

PARTICIPATIVE MANAGEMENT: CONCEPT AND APPLICATION IN CONSUMER GOODS COMPANIES

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Abstract

This paper attempts to ascertain the impact of participative management on workflows, its influence on sales output and how well the concept is practised by consumer goods companies in Nigeria. Study adopted the survey design; questionnaires were used to collect necessary data from sales personnel across 10 states in South-South and South East Nigeria. Respondents rated the concept and application of participative management as it affects their work environment and sales output of the company. Statistical results of the study showed that 92.08% of the respondents believe that there are benefits derivable from participative management and that these benefits improve both sales output and workflow. 48% believe that participative management is practised in firms. Hypotheses tested using the chi-square test statistic revealed that: Consumer goods companies benefit from practising participative management, Participative management has effect on sales output of consumer goods companies, and the concept of participative management is not fully practised by consumer goods companies in Nigeria. These findings indicate that participative management principles need to be inculcated fully in the running of sales organisations so as to increase sales volume and ultimately boost the profit of consumer goods companies.

Keywords: Participative Management, Consumer Goods Companies, Concept, Sales Output, Workflows

1. INTRODUCTION

Modern management proposes that organizations should be made less formal by giving room to more subordinate participation in decision making. This marked the birth of the concept, participative management also called consultative management. According to Boyarkova (2012:3), the stability of a team depends primarily on such factors as employees' involvement and gratification, as well as friendly communication between colleagues. Being part of a team is an art that every person in a company should learn. A great role in this process lies on the shoulders of the team manager.

A manager's task is to make projects and professional activities attractive to each employee. His duty is to identify correctly each employee's profile, determine the certain abilities and talents of every team member. It is widely known that if the employee carries out a function that he does not like, the efficiency level decreases threefold and the employee quits the company sooner or later (Kanter, 1991:32).

The scope of participative style of management depends on the organization, its nature, function and processes. Though, associating employees at every stage of decision-making is not possible, still regular exchange of information, ideas, consultations, thoughts, decision and negotiation between employer and the employees definitely is a boost to the organization.

Few of the world's biggest organization like Toyota, HSBC (Hong Kong and Shanghai Banking

Corporation), British Airways, Satyam, British Gas and Nokia Cellular have achieved considerable profits and value creation by implementing the most amazing ideas of their employees. Their success witnesses to the importance of workers' participation in the process of decision making. The scope of workers' involvement in managerial decision-making may extend to social, economic and personnel decision making depending upon the requirements of the organization. But opinions differ on the extent to which employees can participate in managerial decision-making process.

Underlying the entire discussion of participative management and employee and stakeholder involvement is the dominance of the bureaucratic, hierarchical organization model and management approach (Bartlett and Ghosal 1991:23). In earlier times (before the nineties) participative management strategies and employee and stakeholder involvement were approached as modifications of or supplements to the traditional, bureaucratic, hierarchical model, undertaken to achieve particular goals or address particular problems.

Recently, however, participative management has been discussed as a comprehensive governance system that could, and is, replacing the traditional bureaucratic, hierarchical system for the new organic, networked organizational forms emerging in the late 1990s. Conversion into a participative organization is seen as a way for an organization to build key capabilities essential for success in the

complicated and dynamic contemporary organizational environment (Mclager and Nell, 1995).

To set up a competitive and profitable fast moving consumer goods (FMCG) business in Africa is challenging. From strategic decisions such as mode of operation, identifying suitable vendors, to packaging, to branding and communication-local expertise is required from planning to execution stages (Octave, 2011).

The consumer goods industry is one of the fastest growing segments of the market. Supermarket shelves are filled with products which must be tracked in bulk, sales statistics monitored and business tactics changed in very short periods. No department in a consumer goods company relies on team work for positive results as much as the sales department (Caridas, 2014:9).

The human side of work has changed and is still changing- any manager will admit to this fact. A century ago, it was taken for granted by consumer goods companies as they focused on money making which they believed was the overriding purpose of any commercial enterprise. But today this has changed as they have recognised that they have two main goals to perform: their economic function of producing consumables as efficiently as possible and their social function of providing satisfactory conditions of employment, meaningful work and maximum opportunity for self-fulfilment to its workforce. The later function incorporates participative management as there would be no self-fulfilment and job satisfaction if workers are not allowed to contribute in matters that concern them in their work place (Nnadi, 2008).

