrial relations setting of Malaysia. It deals with the role of the state in economic development and industrial relations, the role of employers in industrial relations, the development of trade union and collective bargaining, and finally describes the Code of Conduct for Industrial Harmony 1975 and the nature and extent of its impact on EP in Malaysia.

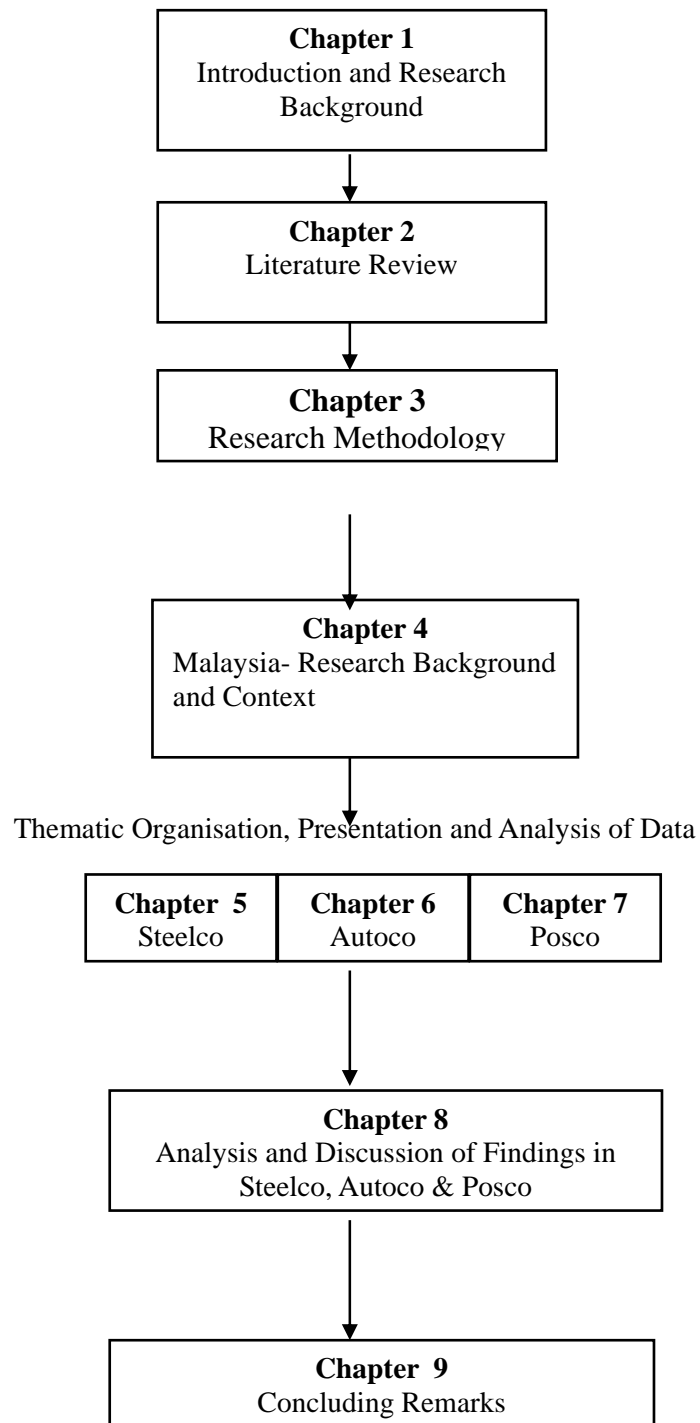
As shown in Figure 1.1, **Chapters 5, 6 and 7** give the results of the empirical research. For the ease of presentation and analysis, I try to follow a standard outline in these case study chapters. The descriptions of the case studies are based on the conceptual and theoretical considerations which are discussed in Chapter Two, along with other empirical findings learned from interviews seeking to understand the experiences of the managers, non-managerial employees and union delegates from the three companies in Malaysia.

Following the pattern of clustering of sections, as shown in Figure 1.1, **Chapter 8** is dedicated to discussion of findings of the three case study firms, and the insights such analysis offers for the ideals and practices of EP in the private sector in Malaysia. This analysis takes also evaluates contextual factors such as history, economic and cultural factors, organisational innovation, industry structure, and aspects of politics that have influenced EP practices in the three Malaysian private companies. Such analysis also highlights potential areas for further study which could enrich the scholarly debates in EP and strengthen policy-making over EP in Malaysia.

Chapter 9 is the concluding chapter in this thesis. This chapter offers a summary of the thesis, based on research objectives presented in Chapter 1. The latter part of this chapter explains the thesis's academic and methodological contributions, and implications of these, as well as identifying the limitations of the study. It also reflects on further research which would essentially contribute to broadening the horizons of the body of knowledge and wisdom on direct and indirect EP in Malaysia.

A number of Appendices may be found at the end of the thesis. Appendix A describes the data collection methods and the respondents' background in three selected private companies. Appendix B is the application letter sent to the Malaysian private organisation as aim to access. Appendix C has all the letters of invitation. Appendix D is ethical approval letter from the Human Research Ethics Committee, University of Wollongong. Appendix E is about consent forms and information sheet for research respondents. Appendix F is letters from the then thesis supervisors to companies.

Figure 1.1: Structure of the thesis



Conclusion

This chapter has described the background of the thesis including the research objectives, the significance of the study and organisation of the thesis. The next chapter will survey the literature on EP in order to investigate the analytical context of the thesis and to identify the research gap in Malaysia.

CHAPTER 2

EMPLOYEE PARTICIPATION CONCEPTS AND MODELS

It is generally conceded in the liberal democratic world that working people should have a right to participate in the making of decisions, which critically affect their working lives (Bean, 1994:160)

2.1. Introduction

In the previous Chapter, the discussion concentrated on the background, objectives, and significance of this study. However the conceptualisation of employee participation (EP) used in the literature is not clearly defined and needs further exploration and explanation in order to understand and analyse the nature of EP in three Malaysian private sector case study firms investigated in this thesis.

If we study EP in the literature, we see that many writers use different terminology when examining EP in the organisation (Strauss, 1979; Hyman & Mason, 1995; Markey & Monat, 1997b; Drucker & Looise, 2001; Markey, R. *et al.*, 2001; Blyton & Turnbull, 2004; Smith, 2006). According to Mitchell (1998:3) ‘the literature in this field is exceptionally voluminous, diverse and multidisciplinary’. For this reason, Salamon (1992:340) claims that EP ‘is a term which does not have a universally accepted meaning’. Even Pateman (1970:67) three decades ago argued that ‘although the notion of participation is widely used by writers on management topics it is, in many cases, left undefined, or if a definition is offered, that definition is very imprecise’. Since the definitions and concepts of participation discussed in the literature vary widely, a closer examination is warranted. A significant part of this literature review will explore terms related to EP in order to understand the difficulties in concepts and terminology. Such an exploration will enhance the capacity to arrive at appropriate definitions of terms for this thesis.

The objective of this chapter, then, is to identify the nature and attributes of EP and related concepts, through investigation and analysis of academic debates on EP. There are five sections in this chapter. First, I will explore the meanings of EP used in the literature. EP will be differentiated from *industrial democracy* and *employee*

involvement. In the next section, the capacity of employees and their representatives to influence management decisions will be explored and explained. Section three explains the nature of direct and indirect EP. This will be followed by an analysis of three major scholarly models of EP. The final section identifies and evaluates the gap in the literature, in particular with regard to Malaysia, and suggests the ways in which this thesis can contribute to industrial relations literature generally and the Malaysian literature especially.

2.2. The meanings of industrial democracy (ID), employee participation (EP) and employee involvement (EI)

“Participation is an extremely plastic concept: it can be moulded into many different forms, and acquires a wide variety of meanings for different groups of social actors” (Knudsen, 1995:5)

As Knudsen notes above, ‘participation is an extremely plastic concept’. It is not surprising therefore that the interpretation of EP differs in different paradigms such as the organisational behaviour and/or human relations schools, or in organisational studies, industrial relations and human resource management (Dachler & Wilpert, 1978; Guest, 1989; Marchington, 1992; Teicher, 1992; Heller *et al.*, 1998; Strauss, G., 1998; Haim, 2002; Marchington & Wilkinson, 2005). The terminology of EP may vary from the industrial democracy (ID), EP to employee involvement (EI) but the emphasis is still concentrated on this theme: *to what extent does an employee or their representative influence workplace decisions?* (Strauss, 1979; Black & Gregersen, 1997; Heller *et al.*, 1998). Like Heller’s argument, the Department of Employment and Industrial Relations, Australia (1985:1) also argues that different meanings of EP have been recognised by different people but ‘the common thread running through them all is employees having a greater say in the decisions affecting them at work’.

The differences between ID, EP, and EI are reflected in a long-standing debate on the terminology that should be used. For instance, some people think that ID is the only real form of participation because they assume that this extends to the workers having some chance to obtain control of the organisations (Cole, 1971). Some believe participation is only possible when trade unions, particularly through collective bargaining, are involved, and can protect workers’ rights in the workplace (Clegg, 1960; Strauss, George., 1998a; Frost, 2000). Others consider EI as adequate to be included in the

definition because it is an example of management attempting to allow employees different forms of involvement, albeit in order to enhance organisational efficiency and employee commitment (Cotton, 1993; Marchington *et al.*, 1993; Lawler *et al.*, 1995; Marchington, 2005; Marchington & Wilkinson, 2005). Often these terms are used together in the same literature.

We need to look at the use of those terms in the literature in order to clarify the differences in emphases and intent so that the most apt term can be identified for use in this thesis. Therefore, in the next section I will explore and consider the usage of these terms in the literature.

2.2.1. Industrial democracy

In Britain, Sidney and Beatrice Webb (1902) in their book *Industrial Democracy* drew attention to the importance of the trade unions as an ideal for democratic (employee) organisations in nineteenth century. This can be seen in their argument that trade unions ‘internal constitution are all based on the principles of government of the people by the people for the people’ (Webb & Webb, 1902:vi). That is to say, trade unions were seen to be established by workers through democratic processes in order to represent workers’ interests and rights in the industry.

Furthermore, they asserted that trade unions as representative organisations in industry were able to represent their members’ rights, particularly in engaging in collective bargaining processes (CB). For instance they emphasised that

though Collective Bargaining prevails over a much larger area than Trade Unionism, it is the Trade Union alone which can provide the machinery for any but its most casual and limited application.. Without a Trade Union in the industry, it would be almost impossible to get a Common Rule extending over a whole district, and hopeless to attempt a national agreement (Webb & Webb, 1902:178-179)

Trade unions in the UK were seen to utilise collective bargaining as a mechanism to protect workers’ terms and conditions either in the public or private sectors. Success in the collective bargaining negotiation process also led to signing collective agreements between employers and trade unions.

In addition, the Webbs were also concerned over the equilibrium of legitimate concern between consumers and producers (both employers and workers) in order to maximise the welfare and equity of workers. In this context, consumers were presumed to be playing an important role in the production process and to have authority over production decisions. Under the concept of ID, as argued by the Webbs, trade unions should not have a role in influencing in management decisions in many areas:

This is even more the case with regard to the second department of industrial administration- the adoption of material, the choice of processes, and the selection of human agents. Here, the Trade Unions concerned are specially disqualified, not only by their ignorance of the possible alternative, but also by their overwhelming bias in favour of a particular material, a particular process, or a particular grade of workers, irrespective of whether these are not the best adapted for the gratifications of the consumers' desires (Webb & Webb, 1902:819)

In summary, they viewed ID as part of a process where the trade unions played a vital role in setting up wages and conditions of employment through CB machinery, but without interfering in management decisions. The limitation of their arguments about the concept of ID also led scholars such as Cole (1971) to conceptualise ID from an opposite perspective.

Drawing on his experience in the UK in the late nineteenth and early twentieth century, Cole (1971) offered ideas on how trade unions and their members could control their organisation by themselves, rather than fully relying on capital and the state. For instance he suggested in his book on *Self-Government in Industry*:

I am putting forward in this book some general suggestions for industrial reconstruction. These suggestions are based upon the idea that the control of industry should be democratised; that the workers themselves should have an ever-increasing measure of power and responsibility in control, and that capitalist supremacy can be overthrown only by a system of industrial democracy in which the workers will control industry in conjunction with a democratised State (Cole, 1971:4)

Cole's assertion is that industrial democracy can only be realised in the organisations if the workers took control in industry through guilds (trade unions). From the nineteenth century, trade unions in Britain began to protest about the autocratic control of capitalists in the factory, and the mines, proposing instead that they could take control of production processes.

Therefore, to implement a form of socialism required the state shifting its nature to manifest the concern of individuals as consumers, and substituting craft unions with the industrial unions or guilds. These guilds would be structured on industry lines as National Industrial Guilds and be countervailed by Municipal Councils as organised representatives of consumers' interest. The National Industrial Guilds would represent a Guild Congress and Municipal Councils, which formed Parliament. In this socialist-type state, administrations of consumers and producers in general would be balanced in their powers and no sole interest would hold control (Cole, 1971:13-23). For Cole, ID was about self-government in industry as one of the characteristics of socialist society. In addition, based on Cole's observation in the nineteenth century in Britain, the workers were oppressed and sought to bring the sovereignty among them in an earlier period. As a result, the role of guilds was 'control of production and of the producer's side in exchange: its function is industrial in the widest sense and includes such matters as directly concern the producer as a producer' (Cole, 1971:36).

Furthermore, Cole also argued that the role of industrial unions (guilds) should be to control the company's function which would include all matters that have an affect on them (Cole, 1971:36). The contribution of Cole to the ID concept was that workers through guilds (trade unions) would be directly involved in making all manner of management decisions. Cole also asserted CB is not only a mechanism to decide on wages and terms of working conditions but it should be an instrument of decision-making powers of employees.

In other words, this was a contrasting argument to the Webbs' view about ID where trade unions can only determine wage and employment conditions through CB but not be involved in making management decisions with employers and the state (Cole, 1971).

In the 1960s in the UK, Clegg (1960) considered the role of trade unions and saw CB as an important mechanism for workers to achieve ID in industry. His arguments on ID also contrasted with those of Cole. Clegg (1960:21) proposed three principles of ID. First, the union should be independent of management and the state in order to have an oppositional role in the workplace. Clegg asserted that unions should have,

... nothing to do with management, with political parties or with the state, for they can only fulfil their function by bargaining with employers and bringing pressure to bear on governments, through political parties or otherwise. On the other hand, they must not become so dependent upon management, a party of the state as to be directed from outside, for then they would be used for some other purpose than the protection of their members' rights and interest (Clegg, 1960:114)

The above quotation implies that trade unions should not 'govern the country or manage industry, or take part in those processes' (Clegg, 1960:22). In this context, Clegg argued that neither trade union control, nor joint control nor tripartism are acceptable within the ID concept. He further asserted that once the union is part of management, there is no ID in the workplace.

Clegg's second principle was that only unions could represent the interests of employees in the industry. In this situation, he opposed the idea of union's involvement in management decisions such as through joint consultation committees and works councils. The third principle was that ownership of industry is inappropriate to the ID concept. If state ownership is followed by the engagement of union representatives to management boards, then the union may be irresponsible with regard to protecting their members' rights and they should also to be totally independent from the state and management (Clegg, 1960:29). If the union participated with management in certain representative bodies, such as boards of nationalised industries for example in the UK, then it may lose its traditional role as a representative institution to protect workers' rights.

Clegg used the UK as case evidence for his argument on the third principle. For example, officers in mining and railway unions were appointed to the National Coal Board or the Transport Commission (Clegg, 1960:23). Sometimes, the officers from other unions served on the board of nationalised industries without resigning their union officer position. For example, problems could arise if both union and management representatives sat together on the Board of Nationalised Industry, such as the National Coal Board and signed an agreement which they thought the best interest for both parties. Hypothetically, for example, the union members may have disliked some agreements that might discriminate against them. In this case, the trade unions did not have an opportunity to alter or change the agreements because they were tied with

management as part of members of the board. Therefore, Clegg's primary argument was that in order to achieve a genuine ID in the industry, trade unions should play an independent oppositional role through CB, rather than as part of management or as the state committee members on bodies such as joint consultative committee, works councils or boards of nationalised industry.

In sum, there are at least three different arguments from the Webbs, Cole and Clegg on the concept of ID. The Webbs' argument is that the role of the trade union is to set up wages and conditions of employment through CB **without** participation in management decision-making processes. Drawing on different assumptions, Cole asserts that the union and its members should govern their organisations themselves, rather than depending on the state and management. A different approach again was taken by Clegg, who claimed trade unions should be independent from the state and management, and rather, play an oppositional role in order to genuinely protect workers' voice in the industry

However, despite the scholarly argument and often conservative approaches, many employers do not like any of concepts of ID as expressed by authors such as the Webbs, Cole and Clegg, because there were political and ideological connotations in terms of employees' participation rights in the industry (Department of Employment and Industrial Relations: 1986). For example Davis and Lansbury (1996a:2), long time scholars and analysts of EP and ID, also argued that ID challenges managerial prerogatives through the active participation of the trade unions in the workplace. It has been in light of these latter concerns that ID has been perceived as problematic since the last decades of the twentieth century, particularly by employers. As Davis and Lansbury (1996c) have also noted of ID, "... it was rarely favoured by employers who indicated that it smacked of a challenge to managerial prerogative." Similarly Black and Margulies (1989) consider the importance of the perceptions of 'ideological' concerns about ID. While the perceptions may not be evident in reality, it is clear that ID is not acceptable to many.

2.2.2. Employee participation

By contrast, the terms employee participation (EP) is seen as softer and more preferable

approach by some researchers and employers. For example Davis & Lansbury (1996b) and Strauss (1998) represent EP as broadly addressing a range of organisational forms and managerial techniques in order to examine the scope of employee influence in the organisations. Such EP involved both direct and representative forms of participation (Knudsen, 1995; Markey, 2001; Marchington, 2005).

EP has been defined as ‘a process which allows employees to exert some influence over their work and the conditions under which they work’ (Strauss, G., 1998:15). Likewise, the Department of Employment and Industrial Relations in Australia (1985:1) defined EP as ‘employees having opportunities to influence the decisions that affect them, their work and their work environment’. The above discussion of the EP concept emphasises that employees and their representatives could have some capacity to influence workplace decision making together with the management. The decisions could cover a wide range of problems at all levels of the organisation, rather than only focus on distributive issues such as wages and working conditions (Knudsen, 1995).

During the 1970s, various forms of EP in decision-making spread all over the world, particularly in the USA, the UK and Western Europe (Pateman, 1970; Dachler & Wilpert, 1978; Lansbury & Prideaux, 1980; Strauss, 1982; Crouch & Heller, 1983). At this time, many European countries such as the Netherlands, Norway, Germany, and Sweden strengthened their participation mechanisms through legislation. In countries such as Australia, which lacked EP during 1980s, the government produced many policies on EP which encouraged the national unions and employers to jointly make decisions which affected workers and companies (Lansbury & Prideaux, 1980; Vaughan, 1983; Markey, 1988; Teicher, 1992).

Markey (2001:4) found that the term EP can range from consultation of employees over aspects of the production process, to codetermination in decision making by employee workplace representatives and managers. EP in the decision-making process in the organisations is also believed to reduce the levels of job dissatisfaction and alienation, outcomes which have been identified as problematic in many areas of working life (see also Dachler & Wilpert, 1978; Wilpert, 1998).

2.2.3. *Employee involvement*

In part as a substitute for EP, employee involvement (EI) is a term which entered into the expressions of both practitioners and academics during the 1980s and 1990s (Ackers *et al.*, 1992; Lawler, Susan, & Ledford, 1992; Marchington *et al.*, 1992; Cotton, 1993). In general EI appears to represent the manifestation of attempts by employers to find participative ways in which to manage and empower their staff (Marchington, 2005; Marchington & Wilkinson, 2005).

The term EI was also popularised when the ideals of human resource management (HRM) spread out in the 1980s and 1990s to many parts of the world, particularly in developed countries (Marchington, 1992). Under the rubric of HRM, EI became synonymous with issues concerned management in involving employees in various EI techniques. Such techniques included quality circles, team work, suggestion schemes and total quality management in order to maintain a quality of product and services in the organisations.

Moreover, EI is established under management's discretion, and normally it is on a voluntary basis (Marchington, 1996). Therefore, decisions about whether or not to involve employees rests with management (Marchington, 2001). Management also utilises EI to improve the organisational quality and flexibility of the employees and at the same time, assure the employees' loyalty to the goals and demands of the organisation (Guest, 1989). Those elements - such as organisational quality, flexibility and employee loyalty to the goals of the organisation - are also part of human resource management which emphasises an individualistic and unitary ideology (Guest, 1989:43).

In the literature, EI is sometimes discussed under the topic of *direct participation* (Marchington & Wilkinson, 2005). Direct participation is related to the management strategy of involving employees in various management techniques such as team work, and TQM in organisations. Under the direct participation as part of EI, unions and other employees' representative bodies such as Works Council and management-union committees have little or no role.

What the above discussion demonstrates is that the use of terminology of ID, EP and EI in the literature is often ambiguous and problematic and needs to be clearly differentiated as we can see in Table 2.1. The key differences between ID, EP, and EI.

See print copy for table 2.1

2.3. Justification for selecting EP term

As we can see in the Table 2.1, ID is normally related to the notion that workers, through the unions have power to oppose management decisions which are more favourable to employers rather than workers. Where ID is seen to be practised, trade unions and workers have evident influence or say over management decisions in the organisation through various roles or processes such as Worker Directors in UK, self-management in Yugoslavia and co-determination in Germany. Indeed, in certain cases such as co-determination in Germany, management cannot make their decisions in the company alone, but rather trade unions have the power to prevent any decisions that are unfavourable to workers and unions (Poole *et al.*, 2001a).

EI is also not considered as an appropriate term in this thesis because there is a lack of clear and ambiguous term of its subject matter in the literature. In many cases, EI is also only as found in direct participation with rather less value ascribed to indirect participation activities, such as union involvement in workplace decision-making process, works councils, collective bargaining and joint consultation committee (Cotton, 1993; Marchington, 2001, 2005). EI also places more emphasis on the involvement of employees in the management initiatives schemes such as quality circles, team briefing,

and total quality management without really giving importance to employees' and their representatives' capacity to make their own decisions in the company or workplace. In other words, EI is a management strategy where management makes decisions in the company and workplace. In this situation, the workers are often just following the management's decisions without having any capacity to oppose or modify management decisions.

Thus *employee participation* (EP) has been chosen as the preferred term throughout this thesis because it involves elements from both ID and EI. The justification for this is that the term EP will involve both direct (management strategy) and indirect (through unions or workers' representative bodies) participation. As we can see in the Table 2.1, some control from the workers is justified in the EP concept, such as in the case of works councils in the Netherlands and Germany. At the same time, most private or public sector organisations practised direct participation where employees will be directly involved in various management EP techniques (see Section 2.6.1, Chapter 2).

Another justification for the use of EP in this thesis is that the term also relates to both pseudo and full participation (Pateman, 1970). *Pseudo participation* refers to the practice where management has already made certain decisions which they will persuade employees to accept. There is no opportunity for employees to influence the decisions that have been already made by management. Here, management has singular control in the decision-making process and employees and unions have no influence at all. On the other hand, *full participation* means employee and their representatives have the right and capacity to participate in, and influence the management decision-making process (Pateman, 1970).

For all of these reasons, it appears that EP is the most appropriate term for this thesis. In order focus the ideas of the thesis further a significant question is required. Thus taking EP as a core concept this thesis asks

To what extent do workers or their representatives have the capacity to influence management decisions at the company or workplace level?

This question is significant because as discussed later in this chapter, it will indicate

how much employees and their representative are able to influence management decision-making taking account of different forms of direct and indirect participation (see below).

2.4. To what extent do workers or their representative have the capacity to influence management decisions? Issues for consideration

Marchington and Wilkinson (2005:400) argued the significance of understanding ‘...the extent to which employees are able to influence decisions about various aspects of management, whether they are simply informed of changes, consulted or actually make decisions’. Marchington and Wilkinson found that employees or their representatives are sometimes involved in one or two-way communication with management in the workplace, but that the final decisions are still in the hands of management. For example, formal meetings at the company level may involve two-way communication between managers and workers but the decisions taken in the meeting will rest with management (Morehead, Steele, Alexander, Stephen, & Duffin, 1997).

It is the same with consultation processes, such as joint consultation committee (JCC). Although unions and management discuss various operational and strategic issues at the company level, again the final decisions are still in the hands of management. For example, existing data from case studies and surveys support the argument that JCCs in the Australian steel industry were entirely advisory, instead of representing significant co-decision-making powers (Markey & Reglar, 1997; see also Bertone *et al.*, 1998). Elsewhere Markey (2005) examined labour-management councils (LMCs) in the Philippines and Korea. Although these committees are represented by management and workers’ representatives (unions) in equal numbers, decisions are still made by management. In this context, workers’ representatives and unions are only able to provide their suggestions or ideas through JCC or LMCs. Sometimes this is also called partial participation (Pateman, 1970). In partial participation, the employees have a chance to voice their ideas and offer some suggestions to change management decisions, but no real formal effect on the final decision.

In other cases workers and unions have full capacity to make decisions jointly with management at the company level. Sometimes this decision-making process is referred to as a codetermination (Markey & Monat, 1997b; Goodijk, 2001). Codetermination

indicates that the employees or their representatives have formal influence on a company's decision-making process. For example, works councils in Germany and the Netherlands will make decisions together with the management for any future organisational change processes which will take place in the company (Looise, 1989; Goodijk, 2001; Gollan, Markey, & Ross, 2002). Knudsen (2004) also demonstrated that trade unions and works councils in several countries in Europe have a strong board level representation.

Nevertheless the level and content of decisions varies. Knudsen (1995:8-9) has also argued for example, that subject matter covered in the participatory decisions is also significant. For example topics can range from trivial issues such as toilets, canteens, and car parks, on the one hand, to important matters such as mergers, acquisitions, and plant closures on the other hand. Workers and unions thus, may have the capacity to influence management decisions at the company level. For example, Ramsay (1996) demonstrated in his observation of JCCs' practices in the UK in 1990s, that management and workers' representatives / or unions discussed operational issues such as employee productivity and product quality, but the strategic decisions such as retrenchments were not covered.

Parallel with above arguments, Allen (1987) has explained how decisions will be made at different levels of the consultation process from company to workplace level. Table 2.2 demonstrates that employees and their representatives (unions) have more capacity to influence management decisions if the consultative committee has joint decision-making capacity in the company. Other than joint decision-making committees, as we can see in Table 2.2, management has more capacity to influence and make their own decisions at company and workplace level, regardless of whether they are part of committees or they may come from outside the committee. For example, the Australian Workplace Industrial Relations Survey (AWIRS) showed that managers provided fewer channels for consultation for employees except for the Occupational Health and Safety (OHS) committee, and in this latter case, only because it was part of legislative requirements (Morehead *et al.*, 1997).

See print copy for table 2.2

Table 2.2 has related to the concepts of ID, EP and EI as already discussed in Section 2.2. From Table 2.2, the ID concept can be illustrated if the committee has a joint decision making capacity in the company. In such a committee, workers or unions, and management, will jointly make decisions which have an impact on workers and management. If the joint consultation committee represented by both workers or union representatives and management involving in decision-making process but the final decisions is still in the hand of management then EP is the relevant concept based on Table 2.2. On the other hand, the EI concept can be explained based on the Table 2.2 if decisions in the company or workplace solely make by the manager separately from committee members or informal consultation or joint advisory committee.

In considering arguments such those presented above, some scholars have argued that the weakness of employees' and union's influence in the workplace and company decisions via direct and indirect EP is due to the *managerial prerogative* of employers (Chamberlain, 1963; Storey, 1976; Storey, 1983; Lansbury & Wailes, 2003). It is important to be clear on this term given the nature of employee participation and the implicit indication that in some respects EP may test managerial prerogative. Storey (1976:40) argued that the terms 'managerial prerogatives' can be used interchangeably with the terms 'management rights' and 'management function'. Therefore the definition of managerial prerogatives is:

the name for the remaining portion of management's original authority and is therefore the name for the residue of discretionary powers left at any moment in the hands of managers. Every act which a manager of his subordinates can lawfully do, and without the consent of workers' organisation is done by virtue of this prerogative (Wood 1956:25 cited in Storey 1983:102)

The above definition indicates that in the business context, managerial prerogatives are traditionally viewed as legitimate rights which confer authority on managers to organise and direct employees, machinery, materials and money 'in order to achieve the objectives of enterprise' (Young, 1963:241; Storey, 1976). Darrow-Kleinhaus (2001:10) stated that the definition of managerial prerogatives is 'in short, exercising all the rights necessary to effectively and efficiently run the business'. Bergen (1940:275) argued that within the sphere of employment matters, these rights include:

The absolute right of management to select, transfer, promote, demote, lay off, reemploy, and discharge employees on whatever basis it desired; to established rates of pay; to determine work standards, duties, and responsibilities; and to demand the cooperation of employee in whatever plans of operation were undertaken.

Moreover, managerial prerogatives are frequently enshrined in law (Young, 1963). For example in the Malaysian industrial relations context, managerial prerogatives are explicitly incorporated in the *Industrial Relations Act 1967* [Section 13 (3)] (Ayadurai, 1997; Suhanah, 2002). This IR legislation clearly prohibited unions from discussing or negotiating issues such as hiring, firing, redundancy, promotion, transfer and the allocation of duties in collective bargaining (CB) (Suhanah, 2002).

As noted above, management utilises 'managerial prerogative' as a tool for management to control and limit the employees' and union's involvement in the workplace decision-making process. The use of managerial prerogatives by management in the workplace and at the company level can also be seen in direct and indirect forms of EP that will be discussed in the next section.

In sum, as we can see from the above arguments that EP can be differentiated from ID, inter alia, by the fact that managerial prerogatives remain firmly embedded in the organisational culture and practices. EP then allows and enables employees and representatives to participate in a variety of ways in elements of an organisation's processes beyond the scope of employees' defined tasks in the production and exchange

process.

The employees and their representatives (union) have limited influence on the management decision-making process, in part because of constraints arising from the fact that managerial prerogatives are enshrined in the law. The capacity and influence of employees and their representatives (union) in management decision-making can be examined through the elements of EP: direct and indirect participation.

2.5. Direct and Indirect participation

One way of exploring the practices and ideals of EP is by distinguishing between direct and indirect participation, that is between participation of employees either directly, or indirectly through their representatives (Dachler & Wilpert, 1978; Nel, 1984; Knudsen, 1995:5; Strauss, G., 1998; Gill & Krieger, 1999; Poole *et al.*, 2001a). In this section, direct and indirect EP will be discussed, including the characteristics of different forms of participation. There are two reasons why we need to know the nature of direct and indirect forms of participation. First, we need to understand what factors affect how these forms are implemented and second, how these forms are actually operating at the company and workplace level (Knudsen, 1995; Wilpert, 1998). The first question relates to the factors relating to *why* organisations are keen to implement direct and indirect EP in the company and workplace. The second aspect is *the extent to which* employees and unions have the capacity to influence management decisions within the direct and indirect forms of EP.

2.5.1. Direct Participation

Direct EP primarily involves the direct passage of information from managers to their staff, including communication between the two parties, or some kind of upward flow of responses or ideas (Morehead *et al.*, 1997). It engages the employees in job or task-oriented consultation or decision-making in the production process at the shop or office level (Markey, 2001:4). The use of direct participation as part of management techniques for improvement of productivity is not only popular among Japanese companies, but also in Australia, the UK Europe, the USA and elsewhere (Suwa, 1993; Davis, E. M. & Lansbury, R. D., 1996b; Morehead *et al.*, 1997; Cully, Woodland,

O'Reilly, & Dix 1999; Appelbaum, Bailey, Berg, & Kalleberg, 2000; Benson & Lawler, 2003; Kersley *et al.*, 2006). In Japan team work is practised by 90 per cent of large companies in secondary industry and over 80 per cent in the services sector (Markey, 2001:5). The Australian Workplace Employee Relations Survey (Morehead *et al.*, 1997) and Workplace Employee Relations Survey in the UK (Cully *et al.*, 1999; Kersley *et al.*, 2006) found that most private and public companies have practised one of the forms of direct EP.

The type of mechanisms which can be included within direct EP are team briefings, house journals (newsletters or bulletins), suggestions schemes, quality circles (QCs), total quality management (TQM) and ISO 9000 (Marchington, 1995, 2001). The basic point about this form of participation is that employees participate directly, rather than through their representatives (Delbridge & Whitfield, 2001; Bingham, 2002).

Marchington (1995:283-286) categorises direct participation forms by the nature and direction of the process:

downward communication from managers to their staff, the principal purpose of which is to inform and 'educate' employees, and is practised via written reports to employees, house journals, training videos, team briefings.

upward problem-solving, which is designed to tap into employees' knowledge on an individual or collective basis through techniques such as suggestion schemes or quality circles.

self-directed work teams, which aims to encourage employees take greater responsibility for decision-making.

In general, direct participation established by employers in the workplace is seen to improve organisational efficiency, employees' commitment to the company goals, and communication between management and employees, as well as increase employees' job satisfaction (Marchington *et al.*, 1992; Morehead *et al.*, 1997; Cully *et al.*, 1999). Marchington *et al.* (1992) investigated direct participation in 25 in-depth case studies involving 38 sites in the UK. They concluded that employee involvement mechanisms were part of management initiatives and with motives of improving communication and increasing employee commitment. Other studies have also supported the findings of

Marchington *et al.*(1992) (MacDuffie, 1995; Ichniowski, Kochan, Levine, Oslon, & George., 1996; Delbridge & Whitfield, 2001; Benson & Lawler, 2003). In addition, direct participation may also deal with lower level management decisions such as decisions on how work operations should be carried out (Knudsen, 1995:6).

In Australia, Lansbury *et al.* (2005) undertook a new approach through examining contents of enterprise bargaining agreements in the automobile industry in Australia. Content analysis of the agreements revealed that most automobile companies in Australia such as Toyota, Mitsubishi, and Ford had incorporated new production working systems as part of implementing direct employee participation. For example, Toyota introduced the 'Toyota Production System' (TPS) based on the lean production concept. This concept has also been widely adopted in most of Toyota's companies as well as other auto companies around the world (Kochan *et al.* 1997 as cited in Lansbury *et al.* 2005:337). The central elements in the TPS in Australia, which are included in the Toyota Enterprise Bargaining Agreements (EBAs) and awards, consist of: 'just in time, quality, employees' flexibility, elimination of waste, and balanced production' (Lansbury *et al.*, 2005:337). At the same time, as part of TPS, a Toyota Management System component is also included, which makes reference to teamwork, continuous improvement, accountability, quality circles, suggestion schemes, and employee development as part of direct participation. Ford and Holden have also adopted the same system as Toyota which is known as the Ford and Holden Production Systems.

Although it can bring evident benefits to the organisation some researchers have different views on direct participation. Sewell and Wilkinson (1992) for example argued that direct participation should be regarded as wholly exploitative, providing benefits only to employers. Thus, even though management claims that through EP employees have greater opportunity to plan their own work and are empowered, it is also evident that direct participation mechanisms still remain clearly within the control system (Rees, 1998; Wilkinson, 1998; Harley, 1999; Appelbaum *et al.*, 2000; Ramsay, Scholarios, & Harley, 2000). Indeed, some scholars have found that teamwork may actually increase peer pressure. At Nissan, the neighbouring check system was implemented and the workers acted as internal customers. They monitored each other's faults, and at the same they increased the pressure on each other within a team system. In turn this increased the pressure on other workers within the teamwork environment

(Sewell & Wilkinson, 1992). While beyond the scope of this thesis, such concerns are worth noting in terms of the broader effects and complexity of direct forms, and also as counter to the idealism inherent in many claims of the benefits of direction participation.

Certainly as is evident in the sources above, management is generally very supportive of direct communication practices. Marchington (1995) explained that through direct communication techniques, management can announce certain workplace issues directly to employees. Emails for instance have become a major tool for management to communicate directly with employees in some countries (Markey, 2001). Many companies produce newsletters, bulletins or house journals which contain data about organisational performance, new ventures, and product development, personnel, sports, and social affairs (Marchington, 1992; Morehead *et al.*, 1997; Cully *et al.*, 1999; Foley & Polanyi, 2006). Many organisations are doing this to make sure that the non-managerial employees receive information directly from management. In addition, managers believe such communication encourages employees to have a high sense of commitment and identification with the company's goals (Marchington, 1995). In this respect, it is worth exploring the forms of direction communication more closely.

2.5.1.1 Forms of downward communication

Team briefings involve a small number of employees meeting with the line managers on a regular basis (Marchington, 2001). For example, sometimes team briefings will be conducted every morning or afternoon before daily work or a shift starts (Marchington & Wilkinson, 2005). In this manner, employees hear directly from the line manager or supervisors on the latest developments at the company. Line managers are responsible for informing employees of any issues related to work and for encouraging team spirit among the workers (Morehead *et al.*, 1997). The information is passed from senior management through supervisors or charge hands to non-managerial employees (Marchington, 2001).

Formal meetings are another form of direct face-to-face communication between managers and employees (Morehead *et al.*, 1997). These include departmental meetings and mass meetings. The departmental meeting represents the bottom end of the

communication chain and enables the departmental managers to pass on information which they received from the higher level of management to the employees, as well as taking up points and issues raised by members of their own department (Markey, *et al.*, 2001). Such meetings are fairly informal although they may have pre-circulated agendas. The departmental meeting which takes place regularly is also useful for the head of department to get a response from his staff or convey a message from the top-level management. Through this kind of meeting they can also tackle any immediate issues, which are raised within the department (Morehead *et al.*, 1997). Sometimes in the company there are mass meetings between senior management and employees (Marchington, 1992). They enable members of senior management to address the staff at a given location on specific issues. They are not normally held very frequently and the opportunity for interaction between management and employees is more limited than in departmental meetings.

Downward communication is the weakest form of direct participation because of the direction of the communication (Marchington & Wilkinson, 2000). This form is weak because employees are just recipients of downward communication without having any say or giving any feedback. Wilkinson (1998:47) also criticises downward schemes by arguing that

such schemes incorporate workers and/or by-pass trade unions and is designed not to provide better information to empower workers but convince them of the logic of management action and hence reduce the scope for genuine empowerment. i.e. the opportunity to influence or change decisions.

Thus from Wilkinson's perspective, the motives for downward participation call into question the extent to which managers really seek real participation, or whether it is a shift from 'you will do this' to 'this is why you will do this'. Such claims will be investigated further after we have undertaken the case studies in Malaysian industry in the next three chapters.

2.5.1.2 Upward problem solving

By contrast upward problem solving participation depends on employee input. Upward problem solving participation practices such as QCs and TQM were popular in the

1980s, particularly in Japanese firms (Hill, 1991). In the Malaysian context, Mansor and Ali (1998) and Ariffin (1997) argued that under the '*Look East Policy*' introduced by the government in 1983, many public and private organisations adopted some aspects of the Japanese management system especially in regard to quality circles and TQM at workplace and company levels.

Upward problem solving is designed to tap into employee knowledge and ideas, typically through individual suggestions or through *ad hoc* or semi permanent groups brought together for the specific purpose of resolving problems or generating ideas (Hyman & Mason, 1995; Marchington, 1996). These types of schemes became an important form of communication from the 1980s and are central to notions of 'soft' human resource management (Storey, 1995), and so called 'bundles' of best practice (Pfeffer, 1998). They also encouraged employees to offer their ideas for the improvement of the company's performance (Hodgkinson, 2001; Marchington, 2001). Some of the forms of upward problem solving are suggestion schemes, quality circles, total quality management, ISO 9000, and 5S, all of which will be discussed below.

2.5.1.2.1 Forms of upward problem solving

A suggestion scheme can be defined as

a formal definite procedure, established by management, to enable eligible employees to voluntarily communicate their ideas; to provide machinery to investigate and appraise those ideas and to reward employees whose ideas are acceptable for implementation (Marchington, 1992:83)

Marchington (1992:83) argued that this definition excluded: '(i) informal arrangements, especially in small firms, (ii) the provision of ideas for improvement which is related to an individual's own job'.

Rather as the definition of upward problem-solving suggests there is a formal machinery for processing new ideas, and for the resulting rewards under certain circumstances. If an employee's suggestion is to help the organisation to reduce the cost of production or to help in the improvement of productivity, then that particular employee receives a financial reward and other awards (Ben-Ner & Jones, 1995:541).

However, these schemes may also create bad feelings among employees who feel that their ideas are not appreciated by the company if there is no reward or benefit to them. In some cases, the employees have refused to give their ideas for improvement unless they will be explicitly rewarded regardless of outcome (Marchington, 2001).

Quality circles (QCs) comprise small groups of employees who work together to identify, analyse and solve quality and work related problems (Marchington, 1992:86). Membership of QCs is voluntary but once a QC is formed it will meet on a regular basis. Normally a circle would consist of about ten people often from the same work group, but also from a range of different work areas. It is facilitated by a leader with help from one or more facilitators. QCs are planned in the organisations in order to achieve explicit company goals such as productivity and quality improvement in the production or service sector, as well as the increase of employees' morale and commitment.

In terms of EP, QCs have some limitations. One of the obstacles to the effectiveness of QCs is management support as Collard and Dale (1989) found. Based on their UK research, they argued that 'many circles programme and individual circles fail because of a lack of management support, the poor response to circle initiatives from management, a closed management style and a lack of management recognition given to circle activities'

Total quality management (TQM) is another common upward problem solving method. It is broadly defined as 'a multifaceted management technique for enhancing productivity through improving product quality and reorganising the production process (Rothschild & Ollilainen, 1999:590). TQM is also closely related to quality, customer focus, and continuous improvement.

Indeed, one of the reasons TQM is implemented in the organisations is to achieve successful business performance. The success of business performance is achieved through satisfying customer needs, and involving all employees within the organisation is seen as a central contributory factor. The main elements of TQM are: emphasis on continuous improvement; the need for commitment from top management; the issue of attitudinal change and the impact of TQM on the organisation as a whole (Rahman, 2004:412). In the late 1990s, TQM was also discussed in the high workplace

performance in the literature (Gollan & Davis, 1999; Kaufman, 2003; Harley, 2005).

In terms of EP, Wilkinson *et al.* (1997) argued that TQM provides an opportunity for employees to express their ideas and suggestions through the development process of quality management in the companies. Through the TQM approach, a bundle of techniques is introduced. These can include initiatives such as QCs, suggestion schemes, teamwork, and problem solving teams (PSTs) in the organisation, with some empowerment given to employees (Marchington & Wilkinson, 2000). However, some scholars have criticised TQM which is practised in organisations as part of EP. According to Harley (1999) and Ramsay *et al.* (2000), management still exercises its managerial prerogative to control the employees who are involved in the implementation of TQM in the company. This is because the final decisions are still in the hands of management and employees have limited empowerment in making decisions on TQM issues.

ISO 9000 can also be seen as a form of upward problem solving which has variable outcomes for employees. It is a set of international standards which were created in 1987 with the objectives of standardising quality systems in organisations (Martinez-Lorente & Martinez-Costa, 2004). It has become a pre-requisite for many companies who wish to be a supplier to industrial clients. It involves various stages, such as a feasibility study, preparing documents, training and certification and full implementation (Sun, 1999:204). The objective of these standards is to provide an effective quality system reflecting a company's practices for producing goods and services that conform to requirements. Like TQM, ISO 9000 also has been criticised because it is a senior management initiative program and participation of the non-managerial employees is restricted (Tsiotras & Gotzamani, 1996; Pura, 2002). In her research into ISO 9000 and Employee Involvement in the Philippines industries, Pura (2002) found that non-managerial employees have little or no capacity to influence decisions in an ISO 9000 program but that the final decision with regards to ISO 9000 issues is taken by senior management.

5S is an acronym for the first five letters of Japanese words that are *Seiri*, *Seiton*, *Seiso*, *Seiketsu* and *Shitsuke* (Osada, 1991). Because these terms are perhaps a little much for non-Japanese, they have been translated here as organisation (*Seiri*), neatness (*Seiton*),

cleaning (*Seiso*), standardisation (*Seiketsu*) and discipline (*Shitsuke*) (Hirano, 1995). In a country such as Malaysia, even these terms are translated into Malay language, such as '*asingan*' (Seiri), '*susun*' (Seiton), '*pembersihan*' (Seiso), '*penjagaan*' Seiketsu and '*amalan*' (Shitsuke) (Hussin & Parasuraman, 2001:46). The meaning of 5S in Japanese, English and Malay are illustrated in Table 2.3.

Table 2.3. The meaning of 5S in Japanese, English and Malays

Japanese	English (equivalent)	Malay (Translation)
Seiri	Organisation	Asingan
Seiton	Neatness	Susun
Seiso	Cleaning	Pembersihan
Seiketsu	Standardisation	Penjagaan
Shitsuke	Discipline	Amalan

Source: Compilation by author

In the 5S schemes, management formed the 5S committee in the workplace. Management and workers' representatives are members of 5S committees. Normally the selection of committee members from the workers' level will be nominated by the management. These committee will mainly focus on housekeeping, productivity, safety, and cost efficiency (Hirano, 1995). Again in terms of EP, workers have limited power in making decisions in 5S-related issues because management has final say. As Parasuraman and Hussin (2004) demonstrated in their research on employment relations in the auto industry in Sabah, East Malaysia, the majority of non-managerial workers in 5S committee members perceived that there was very limited power for them to influence the final management decisions. Although the committees have representation from the non-managerial employees, most of the time, management will make their final decisions in terms of 5S issues at the workplace.

Just as downward communication was criticised, Marchington and Wilkinson (2000) also argued that upward problem solving is problematic because the management has tended to adopt a unitarist approach to encourage employees to work together to help solve work related problems rather than giving employees an opportunity to offer their ideas in areas of improvement in the company. Here, an employee's creativity and opportunity to provide the best ideas are very limited. Indeed Sewell and Wilkinson (1992) in their research found that managers do not always provide any reward for employees who came up with the best ideas such as the suggestion scheme.

2.5.1.3. *Self-directed work teams*

The third aspect of direct participation is self-directed work teams, which is primarily rooted in the human relations school philosophy (Strauss, G., 1998). According to Cotton (1993), the self-directed work team was a popular form of direct EP in the 1990s. Cotton (1993) also argues that self-directed work teams give an opportunity for frontline workers, usually blue-collar production or clerical employees, to make decisions over their day-to-day work operations. The team can also be of any size, although, Cotton (1993) stated that in general it comprised twelve to fifteen workers. The team involves all of the employees in a specific area or those working on a specific product or process (Cotton, 1993:174). For example, in some companies, self-directed work teams will take over many of the human resource matters as well as interacting with suppliers and customers. Benders *et al.* (2001) argued that team work can bring benefit to the organisation such as increasing the productivity of employees and decreasing the cost of supervision. This argument is supported by research conducted under EPOC (*Employee direct Participation in Organisational Change*) in Europe, which shows that team work mainly aims for economic benefit such as improving the quality of products or services, or increasing pressure to reduce cost and time (Benders *et al.*, 2001:46).

In practice, research evidence as we discussed above indicates that non-managerial employees do not have capacity to influence management decisions or influence their own work through downward of communication, upward problem solving or in self-directed teams work. The primary goals of direct participation are to increase not only levels of employee commitment to the organisation, but also to attain improvements in performance or productivity (Marchington & Wilkinson, 2005). Direct participation also deals with lower level task based decisions, focuses on work problem solving where employees have no ability to influence the higher level decisions in the organisations (Marchington & Wilkinson, 2005).

Apart from the direct participation, indirect participation forms can also be established in the company either through legislation such as in Germany and the Netherlands or via initiatives by management or it may be part of a workplace agreement between

management and union.

2.5.2. Indirect participation

Indirect EP refers to policies, programmes, practices and procedures where employees participate in the process of management decision-making, not directly but rather via their representatives. Such representatives are typically elected from employee groups, often but not always unions (Nel, 1984; Davis, & Lansbury, 1996b; Strauss, 1998). Strauss has argued that some higher level decisions such as mergers and acquisitions of the company, and sale of the company may be discussed with a body representing the employees. This contrasts with the direct participation process where decisions are taken to changes to the way work is undertaken (Strauss, 1998). Strauss (1998) further asserts that in terms of decision making within the department or inter-departmentally, certain decisions which cannot be made by supervisors, such as those which involve major restructuring of the company. These would be appropriately discussed at a higher level with an employee representative institution, such as joint consultation committees (JCCs) or Works Councils. In the European context, the rights for consultation and communication are prescribed by legislation, such as in the Netherlands (Looise, 1989; Goodijk, 2001; Looise, Drucker, & Leede, 2001; Parasuraman, 2003). This issue is becoming more important in Europe as the European Works Council Directive has had a major influence on most European countries, including recently the UK (Markey & Monat, 1997b; Blyton & Turnbull, 2004; Knudsen, 2004; Stuart & Lucio, 2005).

Indirect participation takes many forms. It may occur at the plant, divisional or company levels or there may even be representation on the company board of directors. Participative bodies may discuss the strategic, tactical, operational and welfare issues such as safety, health, production, social activities, and the company's investment plans (Knudsen, 1995:36-37). In terms of employees' discretion, power would range from consultation and advice to codetermination. We can see this influence on works councils in European countries, particularly in Germany, where works councils have the right to block any decision such as company takeovers made by the company until employers and employees reach agreement (Knudsen, 1995; Muller-Jentsch, 2001). If the decision is made by management without consent from the works council, then it is considered illegal by the Labour Court (Knudsen, 1995). Such powers are rare in English speaking

countries or in Asian countries (Marchington, 1989; Strauss, 1998; Markey *et al.*, 2001; Gospel & Willman, 2003; Markey, 2005). For example, Markey (2005) suggested that the JCCs are more prevalent in English speaking countries such as Australia, the UK and the USA, where employee capacity to influence decisions is severely constrained.

This section explores joint consultation committees (JCC), and collective bargaining (CB) respectively. As discussed in the Section 2.4 a major question of this thesis is '*To what extent do workers or their representative have capacity to influence management decisions*'. The next section will evaluate this question through the lenses of the JCC and CB. These forms of EP are germane to this thesis because these forms are practised in Malaysian private companies as an indirect EP form (Ahmad, 1998; Idrus, 2001; Todd & Peetz, 2001; Aminuddin, 2003).

2.5.2.1. Joint consultation committee (JCC)

Joint consultation committees are one of the forms of indirect participation where committee members are the workers' and management representatives who work jointly together (Clegg, 1960). In the early UK industry experience only union members were elected as workers representatives in the JCC and management nominated its representatives up to the number of workers' representatives and appointed the Chairman among them (Clegg, 1960:33). However, Knudsen and Markey (2002:115) have argued that in countries such as Australia, representatives on the JCCs have sometimes been appointed by management or the union or combination of both management and union. Furthermore, they asserted that JCCs normally provide an advisory role to management, often restricted to certain issues such as productivity improvement. Sometimes they will be formed for a specific situation and will exist only for a limited period of time and then afterwards will be disbanded. The example of this kind of JCC is a taskforce that established by the management to solve a specific problem in the workplace such as absenteeism. Once the problem has been solved this JCC-type taskforce will be abandoned by management.

Based on the empirical research conducted in the UK, Marchington *et al.* (1992) described the process of JCC as

A mechanism for managers and employee representatives to meet on a regular basis, in order to exchange views, to utilise members' knowledge and expertise, and to deal with matters of

common interest which are not the subject of CB (Marchington *et al.*, 1992:11).

From the above quotation, we can see that JCCs are actually a mechanism where employee representatives and management might discuss many issues which have an impact on both parties; employees and management. However JCCs are also limited in terms of the capacity of workers' representative to influence decisions in the JCC meeting due to managerial prerogatives in taking the final decisions (Strauss, 1998:18). Based on his observation in labour-management councils (LMCs) in Korea particularly in enterprise-based unions, Markey (2005) found that management and workers' representatives have equal representation on the committees. Management also seeks employees' ideas and listens to their ideas through LMC meetings, although, the final decisions in the LMC were still in the hands of management.

JCCs can operate at plant, divisional or enterprise levels in large firms, either in union or non-union sectors (Benson, 2000). Sometimes they can also take place at all levels, from the workplace up to corporate level. JCCs may also take the form of a safety and health committee (SHC) (Marchington, 1994). An SHC can be established under the health and safety legislation or initiated by the employers to resolve safety and health problems in the workplace (Knudsen, 1995). For example, in the UK, safety and health issues became an important feature in the workplace after the Health and Safety at Work Act (HASAW) established in 1974 (Wright & Spaven, 1999). HASAW was extended in 1977 with provisions for the Safety Committee and Safety Representatives Regulations. Based on the research in the UK offshore oil and gas industry, Wright and Spaven (1999) demonstrated that the trade union-appointed safety representatives played an important role in monitoring safety and health issues in the workplace as part of their terms and conditions of employment signed by management and the trade union. As in the UK case, SHCs were established in Malaysian private companies from 1994 because of the Occupational Safety and Health Act 1994 (Aun, 1991; Ayadurai, 1997; Aminuddin, 2003).

According to Todd and Peetz (2001:1381), other sorts of JCCs in Malaysia include the sports and recreation committee, the canteen committee, the Muslim association committee, the suggestion committee and religious affairs committee. These kind of committees were usually discussed in the literature under issues regarding social affairs

as part of employee participation mechanisms (Johnstone, Wilkinson, & Ackers, 2004).

It is important to understand and evaluate the representation of committee members in the JCCs in order to examine the extent to which EP is effective at the workplace and company level (Marchington, 1994; Levin & Chiu, 1997; Markey & Monat, 1997a; Gollan & Markey, 2001). According to Markey (2001:5) the committee members selected in JCCs usually comprise equal numbers of representatives of management and employees/or union representatives. In this case, their membership might be appointed by management or unions or a combination of both, or they may be elected by the employees. Therefore, as emphasised in the Section 2.4, the capacity of employees or their representatives (union) to influence management decisions will also depend on their membership as a proportion of the total committee members in the JCC.

Marchington (1992) in his book *Managing The Team*, asserted that JCCs were introduced in a company for several reasons. First, JCCs can enhance efficiency by increasing the stock of ideas, which are available within the organisation because of the wider exposure of an issue or problem. Secondly, it has been suggested that JCCs will reduce industrial action in the company because there is an opportunity for employees or their representatives to express their views prior to decision-making. For example, JCC members have a chance to offer their ideas especially when the company is involved in organisational restructuring or a merger process. Simmons and Lansbury (1996) also demonstrated in their research on consultation and participation in the Australian Ford that management will involve the union through the JCC when making any organisational structuring initiatives in the company. This was found to actually reduce tensions among employees or within the union, because the worker representatives knew in advance through JCC meetings what was planned for the company in near future.

The third reason that JCCs can enhance efficiency is that they may lead to an increase in employee satisfaction (Morehead *et al.*, 1997; Cully *et al.*, 1999). Marchington *et al.* (1992) in their research in the manufacturing industry in the UK, for example, identified increased individual employee satisfaction with the fact that their representative had a place on the JCCs. Such representation, they felt, allowed the employee representatives to convey their opinions or respond to initiatives from the management. Conversely the

removal of the JCC may create dissatisfaction among employees.

The experience of JCCs in the UK is useful because the form and process of JCCs draws from the tradition of the Whitley committees which have also influenced employment practices in Malaysia. Formerly under the UK colonial administration, Malaysia was therefore influenced by the Whitley Committee principles and practices. (Ramasamy, 1994; Idrus, 2001; Parasuraman, 2004). While the Whitley Committee ideals will be considered further in Section 2.6. in this Chapter, some preliminary discussion will be useful. It is important to note for example that Ramsay (1977) reported that JCCs have had a long history and can be traced from the Whitley Committee in 1917 - 1918. This influence declined in the inter-war years, and revived during World War II, only to decline again during the 1950s and 1960s due to the development of shop steward organisation at the workplace level. They became a preferred method again in the 1970s and early 1980s until fading out to a fair extent in the late 1980s and the beginning of 1990s, at the same time as the decline of the trade union and the expansion of human resource management development within a non-union environment (Cully *et al.*, 1999; Dundon & Rollison, 2004). Nevertheless Whitley type committees have continued to play a role in the UK. Thus, from the Workplace Employment Relations Survey (WERS) in 1998 in the UK, four types of JCCs were identified: workplace committees; workplace and higher-level committees; higher-level committees and European works councils (EWCs) (Cully *et al.*, 1999:98-99). The WERS survey also indicated that JCCs were more popular in larger corporations than in small and medium organisations.

There are evident limitations to the broad effectiveness of JCCs. From their research on JCCs, Ramsay (1991) and Johnstone *et al.* (2004) found in the UK that sometimes the JCCs only deal with trivial issues such as toilet facilities or the car park, which are of less significance for employees. In non-unionised firms, management has even more say or control in JCC meetings with the corollary that employees have less voice. (Gollan, 2003a; Hall & Terry, 2004; Edwards *et al.*, 2006). In most cases, management initiates discussions, proposes solutions and finally obtains agreement (Marchington, 1994). Apart from these limitations, Strauss (1998) pointed out from his observations and research evidence in the US private sector, that JCCs are normally set up to assist upward communications as well as to allow senior management to pass information to

the shopfloor employees via the JCC, particularly about decisions already made.

Based on his observations in investigations of the JCCs in the UK, Ramsay (1996) offered an even more critical argument which was quite different from that of Marchington's (1992), as it was discussed earlier in this chapter. Based on research in the early 1990s, Marchington argued that one of reasons for companies to establish a JCC in the UK industry was to increase employee satisfaction. In contrast, Ramsay (1996) argued for divergent interests between management and employees' representatives in the role and function of JCCs. From their own perspective, argued Ramsay, management is interested in gaining support and cooperation from employees so that they will commit to organisational goals such as increased productivity, and employee commitments. By contrast, employees' representatives may be more interested in resolving grievances and influencing decisions on important matters. Indeed, Ramsay (1996) asserted that his research indicated that sometimes JCCs may create rivalries between management and employees' representatives and that this relationship may become even worse than before the JCCs were established.

2.5.2.2. Collective bargaining (CB)

In 1986, the International Labour Organisation (ILO) adopted Convention 154, which gave an operational definition of CB. ILO defined CB as

all negotiation between employers (employers' organisations) and workers' organisation for the purpose of determining terms and conditions of employment and / or regulating relations between them (International Labour Organisation, 1986:1-2).

The objective of CB is to decide on agreed terms and conditions of employment and the ways in which employment issues such as individual grievances, collective disputes and disciplinary matters are to be resolved at the workplace, company and national levels. CB is actually a joint negotiation between the management and trade union. Flanders (1975) argued that workplace bargaining or joint regulation represented the most democratic alternative for workers and unions to influence management decisions. For example, he argued that workplace bargaining

apart from providing protection, it also permits participation. A worker through his union has more direct influence on what rules are made and how they are applied than he can ever exercise by his vote over the laws made by the Parliament (Flanders,

In addition, Bean (1994) also argued that CB should be considered as an effective EP mechanism in which workers and unions could be involved in the management decision-making process. However, he also noted that there were other more formalised forms of EP such as worker directors, JCCs, co-determination, and works councils which might be seen as competing with CB. To evaluate this, he considered the example of India and Pakistan where the introduction of other types of EP machinery had not slowed down the development of CB at the firm level. Indeed, it still plays a dominant role as a mechanism for EP. Bean (1994) further argued that as long as employees are generally acting through their representatives and have an influence on the decision-making process via CB at the level of the firm, then it can be clearly identified as a form of EP.

Similar to Bean's argument, Marchington and Wilkinson (1996) asserted that under CB, trade unions and management will reach an agreement, rather than management imposing decisions unilaterally as was the case in the some situations involving JCCs noted earlier in this chapter. Based on their research on employee participation in 1990s in the UK, Marchington and Wilkinson (1996) demonstrated that management chose to work with the union, rather than against them:

Firstly, management may regard trade union representation as an essential part of communication process in larger workplaces. Rather than being forced to establish a system for dealing with all employees, or setting up a non-union representative forum, trade unions are seen as a channel which allows for the effective resolution of issues concerned with pay bargaining or grievance handling. It is also the case that reaching agreement with union representatives, in contrast to imposing decisions, can provide decisions with a legitimacy which otherwise would be lacking. It can also lead to better decision making as well ((Marchington & Wilkinson, 1996:237)

The above comments suggest that in the CB process, management and union will be involved in the decision-making process in order them to reach a mutual agreement in the end, although they may face some conflict in the beginning of bargaining process. As Marchington and Wilkinson commented above, in some cases CB also will be used as a mechanism for effective dispute resolution, particularly when handling grievances among workers and management in the workplace.

The above discussion indicates that there are clear differences between direct and indirect forms of EP. In large part these differences rest on employees' and union's capacity to influence and participate in the management decision-making process. In direct participation processes, employees are involved in solving daily job related issues through direct communication either with their superior or through teamwork, in QCs and problem-solving teams. The focus of direct participation is on operational or tactical issues in the workplace (Knudsen, 1995). On the other hand, indirect participation forms such as JCCs and CB will involve management, union, and employees' representatives in the organisational decision-making process. That said, it is worth noting that research evidence (Kessler & Purcell, 1996; Strauss, G., 1998; Benson, 2000; Knudsen & Markey, 2002) suggests that JCCs are limited to the English speaking countries. These include the US, the UK and Australia where unions or employees' representative have less capacity to influence management's final decisions, compared to CB. In CB, management and unions have the opportunity to negotiate workers' salaries and working conditions and in the end they will reach and sign a collective agreement (CA) (Bean, 1994). It is different if JCCs are compared with CB. Despite several discussions in JCC meetings among management and workers, management nevertheless has significantly more influence on the final agreements than is the case following CB (Davis, E. M. & Lansbury, R. D., 1996b; Markey, Raymond., 2005).

2.6. Scholarly debates on employee participation models

The central question in this thesis focuses on how and why different forms of direct and indirect EP have developed in different companies in Malaysia. To answer this question, we need to explore the scholarly literature more thoroughly, most notably, the arguments proposed by industrial relations/employment relations scholars, who have developed models which seek to why companies establish and implement direct and indirect EP forms at the company and workplace levels. There are three major models that scholars use. They are

- the cycles of control model (Ramsay, 1977, 1983; 1993)
- the contingency model (Ackers *et al.*, 1992; Marchington *et al.*, 1993)
- and
- the favourable conjunctures model (Poole *et al.*, 2001a; Poole, M., Lansbury, R. D., & Wailes, N., 2001b).

All three models have received much attention in the EP literature in the last three decades. As well, there are several macro-micro factors that influence firms to develop various forms of direct and indirect EP at the company and workplace level which are discussed in models of EP.

2.6.1. Cycles of control

Although the longest standing model of EP, Ramsay's (1977) '*Cycles of Control*' model continued to receive great attention in the literature of EP even after his death in 2000. To honour his contribution to the model of EP, Harley *et al.* (2005a) published an edited book under the title of *Democracy and Participation and Democracy at Work: Essays in Honour of Harvie Ramsay*. Ramsay had explained that there are certain patterns or 'cycles' of employee participation which can be distinguished over time. The central argument of Ramsay's thesis is founded on the assumption that during the periods of economic growth and prosperity in the UK have been traditionally accompanied by increased levels of trade union activity. Therefore employers' efforts to harness greater EP are intensified as the influence of the union increases. Conversely, during periods of recession or economic stagnation, employer interest in participation diminishes as trade union activity wanes (Ramsay, 1977)

Ramsay argued workers' participation in the UK had waxed and waned since the mid-nineteenth century, taking on diverse forms at different times. For example, profit sharing was an important form throughout the late nineteenth century. Later, joint consultation (variously through the Whitley committees and joint production committees) grew in significance during and just after the two world wars. For instance, there was a rise in profit sharing schemes as employers worried about the risk of unionisation, particularly from the general unions in the 1880s and 1890s. In the three-year period 1889 to 1892, Ramsay (1977:484) declared that eighty-eight new participation forms were developed compared with forty throughout the preceding fifteen years. Subsequently to this expansion, the amount of new schemes decreased significantly, and several of these forms diminished or were abandoned. In the same way, the Whitley committees covered around 3.5 million workers in the peak years, but later in the 1920s they declined significantly. Ramsay noticed that 'this shows the magnitude of this participation wave compared with earlier ones...It also reveals its

limits, for this peak lasted only a short time and covered areas not previously well organised'. (1977:488)

Nevertheless a similar pattern reappeared with the third wave in the 1940s, with amount of Joint Production Committees (JPCs) reaching more than 4,500 in 1944 but they fell to 550 four years later (Ramsay, 1977). In the 1960s and 1970s, the focus had already changed to new forms of participation such as productivity bargaining and worker directors. The point is that attention to employee participation appeared to emerge, grow very quickly and afterwards decrease as quickly. From this scenario, Ramsay concluded that after an early enthusiasm, participation forms have a tendency to lose their importance and impetus as managements come to recognise that they offer very little. In brief, Ramsay (1977:496) argued that EP occurred primarily in phases of high union activity and were designed to

- have occurred from the managerial reaction to threats to its power from labour;
- be planned to avoid the threat from the labour by offering a greater involvement in whatever schemes in the management of financial success of the enterprise;
- highlight a consensual, unitarist ideology; and
- not be used or were disestablished by management when the threat to its authority had been removed.

