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Employee participation in the private sector in Malaysia: *The Applicability of Favourable Conjunctures Model*

Balakrishnan Parasuraman ^a, Di Kelly ^b, and Balan Rathakrishnan ^c

EP is one crucial aspect of the employment relationship in both private and public organisations in many countries. In 2001, Poole, Lansbury and Wiles developed a model for comparative EP, which they named the Favourable Conjunctures Model. So far, this model has only been applied in developed countries such as the United States of America, United Kingdom, Australia and Europe. There it was applied in order to examine worker participation from the national perspective. No extensive study has been conducted using this model to explain worker participation practices at the company level. In parallel with this aspect, this model also has never been used to explain the nature of EP in the Asian developing countries.

This current research will use the Favourable Conjunctures Model to examine the nature of EP in private enterprises based on empirical study carried out in Malaysia. The argument of this paper is that the Favourable Conjunctures Model of Industrial Democracy (Poole et al. 2001) is inadequate to elucidate the characteristics of EP in Malaysia. Based on empirical findings from three private companies in Malaysia, the paper argues that there are many contextual factors that influence the nature of EP in Malaysian private companies that are not taken into account by the model. They are: multi-ethnic (cultural) influences, the repressive role of state in the Malaysian industrial relations, the New Economic Policy and industrialisation plan, Islamic working ethics, the influence of a British colonial history, lack of training among non-managerial employees in EP, the impact of foreign direct investment on industrial relations, to identify a few.

Based on this study, it is proposed that the present Favourable Conjunctures Model of Industrial Democracy (Poole et al. 2001) be modified based on the contextual factors discussed above. The paper concludes that the western model of EP could not be directly applied in Malaysia without some adjustment of the model.

Keywords: *Employee participation, Favourable Conjunctures Model, Industrial Relations.*

Introduction

Over the years, many scholars have studied and defined employee participation (here after refer EP) from different angles. 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 1998:15).

Alternatively Salamon (1992:341) defines EP as a ‘philosophy or style of organisational management which recognises both the need and right of employees, individually or collectively,

to be involved with management in areas of the organisation’s decisions making beyond that normally covered by collective bargaining’. Within the discussion on EP, there are several models also highlighted in the literature. One of

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the influential EP models is Cycle of Control' was developed by Ramsay in 1977. However this model criticised by the industrial relations scholars for instance Marchington, Wilkinson, Ackers, Goodman (1993), Ackers, Marchington, Wilkinson, & Goodman (1992) and more recently Poole, Lansbury, & Wailes (2001). The 'Waves Model of Employee Involvement' was introduced by Ackers et al. (1992) and Marchington et al. (1993) as a counter attack to Cycles of Control Model'.

Poole, Lansbury and Wiles (2001) developed the Favourable Conjunctures Model which extend from the above models with the broader coverage. So far, this model has only been applied in developed countries such as the USA, Germany, UK and Australia. There it was applied in order to examine worker participation from the national perspective. No extensive study has been conducted using this model to explain EP practices at the company level. In parallel with this aspect, this model also has never been used to explain the nature of EP in the Asian developing countries. This current research will use the Favourable Conjunctures Model to examine the nature of EP in private enterprises based on empirical study carried out in Malaysia. Therefore the central question that the author proposed in this paper is '*to what extent it is relevant to Malaysia as one of the fastest growing countries in the Asia Pacific Region*'.

This paper aims to achieve the following objectives. First, the meaning of industrial democracy, EP and employee involvement will be defined briefly to clarify the EP concept. The second objective is to describe the scholarly

debates on EP. Third, research method will be explained. Fourth, a brief background of Malaysian industrial relations (IR) will be explained. Fifth, based on arguments in the second objective, the modified Favourable Conjunctures Model will be examined in the context of Malaysian environment. Finally, the paper concludes that the western model of EP could not be directly applied in Malaysia without some adjustment of the model.

Literature Review

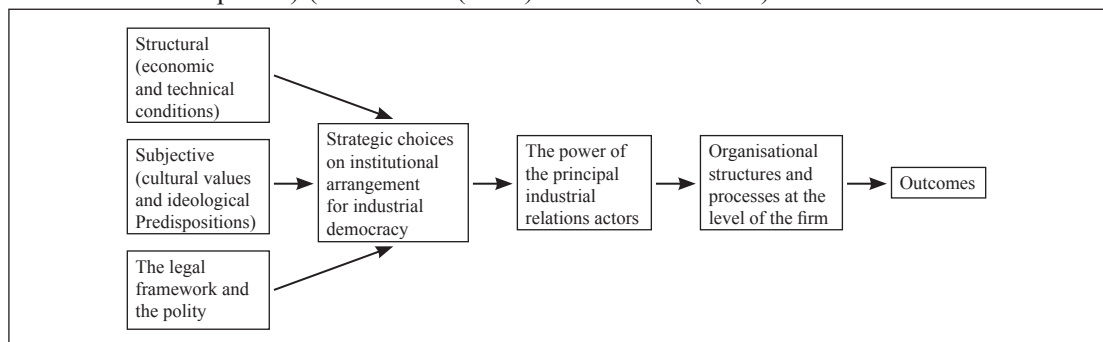
Scholarly debates on Employee Participation (EP)

Poole, Lansbury and Wailes (2001) developed the Favourable Conjunctures Model (Figure 1.1), based on the critiques on previous models on EP, such as the cyclical model.