Based on this background, this study is poised to research the extent to which the concept of participative management affects the sales output of consumer goods companies. This study is exploratory and conclusions reached would not, in any way, reflect the situation from the North for example owing to the Boko haram crisis being suffered in the region at present. Over the period of 6 months, we were able to extract information from sales personnel of one of the well-known consumer goods companies in Nigeria-PZ Cussons Plc- using copies of administered questionnaires. We do not claim the data generated are adequate enough to reflect for all firms but rather should be an opening to be built upon.

1.1. Objectives of the Study

1. To ascertain the influence of participative management on sales output and workflows
2. To ascertain whether there are benefits derivable from participative management.
3. To ascertain the extent to which participative management is practised in consumer goods companies in Nigeria.

1.2. Research Questions

1. What is the influence of participative management on sales output and workflows?
2. Are there benefits derivable from participative management?
3. To what extent is participative management practised in consumer goods companies in Nigeria?

2. LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK OF THE STUDY

2.1. The concept of Participative Management

Participative management, otherwise known as employee involvement or participative decision making is a system in which employees of a business organization take an active role in the decision-making process as it relates to the way the business operates. The style of management encourages the involvement of stakeholders at all levels of an organisation in the analysis of problems, development of strategies and implementation of solutions. Employees are invited to share in the decision making process of the firm by participating in activities such as setting goals, determining work schedules, and making suggestions. In participative management, the designated manager(s) still have the final responsibility of making decisions and answering for them, but members of the staff who are affected by those decisions are actively sought to provide observations, analysis, suggestions and recommendations in the executive decision making process (Bartle, 2009).

There are various approaches to the level of participatory management a business may engage in. Some examples are self-managed work teams, professional enrichment opportunities, increasing levels of responsibility for employees and even employee owned business ventures.

2.2. Participative Management Benefits

A participative management style offers various benefits at all levels of the organisation. By creating a sense of ownership in the company, participative management instils a sense of pride and motivates employees to increase productivity in order to achieve their goals. Employees who participate in the decision making feel like they are part of a team with a common goal, and find their sense of self esteem and creative fulfilment heightened (McMillan, 2014).

Managers who use the participative management style find that are employees are more receptive to change than in situation in which they have no voice. Participative management keeps employees informed of upcoming events so they will be aware of potential changes. The organisation can then place itself in a proactive mode rather than a reactive one.

Participative management helps employees gain a wider view of the organisation. Through training, development opportunities and information sharing, employees can acquire the conceptual skills required to become effective managers or top executives. It also increases the commitment of employees to the organisation and the decision they make.

Creativity and innovation are two key benefits of participative management. By allowing a diverse group of employees to have input into decisions, the organisation benefits from the synergy that comes with a wider choice of options. When all employees, instead of just managers or top executives, are given the opportunity to participate, the chances are increased that a valid and unique idea will be suggested (Jensen, 2011). Kanter (1989) pointed out that a participative work environment is

theoretically more effective at enhancing innovations than the bureaucratic structures.

2.3. Concept of Sales Output

Output generally is the amount of energy, work, goods, or services produced by a machine, factory, company, or an individual in a period. In management terms, it is simply the total quantity of goods and services produced as a result of input transformation by a firm or industry. Organisations concentrate primarily on converting inputs into output, not for their own consumption but for the purpose of generating revenue through sales. Sales output is very important for organisational survival. The stability of a firm depends on the level of its sales output. Some managers and marketing practitioners are appraised in terms of the level of sales output they are able to generate.

2.4. Concept of Workflow

The Workflow Management Coalition (1996) published a glossary of all useful terms related to workflow. It defines workflow as the automation of a business process, in whole or part, during which documents, information or tasks are passed from one participant to another for action (activities), according to a set of procedural rules. A participant as published in the glossary may be a person or an automated process in the local or remote separate organisation. Subsequently in this research paper, efforts will be made in relating participative management to sales output and workflows.

2.5. Effects of Participative Management on Sales Output and Workflows

In order to improve the smoothness of workflow and increase the level of sales output of an organisation, managers usually concentrate on creating organisational harmony as well as boosting the morale of employees by engaging them in the decision making process. Sharma (1987) posits that the first step towards ensuring harmony between labour and management is to associate workers with the decision-making process of the enterprise. He further states that this system enhances productivity and efficiency and fosters industrial harmony and human personality.

