

OWNERSHIP - A NEW MOTIVATIONAL PARADIGM

► M.I. LIAQATH ALI ◀

CHANGING OWNERSHIP CONCEPT

The higher an organization climbs up in performance the higher still is the demand for motivation. Performance is not output and bottom line alone. It has many other dimensions: growth, expansion, diversification, innovation and so on. The onus of motivating the employees has been traditionally thought to be exclusively on the owners of the organization by introducing incentive schemes. But the notions of ownership and role of different layers of personnel have been changing since Industrial Revolution, changing faster in recent times -- thanks to recent developments in management thinking and practices. The working results of such concepts and actions are demonstrated openly and disseminated widely for all to see, appreciate and copy.

In the beginning the investors were the owners. Through their money they bought *Materials* and *Machines* and they had to hire *Men* to exploit the former two M's. The importance of the M's is in this order. *Overseeing* gave way to *Supervision* which in turn matured into *Managing*. Right now managing is greatly sophisticated. A section of the Men, namely the Managers shot to limelight. They got recognized by management pundits as the 'owners of the organization, in action.'

DEHUMANIZATION OF LABOR

The steady technology improvement saw to that the rest of Man resource acquired significance. They came to be known as *labor* first, then as *skills* and now as (a part of) *human resource*. The trade union movement played its role to project the Man resource as *human beings*. Combined with application of *people approach* (behavioral science) a whole new process emerged with a big bang – a rehumanising movement in respect of the bottommost of the hierarchy, namely the operatives.

Early industry treated labor as nothing more than an appendage to machines, or as something like a draft animal. The collective bargaining part of industrial democracy took care of their rights for being treated as human souls. Yet, still they were told: *Do as told and be done*. The reason was that they were noticeable just for their brawn and also for their hand-skills, charitably. The presence of brain was not acknowledged, much less exploited. And thus the workmen got demoted from their human status when once they entered their

workplace. That is, they got *dehumanized* as far as their organization is concerned.

Published in *Career Times*, Dubai, Aug. 2000

REHUMANIZATION

The discovery of the *brainy workman* had been gradual. A suggestion scheme here, a works committee there clearly proved not only the presence of intellect but also its efficacy. Today organizations are buzzing with a whole new set of self-administrative, self-regulatory, analytical and creative activities by last level operatives -- duly supported by higher strata personnel. These are small group and factory-wide activities like 5S and TQM. By degrees the decisions and control have been decentralized. More, the last rung of the organizational ladder has been *empowered*. The rehumanizing effort replaced the labor's image of *suspicion* by that of *dependability*. The human resource comprised of corporate and senior level managers, supervisors and operatives became a contiguous, integral workforce -- with the stratification blurring away.

TRIPARTITE OWNERSHIP!

With this the concept the perception of the nature and purpose of organization have undergone a tremendous change: Organization is now viewed as an entity in which three types of people participate: Investors, Managers, Workmen. They contribute their strengths viz. capital, managerial skills and manufacturing efforts respectively. Jointly they create infrastructure and produce wealth. All of them rightfully participate in the gains in the form of dividends, salaries and wages respectively.

On the surface this sharing process appears an old idea. It is not. The difference is in that employees can now have as much as they require, as much as they wish in monetary and other benefits; they can keep on asking for more, and more indefinitely - - as long as the value of the output (of goods or services) of the organization and the net surplus keeps growing. Of course this presupposes funding for infrastructural and operational expansions, modernization, etc. essentially from within. But the question is : What is the guarantee for such growth? And at very high speed?

GET AS MUCH AS YOU WISH

Continuous growth is the dream of the shareholder but it cannot be ensured or hastened without *employee participation* which can be brought about through organizational changes such as flattening of structure, widening of span of control, activity reorganization and *empowerment*. The necessary engine of productivity is *employee involvement: harnessing their creativity and enlisting their cooperation* in corporate developmental plans such as *technology shifts* and *product improvement* and *delivery*. Needless to say the key groups such as strategy management and marketing should plan and execute their respective

activities to match the speedy performance improvement continually. The goal must be to firmly establish a national and global presence.