The 'cycles of control' model had its origin in a Marxist conflict explanation which means the interest of capital and labour could never be reconciled without primary alteration to the nature of ownership and employment (Ramsay, 1983). Within this perception, participation forms were to be handled with caution, if not disregarded, because they provided employees with misleading and eventually false possibility to collaborate with employers for questionable benefits. In a subsequent publication, Ramsay (1983:219) developed the 'cycles thesis' in the context of early 1980s Thatcherism industrial relations, claiming that the potential for industrial democracy had been 'swept under the carpet' through the new managerial hostility.

The strength of Ramsay's model on 'cycles of control' is that it offers insights into the

nature of EP from the historical and sociological perspective in the UK environment (Harley *et al.*, 2005b). Based on historical analysis of EP in the UK, Ramsay argued that employers introduced participation schemes when labour and union are strong and oppose management authority, but that initiatives to develop participation schemes diminish when labour and union power are weak.

One of his contributions in the EP literature has been to challenge unitarist assumptions found in the literature in 1960s and 1970s based on the assumption that it is impossible to create 'win-win' environment which both management and employees benefited from the participation schemes. In fact he argued that conflict underlying the management-labour relationship determines restrictions on the possibility of participation schemes. In this context, Ramsay concluded that 'because of the structural conflict inherent in capitalism, the wholesale transformation of economy and society would be required before genuine industrial democracy could prevail' (Harley *et al.*, 2005a:3).

Ultimately Ramsay's thesis on 'cycles of control' was countered by Ackers *et al.* (1992), Marchington *et al.* (1992) and Marchington *et al.* (1993). These researchers have contended that the 'cycles of control' model does little, for example, to explain the reasons for management's adoption of EP in the 1980s onwards. In the 1980s and 1990s in the UK, union power was greatly weakened following membership decline. One of the reasons for this decline was the Thatcher's government's hostility to unions as evident and enacted in nine pieces of legislation. Apart from government policy, other reasons such as employers' attitudes and policies towards trade unions, economic crisis, composition of employment, changes in industry structure (especially decline of manufacturing also explained the fall in trade union membership in the UK (Tailby & Winchester, 2005). Workers were also unwilling to challenge management authority at this time, so the cycles model would have predicted waning participation (Ackers *et al.*, 1992).

In fact, Marchington *et al.* (1992) argued that the environment for labour-capital relations in the 1980s and 1990s era was quite different from the 1970s because employers were never under any threat from the workers in the UK. These later scholars argued that the form and schemes of EP were already practised in firms and were mostly initiated by the management to get support from the employees through diverse

practices of information-sharing and consultation.

The criticism of Ramsay's model by Ackers *et al.* (1992) and Marchington *et al.* (1993) was that he focussed too much on the relations between capital and labour based on a Marxist analysis of work in the UK. This resulted in the relative neglect of examining multiple contingency factors such as managers' beliefs, human resource management practices, and organisation structural and modernisation process at the micro level, that is within the company or organisation (Ackers *et al.*, 1992; Marchington *et al.*, 1993). It also appeared inadequate to explain more recent progress in direct participation (Geary, 2003; Wilkinson, Dundon, Marchington, & Ackers, 2004) where there were many new initiatives on participation forms according to Ramsay, one would expect decline. In response to the apparent limitations the 'cycles of control' model's limitation, Ackers *et al.* (1992) and Marchington *et al.* (1993) proposed a *waves or contingency* model in order to study and understand the patterns of EP practices at the firm level in the 1980s and 1990s.

2.6.2. *Contingency model and farewell to cycles*

Marchington *et al.* (1993) found that in the 1980s, union density dropped tremendously in the UK but that management still established JCCs for employees to participate in the decision-making process, and that workers were able to give their views through this mechanism. This evidence does not support the 'cycles' model because in a longitudinal case study research in the UK, Marchington *et al.* (1993) demonstrated that employers in the UK were still concerned about EP although union density was declining. These scholars argued that there are other contingency factors that let employers introduce different forms of employee involvement.

To test Ramsay's cycles model, Ackers *et al.* (1992) conducted EP research at the company level. They noted that Ramsay himself had also acknowledged that 'the weak predictive power of the cycles analysis in this period (1980s), and called for more micro level analysis, without, as yet, looking for a fundamentally different approach' (Ackers *et al.*, 1992:273). Their research findings from the eighteen organisations in the UK firms demonstrated that the EP schemes are mixed and there were waves of interest among employers in different organisations. They found that in larger manufacturing

firms, EP was both direct and indirect. EP forms included team briefings, joint consultation committees, collective bargaining, teamwork, and customer care programs.

In the 1980s, with the spread of the human resource management (HRM) patterns in companies directly impacted on the implementation of EP (Marchington, 1995). In other words, within the concept of HRM, Marchington (1992) found in the UK that employers implemented various forms of EP, particularly direct participation, as the means to generating loyalty and commitment from the workers than to the unions. Management in the 1990s was also keen to introduce EP because of product market pressures (Ackers *et al.*, 1992). In response to such pressures, companies become more concerned about the quality of the product. A similar scenario applies to the service sector (Sturdy & Korczynski, 2005). The customer care programme became a major element in the service industry. Management would involve employees in the EP program training in order that they provided the best product and service quality, and so achieved improved productivity, profitability and market share (Marchington *et al.*, 1993:560).

Marchington *et al.* (1993) argued that the patterns of EP in particular workplaces were influenced as much by relations within management as they were by relations between managers and workers. For example, the research of Ackers *et al.* (1992) on eighteen UK companies showed that some of companies although the HRM Departments promoted EP programmes, sometimes it would be also championed by other line or general managers to show their interest in implementing EP in workplaces. Ackers *et al.* (1992) found that other departments such as marketing, public relations, corporate affairs were also overlapping with the HR Departments to promote EP activities in the workplace. However, sometimes because of internal rivalries and divisions within the management, and also reflecting employees' doubts over the purpose of the EP programs, these programs may not be continued (Marchington *et al.*, 1993:572-573).

Therefore, they argued that the implementation of EP forms in the organisation are not determined cyclically by economic cycles but rather as an outcome of the values and beliefs of managers at the firm level (Ackers *et al.*, 1992; Marchington *et al.*, 1993). Managers also have the choice to retain, reform or drop any of the EP schemes in the workplace (Marchington *et al.*, 1993; Holden, 2004).

However, the contingency model which was developed by Ackers *et al.* (1992) and Marchington *et al.* (1993) only concentrated on the UK environment. It does not explain some of important macro variables such as economic conditions, technology, cultural, ideology, and legislation which also reshape the practice of EP at the firm and workplace level outside the UK. Second, Ackers *et al.* (1992) and Marchington *et al.* (1993) place too much emphasis on EP from the managers' perspective in order to identify the reasons for introduction of EP at the company level. They also do not include union and non-managerial employees who are actually playing a vital role in the implementation of EP at the workplace and company level (Gollan & Markey, 2001:340).

In general then, a weakness in the cycles of control model is that Ramsay over-emphasised macro level factors that explain the different patterns of EP forms over different economic cycles. They also focused only on the UK experiences. On the other hand, the contingency model proposed by Ackers *et al.* (1992) and Marchington *et al.* (1993) emphasised the micro level (company level) to explain the pattern of EP as based on a management perspective. Both models are tested in the UK only and cannot be generalised to other parts of the world.

It was perhaps not surprising then, that, Poole *et al.* (2001a; 2001b) developed a favourable conjunctures model of EP to explain the patterns of EP from the global perspective, but particularly in the developed countries such as Germany, the UK, the USA and Australia. This model also sought to overcome on the weaknesses in cycles of control and contingency models. In the favourable conjunctures model, Poole *et al.* argued that **both** macro and micro factors were influential. Thus factors such as cultural, macro economic conditions, the role of state, the legislation, and ideology led firms to implement different forms of direct and indirect EP at the company level. Beside these macro factors, Poole *et al.* also argued that strategic choices and power of principal actors of industrial relations, including the employers, the government, and the unions, also influenced organisation to establish various forms of EP at the firm level.

2.6.3. A favourable conjunctures model

According to Poole *et al.* (2001a), the cyclical and contingency models do not clearly explain the richness of EP forms globally. This leads to the identification of bundles of different variables that help to explain various patterns of historical movement within EP development globally (Poole *et al.*, 2001a). In this context, Strauss (1998b:184) argues that ‘history doesn’t follow a straight line’. Occasionally it is cyclical and sometimes unpredictable changes occur in organisations.

Such assumptions are the basis for the favourable conjunctures model. Diverse variables influencing the development of EP are recognised such as the power of the actors (Poole, 1986; Mitchell, 1998), diverse initiating agents (labour, the state and the management) (Poole, 1986; Davis, & Lansbury, 1996b; Strauss, 1998), institutional forces, and finally organisational structural and innovation changes at the firm level (Davis, & Lansbury, 1996b; Marchington, 2005). The favourable conjunctures model also allows investigation of the explanatory factors which encourage or constrain EP at the firm level, which are central issues for the research questions for this thesis. For example, in Malaysia, the role of the state, through various industrial relations laws has become a constraint for EP development, particularly if we observed EP practices at the firm level (Todd, Lansbury, & Davis, 2004). Similar patterns can also be seen in the English speaking countries, including Australia, the UK, and the USA (Strauss, 1998a; Knudsen & Markey, 2002; Gold, 2005; Marchington, 2005).

This model is separated into four main sets of variables that influence the development of different forms of EP. These include macro conditions (external to the organisation), strategic choices of the actors, the power of the actors, and organisational structures and processes at the level of the firm. The macro variables that shape the development of EP consist of structural variables - for example, economic and technical conditions, and subjective variables, including the culture and ideologies within given nations that either support or restrict EP and the legal framework and the political structure.

The formation of specific practices of EP relies on the strategic choices of the actors within this context (Poole, M., 1986). In fact, various strategic choices of management,

state, and union will result to the implementation of EP at firm level also due to macro factors such as product market, legislation, and technology development (Kochan & Osterman, 1994; Poole, 1999). Child (1997:45) defined strategic choice as ‘the process whereby power holders within organisation decide upon courses of strategic action’. As companies face challenges from environmental phenomena such as economic crisis, technology advancement, and product market competition, employers have to make right strategic choices and decisions to overcome such dilemmas (Deery & Purcell, 1989; Child, 1997; Poole, 1999). Kochan *et al.* (1984) applied strategic choice theory to the industrial relations field. Kochan *et al.* argued economic conditions, product market competition, business cycles, and technology advancement will influence employers in their strategic decisions which have an impact on a company’s competitiveness in the long term. Thus in the strategic choice dimension, employers will have multiple choices whether to:

- stay or leave the business
- consult and inform employees
- centralise or decentralise the structure of bargaining
- have high or low cost production
- encourage or discourage unions
- reinvest, to open new plant or technological change (automation) or
- sub-contract the business (Kochan *et al.*, 1984:24; Deery & Purcell, 1989:460)

The above employers’ choices are crucial for them to take a proactive strategic approach in the long term in order to sustain business competitiveness in the global trade market. Deery and Purcell (1989:459) pointed out that matters such as EP programmes, and job evaluation are generally the subject of corporate level decisions making. Management also played a key role in shaping organisation structure and its long term business plan. Poole *et al.* (2001) showed that by drawing on the strategic choice theory of Kochan *et al.* (1984), they could show in their favourable conjunctures model that the strategic choices of the principal IR actors, such as employers and unions, will determine the development of direct and indirect EP forms at the company level.

In addition, the distribution of power between the key actors is of absolutely critical

importance. For example, high trade union membership may result in collective bargaining which is becoming an importance form of EP. The powerful potential of the state's role in developing laws on EP can establish legislative-based representative forms such as codetermination and works councils in Germany and the Netherlands.

In the favourable conjunctures model Poole *et al.* (2001a) also emphasised that the implementation of certain forms of EP were not only influenced by the macro factors, strategic choice and power among the industrial relations actors but were also due to organisational modernisation or innovation at the company level. In Australia, employers implemented various forms of EP at the firm level in the 1980s and 1990s due in large part to restructuring and modernisation (Davis, E. M. & Lansbury, R. D., 1996a). That was not the only reason however. External factors such as product market competition, globalisation of trade and changes in the legislation by the state were an impetus for EP, especially direct EP (Davis & Lansbury, 1989; Ackers *et al.*, 1992; Davis, E. M. & Lansbury, R. D., 1996b; Lansbury, Davis, & Simmons, 1996; Brown & Ainsworth, 2000). Many employers in the 1980s and 1990s, in countries such as the UK and Australia, had become much more interested in direct participation forms (e.g. total quality management, suggestion scheme, customer care program, and team briefing), rather than indirect participation (e.g. joint consultation) (Ackers *et al.*, 1992; Marchington *et al.*, 1992; Davis, E. M. & Lansbury, R. D., 1996b).

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From the discussion of the three models presented above, three key issues can be summarised. First, based on his cycles of control model Ramsay argued that EP was introduced by employers when labour power was strong and EP gradually diminished when the power of labour was weak. He observed EP in the UK from the historical and political perspectives. Second, the cycles of control model which led to Ramsay's over emphasis on macro level factors motivated Ackers *et al.* (1992) and Marchington *et al.* (1993) to develop the contingency model in 1990s. The contingency model focuses more on the micro level factors such as product market competition, influence from the human resource management philosophy, and management's own strategic choices. These factors were seen influence firms to implement various forms of direct and indirect participation. This model was also tested in the context of UK. Third, taking account of the limitations of the cycles of control and contingency models, Poole *et al.* (2001a) developed the favourable conjunctures model based on the evidence that various internal and external factors influenced companies over what forms of EP they would implemented. They also emphasised that various forms of EP also determined by the strategic choices and the power of the industrial relations actors.

The efficacy of these models needs further investigation, not only because there are still some aspects that may be weak but also because they have mainly been researched in western economies especially English speaking countries. Investigation in an Asian context, such as Malaysia will provide opportunities for understanding the nature of models generally and EP in Malaysia specifically. Indeed the literature surveyed in this chapter suggests that there is a significant gap in EP research in the Malaysian private sector. The next section will discuss this research gap.

2.7. The problems and gaps in EP research with particular reference to Malaysia

While there is a long and extensive body of research on EP, there has been no specific study conducted in Malaysia on EP which includes both direct and indirect EP. Moreover studies on EP in Malaysia have been conducted largely through an organisational behaviour perspective employing a quantitative approach (Lunjew, 1994; Zin, 1998; Naceur & Varatharajan, 2000). In addition, most previous research in Malaysia has focused on the public sector. The researchers in these studies have

generally emphasised the effects of EP and its implications for non-managerial employees, particularly with respect to job performance, job satisfaction and organisational commitment. Therefore, these studies did not cover contextual factors, such as the role of the state, labour law, labour code, foreign direct investment, and technology advancement. They also neglected important variable such as company restructuring and reorganisation process which are significant in shaping the nature of EP at the firm level. Some empirical research on industrial relations and EP in Malaysia will identify the nature of this significant research gap.

Todd and Peetz (2001) studied industrial relations practices at the firm level in the Malaysian private sector. In this study, they emphasised briefly nature of EP at the company level. For example, Todd and Peetz (2001:1379) demonstrated in the Malaysian firms 'management, not surprisingly, are preferring to retain their high level of workplace power as exemplified by the lack of introduction of genuine consultative committees'. However, the lack of genuine consultative committees and the extent of management power both need further investigation. Furthermore, although these scholars highlighted the lack of genuine EP and managerial control at the firm level in Malaysian workplaces they did not really explain why there is a lack of genuine EP or how management control was sustained, in detail.

Parasuraman (2002) conducted research on EP in the two state-owned enterprises in Sabah, East Malaysia. The main gap in this research revolved around methodological problems. His findings show that in both companies, the managers were very positive towards practices and the outcome of EI implementation. The managers believed EP enhanced job satisfaction, commitment, and job performance among non-managerial employees. The data on his research EP practices in these two enterprises came from the managers only (Parasuraman, 2002). By contrast, Gollan and Markey (2001:340) argue persuasively that it is important to understand the perceptions of managerial, non-managerial employees and unions if there is to be clear appreciation of the nature, extent, and effective of EP practices at the level of the firm.

On the other hand, Todd *et al.* (2004) argue that Malaysian industrial relations is still practised as a traditional system, demonstrating a tight control on the labour movement with restricted union bargaining power in the workplace. This is despite the fact that

Malaysia is now moving to an advanced level of information communication technology (ICT). Todd *et al.* (2004) also propose that some industrial relations reforms at the organisational and workplace level are needed in order to keep parallel with ICT development. One of the issues they emphasised in their research is EP. They briefly indicated that historically EP forms such as JCCs are not well developed at the firm level in Malaysian private companies. However, they do not explore in depth why the JCCs are not well developed at company level, nor how joint consultation is practised in the present situation in the Malaysian firms particularly in the private sector.

They did, however, consider the Code of Conduct for Industrial Harmony 1975, and its influence on EP. According to Todd *et al.* (2004), historically EP was discussed under the Code of Conduct for Industrial Harmony 1975. Under this Code, employers agreed to establish regular consultative arrangements with union and employees at the firm level. However, this aspect needs more investigations in order to understand why the government, employer and union agreed to introduce the Code as well as the extent of its effectiveness in enhancing EP practices at the firm level. Hence, in this study the Code of Conduct of Industrial Harmony will be explored in detail in Chapter 4, as well as in the research conducted with the case study companies. Thus the effectiveness of this Code on EP will also be considered in Chapters 5, 6 and 7.

2.8. Research questions

The gaps and problems in the EP literature, particularly with respect to Malaysia, give rise to a central research question. In unpacking this central question it becomes apparent that three other subsequent questions need to be addressed. These research questions are significant in order to explore the nature of EP, particularly in the Malaysian private sector.

First, the central research question that proposed in this study is

Why are different forms of EP developed in different companies in the Malaysian private sector?

More specifically in answering the major question, the research project addressed the following three sub-questions:

- In what ways do management, unions and non-managerial employees perceive the objectives of EP in the three private case study companies in Malaysia?
- What are the different forms of EP established in these three Malaysian private companies and how do these forms actually operate at the company level.
- How effectively do the EP models explain the nature and assumptions of EP practices at the company level in Malaysia?

The first research sub-question is mainly concerned about the general perceptions by the managers, non-managerial employees and the unions in relation to objectives of EP. This question is significant because it is apparent that managers, non-managerial employees and unions have different kinds of understanding of the objectives of EP at the company level. Before the researcher really understand the forms and the practices of EP in three private companies in Malaysia, first we need to explore and evaluate the perceptions of the managers, non-managerial employees and unions.

The second question is linked to the first question. After the researcher understands how the managers, non-managerial employees and unions perceive EP, then the next step is to know what are the forms of EP are practised in these three companies and how they actually operate. In this context, direct and indirect EP forms will be investigated in order to determine the extent to which non-managerial employees and unions will be participating in the management decision-making process at the company level.

The third question is correlated with the second question, because the implementation of different forms of EP by the three case study companies is also due to several external and internal factors. The EP models will be examined in order to understand how far these models are applicable in the Malaysia context, since they have previously been applied in the context of western economies.

The research questions that address the issues above will contribute to the broader literature in two ways. First, it will contribute significantly to the Malaysian industrial relations literature in general. For example a gap was identified in the previous section insofar as most empirical studies on EP have concentrated on the public sector and have taken from an organisational behaviour perspective. The case study firms which form

the empirical foundation of this thesis are all in the private sector. A strong analysis of private sector practices will contribute to understanding the nature and characteristic of EP practices at the firm level from the industrial relations perspective. The findings from this research also will contribute in terms of practical implications for managers, union, non-managerial employees and the government.

Second, the wider international literature will benefit from the research in this thesis. For example EP models will be evaluated within the empirical study of the three case study companies in Malaysia. The justification for selection of EP models that discussed in the Section 2.6 are incorporating both macro and micro contextual factors such as economic policies, technology, economic crisis, the role of state, labour law, organisational structure, and cultural practices that explain the development of various forms of direct and indirect EP at the firm level.

While these models have not been tested empirically to explain why and how there are different forms of EP developed at the firm level in Asia. In this case, the nature of EP need to be examine within the industrial relations system in particular country for example in this thesis the focus is on Malaysia. The comparative analysis based on the three companies in the private sector that will be discussed in the Chapter 8 will be extending the EP models that discussed in Section 2.6 further. In fact, this is the first study to attempt use the EP models to explain the nature of EP at the level of the firm in Malaysia, and to identify the extent to which they can be generalised to a developing Asian country.

2.9. Conclusion

The focus of this chapter has been on exploring the concept of EP, different forms of EP, scholarly debates in EP, and finally to identify the gaps in EP research. The main purpose of this chapter has been to elucidate the main contributions to understanding EP in the literature in particular and more generally, in the Malaysian industrial relations literature.

There are three different terms of EP usually used in the literature. They are industrial democracy (ID), EP and employee involvement (EI). These terms can mean different

things to different people. Many writers regard them as interchangeable and synonymous. Each of these terms was considered in order to understand the differences that exist between them. All these terms are considered as evidence of employee voice but each emphasis is different (Boxall & Purcell, 2003). ID is seen to allow greater autonomy to employees and their representatives, such as trade unions, who decide their own policies in reaction to organisational changes and managerial policy (Clegg, 1960; Lansbury & Prideaux, 1980; Poole, 1986). EP, either through direct or indirect participation, is concerned about the role of employees and their representatives to participate in the workplace decision-making process and to try to influence final management decisions (Knudsen, 1995; Davis & Lansbury, 1996b; Strauss, 1998). EI is not a new concept but in recent years has been incorporated into many managerial initiatives such as QCCs, TQM, team-briefing and teamwork, which are often connected with HRM development in 1980s and 1990s (Marchington *et al.*, 1992; Cotton, 1993). Generally, management will encourage employees to be involved in these schemes in order to improve organisational efficiency and also increase employees' commitment to the organisational goals (Guest, 1989; Cotton, 1993). But the rationale in the definitional debate is that of employees having a greater say in the things which affect them at work. The term employee participation was chosen as most apt for this thesis.

The capacity of employees and their representatives (unions) to influence decisions in the workplace and company level were also discussed this chapter. It was shown that the extent to which employees influence management decisions is limited or enhanced by the managerial prerogative. The classification of EP into direct and indirect forms adopted by scholars in much of the literature illuminates the analysis of the process involved. These direct and indirect forms have also been discussed in this chapter in order to show the differences between each of these forms, and why these forms are implemented at the company and workplace level.

The chapter further discussed the models of EP. These models are 'Cycles of Control', 'Contingency' and 'Favourable Conjunctures'. Each of these models was presented in terms of the strengths and limitations which they bring to the investigation and analysis of the nature of EP. The important objectives of all of these models are to understand those factors that influenced the companies to develop direct and indirect EP in the workplace.

Finally, the literature survey revealed that there have been no extensive studies on EP conducted in Malaysia, particularly in the private sector. This study will fill this significant gap by researching EP in three private companies (union and non-union) in Malaysia. An ethnographic qualitative case study strategy was selected to answer the research questions as proposed above. As Yin (2003:5) argues, the case study strategy is suitable if the phenomenon is within its real life context, especially when the boundaries between phenomenon and context are not clearly evident and multiple sources of evidence are used. Based on the gap in EP research, the definition of Yin's fit this study because the study on EP and the private sector in Malaysia is not clearly evident. By using multiple sources of data, the broader issues of EP in the company level will be examined. The next chapter presents the research approach, ethnographic case study design, methods, and the limitations.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

“Case studies are widely used in organisational studies and across the social sciences, for example in sociology, organisational psychology, anthropology, employment relations, political science...There is growing confidence in the case study as a rigorous strategy in its own right.....Case studies can be theoretically exciting and data rich so its important to analyse their strengths and weakness as well as provide a practical guide on how to conduct and manage them” (Hartley, 2004:323)

“The case study method is important to the social sciences because in order to understand the dynamics and complexity of human behaviour, especially in these interesting times, laboratory experiments are improbable, and survey can elide significant elements” (Kelly, 1999:119)

3.1. Introduction

Research into employee participation (EP) in Malaysia is scarce, so this study has been designed to fill a gap in the existing literature. As well, previous studies on EP in Malaysia have relied on large-scale questionnaires, which may not capture the full nature of all the issues involved (Lunjew, 1994; Zin, 1998). Mertens (1998:2) defines research ‘a process of systematic inquiry that is designed to collect, analyse, interpret and use data to understand, describe, predict, or control, an educational or psychological phenomenon or to empower individuals in such contexts. Rose (2002) like Mertens, also describes research as a systematic and organized effort to investigate a specific problem that needs a solution therefore the choice of the most suitable methods or techniques for a particular research strategy depends on a few factors. These factors include internal validity, population validity and reliability. The choice of research design relates to the various strengths and weakness inherent in the use of different approaches as well as the epistemological basis of the research. In this case, qualitative research within an epistemological grounding in constructivism was used. The ethnographic case study method was chosen for this research in order to elicit in-depth information, and triangulation of the data collected. The process of triangulation was undertaken by examining the issue of EP from the perspectives of employers, employees and unions. Further examination from the perspective of the government was also undertaken.

Therefore, the objective of this chapter is to discuss methodological choices made within this study and the decision to adopt a largely qualitative approach. At the beginning of the chapter, the general approach to research is examined, followed by the discussion of significance of qualitative research. The remaining parts of the chapter focus on ethnographic case study strategy as the research design, the techniques used for data collection and data analysis process.

3.2. Approach to research

In general, research is an organised, systematic process for investigating problems to find solutions or to increase understanding of problems and their underlying causes. Research also involves finding out and explaining. Finding out might be called the ‘what?’ of research- what is happening? What is the situation? Explaining might be called the ‘how’ and the ‘why?’ research - how to do things happen? Why do they happen? Finding out involves description and gathering information. Explaining involves an attempt to understand that information, which goes beyond the descriptive. Description and explanation can be seen as part of a circular model of research ((Williamson, Barry, & Dorr, 1982:7) as illustrated in Figure 3.1. Research methods should facilitate both of these processes: describing and explaining.

A research process can begin at point A, description, or point C, explanation/theory formulation. A research project may involve a single circuit or a number of circuits, possibly in both directions. If the research process begins with description at point A, and moves from there to explanation, the process is described as inductive. The explanation is induced from the data-the data come first and explanation later. If research process starts with prior logical reasoning at point C, then it involves deduction. This entails developing hypotheses as to how or why something might happen, then collecting the requisite data to test the hypotheses.



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Hypotheses are statements which may be supported or refuted by the evidence, and might arise from informal observation and experience of the researcher or from the existing literature. If the hypotheses form a coherent whole and possibly relate to other ideas about human behaviour, then they may form theories (Bryman, 2003). In practice, however, data are rarely collected without some explanatory model in mind (Lukka, 2005). Otherwise, how could the researcher know what data to collect? There is always an element of deduction. Likewise, it is also not possible to develop hypotheses and theories without at least some initial information on the subject in hand. So, there is always an element of induction.

Based on the circular model of research postulated by Williamson et al. (1982), Berg (2004) points out how ideas promote potential research endeavours because the generation of an idea is a typical starting point for every research project. But how is the idea related to theory? There are some who argues that ideas and theory must come before empirical research. This has been called the theory-before-research model (Lukka, 2005). Others argue that research must occur before theory can be developed, and this research orientation has been called the research-before-theory model (Darlington & Scott, 2002). Berg (2004), however, argues for a different model for the

research enterprise that encompasses both the research-before- theory and theory-before- research models. In the present research on EP in Malaysia, the researcher utilised Berg's model. The researcher begins with an idea, gathers theoretical information of EP, reconsiders and redefines the idea, begins to examine possible designs, re-examines theoretical assumptions, and refines these theoretical assumptions, and perhaps even questions the original or refined ideas. Thus, with every two steps forwards, researchers take a step or two backward before proceeding any further.

3.3. The Significance of qualitative research

In the past, many researchers believed that only phenomenon that counted in the social sciences were those that could be measured. They called any phenomenon they intended to study a 'variable', indicating that the phenomenon could vary in size, length, amount or any other quantity. By contrast, the qualitative approach to research, which is based on non-numerical data, is not concerned with this sort of statistical analysis because not all phenomenon in the human world come naturally in quantities. There are many occasions in which the researcher would not want to count or quantify some of social phenomenon or interaction, but to investigate those unobservable and intangible factors that help explain human behaviour- only words can do that (Cassell & Symon, 2004). For example Marchington *et al.* (1994:868) argues that

While quantitative research may have many benefits, it only provides an aerial (and necessarily one-dimensional) photograph of social phenomena. It is unable to tell us how important these phenomena are to the actors involved in the process relative to other feature of the employment relationship, nor is it able to discriminate between the idiosyncrasies which characterise EI

Marchington *et al.* actually anticipates that quantitative research does not actually provide fully holistic understanding on employee involvement (EI) practices in the organisations. They gave an example of what managers, employees, and union perceived through semi-structured interviews about the implementation of profit sharing in two different organisations in the UK. Marchington *et al.* demonstrated that the profit sharing scheme has different meaning for managers, employees, and unions in these organisations.

Qualitative approaches recognise there are alternative ways of understanding and

explaining social phenomena, providing ample models to suit a particular demand (Berg, 1989). Data collected through this research approach is individualised and focused on its merits illustrating actual situations. Its purpose is to provide more in-depth insights into the issues surrounding the research questions (Rubin & Rubin, 1995; Babbie, 1998). It involves for the most part, non-numerical data which is featuring views from the research participants (Darlington & Scott, 2002).

Qualitative researchers are concerned mostly with exploring the situation as accurately and clearly as possible, so that others may identify with the situations described. They can then draw their own conclusions by comparing the study with their own situation. Interest is directed towards context-based conclusions that potentially could point the way to new policies or decisions (Burns, 1997).

In qualitative research, topics are tentative at the beginning and are redefined throughout the study (Babbie, 1998). Research questions are thus developed as the study progresses. Data are collected using many and varied forms. These methods include interviews, direct observations, documents and participant observation. Patton (2002) argues these methods permit an in-depth detailed study, contributing to openness and details of qualitative inquiry. It allows for greater analyses of data pertaining to an individual subject or issue. In addition, Warr (2004:578) contends that qualitative research provide a 'researcher with an opportunity to listen to people telling their life stories, and the method yields rich and complex data'. In-depth nature of qualitative research approach lets the researchers to convey their feelings and experiences in their own ways.

Cassell and Symon (1994:4-7) also point out that the qualitative researcher knows a number of qualitative research characteristics which including

a focus on interpretation rather than a quantification; an emphasis on subjectivity rather than objectivity; flexibility within the process of conducting research; an emphasis on process rather than outcome; an assumption that context-related behaviour and situations are inextricably linked in forming experience and finally, an explicit recognition of the impact of the research process on the research situation

Based on the above characteristics, Cassell and Symon brought the readers to understand the main advantages of qualitative research method in comparison with

quantitative method. One of the advantages that Cassell and Symon mention in regard to qualitative research characteristic is flexibility. Flexibility is crucial in organisational research because the researcher is working in a complex situation where he/she cannot define exactly what he/she is interested in or how to explore the issues at the outset. The settings for the qualitative approach are variable and might be determined through an analysis of multiple forms of understanding that can lead to the discovery of a deeper level of meaning of phenomenon being studied. The important task is to capture what the participants have to say, how they interpret the complexity of the world and to understand events from their viewpoints (Burns, 1997).

Another significance issue in the qualitative research is sample size. The sample size of qualitative research is small, but it provides an extensive amount of information from the comments of the respondents (Maxwell, 1996). Such 'thick description' provides details of the context and meaning of events and situations for those involved and those investigating (Geertz, 1983). In principle, this type of research gathers a great deal of information about a small number of people rather than a limited amount of information about a large number of people, as is the case in quantitative approaches. The information is generally not presented in numerical form.

According to Patton (2002), qualitative research used for pragmatic reason, in situations where formal and quantified research is unnecessary, impossible or inappropriate. There are also theoretical reasons for using qualitative methods. For example, it may be felt that structured research imposes too much of the researcher's view on the situation, that it is inappropriate for the researcher to be the only one to determine the whole framework within which the discourse of the research will be conducted. Furthermore, qualitative approaches may be appropriate at different stages of the research process that have different objectives. Table 3.1 illustrates the main difference in the approaches to research between qualitative and quantitative research.

Based on these arguments, it can be concluded that the qualitative approach is usually broader in scope. Its worth then is to provide more in-depth insights into the issues surrounding the research questions (Rubin & Rubin, 1995; Babbie, 1998; Hartley, 2004). The qualitative method typically produces a wealth of detailed information about much smaller numbers of people and cases. This increases understanding of the cases

and situation studied (Patton, 2002; Grix, 2004). From Table 3.1, we can see the main summary of qualitative research. It has many advantages, and, for instance, it emphasises understanding of the phenomena rather than measuring, understanding the phenomena from the research participants, and the issues through holistic perspective explore

See print copy for table 3.1

3.4. Research strategy and questions

The approach in this study is qualitative and inductive in nature because its theoretical orientation is consistent with the assumption of a qualitative paradigm. As Creswell (1994) states, this research includes an enquiry process of understanding an employee participation by building a complex, holistic picture formed with words, reporting the detailed views of informants and conducting this research in a natural setting. A qualitative approach considered to be appropriate because the research questions which are generated by the research problem (see Chapter 2, Section 2.7 and 2.8), are concentrated to a few subjects that require a great deal of information on them.

As noted in Chapter 2 (Section 2.8), the main research questions are:

“Why are different forms of EP developed in different companies in the Malaysian private sector?”

More specifically in answering the major question, the research project addressed the following three sub-questions:

- In what ways do management, unions and non-managerial employees perceive the objectives of EP in the three private case study companies in Malaysia?
- What are the different forms of EP established in these three Malaysian private companies and how do these forms actually operate at the company level?
- How effectively do the EP models explain the nature and assumptions of EP practices at company level in Malaysia?

Defining the above research questions is probably the most important step to take in a research study. In fact, the type of research questions is one of three basic conditions that distinguish five major research strategies in the social sciences, as illustrated in Table 3.2. The remaining two conditions are: (i) the extent of control an investigator has over actual behavioural events, and (ii) the degree of focus on contemporary, as opposed to historical, events (Yin 2003). Based on the above illustration, the qualitative case study was deemed the most relevant strategy for this research because ‘how and ‘why’ questions are focus of the study, and the questions are examining contemporary events (EP) which the researcher has little or no control.

See print copy for table 3.2

3.5. A qualitative case study strategy

The previous section presented the significance of the qualitative approach, research strategy and research questions. This section will explain the practice of case study research in terms of its definition, advantages and disadvantages, and integrate such discussion to my case study research here.

In general, researchers have used the case study method for many years across a variety of disciplines. Social scientists have made wide use of this method to investigate contemporary real-life situations and provide the basis for the application of ideas and extension of methods. The case study has been used frequently in the general industrial relations literature (Kitay & Callus, 1998; Kelly, 1999; Hartley, 2004).

Defining ‘case studies’ is not necessarily as simple as it may appear because many authors and researchers tend to use the terms ‘cases’ and ‘case studies’ somewhat interchangeably. Cases and case studies are not synonymous (Robson, 2002). Some authors refer to case studies as a strategy (Eisenhardt, 1989; Robson, 2002; Hartley, 2004) or a method (Meriam, 1998) for undertaking research. Some researchers strongly contend that case study research is predominantly qualitative rather than quantitative in nature (Smith, 1991), while others take a more balanced perspective in claiming that there is no *a priori* reason to characterise and classify case study research as one or the other (Hartley, 2004).

Case studies are also useful where it is important to understand complex social processes in the organisational and environmental context. Case studies are tailor-made for exploring new processes or behaviours which are little known (Hartley, 1994). The strength of case studies lies especially in their capacity to explore social processes as they unfold in organisations. By using multiple and often qualitative methods, including observation, the researcher can learn much about processes that is possible with techniques such as surveys (Yin, 2003).

For purposes of simplicity, this research adopts Yin’s (2003:5) definition of a case study as

an empirical inquiry that investigates a contemporary phenomenon within its real life context, especially when the boundaries between phenomenon and context are not evident and multiple sources of evidence are used.

Based on the above quotation, Yin identifies three main criteria for the case study strategy. First, it will focus on contemporary phenomena, studied in the real life context. Second, the boundary between phenomenon and context is not clearly evident. A third criterion is that case study researchers will use multiple sources. For example, the case study usually comprises various sources of evidence such as documentation, archival records, interviews, direct observations, participation observation and physical artefacts (Yin, 2003; Silverman, 2005). These data will be used as evidence to show the credibility of research findings. This principle is known as data source triangulation (Stake, 2003; Yin, 2003). Triangulation will be discussed later in this chapter under data analysis section. Case studies make it possible to find answer to questions of 'how' and 'why' (Yin, 2003). Yin argues 'how' and 'why' questions focus on explaining a phenomenon.

Most of the characteristics in case study design presented above, match those used in this study. Based on Yin's definition of a case study, the current phenomenon was studied in this study is EP and the context is the Malaysian private sector. Based on the research gap identified in the Chapter 2, in the Malaysian context, an investigation of the EP practices from the managers', union representatives', and non-managerial employees' perspectives and the private sector are not clearly evident. As Dachler & Wilpert (1978) argue, in researching complex social phenomenon issues in the workplace such as EP, it is frequently not easy. Therefore, Dachler and Wilpert (1978) proposed a qualitative research approach such as a case study should be undertaken in order to help generate research questions more correctly to the dynamic nature of this phenomenon.

As presented in Yin's definition (2003), 'why' research questions are also suitable for case study strategy. In this study, the central research question is 'why they are different forms of EP were developed in different companies in the Malaysian private sector'. This question will be answered through in-depth investigation of three private companies in Malaysia which will be discussed from Chapter 5 to 7.

Case studies also involve multi sources of data as we can see in the Yin's (2003) discussion. In this study, semi-structured and unstructured interviews, participant observation, direct observations, field note, and different documents have been used to investigate EP practices in the Malaysian private companies. It examines all objects of analysis, namely managers, non-managerial employees and union representatives in order to solicit their views about EP.

In the literature, case studies can be categorised in a number of different ways, which are not mutually exclusive. Case studies can be classified according to their theoretical orientation (Hartley, 2004)- deductive versus inductive in nature, as discussed in the previous section. Stake (2003) makes the typological distinction between case studies on the basis of the purpose of the study. The intrinsic type of case is undertaken because of an interest in, or the need to know about its specifics, the case itself is of interest. On the other hand, the instrumental case is studied as a means to develop a wider understanding of a particular issue or to redraw generalisations, the case is a secondary interest. It is also possible dichotomise cases into 'typical' and 'atypical' instances of a given phenomenon: average, extreme, unique or replication.

Additionally, Meriam (1998) suggests that case study can be classified according to the objective of the research and the nature of the final report. A *descriptive* case study presents a detailed account of the particular phenomenon being studied. An *interpretive* case study also contains detailed descriptive materials, but is characterised by a greater extent and degree of abstraction and conceptualisation. This may range from suggesting possible, emergent relationships, categories, and typologies to the construction of a formalised theoretical framework. An *evaluative* case study embraces not only those elements of description and explanation found in descriptive and interpretative case studies, but it also incorporates the element of judgment.

Finally, Yin (2003) subdivides case studies into single or multiple studies with holistic or embedded unit of analysis. This combination produces a 2 X 2 matrix which Yin uses to suggest a fourfold typology, as illustrated in Figure 3.2. With reference to Yin's typology, the case study design of this research falls within type 3 (multiple cases), in which the Steelco, Autoco and Posco are three holistic units of analysis, and each cases becomes subordinate to the overall scope of the study. The companies, industry type,

and location of companies are presented in Table 3.3 and the location of companies are shown in the in the Malaysian map (see in Figure 3.3). Apparently, the multiple case study, whereby a number of individual situations are investigated, may be highly powerful and fruitful because of the ability to compare and contrast findings (Kitay & Callus, 1998).

Figure 3.2 Case study design

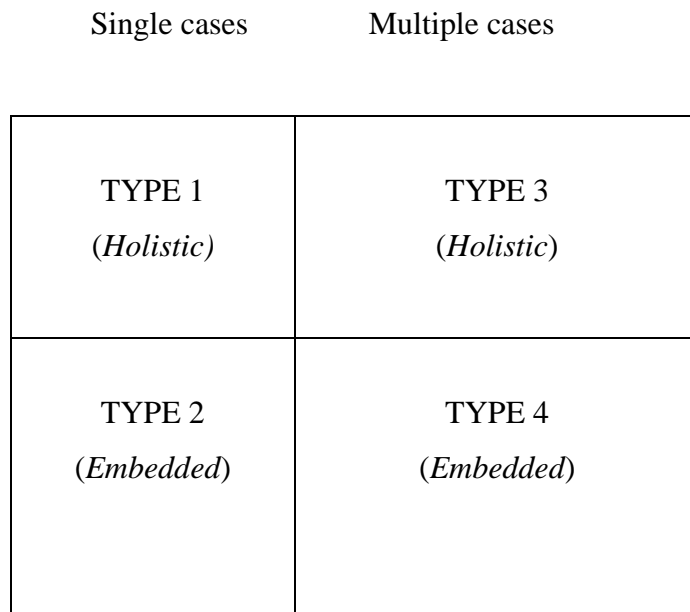


Table 3.3: The type of cases, industry, union, non-union firms and location

Companies	Industry type	Unionised	Non-union	Location
Steelco*	Manufacturing	Yes	-	Klang, Selangor, West Malaysia
Autoco*	Manufacturing	-	Yes	Kota Kinabalu, Sabah, East Malaysia
Posco*	Service	Yes	-	Kuala Lumpur, West Malaysia

* *Steelco, Autoco, and Posco are pseudonyms to retain confidentiality.*

Figure 3.3: The location of case studies in Malaysia



3.5.1. Criteria for selection of cases

A number of criteria have been employed in selecting the cases for this study. These criteria related primarily to the scope of research, as well as access to the organisations, and research budget.

Research on EP in Malaysia has been concentrated on the public sector rather than in the private sector. That the EP researches are conducted in both union and non-union private sector in Malaysia have made my study even more significant. These studies

primarily focus on manufacturing and service sector in private sector. The comparative analysis between union and non-union firm will enhance the variability and adaptability of EP practices.

The second criterion is the willingness of company to participate in my study. Lansbury and Macdonald (1994:131), Kelly (1999), Glover (2002) and Baird (2004) argue that the success of completion of the study in industrial relations is frequently based on willingness of employers, unions and employees to cooperate with the project. For example in one of the companies that approved my study, I had to convince the HR Manager that I was not a threatening person and would not harm his organisation in any way. He agreed but applied strict conditions before I could do my research in his company. He stated

your presence here is on a professional and academic basis, all claims and findings should be factual or at least analysed fairly....In order to make this research a success, the primary objective must be made beneficial for both parties....In addition, good company practices in other companies where you are conducting research must be shared with us to assist us learn and improve our operation' (*Acceptance Letter*, Steelco, 2003).

From his statement, we can understand it is not easy to gain access to some Malaysian private companies. Similarly when Rasiah (1994b) conducted research on the international division of labour in the Penang semi-conductor industry in Malaysia. He encountered difficulties in acquiring data on unions and the role of the state in industrial relations in Penang. Some of the key informants for his research expressed unwillingness to participate in his study. This is because they were worried about giving confidential data to the outside person (researcher). Rasiah further argued that he overcame this problem by interviewing key informants who were initially reluctant to participate.

The same problem was faced by Kamoche (2000) when he was conducting his PhD research on human resource management in Kenya. According to Kamoche, his main challenge in order to do research in Kenyan organisations was the manager's unwillingness to allow him to do research in his selected company. However with his contact, his initiative and persistence to convince the management with his contribution of research, he was granted access to do the research in this company.

I faced some similar problems when I tried to access data in several private companies in Malaysia. In October 2002, I returned to Malaysia to make initial contacts with manufacturing and service companies to conduct research on EP. I sent an application letter (with my supervisor's recommendation letter) to more than 200 private companies in Malaysia. There were a very small number of responses from these companies. Only three companies responded positively (two from the manufacturing industry and another one from service industry), eight responded with a refusal and the others failed to reply. While I was in Malaysia from November 2002 to February 2003, I took the opportunity to follow up the application letters by making personal contact with those companies who rejected my applications. Their responses were not very promising. In the end, I selected three companies only.

A third criterion is concerned with research funding. Ghauri and Gronhaug (2001: 262) explain that the selection of cases also depends on time available, and that financial resource for travelling are important factors in completion of final research project. I did not receive research funding for my thesis either from my sponsor in Malaysia or from the University of Wollongong. Field research involved huge costs such as airfare, accommodation, foods, and other additional cost. Moreover, these companies are located in various parts of Malaysia (see map in Figure 3.1), which needed even greater research funding. To overcome the funding problems, I borrowed money from my family members in Malaysia and from the bank. Furthermore, I also stayed at my brother's place in Kuala Lumpur about five months in order to complete my fieldwork in Steelco, Klang and Posco, Kuala Lumpur (see map Figure 3.1).

As we can from the above arguments although the case study has many advantages, it has also received criticisms (Yin, 2003; Hartley, 2004). The disadvantage of case study research is the lack of statistical validity that can be used to generate hypotheses but not to test them hence, generalisations cannot be made (Yin, 2003; Hartley, 2004). However, Yin (2003) argues that the problems in generalisation in case study research can be consequently overcome by analytical generalisation. Analytical generalisation means we look some pattern in theory that, we have already developed before the actual research is conducted. By comparing empirical findings between cases and then with theory, potential patterns will be confirmed or disconfirmed (Yin, 2003). Confirmation of expected patterns within cases strengthened generalisation of the theory.

3.6. Human research ethics approval

In the case of the University of Wollongong, Australia, all research students are required to make an initial application to the Human Research Ethics Office to undertake research involving human participants. In addition, the Human Research Ethics Committee also set criteria for conducting research such as:

- the research subjects must have adequate information to make informed decisions about participating in a study;
- research subjects must be able to withdraw without penalty from a study at any point and all avoidable risk to research objects must be eradicated. In relation to this aspect, Darlington and Scott (2002) indicate that the capacity of an individual to give their informed consent freely to research is a core principle in research ethics.

The Human Research Ethics Committee of University of Wollongong approved my study by issuing a formal letter with specific reference number HE03/204. I started my formal data collection in Malaysia after receiving full formal approval from the Human Research Ethics Committee. I used the relevant documents such as Consent Forms and Research Information Sheets when conducted interview sessions with research participants.

3.7. Data collection procedures

In this section, the focus will be on data collection procedures. This study was based on fieldwork undertaken in the three companies (Steelco, Autoco and Posco) between September 2003 and June 2004. The data was collected through multi-methods. These procedures include interviews, participant observation, direct observation, documents review and memos. Each of these methods is discussed below.

3.7.1. Interviews

Individual interviews were mainly used in gathering data for the study. Interviews are useful way to acquire large amount of data (King, 1994; Patton, 2002). As Pelto and Pelto (1978) argued, interviews are a way of collecting data in the form of verbatim text

from the research participants in order to preserve the original meaning of the information. Interview techniques are used because they allowed the researcher to enter into other people's perspective, with the assumption that the perspective is meaningful, knowable and able to be made explicit (Patton, 2002). The researcher needs to ask questions about people how have organised the world and the meaning they attach to what goes on in the world. Some authors subdivide this phenomenological approach to collecting qualitative data into structured, semi-structured and unstructured interviews.

The structured interview is one in which a sequence of questions, sometimes accompanied by a set of tasks which research participants are asked to complete, is carefully chosen beforehand. The props, tasks, questions, and responses to research participant's statements are planned in advance to ensure consistency across the responses of research participants. When more than one person is used as a respondent, the interview process allows for a wide variety of information and a large number of subjects. It also allow for immediate follow-up question.

Semi-structured interviews are a low-cost, rapid method of gathering information from individuals or small groups. These interviews are partially structured by a written interview guide. The flexible guide ensures that the interviewer stays focused on the issue at hand, but that the interview is conversational enough to allow research participants to be introduced to the topic smoothly and to discuss issues which they deem to be relevant. The guide prepared in advance to be flexible but focused, can be collaboratively designed with input from the researcher. Familiarity of the interviewers with the interview guide, along with that of local languages and cultures, is critical in order for the interview to be conducted in a conversational and informal way. Semi-structured interview are useful for comparative listening to perspectives of diverse populations, such as manager, non-managerial employees, trade union representatives, male, female, young, and old.

Unstructured interviews are simple and informal which saves time when preparing for the interview. The informality helps to get quickly to the basic structure of the domain. It provides a general understanding of problem. It also allows spontaneity to the interview where the expert may discuss previously known issues. These interview generally lack the organisation that would allow this preparation to transfer effectively

to the interview itself.

In this study, semi-structured and unstructured interview were used to gather data on the nature of employee participation practices in the Malaysian private sector. Question from unstructured and semi-structured interviews are likely to be open-ended. There is a general assumption that the longer, the more difficult and the more open-ended the questions schedule is, the more likely the preference will be for the use of interviews (Oppenheim, 1992). The strength of qualitative approaches to interviewing lies in the capacity for the researcher to ask more complex questions and ask follow up questions, so that further information can be obtained as new information becomes apparent.

Additionally, research participants can express their understanding as precisely as possible in their own terms and words, and non-verbal communication such as the attitude and behaviour of the interviewees can also be observed. In contrast to quantitative evaluation techniques, such closed instruments force research participants to fit their knowledge, experience and feelings into the evaluators' categories.

Despite their advantages, there are several problems associated with conducting interviews. The process can be very time consuming and expensive, and there is an issue of data confidentiality. Research participants cooperated very well during interviews because of confidentiality of data was assured, and this promise must be honoured in order to uphold good ethical practice. Data confidentiality and anonymity of research participants are important because they can enhance trust and reduce the chance that participants will try to play the role of good subjects by telling the interviewer what they think he or she wants to hear (Rosnow & Logar, 1997).

The interview schedule was developed drawing on number of sources. First, part of interviews schedule was extracted from Markey *et al.* (2001) study on '*The Illawarra Regional Workplace Industrial Relations Survey*' and Marchington (1980) '*Responses to Participation at Work: A Study of the Attitudes and Behaviour of Employees, Shop Stewards and Managers in a Manufacturing Company*' with permission from the authors. Some of interview schedule was drawn from the Markey *et al.* and Marchington sources because these dealt with some fundamental ideas about EP research. This was particularly important given that this is the first exploratory study on

EP in Malaysia which took an industrial relations perspective, and which included managers, unions and non-managerial employees as primary unit of analysis. These interview schedules also were modified to fit the Malaysian cultural, political and social context and some new questions were added.

Second, the interviews were written in English and Malay. In three companies, most of CEOs and managers have a good command of both spoken and written English. In the event that respondents do not speak English (particularly non-managerial employees and union representatives), the interview was conducted in Malay. Most of the people from all major ethnic groups in Malaysia, communicate in the Malay language because Malay is a national and a formal language in any formal official events. Therefore, I translated these interview schedules into Malay language in order for the research participants to understand the content of interview. To ensure accuracy, a professional translator checked the interview schedule, which had been written in the English. The translator who works at the *Dewan Bahasa dan Pustaka*, the government agency responsible for publishing books in Malay language, found the translations to be accurate and accessible.

I developed a separate semi-structured interview schedule for managers, non-managerial employees, and union representatives in Steelco, Autoco, and Posco. Semi-structured interviews not only focus on main topics and general themes through specific questions but also offer the choice to engage in other important issues as they arose (Maykut & Morehouse, 1994). The unstructured interviews were used (English version) for the Malaysian Trade Union Congress President, Director of Industrial Relations and Senior Officer from the Industrial Relations Department, Ministry of HRM, Senior Industrial Relations Officer of Metal Industry Employee Union and the Executive Director, Malaysian Employers Federation. These people were interviewed in order to gain a better understanding of the national policy context and employment agenda as a basis for interpreting employment relationship and EP at the firm level.

I used non-probability sampling to select the interviewees (key informant). Meriam (1998:61) argues non-probability sampling is justifiable in qualitative and case study research. For the purpose of this research, I utilised judgmental sampling procedures to identify the key informants to answer my main research questions presented in Chapter

2. Judgmental sampling is concerned with the respondent who is expert in a certain field (in the present research case is industrial relations) and who is able to express their views in-dept (Bryman, 1989; Dooley, 1995; Robson, 2002).

In a qualitative study, there is no definite answer as to how many in-depth interviews should be conducted. Thirty to forty interviews is probably typical (Oppenheim, 1966). Over the whole project, 42 interviewees were met from managerial employees, government representatives, union representatives and non-managerial employees with follow-up in some cases so that overall there were 50 interviews. Table 3.4 shows the list of interviewees involved in this study. From Table 3.4 there are two parts of interview session. Part 1 focus on national IR key players and Part 2 part involves interviewees from the company level. They are managers, union representatives, and non-managerial employees. These interviewees are directly involved in the direct and indirect EP in the company level which is considered to be well suited to the research purpose.

Table 3.4: List of interviewees (Part 1)

Part 1: National key players in industrial relations

Organisation	Position	Total
Malaysian Trade Union Congress (MTUC), Petaling Jaya, Selangor, West Malaysia	President	1
Malaysian Employers Federation (MEF), Damansara, Kuala Lumpur, West Malaysia	Executive Director	1
Industrial Relations Department, Ministry of Human Resources, Putrajaya, West Malaysia	Director	1
Industrial Relations Department, Ministry of Human Resources, Putrajaya, West Malaysia	Senior Industrial Relations Officer	1
Metal Industry Employee Union (MIEU)	Senior Industrial Relations Officer	1

Table 3.4: List of interviewees (Part 2)

Part 2: Workplace case studies respondents

Company	Chief Executive Officer/Managers/ Executives/ Supervisors/	Non-managerial employees	Union representatives	Total
STEELCO (U)	4	5	2	11
AUTOOCO (NU)	6	6	-	12
POSCO (U)	2	6	6	14
	12	17	8	37

Note: *U-union NU-Non-union*

Total research respondents: N [5 (Part 1) + 37 (Part 2): 42]

In this section, I will explain how the interviews were conducted with research participants and also the problems that I faced while conducting the interviews. At the beginning of all interview sessions, I explained the nature of the research. I also assured them that confidentiality would be protected. I requested their permission to use a tape recorder to record the conversation. A Sony TCM-200DV Cassette-Coder which is a compact and relatively unobtrusive piece of equipment, was used for recording. All but one respondents willingly accepted recording of the interview. At Steelco I was unable to convince the HR Manager to allow tape recording of the interview. Instead, he asked me to record the interview by note taking. It took three days to complete the whole interview session with him. Other respondents agreed to record their interviews. Typically, each interview took around one hour, but some expanded up to two hours.

The interview was conducted in private room without any disturbance, which allowed employees to speak anything freely. Most of the interviews were conducted in the respondent's workplace particularly among non-managerial employees. On one occasion, I needed to interview employees inside or outside the factory or office where a lot of noise was happening. This resulted in poor recording of interview sessions, which were difficult to transcribe. Mostly the noise came from the machines on the factory floor.

Here I will explain some of problems that I faced when conducting interviews with research participants. I encountered problems in using the consent form with some of

my research participants. In relation to this issue, Ryen (2004) points out the applicability of consent form can be a challenge in cross-cultural interviews. In Western societies, the consent form is an important mechanism for enforcing confidentiality and building trust with participants. But for Third World and developing countries such as Africa or Asia, an invitation to sign a consent form can act as an unintended instrument to create suspicions amongst participants (Benatar, 2002; Ryen, 2004; Mertens, 2005). Like other researchers in Asian countries, I have experienced difficulty to meeting these criteria set by the Human Research Ethics Protocols, University of Wollongong, Australia. For example, one of the participants stated, "*Saya akan menyertai dalam kajian kamu secara sukarela sekiranya saya tidak tanda tangan dalam borang ini*" (I am willing to participate voluntarily in your research project if I do **not** have to sign this form).

In the absence of the consent form, it was my obligation as a researcher to protect the participant's identity and refrain from presenting any information that would reveal their identity e.g. their workplace and the location where the study was conducted. Use of codes names is one way of protecting the individual participants and their company.

3.7.2 Participant observation

The next data collection technique adopted in this study is participant observation. It is the cornerstone of collecting empirical material in ethnographic research. Ethnographic research is typically qualitatively oriented, including a close and extended contact with the empirical subjects of the study (Lukka, 2005:4). In its classic form, participant observation consists of a single researcher spending an extended time (usually a year) living among the people he or she is studying, participating in their daily lives in order to gain as complete an understanding as possible of the cultural meanings and social structures of the group and how there are interrelated (Geertz, 1983). The hallmark of participant observation remains today the long-term personal involvement with those being studied, including participation in their life to the extent that the researcher comes to understand the culture as an insider. Participation in the daily life of the people facilitates observation of particular behaviours and events and enables more open and meaningful discussion with the research participants (Davies, 1999:67-71).

In the present research, the researcher spent almost two months in each company. During these two months, the researcher had an opportunity to discuss and socialise with people in the organisations, ranging from senior managers and middle managers to trade union representatives and non-managerial employees. This also enhanced the understanding of EP practices in this company particularly on the daily oral communication between researcher and managers, and most of the time with the non-managerial employees. In some occasions for example in the Steelco case, I have an opportunity to have lunch with some managers and workers where I gained understanding of many matters in relation to EP practices. During the interview sessions with managers and workers, I would cross check on what they said during the lunchtime.

In sum, participant observation is way of understanding people's life in a real life context. At the same time, it also will enhance the credibility of the research (Yin, 2003) together with other research methods.

3.7.3. Direct Observation

Prior to my data collection, I visited each company in order to gain first impressions as well as to acquire initial knowledge about the structure and operations of these companies. My first visit was in 12 February 2003. Workplace observations continued throughout every visit and every interview, as it was important to obtain details of company life, and the atmosphere and behaviour of people in the company.

I also attended a few meetings in these companies, although the majority of the companies did not allow me to attend formal meetings between managers and employees. However, after prolonged negotiations through gatekeepers, they finally allowed me to attend one or two meetings. For example, the HR Manager from Steelco allowed me to attend a MC Hammer Meeting. In this meeting they discussed critical issues such as the high rate of absenteeism among full-time blue-collar workers. The people who attended this meeting were the HR Manager (as Chairperson), the HR clerk (Secretary of Meeting), Production Executives, Production Supervisors, Technicians, the Factory Production Manager, a workplace union representative, and the Safety Officer.

I was allowed to observe a team-briefing sessions at the Autoco in Kota Kinabalu. The team briefings were about safety awareness, production problems, workplace performance, and announcements from the supervisors. My role here was as a non-participating observer. I was able to observe this briefing because there was strong support and consent from Production Manager. I recorded the briefing session between supervisors and workers. It helped me to understand the nature of EP procedure in this company, particularly with regard to the ways in which they communicated with each other.

I was allowed to attend and observe social functions in Steelco and Autoco. The company celebrated the major festivals in Malaysia such as Hari Raya (Ramadan), Deepavali, Christmas and Chinese New Year together with workers. There I had an informal discussions with workers, union representatives, managers, executives, and supervisors.

At Posco, I did not have any opportunity to observe their formal meetings. I had to depend on reviewing company documents and interviews as my main research tools. However, at Posco, for example, I received strong support from the workplace union committee members. I also observed the union office in Kuala Lumpur and visited the workplace for three days to review some union documents such as JCC minutes of meetings, the history of the union and a CA booklet. In addition, I observed one of their monthly union meetings.

Based on above discussion, it is clear that direct observation will be successful if the company allowed the research full access to observe their meetings or any other activities that related to the objective of study. As we can see from the above evidence, Steelco and Auto both allowed the researcher to observe some of activities such as manager-worker meetings and team briefings whereas at Posco the researcher had no access at all to observe any kind of activities in relation to EP practices except interviews and document analysis. As Rose (2002) has argued, the level of researcher access to activities in organisation depends on gatekeepers' attitude and how they look at the research activities, often based on whether it can bring benefit or not to them.

3.7.4. Documentary Review

In organisational research, the researcher relies on documents as another source of data. Robson (2002: 272-273) defined a document is any kind of written material, whether this is a book, news paper, magazine, notice, letter or whatever. The term is also sometimes extended to include non-written documents such as film and television programmes, pictures, drawings and photographs. Documents are used to check verbal statements and to find out whether positional bias occurred in other method (Pettigrew, 1973). Different types of documents were made available by the company officials for analysis and review. I read and extracted some of these documents. They are policy handbooks, staff record books, organisational charts, company official history, a company journal (such as a monthly newsletters or magazines), statistical data (on the number of employees employed, labour turnover), collective agreements, minutes of meetings, company annual reports, and annual financial statements. It should be noted that not all of these documents were in a compiled form and it took some time to inspect and extract the relevant information. These documents were useful in providing additional information on the companies investigated and the phenomenon of the study (Rose, 2002:122).

3.7.5. Memos

During my field trips I wrote many memos. These memos were used while reporting the findings of this study. I wrote these memos on a daily basis while I was conducting my data collection. For example, I wrote a few memos while waiting to meet managers, union representatives, or non-managerial employees. These memos involved aspects which were interesting and relevant to my data and study. I also made a point of writing memos at the end of each day on various aspects relating to my study, such as managers' comments on the practice of EP, my communication with non-managerial employees who were answering my interview questions, and the problems I had encountered in my data collection on that particular day. To reduce the element of bias, I used a two-column approach while taking field notes. I used the first column to write verbatim report or the interaction and the other column to write my thoughts about the interaction that was taking place. These notes helped me in at least one ways: I have a record of my thoughts in the context.

Table 3.5 Memo: Case Study C: Posco HQ, Daya Bumi Building, KL, Federal Territory, West Malaysia.