The Labour participation and workplace mutuality are linked to improved organisational performance through the effects they have on employees' satisfaction, commitment, motivation, and morale (Kearney and Hays, 1994; Davis and Lansbury, 1996; Black and Gregersen, 1997). Again, the objectives of participative management as perceived by the Government of India include resolving industrial disputes, establishing industrial peace and harmony, and increasing productivity (Michael, 1979).

Participative management enhances free workflow by creating a harmonious work environment. It also increases organisational performance measured by the level of sales output.

2.6. Application of the Concept of Participatory Management

Going through the responses from the respondents and the findings from the review of related literature, we were able to discover and identify that indeed the concept of participative management is known in most fast moving consumer goods companies though it is not practised as expected.

Analysis of the findings shows that 37.62% of the respondents believe major decisions are made by the management committee/leadership team, 27.72% believe the managing director makes the most decisions. Another 27.27% say it is the general manager while 6.93% opined it is the company's chairman.

However, not a single respondent is of the opinion that employees make major decisions in the organization. 83.17% are consulted by their boss during decision making while 16.83% say they are not.

Contrasting the responses, we are of the opinion that indeed employees are from time to time consulted on pertinent issues relating to the job but the extent to which decisions from these consultations are implemented is inadequate.

3. RESEARCH METHODOLOGY

The study was conducted using the survey approach. Two sources of data were utilized in the study: they included primary and secondary sources. The primary source was the administration of copies of designed questionnaire. Simple percentage (%), chisquare (x²) and correlation were used in analysis of the data and in testing the hypothesis.

4. PRESENTATION OF DATA

Table 4.1. Responses on the influence of participative management on sales output and workflows

Responses	
Encourages ownership of agreed sales objectives	Motivates one to deliver expected results
Increased growth and productivity in the long run	Increases one's knowledge (as one takes learning from others)
Increased sense of belonging and pride/morale booster	

Source: Field Survey, 2015

Table 4.2. Responses on whether there are benefits derivable from participative management

Option	No of responses	Frequency (%)
YES	93	92.08
NO	8	7.92
Total	101	100

Source: Field Survey, 2015

The table above shows that 92.08% of the respondents agreed that there are benefits derivable from participative management while 7.92% of the respondents maintained otherwise.

Table 4.3. Responses on the rate to which employees are allowed to participate in decision making

Option	No of responses	Frequency (%)
Adequate	43	42.57
Inadequate	58	57.43
Total	101	100

Source: Field Survey, 2015

The table above shows that 42.57% of the respondents agreed that the level of employee participation is adequate while 57.43% of the respondents maintained otherwise.

Table 4.4. Responses on who makes majority of the decisions that affect sales output

Options	No of responses	Percentage (%)
Chairman of the company	7	6.93
Managing director	28	27.72
General manager	28	27.72
Management committee	38	37.62
Employees	0	---
Total	101	100

Source: Field Survey, 2015

5. DISCUSSION OF FINDINGS

It was found that participative management influences sales output and workflows as none of the respondents had a contrary idea. 92% of sales employees agree there are benefits to be derived from practice of participative management while only about 8% maintained otherwise. Analysis of the findings shows that 37.62% of the respondents believe major decisions are made by the management committee/leadership team, 27.72% believe the managing director makes the most decisions. Another 27.27% say it is the general manager while 6.93% opined it is the company's chairman. However, not a single respondent is of the opinion that employees make major decisions in the organization.

6. CONCLUSION AND RECOMMENDATIONS

Many companies have experienced the positive effects of participative management. Employees are more committed and experience more job satisfaction when they are allowed to participate in decision making. Organizations have reported that productivity improved significantly when managers used a participative style. Based on the above assertions and in line with the major findings of this

study, we conclude that the concept and application of participative management affect work flows and sales output in consumer goods companies. Also, this concept is well known in the sales departments of firms but not being applied to the extent to which it ought to. Based on the above conclusions, we recommend that managers at all levels should ensure that their chosen styles of management have at least the major elements of participative management so that they can reap the benefits derivable from engaging employees in the process of decision making.

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