Such a long-serving objective cannot be initiated and sustained except by a suitable instrument. Productivity sharing schemes such as the Scanlon Plan have been around for quite some time but did not catch on widely. They also lacked an ever-green productivity source: After a few years implementation firms ran out of ideas for further improvements of output values and surpluses. But today company wide creative involvement and empowerment are achieved in a big way. So a never-ending, perpetual, *integrated growth of enterprise and employee welfare* has become quite realizable. Countries like Japan have taken leadership in this regard.

Any such instrument must have a long term, futuristic view as the base, with provision for modifications in details as and when needed. It should adequately take care of welfare and prosperity of the entity of organization as well as its three owner groups, inclusive of employees. (The terms *owner* and *employee* are diametrically opposite in the dictionary but the distinction vanishes in the new paradigm.)

GOOSE & GOLDEN EGG

Care must be taken to set its terms so as not to kill the goose that lays golden egg. The objective should be to *nurture it forever and enjoy its lay perpetually*. The terms must be on the model of *productivity bargaining* (as against *collective bargaining*): Give – Take – Leave comfortable latitude for repetition. Such a scheme will be a motivational one for all people to *come together and work in unison*. It should provide incentive for *proactive initiatives for any and all sections*. It must also take care of *reactive reciprocation* for the rest. That is, an improvement in one corner should automatically evoke further action in others. *Sustained drive* is needed to spur up all functions such as Corporate Planning, R & D, Manufacturing, Marketing and HRD to *innovate constantly*. CREATIVITY SHOULD BE MADE A PART AND PARCEL OF THE CULTURE AND ROUTINE WORK. Such a pinnacular motivation can come only with the combination of - -

- ▶ intense sense of ownership (not just belongingness),
+
- ▶ speedy system of generation, collection and evaluation of ideas and their efficacious implementation
+
- ▶ equitable rewards.

The principal conditions for such a *participative contribution-cum-gainsharing scheme* are:

- It covers all the people of the organization, top to bottom, for performance measurement and reward

- It spells out preferably a single criteria measure, for the enterprise as a whole, such as a ratio involving turnover, wage bill, total production cost, etc. – each term well defined specifically for the purpose of scheme.
- The scheme covers everyone. All cases of improvement qualify irrespective of which group took the initiative and where changes are implemented.
- The schemes should have features to remove any lack of responsiveness.

SCHEMES GALORE

Many such schemes are reported around the world which have proved grandly successful in fusing entire human resource into one for *joint ownership, endeavor and sharing*. They can be classed as Productivity Linked Reward Schemes. If the measurement and payments are of short term, say monthly, it is a Productivity Linked Incentive Scheme. When the measurement is for payment of bonus and is made less often (annually or semi-annually) then it is a Productivity Linked Bonus Scheme.

SPECTACULAR EXPERIENCE

Many Japanese companies have reported steady and continuous rise in emoluments over many decades. Usually incentive wage and bonus are covered together. The extra payments are very substantial, generous. The working results for the enterprise are invariably found to surpass all expectations even after both payments. The next year's normal emoluments are therefore revised up by merging these extra payments fully or partially. In this sense the short-term scheme/s in effect become a long term Productivity Linked Wage Scheme.

CONCLUSION

In summary, the following may be concluded:

The enterprise has become a place for the investor, manager and workman to put together their resources to produce wealth and share the gains.

A sense of ownership can be created in employees to make a grand monolithic team through processes like decentralization and empowerment.

Their immense intellectual potential can be tapped, matched, channelised and coordinated with suitable motivational schemes.

Sustained, accelerated growth of prosperity of enterprise and of its human resource can result.

[Mr. M.I. LIAQATH ALI, is a graduate in Mechanical Engineering and Industrial Engineering. He is a Fellow of Indian Institution of Industrial Engineering. He is a consultant and trainer in IE and Management. He is currently the Director of Dr. Ambedkar Institute of Productivity, (National Productivity Council of India), Chennai.]