DAY 1 (15/12/2003, MONDAY)

Observation	Comments By Researcher
<p>1. The history about my research contact in this company started last year November 22, 2002. I was personally handed over the application letter to HR office. A month later, I received a email reply from MR Tn Haji Abdul Halim, Assi Executive (Planning/HR) saying that my application to do a research at POS succesful. Later in March I received another mail from Ms Mazure Che Tom ,Assi Manager (Planning) who also informed me my application was successful and asked where I could do my research - in Sabah or in KL. At the same time, I received an official letter from Mr Wan Sulong Wan Yaacob, Manager for Planning (HR) about my application. Therefore, I am happy to see that unionised firm in service sector become part of in my research. 2. These people asked me to liaise with Ms Azliatun, Clerk for HR Department (Training and Develpoment). I think from April 2003 till now (14/12/2003) I contact Ms Azliatun about my research planning in POS Berhad. I think everything is goes well. 3. I suppose to start my research on 1 Dec 2003. Due to some extention in Faber research work, then I postponed my research till 15 December. 15/12/2003: First Day at Pos Berhad, HQ, KL I arrived about 11.00a.m. First, I reported to Security Office in 8th Floor before proceeding to HR Department. HR Dept located in 8th Floor. When I come to HR Dept, I am looking for Ms Azliatun She was busy in IT room. I wait for while . Meantime waiting for her, I met IR Manager Mr .Zin. He asked me to see Ms Azliatun for further info on my research. After 10 minutes, Ms Azliatun approached me. She told me that I need to meet Mr Mohamed Zain, Training and Development Manager because he is person in charge of any research student and also for practical training. But he was busy entertaining his staff in his room. I waited till 12.20 a.m and then I was invited me to go to his room. First question he ask me: What can I do for you? I do not know your present in POS Berhad. I never get any info from you. I am so surprised at his statement. As far as I am concerned, I already submitted all relevant documents and letters one year ago and keep in touch all the time. He started asking many questions like what we can benefit from your research, what is significant you interview our people and so on. It seems that he was not interesting to my research in Pos. But I used all my IR knowledge to convince him by explaining all info in regards to my research. Finally he understood my project background and we gradually become a good friends. Then I promised to me that he will schedule interview session with all key informant in Pos Malaysia. Today (17/12/2003) I received interview schedule from him (Please see attachment for more info). Tomorrow I need to go there to conduct interview with key informant. * However some limitation from him as T & D Manager:</p>	<p>1. The T and D manager was approachable and quite different with HR Manager in BSp and T & D in Faber. T and D in Pos Berhad is gatekeeper for my research project. He is responsible the success of my research. T & D in Faber is a lady but work smart and very professional. HR manager in BSP has the same attitude as T & D in Pos Malaysia but he knew my project since beginning. Therefore, he knows my present to BSP and also my research background. Finally BSP and Faber are very supportive in my research where they allowed me to stay at their company from morning to evening where I can observe working class in daily basis. In Pos Malaysia, I cannot do that because the T & D manager limit to do so. What I can say here is the openness and closeness of Malaysia companies. This is reflect their the way managing their own people. I can comment that even my research matter also cannot be solved so easily, then how they can settle other HR problem throughout country with big workforce. 2. Even I observed Ms Azliatun, a clerk/secretary for T & D who was very scared to discuss with T & D manager. She looked worried all the time. Maybe the style of management (autocratic style) rather democratic way of managing people. I believe empowerment to non-managerial employees in this company is not given at all (any way I need to check in interview session with them to valid this data). In this quite different to BSP where HR manager giving full empowerment to his subordinate (non-managerial employees) to react on behalf of him on certain decision making process. O observed in this Dept. they are Malays, Chinese and Indian. HR manager allowed them to discuss work related matters directly to the workers. If the issue needed some further inquiries then they will refer to him of any action to be taken. But in Faber, the empowerment still in the hands of management discretion.</p>

<ul style="list-style-type: none"> • I cannot do any observation even structured or unstructured style. In this company, my prime methods are document analysis and interview. This is quite different in BSP and Faber. Over there I am able to observe two meetings (structured) and most of time I was allowed by HR manager to observe people in daily basis without knowing them I was observe them always. • I am only allowed to conduct interviews for about one hour and cannot be exceed more than one hour due to work commitments by all key respondent. This is quite hard to accept, based on my research paradigm and methodology that will be used in my study. It is challenge for me but I need to face the real world. In BSP and Faber I was allowed to interview all the key informant and given about 2 hours. I am a bit surprised in this company that limited me in many things. BSP and Faber fully understand my contribution to their firm's betterment. . 	
	<p>Most HR department staff and secretaries of company are not allowed to join the union. They all are non-union staff even though they are in clerical group. * Ms Rose also mentioned to me that the technical staff are very few and not an active member in union. They are only about 40 technicians throughout country and their voice very less listened to by union. Mr Rose who was Non-Executive Union said this union is not active as other unions like Postmen Union and also Clerical. I also knew PostCo has in-house union only and do not liaise with national union.</p> <ul style="list-style-type: none"> •

In sum, the various research methods such as interviews, participant observation, direct observation, document analysis and memos that were discussed above triangulated to validate the research findings and strengthen understanding of the link between phenomenon being studied (EP) and contextual issues (Yin, 2003). A primary advantage of a qualitative case study, then, is that it employs many research methods in a single study.

3.8. Data analysis stage

There is a need for careful analysis of any qualitative data if it is to provide useful and meaningful information, so that valid and reliable conclusions can be drawn from it. The goal of qualitative data analysis is to summarise the information gained into related themes and patterns, to discover relationships among the themes and patterns and to develop explanations for these relationships (Patton, 2002). As Patton (2002) points out, this falls into three stages: analysis, interpretation and evaluation. *Analysis* is the

process of bringing order to the data, organising what is there into patterns, categories and basic descriptive units. *Interpretation* involves attaching meanings and significance to the analysis, explaining descriptive patterns, and looking for relationship and linkages among descriptive dimensions. *Evaluation* involves making judgments about and assigning value to what has been analysed and interpreted (Patton, 2002).

Miles and Huberman (1994) demonstrate frameworks that are similar in their conceptual principles and take a very pragmatic approach to the analysis of qualitative data. They provide 4 steps as follows:

- Early steps in analysis
- Exploring and describing
- Ordering and explaining
- Drawing and verifying conclusions.

The steps of Miles and Huberman, as highlighted, above are neither ‘scientific’ nor mechanistic (Tesch, 1990) and they should not be viewed as rigid structures to be followed slavishly, but rather as a form to allow the appropriate framework for analysis to be created or developed.

All recorded interviews from the fieldwork had been transcribed. This is a labour-intensive process because two hours of interview, for example, takes as much as twelve hours to transcribe. There is a great value in producing complete verbatim transcript of interviews because they can be used to analyse the results of interviews in a methodical manner (see Appendix on the ‘Example of a Transcribed Interview’).

The initial steps in the analysis involve methodical procedures to classify and organise data, and thematic analysis approach is used to organise this raw information. Thematic analysis is a process for encoding qualitative information. The encoding requires an explicit ‘code’, which can be a list of themes, indicators, and qualifications that are causally related, or something in between these two forms (Boyatzis, 1998). A theme is a pattern found in the information that at minimum describes and organises the possible observations, and at maximum interprets aspects of the phenomenon. A theme may be identified at the manifest level (directly observable in the information) or at the latent

level (underlying the phenomenon). According to Boyatzis (1998), thematic analysis can be used for several purposes:

- a way of seeing,
- a way of making sense out of seemingly unrelated material,
- a way of analysing qualitative information,
- a way of systematically observing a person, an interaction, a group, a situation, an organisation, or a culture, and,
- a way of converting qualitative information into quantitative data.

The themes found in the interviews are then clustered into main headings, which are juxtaposed one to another to ensure they are conceptually distinct. The main headings are important because they guide the development of a theoretical model, in which researchers present a logical chain of evidence (Miles & Huberman, 1994). The main headings of the findings, which are discussed in details in Chapter 5, 6 and 7, are as follows:

- Industry, product market, and main challenges facing by the companies,
- Research method and background of the research respondents,
- The perception of management, union, and non-managerial employees in regards to objective of employee participation in industry,
- The perception of management regarding to the objectives of EP,
- The perception of unions (where appropriate) regarding to the objectives of participation in industry,
- The perception of non-managerial employees regarding to the objectives of participation in industry,
- Different forms of employee participation
- Direct Employee Participation,
- Indirect employee participation,
- The reasons that companies developed direct and indirect forms of employee participation,
- The major issues considered when a company is dealing with different forms of employee participation,

- The Code of Conduct for Industrial Harmony 1975 and its influences on employee participation

Apart from thematic analysis, a number of other analytical techniques, such as triangulation, displays, and pattern matching were used (Yin, 2003). As mentioned elsewhere, triangulation is a technique that is widely used in this study. It is a process to validate the overall research findings. The triangulation process involved comparing data from different data collection methods to see whether they corroborate with one another and present a complete picture (Denzin, 1970; Gillham, 2000). For example, in this study results from various qualitative methods of data analysis, including interviews, documents review, field notes, and direct observation, were compared with each other. The advantages of triangulation is to enhance the credibility, validity and quality of research (Patton, 2002; Yin, 2003). Furthermore, in this study, the interviews probed deeper into managers', non-managerial employees' and trade union representatives' perceptions and practices of employee participation at Steelco, Autoco and Posco, revealing reasons and substantiating or modifying information from the documents and memos data. However, direct participant and direct observations in the company such as attending meetings, and staying for two months in each company, also uncovered the views of managers, unions and non-managerial employees and the actual practices on participating in various forms of EP, thus indicating the extent to which they have implemented genuine EP at the workplace and company level.

Data displays and matrices are also used as an analytic tool in this study. These techniques were used to interpret data for presentation purpose. According to Miles and Huberman (1984:79) display is a 'special format that represents information systematically to the user'. Data also can be presented in an order and concise manner through charts, tables, an matrices forces analysis and comparisons of the relevant phenomenon within and between cases (Yin, 2003). Some of examples of data displays and matrices can be found from Chapter 5, Figure 5.1, Figure 5.2), Chapter 6 (Figure 6.1) and Chapter 7 (see Figure 7.7).

The next analytic technique suggested by Yin (2003) is pattern matching. Yin believed pattern matching is one of the essential and preferred outcomes of case study analysis, and can establish whether there is a fit between theory and empirical findings. In this

respect the comparative analysis of case studies discussed in Chapter 8 offer clear evidence of the value of pattern matching. By comparing empirical findings in Steelco, Autoco and Posco and then with EP theory that discussed in Chapter 2, potential patterns will be confirmed or disconfirmed (Yin, 2003). Confirmation of expected patterns within cases leads to strengthened generalisation to the theory or model of EP. Disconfirmation requires a modification of theory or model. For example, the western models of EP that presented in Chapter 2 were discussed within the research findings in Steelco, Autoco and Posco. The final result of data analysis which is discussed in Chapter 8 demonstrated that the existing model of EP needed to be modified to take account of cultural, social, and economic drivers in the Malaysian companies' environment (Steelco, Autoco and Posco).

Computer software was not used in the data analysis primarily because most of the raw data was in Malay and Tamil languages and a qualitative software package was not available in the Malay and Tamil versions. It would be very time consuming and expensive to translate nearly four hundred pages of transcript notes because additional translators must be used to minimise subjectivity and to seek consistency in data interpretation. When data is kept in its original form, more valid findings can be expected because they accurately represent what is happening in the field. In other words, the data collected is a true picture of what is being studied.

Moreover, the researcher had no intention of breaking the meaning of texts into quantifiable units because computer-assisted analysis fails to take into account of important situational and contextual factors ((Denzin & Lincoln, 1998); the task of the analyst is to bring out the hidden meaning in the text. Likewise, many practitioners have expressed reservations about using computer software, assuming that it will result in quantitative analyses of qualitative data and a time consuming learning curve (Maclaran & Catterall, 2002). Moreover, software developers also bring assumptions, conceptual frameworks, and sometimes even methodological and theoretical ideologies to the development of their products.

In terms of case analysis, all cases were analysed separately before a cross case analysis. The description of each case is presented individually in chapter 5 to 7. Thus, a deliberate choice was made to present findings in such a way that would give the best

insights to the separate cases. The description of each case is in accordance with the themes presented in Chapter 2.

3.9. Conclusion

This chapter has described and justified the research design that was utilised in this study. Qualitative research was selected for this study because it is rich, real, full, and holistic. It also provides a specific way to assess causality in organisational issue. On the other hand, quantitative research emphasis on testing and verification the phenomenon being studied than to understanding the phenomenon from the research respondents' point of view. The discussion has also focused on the limitations of quantitative method in obtaining the best data for EP research. By contrast, within qualitative research, there are many research methodologies such case study, grounded theory, ethnographic and action research which can generate rich insightful data.

Thus a qualitative case study strategy was designed to elicit the information because it is suitable to answer the central research question in this thesis (see Chapter 2). A multiple-case design was used in this study. The data collections techniques include semi-structured and unstructured interviews, direct observation, memos, and document review. These instruments were administered in stages over a period of eight months in Malaysia. Data will be compiled and analysed through field notes, paraphrases, quotes, and highlighted words and sentences, and synthesised to understand more fully the situations.

In the next chapter, I will describe the Malaysian economic development, industrial relations system and the Code of Conduct for Industrial Harmony 1975 as background and context for this study. This chapter is significant and foreshadows the case study investigations and analyses in Chapter 5, 6 and 7 which explore the nature of EP in the private sector in Malaysia.

CHAPTER 4

MALAYSIA: RESEARCH BACKGROUND AND CONTEXT

In Malaysia there is consensus on the need to amend existing IR legislation but there is much disagreement over the changes required. While the employers seek 'greater flexibility' and less protection for labour, the unions want greater freedom to exert labour's collective strength and a more comprehensive safety net. The government is questioning the appropriateness of the current labour laws for the achievement of their economic development goals, in particular, their plans for a knowledge-based economy (k-economy).'

4.1. Introduction

The objective of this chapter is to explore the development of Malaysian industrial relations as background and context of the study. The chapter begins with the historical, political, and economic background of Malaysia, and then discusses the role of the state in economic development and its impact on industrial relations policies. Parallel with the role of state in economic development and industrial relations policy, the chapter will examine the role of employer associations and trade unions in the industrial relations in Malaysia. Next, the role of CB as a well-recognised mechanism will be examined, and the ways in which bargain on pay and working conditions term will be discussed. In order to understand some background to employee participation in Malaysia, the Code of Conduct for Industrial Harmony in 1975 will be examined.

4.2. An overview of history, politics, cultural and social phenomenon in Malaysia

Malaysia is a federation of 14 States. These States are located in Peninsular and East Malaysia (see map in Chapter 3, Section 3.3.1, and Figure 3.1). The case study sites are located in Selangor, the Federal Territory of Kuala Lumpur (Peninsular) and Sabah (East Malaysia). Malaysia's population of 26.5 million continues to develop at a rate of 2.4 per cent per annum (Economic Planning Unit, Malaysia 2006). Malaysia's population includes many ethnic groups, with the politically foremost Malays comprising the majority. By constitutional decree, all Malays are Muslim. About a quarter of the population is Chinese. Historically they have played a vital role in trade and commerce in Malaysia. Malaysians of Indian ethnicity comprise about 7 per cent of the population and include Hindus, Muslims,

Buddhists, and Christians. About 85 per cent of the Indian community is Tamil. Non-Malay indigenous groups make up more than half of the State of Sarawak's population and about 66 per cent of the State of Sabah's population. They are divided into dozens of ethnic groups, but there are commonalities in culture and lifestyle. Until the twentieth century, most practised traditional beliefs, but many have become Christian or Muslim. Although Bahasa Malaysia is the national language, English is widely used in commerce and industry, and may be considered as a second language. Other spoken languages include various Chinese dialects and Tamil. Population distribution is unequal, with some 15 million residents concentrated in the lowlands of Peninsular Malaysia.

The written history of Malaya prior to European control is sketchy. Until the fourteenth century, it was mainly under the political benefaction of the Siam, Sumatra and Sulu Sultanate. Malacca extended its power into other States of Malaysia in the fifteenth century but was limited by the incursion of European colonial rule in the 1511. Britain controlled the political and social chaos to their advantage and extended their area of influence into Malaysia in 1824. Furthermore, Britain exploited the natural resources of Malaya and encouraged the commercial development of plantation crops. To drive this economic development, Asian immigrants, especially Indians, and Chinese were encouraged to migrate and work in mining, plantations and infrastructure developments. This created a multi-ethnic population in Malaya from the nineteenth century. With vast experience as a colonial power since the fifteenth century, the British enforced a policy of 'divide and rule' such as separated the Malay, Chinese and Indian ethnics into different economic sector for example the Malays normally concentrated on rural agriculture, Chinese focused on mining industries and Indians were in the rubber plantation sector. Through this policy the British believed their economic prosperity were progress well and at the same time subduing the political aspirations of the locals. To ensure this system worked, each ethnic group was settled in a specific settlement away from other ethnic groups. Thus, the British created localised ethnic settlements within Malaya, enabling Chinese and Indians to be productive economically. This created an 'earn and return to homeland' mentality among the non-indigenous ethnic groups such as Chinese and Indians.

The Japanese occupation of Malaya in 1942 brought about a psychological revolution among the diverse ethnic groups in the country. Many Malaysians acknowledged their own abilities and the substance of unity to collaborate in working against the British colonial master. The Japanese as well promoted the notion of 'Asia for Asians' and similar political ideologies among the Indians and Malays. The return of the British following Japanese surrender in 1945 brought political issues to the forefront. The people began forming associations and political parties, agitating in the main cities for their rights, with the support of Sultans (from the various States). This action culminated in the independence of Malaya in 1957. In 1963, Malaysia was formed, as Sarawak and Sabah achieved independence from the British and joined Malaya.

Malaysia is a constitutional in a democratic political structure, technically headed by the Yang di-Pertuan Agong 'paramount ruler', regularly referred to as the King. Kings are elected for 5-year terms from among the nine sultans of the Peninsular Malaysian States. The King also is the leader of the Islamic faith in Malaysia. Executive power is vested in the cabinet led by the Prime Minister. The Malaysian constitution stipulates that the Prime Minister must be a member of the lower house of parliament who in the opinion of the Yang di-Pertuan Agong commands a majority in parliament. The cabinet is chosen from among members of both houses of parliament and is responsible to that body. The bicameral parliament consists of the Senate (Dewan Negara) and the House of Representatives (Dewan Rakyat). These are both democratically elected.

Barisan Nasional (National Front), which is a political alliance of fifteen diverse parties, and based on the multiracial composition of the country, has governed since independence. Nevertheless, the three main political parties in the coalition government are the United Malayan Nation Organization (UMNO) representing the Malays, the Malaysia Chinese Association (MCA) representing the Chinese, and the Malayan Indian Congress (MIC) representing the Indians. There is also an opposition, represented by the Malaysian Islamic Party (PAS) and Democratic Action Party (DAP). The principal supporters of the PAS are mainly Malay Muslims concentrated on the East Coast (Kelantan and Terengganu) whereas the principal supporters of the DAP are mainly of Chinese origin.

Legislative power is divided between federal and State legislatures. The Malaysian legal system is based on English Common law. The Federal Court reviews decisions referred from the Court of Appeals. It has original jurisdiction in constitutional matters and in disputes between states or between the federal government and a State. Peninsular Malaysia and the East Malaysian states of Sabah and Sarawak each have a high court. The federal government has authority over external affairs, defence, internal security, justice (except civil law cases among Malays or other Muslims and other indigenous peoples, adjudicated under Islamic and traditional law), federal citizenship, finance, commerce, industry, communications, transportation, and other matters.

As mention earlier in this Chapter, Malaysia as a multicultural country has many ethnic groups. The major ethnics in Malaysia are Malays, Chinese and Indians. These ethnics have their own religions. For example, Malays are Islam, Chinese is normally either Buddhists or Christians and Indians are Hindus and Christian too. Many of these religions groups are celebrated their own festivals such as such as Hari Raya, Christmas, Deepavali, and Chinese New Year celebrated in Malaysia. In fact, since the late 1990s, the government took the initiative to celebrate these festivals at the national level, and as part of tourist attractions (*Annual Report*, Ministry of Tourism Malaysia, 2002). Furthermore, this phenomenon has also been practised at the company level where the company celebrated four major festivals such as Hari Raya, Chinese New Year, Deepavali and Christmas at the workplace. According to Abdullah and Low , religious and cultural practices become core elements in the Malaysian workplace.

The next section will examine the economic development and industrial relations system in Malaysia since it is important for us to understand the real picture of employee participation practices in the three case studies, which will be examined and analysed in Chapter 5 to Chapter 7. The characteristics of the Malaysian industrial relations system will closely determine the actual practices of employee participation in workplace.

4.3. Economic development and the labour market: overview

The Malaysian labour force was 10.927 million in 2005 (Economic Planning Unit, Prime Minister Department, 2006). The majority of the labour force is young with 60 per cent between sixteen and thirty-four years old. By Asian standards, they are well educated: fifty-nine per cent have completed 10 years education and 32 per cent attained the Malaysian Certificate of Education (MCE) through 12 years of education (Malaysia, Department of Statistics 2004).

Whilst economic development in the advanced industrialised market economies since the 1970s has been associated with the manufacturing decline, Malaysian manufacturing by contrast grew faster than previously. There has been an extensive structural conversion of the Malaysian economy since the early 1970s as a result of the increasing importance of the manufacturing and service sectors and the decline of traditional sectors such as agriculture and mining. This transformation has directly affected the composition of the Malaysian labour force. Table 4.1 indicates that total employment in manufacturing and service industries increased from 1990 to 2005.

Under the Malaysian context, the service sector does not include agriculture, manufacturing or mining, and their common attributes of homogeneity of production and consumption and perishability. The importance of services in terms of their contributions to Malaysia's Gross Domestic Product (GDP) has increased generally in the past 30 years. In 1960 the services sector constituted only 37 per cent of the GDP. In 1995, the GDP share of services was 47.2 per cent. In 2000, the sector contributed 52.4 per cent to GDP and 48.6 per cent to total employment (Asian Development Bank, 2005). The government views the services sector as a catalyst for growth and encourages the development of it in areas such as the shipping and reinsurance industry, the tourism industry, education and health services, communication facilities and transportation.

Table 4.1 Changes in distribution of industry, 1990-2005
(Unit 000 Workers)

	Unit	1990	2000	2001	2002	2003	2004	2005 (*)
Labour Force								
Labour Force	'000	7,042	9,573	9,892	10,199	10,515	10,856	10,927
Labour Force Participation Rates:								
Total (1)	%	64.7	65.7	66.1	66.3	66.9	67.8	66.1
Male (2)	%	85.6	85.7	86.1	86.3	87.1	88.1	85.2
Female (3)	%	44.1	44.8	45.0	45.2	45.7	46.4	45.8
Unemployment	% of labour force	5.1	3.1	3.6	3.5	3.5	3.4	3.5
Employment								
Total	'000	6,686	9,271	9,533	9,840	10,148	10,482	10,540
Agriculture	% of total	26.0	15.2	14.8	14.3	13.8	13.4	13.3
Mining	% of total	0.6	0.4	0.4	0.4	0.4	0.4	0.4
Manufacturing	% of total	19.9	27.6	26.8	27.2	27.9	28.6	29.0
Construction	% of total	6.3	8.1	8.1	7.9	7.8	7.7	7.4
Services	% of total	47.2	48.7	49.9	50.2	50.1	49.9	49.9

Notes: (*) Estimates

(1) Total number of people economically active as a percentage of total number in the working age populations of 15 to 64 years

(2) Total number of people economically active as a percentage of total number of males in the working age population

(3) Total number of people economically active as a percentage of total number of females in the working age population

Sources: Economic Planning Unit, Prime Minister's Department, Malaysia and Department of Statistics, 2006.

4.4. The role of the state in the Malaysian economic development and industrialisation strategy (1957- present time)

Before the Independence of Malaysia, foreign firms controlled agriculture, mining, banking and external trades, while ethnic Chinese and Indians controlled small-scale industry. Ethnic Malays were largely concentrated in the rural agricultural sectors. Even though they represented 50 per cent of the population, they owned less than 10 per cent of the registered business, and less than 1.5 per cent of share capital. At the time of independence, the industrial strategy was primarily the processing of raw materials.

A market-led import substitution industry (ISI) economy from 1957 to 1970 focused on the state's involvement in the development of an infrastructure and the rural sectors while

industrialisation was left to the private sector. The first official national industrial policy in the country began in 1958 with the introduction of the Pioneer Industry Ordinance (PIO). Later, the government created the Malaysian Industrial Development Finance Corporation, which was responsible for providing investment capital and for the development of industrial estates. The PIO remained the main fiscal tool promoting industrialisation until the introduction of the Investment Incentives Act in 1968. The main reason for this Act is targeting foreign investment with tax concessions, enhancing the pioneer status, and later creating free trade zones.

The decision to have industrial investment in the private sector was largely a political compromise reached between the parties making up the ruling alliance. The United Malay National Organization (UMNO) became aware that Chinese and Indian acceptance of its political role was to some extent dependent on the state not interfering in private commerce and industry beyond its regulatory role. Therefore, the UMNO accepted (temporarily) the Chinese and Indian dominance of business and commerce, in exchange for their acceptance of its political domination and efforts to increase Malay participation in the rural sector and in transportation, construction, and timber industries.

The industrialisation strategy (IS) had mixed results. Although by 1971, the Malaysian economy had grown more than 5 per cent per year particularly in manufacturing sector, the involvement of the ethnic Malays in this economic growth was limited. Ownership among Malays still remained between 1.5 and 2 per cent, while the share among the Chinese and Indians continued to grow. In addition, the Malays' participation in the manufacturing sector remained very low and limited. Therefore, it is clearly indicated that the market-led import substitution industry (ISI) approach succeeded in strengthening the economic position of the Chinese and Indians, relative to the Malays. One negative outcome of this kind of unbalanced economic system among the races was the race riots or communal violence which occurred in 1969. As a result of this, the National Economy Policy (NEP) was introduced in 1971 under the First Outline Perspective Plan (OPP1). Its aim was to bolster the economic well-being and status of the "*Bumiputera*" (sons of the soil) or perhaps more accurately Malay population and other indigenous people. At the end of NEP

in 1990, the Malays' share of corporate wealth was to have risen from 2.4 per cent to 30 per cent. In operational terms, an employment quota of 30 per cent of Malays was a prerequisite for firms to qualify for import protection and tax holidays.

Later, the state for the first time became a key actor in ISI investment. State intervention was justified on the ground that Malays did not yet possess the wealth or the entrepreneurial ability to start new businesses. Therefore, the state investment in the private sector was passed to Malays' hands. As a result of these policies, the Malays' economic involvement in manufacturing employment increased to 32 per cent (see Table 4.1.). Malays' involvement in managerial positions also rose to 17 per cent while their ownership share increased to 8 per cent. In 1971, however, the Malays still did not fulfil the long term 30 per cent employment target, and most industries still belonged to the Chinese. Due to the failure of economic participation by the Malays, the state's investment in ISI was intensified by the Enactment of the Industrial Co-ordination Act (ICA) of 1975. The Act restricted the expansion of non-Bumiputera local firms enjoying paid capital exceeding RM\$ 250,000.

During the period 1977 to 1980, the government launched a massive campaign to encourage private and foreign investment. Policies emphasised investment incentives and the development of infrastructure. Electronics and textile industries were targeted where MNCs manufacturing for export were exempted from the Industrial Co-ordination Act policies on Malays' share ownership, and labour laws that might discourage foreign investment. Foreign capital was also encouraged during this time to reduce the volume of imports from overseas. Generally, the investments in electronics were from the US and the Japanese companies.

The state also participated in the development of heavy import-substituted industries. This is because the Malays owned only 12.4 per cent of corporate wealth in 1978 and were supposed to achieve 30 per cent by the year 1990. As a result, the government announced the Heavy Industry Policy (HIP) in 1980. The objective of this policy was to improve Malays' economic achievement and to accelerate the industrial growth. Through the Heavy

Industries Corporation (HIC), the state now had a leading role in establishing large-scale industrial goods and consumer heavy-duty products for domestic markets and a foundation to support a range of private sectors and consumer goods. The HIC invested in a series of large-scale joint ventures, including Proton (Malaysian Small Car Project) and iron and steel works in Terengganu.

The 'Look East' Policy was introduced in 1981 by Dr Mahathir Mohamed, the former Prime Minister of Malaysia, who wanted Malaysians look to the East instead of the West. The new policy aimed to change the focus for businesses to look towards Japan and South Korea with regard to work ethics, diligence, discipline at work, as well as loyalty to the workplace. Other qualities to emulate included placing priority of teamwork over individual interests with an emphasis on productivity and high quality, upgrading efficiency, narrowing differentials and gaps between executives and workers and on management systems which concentrate on long term achievement. Mansor and Ali argue that as a result of the Look East Policy, Malaysian companies have adopted some aspects of the Japanese system especially in regard to team work, and quality circles and total quality management. In addition, they note that the Malaysian companies pick and choose features of both Western and Japanese management to suit their needs.

The recession in 1982 and 1985, and the failure of the heavy industries programme, caused Malaysian debt to mount to unprecedented levels. The poor performance of the HIP contributed further to the critical condition. By 1987, the HIP had reported losses exceeding US \$100 million, and total state liability exceeded US \$2.24 billion.

To recover from the economic problem, the state started to encourage export-oriented industry (EOI) from 1985 to the 1990s. To achieve this target, the government simplified the bureaucratic controls, increasing investment allowances and incentives and reducing corporate and development taxes. The main sector on which the state concentrated was the manufacturing sector. Since 1989, the economy of Malaysia has developed fast because of external factors such as foreign direct investment (FDI) and the growth in exports of manufacturing goods. These factors saw a shift towards EOI policies. By 1989, the

manufacturing sector accounted for 30 per cent of the GDP (up from 15 per cent in 1970) and 40 per cent of export earnings.

From the 1990s, the state started to shift industrialisation strategy toward increased automation and adopted new forms of flexible work organisation. Competition from low-cost producers in other countries, and the need to build forward and backward linkages involving the electronics industry, motivated the state to formally announce a shift from its primary EOI strategy to advanced level of EOI. Under the advanced level of EOI, the new strategy concentrated the attraction of more technology-intensive foreign investment. In addition, the new industrial strategy (revised and articulated in the state's Vision 2020 plan) implied restructuring of investment incentives to attract higher technology based capital investment particularly in the telecommunication industries.

4.4.1. The role of state in industrial relations policies during the period of economic and industrialisation strategy development

Following extensive research, Kuruvilla and Arudsothy concluded that under the import substitution industry (ISI), the Malaysian IR in the private sector was closely controlled by the state. The freedom of unions to organise and bargain was severely restricted in end of 1950 and early 1960s. The IR rules and regulations clearly reflected the state's effort to contain industrial conflict in the interest of economic development.

During the ISI phase, IR in Malaysia reflected the system inherited from Britain. The main legislation in this period was the Employment Act of 1955, the Trade Union Ordinance of 1959 and the IR Act of 1967. Kuruvilla and Arudsothy argue that the government was more restricted towards industrial relations policies. This means that the government believed that the workers needed some degree of fair and humane treatment, but at the same time, primary emphasis was given to economic development goals.

In addition, the Registrar of Trade Unions (RTU) had wide discretionary powers in recognising unions, the ability to allow registration, to cancel registration if there were two

or more unions catering to any sector of the workforce, and to determine the bargaining power. Another tactic used by the state was that even though the unions were allowed to affiliate themselves to apex federations such as MTUC, the Registrar had the power to withhold permission to do so. Further, there were restrictions on unions' ability to organise pickets or strikes, even by the various national labour bodies such as the MTUC, which were incorporated as societies. This policy was implemented to ensure that the Malay dominated government had control over the labour movement.

The IR Act 1967 was restricted mainly to the scope of collective bargaining due to the significant **managerial prerogatives** clause stated in the Act. Under Industrial Relations Act 1967, Section 3, unions were not permitted to bargain on managerial prerogative issues such as promotion, transfer, termination, dismissal, reinstatement, assignment and allocation of duties. The state also gave certain privileges that attracted foreign companies. For example, under the Pioneer Industry Ordinance (PIO), the state guaranteed that the terms and conditions negotiated with unions were not more favourable than the provision of the Employment Act of 1955. Strikes were allowed, subject to various restrictions, so that, for example, notice had to be given, a strike ballot had to be taken, and the ballot results had to be registered with the registrar within seven days.

The Industrial Relations Act 1967 also clearly explained about dispute settlement procedures at the company level. For example, both parties (the employers and trade unions) would use conciliation as the first method. If this method failed to resolve the problems, then the Minister of Human Resources referred the matter for binding arbitration to the Industrial Court. The court, in making its award, was required to have regard for the public interest, the financial implications, and the effect of the award on the country, the industry concerned and also the probable effect on similar industries.

Under the EOI strategies, the state subsequently changed the industrial relations policies such a few amendments on Industrial Relations Act 1967 and Trade Union Act 1959 in 1980s. Due to a dependence on manufacturing for exports, the government enacted policies that kept costs low in order to preserve Malaysia's competitive advantage of cheap

and disciplined labour. In large part, the policies on enhancing availability of cost compliant workforce were directed at retaining and increasing FDI. Second, the government increased its participation in industrial relations, moving from controlled pluralism to greater state-control. The increase in repression reflected the state's need to increase the economic efficiency and productivity of state-owned enterprises and to sustain the EOI strategy.

By 1975, policy change included an extension of tax and Employment Act of 1955 exemptions for foreign corporations. For example, in 1981, the government exempted the INTEL Corporation from the provisions of the Employment Act of 1955 and allowed INTEL to work its employees continuously for sixteen hours. In addition, collective bargaining in electronic sector was circumscribed to the extent that the terms and conditions of employment may not be better than those defined under Part XII of the Employment Ordinance of 1955. There was also no minimum wage legislation in Malaysia. The state has long rejected the demand by the trade union to enact minimum wage legislation.

In 1988, the definition of wages for the calculation of overtime was changed to reduce costs for employers. Previously, wages for overtime included all allowances and bonuses but now it excluded them. The rates of overtime pay for working on a day of rest was reduced from triple to double to twice hourly pay, and for working on holidays, it was reduced from 4.5 to 3.5 hourly pay. Union leaders argued that this change was the result of pressure from electronics manufacturers located in Malaysia who were expressing concerns about maintaining their competitive cost advantage.

Another tactic to keep the costs low was the government refusal to enact equal pay for equal work. This refusal was in response to demand from foreign companies particularly in the electronics firms where the female employees represented 78.6 per cent of the workforce. The electronics industry was also excluded from the provision of the Employment Act, 1955. As a result, the industry was not bound by the exclusion on women employees working from 10 p.m. to 5 a.m. under the old legislation.

The most obvious instance of the Registrar of Trade Unions arbitrarily exercising its power to prevent unionisation was among the workers in the electronics industries. After continuous pressure from the International Labour Organization, the International Metal Workers Federation and the American Federation of Labour–Congress of Industrial Organization (AFL-CIO), the government finally allowed the unionisation of workers in the electronics sectors. However, the Director General of Industrial Relations (previously Registrar of Trade Union) allowed only in-house unions to operate, and excluded industry-wide unions. This restricted the power of unions to organise at industry level. Moreover, although in-house unions could now in theory be organised in the electronics sector, this has not been evident in practice. For example in January 1990, the workers of the HARRIS Limited, a subsidiary won the recognition for their union. However, the company shifted most of its operations and workers to non-union subsidiaries. These kinds of approaches as Bhopal and Todd reveal, mean that the multinational companies (MNCs) manipulate the Malaysian trade union regulations for their own benefit.

Wage bargaining was decentralised to the enterprise level in the unionised sector. Industrial relations in the workplace in the export sector was more flexible, and tended to increase joint labour-management consultation. Overall, under the EOI, union density had steadily declined in Malaysia to 12 per cent, with the export-manufacturing sector becoming increasingly non-union. In manufacturing and other industries in the private sector, the unionisation rate is only about 7 per cent out of a workforce of 8 million in Malaysia (interview with Malaysian Employers Federation (MEF) Executive Director, 24 September 2003). This rate is decreasing and will do so in the near future as the nature of economics in the country moves towards service sectors such as telecommunication, health, finance, information technology and others. Executive The Director of MEF also argues that the traditional kind of industrial relations may have to change and a new style of employment relations emerges in the current economic development scenario. Suhanah, however, has argued that although Malaysia's industrial strategy has consequently shifted from primary EOI to higher technology-based capital investment, the Malaysian industrial relations and labour law have not significantly change over the period of these developments.

4.5. The role of employer associations in labour issues

In Malaysia the employers' associations and their activities are governed by the Trade Union Ordinance of 1959, the Employment Ordinance of 1955, the Industrial Relations Act of 1967 and their subsequent amendments. The rules for forming and joining a trade union are the same for both unions of employees and of employers. Therefore, the employers associations are termed 'employers union' in Malaysian labour law. Also, any group of employers wishing to form a association must apply to the Director-General of Trade Unions, and the members must be from the same industry.

In 2000, there were 14 employers' unions, of which ten are in Peninsular Malaysia. Two of the most influential employers association are the Malaysian Employers' Federation and the National Chamber of Commerce and Industry of Malaysia (NCCIM). There are other Employers' Associations such as the Malayan Mining Employers' Association (MMEA), Malayan Commercial Banks Association (MCBA), Association of Insurance Employers and the Malaysian Estates Owners' Association (MEOA). The major roles of employers' associations are:

- the regulation of relations between unions/workers and employers through the process of collective bargaining,
- the representation of employers in industrial disputes,
- providing industrial relations services (advice members on the settlement of trade disputes, advice members on the implementation of labour laws, promote harmonious employer/employee relationship) and
- carrying out labour market research for the benefits of their members. The representatives of employers association and trade unions will be involved in the collective bargaining process at the national level.

There has been close collaboration between these organisations and the government on many levels from the consultation at pre-Budget meetings, dialogues, seminars and

representation on various government agencies and boards. Ariffin argues that “employers have representation on more bodies than trade unions...since many of these boards discuss economic development and productivity, employers have a strong advantage in constructing national and industrial development”. In this context, the employers have more capacity to influence labour and industrial relations policies to enable them to be more favourable to employers than trade unions.

Employers’ strategies also include discouraging the formation of in-house unions, anti-union clauses in employment contracts and pressure on active unionists. Since the 1970s many foreign firms also have imported their parent companies’ industrial relations approach into Malaysian companies. These companies imported new management strategies such as quality control circles, total quality management, teamwork and others and subsequently incorporated them into the Malaysian firms. These phenomena can weaken the influence of unions in workplace organisational change and decision-making processes. For them, management strategies such as quality circles will give employees more say in the work processes at the workplace, rather than decisions on work coming from the union representatives.

Empirical studies by Rose, Parasuraman, Todd and Peetz and Todd *et al.* on the Malaysian private sectors, have all revealed that the workers and unions do not participate in company decision making process, especially in determining the nature of technology, production levels and working hours. Besides this, Rose also argued that a paternalistic culture was practised in many factories in order to gain employee loyalty to the company and create a family relationship at the workplace. This scenario raises a very important question of whether or not a collective representation of employees can emerge without the involvement of unions at the workplace. We can see the answer to this question when looking at the three cases, which will be presented from Chapters 5 to 7.

4.6. The growth and development of trade unions

Understanding trade unions and industrial relations practices in Malaysia today requires some knowledge of the history of the colonial period and development during the 1960s and 1970s. In his research on Malaysian trade unions, Wad divided industrial relations history into two stages of union development. The first stage had to do with general unionism from the 1920s to the defeat of the communist trade union movement in 1947-1948. The second stage was related to industrial unionism from 1948 until the present time.

From the 1920s, the Chinese labour force set about organising collectively amongst workers, reflecting the influence of the Chinese Communist Party (CCP). Later in the early 1930s, the Malayan Communist Party (MCP) succeeded in reorganising their labour movement in the Malayan General Labour Union (MGLU). Although British pressure on the MGLU was replaced by co-operation, the Japanese occupation resulted in a fierce campaign against the Communists. Indians and Malays collaborated with the Japanese against the British imperialism. The communist movement in Southeast Asia, and notably in Malaya, influenced the union movement at that time. They hated the Japanese due to the China-Japan war from 1937.

The aggressive activity of the unions (supported by the MCP) led employers to exert pressure on the British colonial government to introduce laws, which would curb and restrict the unions. The Trade Unions Ordinance of 1940 was the first law relating to trade unions. A Registrar of Trade Unions was appointed. This new labour law was followed by the criminalisation of the MCP union, mass arrests, retrenchment of union militants, and violent suppression of strikes.

On the other hand, the MCP became the leading liberation force against the Japanese. The MGLU was reorganised in February 1946 as the Pan-Malayan General Labour Unions

(PMGLU), and again in August as Pan-Malayan Federation of Trade Unions (PMFTU) and it reached its peak in 1947, when it had 250,00 members.

The MCP was finally banned after an armed confrontation and the declaration of an emergency situation. During 1947-1948, the Registrar was given additional powers to check the growth of general unions, particularly those that were being organised by the Communist groups. During this period of time, union membership declined by 64 per cent while the number of registered unions fell by 42 per cent.

After Malaysia achieved Independence in 1957, several national industrial unions were formed in line with key economic sectors, notably the plantation, banking, commerce, mining and manufacturing industries. The Malayan Trade Union Council (now the Malaysian Trade Union Congress (MTUC)) was established on the basis of such unions not influenced by the MCP. The MTUC drew its membership from trade unions of workers in a variety of trades. The MTUC also operated as a co-ordinating society, including most of the existing unions and advocating programmes for the restructuring of the union movement into 14 industrial federations. The MTUC complied with the government's measures to restrict free collective bargaining taken after the emergency. These were achieved through the introduction of an extensive body of industrial relations law that was incorporated into the new Industrial Relations Act of 1967. Union leaders interpreted the setting up of an Industrial Court under the Act as an attempt to shift the emphasis from free collective bargaining to compulsory arbitration.

In 1983, under 'Look East' policy, the successful example of Japanese enterprise unions was introduced in Malaysia. The number of in-house unions has been increasing swiftly. In 2000, there were 244 in-house unions in the private sectors with 150,593 members. By comparison, in 1985, there were only 52 in house unions with a total membership of 25,000. The government and employers seemed to encourage company unions because they are the kind of stable and flexible labour-management relations that the Japanese had already implemented. Ariffin quoted one government report (*Labour and Manpower Report*) which indicates,

in-house union are deemed to be predisposed to increase productivity in that they are particularly more appropriate for the establishment and operation of quality control circles (QCC) in industries, much needed in a rapidly industrialising economy like Malaysia's ...Apparently, the prevalence of national unions in the Malaysian context is not conducive to sustain industrial growth and expansion.

On the other hand, number of writers has noted the weakness of in-house unions in Malaysia. For example, Kuruvilla and Arudsothy argue that in-house unions in Malaysia experience restrictions on the matters of union bargaining, and have little or no participation in workplace decision-making. Further, Mohamad (as cited in Aminuddin 2003:138) commented that in-house unions were generally weak because membership is limited and confined to workers in one particular company. In addition, he argues that there is a fear of victimisation among union leaders particularly in relation to promotions, termination of employment, transfer and assignment of duties which are unassailable management prerogatives specified in the Industrial Relations Act 1967. Ariffin argues similarly to the others, that solidarity in an in-house union is overwhelmed by the relationship of anti-union sentiments, ethnic awareness and religious distinction. In same manner Hadiz debates the assertion that the importation of Japanese-style in house unionism in Malaysia is a new mechanism that obstructs the growth of national-level working class unity and powerful unions. Rasiah also observed that in-house unions in the factory floor did not result in collaborative work relations as had happened in Japan. This is mainly because the political context in Malaysia worked against such an evolution, with no democratisation of labour legislation and the state maintaining repressive controls on labour in order to curb disruptions to production so that competitiveness could be sustained.

At the end of 2005, there were 608 unions in existence with a total membership 760,507 (Department of Trade Union Affairs, Ministry of Human Resources, Malaysia, December 2005). Table 4.2 shows the number of union's membership by sectors from 1980 until December 2005. As can be seen, half the unions are in the private sector and half in the public sector. In 2005, union density in Malaysia was about 8.86 per cent (Department of Trade Unions Affairs, The Ministry of Human Resources Malaysia, December 2005). From 1985 to December 2005, the number of trade unions increased tremendously in the private

sector due to recognition of in-house unions by the Department of Trade Unions Affairs and employers.

Table 4.2: Trade unions by sectors

Please see print copy for Table 4.2

Source: Department of Trade Unions Affairs, The Ministry of Human Resources Malaysia, December 2005

4.7. Collective bargaining issues at the national or enterprise level

A collective bargaining agreement is defined in Section 2 of the Industrial Relations Act 1967 as “an agreement in writing concluded between an employer or a Trade Union of employers on the one hand and a Trade Union of Workmen on other and relating to the terms and conditions of employment and work of workmen or concerning relations between such parties”. In this section, the scope of collective bargaining in the public and private sector will be highlighted in order to understand the nature of collective bargaining practices in Malaysia.

The legal procedure relating to collective bargaining does not apply to the public sector . The government service workers are persuaded to settle their grievances or demands through a system of joint consultation, specifically Whitley Councils. Until 1973, collective bargaining existed in the public sector through the machinery of the Whitley Councils, which were established in 1953 on the British model (see Chapter 2 for brief history of the Whitley Councils in the UK). The Whitley Council system of decentralisation was replaced by a centralised system of National Joint Councils (NJC) after British left in 1957. NJCs represent broad categories of occupations such as civil servants, industrial,

manual, and general workers, the police, teachers and employees in statutory and local authorities.

At present, the Councils can be described as a form of joint consultation in that they provide a channel of communication for the government to receive feedback from the unions in the public service on the views of the public sector workers. The Constitution of these Councils does not allow any negotiation to take place, so they cannot be equated with the collective bargaining sessions in the private sector. As a result, in the public sector, the decisions on wages and other terms of service for government employees and workers are made through unilateral action by the Salaries Commission (see Table 4.3), Public Services Department, and Public Service Tribunal. Since the 1960s, a series of ad hoc commissions have been established to review the salaries and other terms of service in the public sector and report their findings to the government. Table 4.3 shows the progression from 1967 of the Salaries Commission and Committees and the coverage of each. In 1992, the existing salary schemes were much overhauled and the New Remuneration Scheme (NRS) was introduced. Nevertheless, the Congress of Unions of Employees in the Public and Civil Service (CUEPACS) has never been satisfied with the implementation of this scheme. Then in 2002, the government replaced the NRS system with the Malaysian Remuneration System (MRS). This scheme is applied to all civil servants.

Table 4.3 Salaries Commission and Committees

Please see print copy for Table 4.3

The issue on joint consultation is highlighted here because one of case studies in this research project in the service sector, Posco, was formerly a public sector organisation. In the early 1990s, the government privatised this company. Currently, in this company the terms and conditions are negotiated through a collective bargaining process. They have signed three concurrent collective agreements (CAs) up to now. From the three companies that selected in the project, only Steelco and Posco have established JCCs, which have management and union representatives.

In the private sector, collective bargaining takes place when the employees are organised in a trade union. Normally, the process of collective bargaining occurs when the representative of the employees (the trade union) meet with the employer to negotiate and decide upon the workers' wages and other terms and conditions in service. It is called bilateral rule-making because it involves a decision-making process between employers and employees (or trade union) which is not always a joint process. Successful negotiation leads to the signing of a collective agreement, which is a document laying out the wages and benefits that employees will receive for the next three years. Apart from improvement in wages, unions also have other objectives in conducting collective agreements. These are to protect workers' rights by making provisions to check any abuse of power by the employer, and prevent them from acting unjustly. It also allows workers to participate in decision-making in areas which are of vital interest to them.

Collective bargaining can take place between a single employer and a union where there is an in-house union. Multi-employer bargaining is found where employer associations are bargaining with unions. For example, the National Union of Bank Employees (NUBE) bargains with the Malayan Commercial Bank Associations (MCBA) which represent thirty two banks, and the National Union of Plantation Workers (NUPW) bargains with Malaysian Agricultural Producers' Association (MAPA).

Some employers have to carry out the bargaining with a number of different unions. This happens if different groups of employees in the company belong to separate unions. A typical example is in the banking service. Many banks bargain not only with the NUBE

which represents non-executive employees, but also with the Association of Bank Officers of Malaysia.

In the 1980s and 1990s, much international research on CB investigated enterprise (decentralised) bargaining at company level. A similar situation exists in Malaysia, where decentralised bargaining largely took place in manufacturing sectors, particularly in the electronic industries and service sector. Bargaining structures changed from the centralised to decentralised in parallel with the establishment of in-house unions under the Look East Policy in 1983. Thus, the national union strongly opposed the establishment of an in-house union particularly where national union already exists in the workplace. In-house unions have many weaknesses which have already highlighted in this chapter previously.

Sharma argues that the scope of collective bargaining in Malaysia is quite limited particularly in the private sector where many issues are categorised as managerial prerogatives. Matters such as dismissal, transfer, appointment and allocations of duties cannot be placed on a bargaining agenda, under amendments to the Industrial Relations Act 1967, Section 13 (3). Galenson has argued that the main reason for this prohibition was the government's reluctance to countenance anything that might interfere with investment. The rule was implemented only in firms that had been designated as 'pioneers'. Such companies gained tax-free status for a normal period of five years with the possibility of renewal. Moreover, the union does not have the capacity to influence major company decisions such as company takeovers, corporate mergers, investment plans and retrenchment, indeed almost any issues apart from pay and working conditions issues.

In sum, the present Malaysian industrial relations is highly controlled by the state. The state also does not see trade unions as legitimate actors. According to a current national union official, the state through the Department of Trade Union Affairs even makes it difficult for trade unions to form a union in the workplace with new rules and regulations (interview with Metal Industry Employees Union, 6 November 2003). Many issues simply cannot be raised in the workplace. For instance, there are no real employee participation in decision-at the enterprise level. The significant weight given to managerial prerogatives highlights the

fact that most employment legislation focused on the workplace is more favourable to employers than unions or employees.

The government continues to consider unions as troublemakers and an annoyance, rather than as a partner in the efforts to accelerate the industrialisation process. Even in the past the government used the Internal Security Act, the military and the police to restrain activities of trade unions. This means that unions have had no opportunity to regain their rights or continue to be active at national and enterprise level to protect their members' rights. Bhopal and Todd reported that MNCs from the US, Japanese and Australia operating in Malaysia continuously consider unions as troublemakers. For example, one of their research findings indicated that the Malaysian managers in Australian non-unionised companies explicitly proclaimed their hostility towards the union and identified unionists as 'troublemakers'

In regards to this issue, Todd *et al.* argued that the achievement of a knowledge-based economy in Malaysia has not been paralleled with changes in industrial relations legislation and policies. To support their argument, they used the model demonstrating the link between workplace performance, human resource development policies and employment relations legislation. Verma, Kochan and Lansbury (1995:352) previously developed this model. One of the components in this model deals with the shift from being a developing to a developed country where the employers should give more encouragement to employees and union involvement in employee participation in decision-making process, flexible working systems and enhanced skills development. The government also has less control over the unions, gives more room for free collective bargaining and a flexible wages system. Some employers in Malaysia have claimed that they are embarking on new industrial relations strategies and flexible working systems, which give more say to employees. In actual fact managerial prerogative and management's anti-union position still predominate in the Malaysian private sector, and these approaches inhibit unions or employees actively participating in the management decision-making process.

In relation to this issue, the former President of the MTUC claimed that ‘as far as industrial relations matters are concerned in this country, we are not making any progress in the ministry as well as in the company level’ (interview with former President of MTUC, 21 December 2003). He was expressing union frustration with the Malaysian industrial relations system because the Industrial Relations Department appears to be functioning less effectively in dealing with industrial relations issues, compared to the 1960s, 1970s and 1980s. Recently more than 6,000 trade dispute cases were pending in the Industrial Relations Department. The unions are also concerned with the role of the Industrial Court in regards to promoting harmonious between the unions and employers in Malaysia. The former MTUC President also noted that the government appoints the Chairman of the Industrial Court from the employers. Those appointed from the employers as Chairman of Industrial Court used adversarial approaches to the unions when comes to judging cases (interview with the former President of MTUC, 21 December 2003). The former president of MTUC also perceived that the Industrial Court should not operating like a criminal court but it should be a court of equity, seeking to be fair to employer, unions and workers.

From the employers’ point of view, on the other hand, they are more concerned about business, competitive advantage and improving the profitability for the company (interview with Malaysian Employers Federation (MEF) Executive Director, 24 September 2003). The MEF argued that the unions hardly ever come forward to say ‘let us make the company more competitive’, or keep the company from being closed up. The Executive Director of MEF asserted that from his participation in several meetings with the unions, it seems that the unions are not concerned about the company business performance. Rather they are more concerned about to increase pay and settlement of grievances in the company.

One of key issues that emerges from the above discussion is that the unions and workers in Malaysia have highly limited access participation in management decision making processes particularly in the private sector. This is due to several factors such as employers’ attitude toward unions, industrial relations legislation (e.g. Industrial Relations Act 1967, Trade Union Act 1959, Employment Act 1955), the role of state in the industrial relations matters, and economic development factors. In fact, to understand the history of

employee participation in Malaysia, we need go back to the Code of Conduct for Industrial Harmony in 1975, particularly the section on consultation and communication in the Code. In Malaysia, we do have legislation for employee participation but the Code has specifically described the role of employers and union to utilise consultation and to develop communication mechanisms so as to enhance the harmonious relationship among the management, union and the workers at the workplace. The next section will discuss the Code of Conduct for Industrial Harmony 1975 in relation to employee participation from the government, employers' and union perspective.

4.8. The Code of Conduct for Industrial Harmony 1975

The Code was drawn up by the Ministry of Labour (now Ministry of Human Resources) in conjunction with the Malaysian Councils of Employers Organisations (now Malaysian Employers Federation- MEF) and Malaysian Trade Union Congress (MTUC) in 1975. The aim of the Code is to lay down principles and guidelines to employers and workers on the practice of industrial relations for achieving greater industrial harmony (The Code of Conduct For Industrial Harmony 1975:4-6).

The Code emphasises the importance of communication and consultation between employers and unions in the workplace to encourage employee participation. The Code encourages management to inform employees and trade unions about the issues arising in the workplace. These matters include terms and conditions of work, safety rules, training, and opportunities for promotion. Management are also required to ensure their representatives will communicate well with their 'down line' employees in order to maintain industrial harmony at the workplace. There are various methods of communication and consultation that can be used such as direct communication between managers and employees, notice boards, house journals, training and regular consultation.

Also under this Code, employers are encouraged to establish employee participation using joint consultation committees or works committees in which the employees and unions are both represented. In non-union sectors, employers are encouraged to provide any means of

consultation to allow employees to give their views on matters that affect their working lives and work situations. The committees are also encouraged to discuss a wide range of issues in the workplace encompassing issues which concern both employees and management. In order to understand the present situation of implementation of this Code in the private sector in Malaysia, interviews were conducted with the former President of MTUC, Executive Director of MEF, Senior Industrial Relations Officer of Metal Employees Industry Unions, Director-General of Industrial Relations, Industrial Relations Department, Ministry of Human Resources Malaysia and Senior Officer, Industrial Relations Department, Ministry of Human Resources Malaysia. The interview sessions conducted from September 2003 to June 2004. Most of the interviews were conducted in the research participants' office and a one-to-one method was used.

4.8.1 Union, Employer and Government views regarding the Code and Employee Participation in the workplace

According to the union, the Code specifies clearly that the employers should inform employees and the union about matters which concern them, and that their views should be considered when the company proposes any changes which affect their working life. Union interviewees perceive sharing the information between employers and employees/or trade union as a crucial aspect which can ensure the company produces a better result for high performance. Such information included company profits, business plans, organisational change processes, new technology and annual bonuses. These data generally passed via monthly meetings, notice boards, house journals, training program and other direct employee participation forms (interview with former President of MTUC, 21.12.2003). Joint consultation or work committees are another form of indirect employee participation in the workplace (interview with former President of MTUC, 21 December 2003). The union further emphasises that these forms of participation will only be established if the company recognises the union in the workplace. Otherwise, direct employee participation is most popular particularly in the non-union private sector in Malaysia.

According to the MEF, the majority of companies in Malaysia generally do not apply the Code to implement employee participation programs in the workplace, even though

consultation and communication are directly specified in the Code. As one of the MEF officials stated,

Basically I don't think any companies constantly use the Code, I mean to be frank with you...I don't think any companies will use the Code to say that, look this is part of a guideline for employee participation and you want to implement this.. You can have workers participate as a result of other things rather than the Code itself (interview with Executive Director of MEF, 24 September 2003)

The MEF also demonstrated that employee participation programs are also introduced in the workplace without referring to the Code itself. An example given was the case of DMIB Berhad - a subsidiary of Sime Darby Berhad, which is involved in the manufacturing of tyre related products. DMIB managed to implement a new wage system call a Productivity Linked Wage System (PLWS) in cooperation with the union and employees (The MEF, Newsletter, March 2003:3). This system is part of a collective agreement, which was enforced from 1 January 2000 to 31 December 2001. In their traditional collective agreement, they did not emphasise performance, especially when it came to the yearly salary increment and contractual bonus. Now, they have moved toward a new scheme where the company and employees can share the profit. Some of new variables added into this scheme are annual performance increments, an annual performance bonus, a monthly 'multi-skill allowance' scheme payment and monthly productivity payments. The employers believed the scheme had clear objectives and was motivating enough to encourage employee participation in the workplace (interview with MEF, 24 September 2003). Again, there are many other examples of employee participation schemes, which are not based on the Code. MEF again stressed that the Code is only used when a company is facing a retrenchment crisis; for example in 1997 when the Code was widely used by the companies to dealing with retrenchment issues. The viewpoint of the MEF also supported by Kuppusamy and Anantharaman who also stated that the Code is usually used when there are issues over dismissal and retrenchment.

The MTUC on the other hand, stressed that employers should promote employee participation schemes in the workplace based on the Code. Without absolute support and assurance from employers on this issue, it is hard for the union to participate in management decision-making processes or influence any ideas. From the union's

perspective, to achieve a greater participation in the workplace, the employers in Malaysia should encourage non-managerial employees to form unions. Under the Malaysian labour law, the union can only function if the employers give recognition to it. One respondent from the MTUC said 'If there is no union in the company, then they (non-managerial employees) will gather themselves under a tree, motorcycle park and even in rest room to talk about their working life and company issues' (interview with former President of MTUC, 21 December 2003). This will create a negative environment in the company where both management and employees are not sitting together to share their concerns. The union perception is that the existence of trade unions in the workplace will assist non-managerial employees to pass their ideas or views through a union representative who will subsequently discuss issues with management. As former President of the MTUC argues,

Now, in this case they must have a union and once a month meet with the Chief Executive Officer (CEO) (not the personnel manager) whether there is an issue or no issue.... the CEO himself as the captain of the ship must sit down with union leaders maybe over a cup of coffee to find out what's going on... Things such as: what do employees feel about this company, how much are their contributions valued, how much they talk, how much they think, what they think about how to improve for interest for both sides. These initiatives must come first from the employers (interview with former President of MTUC, 21 December 2003).

The above comments suggest that senior management in the company should be aware of what is going on at the bottom levels. According to the President of the MTUC, most of time the senior management only focus their attention on the managers' ideas, rather than listening to the union or employee representatives' voices at the enterprise level. He also further argues that if this situation continuously happens, it may create a conflict between the union or employees and the management of the company.

The union also believes that both parties, rather than just one party only should make the decisions at the workplace. The former MTUC President, reflecting on his participation in several meetings with management either through CB or JCCs, saw the present scenario in Malaysia showing that management made final decisions with no consultation or involvement of unions or shopfloor employee representatives, particularly non-managerial employees. The Union argument is also valid when we observe the position of the Malaysian Employers' Federation's on this matter. Employers argue that employees or the

union in the company and workplace can only propose their suggestions or ideas but that management will always make the final decision.

On the other hand, the government accentuates cooperation between management and union at the workplace as a very important factor to enhance industrial harmony (interview with Director-General, Industrial Relations Department, Ministry of Human Resources Malaysia). The government interviewees argue that the primary objective when the government proposed this Code in 1975 was 'to lay down principles and guidelines to employers and workers on the practice of industrial harmony'. The government also anticipates that the Code will develop a better communication process between unions and employers in the company. If the communication for both parties goes well, then the government and employers believe industrial disputes and conflict will be reduced in the workplace. With regard to this issue, both Anantharaman and Bahari argue that even though the Code seems to bring peace and harmony in the industry (reduce in industrial conflict) it was not favourable to the unions in the country. The argument is that if the state and employers continue to use a repressive approach towards unions and employees' rights in Malaysia, then the wider concept of industrial democracy at the enterprise level may be hard to realise.

In sum, the Code is just a guideline developed by the government for unions and employers to follow in 1975. Therefore, it is perhaps not surprising that the union argues that in practice in the Malaysian industry, the Code has highly limited value because it has no legal obligation. The union suggests that if the Code is incorporated into the Industrial Relations Act 1967, then it would have sufficient force to persuade employers to practise the Code at company level. From the above analysis, the union, employers and the government have competing interests around the Code of Conduct for Industrial Harmony 1975 and its impact on employee participation in Malaysia. This general conclusion will be tested at the company level in the case analysis of three companies in Malaysia. One of the important questions that I will ask from the managers and union representatives in these three companies 'Has the Code of Conduct for Industrial Harmony 1975 had any impact on employee participation practices at the company level?'

4.9. Conclusions

This chapter discussed the evolution of economic development and labour relations in the Malaysian context. It tracks the historical setting for British intervention, the diversified industrial relations structure under their administration and also the Code of Conduct for Industrial Harmony 1975. As the process of gaining independence was in the pipeline, many changes and Acts were implemented, aimed at streamlining and unifying both the industrial relations system and ethnic groups within Malaysia. In 1975, the state, union, and employers implemented a Code of Practice for Industrial Harmony. This code was not changed until the present day.

The main conclusions can be made from this chapter are first that there is ongoing conflict between major parties in industrial relations even though Malaysia is in transition period to be newly industrialised country in year 2020. Secondly, there have been no major revisions to industrial relations law since independence. Thirdly, the labour laws are more favourable to employers rather than unions, with restrictions on freedom of association. Despite the apparent absence of overt conflict, there is silent conflict among the workers in the workplace, especially in non-union establishments. Finally there are important socio-economic features, such as the lack of a social safety net, an absence of employee participation in decision-making process at the workplace, and ineffectiveness of social dialogue at national tripartite forum a .

Todd, Lansbury, Davis (2004) strongly criticised the employee participation practices and implementation process in Malaysian workplaces. They recommended in their study that Malaysia could imitate some model of employee participation (such as works councils) from European Union or labour management councils (LMCs) in Korea. They also argued that if works councils and LMCs were established in Malaysia, it should not subvert or weaken the union activities. They suggested unions could play a role in the collective bargaining activities and works councils/LMCs as an alternative channel for employees to represent themselves with management particularly in non-union firms. Union and works

councils / LMCs have separate roles at the organisational level. In relation to this matter, Ng when discussing labour standards in Asia, proposed that Asian countries establish works councils as practised in European Union. However, he emphasised that councils should have a legal constraint before being implemented in the organisation thus supporting the Malaysian unions' views.

The 'voluntarist' approach to employee participation in Malaysia is linked to Malaysia's history as a British colony. However, the insufficiency of legal support for employee participation may be linked to a broader pattern of repressions of employee and trade union rights. The research conducted by Terry in the UK particularly on employee representation has had some impact on Malaysia situation. He shows that those leading employee participation mechanisms, such as joint consultation committees and shop stewards in the UK, are given fewer legal rights to make or influence any decisions than for similar practices in most European Union countries. This is also like the situation existing in Malaysian companies. The union and employees do not have any power to influence workplace decisions because of high weighting and extensive legal coverage of managerial prerogatives. Similarly 'they had a little influence on most HRM policies'. The law is so restrictive that promotion of genuine workplace democracy seems nigh impossible. Therefore, the unions have lobbied the government to revise or amend some of the present industrial relations legislation which was introduced in 1950s, 1960s and 1970s. If the present industrial relations laws are revised then this could develop a new paradigm in employee participation practices in Malaysia.

Chan, Abdullah and Muhammad have observed that Malaysia will achieve the status of developed country by the year 2020 as laid down in the government's 'Vision 2020'. If that were so, its economic strategies would be shifted to higher value-added sectors, and more capital-intensive industrialisation. In relation to this issue, Todd and Peetz argue that part of this trend is the emergence of a 'new industrial relations' policy that is characterised by greater employee participation in decision-making, multi-skilled employee working in a semi-autonomous teams, and co-operative labour relations. However, Todd and Peetz have observed, industrial relations in this early phase, in terms of control and decision-making

within the workplace remains unchanged. All these major issues will influence the nature of employee participation in three companies in Malaysia, as will be discussed in next chapters (Chapter 5 to 7). Therefore, it is important to study the nature of employee participation in these sectors. Firms from manufacturing and service were selected for the purpose of the study. There are three companies, both union and non-union.

CHAPTER 5

CASE STUDY 1: STEELCO

5.1. Introduction

In the previous chapters, the theoretical, conceptual and methodological debates on employee participation (EP) were examined. These included the research design, methodological issues and the context for EP research in Malaysia. The present chapter presents the first of three case studies of private sector firms. Each case study has been designed to provide answer to the central research questions proposed in Chapter Two.

The objective of this chapter then, is to understand the assumptions, nature and effect of EP trends in Steelco. The central research questions will be analysed by examining the following issues:

- What are management's, non-managerial employees', and union perceptions of the objectives of EP in Steelco?
- What are the different forms of direct and indirect EP in Steelco? How do they actually operate?
- Why did Steelco introduce EP?
- What major issues need consideration when examining with EP forms at Steelco?
- To what extent has the Code of Conduct for the Industrial Harmony 1975 influenced EP forms at Steelco?