Cyclical Model has some weakness and strength in explaining the variation of EP forms that have developed at the company level. One of criticisms is that the Cyclical Model does not really explain the global patterns of EP, which have different types of EP forms. Secondly, this model is only applied in the UK context and simply focuses on profit-sharing schemes. However, there were many changes during the mid 1980s onwards, such as new legislation on EP which was supported by the respective political parties, especially in UK, Western Europe USA and elsewhere.


Ackers et al. (1992) also criticised the Cyclical Model because it is not relevant to explain the real patterns of EP development in the 1980s and 1990s

Figure 1 A Conjunctures Favourable Model for Industrial Democracy (Employee Participation) (Poole et al. (2001)Poole et al.'s (2001) Model



in UK. They argue that the other contingency factors (Waves Model) such as economic crisis, workplace innovation, management education and so forth have a direct influence on EP developments in the 1980s and 1990s. However, Ackers et al's model has some limitations too. As Marchington (2005:20) admitted, their 'waves' model paid inadequate thought to 'the influences of wider societal effects that can support isomorphic propensities in a series of diverse organisation'. They also only concentrated their study on the UK environment and it does not mean can be applied outside UK and expecting the same outcome.

Poole et al (2001) in their argument also did not totally reject the cyclical and waves models. Rather these models do not clearly explain macro-micro level factors which also explain the rise of EP globally in the mid 1980s until the present day. Inadequate of the above model also leads to the identification of bundles of different variables that help to explain various patterns of historical movement within EP development globally. The Favourable Conjunctures Model also extends to examine the explanatory forces whether or not to advance and constrain EP.


In Figure 1.1, this model separates into four main  of variables: (1) macro conditions (external to the organisation), (2) strategic choices of the actors, (3) the power of the actors, and (4) organisational structures and processes at the level of the firm. The macro variables as shown in the right arrows have directly shape the development of EP consist of structural variables, for example, favourable economic and technical conditions (Dunlop 1993), subjective variables (the culture and established ideologies within given nations that either support or restrict EP and the legal framework and the political structure (involving governmental proposals for the promotion of EP, such as work councils).

Thus, these broader effects do not decide end result of the implementation of particular forms of EP in the in the real industrial relations system. The formation of specific practices relies on the strategic choices of the IR actors (Kochan, McKersie and Cappelli 1984). In fact, various strategic choices describe the varied patterns of adoption of practices at the firm level when macro situations are normally identical. In addition, the dispersion of power between the

key actors is absolutely of critical importance. As a result, trade union intensity results in collective bargaining getting the central form of EP. A powerful state role is, in general, legislative-based representative forms (for example codetermination and works councils). In the 1980s and 1990s, management was increasingly interested to implement employee involvement, which was typically aimed to improve shop-floor experiments (such as stress on empowerment, team briefings, total quality management programs, and so forth).

Current progress of EP in management might also be reflecting organisational modernisation at the firm level. The organisational modernisation or innovation at the company level will lead to certain workplace changes such as empowerment and delayering through different forms of EP (for example, team work, problem-solving teams etc) (Marchington and Rubery 2005). Apart from that, there is an increase in division of labour between firms, which is reflected by a reduced division of labour within firms. Currently many employers through production technologies are given different responsibilities across tasks and there is also a move towards multitasking. These also lead to the employer's emphasis on employees' competence, creativity, job autonomy, especially in task-level participation, which has great impact on the efficiency cost of centralised collective bargaining.

The limitation of this model

The limitation of the model is in so far as it does not apply at the firm level empirical study. Hence, the author will utilise this model to examine EP practices in three companies in union and non-union in the private sector in Malaysia. Based on the research findings in three case studies, the Favourable Conjunctures model will be evaluated in accordance with the Malaysian cultural, political and economic environment. Subsequently the model will be modified based on research findings from these three case studies (see Figure  in the next section, the research method will be briefly explained.

Methodology

Setting and procedures

One should note that the empirical analysis in this research is focus on inductive, heuristic, and explorative rather than deductive and hypothesis testing. A qualitative case study approach (Kelly 1999; Yin 2003; Hartley 2004) will be utilised to study EP in three selected private companies (after this refer as Steelco, Autoco and Posco) in Malaysia. These companies are selected on the ground on accessibility and also they have practised direct and indirect EP forms more than 15 years. These companies are fully owned by Malaysians. They are located in Kuala Lumpur, Klang and Kota Kinabalu, Sabah, East Malaysia. Over a period of ten months, 70 interview including senior members of management, union officials and a cross-section of workers were interviewed and observed, various meetings were attended, and copious notes and transcripts were compiled in these companies. In addition, various documents were obtained from the unions and management, the analysis of which was added to the overall cache of empirical material.

While these three case studies cannot be generalised to represent the extent and the process of EP in Malaysian private companies in general. The goal of case study which seeks analytical and not statistical generalisation (Mitchell 1983). Generalisation also seen on the relevant comparison can be based on present understanding, on existing literature, or on the decision of experiential specialist based on argumentative dialogues in EP (Lukka 2005). They perhaps can be an accepted or well-founded theory as a support, or a separate empirical study of the relevant similarities among two or more cases.

