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ORGANIZATIONAL PARTICIPATION

MYTH AND REALITY

FRANK HELLER

EUGEN PUSIĆ

GEORGE STRAUSS

AND BERNHARD WILPERT

ORGANIZATIONAL PARTICIPATION

Organizational Participation is the best and most definitive book available on participation. It is conceptually rich, empirically thorough, and analytically sound. It is comprehensive in describing the history of the subject as well as the many nations in which it is practised. The book represents the most interdisciplinary and balanced presentation available. It is full of advice and insights on new research as well as effective practice.

Chris Argyris, James Bryant Conant Professor of Education and
Organizational Behavior Emeritus, Harvard University

There are few more important issues facing organizations than that of participation and this book offers excellent reviews, sound theoretical understanding, and worthwhile common-sense advice on the key problems and opportunities. The authors draw on their massive collective international experience and expertise to take us through the myths and realities of organizational participation in a most illuminating and concise way.

Chris Clegg, Deputy Director of the Institute of Work Psychology,
University of Sheffield

This is a volume that brings together an amazing amount of research, experience, and thought by some of the foremost advocates of more participative approaches to management. It is a wise, helpful, and challenging collection and deserves to be widely read and reflected upon.

Professor Anthony Hopwood, Said Business School, University of Oxford

Organizational Participation is first class and is probably the 'last word' on the subject by an outstanding set of authors whose valedictory treatment of the subject will be hard to beat in any future publication on the topic.

Professor Malcolm Warner, Fellow, Wolfson College, and Judge Institute of
Management Studies, University of Cambridge

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FRANK HELLER, EUGEN PUSIĆ, GEORGE STRAUSS, and
BERNHARD WILPERT

OXFORD UNIVERSITY PRESS

*This book has been printed digitally and produced in a standard specification
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OXFORD
UNIVERSITY PRESS

Great Clarendon Street, Oxford OX2 6DP

Oxford University Press is a department of the University of Oxford.
It furthers the University's objective of excellence in research, scholarship,
and education by publishing worldwide in

Oxford New York

Auckland Bangkok Buenos Aires Cape Town Chennai
Dar es Salaam Delhi Hong Kong Istanbul Karachi Kolkata
Kuala Lumpur Madrid Melbourne Mexico City Mumbai Nairobi
São Paulo Shanghai Taipei Tokyo Toronto

Oxford is a registered trade mark of Oxford University Press
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Published in the United States
by Oxford University Press Inc., New York

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Database right Oxford University Press (maker)

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ISBN 0-19-829378-X

ACKNOWLEDGEMENTS

The book was jointly planned and developed by the four authors who have professionally collaborated for many years. We made up the Editorial Board which produced three *International Yearbooks of Organizational Democracy* published by Wiley in 1983, 1984, and 1986, and three volumes of *International Handbooks of Participation in Organizations*, published by Oxford University Press in 1989, 1991, and 1993.

In producing this valedictory volume, we drew on the experience of these books of references as well as on our research. The work was divided in accordance with personal interests and availability and the authorship of chapters is indicated in the List of Contents. While each author retains responsibility for his own chapters, we planned the work together in four meetings in Europe, followed up with extensive discussions using all modern media including the Internet. We exchanged criticism and suggestions and introduced numerous changes and we have remained friends.

We are, of course, indebted to many colleagues not directly mentioned in the book. In particular we want to remember the important work of Rudi Supek in the analysis of participation and self-management.

Many funding bodies have contributed to the work with which the authors are associated: they are mentioned in the original publications. The Maison des Sciences de l'Homme in Paris hosted and supported all our meetings. We are indebted to Anne Theissen for her assistance in compiling and sorting out literature for Chapter 2 and to Hilary Walford, copy-editor for Oxford University Press, who drew our attention to a number of inconsistencies we had overlooked. The outstanding contribution of Pamela Hattingh is acknowledged separately.

We are grateful to Pamela Hattingh of the Tavistock Institute in London who, as Assistant to Dr Heller, was closely associated with the long gestation period for the present volume and its editorial and administrative arrangements as well as with the six international yearbooks and handbooks which preceded it.

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ABBREVIATIONS

BOAL	Basic Organization of Associated Labour
BSC	British Steel Corporation
BSE	bovine spongiform encephalopathy
CAPM	Computer-Aided Production and Management
CEO	Chief Executive Officer
CFTW	Cross Functional Team Working
CIM	Computer Integrated Manufacturing
DIO	Decisions in Organization
EBM	Employee Board Member
EC	European Community
EI	Employee Involvement
EIT	Earned Idle Time
EPC	Employee Participation Council
EPOC	Employee Direct Participation in Organizational Change
ESOP	Employee Stock Ownership Plan
EU	European Union
EWG	European Works Councils
FNV	Federatie Nederlandse Vakbeweging
GDR	German Democratic Republic
GM	General Motors
GNP	Gross National Product
HRM	Human Resources Management
IDE	Industrial Democracy in Europe
IPC	Influence Power Continuum
JIT	Just In Time
LOM	Ledning, Organisation och Medbestämmande (Leadership Organization, and co-Determination)
MOW	Meaning of Working
OLO	Open Learning Organization
OT	Organization Theory
PAR	Participatory Action Research
PDM	Participative Decision Making
QC	Quality Circle
QWL	Quality of Working Life
RPB	Representative Participative Body
SBA	Senter for Bedre Arbedsliv (Norwegian Work Life Centre)
SDWT	Self Directed Work Term
SI	Sound Incorporated

x *Abbreviations*

SMT	Self Managing Team
STSD	Socio-Technical System Design
TMC	Total Management Control
TQM	Total Quality Management
TUC	Trades Union Congress
WIDER	World Institute for Development of Economics Research
WSL	Whole System Learning