The chapter is divided into six sections. Section 5.1. will discuss the research methods and the background of the respondents. Section 5.2. explains the research methods and respondent background and Section 5.3. looks at the industry, product market, and main challenges for Steelco. In Section 5.4. the perceptions of management, union and non-managerial employees of the objectives of EP are investigated, while Section 5.5. describes

different forms of EP at Steelco with special reference to direct and indirect participation. Section 5.6. examines the reasons for the introduction of EP programs into Steelco. Section 5.7. considers some different kinds of issues apparent in different forms of EP. Section 5.8. looks at the influence of the Code of Conduct for the Industrial Harmony 1975 on EP at Steelco.

5.2. The Research method and background of the research respondents

A qualitative case study method was adopted in order to explore the nature of EP in Steelco. The intellectual basis for the qualitative case study is its capacity for such a study to uncover rich data, not available through surveys. The fieldwork took place between October and December 2003 in Klang, West Malaysia.

The study involved semi-structured interviews with managers, production executives, production supervisors, workplace union representatives and non-managerial employees as the main research respondents. The study further consisted of field visits, including observation of procedures, for collection of the relevant data. The interviews were conducted at the research site and were mainly face-to-face. The interviews lasted from two to three hours with managers, union representatives and non-managerial employees. All interviews were conducted in their own workplaces and tape recorded. I also observed one in-plant meeting and took a comprehensive factory tour guided by the Production Manager and supervisor. I also observed the human resources (HR) office for the period of two months. Field notes were written on a daily basis to record every event in Steelco, as well as verbal and non-verbal behaviour.

Almost all the respondents involved in the study were male except for one female who was on the clerical staff. The age range of the respondents varied with the youngest at 25 and the oldest at 48 years old. The majority of managers were educated and had either a first degree or a diploma. In contrast, the union representatives and non-managerial employees had completed their studies at either primary or secondary school levels. In addition, the majority of the respondents had worked for more than five years in this company.

5.3. Industry, product market and main challenges faced by Steelco

Steelco¹ is a private limited liability company, which incorporated in 1980. It is a leading steel fabrication manufacturer in Malaysia with production plants strategically located in Klang, Prai and Pasir Gudang. The Head Office of Steelco is in Klang. The research project was limited only to Steelco in Klang but for ease of reference the discussion in this study refer to Steelco.

When Steelco was established in 1980, it was under the parent company of the Hotlink Group. In 1990s, Steelco faced product competition from other steel industries in Malaysia such as Perwaja as part of globalisation and international market challenges. In order to ensure Steelco's business survival under the globalisation and product market competition with other steel industries, management took some measures. One of the measures is that in 2000, Steelco was taken over by Genesis Group. Currently, Steelco is 100 per cent owned by Genesis Group, which makes Steelco a subsidiary of Genesis Group. Hotlink Group no longer has direct interest in Steelco. However, one of the Hotlink Group of companies, Hot Private Limited has a 40 per cent share in Genesis Group. Genesis Group was established in the 1960s and is a publicly listed company with the Kuala Lumpur Stock Exchange.

Steelco has been involved in extensive restructuring and organisational change since it was taken over by Genesis Group. The takeovers and mergers which affected the structure are not only a major issue in Malaysia but part of the world-wide trends. According to Rajkumar (2002), takeovers and mergers occur when two companies combine. In this situation, one of the companies loses its corporate existence. It is possible that both companies can become an entirely new company formed with the existing shares exchanged for shares in the new company. In the case of Steelco, Genesis Group has, since its acquisition, controlled the assets, the voting rights and management of Steelco.

¹ Steelco is pseudonym to retain confidentiality.

The main products of Steelco are wire mesh and reinforced concrete. These products are supplied to the construction industry in Malaysia and Singapore. One of these products is Steelco fabricator, which is now widely used in construction throughout Malaysia and Singapore. Steelco prides itself on its strong technical backup and the provision of competitive design. It also has the widest distribution network in Malaysia and Singapore to cater for growing market demand (Company Products Brochure, 2003; Company Annual Report 2003). The company adheres to stringent product quality control in accordance with the MS ISO 9002 standard set by the Standards and Industrial Research Institute of Malaysia, (SIRIM). The company also successfully achieved a MS ISO 9001: 2000 certificate in year 2003 ⁱ(*V Love Genesis*, Issue 02/2003:10)

There are about 360 employees in Steelco, Klang. Of these, 305 employees including management and non-managerial employees are local workers. The remainder are foreign workers who come from Bangladesh, Cambodia, Vietnam, and Indonesia. As previously noted, the workforce at Steelco is predominantly male, and most have worked there over five years. In Malaysia, this kind of manufacturing industry is very male dominated. The blue-collar workers are union members who belong to the Metal Industry Employee Union (MIEU). This union is affiliated with the Malaysian Trade Union Congress (MTUC). White-collar workers (clerical and office non-managerial employees), contract workers and foreign workers are non-unionised. The terms and conditions of employment for non-unionised workers are covered by the *Employment Act* 1955. Every three years management and the union will review and sign new collective agreements (CAs) covering the unionised workers.

There are two General Managers (GMs) in Steelco, Klang. One of them is the person in-charge of overall management of this company. Another GM was appointed in September 2003 with the responsibility for overall production at the factory level.

Between 2001 and 2003, under the new management (Genesis Group), Steelco underwent a major human resource management (HRM) restructuring process. At this time, a quality management program for increasing productivity and company performance as a

competitive advantage was implemented. An example is that since the beginning of 2003, a full time Safety Officer and Total Quality Management (TQM) Manager has overseen safety procedures and a TQM development strategy. According to the Production Manager and the TQM manager, top management encouraged the workers at floor level to participate actively in EP programs in order to achieve higher labour productivity and company performance (interview with Production Manager, 13 November 2003; interview with TQM Manager, 2 December 2003).

Absenteeism and medical leave have been a major challenge for this company. Many workers previously used medical leave as an entitlement in addition to their annual leave. The company was going through a very critical situation whilst trying to tackle this problem. In order to find a way to solve this problem, management initiated the 'MC Hammer' Team, a medical certificate team named after a popular singer MC Hammer with members from all levels at Steelco. As will be shown below, the approach has led to effective outcomes. The workers tend to understand better the concepts of medical and annual leave as stipulated in the Collective Agreements (CAs). The increase in this understanding was due to various discussions between workers, union representatives and the MC Hammer team.

The takeover by the Genesis Group has also affected HRM in terms of executives' career development, the appraisal system, bonuses and performance management. The managers and executives in this company are required to follow new HRM policies such as a new salary package, and remuneration system. Some managers believed that the previous arrangements of HR policies at Steelco under Hotlink Group had been more beneficial for managers and executives (interview with HR Manager, 2 October 2003; Production Executive, 9 October 2003; interview with Supervisor, 9 October 2003).

The majority of management interviewees stated that when Steelco was under Hotlink Group, they had received a better bonus package, annual salary increments, and fringe benefits than under Genesis Group. The remuneration package motivated the middle managers and executives to be actively involved in the EP programs (interview with

Production Executive, 9 October 2003). The rest of the workers remain under Collective Agreements (CAs) and individual employment contracts.

5.4. The perception of management, union, and non-managerial employees regarding the objectives of employee participation (EP) in industry

5.4.1. The perception of management regarding to the objectives of EP

Steelco HR Manager asserted the objectives of EP as follows:

employee participation is where management and workers must work together for a common goal. Basically the main goal in any organisation is to make a profit. Therefore, management and workers should work together to improve productivity and reduce all losses to the company. Productivity improvement means we start work as per the working schedule. This means to follow instructions and safety procedures. If this is not fulfilled, there will be loss and wastage for the company. Losses to the company mean we have not followed instructions. We create accidents for man-days lost. Whenever they participate; it is good for a whole company such as increased productivity and reduced losses and wastage. In regard to this aspect, the company has high productivity and low wastage. If the company makes money, surely they will reward the workers too (interview with HR Manager, 2 October 2003).

The above objectives of EP reflect both the unitary and strategic human resource management (SHRM) perspectives of organisations. Both perspectives highlight essential issues such as:

- cooperation between management and employees or union,
- management and employees/or union working with the same aims to achieve company's business goals,
- less wastage in production costs, higher profit, and a better company performance.

Management can use EP as a major tool for achieving these objectives , and this appears to be the case in Steelco.

On the other hand, some management interviewees perceived that EP should also focus on the morale of employees as well as non-profit issues. They believe that such focus will lead

workers to feel satisfied with their jobs and to express greater loyalty and commitment to the company (interview with Production Executive, 6 October 2003). According to the Production Manager, management encourages workers to participate enthusiastically in social activities such as sport, annual dinner, '*gotong royong*²', social trips, and blood donation. He further suggested that 'You need to have a balance, not only pushing for output but also your human touch; you need to be sensitive' (interview with Production Manager, 5 November 2003). This statement also appears to support the humanistic approach to EP which aims to satisfy employees' non-financial desires including those for creativity, achievement and socialisation.

5.4.2. The perception of unions at Steelco regarding to the objectives of participation in industry

On the other hand, the union representatives believed that management should involve unions in the workplace decision-making process. One of the union respondents said that 'a genuine participation in the workplace is how the union and management sit together to discuss various workplace issues and problems faced by the workers'. The union representative interviewed emphasised that management consultation with workers regarding their own jobs is also part of EP.

Union interviewees also took the view that EP would not be successful if there was no mutual understanding between management, the union and workers. They stressed that all forms of EP that management introduced in the workplace should be developed in consultation with the union and non-managerial employees. They also felt that proper training should be given to the non-managerial employees before the implementation of any EP program.

These ideas partly reflected perceptions of EP. The union representative interviewees viewed EP as an open discussion between management and the union aimed at solving workers' problems. For instance, one union representative suggested that:

² '*Gotong-royong*' is a Malay word. Its means people are working in a team spirit.

the union has high expectations that management should have an open discussion with the union on any issues related to workers...Two way discussion between the union and the management will solve many workers' problems in any company (interview with union representative, 10 October 2003)

5.4.3. The perception of non-managerial employees regarding the objectives of participation in industry

From the non-managerial employee interviewees' perspective, they believe that management should share the cash benefits of the company, disclose information, and consult with the employees about methods of working. Workers also think that if the company makes a huge profit, then this should be shared with workers in some ways, including the use of yearly bonuses, yearly increments, and monetary fringe benefits.

The majority of non-managerial employee respondents suggested that it would be beneficial for the workers if the company could share information on safety and health issues, yearly company performance, profit, and company's future business plans (interviews with non-managerial employees, 14 October 2003; 31 October 2003; 8 October 2003).

The non-managerial employees also expected management to consult with them on work methods. They further argued that if management assigned any jobs to them with consultation and discussion with them, they would be more highly motivated or satisfied with such jobs. (interviews with non-managerial employees, 10 October 2003; 31 November 2003). According to one employee:

if the company always does consult and expresses concern about my present job, then I feel happy to work very hard for the company (interview with non-managerial employee, 15 October 2003).

The majority of non-managerial employees suggested that management and employee representatives should make joint decisions jointly about the methods of work. In this case, the non-managerial employees shared similar views that management should not entirely dominate decision-making. For instance, one respondent said, 'the joint decision between

management and the workers' representative on the methods of work will benefit the company' (interview with non-managerial employee, 31 October 2003). Thus, while it is good for management and the unions to make joint decisions, it is important to involve the workers in any decisions.

Different perspectives have emerged from management, union and non-managerial employees concerning the objectives of EP. From management's perspective, EP is more about enhancing productivity, workers' commitment, reducing management cost, and increasing profit. The union representatives' perceptions are that EP will increase the union's participation in the workplace decision-making process, facilitate open discussion and enhance the capability of the union to influence management decisions. From the non-managerial employees' standpoint, EP is more or less concerned with consultation and information sharing between management and workers, particularly in regards to their work methods.

5.5. Different forms of employee participation

As discussed in Chapter Two, two main forms of EP are direct and indirect participation.

For the purpose of understanding different forms of EP, the categorisation by Marchington is useful. Marchington classifies the forms of EP as follows:

- *Downward communication* (top down), for example from managers to their staff. The principal purpose is to inform and 'educate' employees via written reports to employees, house journals, training videos and team briefings;
- *Upward, problem-solving forms* are designed to tap into employees' knowledge and opinion, either at an individual or collective level basis through techniques such as suggestion schemes, attitudes survey, total quality management (TQM), customer care programmes and quality circles;
- *Task participation* aims to encourage employees to extend the range and type of work undertaken or take greater responsibility for decision-making;

- *Representative participation*, in which employees are involved through representatives drawn from among their number, often - though not always - on the basis of union membership, for example joint consultative committees (JCCs), advisory councils and collective bargaining.

In Steelco, there are various forms of direct and indirect EP in practice at different levels of the organisation (workplace, plant and company level), as shown in Table 5.1 below.

Table 5.1 Employee participation techniques at Steelco

<i>Category of EP technique</i>	<i>Specific technique at Steelco</i>
<i>Direct EP</i>	
<i>Downward communication</i>	Daily walk around by senior management Formal meetings Email communication Bulletin- <i>V love IG</i> Team briefings Regular social functions Other downward techniques (e.g. notice board)
Upward problem solving	Employee satisfaction surveys Suggestion schemes <i>Problem solving teams (PSTs)</i> <i>MC Hammer Group as a model of PSTs</i> 5S (Seiri, Seiton, Seiso, Seiketsu and Shitsuke) Quality circles (QCs) and Total Quality Management (TQM)
Indirect participation	Management-union committee Collective bargaining Health and Safety Committee Steelco Sports and Recreational Committee

5.5.1. Direct Employee Participation

5.5.1.1. Downward communication

Daily walk by senior management around the factory is part of direct employee participation practices in Steelco. Every morning, either the Production Manager or executives walk around the factory to see if there are any problems faced by the workers. Every day senior management will walk around the factory. At the beginning of 2003, Steelco recruited a new General Manager (Production) who always spends his time in the factory and each day walks around the factory to check if workers are faced with any difficulties. According to the supervisor, there are two main shifts at Steelco. These are the morning and afternoon shifts. In the morning shift, the Production Manager will walk around, while in the afternoon shift the Production Executive will walk around the factory to check whether there are any problems in the factory.

Many issues are covered in the daily walk. According to one supervisor and one executive, workplace productivity performance and OHS are some of the crucial issues that occurred during the daily walk around the factory. Furthermore, they said workplace performance is crucial because the monthly meeting with top management particularly focuses on the weekly and monthly productivity performance.

In terms of OHS for instance, 30 accidents cases were reported in September 2003. The number of accidents increased to 402 that year from 360 in the previous year (Minutes of Meetings of Safety and Health Committees, 6 October 2003)

The non-managerial employee interviewees perceived that the daily walk around by the senior management in the factory affected them. They felt uncomfortable whenever there was a General Manager walking around the factory. However, they were more comfortable with the Production Supervisors because they knew them very well.

Formal meetings are a type of direct participation that involves face-to-face communication between managers and workers. In this way, the workers have an opportunity to say

anything about their work problem directly to the manager or executive who is walking around the factory monitoring what is going on. From the reports of Steelco management, regular meetings take place between the managers and executive/or supervisors, but not with the non-managerial employees. First, management review meetings take place with the General Manager and all Heads of Department (HODs) on a weekly basis. The main issues discussed in these meetings are overall production problems and how to improve production. The next level of meeting is the monthly meeting that involves the General Manager, Production Manager, executives, and supervisors only. Generally, the scope of issues discussed in this meeting encompass the monthly performance and productivity indicators for each factory. They will also study the shortcomings in production and how to improve the production levels.

There are also weekly meetings among problem solving teams (PST), which take place between executives and supervisors. In these meetings, the teams deal with issues of cost reduction, customer complaints and medical certificate control. All the meetings discussed above involve only senior managers, managers, executives and supervisors. At the workers' level, supervisors conduct team-briefing sessions at each shift. There are no team-briefing sessions with clerical and office staff. However, if any work problem arises, then the workers will communicate directly with their immediate boss.

Information and communication technology (ICT) and its impact on HRM has become a central issue in Malaysian organisations. Ali argues that ICT is an important tool in this millennium for management to convey their message or information to the non-managerial employees via email communication. At Steelco, the company emphasises the issue of email communication, albeit only among the managers, executives and some office non-managerial employees. The email facility was provided by the company to support them to complete their main task in time, and also for communication with other companies within the Genesis Group.

The functions of email include dissemination of information, updating any issues on production, monthly reports, and minutes of meetings. Other functions of email include sharing information between staff within Genesis Group, making any important

announcements, calling for meetings and rescheduling meetings. Every senior manager and Heads of Department (HODs) has their own personal computer with email access. Management perceives that email, reduced time and costs as well as being an efficient way to communicate between staff at Steelco and the Genesis Group. While the supervisors do not have email access, they have personal computers provided by management to support them to finish their weekly reports, write letters, and update workers' appraisal evaluation.

The interviews conducted with the non-managerial employees and the union representatives revealed that the majority of manual workers in Steelco do not have any access to computers or email. However, the clerical employees are provided with personal computers so they can prepare monthly reports, and employees' data entry (Direct observation, 12-14 October 2003; interview with non-managerial employee (clerical staff), 8 October 2003).

Steelco does not publish its own house bulletin. Rather, employees receive a copy of '*V—Love Genesis*' from the Genesis Group. The bulletin is written in Malay and English. This bulletin is distributed to all establishments in the group of companies, including Steelco. All companies within the Genesis Group submit their activities, news or reports to be included in '*V—Love Genesis*' for future publication. The bulletin is for internal circulation only and is distributed to all employees at all levels (*V Love Genesis*, Issue 02/2003).

The scope of issues that are covered in the bulletins include workplace performance, product quality, customer satisfaction, occupational health and safety, regular social functions (sports, festivals), and sometimes indirectly include issues on future company investment and future staffing plans are included (*V Love Genesis*, Issue 02/2003, 08/2003). The managers, union representatives and non-managerial employees believed that this staff bulletin is an important reference for them to be aware of what is going on within the group of companies. From observation, it was noted that all respondents who participated in this study had their own copy of the bulletin. The interviews conducted with non-managerial employees highlighted their awareness of issues such as workplace performance, regular social functions (festivals), and customer satisfaction, which are covered in the bulletin.

The reason they knew all these issues was because they had read and understood what was happening at Steelco and within the Genesis Group.

Marchington has argued that, if the house journal or bulletin did not represent different viewpoints in the company, then it is a basic instrument for increasing management control. Keenoy and Kelly have asserted that where a newsletter or bulletin is produced by the company, it is partly because of their use of 'ideological technology' or for transmitting managerial ideologies. Keenoy and Kelly further suggested that management will use a company's bulletin largely to 'promote managerial objectives, legitimise authority and integrate the employees within the organisation'. These arguments are well demonstrated in Steelco. For instance, one union representative said that the employer influences employee attitudes and thinking through the publication of *Bulletin -V Love Genesis* (Interview with Union Committee, 11 October 2003). Similarly, BHP Australia earlier produced a monthly newspaper, the *Kembla News* that reported on company affairs and employee human interest stories with the objective of strengthening of company values (Keenoy and Kelly 1998).

Team briefings are a system of communication operated by line management. This is based upon the principle of cascading information down the line. The aim is to make sure that all employees know and understand what they and others in the organisation are doing and why. The team briefing is a vital tool for supervisors to communicate with non-managerial employees at Steelco. From the management point of view, team briefings are part of their TQM development tools in the Genesis Group and other group companies. At Steelco, the supervisor will spend about 15-20 minutes discussing workplace performance, productivity performance, workplace problems, health and safety procedures, the condition of machinery and announcing any social activities at every morning and afternoon shift, (Minutes of team briefing meeting, 15 October 2003).

According to the union representatives and non-managerial employees, team briefings are the only opportunity for them to communicate and consult with management. From the worker perspectives, supervisors or executives always discuss operational issues (as mentioned above) during team briefing sessions. Team briefings have already become a

routine task for production supervisors to disseminate any issues about workplace performance to the workers.

Social functions are major activities for management and employees in Steelco. Management and employees work together to plan and conduct social functions. This form of EP in Malaysian workplaces is very important because of the multicultural nature of the society. At Steelco, there are many social functions, which are conducted on a monthly or annual basis. Examples of these included: Hari Raya, Deepavali and Chinese New Year celebrations, an annual treasure hunt activity, disco nights, domestic and international trips partly supported by the company, an annual dinner, the best employee award night, blood donations, '*gotong-royong*' (spirit working as a team) and sports activities through the Steelco Sport Club. According to the HR Manager, management initiates these functions in order to give employees at all levels an opportunity to join together to share their experiences (interview with HR Manager, 3 October 2003). This is also part of the company commitment to take care of the welfare of employees.

Every year, the company financially supports any social functions carried out by the workers. The HR Manager stated that the company placed serious emphasis on this matter because through these activities, workers may have a sense of belonging to the company. The majority of the non-managerial employee interviewees also welcome these activities because they simply have opportunity to assemble and to learn from each other's religion practices.

As well, the company has built separate worship points for Indian (temple), Chinese (temple) and Malay ('*surau*') workers. This is impressive for the outside visitor to this company. All these worship points are located within the company. It is apparent that the majority of workers in Steelco believe in their respective religions (interview with non-managerial employees, 8 October 2003). For this reason, the company built separate worship points so they could pray within working hours (e.g. break time). The other reason the company built these worship points was because for the Malay and Indian workers it is compulsory for them to pray on Friday afternoon and evening. It was hard for them to

travel the 20 or so kilometres to mosques and temples which are well away from the company site. In this way, the company can save the cost of sending their workers to mosque or temple every Friday.

Steelco also has a notice board program as a form of downward communication. According to the Production Supervisor, the notice board is placed in every workplace and updated every two weeks (interview with Production Supervisor, 2 December 2003). If any memo or decision is made in formal meetings with senior management, then the supervisors place it on the notice board. Notices are presented in both languages, Malay and English. The supervisors also give short briefings to the employees on any issues about production or other changes that are happening in this company, before they place notices on the notice board.

5.5.1.2. Upward problem solving forms

An Employees' Satisfaction Survey (EmpSS) was conducted in August 2002 to evaluate managers' and executives' job satisfaction. According to the HR Manager, this survey could also be conducted among non-managerial employees in future. The main areas of the EmpSS were leadership, employee goal clarity, training, employment benefits, and the appraisal system. It was the first time that EmpSS had been conducted, albeit only for managers, executives and supervisors. The Genesis Group had developed the survey, and the same questions were applied for all other companies within the Genesis Group. The results from the survey were analysed by the Genesis Group and these were subsequently distributed by email to all the HR Managers. The outcome of the survey indicated a positive result among the managers and executives in the Steelco, particularly on issues such as organisational development, performance management, an effective appraisal system and appropriate training procedures. The HR Manager also stated that this result was significant for the company to evaluate the performance of the managers and executives when it comes to annual appraisal practice.

Suggestion schemes (SS) are another form of upward problem solving scheme at Steelco. In 2003, the company introduced Safety Suggestion Schemes. The reason for the

establishment of this scheme was the significant number of reports in 2003 by the supervisors and executives of accidents in different workplaces (Minutes of Meeting of Safety Committee, 10 November 2003). Initially, management anticipated that through this Safety Suggestion Scheme the employees would have an opportunity to offer their views or suggestions for the improvement of safety in the workplace. However, later management perceived that the responses and support from workers and the union was not positive. The Production Manager believes that the failure of the suggestion scheme program was because the company did not reward workers for good ideas or suggestions (interview with Production Manager, 5 December 2003). Another reason for this failure was that the majority of workers in Steelco did not know what issues to suggest. It was also suggested that some workers misinterpreted the aim of the scheme. For example, one or two workers simply made complaints against management, rather than providing their suggestions for the improvement of their own work or safety in their workplaces (interview with Production Manager, 9 October 2003).

However, from non-managerial employees' perspectives, the lack of suggestions was because of a lack of training for workers. Several workers were unable to distinguish between suggestions and complaints and so their response to the scheme was inadequate (interviews with non-managerial employees, 31 October 2003; 3 November 2003; interview with union representative, 10 November 2003; 11 November 2003). In some cases, the workers offered suggestions or ideas directly to their immediate supervisor or to the union representatives. The supervisors or union representatives then took their suggestions and discussed them in the monthly management-union meeting. If management thought that the suggestions from workers and union representatives were appropriate, they gave such suggestions due consideration.

As a part of TQM, Steelco set up problem solving teams (PSTs) in late 2001. The purpose of establishing PSTs was to tackle workplace problems such as absenteeism, cost reduction, production control, and wastage control. Through PSTs, the company anticipated that it could increase the production volume and improve business performance in general. The PSTs may be semi- or fully- autonomous, depending on the scope of issues and problems

that they are seeking to solve. However, the HR Manager indicated that the majority of PSTs in Steelco are semi-autonomous groups, and as such, they do not have any final say in decisions taken because these rest with senior management. However, the PSTs can make recommendations for review by management.

Steelco PSTs include the MC Hammer team, cost reduction team, wastage control team and customer complaints team. In this section, the case of MC Hammer team will be discussed. I was permitted to observe the meeting and behaviour of members in the team meetings. The MC Hammer team was initiated by management in order to reduce the medical certificate (MC) problem which they saw to be a major challenge to the company. The team was set up by management in May 2003. According to the HR Manager, the company had lost more than RM100, 000 (approximately US \$25,000) each year through the excessive use of MCs by the workers. Workers took MCs as paid leave and they strived to finish their medical leave by end of every year. Workers perceived MCs as part of their annual leave benefits. From the management perspective, this issue greatly affected the company performance and caused many problems, especially when external customers put pressure on the company to produce greater volume of production in response to industry demand.

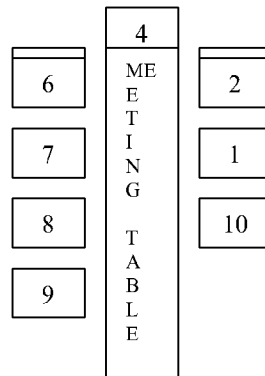
The MC Hammer committee consists of the following people in the hierarchy:

- HR Manager (as a Chairman)
- HR Clerk (as Secretary)
- Three Production Executives
- Three Production Supervisors
- The Safety Officer

These people are permanent members of MC Hammer. The position of the members in the meeting table can be seen in Figure 5.2. The seating positions at the meeting are clearly hierarchical which can be explained as follows. According to Abdullah and Low the whole concept of communication among the Chinese, Malays, Indians and others is based on respect for age and reverence to authority and status. This cultural concept is carried over into the workplace. Hence, conversation between individuals of unequal rank (based on

seniority or status) is likely to be less relaxed and more formal than that between equals. In the Steelco context, the HR Manager is regarded as a high status person among other members of the MC teams, which comprise Chinese, Indian, and Malays.

Figure 5.1 The position of the members in the MC Hammer weekly meeting: Top-down communication approach



Notes: [1] Production Supervisor, [2] HR Clerk (Secretary of the meeting), [3] Production Executive, [4] HR Manager (the Chairman of Meeting), [5] Production Executive, [6] Production Supervisor, [7] The Researcher (PhD Candidate), [8] Production Executive, [9] Production Supervisor and [10] Safety Officer

Source: Compilation of Researcher

The Hofstede study published in 1994 illuminates the above argument. In his research on culture and organisations, Hofstede found that Malaysians tend to demonstrate a strong sense of respect for hierarchy and status at the workplace with such practice being part of their socialisation process of being brought up in the Asian family settings.

From direct observation of a meeting, the team members, particularly the executives, provided their opinions on the MC issues. However, the supervisors only participated in discussions when responding to direct questions from the HR Manager who chaired the meeting.

The majority of members in the meeting tended to respect the HR Manager because of his status in the company management. Figure 5.1 shows the position of team members in the MC Hammer Weekly meeting

The meeting was held every Thursday in the production office room. Each meeting lasted for thirty minutes. Previously the meeting had lasted for one hour, but this was changed to thirty minutes following improvements in MCs problem.

The meetings of the MC Hammer team covered issues of absenteeism, the medical record book, panel doctors' reports, workers' attendance records, reward systems for the best workers (i.e. those who took the least MC leave) and other matters related to MC issues. Once the meeting began, the HR Manager who chaired the meeting initiated the discussion and invited contributions. The members would then deliberate on the various issues raised. The meeting was very formal and members received prior agenda to facilitate participation. Except for a few minor issues, all major decisions involving finance were referred to the General Manager.

As discussed in Chapter Two, 5S is an acronym for five Japanese words that are Seiri, Seiton, Seiso, Seiketsu and Shitsuke. 5S is part of a house keeping technique designed to keep the factory clean all the time. The 5S terminologies translated into the Malay language are '*asingan*' (Seiri), '*susun*' (Seiton), '*pembersihan*' (Seiso), '*penjagaan*' Seiketsu and '*amalan*' (Shitsuke). The National Productivity Centre (NPC) had modified the 5S for the local context. It also produced Malay brochures in order to help lower management fully understand the concept of 5S and its significance in the workplace (*NPC Newsletter*, May-June 2003). 5S became more popular after the new Safety Officer introduced this technique in the beginning of 2003. It was initiated to meet the OSHA Act of 1994 (OSHA 1994, Ministry of Human Resources, Malaysia). From the EP perspective, every member participates actively in the 5S meetings by expressing his/her views or suggestions for a healthy and clean workplace.

Quality circles (QCs) were popular in the 1980s in many public and private sector organisations. In Malaysia, under the '*Look East Policy*' in 1983 the government encouraged all organisations to launch QCs in their workplace. In the mid 1990s, total quality management (TQM) became a popular quality management tool practised in both public and private sectors in Malaysia.

Workers are voluntary members of QCs which are headed by the supervisors. QCs groups which comprise six to eight people, meets each week for one hour discussions on production, workplace performance, and safety issues. From the interviews conducted with the supervisors, the workers participated well in QCs because the meetings were conducted in the Malay language. Also it was a criterion that members' ideas should not be criticised. The reason is that participation by workers in the QCs group is voluntary based not by force. Every idea in the QCs group is gathered until the end of the session when the chairman of the QCs group would categorise ideas from important to less important. Finally, each QCs group will convey a report and recommendations to senior management for further action.

The company also focuses on the total quality management (TQM) approach as a tool for quality improvement and organisational change. In TQM, there is no involvement by non-managerial employees. The members of TQM include senior managers, middle managers, executives, and supervisors. One of the main TQM activities was the creation of PSTs and MS ISO9000. For example, through a TQM approach, Steelco obtained MS ISO 9001:2000 certificates on June 25-27, 2003 in order to meet the challenge of global competition. (*V Love Genesis*, 02/2003:10).

Similarly in response to global market pressure, Steelco recruited a TQM consultant in 2002. He plays a key role in setting targets for productivity performance, introducing different PST teams and providing various training on aspects of TQM. The PST is divided into different teams within company. Each team performs its own task and submits its final report to the TQM Manager for further action planning. One concept that the team uses is known as FADE (Focus, Analyse, Develop and Execute). By this concept, the PST identified major areas of work problems and resolved them within a certain timeframe. According to the Production Manager and the HR Manager, the main focus of these teams was to reduce commercial cost and increase profit for the company (interview with Production Manager, 5 December 2003; Interview with HR Manager, 3 October 2003).

5.5.2. Indirect employee participation

There are four forms of indirect EP at Steelco. Two of these forms are based on management and unions: management-union committees and collective bargaining. The remaining two forms of representative EP, the safety and health committee and the sports and recreation committee, do not rely entirely on the union to provide committee members.

5.5.2.1 Management-union committee

Workplace management initiated the management-union committee, which was part of an agreement between management and the union in the workplace (Collective Agreement 2001:5-9). The committee comprised management representatives and union workplace representatives.

The management-union committee meets monthly. Its members include the Production Manager (as a Chairman), HR Manager (secretary of meeting), three Production Executives, three Production Supervisors, and all union committee members. The management representatives are selected by the General Manager of Steelco (interview with HR Manager, 7 October 2003; interview with Production Manager, 13 November 2003). In all, eight people represent management and six people represent the unions (interview with union representative, 11 October 2003; Minutes of Management-Union Meeting, 18 September 2003). The union representatives consist of the Union Chairman, Deputy Chairman, Secretary, Treasurer and two union committee members. The members of the management-union committee are permanent.

The Production Manager chairs the meeting. The management and union representatives will be given information about the meeting before it starts. Management will present the previous minutes of the meeting for the record, and may raise any issues in the meeting. Table 5.2 presents the workplace union committee members from 2000 to 2003. From Table 5.2, we can see there are two major ethnic groups represented by the union: Malays and Indians, representing the majority of non-managerial employees who work at Steelco.

Table 5.2 The workplace union committee members at Steelco (2000-2003)

Please see print copy for Table 5.2

Management and the union generally discuss operational issues such as car parking, toilets, locker room, heater, canteen matters, temple maintenance, water coolers, and transport. From the interviews conducted with management and respondents, no major strategic issues such as the company business plans, retrenchments, or corporate mergers, are discussed. The final decisions on the operational issues were made by management without any union committee members' participation. Evidence of this is indicated by the following comments by one of the union representatives.

Sometimes there is little mutual understanding between management and unions. For example management does not want to accept our idea.. What can we do? They do not want listen to us...First they said A, then A... B.. then B, we need to follow their instructions all the time. This is a problem in this company. In the management-union meeting, we sometimes reject management ideas but they do not want to accept it our ideas. (interview with Union Representative, 10 October 2003).

It is evident then that not only are strategic issues wholly management's prerogative, but also the ultimate decisions on operational issues are taken exclusively by management. In other words, management will make the final decision prior to the meeting, and then during the meeting they will work to persuade the union committee members to accept their decisions. Pateman categorises such approaches as *'pseudo participation'*. *'Pseudo participation'* is a technique used to persuade employees or the union to accept decisions that have already been taken by management. In relation to this aspect, the Malaysian Employers Federation (MEF) Executive Director supported Pateman's argument by suggesting that 'the employees or unions in the workplace may influence decisions, but the final decision is in the hand of employers' (interview with Executive Director of MEF, 24

September 2003).

There was also evidence of tensions between the employees and the union representatives. Many non-managerial employees complained about a lack of feedback from the union representatives. From the non-managerial employees' point of view, the union fails to inform the shopfloor workers about the issues that were discussed in the meeting and the actions taken. The non-managerial employees in Steelco expressed concerns that they had received very inadequate information from the union. Furthermore, they asserted that the union had not played an active role in fighting for workers' welfare and better working conditions. Such perceptions suggest that the union appears to treat members badly because the union representatives see themselves as higher up the hierarchy.

5.5.2.2. Collective bargaining (CB)

As noted in Chapter 2, Markey has argued that apart from joint consultation committees (JCCs), works councils and employee in the boards of directors, one of the most common forms of indirect EP is through trade unions and collective bargaining.

At Steelco the CB team meets every three years to negotiate on wages and working conditions stipulated under the IR Act 1967. The CB group comprises the General Manager as a Chairman, Senior Factory Manager, Production Manager, Finance Manager, and HR Manager as the secretary of meeting. The five management representatives are selected by the General Manager of Steelco (interview with HR Manager, 7 October 2003; interview with Production Manager, 13 November 2003). The six union workplace representatives represent the workplace union in the CB (interview with union representative, 11 October 2003; Minutes of Management-Union Meeting, 18 September 2003). The union representatives include the Union Chairman, Deputy Chairman, Secretary, Treasurer and two union committee members. The Metal Industry Employees Union (MIEU) representative (Senior Industrial Relations Officer) serves as the spokesperson for the union.

The CB process leads to collective agreements (CAs) that remain in force for three years. The CA in force during much of this study was endorsed in January 2001 to continue until 31 December 2003. After that, the new CA would be negotiated and signed. Whenever there is a CB meeting, the MIEU sends a representative to speak on behalf of the Steelco workplace union committees. According to one of the union representatives, the Steelco union depends on the assistance from the national union representative who has appropriate knowledge and skills in negotiation and bargaining skills. The management representatives in the CB committee are usually those people with significant industry experience relevant to CB issues, such as bargaining skills, salary rates within the manufacturing sector and national economic conditions. These managers are often trained by the Malaysian Employers Federation (MEF) on union and CA issues from time to time (Management Training Schedule, 15 September 2003).

The issues covered in the CB are generally limited to wages and working conditions. Issues such as dismissals, transfers, appointments and allocation of duties cannot be discussed. These latter issues relate to managerial prerogatives which are held sacrosanct under the IR Act 1967. The union can only bargain on wages and terms of conditions. Indeed, even these are tempered by management's power. In interviews about Steelco the union representatives asserted that management still control the CB meetings, even though there have been attempts by the union to propose new ideas or new items in the CA such as insurance benefits, child care arrangements and training opportunities.

For example, in September 2003, management and the union held many meetings to discuss a new CA, which was to be implemented for another three years. One of the issues where management agreed with the unions was to increase the night shift allowance. Previously, management had agreed to pay RM 2.00 to RM 3.00 (approximately US \$0.50 to US \$0.75) for shift allowances. In the new CA (2003-2005), however, the company was willing to increase night shift allowance from RM 3.00 to RM 5.00 (US \$0.75 to US \$1.25) (interview with Production Manager, 5 December 2003; Draft of Collective Agreement 2003-2005). According to the senior IR officer of MIEU, management increased the allowance because the union argued in the CB meeting that the shift

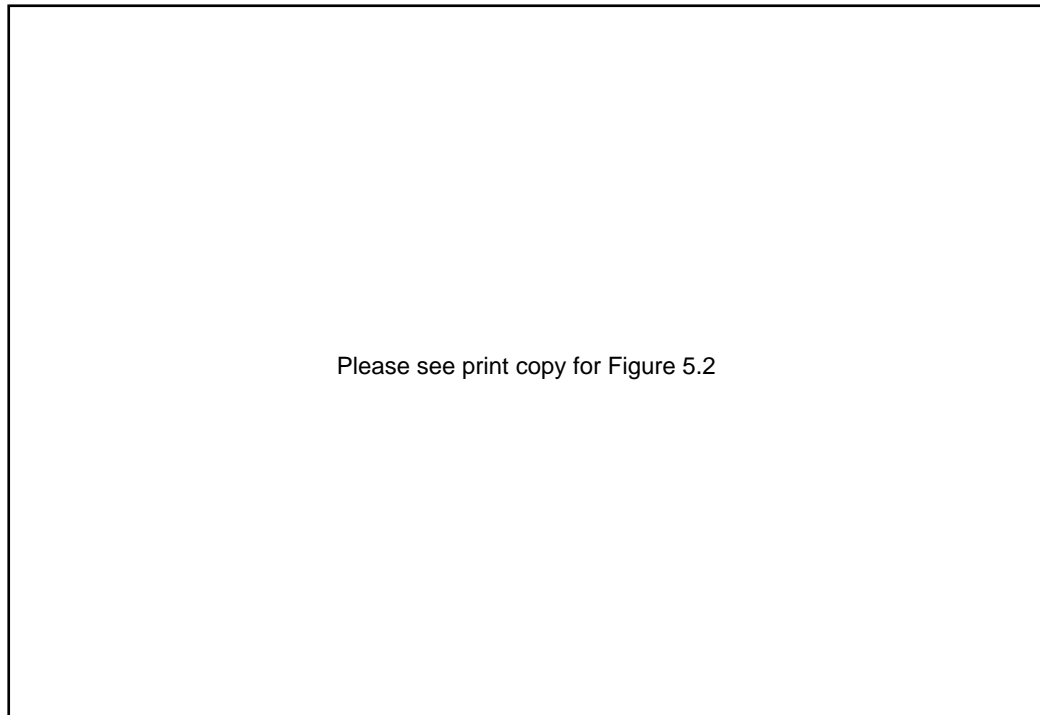
allowance rate (RM 3.00 to RM 5.00) was very low compared with other manufacturing industries in Malaysia (interview with the Senior IR Officer, MIEU, 6 November 2003). Based on the outcome from this new allowance, workers were pleased and many were now willing to work night shift than previously.

5.5.2.3. The Safety and Health Committee (SHC)

Safety and health is an important issue in the manufacturing environment. In Malaysia, under the Occupational Safety and Health Act (OSHA) 1994, all employers with more than 40 employees are required to establish a SHC at the workplace. The committee must consist of a chairman, a secretary, representatives from the employer (who should be senior managers), and representatives of the workers.

At Steelco, management established the SHC as required by the law. The composition of SHC of the committee is illustrated in Figure 5.2. However, the committee had not been active until Steelco recruited a fulltime safety officer in 2002. The Safety Officer who was appointed in 2002, is the person in charge of overall health and safety matters at Steelco. He reported that senior management elected the members of the SHC in accordance with the OSHA 1994 rules and regulations (Interview with Safety Officer, 2 November 2003). Members of the SHC include representatives from management, the union, and workers. The workers representatives were appointed by the Production Manager or Executives, rather than by the union. Not only do the non-managerial employees have no input into selection of their representatives, but the workers' representatives also have limited voice in the SHC meeting because of their lack of capacity to influence management's final decision over safety and health matters.

Figure 5.2 Structure of Steelco Safety and Health Committee



Source: HR Department, November 2003

The main functions of SHC are to assist in the development of safety and health rules, safe systems of work, review the effectiveness of safety programmes, carry out analysis of trends in accidents and occupational diseases, and recommend improvements in work systems. The SHC is also responsible for revisions of any practices or policies so they can ensure that work is being carried out safely.

Communication between management and workers through the SHC meeting is essential to identify the areas which are commonly exposed to accidents. The SHC is also the platform for both management and workers to highlight the major safety and health issues which need strong attention from the senior management.

The union interviewees, however, questioned the effectiveness of SHC committee due to problems such as the selection of workers' representatives, lack of training and action on the committee's recommendations. From the union viewpoint, the selection of the workers' representatives should be elected by the union rather than management. The union did not have any capacity to influence such matters. Moreover, management rarely recommended the non-managerial employee representatives of the SHC for safety training. This is a setback for the workers because certain safety and health terminologies or criteria used in the SHC meeting beyond the understanding of the union or the employee representatives (interview with Production Supervisor, 2 December 2003; Interviews with non-managerial employees, 10 October 2003; Interview with union representative, 11 October 2003).

5.5.2.4. Steelco Sports and Recreation Committee (SSRC)

The SSRC mainly deals with issues related to social events and sport activities throughout the year. Management has also established SSRC as an indirect form of EP. This committee comprises representatives from both management and workers. The management representatives are represented by the Production Manager, HR Manager, three executives and three supervisors. Five non-managerial worker representatives are appointed by management. Again, just as we saw in the SHC, management also has the final say on matters related to the social and sports activities at Steelco. The workers' influence is weak in the SSRC decision-making process because they have no capacity to overrule or affect the final decisions of management. However, management provides funding to cover part of the cost of SSRC organised social events at Steelco, and could be seen to take a paternalistic approach in which management takes the decisions about social events, and also pay for the events and activities.

5.6. Factors affecting decisions over direct and indirect employee participation at Steelco

From the interviews conducted with the management respondents, it was apparent that there are several reasons why the company is keen to introduce direct EP. These reasons include internal and external factors which affected decisions about the forms and processes in implementing direct and indirect EP on the company level.

In 2000, Steelco was taken over by the Genesis Group. Under the Genesis Group management, Steelco underwent different phases of restructuring and a process of management innovation and organisational change. These led management to introduce different forms of direct EP, such as problem solving teams (PSTs), TQM, and suggestion schemes. From the interviews conducted with the Production Manager, Executives and Supervisors, there are indications that these new forms of EP have led to improved productivity, quality of service and customer satisfaction (interview with Production Manager, 5 December 2003; interview with Production Executive, 9 October 2003; interview with Production Supervisor, 30 October 2003). For example, the annual production report of Steelco revealed that customer complaints were reduced from the 100 in year 2002 to 40 in 2003 (The Annual Production Report, January 2004).

In late 1990s, strategic human resource management practices had spread widely in Malaysian private companies in response to global product market competition. One of purposes of strategic HRM in the company is to increase the efficiency and productivity of the workplace. This organisational innovation, as part of strategic HRM initiatives, has also put pressure on Steelco for cost reduction, organisational restructuring, and business re-engineering through various forms of direct participation such as quality circles, problem-solving teams, TQM and MS ISO 9000.

The Asian economic crisis from 1997 also influenced Steelco towards developing direct EP forms at the workplace. The aftermath of the crisis has also meant that Steelco has had to continuously re-engineer their business and implement various measures to survive. According to the HR Manager, the introduction of direct EP at Steelco in the late 1990s, reduced production costs, and increased their annual revenue. For example, through the establishment of MC Hammer team, the company was able to save medical costs up to RM 100,000 (approximately US \$25,000) in December 2003 within six months from the its initial date of establishment (Interview with HR Manager, 10 October 2003).

Interviewees were also asked what they saw to be the reasons for the introduction of indirect EP at the company level. There were mixed findings from the management, union and non-managerial employee perspectives on the reasons for indirect EP at Steelco.

First, the manager and executives were asked why indirect EP was introduced at Steelco. These interviewees stated that the management-union committee was introduced as part of an agreement between management and unions at the workplace (interview with Production Manager, 2 December 2003; Collective Agreement 2001:5-9). Senior management also expressed concern about the workers' needs and their potential contribution for the better performance of the company. One way to address this issue was for management to sit together with the union to discuss wider issues, such as productivity, workplace performance, workers' problems, union aspirations and contributions, individual grievances, OHS, and high absenteeism due to medical leave, as well as other issues from time to time. The union also offered very similar views to management about the reasons why the company had introduced management-union committees.

Second, from the management perspective, no serious dispute had happened at Steelco in the past. Management asserted that through the introduction of a management-union committee, better communication between management and the union would result. At the other end of the spectrum, from the review of the Minutes of Management-Union Meetings, it was seen that the union on many occasions disagreed with management. This was supported by one union representative who said the union was dissatisfied with management because management had rejected the ideas or suggestions made by the union (interview with union representatives, 10 October 2003; 11 October 2003).

Not only does management appear to dominate meetings, the union has little capacity to influence any of management's final decisions. The management interviewees had claimed that the relationship with union was more harmonious without any conflict. By contrast, interviews with union officers and the minutes of management-union meetings demonstrate that there is both conflict and considerable union weakness in the organisational decision-making process.

Third, the management interviewees asserted that through the various forms of indirect EP such as management-union committee, SSRC and SHC, has seen a steady increase in the workers' commitment to the company. They also felt that the union and workers had assisted in implementing various forms of EP as part of the company's organisational change process. Management argued that they sought to explain the company's current situation such as business and market trends, workplace performance, MC problems, absenteeism, health and safety issues through management-union monthly meetings and SHC meetings (SHC Minutes of Meeting, 6 October 2003; interview with HR Manager, 7 October 2003). After these meetings, management asked the union and SHC committee members to inform the workers about the issues that were discussed in the meetings. In this way, management interviewees say they believed that workers would understand the company situation and so would become more committed to the objectives of the company. Instead, some of the non-managerial employee interviewees said that they were committed to the company only because they were afraid they would lose their jobs, which was particularly problematic in the uncertain global economic situation. For this reason, they saw that they had no choice but to commit to the company objectives.

Fourth, according to the Steelco management staff, the SHC was introduced to comply with the OSHA 1994. Management was also concerned about health and safety issues because workers were exposed to dangerous hazards and unforeseen accidents in the workplace. Further, management suggested that the recruitment of a full time Safety Officer in 2002 had enabled the SHC to have more frequent meetings which tackled the health and safety issues at Steelco. My interviews and review of SHC minutes meetings together revealed that the rate of accidents had dropped from 200 cases in 2000 to 100 cases in the beginning 2003.

5.7. The major issues considered with different forms of employee participation at Steelco

The managers, non-managerial employees and union representatives held similar opinions on major issues about the company approaches to EP programs. Management conveys concerns and issues directly to non-managerial employees or through union representatives or the supervisors who communicate directly with them. These issues include workplace

performance, product quality, customer satisfaction, reward and recognition, occupational safety and health issues. The majority of management interviewees stated that the workers and union representatives should know about the above issues except issues on investment plans and future staffing plans, which are at management discretion and confidential matters (see Table 5.2).

Senior management also informed executives, managers and Heads of Department about issues such as investment and future staffing plans. The executives and supervisors also pass on information about operational issues such as workplace performance and product quality through team briefings. Occupational safety and health are very important at Steelco because in general, work in the steel industry is hazardous.

Table 5.3: Issues that management pass on shopfloor workers and union representatives

Issue	Tick
Future staffing plans	No
Investment plans	No
Workplace performance	√
Product or service quality	√
Customer or client satisfaction	√
Occupational health and safety	√
Reward/recognition	√

Source: Compilation of the researcher

From the union and workers' perspective, management only passed on operational information to non-managerial employees and union. The issues that management passed on to the employees and union are shown in Table 5.3. These are also similar to the issues covered in the management-union monthly meetings except investment plans.

As such these are quite different from some countries such as Germany, the Netherlands, Korea and the Philippines, for example, where management discussed investment and future staffing plans with the unions and workers' representatives. The meetings between management and union or workers' representatives take place through works councils in Germany and the Netherlands, or in Labor-Management Councils in Korea and the Philippines. Through these bodies, management is able to disclose strategic and

operational subject matters to the union or workers' representatives and provide opportunities for discussion.

At Steelco, the majority of non-managerial employees argued that they have very little voice to influence their own work at the workplace. As one worker said 'I would like to more say in matters that directly concern my own job and working conditions' (interview with Non-Managerial Employees, 14 October 2003). Another employee commented more on this issue as follows

Sometimes, the supervisor also rebukes the workers in front of other workers and they do not know how to communicate with workers. This is a problem between workers and management. They treat us like machines, rather than as humans who need respect. They only expect that we do our work without any mistakes, rather than give us motivation and encouragement... Sometimes we feel in no mood to work because of the supervisor's attitude toward us.. Workers do not have any meeting with management (supervisors/executives). What we do is just come to work and go home (Interview with non-managerial employees 10 October 2003).

The above statement shows how the non-managerial employees feel strongly that they have not been given any opportunity to make decisions over their own work. Management also was perceived to pressure workers to work very hard without giving any incentives or an appropriate training to enhance their skill in order to improve their work performance. Management and non-managerial employees have different perceptions in regards to the issues that concern both of them because the structure of management-employee relations in Steelco is very hierarchical system. In Steelco, whether it is minor or major issues, management has much greater voice and the capacity to make the final decisions.

5.8. The Code of Conduct for Industrial Harmony 1975 and its influences on employee participation

From the interviews conducted with management and union representatives, it was clear that the Code of Conduct for Industrial Harmony had not had any impact on EP practices at Steelco. Indeed the managers and union representatives had not seen the Code before I asked them about their views on it. The reason for this lack of knowledge of the Code is that neither the Malaysian Trade Union Congress (MTUC), nor the Malaysian Employers Federation (MEF) nor the government have promoted this Code at the level of the firm.

For instance, the HR Manager stated as follows:

we as whole of company we are not well informed about this Code....We are more well informed about labour laws, Employment Act, Immigration Act, Employee Provident Fund, and Social Security Organisation (SOCSO) which are very familiar to us' (Interview with HR Manager, 7 October 2003)

The same view is also shared by the union representatives in this company. According to them, they had never heard about this Code which had not been shown to them by the MIEU and MTUC.

However, when I showed this Code to managers and union representative, they were very excited to know more details about it. I also made a copy of the Code for the HR Manager. The HR Manager suggested that the Code was very obsolete because it was drafted in 1975. In the current situation, many issues have changed in the workplace such as the influence of information technology, corporate mergers, flexibility employment and the impact from the globalisation of trade. Therefore, he argued the current situation of employment relations was quite different from that of 1975. He also commented that the IR Act 1967 and Employment Act 1955 were also in need of further revisions because of greatly changed conditions.

5.9. Conclusions

There are many forms of EP but despite that, there are very few ways in which non-managerial employees can actually participate in the workplace. It appears that direct EP at Steelco is only taking place among supervisors and higher level managers. The above findings indicate that non-managerial employees do not have any say regarding their work and company decision-making. Most of the decisions of work and company matters are made at the management level. Those direct EP schemes such as problem-solving teams (PSTs), regular management meetings, MS ISO9000 and total quality management improvement teams primarily involve managers and supervisors. The non-managerial employees (workers and clerical staff) are mainly passive recipients of information, and they only receive information on job descriptions and what has to be accomplished their

work within the period set by management. It is clear then that non-managerial employees have little opportunity to offer their ideas on their own work.

Management was shown to prefer consulting directly with non-managerial employees using forms of direct participation, rather than through the union. Similarly, Cully *et al.* reported from 1998 Workplace Employment Relations Survey (WERS) in the UK that in 72 per cent of workplaces surveyed managers expressed their preference for consulting directly with non-managerial employees rather than with the unions. Moreover, Storey, in his research on EP in many private companies in the UK, found that although there is dual system of EP (direct and indirect participation) in the workplace, management is more partial to direct participation forms, rather than through management-union committee or other forms involving worker elected representation.

In terms of the scope of issues, it was, in principle, fairly broad, but in practice there often appeared to be a focus around 'tea, towels and toilets', especially at the management-union committee meetings. The non-managerial employees thus had almost no capacity to influence or even be informed of major workplace decisions in the company. This can be problematic for firms. As Johnstone *et al.* (2004) argued, if the employees or their union were only ever involved in the lower level workplace decisions such as toilet, lockers, and lights, then it was evident that they had no genuine voice in terms of influence on major company decisions such as retrenchment, investment plans and company's corporate mergers.

The findings from the research into Steelco also indicated that the Production or HR Manager would chair the management-union committee meetings. The consequence is that sometimes the committee cannot decide on certain issues such as work allocation, and financial decisions on health care issues for workers. This is because the final decisions must still be referred to the General Manager for his approval. This process parallels Marchington's argument that if the meetings are chaired by the junior manager and not Chief Executive Officer or Director of Company, then the committee has no capacity to

influence major decisions. Furthermore, he argued that often the committees are only able to make decision on the trivial matters, just as was found to be the case at Steelco.

A further finding in this chapter was that neither management nor the union was aware of the existence of the Code of Conduct for Industrial Harmony 1975. It would appear that the Code does not have any effect on the practice of EP at the company level, although management claimed that Steelco were unaware of the existence of the Code.

These overall findings at Steelco have indicated a pressing requirement to increase employee voice and to consult workers more fully. There is a widespread perception among non-managerial and union representatives that they have little control over what happens at their workplace and that their voice is not heard. Managers at Steelco have developed an impressive array of top-down communication mechanisms but these appear to be matched by the need for increased scope and opportunity expression of opinions or feedback ideas for non-managerial employees. The research findings suggest that Steelco has a major challenge in front of it developing more effective workplace management-union/employee relations.

The next chapter will focus on a case study of a non-union company in the automobile industry, and located in Sabah, East Malaysia. This is a useful case study with which to do a comparative analysis of EP with Steelco, since the latter is unionised.

ⁱ *V Love Genesis*, Issue 02/2003:10

CHAPTER 6

CASE STUDY 2: AUTOCO

6.1. Introduction

Having examined employee participation (EP) in a steel fabrication company, this chapter now turns to focus on a car manufacturing company. The objective of this chapter is to report on the major findings of research into EP practices at Autoco¹ at Kota Kinabalu in Sabah, East Malaysia. Section 6.2 of this chapter will discuss the research methods and the background of respondents. Section 6.3 and 6.4 explore major national and international developments in the auto industry in order highlight important contextual factors. Section 6.5 will focus on the industry history, product market, and the main challenges faced by Autoco. Section 6.6 seeks to identify the perceptions of management, unions, and non-management employees regarding the objective of EP, while section 6.7 describes different forms of EP with special reference to direct and indirect participation. Section 6.8 considers the factors that influenced the company in developing different forms of direct and indirect EP at the workplace and company level. Section 6.9 examines scope and content of issues discussed within different forms of EP. In section 6.10, the influence of the Code of Conduct for Industrial Harmony of 1975 on the development of EP at Autoco is evaluated. The concluding section 6.11 offers a summary analysis of EP at Autoco.

6.2. The Research method and background of the research respondents

This section will explain research methods and researcher's experiences while collecting data in Autoco, Kota Kinabalu, Sabah. The fieldwork for the research study began in January 2004 when the researcher visited Autoco for data collection. The final stage of the fieldwork was completed in April 2004. The study involved semi-structured interviews with the managers (Plant Advisor, Assistant Assembly Manager, Human Resource Senior Executive, Management Representative, Production Executive and Production Supervisor),

¹ Autoco is pseudonym to retain confidentiality

and non-managerial employees (manual and clerical employees). The Plant Advisor was formerly a General Manager. After his retirement, the company appointed him as a Plant Advisor on a contract basis. The major role of Plant Advisor is to advise the Assistant Assembly Manager on overall car production and to monitor the quality of the product. The Assistant Assembly Manager looks after the production section, including product quality, safety, and health issues. The Human Resource Senior Executive plays an important role in human resource and industrial relations issues, such as industrial disputes, conflict management and training matters. The Management Representative is appointed by the senior management to represent them in any senior level meeting. Normally, the Management Representative will be a secretary for the senior level meetings. At the time of this research, a Senior Accountant was Management Representative for Autoco. The Production Executive and Production Supervisor are those people in charge of the production section. If there are any problems in the production section or human resource matters, they will report directly to the Assistant Assembly Manager. The total number of participants involved in this research project was eleven. Six were from management level and five were non-managerial employees.

All of the interviewees (managerial and non-managerial) have worked for more than 15 years in Autoco. This is because job opportunities in Sabah, East Malaysia (see the map of Sabah in Chapter 3, Figure 3.1) are highly limited. In relation to this, Hussin and Parasuraman suggested that Sabah was primarily an agricultural based economy from 1950s to 1960s. Therefore, most of the workers here at Autoco had previously worked in the agricultural industry. The establishment of Autoco in 1974 was seen to herald a new era in the manufacturing industry (export-oriented industries) and was expected to provide more job opportunities for people in Sabah.

The interviews for this project were conducted as face-to-face interviews in a private room within company premises. All interviews were tape-recorded. The interview access lasted between two to three hours with managers and non-managerial employees. The researcher also observed two team briefing sessions in different departments in February 2004 (17 February 2004, 20 February 2004). The production supervisor also took the researcher for a

tour around the factory. He permitted the researcher to take some photographs during the factory tour. As required in good research practice, the researcher maintained field notes on all relevant events that happened at Autoco

Almost all respondents involved in the study at the Autoco were males. Two female employees (one managerial and one non-managerial) were from HR and supply departments respectively. The age range of the respondents varied, with the youngest at thirty-four years and the oldest at fifty-two years old. The majority of the managers were educated. They held either a first degree or diploma. On the other hand, the non-managerial employees all held either a primary or secondary school qualification. The majority of the research respondents at Autoco have work experience of more than thirteen years with the company. For example, the Human Resource Senior Executive had worked at Autoco for 24 years. She is well versed in the Malaysian labour laws, HR, and industrial relations policies.

The participants in this research project discussed aspects of EP based on their past and present experiences. They have also been active members in several forms of EP in the last 15 years. Two non-managerial employees were initially reluctant to discuss any sensitive or confidential issues that had previously occurred at Autoco. However, they participated voluntarily after I explained clearly to them the objectives of my research.

Supporting data was provided in company documents. They included company annual reports, and minutes of many company meetings including those of management review committee, Auto Sports & Recreation Committee (ASRC), weekly and monthly employee suggestion scheme committees, and the safety and health committee. As well, appraisal forms, and job description manuals were available for examination. The managers and production supervisors also provided me with some confidential files for a week to evaluate relevant documents. These have been good sources of information for this study. The trust between the researcher and the respondents was established before the researcher was able to gain access to the company documents.

6.3. Trends in the international auto industry

This following section presents a brief description of the auto industry in international and Malaysian contexts in order to understand the trends at Autoco.

Studies of the international auto industry have included those by Simmons and Lansbury, Sako, Pries and Lansbury, Lee and Woo. These scholars examined the international trends in the car industry as well as the impact on industrial relations and employee participation. One of the common arguments found in these studies was that the auto industry in the 1990s faced major challenges from globalisation and international competition in terms of product market and deregulation of industrial relations policies.

Simmons and Lansbury examined the practices of employee participation in the Ford car company in Australia. Ford is a highly unionised firm. Before 1993, the major union in the car industry was the Vehicle Builders Employees' Federation (VBEF) of which 80 per cent of blue-collar workers were members. In 1993, the VBEF was merged with the Australia Metal and Engineering Workers' Union (AMEWU) to form the Automotive, Metals and Engineering Union (AMEU). Later this union was integrated in the Amalgamated Manufacturing Workers' Union (AMWU). At Ford EP was one of the main employment relations elements. For instance, the Vice-President of Employee Relations of Ford said that 'without such ability to involve Ford's employees, the Company wouldn't have a hope in hell of developing and producing a competitive product'. He further said that Ford obtained two Australian Quality Awards due to the active involvement of employees in the management program.

Earlier, in the 1980s, Australian Ford had introduced various forms of direct EP, particularly quality circles (QCs), and employee suggestions scheme (ESS) as part of employee involvement (EI) program in order to increase the quality of product. These programs were also intended to improve communication between employees in the organisation. Employee involvement (EI) programs were also one of the key elements at Ford. In these programs, union representatives were voluntarily involved through labour-management consultations (LMC). LMC had been established through collaboration of the

Australian Council of Trade Union. The role of LMC was to improve relations between management and union/employees, as well as the performance of Ford. For example, an industrial dispute at Broadmeadows plant in Victoria was solved through the LMC.

However, in the late 1990s, EI programs met resistance from middle managers and supervisors, as well as criticism from the union. The union complained the scope of issues addressed by EI programs was limited and was normally prescribed by management's agenda. On the other hand, management supported EI and other direct participation forms. It claimed that these had improved the company performance as well as improving the labour-management relationship.

After various discussions with the union, Ford formed the Natural Works Groups (NWGs). This new system differed from EI because EI only involved employees voluntarily and covered only environmental problems, such as working conditions and quality of product. The NWGs program was run by a steering committee, which comprises the managers, union representatives and the NWGs facilitator, is chaired by the area manager. Teams from the NWGs now had autonomy and influence over work organisation. Unions at the plant level continued to play an important role in the implementation of NWGs (e.g. through the joint steering committee). For example, the majority of employees in the Sydney plant perceived that the NWGs have had a positive influence on the quality and productivity of the Ford car industry. Employees also emphasised that Ford's workers were primarily responsible for these improvements.

Sako and Pries examined EP and industrial relations restructuring in the car industry from a European perspective. Sako's central question focused on whether or not EP through direct and indirect forms was good for business. A large-scale postal survey of 221 automotive components plants located in Britain, Germany, France, Spain and Italy was conducted in order to evaluate the central question mentioned above. The main findings from this research were that the majority of managerial and non-managerial employee respondents from 221 plants in Britain, Germany, Spain and Italy perceived that both direct and indirect participation introduced had introduced in the company as to increase product

quality, improved communication between management and employees and improved competitiveness in the international product market. However, many non-managerial employee respondents, especially in Germany and Britain, believed that indirect participation forms, such as works councils and joint consultation committees, are still important mechanisms in representing employee voice to management, particularly in terms of influencing management decisions at company level. Decisions such as job security, company retrenchment plans, working conditions, promotion and company mergers are still important for employees

Pries conducted a research German cars such as Daimler-Chrysler, BMW and Volkswagen was altered when shifting to US. His main finding indicated that when German auto industries, such as the Daimler-Chrysler plant in Tuscaloosa plant, and the BMW plant in Spartanburg were operating in the US, they incorporated the Japanese lean. Thus Daimler-Chrysler also did not recognise the union at the beginning of their operation in the US. However, following an intensive campaign for union recognition, by the United Automobile Workers' Union (UAW), together with strong support from the Workers' Council Secretaries in Germany, the company finally recognised the union and the right to collective bargaining. Chrysler, which had merged with the Daimler-Benz was traditional a strong union firm with long-time links to the UAW was also contributory factor for union recognition. However, management at the Mercedes-Benz US International (MBUSI) still fosters non-union ideals and also offers a better terms and working conditions for those non-unionised workers. This is one of the MBUSI's long-term strategies in preventing the unionisation of workers. Pries argued that in the long run such strategies affected 'the right of workers to build a collective interest representation'. In conclusion, Pries argued that the success of German automobile industry during the 1990s was because of strong and cooperative worker participation and the innovative capacity of industry. In the German automobile industry context, participation of workers in the corporate structure, profit strategies, market strategies, and the nature of the production system can strengthen the business and company competitiveness.