Result and Discussion

The Contextual Factors That Reshaped EP in the Private Sector in Malaysia: A Revised Model (See Figure 1.2)

Based on evaluation on the Favourable Conjunctures Model as discussed in above

section (see Figure 1.1), this section will discuss the extension of this model that several macro-micro contextual factors that have influenced EP practices in the Malaysian private sector (see Figure 1.2).

From the Figure 1.2, there are seven contextual factors have identified that reshaped the nature and practices of EP in the three private companies in Malaysia. These seven factors are:

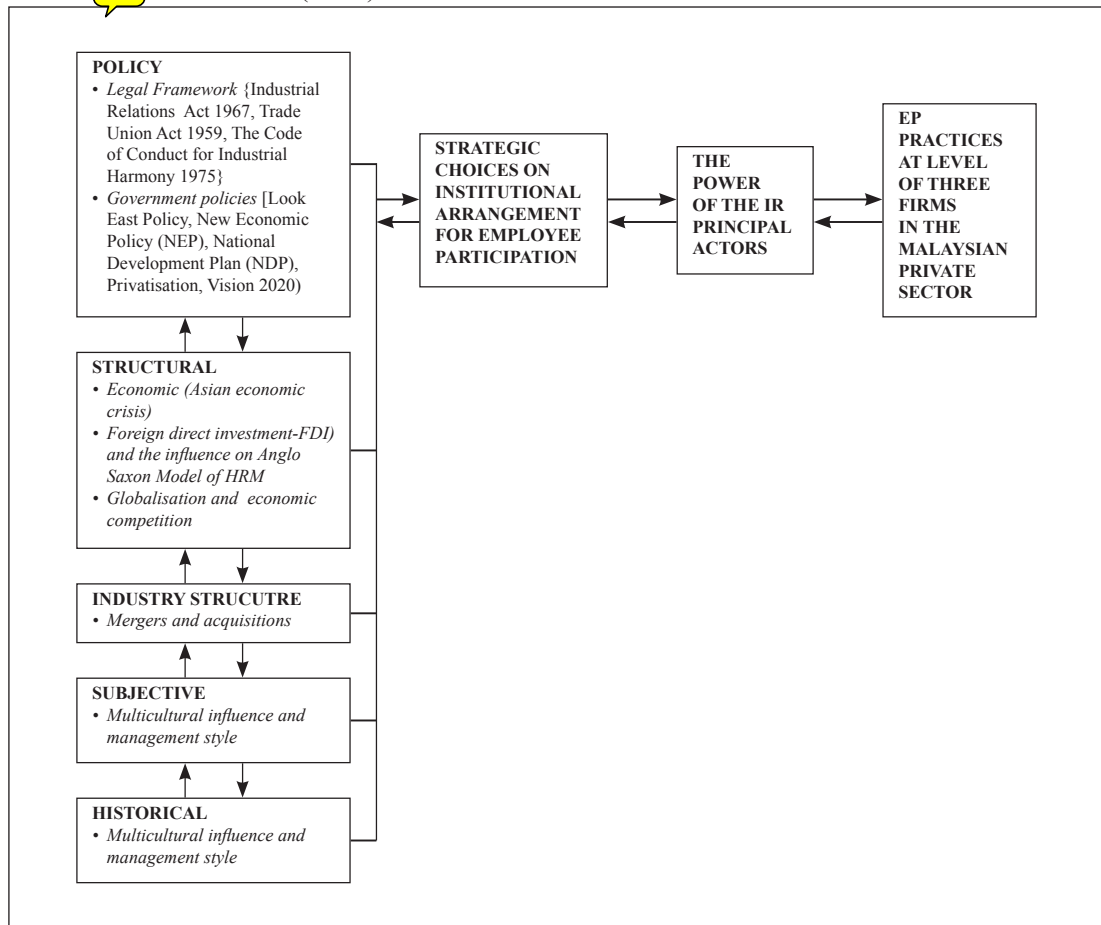
- IR legal framework and government policies (*Industrial Relations Act 1967, Trade Union Act 1959, The Code of Conduct for Industrial Harmony 1975*)
- Government policies (*New Economic Policy (NEP), National Development Plan, Vision 2020, Privatisation, Look East Policy (LEP)*)
- Structural factors (*Economic (Asian economic crisis, foreign direct investment-FDI the influence on Anglo Saxon Model of HRM, Globalisation and economic competition)*)
- Industrial structure (*Mergers and acquisitions*)
- subjective aspects (*Multicultural influence, religious value*)
- Historical (*The influence of British Colonial*)
- Strategic choices on institutional arrangement for EP
- Power relationship between principal industrial relations actors.

Some of these factors had already discussed in the Poole et al. model (see Figure 1.1), however, they are not relevant in Malaysian context because of culture, political and social differences. There are also other contextual factors, which is not discussed and examined by Poole et al. in their model. From the arrows show in the Figure 1.2, it indicates that these factors have inter-related influences between them, which are not shown in the Poole et al model (see Figure 1.1). All these factors will be examined in next section in order to show there is direct and indirect impact on the pattern of EP in three private companies in Malaysia.

