Chapter 22

From Democratic Participation to Shared Values: Improving Employee–Employer Interactions to Achieve Win–Win Situations

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ABSTRACT

A low-level equilibrium exists between low investment among employers and low loyalty among employees in private enterprises, and this is because enterprises follow the laws of the market and wait for changes in labor relations. On the basis of theoretical analysis, this paper establishes a process model to achieve high-level equilibrium between employees and employers and win–win situations. First, enterprises should follow social-exchange laws and create their management philosophies accordingly, in addition to exploring collective targets set including their interaction paths. Second, enterprises should be active and take the first step to improve labor relations through a participative style of management. The ensuing change in employee cognition leads to positive organizational behavior and positive interactions, with the realization of mutual benefit and win–win situations as possible final results. Democratic participative management is a necessary condition for the creation of win–win situations, which can effectively avoid the disequilibrium of high employer investment and low employee loyalty that contributes to labor shortages in China.

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INTRODUCTION

When employees join enterprises, they recognize the production and management philosophy or brand value of the enterprises, whereas the enterprises hire employees on the basis of their comprehensive qualities. However, if companies do not know how much value their employees can create, they provide only the minimum standard of working conditions as well as minimal commitments to their employees; consequently, most employees experience disappointment and the reality of conflict after their entry into such companies, prompting them to assume the behavior of “no pay, no work.” Employers then perceive their employees as selfish or unmotivated, and pay them the lowest possible wage. Research on employee–organization relationship management therefore focuses on how to break this cycle of low investment and low loyalty to achieve initial, shared expectations. However, contemporary economic theories commonly state that a harmonious relationship between employee and employer is difficult to achieve, and that in practice, this goal is often no more than a vague slogan. With the rapid development of mobile Internet and intelligent manufacturing, as well as continuous efforts from society and enterprises to establish common goals for the identity of labor and capital within organizations, constructing scientific theories and achieving positive outcomes have become feasible.

THEORETICAL BOUNDARIES CAUSE EMPLOYERS AND EMPLOYEES TO ACT INDEPENDENTLY

Adam Smith (1776) stated that division of labor in the process of industrialization produced conflicts in labor relations. To solve the conflict and noncooperation arising from this division of labor, Sidney Webb and Beatrice Webb promoted the concept of industrial democracy (ID). Moreover, the Western industrial revolution fueled theories of participative management such as an early profit-sharing system. Rapid economic development led to constant management revolutions in this field such as the cooperation mechanism found in Taylorism, humanistic management theory developed from behavioral science, institutional collective bargaining, and empiricism. These theories gradually split into two branches of research: One of these branches considers “weak employees, strong employers,” stressing the achievement of cooperation and harmony, namely traditional ideas associated with the nature of industrial relations (IR) with an emphasis on external systems; the other branch is based on internal requirements, or employee relations (ER), emphasizing harmonious labor relations and cooperation from the perspective of management efficiency. These two divergent perspectives have resulted in substantial differences of understanding and countermeasures about harmony.

Theoretical Distinctions Exacerbated Differences in Goals

In the system originally designed by the Webbs, industrial harmony depends on political and social harmony. The implication of this theory is that the achievement of industrial harmony must begin outside the workplace. Accordingly, IR scholars have mainly conducted analyses from the perspective of the superstructure and their conclusions have a strong ideological bias. Although studies have been conducted in recent years to expand the field of research on the impact of industrialization on people and overall society, the common goal of researchers is to use external systems (such as legal research, trade unions, and collective bargaining) to ensure that workers enjoy their fundamental rights including