Like the above cases, Lansbury *et al.* also reported on research into the Kia case in Korea. They discussed the international product market competition, quality improvements and the impact of globalisation on Kia. In order to face these challenges, Kia began restructuring their business with the introduction of lean production system (LPS) (benchmarked from Toyota in Japan) to replace the old mass production system which was influenced by the Fordist system. The LPS has been defined as "an interrelated set of technological, organisational and human resource policies that when implemented together, constitute a more flexible system of work".

In the 1980s, the Korean company used mass production systems which were strongly influenced by the Fordist production system. Under the mass production system, semi-skilled workers were recruited with little formal training and supervisors operated under a least number of formal rules. Skilled workers were recruited from mechanical repair shops, factories and arsenals and indiscriminately assigned to production areas. The same scenario applied to managers, where only a small number of managers received any formal training.

On the other hand, the most important element in the LPS philosophy is the elimination of waste factors in production, such as excessive stock, labour and facilities. Cost reductions and improvements in productivity and quality can thus be achieved. Human resources must be efficiently used in order to control production amount, quality control, as well as to reduce labour requirements.

However, critiques of LPS argued that 'a more advanced production structure did not always guarantee improved productivity'. The limitations of LPS are that it has insufficient incentives and a weak position on the level of worker participation. The improvement of work standardisation and production also created labour intensification. Unions and workers were opposed on this issue. Management introduced a rigid wage system which contributed to lower motivation and less commitment to effective work practices. Union and workers were concerned about reducing the workforce as was the case in the UK and Australia under the cost reduction strategy. Further problems with regard to the LPS system in the Sohori plant came from evidence that managers and supervisors tended to

have excessive power to control the workers. Many non-managerial employee respondents reported that such power was apparent for example in an increase of labour intensification and unfair job rotations.

Compared to cases in Australia and Korea, workers' participation is a very important area of the organisational decision-making process in Germany. From the above cases, we can see the role of labour in influencing management decisions at company and workplace levels. As was demonstrated in German automobile case, this involved not only modernisation of production system, including lean production and work organisation systems such as QCs and TQM, but also that workers can play a significant role in making decisions together with management.

The above discussion of international cases is very important insofar as it highlights features which assist in understanding the nature and patterns of the auto industry in Malaysia and, more specifically at the firm level (Autoco case) in Sabah, East Malaysia. The evidence highlighted above has considerable impact on EP practice in the Autoco case. Before we can understand the history and background of the Autoco case, however, we need to examine the history of the auto industry in Malaysia with focus on product, challenges, and union issues.

6.4. History of the auto industry in Malaysia

From 1967 to 1977, the Malaysian auto industry was developed under import industries incentives with major western and Japanese automobile transnational corporations (TNCs). In the beginning, the TNC auto manufacturers in Malaysia relied on TNC trading and/or assembling companies. This enabled the local sales companies and assemblers to form capital alliances (e.g. Champion Motors/Assembly Services, Associated Motor Industries, Cycle and Carriage Bintang, Tan Chong Motor Assemblers) with TNCs. A few European TNC auto manufacturers (Peugeot, Volvo) set up joint ventures with capital invested by their parent company such as Capital Motors (which later became the Oriental Assemblers). In possession of the licences from Honda and Opel, Capital was the only case where a

domestic assembly company was set up without affiliation to car traders of TNC auto manufacturers, although General Motors took over the company as a fully owned subsidiary for the period 1971 to 1980.

In the 1970s, Japanese cars outsold Western cars in the Malaysian car market, and the Malaysian car assembly companies began a restructuring process, which continued into the 1980s. The Japanese auto manufacturers had captured the market in alliance with domestic owned ethnic Chinese companies in the early 1980s. Nissan initiated this transformation as early as the mid-1970s, when it transferred the licence from the Swedish Motor Assembly (Volvo) to Tan Chong Motor Holdings, controlled by the ethnic Chinese Tan family. Tan Chong provided Nissan with a minority share and later on Tan Chong restructured the Tan Chong Motor Assemblies to include *Bumiputera* (Malays) equity participation. *Bumiputera* (Sanskrit, translated literally, it means "sons of the Earth") or sometimes spelled as *Bumiputera* is an official definition widely used in Malaysia, embracing ethnic Malays as well as other indigenous ethnic groups. In fact, the term *Bumiputera* was created to address collectively the group described in article 153 of the Malaysian constitution. Under the New Economic Policy (NEP) and later NEP replaced by the National Development Policy in 2000 onwards, minimum 30 per cent of *Bumiputera* are encouraged to participate in business organisations particularly in the private sector in order to eradicate poverty and increase participation in generating wealth.

In the mid 1980s, the Malaysian Government under the leadership of Mahathir Mohamad gave serious attention to a heavy industrialisation strategy, especially through the state-owned company, the Heavy Industries Corporation of Malaysia (HICOM). The state-led Malaysian car project, Proton, a joint venture between HICOM and Japanese Mitsubishi, succeeded in becoming the dominant market player by 1987 in the wake of the 1985-1986 economic crisis (Kuruvilla and Arudsothy 1995). At the beginning of its operation, Proton introduced several EP schemes such as Quality Circles, Just-In- Time (JIT), Total Quality Management (TQM), and team working to enhance organisational efficiency in the company.

In 1997, the Asian countries were affected by the economic turmoil which greatly influenced IR and HR policies. One of the impacts of this crisis was the widespread

retrenchment of workers. The impact also can be seen in the auto industry in Malaysia. In 1998, overall production declined by 6.8 per cent (in domestic value) and the sales value of the auto manufacturers fell by 62 per cent. Physical production of motor vehicles (in units) fell 63 per cent, with motorcycles and scooters declining by 41 per cent. Due to the economic crisis, the labour force of the auto manufacturers/assemblers dropped by 32 per cent and that of the auto parts/components manufacturers by 28 per cent. The national auto manufacturers had a work force reduction of between 10 and 15 per cent, while the labour force of the non-national producers dropped by nearly 40 per cent.

Some elements present in the international level cases and Malaysian auto industry also occurred in Autoco. These included the introduction of several direct EP schemes, such as problem-solving teams, quality circles, total quality management (TQM), and ISO 9000 in the workplace to improve organisational performance. The impact of the Asian economic crisis on labour and industrial relations included the reduction of the workforce, a voluntary separation scheme (VSS) and union issues. A brief overview of the Malaysian auto industry in the Section 6.5 will focus on the recent industry, products and the main challenges faced by the Autoco.

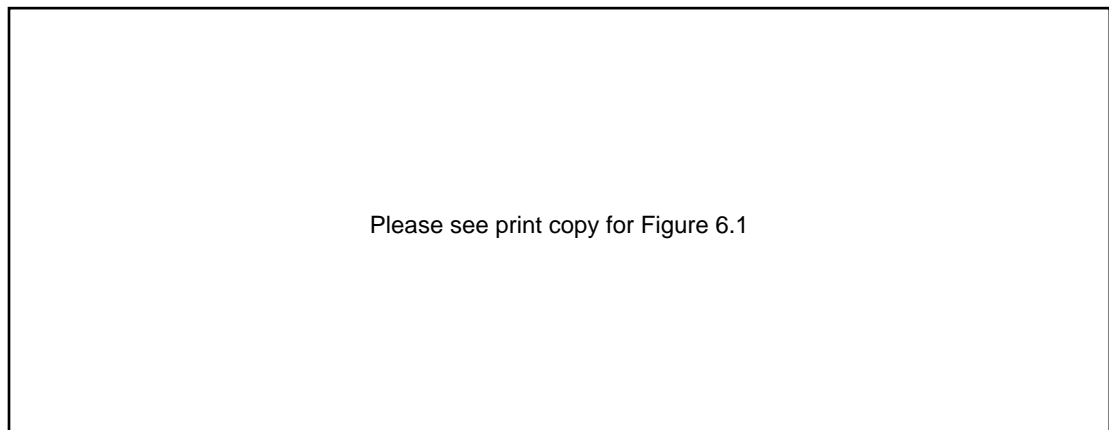
6.5. Industry, product market and main challenges faced by Autoco

The Autoco plant was initially set up for the assembly of Isuzu vehicles in East Malaysia in June 1974, where the company was the franchise holder. In the beginning, Autoco was owned by Sabah Economic Development Corporation Organisation (SEDCO). Later in the mid 1990s, the Newton Group took over from SEDCO. The Newton Group now hold 70 per cent of the overall shares, with 29.8 per cent owned by SEDCO and its agencies, with others owning 0.2 per cent (Brochure 2003, see Figure 6.1). This had been part of an acquisition and mergers process, which is happening now in most private companies in Malaysia. Nor showed that the acquisitions and mergers in the Malaysian auto industry were due to the maximisation of the market value of the owners' equity. She also argued that takeovers and mergers do not give any better employment benefits for employees in the middle and lower management strata. Rather the benefit accrues mainly to senior management who enjoy higher remuneration because they are acting as agents for

shareholders to run the business. In addition, Rajkumar asserted that after the takeover and mergers process is carried out, the acquiring company which controls the assets has the right to hire and fire employees. This aspect has had an impact on Autoco because when the economic crisis hit Asian countries in 1997, the Newton Group which controlled Autoco retrenched more than half of its workforce.

The Autoco plant now undertakes the assembly of other makes of vehicles, such as Suzuki, on a contract basis. The Autoco site area is about 50,000 square metres. The annual production was about 100,000 units per annum in 1995-1996 but gradually reduced to 50,000 in 2002 due to Asian economic crisis (Annual Report of Newton Group 2003).

Figure 6.1 Shares owned by Newton Group, SEDCO and its agencies



In the late 1990s, the main challenges for Autoco came from competition from other companies such as Toyota, Mitsubishi, Ford, Hyundai and Kia. These competitors had already penetrated the Sabah car market. As result, the Newton Group declared that their car division's annual revenue in Sabah was heavily affected when compared to other products. By 2003, the Chairman of Newton Group stated in the Annual Report that in the previous year, the Group had made a higher revenue of RM1.84 billion compared to 2001 (*Annual Report 2003*: 21). However, he also reported that the motor division in Sabah and Sarawak had recorded a lower revenue of RM62.5 million, with sales volume of 756 units as compared to RM72.1 million and sales volume of 904 units in 2001 (Annual Report of Newton Group 2003:21). In order to overcome this, the Newton Group instructed Autoco

management to organise extensive promotional activities such as free servicing for vehicles, promotion in shopping malls and free test drives to increase public awareness of the strength and durability of various models of Autoco vehicles.

The next challenge that the company faced early in the new century was that of restructuring the human resource management and industrial relations strategies. One of their strategies was to downsize more than half of their labour force by allowing employees to take up a Voluntary Separation Scheme (VSS). The VSS was a scheme which gave downsized benefits to the employees, including those at the senior management level. The final decision was up to management whether they wanted to accept or decline the application for VSS from the employees. In the end, the company had downsized 137 employees including those at management level. At the time that the fieldwork was conducted in 2004, only 63 people remained at Autoco compared to about 200 in 1997. This included management, assemblers, technicians, office workers, maintenance, and suppliers.

From my observation, the majority of participants in the research were dissatisfied with their work following the VSS process. This was because they had to work much harder, perhaps exacerbated by the fact that management had rejected their applications for the VSS. Management justified their rejection of applications for the VSS for these remaining 63 employees because they had the needed skills and experience (interview Plant Advisor, 9 March 2004; interview with Assistant Assembly Manager, 28 January 2004; interview with Management Representative, 10 February 2004; interview with HR Senior Executive, 4 February 2004). From the interviews conducted with the managerial and non-managerial research participants, workers' resistance to change, lower productivity and scepticism offer clear evidence of the impact of the VSS.

Another challenge faced by the Autoco was that their training department was burnt down in 2002. Training materials and equipment were completely destroyed. This had a great impact on EP practices at Autoco. Previously the Training Department actively conducted training programs on quality circles (QCs), the employee suggestion scheme (ESS), 5S and occupational health and safety for employees. According to the Plant Advisor, and

Assistant Assembly Manager, it would take a few years before another training centre would be built, due to the poor financial situation of the company (interview with Plant Advisor, 9 March 2004; Assistant Assembly Manager, 28 January 2004). The absence of the training centre was one of the reasons why Autoco suspended some of the EP forms which had been planned for the workplace.

Finally, the workers also faced the challenge of forming an independent union in the workplace in the late 1980s. The non-managerial employee interviewees shared their experiences regarding the several barriers they encountered in forming a union in the workplace (interview with non-managerial employee, 20 February 2004; interview with Production Supervisor, 20 February 2004).

Under the Malaysian Constitution, workers who want to form a trade union must apply to the Director- General of Trade Unions for registration within one month of establishing the union. Should the period of one month be insufficient, a request for an extension of up to six months can be made to the Director- General. The application for registration must be signed by at least seven union members, which is the minimum number needed to form a union. The application must be accompanied by the required fees and a printed copy of the rules or constitution of the union. The application must include the name of the union and its address, the names, addresses and occupation of the members making the application and the names, ages, addresses and occupations of the union's officers. The Department of Trade Unions may require other information such as a copy of the minutes of the inaugural meeting of the workers who wish to establish the union. Registration by the Director-General of Trade Unions is by no means automatic. The Director-General can refuse the registration if the following circumstances occur:

- If any of the union's objectives are unlawful;
- If any part of the union's constitution conflicts with Trade Union Act;
- If the name of the union is undesirable or identical to another already existing or if the name is deceiving
- If the union is likely to be used for unlawful purposes.

In 1987, several workers at Autoco informally joined together to form a pro tem committee and submit their application to the Department of Trade Union Affairs, Sabah Branch, East Malaysia. They appointed a temporary chairman and collected monthly subscription from the workers in compliance with the Trade Union Act 1959. One of the research participants who had been involved in the formation of the union in the 1980s said that he still kept the union files and official receipts. He showed these items to me during the interview session (interview with non-managerial employees, 20 February 2004). He also showed to me the minutes of meetings, official letters that they communicated with the Autoco management, and the Trade Union Department in Sabah, East Malaysia.

Management became aware of the planned formation of the union in Autoco through one of the non-managerial employees who was also involved in the pro tem committee. As a result, the HR Manager called a meeting with the pro tem committee for further explanation about their desire to form the union at Autoco. After several discussions with the HR Manager, management remained opposed to the workers' idea to form the union. They prepared a letter and forced the pro tem committee members to sign a letter which stated that the company would revise pay, terms and conditions if the pro tem committee withdrew their intention to form the union at Autoco.

Management had opposed the formation of a union in Autoco because another subsidiary of Autoco, Marketing Auto, already had an established union over a long period. According to the HR Executive, the company has two different manuals for terms and conditions, one for unionised workers in the Marketing Auto and another for non-union workers at Autoco. Even though Autoco does not have a union, the same terms and conditions practised in the Marketing Auto applied to non-managerial employees at Autoco (interview with Plant Advisor, 9 March 2004; interview with Assistant Assembly Plant Manager, 28 January 2004; interview with Management Representative, 10 February 2004; interview with HR Senior Executive, 4 February 2004). The HR executive commented as follows:

...we extended the same terms and conditions which applied in the Marketing Auto to the Autoco employees.... What is good in the Collective Agreements of Marketing Auto, the same conditions are enjoyed also by the Autoco staff...There is no difference between them (interview with HR Manager, 4 February 2004).

However, the interviews with the non-managerial employee respondents revealed that they still believed a union was the only right channel for them to voice views on workers' matters such as annual bonuses, unfair treatment on performance appraisal, annual pay increments, grievance procedures and finally health and safety matters at the workplace. *Employee voice* is a term that describes various opportunities for participation exercised by workers in decisions that affect their working lives. From the management perspective, the union is an obstacle, which prevents management from implementing certain human resource policies in the company. For example, the VSS is part of a company plan to reduce the number of workers following the economic crisis during 1997 to 1999. If there had been a union in Autoco, then it may have been more difficult for management to retrench a big number of workers, which happened in 2002.

A similar experience was shared by the employees in the Proton company when they first formed the union among the non-managerial employees in 1985. One trade unionist from the Transport Equipment and Allied Industries Employees Union (TEAIEU) of West Malaysia (TEAIEU) explained the failure to form a union in Proton as follows:

... almost more than 50 percent of the employees of Proton had already joined this union. That was in 1987 that we recruited them. We had meetings, we formed the pro-tem committee, and we had the discussions, a series of discussions in Shah Alam (location of TEAIEU's HQs). Probably this leaked and management came to know about it. They immediately started this so-called in-house union. It happened so quick and so fast. During a short period of time they managed to get it registered, and they managed to give recognition to their in-house union. I think, within one or two months they were all completed (interview with TEAIEU Trade Unionist, 1995 as quoted in Wad 2001: 14).

Looking at the case in comparison with Autoco, an in-house union was formed by management at Proton. On the other hand, in-house unions have been greatly criticised in Malaysia. For example, Ariffin criticised in-house unions because they are small in term of membership, and can be intimidated by the company management. Rather than providing a voice for employees, Rasiah's observed in the manufacturing sector in Malaysia that the leaders of in-house unions have been cultivated by management to work towards achieving various company goals. These goals included increasing productivity, maximising profits and reducing costs of production. In addition, the State has also continuously made new

amendments to the Industrial Relations Act, which has made it increasingly difficult for workers to organise unions at the company level in Malaysia (interview with Senior Union Officer, Metal Employees Industry Union, 6 November 2003).

Several issues have been highlighted in this section such as the attempt to form a union as a channel for employee voice and management-union relations, as related to the employee participation practices in the company. Before we understand the actual practice of EP at Autoco later in this chapter, it is important to identify what are the apparent objectives of EP from the different perspectives of managers and non-managerial employees.

6.6. The perceptions of management and non-management employees regarding the objectives of employee participation (EP)

6.6.1. The perception of management regarding the objectives of EP

From the point of view of management at Autoco, participation is about employees participating in any activities that are designed achieve the company's objectives (interview Plant Advisor, 9 March 2004; interview with Assistant Assembly Manager, 28 January 2004; interview with Management Representative, 10 February 2004; interview with HR Senior Executive, 4 February 2004). These objectives include increased profits, cost cutting, performance, production targets and efficiency. Management respondents emphasised that they achieve those objectives through direct forms of EP such as quality circles, employee suggestion scheme, 5S, problem-solving teams or indirect forms such as a safety and health committee.

It can be noted that management organised several forms of EP for employees in Autoco, primarily to achieve their business strategy and organisational performance goals. This supports the arguments by Strauss *who* argued that one of rationales of EP is to enhance organisational performance, particularly through direct EP. From the management perspective of EP at Autoco, their interest lies on the profit, production and cost reduction. A respondent from management stated,

One of our collective objectives is every year we have our production target.... In mid term and end of year, we need to review our target in order to achieve the target revenue (interview with Assistant Assembly Manager, 28 April 2008)

It is also noteworthy that none of the respondents at Autoco management perceived EP to involve non-management employees in the decision-making process. Nor have they provided them with any opportunity to channel their voice on any aspects of the work. There are two reasons why there is no discussion of the importance of employees' voice in the workplace. First, at Autoco there is no union to channel employees' voice in the workplace. Secondly, from the perception of management as discussed above, the aim of management is not to provide employee voice but rather to achieve high productivity and performance through various forms of EP. For instance, a senior management staff member argued that, 'whether employees have a voice or not in the workplace, our mother company in the HQ office, Kuala Lumpur pressures us to achieve the productivity targets that are set by them' (interview with Plant Advisor, 9 March 2004).

6.6.2. The perception of non-managerial employees regarding to the objectives of participation at Autoco

The non-managerial employee interviewees discussed the objectives of EP from a variety of perspectives. First, they believed that management should share the cash benefits with employees arguing that employees are "human beings not machines" (interview with non-managerial employees, 20 February 2004; 17 February 2004; 3 March 2004; 17 February 2004). They argued that cash benefits should include annual bonus, salary increments, financial incentives, and share options. One of the respondents suggested that if the company shared their cash benefit with workers, he expected that every worker would perform well in their own work (interview with non-managerial employee, 17 February 2004).

Secondly, the non-managerial employees felt that management should disclose certain information to them. They wanted to know more about company issues such as annual revenue, bonus rates, business performance, training opportunities, career development and future plans. The employees suggested that if they could access such information, it would

help them to understand the present situation of the company and eliminate misunderstanding between management and non-managerial employees.

Third, the non-managerial employees interviewed were concerned about the relationship between management and workers' representatives. They believed that management and workers' representatives should join together in making decisions with regards to employees' working methods, as it would improve management-employee relationships in the workplace.

The description above suggests that management and employees at the Autoco had quite differing interests in the benefits of EP. By contrast management was more interested in productivity, profits and employee commitment whereas the non-managerial employees evinced more concerned with cash benefits, information sharing and management-workers' representative relationship. From the different perceptions of management and non-managerial employees in regards to the objective of EP in the company, it is interesting to study in the next section, the different forms of EP in more detail, and also to know why and how these forms operated at the workplace and company level.

6.7. Different forms of employee participation

In this section, the different forms of EP, which have been developed in Autoco as a non-union company in the last 20 years, will be discussed. Direct participation which is sometimes termed employee involvement is the preferred method of management, regardless of whether it is a union or non-union industry environment. It is not surprising therefore, that direct EP is preferred by management in Autoco. Indirect EP is not well developed at Autoco because indirect participation depends on capacity for employees to act as representatives, rare in the non-union sector. Figure 6.2 presents categories of EP at the Autoco.

Figure 6.2 Employee participation techniques at Autoco

Category of EP technique	Specific technique at Autoco
Direct EP	
<i>Downward communication</i>	Daily walk around by senior management Formal meetings Email communication Bulletin- <i>Newton Today</i> and <i>Bulletin of SEDCO</i> Team briefing Regular social functions Other downward techniques (memos, pamphlets, notice board)
<i>Upward problem solving</i>	Employee satisfaction survey Employee Suggestion Schemes (ESS) Quality Circles (QCs) 5S (<i>Seiri, Seiton, Seiso, Seiketsu and Shitsuke</i>) Total Quality Management (TQM) and MS ISO 9000
Indirect participation	Safety and Health Committee (SHC) Autoco Sports and Recreational Committee (ASRC)

As can be seen from Figure 6.2, direct EP is the dominant form of EP practised in Autoco. The direct forms of EP in Autoco include downward communication, and upward problem solving. The indirect participation forms include Safety & Health Committee and Autoco Sports & Recreational Committee.

6.7.1. Direct employee participation

6.7.1.1 Downward communication forms

This discussion covers daily walking around by senior management, formal meetings between management and employees, email communication, the bulletins - *Newton Today* and *Bulletin SEDCO*, team briefings, and regular social functions, as well as memos, pamphlets and notice boards.

Management perceived daily walking around amongst employees by senior management as an important practice at Autoco. This is to ensure that employees put in their maximum effort in the job and do not stay behind. However, senior managers do not have direct

contact with the employees unless there are some problems with the machines used by the employees or ensure that the employees are wearing their safety helmets (interview with Plant Advisor, 9 March 2004; interview with Assistant Assembly Manager, 28 January 2004).

At Autoco, formal meetings are the main mode of communication between senior managers, executives, production supervisors, foremen, and charge hands. Formal meetings take place between:

- General Manager (GM), Senior Managers, Heads of Departments (HODs), and Executives
- Managers, Executives and Production Supervisors
- Plant Manager, Executives, and Production Supervisors
- Production Supervisors, Charge hand and Foreman
- Charge hand, Foreman and Workers through team briefing sessions

As can be noted from the list above, there are different levels of formal meetings at Autoco. For instance, at the higher levels of management, there are Sales and Management Meetings chaired by the General Manager. The members of the meeting comprise the Heads of Departments and Senior Managers. These meetings are held every month. The focus of issues in the meetings is on monthly sales, productivity, monthly revenue and production target. In this meeting, each department reports directly to the GM. According to the Management Representative, financial decisions will sometimes be made in this meeting because the General Manager has the authority to approve such decisions provided all the members agree (interview with Management Representative, 10 February 2004).

The next level of formal meeting is the Management Review Meeting, which also takes place at the higher levels. The Minutes of the Management Review Meeting (19 January 2004) revealed that the GM, Plant Advisor, Senior Accountant, Management Representative, Commercial Vehicle Manager, Service Technical Manager, Assistant Assembly Manager (Plant Operation), and some Executives (field services, personnel, and paint processes) attended this meeting. The focus of this kind of meeting is to deal with customer complaints, policy on Malaysian Standard ISO 9000, any problems in the car plant, workshop problems, results of an internal and external audit report and the overall

quality management system (Minutes of Management Review Meeting, 19 January 2004; 20 March 2003; 26 April 2002). There are two purposes of these meetings. Firstly, the decisions that were made at this meeting would be passed on to the Heads of Department (HODs) in order to disseminate such decisions to their subordinates. Secondly, through these meetings, the senior management would monitor the overall production and quality of products at Autoco.

Formal meetings are also conducted at the department level. Every department, such as Accounting and Finance, Sales, Marketing, Production, and Service have their own department meeting. The Head of Department will discuss with their employees any decisions that have been taken at the higher level of management. In addition, the decisions taken at the departmental meeting are later discussed at the Management Review Meeting.

At the plant level, there are monthly meetings between the Plant Advisor, Assistant Assembly Manager, Production Executives, Production Supervisors, Foremen and Charge hands. The Assistant Assembly Manager told me that before the VSS, the number of meetings in the plant was at least fortnightly, but more recently, the meetings had only taken place once a month (interview with Assistant Assembly Manager, 28 January 2004). According to him, the reason for this was that the volume of production was reduced after the VSS which led to a work force reduction of up to 70 per cent. The issues covered in the meeting are mainly on operational such as workplace performance, product quality, customer satisfaction and occupational health & safety. Issues relating to staffing and investment plans are not discussed in this meeting, but rather are normally discussed at the senior level meetings.

There are no formal meetings between charge hands, foremen and non-managerial employees. Normally, the charge hands and foremen convey messages such as workplace performance, product quality, customer satisfaction and health and safety to non-managerial employees through team briefing sessions (interview with non-managerial employees, 2 February 2004; 17 February 2004; 17 February 2004; 3 March 2004). Apart

from the above issues, non-managerial employees are not formally informed of the company's future investment plans, staffing plans or yearly bonus rates.

From my interviews conducted with non-managerial employees, it appeared that although they represented workers at the plant level management meetings, the charge hands felt their voice was very limited because it was management who controlled the organisation and processes of the meetings. The final decision at the meeting was always made by management. These findings reinforce previous research by Parasuraman, Hussin and Chin at Autoco. Their findings indicated that 90 per cent of non-managerial employees were involved in company meetings about the working conditions.

The email communication is restricted to the senior managers such as GM, Assistant Assembly Manager, and Management Representative (interview with Management Representative, 10 February 2004). In Autoco, the senior managers usually use email for communicating with their principal suppliers' offices in Tokyo, Japan and the Newton Group in Kuala Lumpur. Email is access not given to supervisors, technicians and non-managerial employees. Most of the non-managerial interviewees knew that the facility was only for management. The clerical staff in the office are provided with a computer but with no email connection. They can use the computer to prepare monthly production and sales reports, update employees' attendance records, and minutes of meetings.

Unlike other companies, Autoco does not publish its own bulletin or newsletter. Rather it sends news of company activities to the *Newton Today Bulletin* or *Bulletin of SEDCO*, which are both published by the Autoco main shareholders (the Newton Group in Kuala Lumpur and SEDCO, Sabah). The bulletins can then be circulated to employees at all levels. This enables them to read and know all the activities carried out at Autoco plants. The contents of these bulletins include activities at Autoco and other companies, the Chief Executive Director's new year message, health and safety issues, sporting activities, and employee welfare issues (*Newton Today*, Vol.14, No.1, January/February 2002; *Newton Today*, Vol.14, No.6, November/December 2002; *Newton Today*, Vol.15, No.5, September/October 2003; *Newton Today*, Vol.15, No.6, November/December 2003; *Bulletin of*

SEDCO, No.46, December 2003). In interviews, non-managerial employees described items from the most recent bulletins. This confirmed that they had read these bulletins. These bulletins are managed by a professional Editorial Board of Members. These members examine the quality of the bulletin from time to time. The editorial board is represented by the senior management team (*Newton Today*, Vol.15, No.6, November/December 2003; *Bulletin of SEDCO*, No.46, December 2003).

Two team-briefing sessions were also observed at Autoco. The charge hands led the team briefings. Charge hands who are considered as a non-managerial employee team at Autoco normally reported directly to production supervisors. These briefings lasted for 20 minutes and were conducted twice a week. Normally, the assembly workers were gathered in one specific place for the briefings. The briefing sessions began with greetings from the charge hand. Then the charge hands explained the reason for the briefing session for that day. They then discussed the general workplace problems, including an internal audit report, attendance problems, health and safety issues, and complaints from the supervisors and plant manager. The briefing session ended with some announcements from management. The briefing sessions involved one-way communication because no feedback was expected from the floor workers. Although the charge hands asked the floor workers if there were any questions, they usually maintained silence. This is part of cultural problem among Malaysian workers. McLaren and Rashid argued that in a collective society such as Malaysia the emphasis is on protecting the face of others. For example McLaren and Rashid (2002) found in their research at manufacturing industry that workers do not say anything in meetings at the workplace because doing so can hurt the 'face' of their superiors. Thus, it was not surprising that there was no active participation from the workers in the team briefing sessions, due to the cultural problems.

On the other hand, social functions had potentially, a wider involvement. From the interviews conducted with the managers and non-managerial employees, regular social functions are recognised non-work activities for employees and their families in Autoco. The Autoco Sports and Recreation Committee (ASRC) is responsible for these social events. The ASRC organises different events such as family days, annual festival

celebrations (Christmas, Chinese New Year and Ramadan), sports activities (football, badminton), and social work. The motive for the ASRC organising such activities is because there is an opportunity for management and workers to join together outside working hours.

The company does not financially support social activities. Employees at the supervisory level and above pay RM5.00 (approximately USD 1.25) monthly subscription to the ASRC, whereas non-managerial employees are only required to subscribe RM2.00 (approximately USD 0.50). However, the HR Department facilitates social activities in order to keep workers happy.

While undertaking fieldwork, I participated in the Kongs-Raya social event at Autoco which was organised by the ASRC (Direct observation, Kongs-Raya Festival, 5/2/2004). Kongs-Raya means two grand festivals (Chinese New Year and Hari Raya) in Malaysia. At Autoco, they are celebrated together in order to save costs, and also to invite all the ethnic groups to join in this annual function. I was invited by the HR Executive to join this event after the first meeting with her on 4th February 2004. Management had given time off for every employee to participate in the event for two hours, which lasted from 12.30pm until 2.30pm.

During this occasion, I observed that senior management used this event to convey their message to the employees. For example, the Plant Advisor who represented the GM in his welcome speech stated as follows:

Attention to all employees, Autoco in year 2002 received MS ISO 9002:1994 certificate from the SIRIM. This is an international recognition for Autoco. This achievement has actually depended on the support which has come from you. I hope that every employee will work even harder in the near future to bring more success to this company (Plant Manager, speech through direct observation, 5 February 2004)

From the above speech by the Plant Advisor, senior management used such festivals to continue to focus on company issues, rather employee matters. Normally, after these kinds of functions, the news on the social event itself, as well as matters such as MS ISO 9000,

would be published in the *Newton Today* bulletin. In the interviews, non-managerial employees said this was the only time where senior management could meet all the non-managerial employees every year. Consequently, they were disappointed because the GM seldom attended such events. Normally, the GM sent his assistant or senior manager to represent him and to give a speech at such social functions. This is not in parallel with the Autoco senior management's statement in the *Newton* newsletter where they emphasise that working closely with workers is one of their main agendas (*Newton Today*, Vol.15, No.6, November/December 2003). However, from the above incident, the GM usually not attend such events.

Moreover, the majority of non-managerial employees interviewed also commented that many social events and sport activities had become inactive after the VSS process in 2002. The Production Supervisor, who was also the secretary for the ASRC at the time of data collection, says the club was facing financial problems (interview with Production Supervisor, 24 February 2004). This was confirmed by one of the non-managerial employee interviewees. He indicated that the social and sports activities were '*sunyi, sepi, senyap*' which means 'quiet, calm and silence' after the exercise of the VSS (interview with non-managerial employee, 20 February 2004). Despite reduced numbers after the VSS, interviews with the non-managerial employee respondents, suggested that the majority of them were expecting social events and sport activities to continue in future. For them, this was only likely opportunity to meet management and other colleagues at Autoco.

Memos, pamphlets, and notice boards are part of downward communication at Autoco. According to the HR Executive, management articulated their messages to the shopfloor staff by memos from time to time. The notice board is another form of downward communication and I observed that it was provided in every department, including HR, Finance, Marketing, and in the factory (assembly line). These allowed employees to view the latest news about the changes and announcements made by the company. For example before the VSS took place in 2002, management posted a notice announcing the VSS on the notice board in every department. Pamphlets are also used at Autoco to provide information regarding safety procedures, 5S program, social events, and sporting activities.

It is suggested that the downward communication forms aim to improve organisational efficiency in the workplace. Not surprisingly given the managers' perceptions of EP, above demonstrates that downward communication did not involve employee participation in the decision-making process for well-being of the Autoco workers. It is timely then to consider the nature, extent and effect of employee participation in the forms of upward problem-solving at Autoco.

6.7.1.2. Upward problem solving forms

Upward problem solving forms of EP include employee satisfaction surveys, ESS, QCs, 5S, TQM and MS ISO 9000. The Employee Satisfaction Survey has often been conducted by the Human Resource Department. The HR Executive explained that every year the company would send the survey form to non-managerial employees to get their opinion on job satisfaction (interview with HR Executive, 4 February 2004). Apart from that, the Employee Satisfaction Survey has also been conducted as a requirement for the MS ISO 9000. The criteria were set by the Standards and Industrial Research Institute of Malaysia (SIRIM). The Management Representative said SIRIM processed applications for MS ISO 9000 in private companies in Malaysia (interview with Management Representative, 10 February 2004). Normally, the Employee Satisfaction Survey forms were sent to HQ office in Kuala Lumpur for evaluation and analysis of results. According to the HR Executive, they had never received any feedback or reports arising from the surveys from the HQ Office.

The non-managerial employee interviewees expressed different opinions on the practice of the Employee Satisfaction Survey. From the interviews conducted with them, they argued this kind of survey was rarely conducted by the company, except when there was a special purpose such as the implementation of MS ISO 9000 (interview with non-managerial employees, 3 March 2004; 20 February 2004; 17 February 2004). For example the HR Department regularly circulated forms to the non-managerial employees to get their responses on job satisfaction, but these were designed in compliance with the MS ISO 9000 certification process (Sample of the Autoco Employee Satisfaction Survey, 10/3/2003). After the forms were collected by the HR Department, the workers also noted that they

were never told of the results of Employee Satisfaction Surveys, although they appeared unaware that managers too had not received any feedback.

The Employee Suggestion Scheme (ESS) is one of the preferred direct EP techniques at Autoco. ESS was introduced in 1999 by the Newton Group. A review of the minutes of the ESS Working Committee (ESSWC) meetings, relevant forms, and interviews with management and the non-managerial employees indicated that the ESS was seen as one of the important tools for the company to maintain and improve productivity.

Management formed the ESSWC which was chaired by the Senior Accountant. The eleven ESSWC committee members were mainly managerial representatives only (Minutes of ESSWC Meeting, 9 May 2002). These committee members came from various departments and sections such as Training, Personnel, Body Repair, Field Service, Operation Office, General Manager Office, Parts, and Administration (The Final Report of ESS Summary from the various departments, February 2002). Management selected the committee members from different departments because these people played key roles as evaluators for the ESS. At the same time, management instructed the committee members of ESSWC to motivate and encourage all employees to be involved actively in the scheme.

Before the ESS was implemented at Autoco, training consultants from the Head Office in Kuala Lumpur came to Autoco to brief the Heads of Departments (HODs), senior managers, training supervisors, executives, and production supervisors about the concepts, procedures and techniques of ESS. Following this, the Training Supervisor from Autoco was sent to the Head Office to receive further training on ESS procedures. After the Training Supervisor returned from Head Office, they then conducted in-house training on the ESS for executives, productions supervisors, charge hand and non-managerial employees. For example, on 24 April 2002, there were 250 employees who had attended the ESS training, which was conducted by the Training Department (Minutes of ESSWC Meeting, 9 May 2002).

Initially management was unsuccessful in attracting employees to participate in the ESS program due to internal factors such as a lack of incentives, support from the Heads of

Department, unfair evaluation of the suggestion scheme, no implementation of suggestions and the inability of the employees to make suggestions (Minutes of ESSWC First Meeting, 20 September 1999). Among these factors, the lack of incentives and support from the Head of Department, and the inability of the employees to make suggestions were seen to be the main factors. This is because many workers believed that the scheme did not reward suggestions according to their worth. The problems also occurred because of the inability of the employees to make suggestions. This was not due to their lack of awareness of problems or technical weaknesses. Rather, as was noted earlier, the reticence in formally identifying problems was mainly due to issues of 'face', in that they felt other peers or ESSWC would look down on them if they made the wrong suggestions.

When these factors were brought to the attention of the ESSWC, the committee sought to overcome such limitations by providing regular training on the ESS to all levels of employees, particularly non-managerial employees. The Minutes of a Meeting on 14 March 2002 showed that the ESSWC passed a resolution that the ESS training modules should also be translated into Malay language as the majority of the non-managerial employees had a good command of the Malay language. Previously the training had been conducted in English. The training materials were also in English but the trainer described some features in the Malay language. The Training Department hoped that if Malay was the primary language for the training and materials then employees at Autoco would contribute to more and higher quality suggestions after their training. In fact, the issue of 'face' was not a serious matter after the training session was fully conducted in Malay, rather than in English where the majority of employees had been reluctant to participate actively in the ESS scheme.

An example of the information about the ESS process can be seen in the Table 6.1. The first section of the ESS forms requires employees to tick any one of the eight types of suggestions. These suggestions include method/system improvement, product quality improvement, core values as per the vision statement, cost savings, safety/environment improvement, service quality improvement, management practices as per the vision statement and other relevant suggestions for the purpose of improvement. The second

section has information on the current situation, proposals for improvement and the situation after the improvement. Here, the employee needs to explain the situation in their work area. The third section is the acknowledgement slip. The fourth section is for evaluation by management. In this part, management would give marks based on the suggestions ticked by employees in the first section. The overall evaluation is based on reviewer report, total score, grade system and cash benefit. Table 6.1 indicates the overall score, grade and total amount of money paid to the ESS participants.

Table 6.1: ESS participants score, grade and payment

Please see print copy for Table 6.1	
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From the Table 6.1, we can see that if an employee scores 90 marks and above and it falls within the distinction category, they would be granted the Head Office Award of about RM1000 (equivalent to US \$250). The Head Office reward will be evaluated by the Autoco CEO and the Head Office in Kuala Lumpur, West Malaysia. For the lowest score (between 11-13 marks), the employee will be paid RM10.00 (US \$2.50). If there is no score, then the company will still pay RM3.00 (US \$0.75) for each suggestion. The money is paid to them because management expects employees to participate and contribute to the ESS scheme. Employees are therefore rewarded for their contribution.

According to the Management Representative and the Assistant Assembly Manager, the ESSWC decide the grade and total amount of money to be paid to each employee who participates in the scheme (Memo from the Chairperson of ESSWC, 20/2/2001). After the ESSWC's decision from the meeting, the Chairperson of ESS would then discuss the ESS final report at the monthly Management Review Meeting to get the final approval from the GM. The Management Representative said that those employees who put forward the best

suggestion would be awarded by the company at the Annual Dinner (interview with Management Representative, 10 February 2004). The Management Representative further explained that one of the non-managerial employees at Autoco received RM250 (equivalent to US\$63) for the best suggestion to improve customer service quality. This was the highest amount paid in 2000 (Minutes of Meeting of ESSWC, 8 December 2000). Apart from the monetary value, the ESSWC also proposed that the employee with the best suggestion would be given a certificate of appreciation and a pewter trophy.

The majority of non-managerial employee interviewees supported the ESS because it is beneficial to them. For example, one of the non-managerial employee interviewees asserted:

ESS brings a lot of benefit for workers and company too...We strongly support that this scheme and should be recommended in order that workers can earn a little extra income (interview with non-managerial employee, 17 February 2004)

The above comment demonstrates that some non-managerial employees at Autoco are keen to join the scheme because it brings them some financial benefits. In the case of Autoco, they rewarded all employees whether the suggestion is large or small. Nevertheless, the non-managerial employees remained dissatisfied with the system because management rarely implemented their suggestions. In relation to this issue, management respondents claimed that some suggestions from the workers were not implemented because they were tied to specifications set by the ESSWC.

Apart from the ESS, in the late 1980s and in the beginning of the 1990s, the use of quality circles (QCs) was a preferred method for management at Autoco in order to maintain a high quality of products. The QC is

‘a small group of workers who do similar work and who voluntarily meet together on a regular basis to identify, analyse and solve quality related and other problems in their own workplace’.

The QCs at Autoco started in 1989. Before the VSS process took place in 2002, there were five to seven active QCs (Minutes of the QCs Facilitator Meeting, 4 August 1999). The establishment of QCs received full support from the Autoco senior management as well as

from the Newton Group in Kuala Lumpur. Following the same procedures as with the ESS, the Head Office also sent external consultants to train managers, executives, supervisors and the non-managerial employees to understand the concept of QCs and its practical implications for the workplace. Through the Training Department, several in-house training sessions were conducted for the non-managerial employees. Regular training was conducted at Autoco in order to encourage employees to actively participating in the QCs activities.

On some occasions, management invited consultants from the National Productivity Centre (NPC), Sabah Branch, Malaysia to provide further QCs training. The NPC is a specialised government department, which provides consultant services on QCs and other quality improvement programmes, in either the public or private sector in Malaysia.

The Assistant Assembly Manager stated that the QCs also help in one's own career development, where it creates in an individual the habit of tackling problems on a 'team basis, which places emphasis on solutions, not on blame'. Apart from that, the Assistant Assembly Manager claimed that the QCs enhance the non-managerial employees' communication with management. He believed non-managerial employees could influence the decision-making process especially over product quality which in turn could improve external customer satisfaction. The QCs were thus seen as part of the employee development programme because through QCs, the non-managerial employees can learn problem-solving techniques by using different quality control tools in the workplace.

However, the interview findings with the non-managerial employees provided a different picture of the effect of QCs. According to some of interviewees, they felt the QCs program caused stress because the supervisors often pushed them to give their opinions. This is against the individual freedom principle of QCs. Similarly, Osterman and Foley, and Polanyi found that EP programs in the United States frequently affected employees' health because of stress.

Operation and process of QCs – The GM chairs the QCs Sub Committee, and managers and executives automatically become committee members (Minutes of Meeting of The QCs Sub Committee, 28 July 1999). The QCs Sub Committee is related to a range of QCs activities. The leader of the QCs is normally from the charge hand and foreman level. The supervisors and executives become facilitators for the QCs. The members in the QCs were joined on a voluntary basis. There are seven QCs groups at Autoco (Minutes of the QCs Sub Committee Meeting, 25 September 1999):

- maintenance
- body build shop;
- supply;
- local content ;
- security;
- trim line;
- rectification.

There are about forty-two non-managerial employees and seven facilitators involved in the QCs.

The Production Supervisor who was involved in the QCs activities for fourteen years explained about the operation of QCs at Autoco. The group meets once a week within working hours. They used an hour for discussion during the meeting. One of the rules in the QCs is that members are not allowed to criticise others. The members are free to give any ideas and their ideas must be written on paper. Normally, the QCs group used the Plan, Do, Check and Action (PDCA) concept. PDCA procedures are as follows:

- identify the problem (using various QCs tools, brain storming, fish bone diagram);
- analyse the problem;
- check the problem;
- take any action.

If the action plans are approved by the QCs group, then final recommendations will be sent to senior management. The final decision on whether to implement or reject the recommendation is in the hands of senior management. If management think that the problem and the solutions are feasible, they will then take immediate action on the recommendation from the QCs group. Some of the recommendations from the QCs have dealt with security problems, insufficient parts in the supply department, demand for training sessions for the QC members, machine breakdown, and inadequate labour in the maintenance section (Minutes of the QCs Sub Committee Meeting, 21 October 1999; 19 November 1999; 17 December 1999).

In 1999, Autoco organised many in-house quality conventions and competitions to select the best QCs (Minutes of QCs Sub Committee, 21 August 1999). Each group was required to present its project, which was then evaluated by the senior management. If the group performed very well, the company either rewarded the group financially or sponsored them to represent their company in the national QCs Convention, organised by the NPC. The reason for these competitions and reward was to motivate and increase workers' job satisfaction.

An example of the reward and recognition of the QCs participants is shown below (Memo from QCs Secretary, 15 November 1999):

Cash Reward:

Gold- RM500 (US \$125)

Silver- RM350 (US \$85)

Bronze- RM200 (US \$50)

Trophies:

Challenge Trophy

Champion Trophy

Individual

In relation to this aspect, the Assistant Assembly Manager and Plant Advisor stated in December 1999 QCs Convention held in Kuala Lumpur that the primary benefit for non-managerial employees participating in the process is that they could enhance their

professional presentation and leadership skills. He further indicated that management is not simply concerned with improvement of quality and productivity, but is also concerned that workers improve their personal skills to assist their career development in the future.

However, QCs did not continue after the VSS. According to the Management Representative:

QCs are no more because of VSS and we have less manpower. ...Therefore, we cannot run the QCs meeting any more (interview with Management Representative, 10 February 2004).

Other management interviewees supported the Management Representative's statement that QCs had been completely stopped due to the VSS and manpower reduction. However, non-managerial employee interviewees argued that the reason the company stopped the QCs program was the economic crisis. From the non-managerial employees' perspective, management pushed workers to work very hard during the one-hour time which had previously been allotted to the QCs meetings. The non-managerial employees also further said that QCs were stopped not because of less manpower as claimed by management, but due to pressures on the company's annual profit and a push factor from the HQ office in Kuala Lumpur.

The next section will focus on the productivity system known as 5S. There are some similar procedures between QCs and 5S, but they have different roles in the workplace (National Productivity Centre Training Modules, 28-29/9/1999, NPC Sabah Office, Kota Kinabalu, Sabah).

As noted in the Chapter 2 (see Section 2.5.1.2.1) 5S is a popular productivity improvement program in Japan and it became famous in Malaysian private companies in the late 1990s. With the support of the senior management, Autoco management had already formed a 5S Working Committee from the beginning of 1999. 5S is usually started with a clear policy statement from senior management. The 5S committee comprised the Chairman and eight committee members or facilitators. The facilitators are normally elected from the managerial level by the Assistant Assembly Manager. The facilitators come from different 5S groups, such as maintenance, production, quality control, paint shop, supply, special

project, and plant office (Minutes of 5S Working Committee, 21 September 1999). The key roles of 5S Working Committee are to:

- oversee the 5S housekeeping in the plant;
- promote and publicise 5S activities. For example, to hold formal launching ceremony, displaying notices on communication boards;
- conduct regular 5S checks;
- propose and plan reward and recognition;
- identify effective ways to implement 5S successfully;
- review and assess the 5S program to ensure effectiveness.

5S focuses on housekeeping, productivity, safety, morale of workers, and cost efficiency. These issues were being discussed during the 5S group briefing session (Observation at the team briefing session on 17 February 2004) and from reviewing the Minutes of 5S Working Committee (21 September 1999; 19 October 1999; 15 March 2000; 15 November 2000). 5S remains as one of the direct EP methods, even after the VSS. This is because 5S has no financial liability involved as we can see in the ESS and QC programmes. In the 5S program at Autoco, non-managerial employees participated in the program but they were not able to make any final decisions. According to some of non-managerial employee respondents, management would mostly offer suggestions, and make final decisions in relation to housekeeping matters.

MS ISO 9000 is also another program by management for promoting product quality at Autoco. The Management Representative saw MS ISO 9000 also as a part of total quality management. The next discussion will concentrate on MS ISO 9000 and its implementation at Autoco. Autoco was awarded MS ISO 9002:1994 on 26 January 2002 by SIRIM. Autoco started to embark on the MS ISO 900 project in April 1999. Since then, various quality and productivity programmes have been implemented to create integrated quality awareness among employees at Autoco. Autoco upgraded its quality system to the MS ISO 9001:2000 standard in 2003 (Speech by Plant Advisor at the Kongs-Raya Festival, 5/2/2004)

The MS ISO 9000 Sub Committee is chaired by the GM, while the committee consists of the senior managers, Heads of Departments and production executives. The Management

Representative was appointed as the secretary to this committee. Every two months, the committee meets and discusses the quality policy at Autoco. The Minutes of Meetings (7 October 2001; 9 December 2001; 8 February 2002), show the committee made several decisions such as the formation of internal audit teams to monitor quality of products, buying new machines to replace the old one and approving a budget to invite external consultants to train managers in understanding quality management and MS ISO 9000. The outcome from these meetings was that they set up an internal audit team to evaluate

Senior management also encouraged middle managers and executives to teach MS ISO 9000 procedures to the shopfloor workers. Senior management asserted that the participation from the shopfloor workers was very significant if the company was to achieve MS ISO 9000 certification. This was because they believed that the non-managerial employees had a better knowledge of machines, work procedures and production of cars at the floor level. This can be seen from the statement of the Management Representative:

When I was appointed as Management Representative, I played a key role in MS ISO 9000 certification and work procedures. In the MS ISO meeting, we train the managers and executives and we ask them to tell employees about the process of ISO certificate implementation. I also ensure that the managers implement whatever we said in the meeting (interview with Management Representative, 10 February 2004)

From the analysis of Minutes of Management Review Meeting, it was evident that the Chairman controls the MS ISO 9000 meeting (26 April 2002 and 6 May 2003). The way the meeting is conducted is one-way communication where other committee members have no say, or do not make any decisions during the meeting. An example is that the word '*reported*' was mentioned in the minutes about 40 times and '*requested*' about 18 times in the Minutes of Management Review Meeting (26 April 2002; 6 May 2003; 19 January 2004). '*Reported*' means that the committee members only *reported* on issues on quality management directly to the GM, while '*requested*' means that the GM asked questions of the committee members about the current progress of quality management at Autoco. These two words imply that the Chairman has considerably more control and power in the meeting than the others to decide on quality issues. Through the review on the minutes of

meeting, statements from the committee members, such as '*in our view*' and '*we can decide*', are never seen.

6.7.2. Indirect employee participation

There have been two main indirect EP forms established in Autoco since the 1980s. These are the Safety & Health Committee (SHC), and Autoco Sports & Recreation Club (ASRC). These committees have both management and worker representatives. The major issue in this section is the extent to which the non-managerial employees can influence the final decisions during the SHC and ASRC meetings.

In the Malaysian Occupational Safety and Health Act (OSHA) 1994, those private and public sector organisations with more than 40 employees in the workplace are required to establish a SHC. The SHC was established in Autoco under the OSHA 1994. The interviews conducted with management revealed they had also set up the SHC because they wanted to highlight safety and health issues in the workplace. This can be seen from the HR Executive statement:

first of all, we have posted stickers and notices such as "Safety First", "No Smoking", "Flammable" and so forth,....Secondly every Saturday we have a "Green Day" where our shopfloor employees will conduct maintenance work and also clean up their work areas by sweeping the floors, disposing of rubbish, cleaning up any spilt oil

The above statement indicated the company emphasises the importance of safety and health matters at shopfloor level. For example, every Saturday as working day, the company encouraged workers to maintain the cleanliness of the factory. This project is part of SHC functions at Autoco.

The SHC comprises management and worker representatives as prescribed under the OSHA 1994. There are ten members in the committee with eight from management and two worker representatives. Senior management selected the workers' representative with advice from the production supervisor and executives. (Minutes of Meeting, 8 April 2000; Minutes of Meeting, 19 March 2002). The Plant Advisor chairs the SHC. Before the VSS

took place, the committee met every month. An examination of the membership of the SHC reveals that management have more than 80 per cent representation, and that they also have absolute power to make the decisions on issues of safety and health. Workers' voices are very limited because their representation is less than 20 per cent in the SHC. It is also noteworthy that non-managerial employees were not elected, but rather selected by management. Markey (2005) argued if workers' representatives are appointed by management, then they lost their independence voice in the workplace decision-making process. Markey's argument supports the case of SHC because management appointed most of the very few non-managerial employees as committee representatives.

Apart from the main SHC, management also set up sub-committees of SHC after VSS from the following departments: production, QC, process and local content, supply and purchasing, maintenance and service. Each sub-committee, which reported directly to the main SHC, was chaired by a member of the main committee who is normally an executive or production supervisor. The sub-committee was divided into various groups, such as First Aid, Housekeeping, and Fire Warden. The committee members of these sub-committees would be selected from non-managerial employees.

It is also notable that the SHC does not have any power to make decisions on safety and health issues. For any proposal or suggestions, such as on a training program, a medical booklet or replacing new machine equipment which involved financial commitment, then the SHC would forward their recommendation for final approval from senior management. Sometimes SHC only made decisions on operational issues such as rubbish bins, first aid, and the clinic room because these matters do not involve a big financial liability (Minutes of Meeting, 27 August 1999; Minutes of Meeting, 19 March 2002; Minutes of Meeting, 19 June 2002).

After the VSS, the meetings of the SHC were held once every six months in order to fulfil the conditions of OSHA 1994. A further impact of VSS is that the tasks for middle managers increased. For example, one of the management respondents who was responsible for safety and health issues said

... now we have to do many jobs after the VSS. Before VSS, it was fine and I had many assistants. Now I have to do SS, safety & health, production meeting and attending management meetings (interview with Senior HR Executive, 17 February 2004).

As a middle manager, he perceived that both direct and indirect EP had an impact on his job performance and motivation. He could not concentrate on safety and health matters because at the same time he had to focus on other issues mentioned above. Moreover, he also stated that management was not considering employing any new staff to replace key positions after the VSS because they were facing financial problems.

Another form of indirect EP at Autoco, in which non-managerial employees have no capacity to influence decisions, is the Autoco Sports and Recreation Committee (ASRC). The ASRC has also been a preferred indirect EP at Autoco since the 1980s. The majority of employees, particularly from management are active in sports and social activities. ASRC actively organised regular social and sports activities. The committee consists of management and worker representatives.

The selection for committee members in ASRC was usually carried out through its Annual General Meeting (Memo call for ASRC Annual General Meeting, 9 June 2001) but the President and Secretary were selected from the company executive level. Selection of the president and secretary from the managerial level has occurred since the ASRC was established in the early 1980s (interview with Production Supervisor, 24 February 2004). The reason for the President and Secretary of ASRC being selected from the executive level is because management viewed them as being more able to undertake responsibilities such as finding sponsors or for bringing in external funding to support social and sports activities in Autoco. Management's view is also supported by some of the non-managerial employees. As one of non-managerial employee interviewees commented

I strongly support an executive to be the President of the club because he has good contacts with outside sponsors and we hope that he could bring more funding to the club (interview with non-managerial employee, 17 February 2004)

Non-managerial employees were also represented on the committee. Under ASRC committee representation structure, the President and Treasurer would be taken from management while the four committee members would be elected from the non-managerial employees.

According to the Production Supervisor, participation from non-managerial employees in sport activities is low if compared to participation by managerial employees (interview with Production Supervisor, 24 February 2004). The reason for lower participation of non-managerial employees is that the events usually take place at the weekend when the majority of employees spend time with their family members after working for two shifts throughout week days. These employees said they felt that the weekend was the best time to rest at home (interview with non-managerial employees, 17 February 2004; 18 February 2004; 20 February 2004).

Overall analysis of the ASRC indicated management usually controlled the ASRC meetings and the workers' committee members have little voice to channel their suggestions or proposals during the meeting (Minutes of ASRC Meeting, 9 December 2000, 21 March 2001; 13 September 2002; 7 June 2003). Genuine participation is not taking place in the ASRC because management control more than half of ASRC representation. In addition, the patron for the club is the General Manager, and the advisor is the Assistant Assembly Manager (Minutes of ASRC Meeting, 20 September 2003; 22 November 2003; 9 February 2004). Therefore, some decisions such as determination of nature, place and timing of social activities, including sports activities, as well as the prizes were determined by management rather than following the workers' recommendations. According to one of non-managerial employee respondents who sits on the ASRC committee, most of decisions on social and sports activities (such as venue, cost for events, prizes) had already been made by the President and Secretary prior to ASRC meeting. The ASRC meeting was simply seen as an endorsement of those prior decisions (interview with non-managerial employees, 17 February 2004; 20 February 2004). This is what Pateman calls 'pseudo participation', where management has already made the decisions and only seeks to persuade the workers to accept such decisions.

To sum up, there are two joint consultative committees at Autoco, the SHC and ASRC. Workers' voice is limited within the SHC and ASRC and their influence in the decision-making processes particularly on safety and social activities. Final decisions in the SHC and ASRC are biased towards management. It is not surprising then that management committee members have more control on administration of SHC and ASRC because the Chairperson and Secretary come from the management level. As Butler (2005:284) has argued, the council or JCC in a non-union environment is more likely to be a 'forum for the communication of management's interpretation of events, ideology, and values'. Similar evidence can be seen at Autoco, such as when management uses ASRC as a forum for information-sharing and communication to report events such as the MS ISO 9000 award.

In this investigation of direct and indirect EP at Autoco, management claimed that participation of workers in forms of EP would improve motivation and job satisfaction. On the other hand, the non-managerial employees felt dissatisfied and reluctant to participate in the EP programs because they had no voice in the workplace. As Gollan concluded from his research on EP at the Eurotunnel call centre in the UK, management and employees only talk but in the end employees have no voice to influence or make decisions in the company or at the workplace level. Similarly, Bryson (2004) reported that non-union representative voice is ineffective in the workplace if the committee members were selected by management, just as we have seen in the case of the SHC in Autoco. However, non-union voice is more effective if the representative is elected by the workers' themselves, and not appointed by management (Bryson 2004).

The implementation of various EP forms at Autoco was also determined by various contextual factors which will be discussed in the next section. These factors include Asian economic crisis, the impact from globalisation, product market competition, management strategic choice, and changing company structure through mergers and acquisitions.

6.8. Factors affecting decisions over direct and indirect employee participation at Autoco

This section focuses on why Autoco introduced different forms of direct and indirect EP before and after VSS. This is because the VSS affected EP in Autoco to a fair extent. Before VSS was implemented, many direct EP forms such as quality circles, employee suggestion scheme, and team working were actively practised in Autoco. The VSS was a direct consequence of the Asian economic crisis.

After 2002, management was still operating some of the direct EP forms such as 5S, team working, MS ISO 9000 and TQM which do not involve financial matters or require the company to pay workers. The implication for the workers is that management never involved workers in discussions on VSS before they retrenched half the number of workers in 2002. This is part of the problem for workers in this company because there is no employee representation body or union to protect their rights. By contrast, Pries found in the case of Volkswagen, a German car company, that workers' participation was an important element in the workplace decision-making process in the 1990s, particularly through workers councils at the company. For example, the employee representatives through Works Councils would be involved in the yearly company plan for production, investment and employment issues such as the reduction of the weekly work time. If there were any retrenchment plans at Volkswagen, then management and workers discussed this issue using the Works Council as a channel for workers to voice their suggestion or recommendations.

Apart from the VSS problem at Autoco, management also suspended some of the direct participation programmes because their training centre was completely burned down in 2002. Most of their files and training modules were destroyed. Currently, management is trying to discuss with the mother company (Newton Group) in Kuala Lumpur how it could rebuild this centre. If the Newton Group approves the budget for rebuilding this centre, then management anticipates gradual planning to restart some direct participation forms that ceased from early 2002.

Although there are factors that highlight the Asian economic crisis, the majority of management and non-management employees have also shared their viewpoints on the rationales for different forms of EP before the crisis. For example, from the interviews conducted with management and analysis based on several company annual reports (1996, 1997, 1998, 1999) managers had been keen to introduce different forms of direct EP such as QCs, and team work before the economic crisis, in order to increase productivity and improve the overall efficiency of product and quality services. For example, through QCs meeting, the group could identify defective products and ways to improve the defects and in so doing improve product quality more generally. They thought that this would also indirectly increase the production capacity within targets set by the company.

At the same time, Autoco faced domestic product competition in Sabah. For example many auto manufacturers from Kuala Lumpur, particularly Honda, Toyota and Mitsubishi had already penetrated into the Sabah market with their new, attractive design and competitive pricing. For this reason, management at Autoco introduced several direct participation schemes, such as employee suggestion schemes, quality circles, team working, TQM, team briefings and MS ISO 9000, in order to improve the quality of car design and production. In these kinds of ways, management believed that customer satisfaction might also improve. For example, Autoco received many awards on the MS ISO 9000 in previous five years which indicated that they had a quality product with an international standing. Therefore, management continuously invested a large sum of money to run MS ISO 9000 as a company wide quality program. For example, a senior manager argued:

We are currently restructuring the business ...We need to compete with other companies such as Toyota and Ford. They are our competitors. We need to improve our products.... Therefore, our management is still concerned with EP through various programs such as MS ISO 9000, TQM, 5S and so forth (interview with Executive, 17 February 2004).

The imitation of the Japanese management system further indirectly influenced Autoco to introduce other forms of EP. Management interviewees argued that most of direct EP forms came from the Newton Group, a major company in Kuala Lumpur. This is because the Newton Group is a major auto franchiser with the Isuzu auto company in Japan. Some of the direct EP methods were transferred from Japan and then altered to take account of the

local context. For example, 5S and QCs were translated into the Malay language to help non-managerial employees to understand these concepts in their daily working lives. All these forms were practised in Autoco before and after VSS took place in 2002.

Additionally, management introduced different forms of EP such as QCs, ESS, 5S and team briefings because management felt that EP would enhance job satisfaction, commitment and leadership skills among non-managerial employees. From the management respondents' standpoint, many non-managerial employees in Autoco were wholly committed to the EP programmes (interview with Assistant Assembly Manager, 28 January 2004; Plant Advisor, 9 March 2004). For example, a majority of non-managerial employee participated in employee suggestions scheme because there was a reward for every suggestion. Although management did not implement all their suggestions, every employee received a minimum of RM3.00 (equivalent to US \$0.75) in recognition of their contribution.

On the other hand, non-managerial employees have mixed views on why management introduced different forms of EP. Some of the non-managerial employee interviewees agreed with management interviewees' that Autoco ventured into different forms of direct EP particularly before VSS mainly for improving product and service quality. However, other non-managerial employee respondents argued that management introduced certain forms of direct EP when there was a particular external motive not related to employee rights or needs. For example, the Employee Satisfaction Survey was only given to all employees when the company began to introduce several work procedures to fulfil the requirement for the MS ISO 9000 certification process. After the MS ISO 9000 certification process was completed, they never noticed the survey occurring again on an annual basis. At the other end of the spectrum, indirect EP within form of the SHC and ARSC were established under the control of management and in compliance with labour law. For example, SHC was established mainly to comply with the OSHA 1994. Management also showed an interest in ARSC because it could convey their messages to employees through various social gatherings and sport activities. It has become a platform for management to

pass on its ideology and values to the workers. It seems that in both committees, participation from non-managerial employees was very limited due to their limited representation. They feel that the influence over the management final decisions was limited in both committees. Therefore, from the above reasons, it can be concluded that there are external and internal factors that have led Autoco management to develop different forms of EP.

6.9. The major issues considered when Autoco is dealing with different forms of employee participation

In this section, I will summarise the information or issues that management conveyed to non-management employees through EP.

The majority of management interviewees claimed that they never disclosed to employees information on investment and staffing plans, except for workplace performance, product quality, customer satisfaction, and health and safety. The issues on investment and staffing plans were only discussed at the higher level of management meetings.

Non-managerial employee interviewees confirmed the views of the management interviewees. They said that management only disseminated information on issues such as workplace performance, product quality, customer satisfaction, and health and safety. As Knudsen has shown, these issues can be categorised as operational level issues.