Legal framework and IR Policy on EP: promote or constraint

Gold (2005) argues that the government policy either play a role interventionist or non-interventionist in employment relations particularly in promoting EP. Markey (2005)

Figure 1.2 Employee Participation in the Private Sector in Malaysia: A Revised Model from Poole et al.'s (2001) Model



Source: This modified model from Poole et al. (2001)

also supported Gold's statement by arguing the role of government is vital factor for the success of EP implementation in the company level. For example, in Western European countries like Germany and Netherlands, the state supported EP through national legislation (Poole et al. 2001; Knudsen 2004; Gold 2005; Markey 2005).

In Malaysian case, since British colonial till now, the state has restricted movement of the unions either at national or firm level particularly in the manufacturing sector (Ariffin 1997; Suhanah 2002; Parasuraman 2004). For example, under IR Act 1967, matters that part of managerial prerogatives such as transfer, appointment and allocations of job cannot be negotiated at the national CB (Ayadurai 1997). The same scenario can be seen Steelco and Posco. The union only

allowed negotiating issues on wages and terms of conditions.

Apart from CB, under CA, management and union also established management-union committee in Steelco. The management-union committee is very weak in terms of influencing company strategic decisions such as company business plan, mergers and takeover, and retrenchment which have great impact on workers. Most of time management and union only discuss the trivia such as toilet, car park, and so on and not major decisions (Interview with Union Committee Members, 10/10/2003; 11/10/2003; HR Manager, 2/10/2003).

The state also continuously makes new amendments on industrial relations law to restrict the movement of unions either at national or

enterprise level (Union Fulltime Officer, Metal Industry Employee Union-MIEU, 6/11/2003). The reason the government continues to make some changes on labour relations law in Malaysia because country's aspiration and vision to be a fully developed country by the year 2020 (Suhanah 2002). Any incidents that interrupt the Vision 2020, the government will not tolerate. Under the amendments of Trade union Act 1959, the Registrar has power de-register trade union and investigates unions, search premises and seize records if unions are involved in action considered disruptive to the development of the country. Furthermore, under the Internal Security Act, the Human Resource Minister has the right to interfere in the Arbitration and Conciliation court and in the state courts. In relations to this issue, Todd, Lansbury and Davis (2004) argue that the Malaysian economic development is not parallel with the changes in the IR policy. In fact, many of IR legislations are enacted in the 1950s and 1960s. Next, the Code of Conduct for Industrial Harmony 1975 and its impact on EP will be briefly discussed.

In Malaysia there is no legal enforcement on EP except we have the Code of Conduct (Ponniah 1979; Kuppusamy 1998). The Code actually is weak to provide more rights or voice for union and employees in the workplace. The Code is will be used seriously by employers and union when there is issue on retrenchment (Interview with MTUC President, 21/12/2003; Interview with Malaysian Employer Federation (MEF), 24/9/2003). According to the Executive of Director of MEF, the Code is generally not required employers to implement EP in the private sector workplaces. The Director of Department of IR, Ministry of HR, Malaysia also supported MEF's argument.

The research findings in case studies also indicate that the Code does not have any impact on EP practices in the firm level. Some of managers and union committee members from these three companies had argued that they never heard the existence of this Code. The similar findings also reported by Todd et al. (2004). They argue from the research evidence in Malaysian workplaces particularly in the private sector, the Code has minimal impact on EP either at national or company level.

Government policies

New Economic Policy (NEP), National Development Plan (NDP) and Vision 2020

On 13th May 1969, the worst racial riot in Malaysia history broke. The main reason for these race riots was because the economic position of Malays at the end of 1960s was still significantly inferior to that of non-Malays. In Peninsular Malaysia, the average percapita income of the Malays was half that of the Chinese. Imbalance in ownership of assets was a further source of communal disparities (Idrus 2001). For example, Chinese landholdings were on the average twice the size of Malay landholdings. This situation was then certainly characterised by uncertainties and complex tensions among the races. The implication of 13th May is that national unity as a major objective that should always be the priority of the nation. For this reason, the government made a proposal on NEP. The basic objectives and goals of the NEP were set out in the Second Malaysian Plan (MP2). The aims of NEP were

'to reduce and eventually eradicate poverty, by rising income levels and increasing employment opportunities for all Malaysian, irrespective of race... The second was to accelerate the process of restructuring the Malaysian society to correct economic imbalance, so as to reduce an eventually eliminate the identification of race with economic function' (MP2, 1971)

The above quotes clearly emphasises on two main objective of NEP: to eradicate poverty and restructuring economic among races in Malaysia.

After 20 years NEP's implementation, in 1990 it was replaced with NDP (Jomo and Todd 1994). The NDP re-stated some of the NEP's aims such as promoting balanced development and optimising growth as well as eliminating and economic inequalities (Sixth Malaysian Plan 1991). However, there was an emphasis on shifts to rapid industrialisation. Poverty eradication was now directed at hard core poverty and restructuring the society with the aim of actively promoting *Bumiputera* (Malays and other indigenous people) into the commercial and industrial community. There was also a focus on the human resource development as a fundamental requirement for achieving the

objectives of growth and distribution (Mellahi and Wood 2004).

Along with this line, Mahathir produced his 'Vision 2020' idea for Malaysia to attain the status of a highly developed nation in its own mould that is developed not just economically, but also politically and socially. NDP as part of economic development strategy will aim to create many Malays professional and businessman before 2020 (Idrus 2001).