If there is any urgent matter, management will inform the Assistant Assembly Manager, production executives and the production supervisor to pass on the issue to the workers through team briefing sessions. For example, when the company was planning to introduce VSS in 2002, the top management requested the Assistant Assembly Manager to inform non-managerial employees through team briefing sessions. However, those non-managerial employees involved in the briefings sessions were never given any opportunity to give their opinion or feedback on VSS. Thus, they had no 'voice' in this issue. Job security is of great importance to non-managerial employees. Even this is not secured in a non-union company such as Autoco where management can use its power to terminate any workers at

any time. Therefore, workers at Autoco are extremely concerned about their future because there is no person or organisation to represent their rights and voice to management.

6.10. The Code of Conduct for Industrial Harmony 1975 and its influences on employee participation

When I first asked about the Code of Conduct for Industrial Harmony of 1975, many of the management respondents appeared surprised and were unable to provide a response to this matter. The HR Executive claimed that the Code was never promoted by the Government to Autoco since the code is established in 1975. This can be seen from the interview conducted with the HR Executive.

After working for 22 years in the HRM Department in this company, I never heard about the Code of Conduct for Industrial Harmony 1975...The name by itself I do not know.... Maybe I am lacking in information. Sometimes I go through the HR Act, IR Act, and Employment Act but I never came to know about this Code....This is because the Malaysian Trade Union Congress, Government and Malaysian Employers Federation never promoted the Code at company level in Malaysia (interview with Senior HR Executive, 4 February 2004).

I provided the HR Executive with a copy of this Code for her to make comments after two weeks. After she had gone through this Code, she told me that part of the Code, particularly the section relating to EP, was already practised at Autoco. For example, she referred to the Code (Section 46) and confirmed to me that some of the EP forms, which were discussed in the Code, were already implemented in Autoco since the 1990s. For example, the consultation and communication through direct participation was already implemented in Autoco, as has been seen in an earlier section of this chapter.

When asked about the future of this Code in Malaysia, she asserted that some parts of the Code should be revised completely. According to her, the Code should also incorporate the industrial relations and labour laws in Malaysia.

6.11. Conclusion

A number of conclusions can be derived from the study conducted at Autoco. The main findings from the study indicated that some of direct and indirect EP forms such as team

briefings, bulletins, daily walk by senior managers, and safety and health committee do not provide any opportunity for employees to give their views or feedback about their work. The involvement of non-managerial employees in these forms in Autoco does not signify any capacity to influence workplace decision-making processes. This aligns with a number of studies which have demonstrated that non-managerial employees have little influence on the management decision-making at the workplace level. Delbridge found in his research at Japanese consumer electronics plant in the UK that there was only a limited form of participation by operators in the decision-making in any of the EP forms. Rinehart *et al.* in their research in a car assembly plant in Canada found that only a third of employees were actively involved in making decisions at work. Ramsay argued that direct participation forms, such as team briefings, 'do not allow for decision-making by or active involvement of employees, but instead typically entail passive receipt of information'. The in-depth study by Marchington *et al.* on employee involvement in the UK also indicates that management initiates employee involvement schemes, mainly in order to improve employee communication and commitment but rarely to do with increasing employee influence at the workplace.

In the Autoco context, management were interested in different forms of EP because they believed that EP would increase productivity, quality and performance measurement. This partly explains why Autoco ventured into different forms of both direct and indirect EP, particularly before the VSS. In relation to this aspect, Gollan and Markey argued that employers have their own reasons for establishing different forms of EP at company level. The employer's focus is on encouraging workers to be involved in different forms of EP, in order to improve productivity and product quality, increasingly important features in a highly competitive environment. Gollan and Davis also have same argument that the implementation of various forms of EP in the workplace can be directly correlated with goals for organisational performance. For example, organisational performance will be measured based on management-employee relations, product quality, and business performance.

Indirect EP is not very well developed at Autoco. From the research findings in Autoco, it can be seen that indirect EP such as the Safety and Health Committee (SHC) was introduced only to conform to the Occupational Safety and Health Act 1994. Therefore, non-managerial employees who became members of the SHC have had minimal say and could not make or influence decisions in SHC meetings. Most of the time, management presided over the meetings. The implications from this are that management has rather more voice in the safety and health matters, although the non-managerial employees know what is happening in the workplace in regards to safety and health issues.

In the case of Autoco, rather than shopfloor employees, the workers' representatives were production supervisors who are more inclined to support management views,. It was evident in this study of Autoco that most production supervisors convinced non-managerial employees to accept whatever decisions had already been made by management. Management also used production supervisors as go-betweens to convey their decisions or messages to the non-managerial employees. Similarly, Fairris found from his observations in the USA manufacturing industry, that team production and quality circles were more decentralised to the workplace. He further found that decentralisation of shopfloor governance does not grant workers' ability to alter the authority of shopfloor management through increased empowerment in shopfloor decision-making.

Another noteworthy finding from the research at Autoco was that the majority of management interviewees were unaware of the existence of the 1975 Code of Conduct for Industrial Harmony. The management interviewees also believed that the Government, Malaysian Employers' Federation and the Malaysian Trade Union Congress should promote the Code at company level. The Code should also be incorporated within the Malaysian industrial relations laws because it would open a new era in the EP practices at the firm level. If the Code has statutory rights, then non-managerial employees and union could exert their influence in the workplace decision-making process. Similar trends can be seen in countries such as the Netherlands and Germany. In these companies, national legislation on EP through works councils provides an opportunity for employees to influence major decisions in the company level.

It is now timely to explore EP practices in the service industry where different contextual factors may be at play, so the next chapter will explore the nature of EP policies and practices in a postal company.

CHAPTER 7

CASE STUDY 3: POSCO

7.1. Introduction

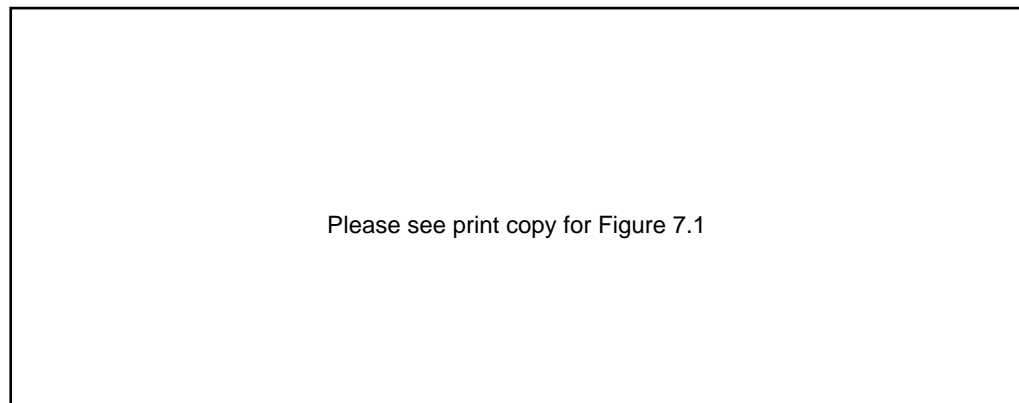
After examination of perceptions, policies and practices of EP in manufacturing in Chapters 5 and 6, it is timely to explore the nature and extent EP in an organisation in the tertiary sector. The objective of this chapter is to investigate the nature of EP practices at Posco, Malaysia. Posco is a private company deals with postal products such as stamps, money order, paying bills (electric, telephone, cable television, mobile phone and water). The first section of this chapter will discuss the research methods and background of the research. The second section will examine the nature of the industry such as the product market and main challenges faced by Posco. The third section will examine the perception of management, union and non-managerial employees to the objective of EP in the company. The fourth section examines different forms of EP. The fifth section will analyse the reasons for direct and indirect EP that developed at Posco. The sixth section will describe the major issues considered when Posco is dealing with different forms of EP. The final section will look at the influence of the Code of Conduct for Industrial Harmony 1975 on EP practices in Posco.

7.2. Research method and background of the research respondents

Posco is the name given in this thesis for a privatised former public sector organisation which has major responsibility for the carriage of mail and the transport of small items within Malaysia, and between Malaysia and international destinations.

Posco Malaysia is divided into three main sections. The first section, which covers the overall management, is centred on headquarters (HQ) in Kuala Lumpur. The second section covers Posco State level offices all over Malaysia. Currently there are 14 States in Malaysia. Third, the Post Office is under the administration and control of the State Office. The hierarchy of Posco administration of HQ, State Office and Post Office is shown in Figure 7.1.

Figure 7.1: The hierarchy of Posco administration



For the purpose of this study, I visited:

- Posco Headquarterx (HQ) in Kuala Lumpur, West Malaysia;
- Post Offices in Cheras, Kuala Lumpur and Luyang, Kota Kinabalu, Sabah ;
- Peninsular Malaysia of the Union Postal Uniform Services (UPUS) and Peninsular Malaysia of the Union Postal Clerical Workers (UPCW) Office in Brickfields, Kuala Lumpur.

I spent about four weeks at HQ office and four weeks at the post offices. During this time, I made observations and conducted interviews with two senior managers (HR Manager and TQM Manager), and six non-managerial employees. The interviews were conducted in meeting rooms at HQ. The duration of each interview was between one and two hours.

The HR Manager and TQM Manager were directly involved in implementing direct and indirect EP in the company and workplace level. They both have more than 15 years working experience. They felt more comfortable speaking in the Malay language rather than in English. This perhaps reflected Posco's history as part of the government sector where the medium of communication was Malay which seemed to continue even after Posco was privatised in 1992. Nevertheless, management now encourages everyone to use English as the main medium of instruction (interview with IR Manager, 24 December

2003). On my visit to Posco HQ, I obtained some relevant company documents such as minutes of management meetings, the Posco newsletter, Posco Annual Reports and a monograph history of Posco.

I then spent two weeks in the Peninsular Malaysia Union of Postal Uniform Services (PMUPUS) and Peninsular Malaysia Union of Postal Clerical Workers (PMUPCW) union office. Both unions shared the same office. The union office located in Jalan Brickfields, Kuala Lumpur which is about 20 km from the Posco HQ office. For the purpose of this study, I interviewed the

- President of PMUPUS,
- General-Secretary of PMUPUS,
- Deputy General Secretary of PMUPUS,
- President of PMUPCW.

The reason I visited UPUS and UPCW was in order to access data at their offices. The union interviewees granted their full cooperation during the interview. Each interview session lasted about two to three hours for each union interviewee. The President of PMUPUS, Secretary-General of PMUPUS and President of PMUPCW received union trainings such as bargaining skills, union rules and procedures, recruitment skills, labour grievance procedures, safety and health issues in Australia, Japan, Korea, Bangkok and London, and at the International Labour Organisation (ILO) in Geneva. The President and Secretary General of UPUS have been involved in union activities at Posco for over 15 years. As well all the union officials, they also attended training in the local institutions organised by the MTUC and National Productivity Centre. The training they received has included:

- union rules and structure,
- developing general negotiations or consultation skills,
- negotiate workplace agreements,
- recruitment skills.

Training costs for the trade union representatives were partly paid by the Posco management as well as sponsored by the international bodies such as ILO, World Bank, international unions and the Asian Development Bank (SUARA PMUPUS, No.76/May 2001; No. 78/79/ Jan-May 2002; No.80/September 2002; No.82/83/ May –September 2003).

I also received documents from the union office. These documents are minutes of Joint Consultation Committee (JCC) meeting, minutes of the 4th Collective Agreement (CA) council meetings, several past and present copies of CA booklet, a union rules and regulations booklet, and others. I attended one of their executive monthly meetings during my visit.

Next, I spent two weeks at the Post Office in Cheras, Kuala Lumpur and another two weeks at the Post Office in Luyang, Sabah, Malaysia. I interviewed a member of the clerical staff and two postmen. One of them was a Branch Union Committee. Each interview session lasted one to two hours. Interviews were conducted in a private room at their own workplace.

Initially, I had some difficulties accessing data at Posco, but in the end, I managed to resolve these problems and successfully completed the research. Problems had included the arrangements in making appointments with research participants and signing of consent forms.

7.3. Industry, product market, union issues and main challenges facing by Posco

The postal service industry worldwide went through organisational changes and privatisation process from the 1990s. For example, Lucio and Noon identified three key factors for reorganisation process of Royal Mail in the UK. Firstly, the firms were pressured to undergo certain organisational changes because of factors such as international competition, globalisation of the product market and cost reductions to maintain high

profits. Secondly, there was a need for technological advancement in order to improve postal services and business environment to meet customer expectation. For example, several postal departments at the Royal Mail in the UK were fully automated. The automated system was able to strengthen customer relationship and improve productivity in handling greater mail traffic while reducing labour cost. Thirdly, the postal industry received strong pressure from the government to privatise postal services. For example, the Royal Mail was privatised in order to become a global player in the international postal service market. Alongside these developments, industrial relations and human resource processes were also decentralised at the firm level. For instance, the national collective bargaining was decentralised to the level of the enterprise. Union and management decided the terms and conditions of employees at the firm level. Similar evidence has been reported by Baird & Lansbury in the Australian postal industry. Therefore, the Australian government had strong intentions to deregulate the postal service through privatisation in order to meet the market competition, customer expectation and cost reduction strategy.

As noted in Chapter 4 privatisation policy began to be effected in Malaysia in the early and mid 1980s, as part of a 'significant redirection of economic policies in the Asia Pacific region towards exposing the public sector to competition'. For workers in Malaysia, the privatisation policy brought fears that related to loss of benefits, scope for re-hiring, loss of established union power and reduced scope for unionisation. It was in this context that the Malaysian unions representing workers in state enterprises argued against the privatisation policy. The Malaysian government assured workers that by introducing the privatisation policy, workers' job security and their benefits would be protected. In addition to these protections, the government also promised that there were opportunities for workers to own shares in the newly privatised companies. Finally, the government ensured that employees would be looked after with each employee given one or two years to choose either the government or the private scheme (*News Straits Times [NST]*, 26/12/1983). The government insisted that it was for the mutual benefit of the employees, the private sector and the government as 'the interest of the three parties is interest of the nation' (*NST*, 20/12/1983).

To understand the nature and magnitude of these changes, it is important to investigate the history, products, and union issues at Posco. These will be explored in the next section.

7.3.1. An overview of the history of Posco

Before Posco was privatised in 1992, it was under the Department of Postal Services. In 1957, after Malaya became independent from the British, the Department of Postal Services expanded its services throughout Malaya. For example, the workforce increased from 3,140 in 1956 to 3,289 in 1957. Similarly, the number of post office increased from 224 in 1956 to 232 in 1957. The Chief Executive of Department of Postal Services at that time was Mr A.S Gammon. He made many changes in the Department of Postal Services management and operations. One of the programs that he initiated was '*Skim Pandangan Pekerja*' (Workers' Suggestions Scheme). Another change that he made was entering Department of Postal Services into partnership with the International Postal Union (IPU). After Mr Gammon retired, he was succeeded by Hussain Mohamed in 1961, under whom the Postal Training Centre (PTC) was established to train employees in various requirements and competences.

The Department of Postal Services management and postal services were centralised in Kuala Lumpur after Sabah and Sarawak joined Malaya in 1963. Before 1963, Sabah and Sarawak were still under the British administration. A further outcome of the formation of Malaysia was the standardisation of stamps and the postal service prices. The Department of Postal Services also established the Department of Post Services of East Malaysia (DPSEM), which was under the control of the Department of Postal Services Central Office in Kuala Lumpur.

In the late 1970s, the Department of Postal Services was under the Ministry of Energy, Telecom and Post Malaysia (now known as Ministry of Energy, Water and Communication). The Ministry administered three departments such as the National Electric Board, Department of Telecom, and Department of Postal Services.

In early 1980s, the Department of Postal Services introduced a new service called '*Post Laju*' (Express Post). This service was available in all Malaysian post offices. Furthermore, customers could pay water and electricity bills at all Department of Postal Services offices. Shortly after, the Department of Postal Services stopped recruiting new employees due to the economic crisis in Malaysia. To overcome the labour shortage, the Department of Postal Services introduced a microcomputer system to process local bills in most Post Offices.

On 1st January 1992 Posco was officially privatised under the new name '*Pos Malaysia Berhad*' (Malaysian Post Limited). The privatisation of Posco was incorporated in Section 10 of Posco Services Act 1991. Posco also officially took over the Department of Postal Services management and administration to establish their own business plan and human resource management strategy which had previously been under the Ministry of Energy, Telekom and Post Malaysia (now known as Ministry of Water and Communication). Although Posco was privatised, the government continued to monitor the overall management activities at Posco. This was because the government had 25% of Posco shares. The remaining shares were owned by the Phileo Allied (PA), a publicly listed company in the Main Board of Kuala Lumpur Stock Exchange.

Posco also introduced a new title 'Chief Executive Officer (CEO)' to replace the Director of Department of Postal Services. In an interview, the IR Manager at Posco stated that the new name reflected the nature of Posco as a private entity (interview with IR Manager, 24 December 2003). Furthermore, he said that the CEO would play a vital role in developing Posco towards being one of the top ten private companies in Malaysia. For example, when the first CEO was appointed in 1992, he conveyed his first message

'The new appointment will be different from my present position but I am confident I can give my best to the corporation'.

In relation to the above comments, the CEO articulated his vision for Posco in the 1993 Annual Report, in which he expressed a fervent belief that Posco would be 'the preferred service company in the ASEAN physical communication and integrated logistics industry

in 2007' (*Pekeliling Pos Malaysia*, July 2005:1). In order to achieve this vision, he emphasised the importance of full cooperation from the managers, union and employees at Posco. The CEO also emphasised that it was important to bring Posco to be a world class firm which needed to challenge other Posco competitors now operating in Malaysia such as TNT, DHL and Fedex. These companies provided similar services to Posco with competitive prices, for example in courier services (national and international), and express mail (*Utusan online*, 10 January 2006).

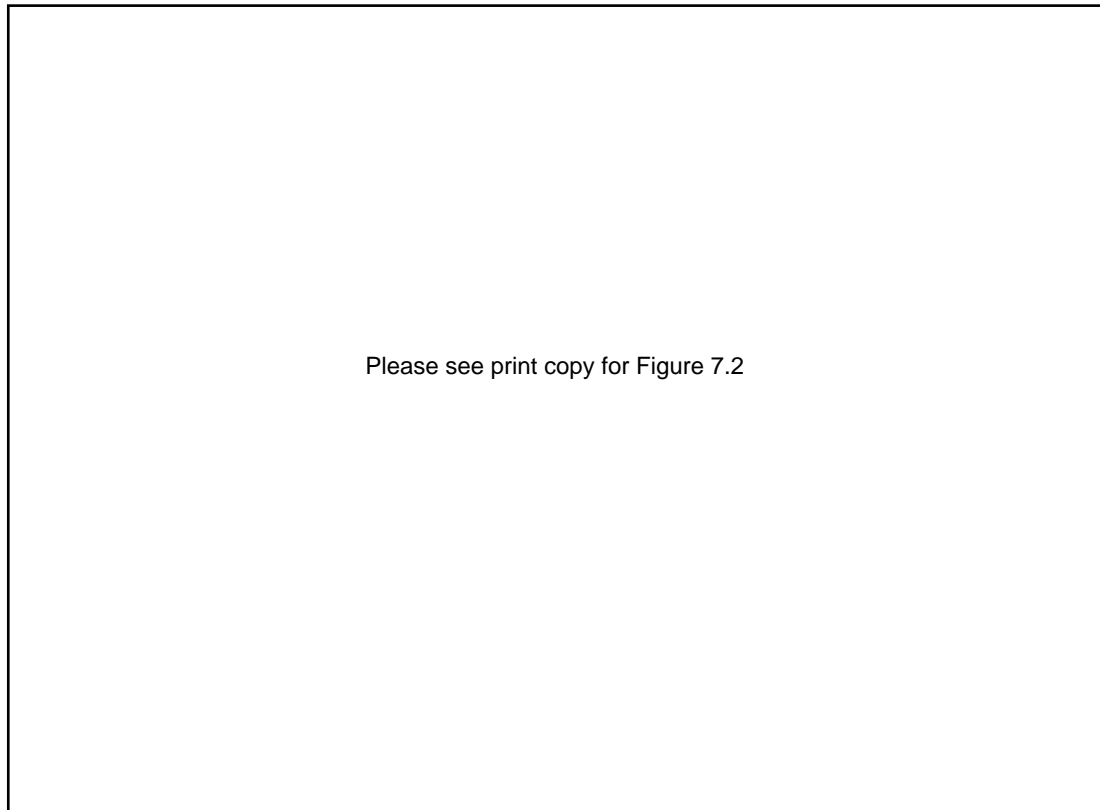
The CEO also introduced a new strategy that required all new employees to attend a compulsory three days training course at Postal Training Centre before they started work. Moreover, he changed the work culture (e.g. by having lunch with the staff every Monday). About 20 to 30 employees from Wilayah Persekutuan State and HQ office participated in having lunch with CEO. Figure 7.2 illustrates the position of the CEO after Posco became a privatised company. This organisational structure only refers to the Posco HQ Office in Kuala Lumpur.

By the end of 2005, Posco had 650 post offices, 1000 mini offices, and 3,929 licensed stamp vendors (Corporate Marketing Department, Posco, March 2006). The financial performance of Posco in 2004 was RM 694 million (US\$175 million), an increase of RM648 million (US\$164 million) from 2003 (*Posco Annual Report 2005*). The net after tax profit for 2004 was RM 76 million. In terms of manpower, in November 2005, Posco had about 14,800 employees (HR Department, Posco, February 2006)

7.3.2. The main products of Posco

Mail service contributes about 80% of Posco's revenue (*Posco Annual Report 2005*). Mail has been the main product since Posco was established about 165 years ago. These mails include letters, post cards, international mail, franking service and mail parcels. Posco also provides free services to the blind. Post Laju is one of the significant courier services that Posco provides its customers.

Figure 7.2: Posco Organisational Corporate Chart at the HQ Office



Stamps are another product that contributes significantly to the Posco revenue. Festive cards such as Hari Raya, Deepavali, Chinese New Year and Christmas help Posco in terms of profit. For example, during Hari Raya Aidil Fitri in 2001, Posco handled more than 17 millions card (*Posco Annual Report 2001*).

7.3.3. Union issues at Posco

Unions have existed at Posco since it was established as the Department of Postal Services. When Posco was under the Department of Postal Services, the unions at Posco were not

involved in matters relating to collective bargaining (CB) or collective agreement (CA). At that time, the government determined the terms and working conditions for the postal employees through the Public Service Department. In general, the role of management and union discussed mostly on non-controversial welfare and social issues through '*Majlis Bersama Kebangsaan*' (MBK- National Joint Councils).

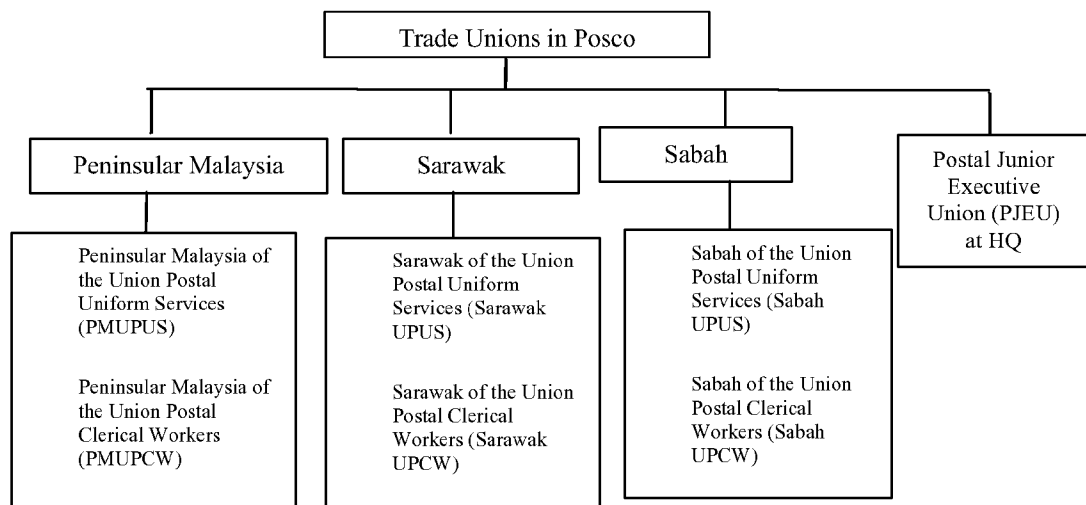
After Posco was privatised in 1992, the first CA was signed between management and the unions. However, the original terms and conditions of work set when Posco was a state entity still applied to employees who had previously worked under the Department of Postal Services. These terms and conditions included retirement benefits, hospital facilities, housing loan, computer, and car loan. The employees who had worked in the Department of Postal Service (before privatisation) were also covered under the CA privileges. On the other hand, those employees employed after 1st January 1992 (after the privatisation), were covered only by the CA benefits.

By end of 2005 total union membership at Posco was around 13,300 (HR Department, Posco, February 2006). These employees comprised the uniform workers, clerical staff, and assistant executives. There were seven trade unions recognised at Posco for bargaining and negotiation purposes. These seven unions including Peninsular Malaysia of the Union Postal Uniform Services (PMUPUS), Sabah UPUS, Sarawak UPUS, Peninsular Malaysia of the Union Postal Clerical Workers (PMUPCW), Sabah UPCW, Sarawak UPCW and Postal Junior Executive Union (PJEU) (HR Department, February, 2004). These seven unions are categorised as in-house unions and are not affiliated with the Malaysian Trade Union Congress (interview with IR Manager, 24 December 2003; interview with President of Peninsular UPUS, 13 January 2004).

Posco unions were also segregated into different geographical areas, such as Peninsular Malaysia, Sarawak, and Sabah, in accordance with the Trade Union Act 1959. According to the Trade Union Act 1959 (Section 2), a trade union is defined as 'any organisation or combination of workmen or employers.... whose place of work is in West (Peninsular) Malaysia, Sabah or Sarawak'. The first reason why Posco has seven unions is that the

membership of unions is segregated geographically. Workers in Peninsular Malaysia may only join a union if all of its members work in the Peninsular. Workers in Sabah can only join a union if its members work in Sabah and the same applies to workers in Sarawak. Membership in a particular union therefore, is limited to workers in any one of the three geographical regions. In the case of Posco, this leads to some of duplication of unions. As we can see above, there is a Peninsular Malaysia of the Union Postal Uniform Services (PMUPUS) and the same type of union covers uniformed postal workers in Sabah UPUS and Sarawak UPUS. It must be emphasised that this limitation refers to the worker's workplace and has nothing to do with his birthplace, his home or his nationality. The second reason for multiple unions at Posco is that the Employment Act is different in the regions. For example, Employment Act of 1955 only applies to workforce in Peninsular Malaysia. Sabah has Ordinance of Labour Act 1949 and Sarawak has Ordinance of Labour Act 1952. Figure 7.3 indicates the types of Posco unions in Peninsular Malaysia, Sarawak, and Sabah.

Figure 7.3 The types of unions at Posco in Peninsular Malaysia, Sarawak and Sabah



For example, Employment Act of 1955 only applies to the workforce in Peninsular Malaysia. Sabah is regulated by the Ordinance of Labour Act 1949 and Sarawak has Ordinance of Labour Act 1952. Figure 7.3 indicates the types of Posco unions in Peninsular Malaysia, Sarawak, and Sabah.

To deal with dangers of fragmentation, the seven unions from Peninsular, Sarawak and Sabah formed a Coordination Committee in 1991. The committee is not an employee representative body, such as a Joint Consultation Committee (JCC). It is not registered under the CA or company law. Nevertheless it has played an important role in union coordination, and was another milestone for the union to protect workers' rights at Posco. The committee members in the Coordination Committee come from the seven unions that already existed at Posco. (see Figure 7.3)

There were two objectives for the establishment of Coordination Committee at Posco. Firstly, if any specific or emergency issues cannot be resolved at the joint consultation committee (JCC) or CB meeting, then the union will conduct its own meeting through the Coordination Committee. At our interview, the Coordination Committee Chairman provided an example of how the Coordination Committee had defended Posco from being completely taken over by the Phileo Allied (a publicly listed company) in 2001. The union was also concerned about this issue because if Phileo Allied held 100 per cent shares, this would affect unions and workers at Posco in terms of job security and retrenchment issues. The union was concerned that the Phileo Allied would retrench many workers as a cost cutting strategy, as was seen in the case of the Royal Mail in the UK and Post Australia which were briefly noted earlier. The union, through the Coordination Committee, finally managed to resolve this problem after several meetings with the Minister of Finance Malaysia. As we discussed earlier in this chapter, the government, through the Minister of Finance Malaysia, still holds 25 per cent of Posco shares and still monitors the overall business operations at Posco. In the end, the government and Posco management promised the union that there would be no retrenchments for five years. The government statement was confirmed for example by a statement made by Posco's CEO, who said 'The current situation at Posco indicates the company will never downsize employees, in fact I want to see the rate of labour force at Posco increase from time to time' (Minutes of the 4th CA Council Meeting, 20 May 2003, p.4).

7.4. The perception of management, union, and non-management employees regarding the objectives of employee participation

From the literature survey in Chapter 2, we understand that management, union and non-managerial employee have different perceptions about what are the objectives of direct and indirect EP forms that are implemented in the workplace and company level. Before we further analyse different forms of direct and indirect EP at Posco, in this section I will discuss how management, union and non-managerial employees perceive the objectives of EP.

7.4.1. The perception of management regarding the objectives of EP

Management at Posco believed that EP is where the union and employees contribute their ideas in the workplace decision-making process. In this context, management strongly believed that the unions played a key role in giving their ideas. The unions' ideas and suggestions are seen to be important for management to make decisions which have impact on the company performance as well as quality of working life of employees'. As an example, one of the management interviewees emphasised the importance of the main motto at Posco, '*HARMONI DAN SEPAKAT*' (Harmony and Cooperation) (Interview with IR Manager, 24 December 2003). This motto is important at Posco because management thought it essential that the union should work cooperatively with them to discuss various issues that have an impact on employees and the company. Management also believes that with union cooperation they can introduce new work procedures in the company. For instance, the IR Manager emphasised that postmen and clerical staff as frontline workers are significantly important in the EP schemes introduced by management (interview with IR Manager, 24 December 2003). In this respect, he also asserted that customers would generally evaluate Posco's product quality based on the frontline workers' attitudes and behaviours.

Another management interviewee (The Quality Manager) stated the objective of EP drew from the 'soft' characteristics of human resource management as follows:

In terms of quality, EP is more on how to improve the working method process, problem solving and quality improvement team. Or they can also participate in employee suggestion scheme or in the quality committee to achieve the MS ISO 9001 certificate (interview with Quality Manager, 24 December 2003).

Thus for the Quality Manager, EP was perceived as a tool for quality improvement and problem-solving, rather than enabling participation in the company decision-making processes. In sum, from the perspectives of the management interviewees, the objective of EP is to enhance industrial harmony among management and workers and also to improve organisational performance in activities such as problem-solving, quality improvement and the provision of better service to customers.

7.4.2. The perception of unions at Posco regarding the objectives of participation in industry

At the other end of the spectrum, the union respondents perceived EP as a key instrument to enhance the partnership with management mainly in the areas that concerned for both parties. For example, just as the IR Manager expressed cooperative ideals (above), so the union also has the same views about cooperation between the union and management. They argued that since 1992, the union and management at Posco created a motto '*HARMONI DAN SEPAKAT*' (Harmony and Cooperation) which means they worked closely in pursuing good industrial relations climate, industrial harmony and cooperate with management in improving both the quality of working life and business performance.

In addition, the union observed that management generally practised an open door policy where the union and employees could discuss any issues at any time. This work culture was already practised at Posco, even before Posco was privatised. It was also supported by my observations at Posco HQ office in Kuala Lumpur (Direct observation, 18 December 2003; 24 December 2003). For example, on one occasion, I saw the PMUPUS President come to HQ office and discuss various IR and management matters. At that time, I was conducting an interview with the IR Manager. After the discussion, the IR manager introduced PMUPUS President to me. From there, it was easy for me to follow up contacts with union

officers and members and prepare to conduct interviews with them at their own office.

Another senior union respondent held a different view on EP. He perceived EP to be mainly related to information sharing between either union and employees or the union and management. He stated ‘I strongly believe that information sharing is an important issue in any organisation’ (interview with Secretary General, 12 April 2004). He further argued that if the information was not very clear or was poorly communicated to the union members, the employees or management, then misunderstanding between parties was likely.

7.4.3. The perception of non-managerial employees regarding the objectives of participation in industry

The majority of non-managerial employee interviewees perceived the idea of EP in management processes as potentially significant for them, although, different viewpoints emerged in regards to the objectives of EP in the company. For instance, the majority of non-managerial employee respondents considered management should discuss working methods with them before they assigned any new job. They believed if management consulted and discussed the working method with them then it would help management to boost for a higher job satisfaction and worker’s commitment. For example, one of the respondents stated as follows:

Management should first discuss the problem with us before they are giving us any new job. We are going to workplace not as a robot which work without any specific objective on the particular job that assigned by management. I believe if management continuously practised in this manner in the workplace, then the quality of job and job satisfaction among the non-managerial employees will be remained low (interview with non-managerial employee, 18 December 2003).

Another employee interviewee also argued that at Posco employees had no opportunity to give their own ideas or suggestions for their own work. Most of time, they only received instruction from their bosses to do certain jobs. She articulated her view with some disappointment in the Posco.

Here we are only listening to our bosses rather than giving our views or suggestions for our own work if I compared to my previous working experience in Japanese company. In Japanese firm, the managers directly involved employees in participating in the discussion and encouraging workers to give relevant ideas or suggestion for job improvement. (interview with non-managerial employee on 19 December 2003).

From the above comments, it is clearly indicated the non-managerial employee at Posco are anticipating that management will give them opportunities offer any ideas about their own work and department in the future. They stated that even if management did not take further action on their ideas or suggestions but at least listened to their voices, it might motivate non-managerial employees to participate actively in the EP program initiated by management. The interviewees perceived motivation to be a central factor when employees felt they were playing an active role in different forms of direct and indirect EP at Posco.

Thus, there are apparent contradictions between the views of management and the unions, on the one hand, and the non-managerial employees on the other. From the above views, one would agree that management perceived EP as way to enhance social partnership with the union as well as increasing productivity of workers through different forms of EP developed in the workplace. The union also has the same insights as management that EP, particularly indirect participation such as JCC, will improve harmonious relations and enhance working conditions for their members. In addition, the union believed that participation in different forms of EP would improve communication and information sharing between union and management. On the other hand, the non-managerial employees believed that EP should be a channel that allows them to express their ideas for improvement of their working methods and their department.

7.5. Different forms of employee participation

This section examines direct and indirect forms of EP at Posco. The different forms of EP which are currently practised at Posco are shown in Figure 7.4.

Figure 7.4 EP techniques at Posco

<i>Category of EP technique</i>	<i>Specific technique at Posco</i>
<i>Direct EP</i>	
<i>Downward communication</i>	Formal meetings Email communication Pekeliling' Posco and 'Suara UPUS Team briefing Regular social functions Other downward techniques (e.g. memos, notice board)
<i>Upward problem solving</i>	Suggestion Box Quality improvement teams and Quality Unit 5S Total Quality Management (TQM) and MS ISO 9000
<i>Indirect participation</i>	Joint Consultation Committee (JCC) Collective bargaining Safety and Health Committee (SHC) Posco Sports and Recreational Committee (PSRC)

7.5.1. Direct employee participation

From Figure 7.4, there are several forms of direct EP are practised in the Posco. Some of these forms are similar to Steelco and Autoco as has been discussed.

7.5.1.1. Downward communication forms

According to the President of Posco PMUPUS, no senior managers are walk around on daily basis except branch managers and the leaders of the section unit. The latter sometimes walk around and check if there are any problems faced by their subordinates, although not on daily basis (interview with President of PMUPUS, 12 January 2004). The Posco Quality Manager also supported these perceptions. According to him, only the branch managers or section unit leaders would walk around although not on daily basis (interview on 24

October 2003). Their aim of walking around was to identify or discuss issues with their subordinates, and identify where early action may be needed in the workplace.

Some of the non-managerial employee interviewees hold similar views to those of management and the union. One non-managerial employee said that in most cases they communicate with their boss on a daily basis, for instance if there were any problem with their work. The majority of the non-managerial employee interviewees commented that 'it was rare to see their senior bosses walking around on daily basis because they are busy with their own jobs and attending to many company official meetings' (interview with non-managerial employees, 18 December 2003; 13 January 2004; 27 February 2004)

In terms of formal meetings, management, union, and non-managerial employee interviewees all stated that the meetings only took place between the senior managers and CEO, between the managers at the various departmental levels and between the managers and supervisors at various levels. In other words, there was no meeting between managers and non-managerial employees at Posco. The union and management stated that there were frequent meetings between the senior management and union representatives through the JCC. After the JCC meeting, the union disseminated issues and matters that had been discussed to the non-managerial employees, usually in the unions' monthly circular.

At the senior management level meetings, issues such as the company strategic plans, company's monthly revenue, corporate issues, investment and business plans were the main items discussed (interview with IR Manager, 24 December 2003; Quality Manager, 24 December 2003). At the branch or department meeting level, issues such as service quality, workplace performance, customer satisfaction and safety and health issues were considered important agenda items. The above issues which were discussed at the senior and departmental level meetings were significant for the company. However, from the non-managerial employees' perspective, those issues appeared less important because those issues had no evident impact on workers' working life, in contrast to more immediate issues such as salary revisions, medical benefits and job satisfaction.

There was also little evidence of much use of email communication at Posco where few employees were given computers and email facilities. An email facility was only provided for the senior managers at HQ and State level offices. Some branch managers were given the email facility so they could communicate with HQ and State office. The issues covered in the emails included workplace performance, announcements of future meetings, attachment of minutes of management meetings and staffing plans.

According to the non-managerial employee interviewees, the lower level employees do not have email. However, management provided computers to the clerical staff at the HQ and branch office but only to enable them to do their clerical office work such as processing water, electricity and telephone bills.

In relation to this issue, the union through the Coordination Committee forwarded a proposal to management for wider access to email to enable non-managerial employees, particularly uniform postal workers, in obtaining information and communication technology skills (interview with Assistant Secretary General of PMUPUS, 12 January 2004). By doing this, the union proposed that the non-managerial employees would gain some basic knowledge and skills about computers. The unions' proposal paralleled the current government campaign to create more knowledge workers by 2020. Both Ali and Fleming & Soborg have similar arguments, that if the government wanted to realise their vision to create more knowledge workers, then the workers would need some basic information and communication technology knowledge and capabilities at the workplace.

'*Pekeliling Posco*' is a newsletter which is published on monthly basis. According to management, union and non-managerial employee interviewees, they see the latest news at Posco through the newsletter. The research participants whom I interviewed in this study showed me the '*Pekeliling Posco*' during the interview session with them. In order to confirm whether or not, they were reading this newsletter, I asked them questions about the issues covered in this newsletter. The majority of them referred to operational issues in the

Newsletter, such as rewards for the best employee of the month, workplace performance, safety and health, staff promotion, customer satisfaction, service quality and transfers, all of which had been included in the newsletter (interview with IR Manager, 24 December 2003; interview with Quality Manager, 24 December 2003; interview with non-managerial employees, 19 December 2003, 13 January 2004; interview with union representatives, 13 January 2004; 12 January 2004). I also verified the interviewees' statement by analysing the several editions of '*Pekeliling Posco*'. It showed that the respondent statements' and document evidence were identical (Pekeliling Posco, No.5/ 2000; No. 10/2001; No.11/2002; No.7/2003).

However, there was no evidence of participation from the lower level employees or the union in expressing their views in the '*Pekeliling Posco*'. Rather, the content of the newsletter reflected the perspectives of management who decided which issues to publish, and so choose issues that have some interest for them or that they think is appropriate for the non-managerial employees at Posco.

Despite this, employees were very interested in the newsletter and the majority of non-managerial employee respondents expressed their disappointment that there were insufficient copies available. They said they were unhappy with management at HQ office because it had only sent one copy of this newsletter. There are 70 employees working at this office. For example, one non-managerial employee commented as follows:

Most postmen in this office have no time to read the newsletter because they have work outside the office hours and only go back to office in the evening. By the time they come back to office, it is too late for them to read the newsletter. They go home immediately because they have to avoid a heavy traffic jam in Kuala Lumpur city (interview with non-managerial employee, 13 January 2004).

Based on the above comments, it demonstrated that the postmen are busy and they have limited time to read the newsletter at the office. This means they may miss out many issues or events that were happening at Posco. Therefore, a majority of non-managerial employees hoped that in the near future, management would allocate more newsletters to the branch offices so that the postmen could take them home to read.

Another employee in the post office in Kota Kinabalu, Sabah expressed similar concerns. She stated that there was no time for her to read Posco circulars or newsletters because she was very busy at the work from morning until evening. Furthermore she also had to go back to pick her children at school and do other house work. Although these two examples cannot be generalised across all the postal workers at Posco, at least we can see the potential effectiveness of circulars or newsletters to influence workers' lives and interest in the company in the Posco context.

Many of the non-managerial employee interviewees appreciated the Peninsular Malaysia Uniform Postal Union Services (PMUPUS) because they published their own newspaper for their members. The name of the newspaper is '*SUARA PMUPUS*' (*PMUPUS Voice*). It is published every three months. Postmen at Posco knew more information from the '*SUARA PMUPUS*' rather than from the '*Pekeliling Posco*' in part because the latter sometimes did not disclose all information to the employees. PMUPUS distributed the newspaper to every postman at Posco, free of charge. Although non-managerial employees could not give ideas or influence any company decisions through *SUARA PMUPUS* it nevertheless became a channel for the PMUPUS to disseminate to their members any important information, or decisions that the union had made with management.

According to the union representative interviewees, '*SUARA PMUPUS*' is the main instrument for the union to disseminate issues that arose in the meeting with management or any events that happened at Posco (interview with President of PMUPUS, 13 January 2004; Secretary General of PMUPUS, 12 January 2004). They also emphasised that most of their members know what is going on at Posco either at the HQ office or at other post office in Peninsular Malaysia. Based on the analysis from the several '*SUARA PMUPUS*' and interviews with the non-managerial employees, the major issues covered in this newspaper are:

- collective bargaining and working conditions,
- health and safety issues
- insurance protection for union members
- union members' scholarship information
- news on government ministers visits,
- social functions,

- PMUPUS President's message,
- brief reports on national and international seminar,
- reports on annual dinner, and
- the latest news on labour law.

(*SUARA PMUPUS*, No.76/May 2001; No. 78/79/ Jan-May 2002; No.80/September 2002; No.82/83/ May –September 2003; interview with non-managerial employees, 13 January 2004; 27 February 2004; 19 March 2004)

Team briefing is another direct participation form practised at Posco, although the management interviewees stated that team briefings are not compulsory for the managers or supervisors. However, in some offices, such as those in the HQ and State level, briefing sessions were conducted every morning. For example, the Quality Manager stated that management ran a briefing session with the clerical employees, particularly when the branch post offices had been involved in the total quality management and MS ISO 9000 programs (interview with the Quality Manager, 24 December 2003). Team briefing in this context does not fulfil the requirement of MS ISO 9000 but rather, serves to brief to the employees on the procedures and objectives of MS ISO 9000 implementation at Posco in general.

Union officers also expressed similar views to the management interviewees. According to the union interviewees, team briefing is not compulsory at Posco. Rather it depends on the supervisors and managers' own initiative. For example, in HQ, State and some post offices, the managers initiated the briefing session if these offices were involved in the MS ISO 9000 accreditation process. The union interviewees argued that there was no direct participation from the non-managerial employees in the briefing sessions. Most of time, management only passes the information directly to the employees through briefing sessions without seeking or expecting any feedback. From the union perspective, the team briefing is more centred on management rather than providing the workers with opportunities to express their opinion or idea in the briefing sessions. The non-managerial employee interviewees had similar views to the unions concerning the team briefing. For example, one of non-managerial employee interviewees stated that in some post offices the employees, particularly the postmen, seldom see their supervisors. This is because the

postmen have to go out to distribute mail and only came back to office in the evening. After that, they would go home right away and begin the same routine again the next morning.

Another non-managerial employee interviewee argued that, based on her own experience, team briefings are only conducted at HQ or State level post office (interview with non-managerial employee, 27 February 2004). When she worked at HQ office, she always attended daily morning briefing sessions. However, when she relocated to the local post office, she was never involved in team briefing sessions. No-one including her boss had any time to meet each other. For example, in her office, there were only five employees including the branch manager. All employees in the branch have to work very hard from morning to evening. According to her, there was no time to think about team briefing and other EP activities. If any problems arose at the workplace, they communicated directly to the post office manager. Further, she articulated that in her branch, the only way for problem solving solutions among employees was *ad hoc* face-to face communication with the post office manager.

From the examples above, we can see that participation through team briefing is rare at Posco, particularly from the workers' point of view. Generally the non-managerial employees at Posco were concerned they had no voice, and they still wanted to say or give suggestions about their jobs in the workplace. A non-managerial employee interviewee asserted that 'voices of lower level employees are critical and it is a way of democratisation practices in the workplace' (interview with non-managerial employee, 19 March 2004).

Social functions are another form of direct participation practised widely at Posco. The management interviewees pointed out that social functions have been a regular practice at Posco from well before it was privatised. Several social functions are conducted at Posco such as Hari Raya Lunch, Family Day, Sport activities, and the Annual Dinner. The management interviewees stated that management and employees share the costs of organising this kind of function. Although social functions do not involve non-managerial employees or union participation in company or work related decision-making process, they nevertheless create a more inclusive social working environment where management

and employees have an opportunity to share their experiences with other colleagues. They can also exchange information about their workplace problems with their colleagues in other departments or units when they attended social activities.

There is a notice board at Posco for downward communication and information sharing. The Quality Manager stated that in every corner of the HQ office in Kuala Lumpur and State office, the company provides a notice board. For example, the Human Resource Department advertised it was recruiting for new employees on this notice board. This enabled the employees at Posco to obtain the information very quickly – indeed more quickly than waiting for the monthly *Pekeliling Posco* circular. The notice board has influenced information flows at Posco, particularly for the union. It had been agreed in the collective agreement (CA) that management should allow the union to use the notice board in the company to disseminate the information for union members (Article 18, CA of PMUPUS Union, 2000-2002).

In general, although there was an array of downward communication, the non-managerial employees had very little opportunity to give their feedback or response through these forms of EP. This is not surprising or unusual. As Ramsay argued that in through downward communication processes, non-managerial employees are only expected to *receive* information, rather than being involved in any decision-making process. Management uses downward communication forms as tools for disseminating messages from senior management to the workers and the union. Similarly, the unions also use circulars and newspaper to circulate the union news to their members. From the evidence at Posco, it indicates that through downward communication forms, management maintains the predominant role in decision-making, while the non-managerial employees and unions have little influence.

7.5.1.2. Upward problem solving forms

In the next section, I will discuss upward problem solving forms that are practised at Posco. Management has established different forms of upward problem solving such as suggestion

schemes, quality improvement teams, quality unit, 5S, total quality management (TQM), and MS ISO 9000.

Management, union and non-managerial employee interviewees evinced quite different perspectives in regards to the suggestion scheme. The management interviewees stated that the suggestion scheme is currently only applicable to the departments and post offices involved in the process of getting the MS ISO 9000 certificate. The Quality Manager who said that he had visited several State Posco offices and 34 post offices to audit the quality management system confirmed this. However, he only found the suggestion scheme to be actively implemented in the office that had been involved in the MS ISO 9000 certification process (interview with Quality Manager, 24 December 2003).

The union respondents stated that the suggestion scheme was already incorporated in the Collective Agreement (CA) in Article 95 (PMUPUS CA, 2000-2002, p.62), but not effectively practised in the company and workplace level. Article 95 of 2000-2002 PMUPUS CA explicitly pointed out that 'the company will introduce a suggestion scheme award as an incentive for employees' suggestions'. The union interviewees also strongly believed that if management implemented the suggestion scheme with sufficient training, a proper campaign and an appropriate reward system, the scheme would be more successful in the future. According to the union representatives, financial or non-financial incentive is a motivating factor for the employees to participate actively in the scheme. Moreover, the union interviewees observed that the non-managerial employees do not participate in the scheme, although there is suggestion box in every office. For example, the survey conducted by the union on suggestion scheme at Posco in 2002, the result indicated that 80 per cent of respondents did not know what to suggest and nor did they think there was any appropriate incentive from management (interview with the President of PMUPUS, 12 January 2004). Although the survey indicated 80 per cent do not know what to suggest, the majority of the non-managerial employees involved in this study still believed the suggestion scheme was an effective form to resolve workplace problems. The non-managerial employee interviewees also considered that if this scheme were implemented

with an appropriate reward system and training, then many workers would seek to take part actively in the scheme.

In another form of upward problem-solving, Posco have established Quality Improvement Teams and Quality Unit at HQ and State level offices. These teams and units are responsible for improving and maintaining excellent quality postal services. The teams normally comprised the senior and middle management members. According to the union and non-managerial employee interviewees, there is no representation from either the unions or non-managerial employees in these units. The team and unit report directly to senior management. The team and the quality unit are also responsible for implementing 5S, total quality management (TQM) and MS ISO 9000, which are the subject of discussion in the next section.

Apart from maintaining service quality, the teams also discussed any workplace problems identified in the department and units at the HQ and State level offices or at the post office. After the teams identified the problems, they would then find any relevant method of solving the problems. For instance, according to the Quality Manager, one of the branches in Wilayah Persekutuan, Kuala Lumpur received many complaints from their customers about counter service (interview with Quality Manager, 24 December 2003). Some of the customers even wrote complaint letters to the General Manager. To solve this problem, the senior management ordered the Quality Improvement Teams from the Quality Unit to resolve the problems in that particular branch. Thus, the Quality Improvement Team resolved the problem by providing several training sessions on customer satisfaction and quality service aspects to their clerical staff and postmen at that branch post office.

A new program at Posco, the 5S program has its source in Japan, although the contents were modified to fit in with the local language. The Quality Unit and Quality Improvement Teams at HQ are responsible for the overall administration of 5S. At HQ, the 5S committee comprised six members from management and eight from the unions' and workers' representatives. As the program was still in the early implementation level, the employees and the union did not really understand the overall aim and concept of 5S.

According to the IR and Quality Manager, the overall aim of 5S is to maintain good housekeeping and cleanliness in the workplace. 5S was also introduced at Posco in parallel with the implementation of MS ISO 9000:2001, of which 5S is one of the main elements (Posco *Annual Report* 2003:10).

From the EP perspective, there is no joint decision-making between management and employees in regards to the 5S program. Thus, management encouraged employees and the union to participate and support the program in order to maintain good housekeeping at the workplace. In fact, the actual purpose of management introducing this program at Posco was to receive the MS ISO 9000 certificate from the Standards and Industrial Research Institute of Malaysia (SIRIM) (interview with union representatives, 12 January 2004; 12 January 2004).

Total quality management (TQM) and MS ISO 9000 are part of the Quality Improvement Teams presented earlier in this chapter. Posco has its own Quality Manager who looks after the quality management program at all levels from the HQ down. He is assisted by his team members, normally appointed from the middle management. From the interview conducted with the Quality Manager, Posco is still in the process of obtaining the MS ISO 9000 certificate for the various post office and business units such as Pos Laju and Mail Processing Centres. For example, one of the Pos Laju Centres in Kuala Lumpur was granted the MS ISO 9000:2001 certificate by the Standards and Industrial Research Institute of Malaysia, (SIRIM) in 2002 (interview with Quality Manager, 24 December 2003). At present, the quality management team is concentrating in the Wilayah Persekutuan Post Offices in order to get their next MS ISO 9000 certificate.

However, from the discussion with the non-managerial employee interviewees, the implementation of TQM and MS ISO 9000 mainly came from senior management without any consultation with the workers. Usually the non-managerial employees follow instructions from their immediate bosses, especially in relation to the quality management program in the workplace. From the EP perspective, management and non-managerial employees do not jointly decide on TQM or MS ISO 9000 aspects prior to its

implementation in the company. Management decides on the final decisions and workers simply abide by these decisions. Employees only know they have to follow all instructions of their superiors in relation to TQM and MS ISO 9000 implementation.

In conclusion, the downward and upward EP forms discussed above clearly indicate that participation from the union and non-managerial employees in influencing workplace decision-making or their own work is distinctly limited. Most direct EP forms discussed above had been initiated by management without any prior information, consultation or discussion with the non-managerial employees. From the research evidence as presented above, management will make the final decisions in both downward communication and upward problem solving forms. Despite these shortcomings from the non-managerial employees' perspective, these latter still believe there is room for more EP at Posco to channel their voices through direct EP.

7.5.2. Indirect employee participation forms

Indirect EP forms such as joint consultation committees (JCCs) and collective bargaining (CB) are valued at Posco in terms of EP in management decision-making process. Through JCCs and CB, the union and non-managerial employees have some capacity to influence management decisions which can have an impact on the non-managerial employees' working lives. This stands in contrast to the direct participation forms where the decisions are made by management.

7.5.2.1. Joint Consultation Committee (JCC)

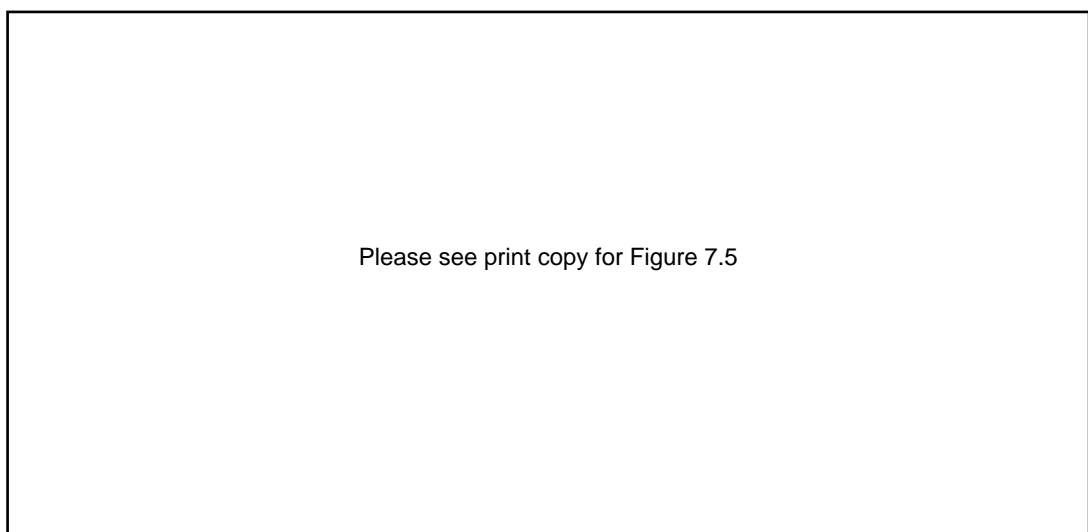
In this section, the process and practice of JCC at Posco will be explained. A JCC is a platform for management and union to jointly make decisions at the company level, and generally beyond issues such as pay and working conditions. The JCC was established at Posco even before it became privatised in 1992. When Posco was under the government administration, JCC was called '*Majlis Bersama Kebangsaan*' (National Joint Council-

NJC). After it was privatised, the name of NJC changed to ‘*Majlis Perundingan Bersama*’ (Joint Consultation Committee-JCC).

As Marchington (1992) has argued, the objectives of JCCs are generally explicit and publishable. At Posco, the purpose of the JCC is published in the Collective Agreement (CA) (CA, PMUPUS, 2000-2002, Article 21). In CA Article 21 clearly states ‘*Satu Majlis Perundingan Bersama akan ditubuhkan yang mewakili oleh pihak pengurusan syarikat dan pihak pekerja yang terdiri dari tujuh orang Ahli Jawatankuasa Tertinggi Kesatuan yang diiktiraf*’ (A JCC will be established which will represent by management and workers’ representatives from the seven main union committee members).

The JCC was established mainly to give an opportunity for the union and non-managerial employees to have a say on those matters that affect them. It was also to promote a partnership environment between the union and management in resolving IR matters and improving workplace industrial harmony. Through participation in JCC meetings, management and the union seek to eliminate misunderstanding and demonstrate willingness to sit together to discuss various issues which will benefit both parties. Figure 7.5 presents the structure of JCC which is divided into national and State level. The national JCC at HQ office in Kuala Lumpur negotiates and discusses whatever problems that cannot be resolved at the State level.

Figure 7.5 The structure of the JCC at Posco



The JCC representation is divided into two levels. At the national level, from the management side, the Chief Executive Officer (CEO) will appoint seven senior management representatives. On other hand, seven main union committee members will represent each of the seven Posco unions. The union representatives consisted of the PMUPUS, UPUS Sarawak, UPUS Sabah, UPCW Peninsular Malaysia, UPCW Sarawak, UPCW Sabah and Junior Executive Union. A total of 49 union committee members participate in the JCC meeting at the national level. In general, the CEO or any Senior Manager takes the Chairman's role in the JCC meeting. Generally, the CEO will attend the meeting because many issues discussed at the meeting require his final approval (JCC Minutes of Meeting, 27 December 2001; 28 June 2002; 24 February 2003; 29 September 2003; 21 October 2003; interview with IR Manager, 24 December 2003; Union representatives, 12 January 2004; 13 January 2004). Similar procedures also apply to the State level JCC members' representation. At the State level, the State Manager will chair the JCC meeting and the union will be represented by the seven union committee members.

The process of JCC meeting at Posco is two way communication between management and the union representatives. The JCC is a place where both management and the union exchange their views on a range of issue discussed above. Both the national and State level JCC hold their meetings three times a year as set out in the CA (Third CA Between Posco and PMUPUS Union, 2000-2002, Article 21, p.13).

There are two procedures at the national level JCC meeting. Firstly, the secretary of the JCC (normally the IR Manager) will pass the previous minute of meeting to union. The unions will then have time to go through the minutes and consequently come out with new resolutions based on what be will be discussed in the next meeting. Secondly, under the CA Article 21.3 of PMUPUS Union, management must provide a notice of the meeting to the union at least two weeks before the next meeting commences. Management also provides time off for the union representatives from Sabah, Sarawak and Peninsular Malaysia to attend the meeting at the HQ office in Kuala Lumpur as it is part of annual management-union activity (Article 21.4, CA of PMUPUS Union, 2000-2002). During the meeting, management and the unions will generally occasion agree and resolve to take

action on certain issues. If the issues cannot be resolved, it is then brought forward to the next JCC meeting.

A brief analysis of JCC minutes and interviews with management and union officers indicated the main subject matters discussed during the JCC meetings at National and State level from 2001 – 2003. These are presented in the Table 7.1 (JCC Minutes of Meeting, 27 December 2001; 28 June 2002; 24 February 2003; 29 September 2003; 21 October 2003; interview with IR Manager, 24 December 2003; Union representatives, 12 January 2004; 13 January 2004).

Table 7.1 Issues discussed during National and State level JCC meetings

National Level	State Level
<ul style="list-style-type: none"> • Manpower policies • Educational and training • Formulations of works and staff rules • Computerisation of postal services • General conditions of employment • Future business plans • Retrenchment 	<ul style="list-style-type: none"> • Output and productivity • Manpower policies • General conditions of employment • Educational and training • Safety and health issues • Formulations of works and staff rules • Quality issues • Information technology

Source: Compilation by the researcher

Table 7.1 indicates the issues discussed at the National and State levels, most notably showing that many of the same issues are similar at State and national levels. Based on the review of JCC minutes of meetings, management and unions would occasionally discuss strategic issues such as business plans and retrenchment. Most other times however, they focussed on tactical, operational and welfare issues with issues discussed at State level more likely to be tactical and operational. Thus at State level issues more likely to be covered included issues of quality and productivity, information, safety and health issues, and educational and training issues.

Such a complex array of matters raises questions about decision-making processes in the JCC meetings. The minutes of JCC meetings revealed that some decisions were made during the meeting, while others were postponed for further discussions. For example,

during the JCC meeting at the Sabah State level, there was an issue of upgrading several post offices and a computerised system of private mailboxes in Sabah, East Malaysia. However, despite several meetings of the JCC at Posco Sabah State, management could not arrive at a solution to this issue because the State management required a final approval from the HQ office in Kuala Lumpur. Finally, management and unions decided to bring this matter to the national level JCC meeting, where they were able to resolve the problem (Sabah State level JCC Minutes of Meeting, 1/2003, Agenda 7.2. and 7.6; interview with Branch Union Committee, 13 January 2004).

While the management interviewees claimed that the JCC is a forum for the management and the union representatives to make joint decisions, the union interviewees held a different view on this matter. They argued that there are certain issues over which the union has little influence over final decisions. For example, in the year 2002, management proposed a new policy on promotion and transfer of employees. The policy had an impact on the workers' working lives, yet management did consult with the union in the initial stage of policy development. Management claimed this policy was part of management prerogative because, as they saw it, managerial prerogative was clearly set out in the Industrial Relations Act 1967 of Section 13 (3). In this case, the union had no role in this policy. Management's claim was also supported by the IR Manager:

The union does not have the power to discuss promotion and transfer issues at the JCC meetings because these issues are part of management prerogatives. We only inform the union about our policy. We have authority on this issue (Interview with IR Manager, 24/12/2003).

The IR Manager at Posco noted that the union has no power to make decisions jointly with management over certain aspects of company policy, even on employment issues. On several occasions, management and the unions discussed operational, tactical and strategic issues (e.g. retrenchments and business plan) but the final decisions were still clearly in the hands of management. It indicates that the union has little or no capacity to influence the company policy decisions through the JCC meeting.

7.5.2.2. Collective bargaining (CB)

Apart from the JCC, collective bargaining (CB) is another form for the union to channel their voice, ideas, suggestions and proposals to management. Collective bargaining was first introduced in 1992. Before then, the government, through the Public Service Department determined all the terms and conditions for the workers. In the Malaysian industrial relations context, there is no CB in the public sector, and wages and working conditions are decided by the Public Service Department. From 1992 to 2003, management and the unions at Posco had signed three collective agreements (CA). Normally, the CA is in force for a period of three years. After that, CA will be reviewed again for a new CA that will be in force for the next three years. At the time of this research, management and union had recently signed the Fourth CA. Further details of the processes of this will be discussed later in this chapter.

At Posco, the CB operates at the enterprise level. Bargaining is normally conducted in the Posco HQ Office in Kuala Lumpur. The negotiation process is divided into two sections. In section one, management negotiates over wages with each of the seven unions. In the second section, management will bargain jointly with all seven unions to discuss the terms and conditions of work. At Posco, there are three main non-managerial categories covered by the CA. There are clerical staff, uniform employees (postmen) and the junior executive employees. The salary scales are different among them because the nature of jobs is quite different. However, the broader terms and conditions of work, such as maternity leave, annual leave, medical benefits, and allowances, are similar for all employees in these categories.

Management and the unions equally represent the representatives in the CB negotiations. The seven main committee members represent management. The CEO selects the main senior staff at Posco, including the Senior General Manager (Retail Commerce), General Manager (Corporate Finance), General Manager (Human Resources), General Manager (National Processing/Delivery), Manager (Human Resource- Compensation), and IR Manager (Minutes of CA Council Meeting, 5/6 September 2002). The seven unions

represent the union committee members from PMUPUS, Sabah UPUS, Sarawak UPUS, PMUPCW, Sabah UPCW, Sarawak UPCW and PJEU. The president of each of the seven unions selects a committee member. Thus the total number of union committee members involved in the CB council meeting are 49. Whenever the CA meeting takes place, the 49 union committee members will all be involved. As previously explained when they discuss wages, only the seven union committee members from each union will negotiate with the management representatives. However, when they deal with the broader terms and conditions of work, the 49 union committee members will be involved in the negotiation process with the seven management representatives.

The development and nature of this process can be seen in the negotiations, conducted at several meetings for the 4th CA 2003-2005. There was a total of five lengthy CB council meetings (5-6 September 2002; 17-18 September 2002; 16-17 December 2002; 12 January 2003; 20 May 2003) that took place in 2002-3 to bargain and negotiate on the 4th CA. After the meetings with the union, management was finally advised by the Posco Board of Directors to offer RM 10 million (equivalent to US 2.5 million) for a new salary revision scheme including the Employee Provident Fund (EPF), Social Security Fund (SOCSO), retirement benefits, overtime, postmaster allowances and a Human Resource Development Fund (see Table 7.2). The Human Resource Development Fund was launched with a grant by the Government in 1993. It was aimed at encouraging private sector participation in skills development programs. It operated on a pool concept where employers who have contributed continuously to the fund for six months are entitled to grants from the fund to subsidise costs incurred in training their employees. Companies which employ fifty or more Malaysian workers and companies which employed fewer than fifty to a minimum of ten employees and with a paid-up capital of RM2.5 million and above, have to contribute 1% of the monthly wages of their employees to the Human Resource Development Fund. Table 7.2 illustrates the proposal made by management on total salary revision in 2002-3.