The above factors has great impact on IR and EP policies. Since 1970s till present day, the government continuously amended IR laws and policies to control the labour movement in Malaysia. The government also will collaborate with employers to achieve all the government's economic development plans as we discussed above. For this reason, employers incessantly used their managerial prerogative to control union in the company level (Interview with MTUC President, 21/12/2003).

On contrary, the union in Posco has capacity to influence some of company major decisions such as company takeover, future business plans and retrenchment issue if compare to Steelco. For example, in 2001, Phileo, the major shareholder was planning to take over the whole business of Posco. But the union through several discussions with the management and government, in the end they successfully stopped the plan of the Phileo to take over Posco. The reason union has more influential power in Posco because the government under the privatisation policy still partly owned Posco shares. Therefore, the government continually monitoring the business of Posco through various discussion with union and management. Secondly, the government also promised to the union that they will support if there is any issues will impact seriously on workers working lives. We will discuss more detail in next section on privatisation policy.

Privatisation policy

In Malaysia, privatisation started in the early and mid's 1980s, where there has been a 'significant redirection of economic policies in the Asia Pacific region towards exposing the public sector competition (Yuen and Woon 1992:42). The greater role of the private sector

in the economy was emphasised in the Fifth Malaysian Plan (1986-1990). In the case of Malaysia, the growth of public enterprises to purchase or to create corporate assets on behalf of the Malays and other *Bumiputera* groups was encouraged. That means providing more employment opportunities in favour of the Malays, who were in a less advantage economic position. In same time privatisation policy also encouraged by the government due to Malaysian economy was suffering from the effects of world-depression in 1980s (Means 1991:97).

For workers, privatisation brought fears that related to loss of benefits already won, scope for re-hiring, loss of a won union power and scope for unionisation (Idrus 2001). It was in this context that Malaysia unions representing workers in state enterprises earmarked for privatisation voiced in their objectives. The Malaysian government handled these issues using two key elements. The first was by giving public assurances that there would be job security and protection of current benefits. There was also the promise of opportunities to own shares in the newly privatised companies. The government ensured that employees would be taken care, with each given one or two years to choose either the government or the private scheme (News Straits Times [NST], 26/12/1983). The government also insisted it was for mutual benefits of the employees, the private sector and the government as 'the interest of the three parties are interest of the nation (NST,20/12/1983). As for workers, as a result of consistent assurances by the government over right of unions activities, promises of better schemes and job security, the opposition was slowly drowned (NST, 18/1/1989; 20/11/1989, The Star, 2/9/1989).

If comparable with Steelco and Autoco, privatisation policy has a direct impact on Posco's EP. Before the privatisation of Posco, employees through union has no voices to determine salary and their working conditions. After it was privatised, the management permitted employees to form in-house union. Since 1992, union actively involved in CB process which already incorporated in the IR Act 1967. As we see from the above argument that union through various discussion with government in the end successfully defended the job security and

employee also enjoyed both government and collective agreement (CA) benefits (Interview with IR Manager, 24/12/2003).

Another a milestone for union in Posco is JCC previously known as Majlis Bersama Kebangsaan (National Joint Council-NJC) was continued after it became a private company in 1992. When Posco under the government sector (Department of Post Services), NJC is only an advisory body without any power to influence management's final decisions. The advantage of the privatisation policy for Posco is that non-managerial employees through CB and JCC actively participate in the company decision-making process. Therefore, privatisation policy directly has impacted EP practices in Posco.

Look East Policy (LEP)

LEP introduced in 1981. Former Prime Minister, Dr Mahathir wanted Malaysian to look the East instead of the West, towards Japanese and South Korea work ethics, diligence, and discipline at work, as well as loyalty to the national and to the place of employment (Idrus 2001; Mellahi and Wood 2004). It should also be seen as an effort to put priority of group over individual interests, with an emphasis on productivity and high quality, upgrading efficiency, narrowing differentials and gaps between executives and workers and on management system which concentrate on long term achievement (Jomo 1983:276). Mahathir's hope that Japanese and Korean would be role models for the Malays, while at the same time be the source of business skills and technological transfers.

According to Milne and Mauzy (1999:55), under LEP, Mahathir proposed the idea of in-house unions' or 'enterprise unions or 'company unions' as described by some scholars (Wad 1988; Jomo and Wad 1994), which was a prevalent phenomenon in Japan. In the light achieving economic objectives such as NEP and NDP, in-house unions could be attracting investors especially the FDI. The influence of in-house union can be seen in the case of Posco. For example, the union in Posco has two important roles: involve in the CB to determine the pay and working conditions and next it has capacity to influence company strategic decisions at high

level through JCC formal meetings.

Apart in-house union, LEP has great impact on direct forms of EP. From the case studies evidence, Japanese and Korean influences can be seen in the workplace innovation processes. Employers in three companies are keen to introduce direct participation schemes such as total quality management (TQM), quality control circles (QCCs), 5S, ISO 9000 and teamwork as part of workplace innovation. Rose (2002) argues most of these forms are imported from the Japanese management since 1980s. For example, the Assistant Assembly Manager said that Autoco as a franchiser company with Isuzu has more influence of Japanese management techniques in the EP practice either at company or workplace level (Interview with Production Manager, 28/1/2004).

Structural Factor

Asian economic crisis in 1997

In 1997, the Asian countries was affected by the economic turmoil and greatly influenced IR and HR policies (Parasuraman 1999; Erikson and Kuruvilla 2000; Hadiz 2002). One of the impact of this crisis is retrenchment of workers in the company level. For example, Autoco retrenched half of their employees due to economic crisis but not happened in Posco and Steelco. In the case of Posco, both management and union had managed to solve this problem jointly through JCC meeting. In the Autoco case because there is no union, management has right to make their own strategic decision to retrench 50 per cent of their workforce. In regards to this aspect, major of non-managerial employee respondent expressed sadly that without the union or other alternative employee representation in Autoco makes them very hard to influence management's final decision that has direct impact on their working lives.

Foreign direct investment (FDI) and the influence of Anglo Saxon Model of HRM

Bhopal and Todd (2000) and Mellahi and Wood (2004) argue the Malaysian economic is strongly influence by the FDI. Majority of

foreign firms operating in Malaysia will import their parent companies' IR approach (Rasiah 1995). Rasiah also asserted their IR strategies are including anti-union clauses in employment contract, pressure on dynamic unionist activist, fire and hire, close down the business without any retrenchment benefits. These strategies are weakening the influence of unions in the workplace particularly on the issues of organisational change and decision-making. Apart from that, foreign firms also imported their parent's company management techniques such as QCC, TQM, teamwork, 5S, ISO 9000 and subsequently implemented in their companies (Ariffin 1997; Rose 2002; Parasuraman 2004). The above IR and workplace innovation have great influences in the local Malaysian companies which will briefly discuss in Steelco, Autoco and Posco.

From the research evidence, it seems employers in Steelco, Autoco, and Posco were imitated some of foreign companies' IR and management techniques. For example, and practised in the company without a proper training for workers to understand these policies. understanding its implications for unions and employees. For instance, management in Autoco perceived union as a trouble maker. In the past there was attempt by several non-managerial employees to form a union in the workplace (Interview with non-managerial employees, 20/2/2004). The management rejected their proposal and promised to the workers that they will revise a better salary and working conditions. However, management did not revised their salary as they promised before. Majority non-managerial employee respondents perceived currently they cannot voice up any of their problems in the company because there is no union to represent them. Hyman (1997) in this context argues only union can be represented a genuine employee voice in the workplace. Badigannavar & Kelly (2005) support the above argument by saying only.

An interesting findings can be seen in Steelco case. Majority of non-managerial employees in Steelco perceived management-union committee (MUC) was really not effective mechanism to represent their voices in the workplace. From their perspective after working for 15 year, MUC

in so far never improve their quality of life. Some of non-managerial employee respondents think it is more effective for them if they can discuss their employment problems directly to their superiors or senior management rather than through union channel. According to one of union's respondent, the union is very weak in Steelco because the management looked at them as trouble maker rather as social partner (Interview with union committee member, 11/10/2003). The similar case also reported by Badigannavar & Kelly (2005). Based on research findings in one of the retail industries in UK, they argue that majority of non-managerial employees perceived that labour-management partnership (LMP) institution which was practiced in this company more than 20 years is not really represented their voices in the workplace in order to improve their working conditions.

Anglo-Saxon of HR influences also can seen in Steelco, Autoco and Posco. For example, some of senior managers in Steelco, Autoco and Posco who have received Master of Business Administration (MBA) degree either from American or UK universities will directly apply their MBA knowledge in the company. These indirectly will be influencing the HR practices in these companies where these managers will apply their MBA knowledge such introducing several direct EP mechanisms such as ISO 9000, TQM, 5S and so forth in order to improve organisational performance. Another evidence is that one of senior managers from Steelco who was previously working at Motorola Malaysia said that he applied some of Japanese management quality tools in the Steelco. These including TQM, problem solving teams, ISO 9000 and 5S in order to improve the productivity and company business performance. He further argues some of these forms actually have improved company business performance in terms of profit and job performance among workers (Interview with HR Manager, 2/10/2003).

Globalisation and economy competition

Gollan and Markey (2001) argue that globalisation and economy competition have encouraged organisational change attempting better productivity at the firm level. From

the research findings in three case studies, globalisation and economy competition have pushed the employers to introduce mix forms of EP. Since 1999, management in Steelco is introducing different forms of direct EP in order to produce a high quality of products. In this way, they can export their products to other countries in Asia. According to Production Manager, Steelco have already export their products to several ASEAN countries such as Indonesia, Thailand and Philippines (Interview with Production Manager, 13/11/2003; Company Annual Report 2002).

The same situation goes to Autoco. From 1970 to 1998, Autoco was the only manufacturer produced the four-wheel drive vehicles in Sabah, East Malaysia. However, since 1998 Autoco faced a global product competition from other four-wheel vehicle manufacturer like Toyota, Mitsubishi, Hyundai, Ford, and Nissan in Sabah. This new product and competition have greatly affected Autoco in terms of business performance and annual revenue (Genesis Annual Report, 2002). To overcome this problem, the HQ office in Kuala Lumpur sent their few senior managers and consultants to Autoco to improve some of existing direct EP techniques such as 5S, ISO 9000, TQM, team working, team briefings and employee suggestion schemes. The HQ is expecting by improving these techniques, Autoco is able to produce a better quality four whelle drive vehicle and also compete with other their competitors in Sabah.