However, at Posco, the unions rejected management's initial offer because they thought that RM10 million salary revision should not include the items such as the Employee

Provident Fund (EPF), Social Security Fund (SOCSO), retirement benefits, overtime, postmaster allowances and Human Resource Development Fund.

After the 4th CA meeting on 20 May 2003, the union representatives from the seven unions held an extra special meeting at the Holiday Villa Subang Jaya, Selangor. The aim for that meeting was to oppose management's proposal on salary revision which was about RM 10 million also including EPF, SOCSO, Retirement Benefits, overtime, Postmaster allowance and Human Resource Development Fund. The unions had rejected that amount because the low pay rise appeared to ignore the economic progress and profitability of Posco in 2002. This is because the net profit of Posco before tax in 2002 had been RM 82 million (equivalent to US \$32.8 million) (Letter from Chairman of Coordination Committee to the Chairman of Fourth CA Negotiation Committee of Posco, 20 May 2003).

The outcome of their meeting was that the union sent an appeal letter to the Chairman of the 4th CA Committee requesting that management reconsider the union's suggestion on new salary revisions as shown in the Table 7.3. The union proposed that management reconsider RM13 million for the salary revision, including the items presented in the Table 7.2. As Table 7.3 indicates, approximately 10,000 employees are in the lower income group (from category 11A to 15A) with an average monthly salary RM 900 (US \$225). The union claimed that this salary was not enough to cover the employees' daily expenses, particularly those residing in the urban area such as Kuala Lumpur, Ipoh, Penang and Kota Kinabalu. The union also claimed that the price of goods and household expenses are high due to the economic crisis and inflation from 1997.

Finally, in negotiations with the unions, management agreed to a revised 5 per cent salary increase for the non-managerial employees at Posco (e.g. see Table 7.4). The total revision salary was about RM12 million (equivalent to US \$3 million), still including the Employee Provident Fund (EPF), Social Security Fund (SOCSO), retirement benefits, overtime, postmaster allowance and Human Resource Development Fund.

Table 7.2 Computation of proposed salary revision (3.75 per cent) by the employer

Please see print copy for Table 7.2

Table 7.3 New salary revision proposal for the 4th CA (2003-2005) by the union

Please see print copy for Table 7.3

Table 7.4 Computation of final salary revision (5 per cent) which was finally agreed by management and the union

Please see print copy for Table 7.4

In terms of EP, management and the union could not make a genuine final decision because of their different interests in CB. In the interviews, management and the unions claimed that the industrial harmony and cooperation was maintained throughout the CB. But from the evidence presented above, it shows that conflict already existed within CB. In other words, through the CB process, management and union tried to structure their conflict until they came to a mutual agreement. In this context, after they reached agreement they would sign a CA. Under the Industrial Relations Act 1967, the CA is only valid after approval from the Industrial Relations Court (Anantharaman 1997; Aminuddin 2003).

From the EP perspective, the union at Posco also was also limited in making or influencing some decisions, because certain matters that cannot be discussed during CB meeting. This is because of managerial prerogatives clause that stipulated in the Industrial Relations Act 1967. For example, as discussed in the Chapter 4 (see Section 4.7), managerial prerogatives prevent matters such as dismissal, transfer, appointment and allocations of duties from being placed on a bargaining agenda under amendments to the Industrial Relations Act 1967, Section 13 (3).

Apart from CB, other forms of indirect EP may be found from looking at other committees where management and the workers formally meet on specific issues. At Posco these are the Safety and Health Committee (SHC) and Posco Sports and Recreation Committee (PSRC).

7.5.2.3. Safety and Health Committee (SHC)

Under the Malaysian Occupational Safety and Health Act (OSHA) 1994, both private and public sector organisations that have more than 40 employees in the workplace are required to establish a Safety and Health Committee (SHC) (OSHA 1994). At Posco the SHC operates at different levels - national, State and branch office. At each level, management and the union or workers representatives will play an important role in the SHC. Figure 7.6 shows the SHC at the HQ Office. The same representation can be seen in the State level office. In other workplaces, if there are more than 40 employees, it is compulsory for the company to establish the SHC. Whether at national, State or workplace level, Posco SHCs meet every three months to discuss various issues of safety and health.

The SHC comprises management and the worker representatives as prescribed under the OSHA 1994. For example, there are twelve members in the SHC in HQ, Kuala Lumpur, eight of whom are from management and four are workers' representatives. According to PMUPUS President, the union generally will select their own committee members to sit on SHC (interview with PMUPUS President, 13 January 2004). The same proportion will apply to State offices and other branch offices along as those offices have more than 40 employees working in one particular workplace. Generally, management will select the senior and middle managers as their representatives in the SHC.

From the interviews conducted with management, union representatives and non-managerial employee interviewees, it was apparent that safety and health was not really an issue at Posco, when compared with the manufacturing industry (see Chapter Five and Six

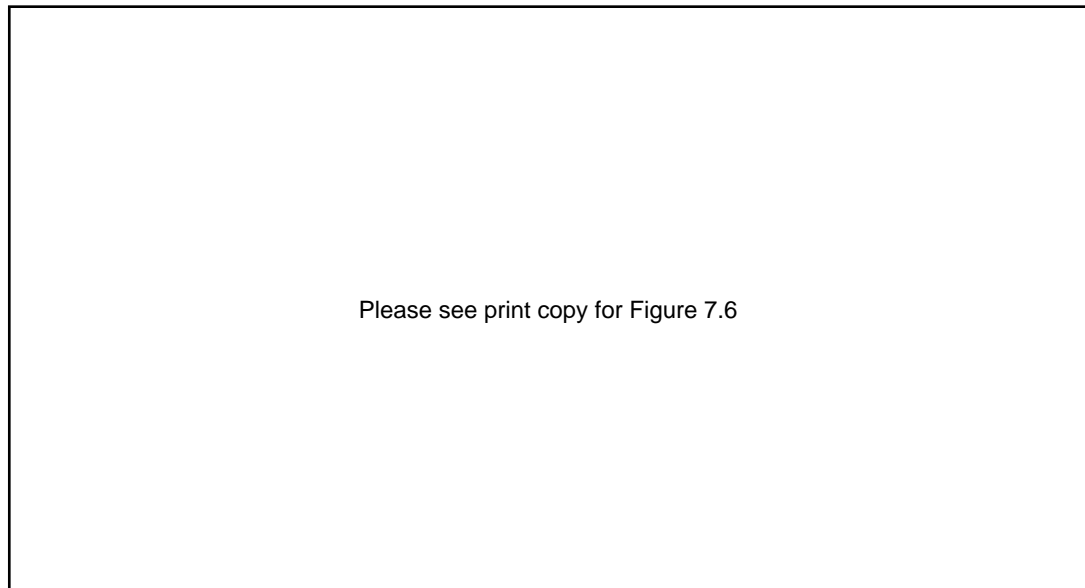
for safety issues in Steelco and Autoco). However, the analysis of minutes of SHC meeting, management and the union often discuss safety and health issues in the meetings. The SHC committee also ensures that the postmen are free from any accidents and other hazards, especially when they are going out to distribute the letters and parcels.

As it is in the HQ office, the SHC at State level also holds their meetings every three months. The minutes and report from each meeting will be sent to the Industrial Relations Department HQ office, in Kuala Lumpur. The IR Department will go through these minutes systematically to see if they comply with the OSHA 1994. The IR Department identifies any safety and health problems at State or branch office level, then forwards their recommendations to National SHC meeting for further discussion. Any decisions taken at the national meeting may then be forwarded to the SHC at the State office level.

From the EP perspective, the final decision on the safety and health matters through SHC is still in the hands of management (Minutes of Meeting of Safety and Health Committee, 20 June 2003; 5 October 2003; 4 January 2004). We also can see this from the proportion of the management and the workers' representation in the SHC (see Figure 7.5). Figure 7.5 demonstrates that the majority of SHC representatives come from management rather than the workers. The implication of this is that the workers' voice is severely limited in influencing management's decisions over safety and health issues.

There are also management and worker representatives on the Posco Sports and Recreation Committee (PSRC). The union appoints some of their main committee members or ordinary union members to sit on the PSRC. The same goes for management where some senior managers are part of this committee. From the interviews conducted with the managers, the union representatives and non-managerial employees, the sports and social activities are mainly organised in the HQ office in Kuala Lumpur or at State Posco office. On some occasions, management supports these activities.

Figure 7.6 Safety and Health Committees at HQ Office, Posco 2003



7.5.2.4. Posco Sports and Recreation Committee (PSRC)

However, the majority of non-managerial employees and union interviewees' expressed their disappointment with management, because such activities are not conducted at the post office level. Furthermore, there is no such PSRC extant at the post office. For example, one of the non-managerial employee respondents pointed out that:

Here in our office, social or sport activities have seldom happened since I began working in Posco more than ten years ago. Actually, we can organise these activities by ourself but we do not have funds to support these activities. I can see in the HQ, these kinds of activities are very popular and I heard that management also supports these events. In fact management does not support these activities at the Post Office level. I believe these kinds of activities should be supported by management. I hope the PSRC will look into this matter. PSRC should negotiate with management to allocate a budget for post office in order to organise these kind of activities. You know postmen receive very low salary and also the cost of living in Kuala Lumpur is very high. It is hard for us to organise such activities by ourself due to low salary (interview with non-managerial employee, 13 April 2004).

We can see from the statement that PSRC does not really play an important role in discussing the non-managerial employees' welfare issues with management at HQ or State level. This suggests that the PSRC also has no power to influence senior management to

allocate some funds for social and sport activities at the post office level. Although the union claimed that management supported most of the sports and social activities at Posco, these social activities only happen at the HQ or State level office. The same feelings were also shared by other non-managerial employee interviewees. They all expressed the hope that the PSRC would take immediate action in resolving this problem.

7.6. Factors affecting decisions over direct and indirect employee participation in the Autoco

There are several reasons why different forms of direct EP have been developed at Posco. These reasons are linked to the current scenario in the product market, and particularly related to international competition. Service quality is regarded an important indicator for customer satisfaction in the service sector generally, and more specifically in the postal industry.

From management's perspective, direct participation also improves employees' job performance and service quality which in turn has a positive effect on the company performance. However, the majority of the non-managerial employee interviewees admitted that direct participation has had little effect on them. Sometimes, they feel more pressured and stressed when management instructed them to complete their tasks within a very short period. This reflects what Scholarios *et al.* argued, that management's innovative techniques, such as direct participation forms may exacerbate employee stress and health issues at the workplace. This has also been evident in health and safety issues as outcomes from the implementation of direct EP forms.

In some research the non-managerial employees have been found to feel that they did not understand the basis for the implementation of certain forms of direct EP such as 5S, MS ISO 9000 and TQM at the workplace and company level because management do not provide proper training on these forms. For example in the Posco case, management asked them to be involved in direct participation scheme such as 5S and MS ISO 9000 but they really did not provide any prior information or training on this scheme. This made the non-managerial employees feel it was difficult to understand the concept of direct EP schemes

that operated at the company and workplace level.

On the other hand, the union interviewees claimed that management was keen to introduce direct participation in order to improve communication between management and employees, (interview with union representatives, 13 January 2004; 12 January 2004). Generally, the union interviewees fully supported direct EP because in general it was seen to bring some benefits such as those noted above, for the employees and management.

The deregulation of markets, liberalisation and the privatisation policy of some of the government utilities also occurred in the 1990s in the global scene. When Posco became a private company in 1992, many new direct EP schemes were introduced to meet global market competition and to satisfy customers' high expectations. As we can see from the research evidence on the practice of direct forms of EP in the Posco, the non-managerial employees are required to participate in EP forms in order to enhance service quality and organisational productivity. This did not benefit the employees when they participated in the direct forms; rather the employer used labour, albeit in a new way, as a commodity to maximise their capital accumulation.

With the privatisation policy, Posco has also been keen to continue with some indirect EP but with different images and expectation. First, the unions and management had mutually agreed to change the name of JCC from the National Joint Council (NJC). Earlier in this chapter, we discussed how JCC was a key mechanism for management and the union to exchange their views on various management-employee matters. The primary reason JCC was established was to improve industrial harmony between management and the workers by jointly resolving any grievances or industrial disputes in the workplace. Second, the JCC was also a platform for management to receive feedback from the union on their employment relations related matters such as staff absenteeism, employee performance, training and productivity issue which have an impact on company and worker performance.

7.7. The major issues considered when Posco is dealing with different forms of employee participation

During the EP process, different types of issues appeared to be crucial factors in determining whether or not employees or union have any capacity to influence management's final decisions which also effect on their working lives. . This section summarises issues that management conveyed to the union and non-managerial employees, either through direct or indirect EP forms. The issues that were discussed within direct and indirect EP forms at the workplace and company level could be strategic, tactical, operational or related to employee welfare.

The majority of management interviewees claimed that they never disclose information on investment and staffing plans to non-managerial employees except workplace performance, product quality, customer satisfaction, and health and safety. Occasionally business and staffing plans are discussed in the JCC meetings. Management expects the union will convey any decisions made in the JCC meetings to their members.

In relation to the management argument, the union interviewees admitted that most of the issues discussed at the JCC meeting would be published in their newspaper (*SUARA POS*) and these newspapers were distributed to the union members. On the other hand, the union does not disseminate some confidential issues to their members, due to the company's privacy policy. This suggests that the union at Posco does not play a vital role in representing its members' voice, in part because it is also dependent on management. This indicates that the union is weak in which lessens its influence on management decision-making processes.

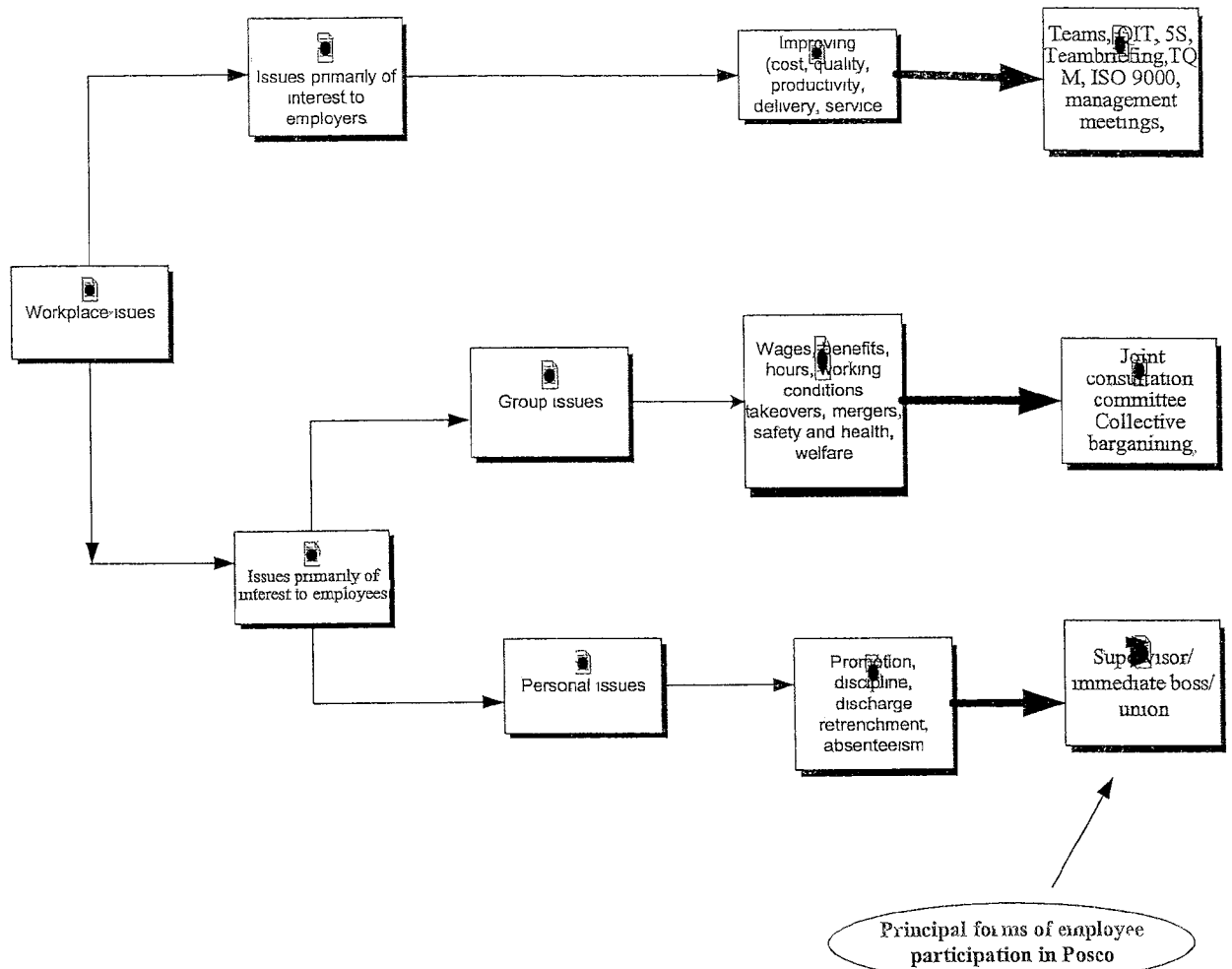
Other than the above channels, the non-managerial employee interviewees also obtain information on workplace performance, product quality, customer satisfaction, and health and safety from their immediate bosses or from the Posco circulars (interview with non-managerial employees, 13 January 2004; 27 February 2004; 19 March 2004). These issues can be categorised as operational.

In relation to the issues of terms and working conditions, each of the employees is given the CA booklet by the company. Therefore, if there is any clarification to be made, they can refer to this booklet. The union and the non-managerial employee respondents described this booklet, which was evidence that they had read it, and knew exactly what was written in it. The CA book is also published in Malay because the majority of Posco union committees and non-managerial employees have a good command in oral and written skill in this language.

The union respondents perceived that strategic matters are sometimes discussed in the JCC meetings. For example, management in 2001 planned to sell their shares to the employees at Posco. Before they implemented this plan, they obtained consent from the union in the JCC meeting (Minutes of JCC Meeting, 24 February 2003). After several discussions with the union, finally management decided to sell 39,000 lots shares to the employees (Minutes of JCC Meeting, 24 February 2003, Item.5, p.5).

The overall issues discussed within the different forms of direct and indirect EP are illustrated in Figure 7.7. What is indicated here are what appear to be the primary issues of interest to management, union and workers at Posco. Normally, management is concerned more about productivity, delivery, quality, profit, and cost of productions. The union focuses more on group issues such as working conditions, welfare, safety and health, takeover, and mergers. Employees, including the non-managerial employees, want to know more about promotion, discipline, retrenchment, and other issues affecting their working lives. Thus this suggests a mismatch between the ideals and objectives of EP, which perhaps explains in part why some interviewees, especially non-managerial interviewees expressed disappointment in the effectiveness of EP at Posco.

Figure 7.7 Dimensions of employee participation issues at Posco



Source: Compilation of the researcher

7.8. The Code of Conduct for Industrial Harmony 1975 and its influences on employee participation

As we discussed in the Chapter 4 (see Section 4.8), the Code of Conduct for Industrial Harmony 1975 to some extent has an effect on employee participation in Malaysia. However, since 1975, the Code has not been explored in terms of EP practices in the Malaysian private sector. Therefore this section will discuss the implementation of this Code of Conduct for Industrial Harmony 1975 from the Posco perspective.

The management and the union interviewees at Posco were aware of the existence of the Code of Conduct for Industrial Harmony 1975. To verify this fact, majority of union interviewees and the IR Manager showed me the Code during the interview session with them. They discussed in detail the impact of the Code on EP practices at Posco. As a result, it was inferred that they had read the Code and use it as a reference when dealing with EP and IR matters at Posco.

When I asked about the future of the Code, both management and the union suggested that the Code should be revised in certain sections which referred to retrenchment, union recognition, communication, and consultation. The union and management argued that new developments had happened at the company level. These developments included flexible working arrangements, outsourcing, the influence of information communication technology on the workers and union, mergers, acquisitions, and restructuring of the organisation (interview with PMUPUS General Secretary, 12 January 2004; PMUPUS President, 13 January 2004; Branch Manager, 25 April 2004; Annual Report of Posco, 2003). Thus, the union and the management respondents proposed to meet with the government, the Malaysian Employers Federation (MEF) and MTUC to consider revising the Code. They also made recommendation to the Ministry of Human Resource Malaysia to upgrade the Code into a labour act with special reference to the practice of EP at the company and workplace level. A similar idea was suggested by Markey on the aspect of global participation and the statutory rights of the European Works Councils (EWCs) on multinational companies operating in Europe. He argued that without the statutory rights, it

is difficult for the multinationals in Europe to establish EWCs in their workplaces. The benefits that can be achieved in upgrading the Code into a Labour Act is that the union and the non-managerial employees would have an opportunity to channel their voice to management, either in the unionised or non-union firms.

7.9. Conclusion

In examining direct and indirect EP at Posco, it appears that direct EP is not well established compared with indirect EP. The union and the workers perceived that their input is very limited in direct EP because, as the research demonstrated, management always makes the decisions. At Posco, management recognised the JCC and CB in the workplace as employee representation. From the research evidence at Posco as discussed earlier in this chapter, the JCC was well structured in terms of the number of meetings and an equal composition of committee members' representation between management and union. However, despite the unions' formal role in participation, its capacity to influence management major decisions is quite limited due the managerial prerogatives rights. Furthermore, these rights are also protected under the Industrial Relations Act 1967 (Section 13(3)).

The practice and processes of CB are also not consistent in different regions because the unions at Posco are segregated into different regions in Malaysia, for example Peninsular, Sarawak and Sabah. This sometimes delays the implementation of collective agreement on time. In addition, these regions also have different employment laws such as the Employment Act of 1955 (Peninsular Malaysia), Sarawak (Sarawak Labour Ordinance Act) and Sabah (Sabah Labour Ordinance Act). For this reason, the unions at Posco have a weak capacity to influence in the negotiation process of the CB, in contrast to management. Within the employment acts, the terms and conditions are also different. Although the non-managerial employees are working under the same image as 'Posco workers' in Peninsular Malaysia, Sarawak and Sabah, there is a big difference in terms and working conditions among them. Different employment laws between the regions will also affect the bargaining power of the unions in respect of standardised terms and working conditions for

employees in Peninsular Malaysia, Sarawak and Sabah regions.

The introduction of direct and indirect forms of EP are also influenced by the external and internal factors. The external factors such as product market competition, government policy (e.g. privatisation policy), history, and labour legislation indirectly pressure the company to develop direct and indirect forms of EP. Internal factors are also important and can include matters like company strategy decisions, cultural values, union-management relationship, workplace innovations and service quality improvements.

The issues discussed in the direct and indirect forms of EP can be categorised as operational or strategic. It was demonstrated that strategic and operational issues are sometimes discussed at the JCC meetings, while the operational matters are considered through CB and direct participation schemes. Knudsen (1995) and Goodijk (2001) found similar patterns in most Western European countries, for example through the works councils in the Netherlands and Germany.

The awareness and comments of management and the unions on the Code of Conduct for Industrial Harmony 1975 were important because that would demonstrate whether or not Posco practised some of the elements from this Code. The management and the union interviewees commented that they knew this Code had existed since 1975 and that they had practised some of the elements from this Code at company level. They also commented that the Code was not practical, given the recent economic and industrial relations developments. Therefore, they believed that the policy makers need to review the Code and possibly incorporate it into a Labour Act.

Overall, the findings showed that although management and the unions claimed to be cooperating in many aspects of employment relations, the interviews, observations and analysis of the union and company documents demonstrated that this is not quite the case. In terms of EP, there is virtually no genuine participation at Posco because management is

strong and the unions are weak in influencing the decisions that have affected employees' working lives. The majority of non-managerial employees are not satisfied with the existing direct EP system because their voice is limited in influencing their working lives and their workplace. They have hopes and expectations to have more say on issues relating to their work and opportunities and wish to make suggestions relating to the implementation of direct EP. However, these hopes and expectations appear unlikely to be realised.

CHAPTER 8

DISCUSSION OF FINDINGS AT STEELCO, AUTOCO AND POSCO

8.1. Introduction

A major objective of this thesis is to understand what has influenced the establishment and development of employee participation (herein after referred to as EP) in private sector firms in Malaysia, what forms of EP are most prevalent, and what factors influence firms to choose particular forms of EP. In previous chapters (Chapter 5, 6, and 7), the three case studies in steel, auto and postal industries provided rich data on the perceptions, policies and practices of EP in Malaysia, and their similarities and differences in perceptions, policies and practices. These insights however, raise broader issues about what factors enable EP, which elements of EP are influenced by contextual factors and organisational attributes. In turn, these issues raise questions about broader understanding of EP in general, particularly in relation to the models of EP discussed in Chapter 2.

Most studies on EP came from the western (OECD) countries, particularly in Western Europe, and the UK, but there has been very little research undertaken in Asia, including Malaysia which is the focus of this thesis (Markey, 2006). It has been for all of these reasons that this thesis has investigated why there are direct and indirect forms of employee participation that have been developed and implemented in the Malaysian private sector. Extensive case studies were undertaken at Steelco, Autoco and Posco in the private sector, which provided significant insights for this research.

The research findings at Steelco, Autoco and Posco have demonstrated several factors that determined the EP in the private companies in Malaysia (see Figure 8.1). These factors include:

- the Industrial Relations Act 1967,
- The Code of Conduct for Industrial Harmony 1975,
- government competitive policies such as privatisation,

- management attitudes toward unions and workers,
- Look East Policy,
- Asian economic crisis,
- cultural attributes,
- mergers and acquisitions.

From the three models of EP discussed in the Chapter 2, the one devised by Poole *et al* (2001) was most comprehensive in illuminating elements of EP processes and practices. This is because it covers all levels from intra-organisational and local factors through to broad macro factors. Most of these factors are favourable to the implementation of EP at the firm level particularly in the Western European countries, such as Germany and the Netherlands. The research results from Steelco, Autoco and Posco in Malaysia indicated the model is some how not favourable to the implementation of EP.

This chapter has several objectives. First, the chapter briefly will deal with direct and indirect forms, functions and nature of EP at Steelco, Autoco and Posco in a comparative perspective. Secondly, and based on the first objective, Section 8.5 will rank what are the factors that have determined EP at Steelco, Autoco and Posco. The third objective is essential because it will evaluate the EP models discussed in Chapter 2 against the research findings from Steelco, Autoco and Posco. This will allow us to consider whether these models are transferable to the Malaysian context. Finally, the chapter will discuss some of implications of the study and policies for EP in Malaysian firms.

8.2. Overview of varieties of EP – focus, forms, functions at Steelco, Autoco and Posco

The research findings at Steelco, Autoco, and Posco showed there is a mix of direct and indirect EP forms established in these companies at different levels. The different forms of direct participation established at Steelco, Autoco, and Posco include:

- quality circles (QCs)
- total quality management (TQM)
- MS ISO 9000
- employee suggestions scheme (ESS)
- 5S

- teamwork
- team briefings
- problem-solving teams
- formal meetings
- informal meetings
- face to face communication
- daily walk by senior managers.

From the management, union representatives', and non-managerial employees' perspectives, the direct forms at Steelco, Autoco and Posco are mainly focused on quality, productivity, management-employees relationship, problem-solving methods and enhancing customer satisfaction in relation to products and services. According Gollan and Markey (2001), all these issues are related to international product competition market and company survival under an uncertain economic market. Furthermore, external factors placed further pressure on firms. Such factors included the Asian economic crisis, mergers and acquisitions and government policies promoting the quality movement in Malaysia (Idrus, 2001; Hadiz, 2002; Ali, Nordin, Hasan, & Hasan, 2004; Todd, Lansbury, & Davis, 2004). These have all indirectly encouraged companies (including Steelco, Autoco and Posco) to implement various forms of EP in order to improve the quality of products and services.

On the other hand, Steelco, Autoco and Posco have also established various forms of indirect participation. In unionised firms such as Steelco and Posco, indirect participation included Management-Union Committee, Safety and Health Committee, and Sports and Recreation Committee. Sometimes in the literature, these committees are also referred to as joint consultation committees (JCCs) (Marchington, 1989; Todd & Peetz, 2001). Apart from these forms, collective bargaining (CB) also an indirect EP form at Steelco and Posco. Autoco as a non-union company also has indirect EP such as the Safety and Health Committee, and Sports and Recreation Committee. Based on the result of research findings at Steelco, Autoco and Posco, the main functions of these forms are to improve health and safety procedures, enhance union-management relations in order to avoid misunderstanding between parties and encourage participation of non-managerial employees in social and recreations activities. The direct and indirect EP forms that practised in these three companies are shown in Table 8.1.

Table 8.1 Direct and Indirect Forms of EP in Steelco, Autoco and Posco

Forms of EP	Steelco	Autoco	Posco
<i><u>Direct Participation</u></i>			
QCs	Yes	Yes	Yes
TQM	Yes	Yes	Yes
MS ISO 9000	Yes	Yes	Yes
ESS	No (only suggestion box)	Yes (with ESS Committee)	No (only suggestion box)
5S	Yes	Yes	Yes
Teamwork	Yes	Yes	Yes
Team briefings	Yes	Yes	Yes
Problem solving teams	Yes	No	No
Formal meetings	Yes (frequent among with managers, supervisors and executives)	Yes(frequent among with managers, supervisors and executives)	Yes(frequent among with managers, supervisors and executives)
Informal meetings	Yes (with non-managerial employees)	Yes (with non-managerial employees)	Yes (with non-managerial employees)
Face to face communication	Yes (frequent)	Yes (frequent)	Yes (frequent)
Daily walk by senior managers	Yes (also production executives and supervisors)	Yes (also production executives and supervisors)	No (only executive and supervisor)
<i><u>Indirect Participation</u></i>			
JCC (Management-union Committee)	Yes	No (non-unionised company)	Yes
Safety and Health Committee (compulsory under <i>Occupational and Safety and Health Act (OSHA)</i> 1994)	Yes	Yes	Yes
Sports and Recreation Committee	Yes	Yes	Yes
Collective bargaining (CA)	Yes	No	Yes

However, the union and non-managerial employees' capacity to influence management's major decisions at Steelco, Autoco and Posco is still questionable. The research findings showed that in the case of Steelco, Autoco and Posco, the final decisions are still in the hands of management. This is what Pateman (1970) argued was *pseudo participation* where management has already made the final decisions and they seek to persuade union and employees to accept their decisions.

8.3 Comparison of direct EP at Steelco, Autoco and Posco

The functions, forms and structure of direct EP have different characteristics at Steelco, Autoco and Posco based on the research findings through interviews, direct observation, document analysis and memos. The major characteristics of function, form and structure of downward communications, upward problem solving methods and teamwork will be discussed in the next section.

8.3.1 Downward communication

The research findings showed that most non-managerial employee interviewees and union representatives perceived direct participation, such as downward communication via team briefing, newsletters or face-to-face communication, to restrict their capacity to influence their own work or give their feedbacks within these forms. In line with these arguments, Marchington and Wilkinson (2005:404) also argued that downward communication is 'a mechanism for management to convey their information about a particular issue such as car parking, new order, or a reminder about work standards' without feedback from the workers. For example, an observation of team briefing sessions at Autoco showed that there is only one-way communication in the sessions between foreman and assembly workers. There was no opportunity for workers to ask questions or give feedback.

From the above example, we can suggest the relationship between the foreman and the workers at Autoco is more hierarchical style than in a two way communication workplace which gives opportunities for employees to participate actively in team briefing

discussions (Davis & Lansbury, 1996; Rees & Porter, 1998). At Steelco and Posco, downward communication was used by management to encourage workers to be attentive in briefings, in order to achieve company objectives of improving productivity and product quality. In terms of EP, workers and unions do not have an opportunity to give their own views through participation in these forms.

8.3.2 Upward problem solving forms

As with the practice of downward communication, the research also found that employers at Steelco, Autoco and Posco had developed various upward problem solving forms such as QCC, TQM, 5S and ISO 9000. These forms were seen to bring several benefits to management, such as cost savings, improved quality of products, increased productivity and improved communication between employees and management (see Chapter 5, 6, and 7). From the non-managerial employee interviewees' viewpoints at Steelco, Autoco and Posco, these forms have limited their capacity to influence management's final decisions. Moreover, these forms also led to work intensification, such as heavy workloads, stressful and health conditions, and no reward for their active participation. This argument also supported by the several literatures (Marchington, Goodman, Wilkinson, & Ackers, 1992; Mckinlay & Taylor, 1996; Hochschild, 1997; Taylor & Ramsay, 1998; Ramsay, Scholarios, & Harley, 2000; Kaufman, 2003; Foley & Polanyi, 2006).

For example, some non-managerial employee respondents at Autoco stated that the practices of QCCs at Autoco (see Chapter 6, Section 6.7.1.2) are actually limited participation from the workers who feel inferior. According to a non-managerial interviewee, the situation become even worse when it came to the brainstorming sessions in the QCCs, There he felt nervous and became afraid that someone would blame for a wrong answer. Not surprisingly this also increased his stress condition (Interview with non-managerial employee, 18 February 2004). Smith (1996) reported similar research findings, in research in a service company in the USA. His research shown that a female non-managerial employee felt disempowered and fearful whenever she was involved in the QC meetings. However, she gradually improved her language and communication skills

and reduced her nervousness with strong support from her own team mates and supervisor. This is not the case for workers in Malaysia. They appeared to received little support from their supervisors or production executives in improving their language or communication skills for QC activities.

Total quality management (TQM) is another upward problem solving form which mystified non-managerial employee interviewees at Steelco, Autoco and Posco. They explained that they had no prior knowledge of TQM, or why the company introduced it. What they knew was that TQM was a strange word for them. They also noticed that management only used TQM as to achieve higher productivity and business performance, rather than to improve their working lives through participation. As Rothschild and Ollilainen (1999:595) have argued 'we noticed that as the quality oriented management strategies have evolved historically, their emphasis has shifted from improving the quality of *work life* toward improving the quality of the *product*'.

In order to attain this goal, management has developed different forms of direct EP in the workplace. However, workers felt stress when they were involved in direct EP forms because they were controlled by management through close supervision (Kelly, 1995; Taylor & Ramsay, 1998). Some literature reveals that workers have been empowered through TQM (Wilkinson, Marchington, Goodman, & Ackers, 1992; Martinez-Lorente & Martinez-Costa, 2004). However, in the case of Steelco, Autoco and Posco, there is no empowerment delegated by management. The workers only knew that they were required to participate in TQM activities, and to complete the final report and send it to management.

The research findings at Steelco, Autoco and Posco also supported other studies in the literature (Sewell & Wilkinson, 1992; Kelly, 1995; Ramsay, 1996; Wilkinson, 1998; Harley, 1999; Rothschild & Ollilainen, 1999). Kelly (1995) questions whether TQM is part of EP or it is part of a control tool for employers to achieve their own goals. Based on her research findings in Australian industry, Kelly argued that TQM is a tool for management to control employees in the organisation, rather than a process of industrial democracy which

could give workers a chance to participate in the decisions in relation to TQM. Similar ideas were also argued persuasively by Harley (1999) when he showed that empowerment to employees through TQM or ISO 9000 can be a myth. Much management literature focus that direct EP such as TQM will give empowerment to workers so that they can make their own decisions (Garrahan & Stewart, 1992; Wilkinson, 1998), but in the case of Steelco, Autoco and Posco, the workers have no ability to make their own decisions but it was controlled directly by their superiors .

8.3.3 *Team work*

Teamwork is another forms of direct participation practised at Steelco, Autoco and Posco. However, the research findings showed that workers have limited power to make their own decisions, although in theory team work is labelled as an important form of direct participation that grants more autonomy and empowerment to employees to make their own decisions (Wilkinson, 1998; Marchington & Wilkinson, 2005). For example, at Steelco and Posco, there are many quality improvement teams that management was established in the workplace to improve product quality, production improvement, quality service, and employees' productivity. These teams also are categorised as a semi-autonomous group. The interview results which were conducted with non-managerial employees at Steelco, indicated that these teams were closely monitored and controlled by management. Furthermore, final decisions on the recommendations made by the teams were finally decided by management. Some of non-managerial interviewees that involved in these teams felt frustrated because their recommendations are not implemented by management. This suggests management does not delegate empowerment to the team members in order to make their own decisions although the primary purpose management's establish these teams is to delegate their empowerment (Wilkinson, 1998).

Therefore, the management approach to EP at Steelco, Autoco and Posco is a top-down model which is highly bureaucratic and autocratic. Similarly Kick *et al.* (2006) reported in their research in the US Postal Service (USPS) that the qualitative data from the non-managerial employees indicated that many of them felt their voice was limited in the

workplace, especially when they want to contribute to decision-making which might lead to improvement in the organisation. The employees felt threatened by the managers, frustrated, and full of distrust. Furthermore, USPS as a large organisation with a highly bureaucratic system incorporated an autocratic style when managing employees in the workplace. Therefore, at USPS, EP was practised as a top-down exercise and employees at lowest levels were found to have minimal influence on management decisions.

In sum, interviews with the non-managerial employee respondents, as well as direct observation and document analysis, revealed that employers at Steelco, Autoco and Posco developed different forms of direct EP. They did so however for many similar reasons, such as to improve product and service quality, enhance workers' productivity and increase profit levels with lowest cost production. Apart from these objectives, management respondents at Steelco, Autoco and Posco also emphasised that through direct participation forms, EP could increase employees' job satisfaction, performance, skill improvement, commitment and teamwork spirit. All these objectives advance management interest but despite the management idealism, employees have very limited influences in direct EP. (Markowitz, Linda, 1996; Mckinlay & Taylor, 1996; Taylor & Ramsay, 1998; Collom, 2003; Edwards, Belanger, & Wright, 2006). In other words, employees and their representative have no capacity to influence or oppose management's final decisions (Ramsay, 1977; Dickson, 1981; Taylor & Ramsay, 1998; Ramsay *et al.*, 2000:506; Edwards *et al.*, 2006; Gollan, 2007b).

8.4. Comparison of indirect EP at Steelco, Autoco and Posco

Similarly, research findings at Steelco, Autoco and Posco indicated that indirect participation EP forms such as management-union committee, JCC, safety and health committee, sports and recreation committee and collective bargaining have some slight positive effect on employees' capacity to influence management decision making. This is what Flanders argued 'management... can only regain control by sharing' (Flanders, 1970:172). Hyman (2005:256) argued that although much of Flanders' argument is not valid for today's situation, nevertheless employers need to resolve their own control and surveillance with

workers' consent and initiative. Moreover the situation at Steelco, Autoco and Posco also does not support other studies in the literature where employees and union have some capacity to influence management decisions through indirect EP forms such as JCCs, and union participation in collective bargaining (Hyman & Mason, 1995; Strauss, G., 1998; Poole, Lansbury, & Wailes, 2001; Knudsen & Markey, 2002; Lansbury & Wailes, 2003; Danford, Richardson, Stewart, Tailby, & Upchurch, 2005; Gold, 2005; Markey, 2006).

8.4.1 Joint Consultation Committees

JCCs include management-union committees (Steelco and Posco), safety and health committees, and sports and recreation committees. Among these kinds of JCCs, only the management-union committee at Steelco and Posco allowed unions to have some influence on management decisions, but it was very minimal. Other joint consultation committees such as Sports and Recreation Committee and Health and Safety Committee were initiated and sponsored by management. The members of these committees were mainly drawn from or appointed by management. In the context of Steelco, the management-union committee is quite weak and has little impact on management's final decision-making process.

Knudsen (1995) has also pointed out that the scope of issues that discussed in the company will determine the capacity of union power to influence management decisions. For example, from the analysis of document of minutes of meetings and interviews with union interviewees at Steelco, the scope of issues discussed in management-union meetings are focus on some substantive issues such as absenteeism, customer satisfaction, productivity and quality. In the main, however, discussion covered relatively trivial issues from the company perspective such as car parking, toilets, lights, lockers, and canteen aspect. These issues are considered as operational issues. (Marchington, 1994; Knudsen, 1995; Johnstone, Wilkinson, & Ackers, 2004; Markey, 2005) or part of management efforts to maintain higher organisational efficiency in the company (Ramsay *et al.*, 2000; Kick *et al.*, 2006). Strategic issues like mergers, company take over, job security, company investment plans, and other major questions are rarely discussed in management-union meetings although such matters

are really important for workers and their working lives (Goodijk & Veersma, 2001; Gollan, 2003; Markey, 2006).

At Posco (see Chapter 7, Section 7.5.2.1), the JCC is well structured in terms of meetings and representation membership. The meetings are also held three times a year and the representation of committee members is 50-50 between management and union. The meetings also take place at higher level of management and are chaired by the Chief Executive Officer. The research evidence showed that issues most commonly discussed in the meetings were quality, productivity, a computerised system in the postal service, theft, and customer complaints. Occasionally the committee also discussed matters such as grievances, and company business plans but not always. Rather most issues discussed in the JCC meeting were operational ones related to organisational efficiency and performance. However, the union has little power to influence management policies. As the IR Manager at Posco asserted,

The union does not have power to discuss this matter in the JCC meeting because policy is part of management prerogatives. We only inform the union about our policy. We have authority on this issue' (Interview with IR Manager, 24/12/2003).

Thus issues such as promotion, allocation of duties, transfer, dismissal, and appointment are part of management prerogatives as spelled out in the Malaysian IR Act 1967 (Section 13) (Suhanah, 2002).

Senior management at Posco will inform the union in advance if there are any future company business plans, although the union has no capacity to influence decisions over such issues. For example, the Posco senior management informed the union that there was a discussion among the Board of Directors of Posco when the Phileo Group announced its intention to take over Posco in 2002. Although the union had no power to influence management's final decisions, they were at least were informed by management before any further actions could be taken. In the end, the union, through various meetings with management, was successful in resisting the takeover of Posco by the Phileo Group. By contrast, at Steelco, when the Board of Directors decided to merge with the Genesis Group the company did not notify or discuss any of this with the union. The union only knew of

this issue (Steelco's take-over process) through rumours from workers, production executives and supervisors (Glover, 2001). Glover (2001) reported in her research in non-union Korean firm in the UK that rumours, gossips and the grapevine become an informal network for employees to discover important issues happening in the company and workplace. Similarly, rumours and gossip are part of an information network for union and employees to know what is happening in the company which is not notified in management-union meeting. This is what happened in the case of Steelco

Other types of JCC, such as safety & health committee and sports & recreation committee which found at Steelco, Autoco, and Posco, had a majority of committee members represented by management with less participation from the union or workers. Most of the time these forms are supported by management. Moreover non-managerial committee members are also appointed by management, rather than elected by employees or unions themselves (Marchington, 1994; Todd & Peetz, 2001; Markey, 2005). Therefore, from the research findings at Steelco, Autoco and Posco, workers and union's have little capability to influence major decisions. This contrasts strongly with what has happened in Europe for example. As was shown in the literature studies presented in Chapter 2, indirect EP forms has a major influence on workers' capacity to influence and make decisions with management, as we can see in the case of works councils in the Germany and Netherlands.

8.4.2 Collective bargaining

Next, I will focus on the role of CB and the extent to which it is part of EP at the two unionised case study organisations, Steelco and Posco. Both companies are involved in the CB process. If the process of negotiation through CB is successful, then both management and union will sign a collective agreement for a period of three years. The question is whether CB is a form of EP, or if it is workplace regulation which ends up with a zero-sum relationship (Flanders, 1970; Knudsen, 1995). In both companies (Steelco and Posco) CB is actually considered workplace regulation rather as a form of EP (see Knudsen 1995, see Chapter 5 and 7). Management has certain rights in CB which are legislatively defined

and termed 'managerial prerogatives'. In the Malaysian IR context, managerial prerogatives were enacted under the Industrial Relations Act 1967, Section 13 (3) (Ayadurai, 1997; Suhanah, 2002). The IR legislation clearly prohibited unions from discussing issues such as hiring, firing, redundancy, promotion, transfer and the allocation of duties in the CB. This is a major limiting factor for unions in Malaysia which do not have any capacity to influence some of most important issues for employees. In addition, the non-managerial employee interviewees expressed their views that these issues are important, because they can have major impact on their promotion and job security as well as the stress arising from firing, or transfer and allocation of new duties, or fear of these (Foley & Polanyi, 2006). These findings were also supported by other studies of the Malaysian industrial relations system (Ariffin, 1997; Todd & Peetz, 2001; Todd *et al.*, 2004). For example Ariffin, Todd and Peetz and Todd *et al.* argued that CB does not really allow unions to have the capacity to influence management decisions because it was constraint by the managerial prerogatives clearly incorporated in the IR Act 1967. As Todd *et al.* (2004) argued unless the managerial prerogatives clause is removed from the *IR Act 1967*, unions in Malaysia will continue to have small influence on issues that categorised as managerial prerogatives in the *IR Act 1967*. Compared to other forms of indirect participation that are practised at Steelco and Posco, the fact that collective bargaining is a rather strong form of participation actually involving joint decision-making between union and management (Knudsen 1995) although in the Malaysian context it has some limitation such as managerial prerogatives.

In sum, from the discussion above, there is clear indication that management have considerable control over decision-making and EP at the company and workplace level at Steelco, Autoco and Posco. As we see in the case of the Steelco, Autoco and Posco, many EP forms such as TQM, ESS, QCs, team briefing, and even, in some cases, JCCs fall into the category of pseudo participation. As discussed in Chapter 2, Pateman (1970) argued that *pseudo participation* referred to the process where, under the guise of participation, management persuades workers or unions to accept decisions that have already taken in order to achieve management goals such as improving company performance in terms of profit and efficiency. In this context, management have autonomy to control workers and

union over the different forms of direct and indirect participation. Similarly, *partial participation* is where management will inform and discuss some management decisions with unions or workers but the final decisions are still in the hands of management. The example can be seen in the case of the management-union committee at Steelco, and the JCC in the Posco case. Both pseudo and partial participation demonstrated at Steelco, Autoco and Posco indicate that unions and workers do not much say over management's decisions.

In addition to the degree of employee influence over the decision-making processes, the conclusions about EP at Steelco, Autoco and Posco can also be referred back to the three rationales proposed by Strauss (see page.5). From the major research findings at Autoco, Steelco and Posco, the majority of non-managerial employees and unions desired more to second rationales proposed by Strauss (1998). The majority of non-managerial employees and unions expected more of a power sharing perspective and democratic principles in the workplace. They expressed the wish to have more power in influencing the organisational decision-making.

On the other hand, the third rationale of Strauss is the more appropriate descriptor in the context of EP in the case study firms. The majority of management respondents involved in this study believe that EP could contribute significantly to organisational efficiency and performance in organisations. Management interviewees at Steelco, Autoco and Posco said they believed EP has a positive effect on organisational effectiveness, particularly in terms of improved communication and cooperation between management and employees or trade unions, and increased productivity and quality of products and services.

The development of direct and indirect forms of EP at Steelco, Autoco and Posco were influenced by several factors which will be discussed in the next section. These factors did not have direct and indirect impact on EP. Rather, that depended on the company business context and their background.

8.5 Factors that determined EP at Steelco, Autoco and Posco

A significant objective of this thesis is to investigate the main factors determining the nature of EP at Steelco, Autoco, and Posco in Malaysia. As was seen various factors influenced Steelco, Autoco and Posco to develop different forms of EP. Some of these factors are most important contributors for the determination of direct participation, while other factors demonstrated the value of the establishment of indirect EP.

8.5.1 Product and international market competition

From the interviews conducted with management and union representatives at Steelco, Autoco and Posco, a majority of research participants gave most weight to product and international market competition as being the drivers for the introduction of mixed forms of EP at the workplace and company level. Interview data also supported with company documents such as minutes of meetings, annual reports, company's newsletter and pamphlets. For example, from 1999 management at Steelco introduced different forms of direct participation, such as problem-solving teams, MS ISO 9000, QCs, TQM, 5S, and Kaizen, with a stated objective of producing high quality products comparable with other steel industries in Malaysia and overseas.

Similarly, Autoco also developed different forms of EP due to the product market and international market competition. From 1970 to 1998, Autoco was the only manufacturer of four-wheel drive vehicles in Sabah, East Malaysia. However, since 1998, Autoco faced global product and market competition from other four-wheel drive vehicle manufacturers such as Toyota, Mitsubishi, Honda, Ford, and Nissan in Sabah, Malaysia. These new products greatly affected Autoco in terms of business performance and annual revenue in 1999 (Genesis Annual Report, 2000). In order to confront the competition from other manufacturers, Autoco had introduced various forms of EP, particularly direct EP forms such as QCC, Kaizen, teamwork, ISO9000 and 5S (see Section 6.7.1).

The development of ASEAN Free Trade Area (AFTA) also had a direct impact on automakers in Malaysia including Autoco in Sabah (Abdullah, 2002). The Malaysian automobile industry including Autoco can no longer depend on the government assistance or protection. With liberalisation of the domestic market policy because of Malaysia's commitment to AFTA, the national car and local suppliers/vendors were feeling the heat of AFTA. Therefore, to prepare for this challenge, in early 2002, the Autoco Head Quarters (HQ) in Kuala Lumpur sent many company consultants to Sabah to improve some of the existing direct EP techniques. The most significant of these were 5S, ISO 9000, TQM, team working, team briefings and employee suggestion schemes. It was hoped these would assist with development of new products and improving the quality of the existing four-wheel drive models.

A similar trend is also apparent at Posco which has to compete with other courier services companies in Malaysia, like DHL, TNT, and FedEx. In order to face this international competition, management was working closely with the union in order to introduce various forms of EP particularly direct participation. This was to ensure they provided a better service to their customers and also to compete with other postal related industries. One result from this strategy was that several Posco offices have been awarded the MS ISO 9000 certificates from the Standards and Industrial Research Institute of Malaysia (SIRIM) (Interview with Quality Manager, 24/12/2003). In the Malaysian context, MS ISO 9000 became a benchmark for all private and public companies to demonstrate their high quality products and services to their customers (Abo-Alhol, Ismail, Sapuan, & Hamdan, 2005)

The research findings from investigating of Steelco, Autoco and Posco as presented above are similar to those found by Gollan and Markey (2001). They argued that international competition has encouraged organisations to improve quality of product and services at the firm level. These factors were also found in Australia by Lansbury and Wailes (2003) who claimed that the intensification in the product market pushed employers to encourage workers to participate in various forms of EP, particularly direct participation forms.

The next factor that the research participants ranked as having a big impact on EP at Steelco, Autoco and Posco was the Asian economic crisis.

8.5.2 Asian economic crisis

In 1997, many Asian countries were affected by the economic turmoil which greatly influenced IR and HR policies at the firm level (Erikson & Kuruvilla, 2000). One impact of this crisis was the retrenchment of workers.

Companies tried any changes in response to the economic crisis. There are strengths and weaknesses of EP practices, mainly indirect participation such as joint consultation committee and union-management at Steelco, Autoco and Posco. Due to the Asian economic crisis in 1997, Autoco management offered the Voluntary Separation Scheme (VSS) to half of their employees (see Chapter 6, Section 6.8). However, this situation did not happen at Posco or Steelco. Because there was no union at Autoco, management used its undisputed managerial prerogatives to make their own strategic decision to reduce 50 per cent of their workforce through the VSS exercise. In this context, the majority of non-managerial employee respondents at Autoco expressed sadly their views on this situation. Without a union or other alternative employee representative bodies at Autoco, it was very difficult for them to influence management's final decision, despite the potentially significant impact on their job security.

However, this situation did not happen at Posco because both management and unions managed to resolve their manpower problems through discussions in the joint consultation committee meetings and union-management meetings (see Chapter 7). The research findings in Chapter 7 showed that at Posco, the unions were able to influence management's intention to retrench their workforce, and so prevent job losses. Most of the non-managerial workers retained their jobs, although the company was in a bad situation in terms of financial performance. (Posco *Annual Report* 2001) The employees also had some say over the matters that affected non-managerial employees' working lives (see Chapter 5 and 7, Section 7.3).

Another effect of the Asian economic crisis was that management at Steelco, Autoco and Posco introduced many forms of direct EP such as TQM, ISO 9000, QCC and 5S in order to demonstrate commitment to a high quality of their products and international market competition. The interviews with management employees at Steelco, Autoco and Posco showed that the Asian economic crisis had offered them a lesson to look to ways of improving their product quality and undertaking innovations in management techniques to push up productivity and quality. The management interviewees also said they had learned the importance of being 'global players' if they wanted to penetrate international product markets and compete with other Asian economic players such as Thailand, Vietnam, Indonesia, Philippines, China and India.

Therefore, the Asian economic crisis not only affected workers' job security for instance in the case of Autoco but also pressured employees to participate in various EP forms at the workplace. The argument is also supported by Parasuraman (1999) from Malaysian case studies, Erikson & Kuruvilla (2000) from the Asian case studies environment and Hadiz (2002) from Southeast Asian countries situation. These researchers demonstrated that the Asian countries were badly affected by the economic progress which in turn greatly influenced IR and HR policies. One of the impacts of this crisis is the mass retrenchment of workers in many Asian countries during the period, 1997-1998 (Erikson & Kuruvilla, 2000). Although Parasuraman, Erikson and Kuruvilla, and Hadiz discussed the impact of Asian economic crisis on industrial relations, they did not discuss issues related to EP's nature at the firm level. The findings of research at Steelco, Autoco and Posco are a great contribution to the EP literature, especially considering the Asian economic crisis and its impact on EP at the firm level.

8.5.3 Company restructuring process: mergers and acquisitions

After the economic crisis in the late 1990s, several big firms in Malaysia were involved in the flurry of mergers and acquisitions (Nor, 2003). In this context, Autoco and Steelco were no exception. Posco was not involved in the mergers and acquisitions process

during the time of present research although there was some attempt by management to sell their shares to a private company in early 2001 but management failed in this matter because of involvement from the union and the Ministry of Finance, Malaysia. The influence of mergers and acquisition had considerable impact on direct participation than on indirect EP. For example, after Steelco merged with the Genesis Group, the Chief Executive Officer (CEO) of Genesis Group encouraged the managers and workers to come out with innovative and creative ideas, particularly focusing on implementation of the direct participation forms such as teamwork, 5S, TQM, and just-in time in order Steelco to compete at the global and challenging market. One of his visions was that Steelco should become a global player in the steel industry in the ASEAN region by 2008. Similarly we can see in the EP literature in 1990s that organisational performance and effectiveness became a management imperative toward implementing direct participation forms in the workplace (Marchington, 1992; Cotton, 1993; Marchington, Wilkinson, Ackers, & Goodman, 1993; Lawler, Mohrman, & Ledford, 1995; Markey, 2006)

On the other hand, union and non-managerial employees perceived they were powerless to prevent mergers and acquisitions at Steelco. For example, from the evidence discussed in the Chapter 5, the union claimed that they had little capacity to influence strategic decisions like mergers, and the company business plan at Steelco. The merger decisions were made wholly by senior management and the HQ Office, without prior consultation with the union. Thus management bypassed the workplace union when they embarked in the process of mergers with the Genesis Group.

In the Autoco case, the situation could be perceived as critical, compared to Steelco. At Autoco, there was no union to protect workers' rights in the company. The majority of non-managerial employee respondents felt sad that management did not listen to their voices when Autoco merged with the Newton Group in early 1990s. A group of employees spoke against the idea of the proposed mergers but in the end management made the final decisions and the employees had to abide these decisions. The reason for this is employees at Autoco did not have a union or other employee representative body to represent their voice in the workplaces. A consequence of the mergers and acquisitions

was that the company offered voluntary separation (VSS) to half the workforce in 2002. This outcome also reflected direction from the HQ (Newton Group) office in Kuala Lumpur, capital city of Malaysia.

The above findings at Steelco and Autoco (see Chapter 5 and 6) are quite different from the findings of Ali, Nordin, Hasan & Hasan (2004) in their research on merger of Bank Bumiputra and Bank of Commerce (after the merger process, the banks changed names to Bank Bumiputera of Commerce Limited) in Malaysia. These scholars found that the senior and middle management used daily briefings every morning to inform the workers about the progress of bank's post merger phase. The workers were allowed to ask any questions in relation to bank mergers. In addition if the middle managers could not answer their questions, then they would send the questions to the HQ for them to come up with the answers. Management also sent workers from Bank Bumiputera and former workers from the Bank of Commerce to take courses that had been set up by the HQ. These were designed for participants to stay and train together in order for them to know each other better, thus avoiding any negative feelings that they may once have experienced. Moreover Ali *et al* (2004 :181) emphasised that the reason the briefings were conducted was in order to avoid rumours and negative information from reaching out and unsettling the workers which might lead to differences and confusion in the steps that should be taken during the post merger stage.

The mergers and acquisitions process and its consequences for EP, which was discussed in the case studies of Steelco and Autoco, has also greatly contributed in understanding the nature of EP in the wider literature. This kind of issue is rarely discussed in the EP literature but it is becoming an important factor to determine different forms of EP at Steelco and Autoco especially on direct participation forms.

8.5.4 Employers' strategic choice in regards to the implementation of EP

The employers' strategic choice (Kochan, McKersie, & Cappelli, 1984; see Poole, Lansbury & Wiles 2001: 494) has been considered a major factor that influences the implementation of

direct and indirect forms of EP, and this became clear in the research findings from Steelco, Autoco and Posco.

As discussed in Section 8.5.1, 8.5.2, 8.5.3, international product competition, Asian economic crisis and also mergers and acquisition factors, led employers at Steelco, Autoco and Posco to make their own strategic decisions over whether to retain or continue some forms of EP, especially direct participation. In the case of Steelco, after the Asian economic crisis in 1997, a new Senior Production Manager appointed. He came with new innovative management techniques in order to push for higher productivity and more excellent quality of products. These management techniques fall under category of direct EP forms such as problem solving teams (PST), TQM, ISO 9000 and team briefings.

As in the case of Steelco, Autoco also had to deal with the Asian economic crisis in 1997. A major change was increased product competition from other auto manufacturers in Sabah, such as Toyota, Mitsubishi, and Ford. Therefore, the Head Office (HQ) of the Newton Group in Kuala Lumpur devised a long-term plan, after considering strategic choices about whether to retain or continue their business in Sabah. Finally, the Head office decided to continue with their auto business, albeit on the condition that their product quality was improved. In particular Autoco was required to have international standing and conform to the MS ISO 9000. In order to achieve these objectives, management at Autoco with instructions from HQ introduced various forms of direct EP in the workplace. These forms included employee suggestion schemes (ESS), quality circles, 5S, team briefings, TQM and ISO 9000.

As with Steelco and Autoco, senior management at Posco also took considered its strategic choices after Posco became private company. Thus in 1992, Posco management's vision was to be number one global player in the postal industry in the Asia Pacific region. At the same time, they also had to compete with other companies such as DHL, TNT, and Fedex in Malaysia where these companies also offered the similar services and products with competitive price. Under the newly competitive product market, Posco as a highly unionised firm, had no choice but to work closely with unions to introduce various forms of direct EP.

The research of Kochan & Cappelli (1999) and Kick, Fraser, & Davis (2006) found similar drivers. They investigated US companies' and showed that management would influence unions to accept their proposals or decisions in introducing various forms of direct EP forms through joint consultative committee meetings.

From the research findings at Posco (see Chapter 7), management was able to convince the unions to implement various forms of direct EP in the workplace, despite the fact that the workers were not pleased with direct EP because it increased their work load and work stress. One of the reasons that management has considerable capacity to influence the unions is because at Posco the unions are relatively weak. Thus they had little capacity to influence or shape any policy proposal from management or its decisions.

In relation to this aspect, Rasiah (2001:96) commented that, in-house or company unions in privatised former state enterprises in Malaysia are relatively weak because management has greater control over union matters. For example, Rasiah argued that the majority of in-house union leaders in state privatised enterprises such as Proton, Telekom, and Petronas are cooperative with management and accept whatever management decided. Rasiah's findings were also supported by other scholars in Malaysia who found that company unions are normally sponsored by management and relatively weak in terms of influencing management decisions (Jomo & Wad, 1994; Ariffin, 1997). Rasiah's argument is very applicable to Posco. On the one hand management and union leaders claimed that their relationship was more cooperative than adversarial. On the other hand, we can see from descriptions of JCC meetings at Posco that management has considerably more influence and control over the agenda and the debates. Unions just accept their decisions without challenging management authority.

The above evidence shows that management had to make their own strategic decisions to implement various forms of direct EP due to external pressures as discussed previously in this chapter. First, under global product market pressures, the companies thought they had no choice than to produce the best product quality or most excellent service in order to satisfy customer expectations. Customers these days have more choices to choose any

product that will give them full satisfaction in terms of price and quality (Bach & Sisson, 2000; Benson & Lawler, 2003; Marchington & Wilkinson, 2005), and will also respond to commitment to international standards like ISO9001.

On the basis that they needed to achieve customer satisfaction expectations, management at Steelco, Autoco and Posco introduced QCCs, customer care programme, team briefings, and TQM as direct participation initiatives (Sturdy & Korczynski, 2005). The second reason is that under the volatile global economic conditions which are always uncertain, employers utilise labour as a primary resource by which to gain competitive advantage. Thus a clearly effective way is by involving employees in different forms of EP in order to maximise their surplus value and reduce their cost of production (Edwards *et al.*, 2006; Kick *et al.*, 2006). Thirdly, employers in bypassing the unions and making good use of the unions' weak position, the employers sought to communicate directly with shopfloor workers through several forms of direct participation. Those companies without a union, such as Autoco, could more readily seek to avoid unions and introduce new forms of direct EP.

8.5.5 Government policies: Look East Policy and Privatisation Policy

Although government policies such as *Look East Policy* and *Privatisation* mainly affected the public sector EP processes and practices (Idrus 2001) these policies also had a great impact on private companies such as Steelco, Autoco and Posco. Thus the campaigns and awareness programs offered by the government in the 1980s and 1990s for the improvement of product quality and services by private and public sector Malaysian organisations, also influenced decisions by Steelco, Autoco and Posco.

The interviews with key respondents such as managers and union representatives, as well as document analysis at Steelco, Autoco and Posco, revealed that government policies such as the *Look East Policy* first introduced in 1981, influenced companies to introduce various forms of EP (see Chapter 4, Section 4.4). In particular, direct participation forms, such as TQM, QCCs, 5S, ISO 9000 and teamwork, became part of their workplace innovation and organisational change. From the interviews with managers and union representatives at

Steelco, it is clear that Steelco management had implemented Japanese quality management techniques such as 5S, Kaizen, ISO 9000, and TQM and applied this knowledge at Steelco (see Chapter 5, Section 5.6).

Similarly, under the *Look East Policy*, Autoco was involved in the franchiser business with Isuzu in Japan. According to management respondents, the franchiser with Isuzu in Japan became a push factor for Autoco to implement various direct EP forms, a process further emphasised by direction from the Newton Group in Kuala Lumpur. This is because the Newton Group is a main auto franchiser with Isuzu in Japan. Some of the direct EP methods were imported from Japan but modified to fit the local context. For example, 5S and QCs were translated into the Malay language to help non-managerial employees to understand these concepts in their daily working lives. Drawing on their research in the car industry in Malaysia, Todd and Peetz (2001) reported the evident influence of Japanese techniques in the establishment of active QCs, problem-solving teams, 5S programme and just-in-time (JIT). Furthermore, the use of QCs and problem-solving teams reflect the Japanese MNC management strategy identified through the Malaysian government's *Look East Policy*.

Even before it was privatised, Posco was actively involved in quality management programs such as QCC and TQM as part of the *Look East Policy*. Even though Posco became private company in 1992, the quality management programs continued and indeed Posco introduced more advanced quality management techniques like ISO 9000 and 5S.