Posco also is facing a challenge from other postal companies in Malaysia like DHL, TNT, Fedex and so forth. Management is working closely with union in order management successfully introducing various forms of direct EP to provide a better service to their customers and also to compete with other postal companies. One of effect from this attempt is several Posco offices have already awarded the MS ISO 9000 certificates from the Standards and Industrial Research Institute of Malaysia (SIRIM) (Interview with Quality Manager, 24/12/2003). In Malaysian context, MS ISO 9000 becomes a benchmark for all private companies to maintain their high quality of product and services to their customers.

Industrial structure

Mergers and acquisition

Rajkumar (2000) argues that mergers and acquisition are becoming part of company's restructuring process particularly after the Asian economic crisis in 1997. He further said that after the mergers process is carried out, the acquiring company controls the assets, and the acquiring company also has the right to hire and fire employees.

In this context, mergers and acquisitions have direct impact on implementation of various forms of EP in Steelco and Autoco. For example, after Steelco merged with Genesis Group, the Chief Executive Officer (CEO) of Genesis Group pushed all managers work very hard to introduce various forms of EP as part of company's organisational innovation process and to compete in the global market. One of his visions is Steelco should become a global player in the steel industry in the Asia Pacific region. Group Director of Newton Group also has the similar aim as we can see in the Steelco case. After Autoco merged with the Newton Group in mid of 1990, the Executive Director of the Newton Group instructed all the group companies to embark on various forms of EP in order to enhance the organisational effectiveness and also employee performance in general. In fact, in the EP literature in 1990s, organisational performance and effectiveness become one of main objective for management interest on direct EP (Marchington 1992; Cotton 1993; Marchington et al. 1993; Lawler, Mohrman and Ledford 1995).

On the other hand, mergers and acquisition also challenged union and non-managerial voices in the workplace. For example, from the research evidence in Steelco, the union has less power to influence strategic decisions like mergers, company business plan and so on together with the management. The managers in Steelco claim that most of strategic decisions are made by the Head Quarters (HQ) office solely. Further the HR Manager said that HQ has more control on Steelco's IR and HR decisions (Interview with HR Manager, 3/10/2003).

The Autoco case, the scenario even worst

if compare to Steelco. In Autoco, there is no union to protect workers' rights in the company. Majority of non-managerial employee respondents feel sadly that management does not listen to their voices rather will use their managerial prerogative power to decide anything that will favour for them. This we can see how management in Autoco retrenched half of their workforce without any prior consultation with employees. Employees only have given two options either take up the Voluntary Separation Scheme (VSS) or remain to continue to work. Many of non-managerial employees involved in the retrenchment process have already worked more than 15 years. On the other hand, management research respondents argue they have take this decisions because the order come from the HQ (Genesis Group) office in Kuala Lumpur, West Malaysia.

Subjective factor

Multicultural and management style

Sagie and Aycan (2003) analysing the impact of cross-cultural on participative decision-making in organisations by using two Hofstede cultural dimensions: power distance and individualism-collectivism. It seems these dimensions have a strong impact on level of EP in the workplace. In this context, the author will use the power distance as an argument to analyse briefly the impact of multicultural on EP practices based on the empirical findings in three Malaysian private companies.

Power distance can be explain in three criteria (Hofstede 1991). First, in high power distance cultures, responsible for and authority in decision-making is vested in the hands of a few at the top and delegation is avoided (Sagie and Aycan 2003). The belief that both parties are unequal implies that those higher in the hierarchy are more knowledgeable and experienced that the rest of the people in the organisation and therefore have to be respected and trusted to give the right decisions (Miles 1975). On the other hand, in lower distant cultures, everyone is perceived to have the potential to contribute to the decision-making process. Secondly, in higher power distance cultures, decision-making

is privileged of management and participation is considered as a violation to management prerogatives. In contrast, in lower power distant cultures, everyone is assumed to have equal rights. In this context employees consider it their rights to participate in decisions that affect them. Finally, in higher power distance cultures, the inequality belief creates not only dependency of subordinates in their superiors but also fear for punishment if employees questions, challenge or disagree with their management's decisions. This fear is smaller in the low power distant cultures; in fact, participation here is frequently encouraged and may even be rewarded.

From the above criteria, it seems higher power distance culture has direct impact on EP based on the multicultural environment in Malaysia. This is can be proven from the perceptions of managers, union and non-managerial in regards to EP in Steelco, Autoco and Posco. From the research findings in Steelco and Autoco, management will make the final decisions in the workplace without consultation with workers first. As we observed in the first criteria, management in Steelco and Autoco perceived that they are more knowledgeable and most experienced people in the company, therefore they have right to make any decision without consulting with their employees. This is supported from the interview conducted with non-managerial employees in Steelco and Autoco. Majority of them expressed that they have no right to say or voice up anything about their own job or their own department. Most of time, management, executives and supervisors are making decision on allocation of employees' job, layout company and so forth without consulting with their subordinates.

In relations to the second criteria, managers in Steelco and Autoco also view that decision-making is their privileged. They also said that participation in workplace decision-making by non-managerial employees is very minimal. Although Steelco has union as form of indirect EP but any strategic and final decision is still in the control of management. This is even becoming more serious in the Autoco as a non-union firm. In Autoco, non-managerial employee respondents perceived that they do not have a proper channel for them to express their ideas in the workplace. They further argue that although

supervisors have to be their representative in the workplace but in the end they will support management's decision.

Final criteria also supported research evidence in Steelco and Autoco. For example, many of non-managerial employee respondents in Steelco, and Autoco are feel fear to express their views because fear of punishment if they questions, challenge or disagree with management ideas.

Historical context

Keenoy and Kelly (1998), Strauss (1997a), Markey & Monat (1997b) and Idrus (2001) argue historical context play an important role in determine the nature of IR and EP . Based on the research findings, the British colonial has a direct impact on EP practices in Posco environment. For example, the establishment of JCC in Posco is actually inherited from the Whitely Committee which was introduced by the British colonial in public sector. Since Malaysia independence in 1957, JCC became a mechanism for union to advice the government as a employers on the aspects that concern for them. So that we can see in Posco case, after it became a private company in 1992, JCC was continued till now as a body where. After 1992, the JCC more formalised and structured and it is no more become an advisory body but both management and union jointly make their decisions on various strategic and operational issues in the company level.

Other impact of British colonial can be seen in the management style in the Malaysian workplaces (Mellahi and Wood 2004). This scenario can been in the Steelco and Autoco. If we observed from these companies, management use their autocratic style to managing their employees and union. For example, most of decisions in the company will come from top to down approach except in Posco sometimes the decision will be made through bottom-up approach for example through JCC meetings. In this case, EP practices in the private companies indirectly influenced by the British colonial although this aspect need further investigation.

The power of principal IR actors: different ideologies

Power can be interpreted differently to different social actors in industrial relations. For employers and the government, power is more centred at the authority as a legitimate entity, whereas for the union, usually the word 'power' has another meaning other than authority. For example, the union has to use its power to influence employers and the government on any labour policies or management strategy, which are unfavourable to the union and their members. Power also is a tool for explanation in the hierarchical character of society. For example, at the company level, top management enjoys greater power to shape the IR policy in the firm. Less powerful actors are employees and the union. Union and employees will use their power to overcome their basic struggle for instance to maintain better wages and working conditions through a CB machinery, or a joint decision via joint consultation committees and so forth which will impact their working lives.

From the above arguments, we can understand that management, unions and non-managerial employees have no equal power in Steelco, Autoco and Posco. In the case of Steelco and Posco, union will use their power through CB to determine salary and working conditions. But in some circumstances the union also can influence management strategic decisions particularly the union in Posco. The union sometimes through JCC meetings has capacity to influence management strategic decisions for example in takeover, long-term business plan and retrenchment. However in the case of Autoco, non-managerial employees have less capacity to influence management decisions because there is no union to protect their basic rights.

Strategic choices

As discussed in the Poole et al's model, the establishment of particular forms of EP is depending on the strategic choices of IR actors. For example, the government has the long term plans to develop Malaysia as developed nation by year 2020. In this context, the government introduced various policies such as NEP, NDP, LEP, Vision 2020 and privatisation. All these policies directly related to encourage the

Bumiputera actively involve in the business world and also the government's vision is that in year 2020 Malaysia will be a developed nation. For this reason, they have strategic choice to control union through various IR laws as we discussed previously and work closely with employers to achieve all these policies (Ariffin 1997; Suhanah 2002). The impact from this polices as we can see in the case of Steelco where the union is very weak in their position to participate in company's decision-making process. Apart from union issues, the employers in Steelco, Autoco and Posco also have their own strategic choice to introduce various forms of EP particularly in direct participation based on the contextual factors such as economic crisis, merger, takeovers, restructuring the business and also supporting the government economic development policies.

Conclusion

The main conclusion is that the present study is to extend the Poole et al's Model (see Figure 1.1) based on the examination of EP in the three private companies in Malaysia. There are several macro-micro contextual factors that reshaped EP practices in the company level (see Figure 1.2). These factors are examined within the Malaysian political, social, economic and industrial relations context. There are new factors that not highlighted in the in the Poole et al. Model (see Figure 1.1) was found through research findings in the three companies. These new factors are mergers and acquisition, privatisation policy, multicultural, the influence of Anglo Saxon HR practices in the company level and the influence of British colonial on EP.

Second conclusion is that through utilising the qualitative case study approach will help the qualitative researcher to modified or adding within existing theory or model. In this present research, through the used of qualitative case study approach and embedded with multi-techniques of data collection in three Malaysian private companies help to modify the Poole et al's Model on EP. As Yin argues case study approach is appropriate when we use 'why' and 'how' questions because it will provide a holistic view of phenomenon is being studying. In this context of EP research in three companies, it captured various contextual factors that have direct and indirect impact on EP practices at the company level. The case study also is not seeking population and statistical generalisation but more focus on analytical generalisation which means to see whether the theories or models will be modified or refined accordingly the research findings based on case study analysis.

Future research can be studied in the public sector in Malaysia by using EP model which shown in Figure 1.3. Apart from that, this model also can be studied in other Asian countries in order to understand the nature of EP in different cultural, social and political environments. As Knudsen and Markey argue 'it is notoriously difficult to import industrial relations institutions from one country in another, and to expect the same positive results in the new environment that may apparent in the country origin...The same institution may operate in an entirely different industrial relations culture which leads to entirely different outcomes'. Therefore, the western model of EP could not be directly applied in Malaysia without some adjustment of the model.

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