The evidence in the three case studies above indicates the effect of the *Look East Policy* which was introduced in 1981 by Dr Mahathir Mohamed, the former Prime Minister of Malaysia. The *Look East Policy* originally sought to mirror and generate the values that businesses in Japan and South Korea placed on work ethic, diligence, discipline at work and loyalty to management (Idrus, 2001; Mellahi & Wood, 2004). As was noted earlier, direct EP was embedded in such processes and principles in Japan and Korea, and these were believed to have had a clear and direct effect on products and competitiveness. Thus the *Look East Policy* indirectly influenced the extent of direct and indirect EP forms at the

workplace. In so doing, businesses expressed the objective of improving and maintaining quality of products and services, and productivity of employees.

Other qualities to emulate through the *Look East Policy* included giving priority to teamwork over individual interests, with an emphasis on productivity and high quality, upgrading efficiency, narrowing differentials and gaps between executives and workers and on management systems which concentrate on long term achievements (Jomo, 1983:276; Mansor & Ali, 1998). Mansor and Ali (1998) have argued that as a result of the *Look East Policy*, the Malaysian companies adopted some aspects of Japanese management systems, especially in regard to teamwork and TQM. In the circumstances however, they noted that Malaysian companies have actually chosen features from values of both Western and Japanese management styles, as best suited to their needs. Rose (2002) in his research on Japanese management style in Malaysian companies, demonstrated that the direct participation forms practised in Malaysian companies had been imported from Japan and Korea since the 1980s.

Certainly, privatisation had a direct impact on indirect EP at Posco. Before the privatisation of Posco, employees through the union had no voice or opportunities to influence salary levels and working conditions. The Government as an employer determined the salary and working conditions of employees. From 1992, the union was actively involved in CB process which was already incorporated in the *Industrial Relations Act* 1967. Through various discussions with the government the union in the end successfully secured all jobs without an outsourcing problem. Secondly, employees and unions at Posco found they could also enjoy both government and collective agreement (CA) employment benefits (Interview with IR Manager, 24/12/2003).

Another impact of privatisation policy has been on the role of the JCC. Originally established in late 1950, the JCC became more formalised and structured after the privatisation of Posco in 1992. Currently, the JCC at Posco, comprising half representatives from management and half from the union, is well involved in the company decision-making process. They also hold meetings four times a year. Through the

mechanism of the JCC, the union also has the capacity to influence some of company's major decision-making, such as company takeovers, future business plans and any retrenchment issues. For example, in 2001, Phileo, the major shareholder of Posco, was planning to take over the whole business of Posco. However, the union successfully worked to prevent the takeover processes, through several negotiation sessions with management in JCC meetings.

From the above analysis, it has been demonstrated that the government policies such as the *Look East Policy* and Privatisation Policy have played a vital role in promoting and establishing EP forms such as QCC, TQM and JCC at Steelco, Autoco and Posco. The *Look East Policy* and Privatisation policy are also new dimensions for understanding EP in terms of forms, functions and processes at the company and workplace level particularly from the Malaysian perspective. These types of element also are seldom discussed in the EP literature in general. In fact, these factors have also indirectly contributed to the establishment and nature of different forms of direct and indirect EP at Steelco, Autoco and Posco.

8.5.6 The Occupational Safety and Health Act (OSHA) of 1994

It is axiomatic that legislation can have a significant effect on processes such as EP. As the EP literature survey showed (Chapter 2; see also Section 7.5.2), the establishment of certain EP forms such as works councils in Germany is a direct response to legislation and labour law. In relation to this issue, the research findings at Steelco, Autoco and Posco demonstrated that with the establishment of the Safety and Health Committee (SHC), another form of indirect participation had also been established, one which was due to the Occupational Safety and Health Act (OSHA) 1994. However the non-managerial employees' capacity to make decisions in the SHC was very constrained because, as the research evidence at Steelco, Autoco and Posco (see Chapter 5,6, and 7) indicated, the final say over major decisions on safety and health issues, were still in the hands of management. This is similar to the findings of Markey (2006), who argued that some

Asian countries, such as Korea, and Philippines, have legislation to support certain forms of indirect participation such as SHC. However in these countries the final decisions over safety and health matters are made by the managers. This make EP ineffective because of the exercise and acceptance of management prerogative in the decision making process. It was certainly manifested at Steelco, Autoco and Posco.

8.5.7 Historical context: the influence of the British colony

Researchers such as Strauss (2006), Poole *et al.* (2001) and Poole (1986) have all argued that historical factor can also indirectly determine the nature, forms and practices of EP either at national or firm level. Their arguments are significant in the case of Posco. The influence of the British' IR colonial system has influenced some EP forms that developed at Posco, especially indirect participation such as JCC. The research findings (see Chapter 7, Section 7.5.2.1.) showed that the British colonial influence was evident in the establishment of a JCC at Posco.

Since Malaysia's independence in 1957, the JCC became a mechanism for the union at Posco to advise the Department of Postal Service on the aspects such as wages, term and working conditions, as well as other employment issues relevant to workers. After Posco was privatised in 1992, the role of the JCC was upgraded. It became a body where management and union could jointly make a number of decisions to benefit the employer and workers. This is one reason where the present research demonstrated the establishment and role of JCC at Posco.

8.5.8 Foreign management education

Foreign management education, particularly from the USA and the UK, have also indirectly influenced the implementation of direct and indirect EP schemes at the company and workplace level at Steelco, Autoco and Posco. Based on the research evidence (see Chapter 5,6, and 7), the senior managers at Steelco, Autoco and Posco who have completed Master of Business Administration (MBA) degrees either from USA or UK universities, applied their MBA knowledge into the company management practices.

Indirectly, this has influenced the HR practices in these companies evident in the introduction by the overseas educated managers of EP forms, particularly direct participation such as ISO 9000, TQM, and 5S.

To validate the above arguments, Marchington *et al.* (1993) also noted similar experiences in the UK in 1980s and 1990s. Occasionally the changes of new senior managers also affected the introduction of EP practices in private companies in the UK. Furthermore Marchington *et al.* argued in the 1980s that the spread of HRM directly impacted on the implementation of EP forms. Those senior managers who had gained an MBA in HRM consequently came up with new HR ideas and different forms of management aimed at the improvement of company performance.

Based on the analysis so far, there are clearly some factors that directly or indirectly influenced the implementation of direct participation forms, whereas other factors are contributed to the development of indirect participation (see Figure 8.1). Among these factors, the Asian Economic, *Look East Policy*, Privatisation Policy, mergers and acquisitions, and the British colonial are consider the new elements that emerged from this research and contributed widely in the EP literature in general. A re-visiting of the literature survey in Chapter 2 reveals that most of these kinds of potential influences are only rarely examined in the EP literature particularly from the Asian countries' perspective.

Although these new elements explained the development of various forms in direct and indirect EP at Steelco, Autoco and Posco, the key question within these forms that still needs further consideration is:-

'To what extent union and employees have capacity to influence the final management decisions'.

From the above evidence and also evidence discussed in the case study chapters, (especially at Steelco and Autoco), the union and non-managerial employees have limited say and little effect, under either the direct and indirect forms of EP. The main functions

of the direct forms of EP, are to achieve the objectives of management in terms of increasing productivity, improving the quality of products and services, and improving communication between management and employees. Although there are indirect forms such as the union-management committee at Steelco with the participation of union in the decision-making process but the scope of issues discussed have tended to be less important operational matters. At Steelco, the union was unable to raise or discuss strategic issues such as company mergers, future business plan, retrenchment, and employees' appraisal which have significant influence on workers' lives.

At Posco, direct participation forms were mainly developed in order to achieve management objectives as already highlighted in the cases of Steelco and Autoco. However, unlike the other two companies, there is a JCC at Posco, where management and union discussed a range of operational and strategic issues through regular meetings (at least 4 times a year) (see Chapter 7 for details). Thus in terms of final management decisions, specifically those issues related company policies, unions and non-managerial employees have only a very limited input into final decisions. If EP in Western (OECD) countries is compared to the results of research findings for this thesis, then we can see there is a huge gap between Malaysian and 'OECD' organisations in terms of genuine EP practices. (Webb & Webb, 1902; Pateman, 1970; Ramsay, 1983; Marchington, 1992; Knudsen, 1995; Strauss, G., 1998; Knudsen, 2004; Markey, 2006; Strauss, 2006; Gollan, 2007a). The evidence from some of these sources demonstrates the limited capacity of unions and employees to influence management's final decisions.

Given that part of the central question of the thesis questions the extent to which current research and theories are reflected in this research, it is now germane to ask the question "*Is there a Malaysian EP?*" and it is to this issue that the next sections turns.

8.6. Factors that constrain EP at Steelco, Autoco and Posco

Having examined briefly various factors that influenced Steelco, Autoco and Posco in their development of direct and indirect of forms of EP, the next emerging question is that "*Is there a Malaysian EP?*". In brief, the answer is Yes, there is enough evidence from the

case studies of Steelco, Autoco and Posco (see Chapter 5,6, and 7) to argue that Malaysia has its own EP practices and attributes based on the key findings that will be discussed in the next section.

The research findings from investigation of the case study organisations demonstrated that, particularly in comparison with western Europe, EP in Malaysia tends more towards pseudo and partial participation, rather than full participation (more details see Pateman 1970, Chapter 2, Section 2.4). There are a few reasons that have become evident from the case study analysis as to why pseudo and partial participation are widespread at firms such as Steelco, Autoco and Posco in Malaysia.

8.6.1. Industrial relations legislation and acts

The first explanatory feature for the clear evidence of pseudo and partial EP in Malaysia is at the macro level and relates to the role of government and the state, including the state's strong support for the employers through industrial relations legislation. Perhaps most notable is the managerial prerogative clause- Section 13 (3) in the IR Act 1967, as well as the Trade Union Act, 1959 and Employment Act 1955. The research by Ariffin (1997) and Rasiah (2001) in Malaysia found the contents of these laws are clearly more favourable to employers rather than to workers and unions. Similar findings were also reported by Todd *et al.* (2004) in their research on industrial relations practices at the firm level. Their findings indicated that the state's repressive policy on labour and unions in Malaysia through various labour legislation, noted above, favoured the employers. As a corollary such legislation also affected the workers' and unions' capacity to influence management decisions at the company level.

8.6.2 The ineffectiveness of the Code of Conduct for Industrial Harmony 1975

Secondly in addition to labour laws, in Malaysia there is no legal enforcement or even clear legitimisation for EP except for the Code of Conduct for Industrial Harmony, which was established by the government employers, and unions in 1975 (Ponniah, 1979;

Kuppusamy, 1998; Todd *et al.*, 2004; Parasuraman, 2005). The Code, as an instrument of authority is quite weak. It does not support employee rights nor gives voice to the needs of employees or unions to participate in organisational decision-making processes (Bahari, 1989; Kuppusamy, 1998; Todd *et al.*, 2004). The research findings from the Steelco and Autoco case studies also support these assertions. The managers and union respondents from these two companies argued that they had never heard of the existence of this Code. However, at Posco, management and union respondents knew about this Code, although they also pointed out that it has minimum impact on EP at the company level. Similar findings are also confirmed by Todd *et al.* (2004). Indeed, Todd *et al.* (2004) argued that from their research evidence in the Malaysian workplaces, mainly in the private sector, the Code has had a negligible impact on EP either at national or company level. This is mainly because the Code offers no statutory rights under the Malaysian labour law to enforce employers to introduce various forms of EP mechanism for joint decision-making. For example, the adoption of JCCs (management-union committee) at Steelco and Posco were somewhat weaker than that used in association with mandated consultation rights in European countries such as the Netherlands and Germany (Knudsen, 1995; Markey & Monat, 1997; Addison, Siebert, Wagner, & Wei, 2000; Poole *et al.*, 2001).

8.6.3. *Management attitudes towards unions*

The third reason for weak EP was found in management attitudes towards unions particularly at Steelco and Autoco. Management at Steelco saw the union as a troublemaker, rather than as social partner at the workplace. For this reason, management sought to bypass the union on many occasions over many matters. At Autoco, management rejected the application from non-managerial employees to form a union at the workplace. Management at Autoco was worried that the union's power would hinder the company's future investment plans, and possibly increase financial burdens if workers demanded bonuses, salary increases or other financial benefits. Other EP scholars have found a similar attitudes, such as those reported by Todd *et al.* (2004), Rasiah (2001), Todd & Peetz (2001), and Ariffin (1997) in their research on management attitudes towards unions at company level in Malaysia.

8.6.4. Cultural orientation and values

The fourth reason which constrained EP in the case study firms comes from the cultural values held by the Malaysian workers. The research evidence at Steelco, Autoco, and Posco also supports the impact of cultural factors. For example, many of the non-managerial employee respondents at Steelco, Autoco and Posco were afraid to express their views because of a perceived fear of punishment if they questioned, challenged, or disagreed with management ideas. In relation to this, Peetz and Todd (2001) also found similar research findings where employees at Nippon Electronics, Malaysia never posed any questions during the monthly meeting with the Managing Director, due to fear and cultural consequences.

Research for this thesis has also revealed some specific examples, notably at Steelco and Autoco cases. Although Steelco has a management-union committee as a form of indirect EP, the final decision still always rests with management (see Chapter 5 for more details). This has become even more critical at Autoco as a non-union firm. At Autoco, non-managerial employees do not have any channel for them to express any of their views or ideas, either at the company level or in the workplace, despite the fact that they have several direct participation mechanisms such as team briefings. Such forms, however, are mainly top-down and focussed on improvement of workers' productivity and product quality. Even the supervisors at Autoco who were supposed to represent the non-managerial employees, in practice generally acted as management representatives.

Management at Steelco, Autoco and Posco think that they are more knowledgeable than non-managerial employees. As the most experienced people in the company, therefore, they felt they had the right to make any decision, without consulting with more junior employees. Abdullah & Pedersen (2003) found that this was due to management culture in Malaysian workplaces, where the employees will always respect people who have higher qualification and position in the company. Abdullah and Pedersen argument is also supported by Levin & Chiu (1997) who based on their research on joint consultation in

Hong Kong. From their findings they could assert that some Asian countries have different forms of EP because of the distinct value orientations of workers and employers.

The research findings in the three companies in this study also indicated that the non-managerial employees were neither able or trained to challenge managerial authority, particularly when they involved in the direct participation forms such as QCC, 5S, ISO9000 and team briefing. For example, although workers at Steelco did not understand the concept of problem-solving teams, they were nevertheless forced by management to be involved. According to Levin and Chi, workers in the Asian cultures, almost never challenge managerial authority. Rather workers express desire for harmonisation rather than confrontation in the workplace. The findings from Steelco, Autoco and Posco cases appear to support the argument of Levin and Chiu (1997).

For example, a majority of non-managerial employees at Steelco and Autoco expressed a view that they had no right to speak up or give voice to anything about their own job or their department. Most of the time, management, executives and supervisors make all the decisions over allocation of jobs, and the lay out of the company, without any discussion with their subordinates. In Malaysia, workers also give respect to their bosses because of cultural orientation towards older people and those have higher position in the organisation (Abdullah & Low, 2001).

8.6.5 Company paternalistic values

A fifth factor influencing weak EP in Malaysia is also related to the cultural orientations, and derives from the company paternalistic values which are prevalent in the Malaysian workplaces (Ariffin, 1997). As we can see in the case of Steelco, Autoco, and Posco, these companies organised many social events such as sport games, family days, celebration of multicultural festivals such as Ramadan, Christmas, Deepavali and Chinese New Year, as well as domestic and overseas trips (see Chapter 5 to 7). In fact, these companies also established the Sports and Recreation Committees which were primarily focused on social and recreation matters. The question is whether the non-managerial employees were really

committed to these activities in these companies. The answer is no. From the research findings in these three companies, the majority of non-managerial employee and union respondents were not satisfied the way the company organised such activities in the workplace. At Steelco and Autoco, the majority of representation on the sports and recreation committee come from management committee, with only very few non-managerial members appointed by management to sit on the committee.

Furthermore, committee representatives in the sports and recreation club at Steelco, Autoco and Posco also played a role in promoting a management perspective in order to convey their message to all employees in the organisations (Butler, 2005). The clear example can be seen from Steelco and Autoco. My participation and observation in the social events at both companies indicated that management generally conveyed information about the ISO 9000 certification and similar achievements at such functions, so giving further emphasis to company values. At the same time, management also used these functions to exhort employees to work very hard, rather than sharing information about matters such as plans for annual bonuses, or the company's business performance or future business plans (Direct observations, 16/10/2006; 5/2/2004). In fact, the interviews conducted with the non-managerial employees at Steelco, Autoco and Posco showed that they had been wishful of discussing issues like bonus, company profit and plans with management during these functions.

The importance of paternalistic culture is also supported by the researchers such as Ariffin (1997). According to Ariffin (1997:51), paternalistic culture is nurtured in many factories 'to promote the idea that factory resembles a happy family, with workers as children'. Social events are thus organised to create and reinforce identification of employees to the company's goals, rather than to union commitment.

8.6.6 The impact of British colonial heritage on management style on Malaysian firms

Management style at Steelco, Autoco and Posco was also inherited from the historic influences of British management, because the Britain had a lengthy colonial incumbency

in Malaysia. As a result, many traditions and customs were handed down. It was evident in observations of Steelco, Autoco and Posco that management's autocratic style is still predominant. Most of decision-making was clearly top-down, except to some extent at Posco where some decisions would be made through a bottom-up approach for example through JCC meetings. In some respects, this reflects other cultural differences. Posco is dominated by Malay managers who use a less autocratic style approach to managing the workforce than the Chinese managers at Steelco and Autoco. The latter are much more concerned about profit and quality of product either through direct or indirect EP. At Posco a more paternalistic relationship is evident, where the Malay managers is to provide guidance, protection and care to the subordinate and in return for these values, subordinates are to be loyal and deferential to their superiors. This relationship also can be seen as a father and child relationship with employees seen as 'children' (Sagie & Aycan, 2003).

8.7. Consequences for theory and scholarship in EP

From the above discussion on the nature of EP at Steelco, Autoco and Posco, it has become apparent that the extant models on EP, developed by Ramsay (1977), Ackers *et al.* (1992) and Poole *et al.* (2001) are widely applied in the advanced developed countries. However they need some modification if they are to be useful to this research.

Ramsay's (1977) Cycles of Control model was applicable in some ways to Steelco, Autoco and Posco. However, this model is depends theoretically on historical cycle analysis of EP, particularly in the developed countries. It depends on a long history of efforts so offers less in understanding the nature of EP in the developing countries such as Malaysia. The current situation at Steelco, Autoco and Posco was explored and examined, investigating the perceptions of managers, unions and non-managerial employees, direct observation and document analysis. In addition, the macro factors that in the Ramsay's analysis on EP was based on the UK which is quite different in the Steelco, Autoco and Posco environments in Malaysia. This was because of influential factors such as the role of state in industrial relations, labour laws, cultural values and economic policies . Some

of these factors that influenced EP at Steelco, Autoco and Posco can be seen in Figure 8.1 in this chapter. These factors are actually quite different from Ramsay's model of EP in the UK situation.

On the other hand, the contingency models of Ackers *et al.* (1992) and Marchington (1993) offered some explanations of certain elements of EP practices at Steelco, Autoco and Posco, particularly factors that affected companies to introduce various forms of EP. However, the contingency model does not sufficiently emphasise major factors such as international business competition, economic crises, and the role of state in IR. These kinds of factors have become significant in influencing the nature of EP practices at Steelco, Autoco and Posco. Again, the Contingency model has been tested mainly in the UK, and is shaped by important and different contextual factors. The factors that influenced EP in the UK and Malaysia are markedly different in important respects, such as the perceptions of managers, unions and non-managerial employees at Steelco, Autoco and Posco.

The next model which also has a strong influence on EP scholarship and research is the 'Model of Favourable Conjunctures' developed by Poole *et al.* (2001). This model is quite appealing because it covers the broader macro-micro level factors that affected EP practices and implementation. However, previously this model was only applied from the advanced developed countries particularly from the USA, Australia UK and Europe rather than in the developing countries such as Malaysia. From the above findings, it shows that although some dimensions are aptly covered in the Poole *et al.* model (see Figure 2.2, Chapter 2), many other factors are only applicable to the Malaysian political-economy environment. Some new dimensions are also identified as important at the company level, such as mergers and acquisition, Malaysian cultural values, the Asian economic crisis, *Look East Policy*, Privatisation Policy and historical traditions. As Marchington (2001) argued 'participation is influenced by a mix of forces- sometimes competing, sometimes complementary - both within and beyond the boundaries of the organisation'.

Furthermore, the research evidence from Steelco, Autoco and Posco also does not support the argument of Poole *et al.* (2001), that under EP employees are empowered, and can be upskilled with multitasking and involvement in the workplace decision-making process through direct participation. Poole *et al.*'s argument does not apply to Steelco, Autoco or Posco, because management has very much greater capacity or say over decision-making processes. Unsurprisingly then, highly limited empowerment is given to unions or non-managerial employees to participate actively in the decision-making processes. These findings are also supported by theoretical arguments as discussed in the Chapter 2 (see Table 2.1, p.26) where the nature of employee participation at Steelco, Autoco and Posco, particularly direct EP is better characterised as employee involvement or 'participation without influence'. Under the notion of employee involvement (see Table 2.1), many EP programs are controlled by management which is only concerned with improving organisational efficiency and performances as part of human resource management strategy, and usually assumes common interest between management and employees. This argument further validated from the Todd and Peetz's (2001) research findings in the Malaysian firms. The Todd and Peetz study on Malaysian industrial relations practices at the firm level indicated that workers have limited voice in their own work, are not moving to multitasking, and experience poor communication and a lack of participation decision-making, all of which are identified as major problems in the workplace.

Second, while the Poole *et al.* (2001) model takes a universalistic approach, it is only partly applicable to the Malaysian context because political, economic, social and industrial relations systems differ from the developed European countries. In Malaysia the state plays a significantly greater role in shaping the industrial relations system and labour law (Idrus, 2001). In this context, employers maximise certain rights, such as the managerial prerogatives clause in the Industrial Relations Act 1967 (Section 13), the Trade Union Registrar's power to delay or cancel a union's registration under the Trade Union Act 1959 and the extensive powers of the Minister of Human Resource's involvement in industrial relations (Ayadurai, 1997; Suhanah, 2002; Parasuraman, 2004). The union movement is also very weak, in part because of control from the state, and also because of employers' highly negative attitude towards unions. Based on these factors, the term

‘industrial democracy’ used in the Poole *et al.*’ model does not really indicate workers’ democratisation practices at the company level, as we found in the three Malaysian companies. The present research findings also support other scholars who found in their research that there is no genuine EP at either the company or workplace level (Ariffin, 1997; Rasiah, 2001; Todd & Peetz, 2001; Todd *et al.*, 2004).

Thirdly, there are difficulties in transferring the EP models to the Malaysian context, so it is difficult to explain whether EP is effective or ineffective at the company level. From the research at Steelco, Autoco and Posco, it was the contextual factors that also determined effectiveness of EP at company level. For example, state regulations through labour legislation (e.g. *Industrial Relations Act* 1967) are a time constraint for unions and employees begin effective participation in the workplace decision-making process. This constraint will normally restrict unions ability to discuss some important subject matters in the company. A typical example is participation through CB where the managerial prerogative clause under Section 13 of Malaysia’s *IR Act* 1967 severely limits unions’ opportunities to discuss some important matters, even if they have direct impact on employees’ working lives.

The overall model of EP at Steelco, Autoco and Posco is illustrated in the Figure 8.1 which demonstrates the various factors that shaped the nature of EP at Steelco, Autoco and Posco in Malaysia. It is important to recognise how these factors contributed to the development of direct and indirect EP forms at Steelco, Autoco and Posco, but the next key question that emerged from this research is ‘*to what extent do employees and unions have capacity to participate in management’s final decisions within direct and indirect EP forms?*’. This question has capacity to provide an answer about whether EP is effective or ineffective at the firm level (Knudsen, 1995; Gollan & Markey, 2001). The answer is that employees and unions in Malaysian case study companies have little capacity to participate in management final decisions. Several reasons for ineffectiveness of EP were found in the research findings from Steelco, Autoco and Posco. These reasons included industrial relations legislation, ineffectiveness of The Code of Conduct for Industrial Harmony 1975, management attitudes towards unions, cultural orientations and values, company

paternalistic values, and finally the British colonial tradition and its impact on management style in the Malaysian firms.

These reasons are significant for understanding the models of EP that were discussed in the Chapter 2 (Section 2.6). Most literature on EP comes from the western European countries such as Germany and the Netherlands. It has indicated that EP is effective at the firm level because of strong support from the government, (particularly through labour legislation,) as well as management attitude and active and strong trade union participation in the decision-making process at the company level. In marked contrast, the research findings in this thesis have demonstrated that factors such as government support, labour legislation, and management attitudes towards EP, have little positive significance in Malaysia. Therefore, the research findings from the three case studies in the Malaysian private sector indicate the need to modify EP models, particularly the favourable conjunctures model of EP, from Poole *et al.* (2001) discussed in Chapter 2 (Section 2.6). Some factors discussed in the Favourable Conjunctures Model of EP which are overtly encouraging for EP in the OECD countries, were found in this research to be unfavourable at Steelco, Autoco and Posco. Thus factors that contributed towards their ineffectiveness of EP are applicable to the Malaysian political, legal, social and economic context, rather than elsewhere. In support of such views Strauss has argued that each country's industrial relations

... is viewed as a system embedded in a society. Its legal system, economy, culture, history, technology and geography, constitutes an interesting set of social institutions (with a varying degree of internal coherence). Though the variations among the parts vary kaleidoscopically, all affect the country's industrial relations (1998:184).

The distinctive contribution of the present study is related to its potential contributions to the wider EP literature. More specifically it will also provide insights for the Malaysian industrial relations literature. As noted in Chapter 2 (Section 2.7), EP has mainly been studied from an organisational behaviour perspective in Malaysia, with research limited to certain specific independent and dependant variables such as organisational commitment, job satisfaction, and job performance. The present research studied EP from a much broader framework. The industrial relations perspective taken here has included the government, employers, unions and non-managerial employees as units of analysis. The study, which also utilised a qualitative case study approach (three in-depth case studies-

Steelco, Autoco and Posco) with multiple methods of data collection, sought to understand the nature of EP in a holistic manner, without being limited to independent and dependent variables as mentioned above.

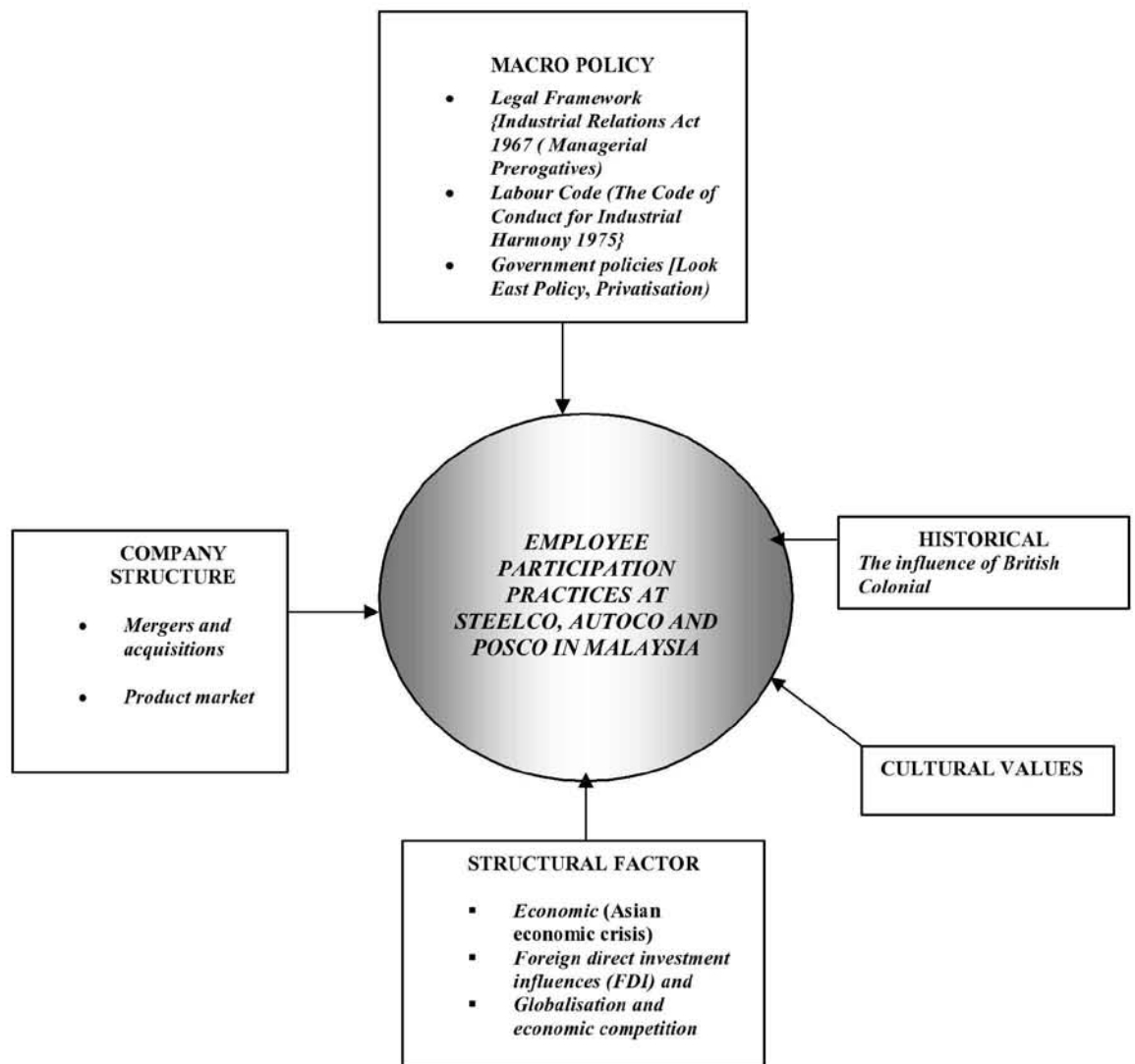
8.8. Policy consequences for EP in Malaysia

The research findings on the nature of EP at Steelco, Autoco and Posco also have some implications for policy. Although the three case studies cannot be generalised to the nature of EP in the whole of Malaysia, there are nevertheless some pointers for other companies to improve their style of EP in the company and workplace. As well the research showed how it could be useful for government policy makers, such as the Ministry of Human Resources, perhaps beginning with a review of the current labour legislation and the Code of Conduct for Industrial Harmony. On top of that, national trade unions and employers' associations could also consider the research findings from Steelco, Autoco and Posco in evaluating their policy on EP. The following section will discuss more fully the policy consequences for EP, based on the research findings at Steelco, Autoco and Posco.

8.8.1 Managers' skill and knowledge

The research findings have indicated that managers assigned to the development of different forms of EP should have good knowledge and practical experience in EP schemes, as well as other relevant knowledge and skills. In addition, the senior and middle managers should be familiar with the concept of EP before they implement programs. Furthermore, management has to consult non-managerial employees' and consider their ideas in relation to the practices of EP before making decisions or policy on EP schemes. (Wu & Lee, 2001; Edgar & Geare, 2005). This has clearly not been practical at Steelco, Autoco and Posco in this study and contributed to the weakness of EP.

Figure 8.1: Factors that reshaped the nature of employee participation at Steelco, Autoco and Posco in Malaysia



8.8.2. Training and reward scheme for the non-managerial employees

Moreover, non-managerial employees' and union representatives need to be trained extensively when any EP forms are introduced in the workplace. Non-managerial employees and union representatives ought to participate and contribute to the success of

EP in the workplace because they know the reality of the workplace environment better than the managers. Researchers have argued strongly that training for EP is a crucial element in the workplace in order for employees to actively participate (Scholarios, Ramsay, & Harley, 1999; Gollan & Markey, 2001). Furthermore, employees' contributions through 'bottom up' feedback will prevent technical errors from creeping into EP scheme practices. Non-managerial employees and union representatives can be valuable resources in the implementation of EP forms if they can ensure the success of the EP practices in the workplace in the end. In addition, the inclusion of non-managerial employees and union representatives in the designing of different forms of EP in the workplace by managers will improve EP implementation in the company (Diana, 1999; Gollan & Markey, 2001; Dundon, Wilkinson, Marchington, & Ackers, 2004). At the same time, some researchers also argue that bottom rank employees should have opportunities to make decisions pertaining to the conduct of their jobs, and to participate in the company decisions as a whole (Cotton, 1993; Benson & Lawler, 2003).

Management at Steelco, Autoco and Posco should also consider work democratisation practices or EP in the workplace and company level as a serious opportunity. Based on the USA industries' experience, many employees are more creative and satisfied in their work when management moves from the tightly controlled approach to greater commitment to participation and a broader responsibility for work tasks resting with the workforce (Walton, 1985). There are thus clear reasons why managers should have confidence in other people, their superiors as well as their subordinates. They need to recognise the values of other people's judgement, and acknowledge that their subordinates may sometimes have ideas better than their own. Managers can also benefit from spending more time talking with people whenever there are essential decisions to be made.

8.8.3 Implications for unions

The research findings at Steelco and Posco indicated that unions in both companies have only limited power to influence management decisions which have impact on workers' working lives. Despite setbacks, unions at Steelco and Posco should seek and work

towards greater involvement in the company corporate decisions in the near future, rather than claiming themselves as social partners with management (Hyman, 1987; Markowitz, L., 1996; Taylor & Ramsay, 1998; Hyman, 2005).

8.8.4. Implications for non-managerial employees

This research found that non-managerial employees in the three companies wanted their voice to be incorporated in management decision-making processes. In the Autoco case (the non-unionised company), the non-managerial employees expressed a need for an independent body that would represent employees' voice in the workplace. Employees also expressed preference for elected members of such a body to be elected from their own fellow employees. They believed that in this way, the power of employees would have some influence on organisational decisions. There are interesting UK parallels, such as for example, in the UK survey on young people and trade union survey, Freeman and Diamond (2003:49-50) found that majority of young and old workers are supporting works councils to be established in the non-union firms and that members of works councils should be elected by the workers themselves (Freeman & Diamond, 2003:49-50).

8.8.5 Implications for the Ministry of Human Resource Malaysia

The research findings in this study showed that union and employees have little or no capacity to influence workplace decision-making processes in any forms of EP. In Malaysia there is no legal enforcement on EP apart from a Code of Conduct for Industrial Harmony 1975 which includes a section about employee communication and consultation (Ponniah, 1979; Kuppusamy, 1998; Todd *et al.*, 2004; Parasuraman, 2005). If the Code were given weight unions and workers would begin enjoying certain consultation and participation rights, for example some voice in employers' plans for major business re-organisation and their financial position, especially company's involvement in the corporate mergers, take-overs process, and facing the global market competition. Although the Code emphasises that the implementation on communication and consultation as forms of EP but it is currently mainly on voluntary basis without any legal

obligation when come to implementation of these forms in the company. The government (Ministry of Human Resources Malaysia), Malaysian Employers Federation (MEF) and Malaysian Trade Union Congress (MTUC) play a key role in enactment of legislation on EP policies in Malaysia at the national level. Much could be achieved if the Code of Conduct for Industrial Harmony 1975 were bound within the broader industrial relations legislation. If that were done, then it would strengthen the opportunities for employee voice to affect any decisions at the firm level, particularly on those issues which may have an impact on company futures or employees' working lives.

8.9. Conclusion

This chapter began by considering the research questions which have directed the research for this thesis. They include

- 'what are the different forms of EP established in these three Malaysian private companies, and how do these methods actually operate at company level?',
- 'why are different forms of EP developed in different companies in the Malaysian private sector?' and finally
- 'how effectively do researchers' EP models explain the nature and assumptions of EP practices at company level in Malaysia?'

The chapter then drew together the research findings from the case study and examined the forms, focus, functions and determinants of direct and indirect EP at the Steelco, Autoco and Posco. As well, the similarities and differences of main characteristic of direct and indirect EP at Steelco, Autoco and Posco are analysed. The research findings at Steelco, Autoco and Posco also demonstrated that there are several factors that contributed to the nature and development of direct and indirect EP. These factors include product and international market competition, the Asian economic crisis, company restructuring process (including mergers and acquisitions), employers strategic choice in regards to the implementation of EP, government policies (including Look East Policy and Privatisation Policy, the Occupational Safety and Health Act (OSHA) of 1994, the influence of the culture and colonialism. Some of these factors provide new dimensions in understanding

the nature of EP at Steelco, Autoco and Posco. This is particularly valuable since they are all firms in the private sector which has only very rarely been investigated by other industrial relations researchers in Malaysia. These factors are thus new elements in understanding EP in general, and more specifically from the Asian perspective.

The next key questions emerged from this research is that *‘to what extent do employees and unions have the capacity to participate in management final decisions within direct and indirect EP forms?’*. Underpinning this question is the need to identify whether EP is effective or ineffective at the firm level (Knudsen, 1995; Gollan & Markey, 2001). As was discussed in this chapter and shown in the earlier case study chapters, employees and unions at Steelco, Autoco and Posco have little capacity to participate in management final decisions. There research found that there are several reasons for ineffectiveness of EP at Steelco, Autoco and Posco. These reasons include industrial relations legislations and acts, ineffectiveness of The Code of Conduct for Industrial Harmony 1975, management attitudes towards unions, cultural orientations and values, company paternalistic values, and finally the British colonial and its impact on management style in the Malaysian firms. These reasons are significant for understanding models of EP that discussed in the Chapter 2 (Section 2.6).

The distinctiveness of the present study is related to the contributions to the wider EP literature in general and more specifically for the Malaysian industrial relations literature. As mentioned in the Chapter 2 (Section 2.7), much research into EP has been studied from an organisational behaviour perspective that was limited to the certain independent and dependant variables such as organisational commitment, job satisfaction, and job performance. By contrast, the present research on EP drew on an industrial relations perspective and so took account of both micro-macro, and included all of the actors, the government, employers, unions and non-managerial employees as units of analysis. The study also utilised a qualitative case study (three in-depth case studies- Steelco, Autoco and Posco) with multiple methods of data collection, in order to understand the nature of EP in an holistic manner and not limited to a few independent and dependant variables.

The present study has also offered some important implications for policy which in turn have implications for management, union, employees and the government. These parties should consider research findings at Steelco, Autoco and Posco in developing their future policies on EP.

The next chapter will provide an overview on general conclusions based on the chapters discussed from the Chapter 1 to Chapter 8 and some scenarios on direction of future research in EP in Malaysia.

CHAPTER 9

CONCLUSIONS AND DIRECTIONS FOR FUTURE RESEARCH

9.1. Introduction

This thesis has investigated the literature pertaining to employee participation, identified some core areas and questions that needed investigation and explored research methods to find the most appropriate research methods for those questions. Then after researching the contextual features particular to Malaysia around the turn of the twenty-first century, the thesis undertook case studies of EP in three private sector firms in Malaysia (Steelco, Autoco, and Posco). Finally, those three case studies were comparatively analysed, in order to understand central patterns, perceptions and causal factors, germane to EP. This concluding chapter summarises each chapter, comments on the limitations of the study, and finally offers suggestions for further research and policy.

9.2 The main findings from the thesis

This section offers an overall summary of the chapters in this thesis. The key findings in each chapter will be examined in order to understand the nature of employee participation (EP) at Steelco, Autoco and Posco in Malaysia.

Chapter 1 described the background of the thesis, including the research objectives, the significance of the study and organisation of the thesis. The focus of Chapter 2 was on exploring the concept of EP, different forms of EP, scholarly debates in EP, and finally to identify the gaps in EP research in Malaysia. The main purpose of Chapter 2 was to elucidate the main contributions to understanding EP in the literature in particular and more generally, in the Malaysian industrial relations literature.

There are three different terms usually used in the literature to describe ideals and forms of employee participation. They are industrial democracy (ID), EP and employee involvement (EI). Many writers regard these terms as interchangeable and synonymous, but this is not

wholly the case. Each of these terms was considered in order to understand the differences that might exist between them. All these terms are considered as evidence of employee voice but in each case, the emphasis is generally different. ID is seen to allow greater autonomy to employees and their representatives. In general, these representatives are trade unions, who decide their own policies in reaction to organisational changes and managerial policy. EP, either through direct or indirect participation, is concerned with the role of employees and their representatives to participate in the workplace decision-making process and to try to influence final management decisions. EI is not a new concept but in recent years has been incorporated into many managerial initiatives such as QCCs, TQM, team-briefing and teamwork. All of these latter initiatives are often connected with the development of HRM in the 1980s and 1990s. Generally, management will encourage employees to be involved in these schemes in order to improve organisational efficiency, and concomitantly increase employees' commitment to the organisational goals. In all three terms, there are assumptions that employees can have a greater say in the things which affect them at work. Nevertheless, there are nuanced differences between each of the terms – particularly in terms of priorities. For this thesis the term *employee participation* (EP) was chosen as most apt for this thesis, because it generally carried with it elements inherent in both EI and ID.

Re-focusing on actions and processes at workplace and company level, the next section of the chapter explored the capacity of employees and their representatives (unions) to influence decisions. It was shown that the extent to which employees influence management decisions can be limited or enhanced by the managerial prerogative.

Another aspect that became important was the variety of EP mechanisms. The classification of EP into direct and indirect forms adopted by scholars in much of the literature illuminates the analysis of the process involved and the ways these relate to managerial prerogative. These direct and indirect forms have also been discussed in this chapter in order to show the differences between each of these forms, and why these forms are implemented at the company and workplace level.

The chapter further discussed the models of EP. These models are ‘Cycles of Control’, ‘Contingency’ and ‘Favourable Conjunctures’. Each of these models was presented in terms of the strengths and limitations which they bring to the investigation and analysis of the nature of EP. The important objectives of all of these models are to understand those factors that influenced the companies to develop direct and indirect EP in the workplace. Finally, the literature survey revealed that there have been no extensive studies on EP conducted in Malaysia, particularly in the private sector. This study will fill this significant gap by researching EP in three private companies (union and non-union) in Malaysia. A qualitative case study strategy was selected to answer the research questions as proposed in Chapter 2.

These questions which directed the rest of the thesis were:

- what are the different forms of EP established in these three Malaysian private companies, and how do these methods actually operate at company level?’,
- ‘why are different forms of EP developed in different companies in the Malaysian private sector?’ and finally
- ‘how effectively do researchers’ EP models explain the nature and assumptions of EP practices at company level in Malaysia?’

In light of these questions, Chapter 3 described the research design that was utilised in this study. A qualitative research was selected for this study because it is rich, real, full, and holistic. It also provides a specific way to assess causality in organisational issue. On the other hand, quantitative research emphasis on testing and verification the phenomenon being studied than to understanding the phenomenon from the research respondents’ point of view. The discussion also focuses on the limitation on quantitative method in EP research. However, within qualitative research, there are many research methodologies for instance case study, grounded theory, ethnographic, action research and so forth.

A qualitative case study strategy was designed to elicit the information because it is suitable to answer the central research question in this thesis (see Chapter 2). As Yin argues, the case study strategy is suitable if the phenomenon is within its real life context, especially

when the boundaries between phenomenon and context are not clearly evident and multiple sources of evidence are used. Based on the gap of EP research, the definition of Yin's fit this study because the study on EP and the private sector in Malaysia is not clearly evident. A multiple-case design was used in this study. By using multiple sources of data, the broader issues of EP at company level could be examined. The data collection techniques included semi-structured and unstructured interviews, direct observation, memos, and document review. These instruments were administered in stages over a six month period in Malaysia. Data was compiled and analysed through field notes, paraphrases, quotes, highlighted words and sentences. All of these were synthesised to understand issues more fully and capture the essence of the situation.

Chapter 4 deals with the Malaysian economic development, industrial relations system and the Code of Conduct for Industrial Harmony 1975 as background and context for this study. This chapter is significant and foreshadow for case study analysis in Chapter 5, 6 and 7 in relationship to the nature of EP in the private sector in Malaysia.

Chapter 4 commenced with the evolution of economic development and labour relations in the Malaysian context. It tracked the historical setting of British intervention, the diversified industrial relations structure under their administration and also the Code of Conduct for Industrial Harmony 1975. As the process of gaining independence was in the pipeline, many changes and Acts were effected, aimed at streamlining and unifying both the industrial relations system and ethnic groups within multicultural Malaysia. In 1975, the state, union, and employers implemented a Code of Practice for Industrial Harmony. This code has not been changed until the present day.

The main conclusions that can be made from this chapter were that there is on-going conflict between the major parties in industrial relations, even though Malaysia is in a transition period wherein the country will be a newly industrialised country by 2020. Yet there has been no major revision of industrial relations law since independence. The labour laws continued to be very much more favourable to employers rather to unions, while employees and unions are constrained by restrictions on freedom of associations. In

comparison with Europe, then, what is notable is an ineffectiveness of social dialogue or a national tripartite forum. There is thus no voice for employees despite conflict in the workplace, especially in non-union sector. Further, workers are more vulnerable because of the lack of social safety net. Not surprisingly then, there is an absence of employee participation in decision-making process at the workplace.

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Todd, Lansbury, Davis (2004) strongly criticised the employee participation practices and implementation process in Malaysian workplaces. They recommended in their study that Malaysia could imitate some model of employee participation (such as works councils) from European Union or labour management councils (LMCs) in Korea. They also argued that if works councils and LMCs will be established in Malaysia, it should not subvert or weaken the union activities. They suggested unions could play a role in the collective bargaining activities and works councils/LMCs as an alternative channel for employees to represent themselves with management particularly in non-union firms. Union and works councils/LMCs have separate roles at the organizational level. In relations to this matter, Ng when discussing labour standards in Asia, proposed Asian countries establish works councils as practiced in European Union. However, he emphasized that councils should have a legal constraint before implemented in the organization, which supports the Malaysian union's views.

It is that the 'voluntarist' approach to employee participation in Malaysia is linked to Malaysia's history as a British colony. However, the insufficiency of legal support for employee participation may be linked to a broader pattern of repression of employee and trade union rights. The research conducted by Terry in the UK particularly on employee representation has some impact on Malaysia situation. He shows that employee participation schemes such as joint consultation committees and shop stewards in the UK are given fewer legal rights to make or influence any decisions as similar practices in most European Union countries. This is also like the situation existing in Malaysian companies. The union and employees do not have any power to influence workplace decisions because of high managerial prerogatives and also 'they had a little influence on most HRM policies'. The law is so restrictive that promote genuine workplace democracy. Therefore,

the union lobbies the government to revise or amend some of the present industrial relations legislation, which was introduced in 1950s, 1960s and 1970s. If the present industrial relations laws are revised then this will develop a new paradigm in employee participation practices in Malaysia.

Chan, Abdullah and Muhammad observe that Malaysia will achieve the status of developed country by the year 2020. This was laid down in the government's 'Vision 2020' in which the emphasis in economic strategies shifted to higher value-added sectors, and more capital-intensive industrialisation. In relation to this issue, Todd and Peetz argue that part of this trend is the emergence of a 'new industrial relations' policy that is characterised by greater employee participation in decision-making, multi-skilled employee working in a semi-autonomous teams, and co-operative labour relations. However, as observed by Todd and Peetz, industrial relations in this early phase, in terms of control and decision-making within the workplace, remains unchanged. All these major issues influenced the nature of employee participation in three companies in Malaysia. Therefore, it is important to study the nature of employee participation in these three companies, two of which are unionised and one, non-union.

Chapter 5 examined the nature of EP in the Steelco. There are many forms of EP but despite that, there are very few ways in which non-managerial employees can actually participate. It appears that direct EP at Steelco is only taking place among supervisors and higher level managers. The above findings indicate that non-managerial employees do not have any say regarding their work and company decision-making. Most of the decisions of work and company matters are made at the management level. Those direct EP schemes such as problem-solving teams (PSTs), regular management meetings, MS ISO9000 and total quality management improvement teams primarily involve managers and supervisors. The non-managerial employees (workers and clerical staff) only receive information on job descriptions and they have to accomplish their work within the period set by the management. It is clear then that non-managerial employees have little opportunity to give their opinions on their own work.

Management was shown to prefer to consult directly with non-managerial employees involve through direct participation forms rather through the union. Similarly, Cully *et al.* reported from 1998 Workplace Employment Relations Survey (WERS) in the UK that in 72 per cent of workplaces surveyed managers expressed their preference for consulting directly with non-managerial employees rather than with the unions. Moreover, Storey, in his research on EP in many private companies in the UK, found that although there is dual system of EP (direct and indirect participation) in the workplace, management is more partial to direct participation forms, rather than through management-union committee or other forms involving worker elected representation.

In terms of the scope of issues, it was, in principle, fairly broad, but in practice, there often appeared to be a focus around ‘tea, towels and toilets’. Occasionally, strategic issues such as corporate mergers, retrenchment and company’s business plans were discussed at the management-union meeting or in CB meetings. Most of time, the scope of issues discussed were within the ‘tea, towels and toilets’ issues, especially at the management-union committee meeting. The non-managerial employees thus had almost no capacity to influence major workplace decisions in the company. This can be problematic for firms. As Johnstone *et al.* (2004) argued, if the employees or their unions were only ever involved in the lower level workplace decisions such as toilet, lockers, and lights, then they had no genuine voice in terms of influence on major company decisions such as retrenchment, investment plans and company’s corporate mergers.

The findings from the research into Steelco also indicated that the Production or HR Manager would chair the management-union committee meetings. The consequence is that sometimes the committee cannot decide on certain issues such as work allocation, and financial decisions on health care issues for workers. This is because the final decisions must still be referred to the General Manager for his approval. This process parallels Marchington’s argument that if the meetings are chaired by the junior manager and not Chief Executive Officer or Director of Company, then the committee has no capacity to influence major decisions. Furthermore, he argued that often the committees are only able to make decision on the trivial matters just as was found to be the case at Steelco.

A further finding in this chapter was that neither management nor the union was aware of the existence of the Code of Conduct for Industrial Harmony 1975. It would appear that the Code does not have effect to the practice of EP at the company level since management claimed that Steelco was unaware of the existence of the Code.

These overall findings at Steelco have indicated a pressing requirement to increase employee voice and to consult workers more fully. There is a widespread non-managerial and union representatives' perception that they have little control over what happens at their workplace and that their voice is not heard. Managers at Steelco have developed an impressive array of top-down communication mechanisms but these needs appear to be matched by the need for increased scope for the expression of non-managerial employees' opinion or feedback mechanisms. The research findings suggest that Steelco confronts a major challenge in developing more effective workplace management-union/employee relations.

Chapter 6 explained the forms, focus and functions of EP at the Autoco. A number of conclusions can be derived from the study conducted at Autoco. The main findings from the study indicated that some of direct and indirect EP forms such as team briefings, bulletins, daily walk by senior managers, and safety and health committee do not provide any opportunity for employees to give their views or feedback about their work. The involvement of non-managerial employees in these forms at Autoco does not signify any capacity to influence workplace decision-making processes. This aligns with a number of studies which have also found that non-managerial employees have little influence on the management decision-making at the workplace level. Delbridge, for example, found in his research at a Japanese consumer electronics plant in the UK, that there was very little participation in the decision-making by operators. Similarly, Rinehart *et al.* in their research in a car assembly plant in Canada found that only a third of employees were actively involved in making decisions at work. Ramsay argued that direct participation forms, such as team briefings, 'do not allow for decision-making by or active involvement of employees, but instead typically entail passive receipt of information'. The in-depth

study by Marchington *et al.* on employee involvement in the UK also indicates that management initiates employee involvement schemes, mainly in order to improve employee communication and commitment but rarely to do with increasing employee influence at the workplace.

At Autoco, management were interested in different forms of EP because they believed that EP would increase productivity, quality and performance measurement. This is one of the key factors explaining why Autoco ventured into different forms of both direct and indirect EP in the past, particularly before the VSS. In relation to this aspect, Gollan and Markey argued that employers have their own reasons for establishing different forms of EP at company level. The employer's focus is on encouraging workers to be involved in EP, in order to improve productivity and product quality, increasingly important features in a highly competitive environment. Gollan and Davis also use same argument, that the implementation of various forms of EP in the workplace can be directly correlated with goals for organisational performance. For example, organisational performance will be measured on the basis of management-employee relations, product quality, and business performance.

Indirect EP was not well developed at Autoco. From the research findings in Autoco, it was shown that indirect EP such as Safety and Health Committee (SHC) was introduced only to conform to the Occupational Safety and Health Act 1994. Therefore, non-managerial employees who became members of the SHC had only minimal say and could not make or influence decisions in SHC meetings. Most of the time, management presided over the meetings. The implications from this are that management has most voice in the safety and health matters, although the non-managerial employees at least know what is happening in the workplace in regards to safety and health issues.

In the case of Autoco, the workers were represented by production supervisors who are more inclined to support the management in general. It was evident in this study of Autoco that most production supervisors convinced non-managerial employees to accept whatever decisions had already been made at the management level. Management also used

production supervisors as go-betweens to convey their decisions or messages to the non-managerial employees. Similarly, Fairris found from his observations in the USA manufacturing industry that team production and quality circles were more decentralised to the workplace. He further found that decentralisation of shopfloor governance does not grant workers' ability to alter the authority of shopfloor management through increased empowerment in shopfloor decision-making.

Another noteworthy finding from the research at Autoco was that the majority of management interviewees were unaware of the existence of the 1975 Code of Conduct for Industrial Harmony. The management interviewees also believed that the Government, Malaysian Employers' Federation and the Malaysian Trade Union Congress should promote the Code at company level. They also thought that the Code should also be incorporated within the Malaysian industrial relations laws because it would open a new era in the EP practices at the firm level. If the Code had statutory rights, then non-managerial employees and unions could influence the workplace decision-making process. Similar trends can be seen in countries such as the Netherlands and Germany. In these companies, national legislation on EP through works councils provides an opportunity for employees to influence major decisions in the company level.

Chapter 7 examined forms, focus and function of EP in Posco. In examining direct and indirect EP at Posco, it appears that the direct EP is not well established compared to the indirect EP. The union and the workers perceived that their input is very limited in direct EP because the research demonstrated the management would make the final decisions. In the Posco context, the management recognised JCC and CB in the workplace as form of employee representative bodies. From the research evidence in Posco as discussed earlier in this chapter, although the JCC well structured in terms of number of meetings and an equal composition of committee members' representation between the management and union but the unions' participation to influence management major decisions is quite limited due the legitimacy of managerial prerogatives. Indeed, managerial prerogatives are specified and protected under the Industrial Relations Act 1967 (Section 13(3)).

The practice and process of CB is also not consistent in different regions because the unions in Posco are segregated into different regions in Malaysia for example Peninsular, Sarawak and Sabah. This sometimes delays the implementation of collective agreement on time. In addition, these regions also have different employment laws such as Employment Act of 1955 (Peninsular Malaysia), Sarawak (Sarawak Labour Ordinance Act) and Sabah (Sabah Labour Ordinance Act). For this reason, the unions at Posco have little capacity to influence the negotiation process of the CB together with the management. Within the employment acts, the terms and conditions are also different. Although the non-managerial employees are working under the same image - as 'Posco workers' - in Peninsular Malaysia, Sarawak and Sabah, there is a big difference in terms and working conditions among them. Different employment laws between regions will also affect the bargaining power of the unions to ensure standardised terms and working conditions for employees in Peninsular Malaysia, Sarawak and Sabah regions.

The introduction of direct and indirect forms of EP was also found to be influenced by the external and internal factors. External factors were those, such as product market competition, government policy (e.g. privatisation policy), history, and labour legislation, all of which indirectly pressured the company to develop direct and indirect forms of EP. Internal factors which influenced the choice of forms of EP included; company strategic decisions, cultural values, union-management relationship, workplace innovations and pressures for service quality improvements.

The issues discussed in the direct and indirect forms of EP comprise both operational and strategic matters. It was demonstrated that strategic and operational issues sometimes are discussed at the JCC meetings, while the operational matters are considered through CB and direct participation schemes. Knudsen (1995) and Goodijk (2001) found similar patterns in most Western European countries, for example, through the works councils in the Netherlands and Germany.

The awareness and comments of management and the unions on the Code of Conduct for Industrial Harmony 1975 were important because they demonstrate the extent to which

Posco practised some of the elements from this Code. Management and the union interviewees all commented that they knew this Code since 1975, and had practised some of the elements from this Code at the company level. They also commented that the Code was not practical, given the current scenario of economic and industrial relations development. Thus, from their perspective, policy makers need to review the Code, and possibly have the Code enacted within the Labour Act.

Overall, the findings from the research at Posco showed that although the management and union claimed to be cooperating in many aspects of employment relations, the analysis of the union and the company documents have found that there was a fair degree of conflict between them. In terms of EP, there is virtually no genuine participation between the management and the union at Posco because the unions are weak in influencing the decisions that affect employees' working lives. The majority of non-managerial employees are not satisfied with the existing direct EP system because their voice is limited. They hold expectations and hopes to have more say on issues relating to their work and opportunities, and to make suggestions relating to the implementation of direct EP. These hopes and expectations appear unlikely to be realised.

Chapter 8 is a key chapter to understanding the overall nature of EP at Steelco, Autoco and Posco. It begins by revisiting the research questions which have been the focus of this thesis. The research questions asked, inter alia, 'what determines EP in Malaysian case study firms? Is there a Malaysian EP? If so, what makes it different from models developed in OECD type countries? To provide answers for these questions, the chapter examined forms, focus and functions of direct and indirect EP in the Steelco, Autoco and Posco. The main similarities and differences of main characteristic of direct and indirect EP in Steelco, Autoco and Posco are examined. The research findings in Steelco, Autoco and Posco also demonstrated that there are several factors that contributed to the development of direct and indirect EP. These factors are including product and international market competition, Asian economic crisis, company restructuring process: mergers and acquisitions, employers' strategic choice in regards to the implementation of EP, government policies (such as Look East Policy and Privatisation Policy), the Occupational Safety and Health

Act (OSHA) of 1994, and cultural and historical mores and influences. Some of these factors are new dimensions in understanding the nature of EP at Steelco, Autoco and Posco particularly in the private sector, itself an area not often discussed by other industrial relations researchers in Malaysia. These factors are new elements in understanding of EP in general and more specifically from the Asia perspective.

Although these factors were contributed to the development of direct and indirect EP forms in Steelco, Autoco and Posco, but the next key questions emerged from this research is that 'to what extent employees and unions have capacity to participate in the management final decisions within direct and indirect EP forms. This question has capacity to provide answer whether EP is effective or ineffective at the firm level. The answer is employees and unions in Steelco, Autoco and Posco have less capacity to participate in the management final decisions. There are several reasons for ineffectiveness of EP that found based on the research findings in Steelco, Autoco and Posco. These reasons are including industrial relations legislations and acts, ineffectiveness of The Code of Conduct for Industrial Harmony 1975, management attitudes towards unions, cultural orientations and values, company paternalistic values, and finally the British colonial and its impact on management style in the Malaysian firms. These reasons are significant for understanding models of EP that discussed in the Chapter 2 (Section 2.6).

The distinctiveness of the present study is related to the contributions in the wider EP literature in general and more specifically in the Malaysian industrial relations literature. As mentioned in the Chapter 2 (Section 2.7), the EP was studied from the organisational behaviour perspective that limited to the certain independent and dependant variables such as organisational commitment, job satisfaction, and job performance. Thus, the present research on EP studied from the industrial relations perspective that included the government, employers, unions and non-managerial employees as unit of analysis. The research for this project also utilised a three in-depth qualitative case studies- Steelco, Autoco and Posco, with multiple data collection. These methods were chosen in order to gain an understanding of EP in the Malaysian case study firms, in a holistic manner, rather than being limited to constraints of specified variables.

The present study is also has some implications for policy consequences. These policies have implications on management, union, employees and the government. These parties should consider research findings in Steelco, Autoco and Posco for their future policies on EP.

Chapter 9 as conclusions chapter has recaptured the overall findings of EP in the Steelco, Autoco and Posco that demonstrated from Chapter 1 to Chapter 8. Furthermore, this chapter also highlighted several limitations of the study. Finally, suggestions for further research are discussed at the end of this chapter.

9.3. Limitations of the study

The findings of this study have been exploratory in nature because is no previous research, at an academic level, on the nature of EP practices in the private sector in Malaysia. As mentioned in the Chapter 2, this type of research is relatively limited in the Malaysian context. In the broader perspective, there is also lack of theory and body of knowledge regarding EP practice in the private sector in Asian countries.

One major limitation of the study was time because the researcher was given a maximum period of six months by the sponsoring university to complete the fieldwork. It was for this practical reason that the researcher had to select three cases study areas. Due to limited time, the main approaches to sampling judgmental and convenience selected- depending on the availability of respondents. The conduct of the fieldwork also incurred a considerable amount of financial cash to cover the return air-ticket to Malaysia, accommodation, local transportation, food and administration costs. The three study areas, which are located in the central parts of Peninsular Malaysia and Sabah in the East Malaysia. If financial resources had not been a constraint, the research would have preferred to include another case study in the sampling.

While three case studies cannot be generalised to represent the extent and the process of EP in Malaysian firms, Gummesson argues that generalisation in case studies can be seen differently. For example, he agrees with Norman who made a distinct feature of generalisation in case studies. Gummesson explains that rigorous investigation with only two case studies which identifies specific issues and systems, and other important characteristics may be reasonably used to generalise similar cases or situations:

Gummesson further explains that a study, which involves the use of in-depth analysis based on exhaustive investigations and analyses to identify certain phenomena, for example the pattern and emerging issues on EP in Steelco, Autoco and Posco, will have transferability to other companies. Bryman, Hartley, Silverman and Flyvbjerg also support the above arguments. Data received from one particular case can provide theoretical insights with a sufficient level of generality or universality, to forecast other circumstances or environments.

The NNivo software package was not used to analyse the interview transcripts in this study because most of the interview transcripts were in Malay language where the NNivo software is in English.

9.4. Directions for Future research

The results of the study offer rich possibilities for future research. Four core areas identified for future research on EP in Malaysia are notable.

(i) Future research should study EP in the public sector in Malaysia from the same broad industrial relations / industrial sociology perspective used in this thesis. The study of EP in the various areas in the public sector with different nature of work, different characteristic of work ethics and in many cases, highly bureaucratic work system will produce useful research findings for comparison with EP in the private sector, and deepen our understanding of EP.

(ii) The results from this study also suggested that future research should consider direct and indirect EP from the national level. In particular a broad survey of the Malaysian private sector would be rewarding. The results from the national survey could confirm or modify case study research findings, and offer ideas for future case studies. Such broadening of techniques and content would allow us to generalise the overall patterns of EP practices in the private sector in Malaysia.

(iii) The research on Steelco, Autoco and Posco suggested that employee 'voice' for non-managerial employees is important. Although the evidence on employee voice in these three case studies cannot be generalised to the whole of Malaysia, there is a clear need for further research on this aspect in order to understand the nature of employee voice in Malaysia generally. In last five years the research on employee voice has become a significant issue in the field of EP and industrial relations, but this literature has come from the western world rather than from Asian countries. Given the pace and breadth of development in such countries, a better understanding that would result from further investigation and analysis would be useful.

(iv) This study also found that multiculturalism in Malaysia could have some impact on the goals and direction of EP practices. Future research on multiculturalism could offer a major impetus to the field of EP because this aspect has rarely been given emphasis in the EP literature, particularly from the Asian perspective. Malaysia as a multicultural society, definitely has impact on the practices of EP in the company level.

This chapter (Chapter 9) has drawn some conclusions from the previous findings. The chapter consists of four sections. First, the conclusions were drawn from the research objectives that presented in Chapter 1. Second, the study's academic and methodological contributions are explained. The third section focussed on practical implications for managers, union, and policy makers in relation to EP, while the final section dealt with the limitations of the study, and in so doing, offered some possible future research directions.

9.5. Final Remarks

Based on research which focussed on Steelco, Autoco and Posco, this thesis has indicated that EP in Malaysia is limited, particularly with reference to employee voice. Constraints on unions and non-managerial employees mean there is little participation in final management decision-making process. The results of this research are valuable for policy makers such as Ministry of Human Resources to consider how to revise objectives and include some elements of EP in the current labour legislation. Similarly, employers might also change their attitudes towards unions and employees to provide them an opportunity to participate and have a say in the final management decisions.

On the other hand, the unions and employees also need to contribute ideas and views in order to improve productivity, quality of products and services. Moreover, it is most important that unions and employee groups genuinely seek to promote employees' quality of life and well-being. Employee participation is beneficial, especially when the stakeholders can see the benefits, and are empowered by the other stakeholders.