Introduction

The title of the book appropriately reflects the dilemma facing the authors, who have set out to describe and evaluate nearly half a century of research and experimentation with the democratization of organizational life. The reality of the experiments and the extensive support participation research and action have received in many parts of the world are undeniable. At the same time many questions remain unanswered and some are still ill-formulated. Protagonists and sceptics have found some common ground, but are still divided by ideology, political philosophy, and scientific orientation. Nowhere have the ideals of a fully participative organization been fulfilled, but then there is no agreement on what such an organization should do. Ideals easily transcend into Utopias. Leaderless and non-hierarchical organizations have been championed and may have worked in laboratory or small-group situations.

There must always be room for idealism and innovation; one recent movement merges participatory philosophy with action research¹ and is organized through local and world congresses that bring together scholar-activists to forge links between 'the academic and the popular, western and oriental and experiential' thinking (Cornell Participatory Action Research Network 1997).

The harsh reality of life in competitive organizations is different and has made participation into a hotly debated subject. Some proponents advocate it as a way of increasing productivity; others consider it to be desirable on a level with political democracy. There are several in-between positions, like the claim that participation increases job satisfaction or loyalty to the organization and consequently will have an indirect effect on efficiency. These various claims and others will be examined, but equal or even more importance can be attributed to the variety of perspectives and situations to which the term and its various derivatives have been applied. An extreme position is taken by economists, who use the term to describe the proportion of a given population who participate in—that is, take part in—work. Some behavioural social scientists, particularly in the USA, have tended to limit the term to group behaviour or leader-subordinate interaction—that is, sharing different degrees of influence between people. Others have started from the position that the phenomenon to be examined is power, and that its distribution in organizations includes various forms of decentralization, like delegation and subgroup autonomy, or semi-autonomous working groups.

The distribution of influence and power covers an enormous variety of behaviour. Minimally, it requires sharing information because, without information, no influence can be brought to bear. Even information-sharing can be from the top down, as advocated by the Industrial Society in the UK, or from the bottom

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up, as included in suggestion schemes, or as a two-way process sometimes called joint consultation.

Some of these processes are informal and voluntary, some are voluntary but highly structured, like the Kibbutz movement in Israel or various producer co-operative and joint-ownership schemes in most parts of the world. Then, particularly since the end of the Second World War and in Europe, there are legally prescribed methods of participation and power-sharing between different levels of employees and owners, with the German co-determination scheme as the best-known example. As we shall see in the next chapter, within this range a much greater variety of approaches to participation can take place, sometimes encapsulated within another schema, like Total Quality Management (TQM).

The words used to describe democratic organizational structures and behaviour have changed over the years and are espoused by different constituencies. Industrial democracy found favour in some Continental West European countries in the 1960s. Involvement was much in favour with some US and British organizations in the 1980s. Empowering has dominated much writing in the first half of the 1990s. Is it a case of 'old wine in new bottles' or does the changing terminology describe different practices?

We have chosen to stay with 'participation', the oldest and still most widely used term, although from time to time we will use other words, such as 'influence-sharing', to avoid repetition and boredom, or 'organizational democracy', to capture the flavour of certain European schemes. In the literature there are many definitions. We can live with several related approaches. One will be given towards the end of this introduction and others for more specific applications in other chapters, but even the mapping-sentence approach used in Chapter 2 is only a starting point for understanding a very complex and diverse phenomenon. There is no need to apologize for not offering a single definition to cover all the activities we will describe; the economist Joseph Schumpeter in his well-known *Capitalism, Socialism and Democracy* agonizes over seven pages in search of a definition for a political democracy, a concept which has received extensive attention since at least Aristotle.

There are four constituencies which operate in our field and use terms like participation: (1) organizational actors (employees at different levels sometimes roughly differentiated into managers, unions, and other employees); (2) researchers; (3) consultants; and, in some countries, (4) governments and political parties. Each of these groups has different interests and ideologies. In the case of political parties, the identification is not always clear-cut between the left and the right. In Britain, for instance, to some extent in the USA, as well as in Russia and several of its former satellites, the left wing had serious objections to industrial democracy, as it was then called. In West Germany in the early 1950s the only political grouping that opposed the new industrial democracy legislation on principle was the Communist Party. Among trade unions in Britain and the USA, particularly in the 1960s and 1970s, but to some extent still in the 1990s,

employee participation was and is seen as a less acceptable alternative to collective bargaining (see Chapter 4).

Academic researchers tend to have humanistic values which sometimes make it difficult to remain neutral (Strauss 1963; Wagner and Gooding 1987a). Nevertheless, a considerable volume of research has taken a sceptical stance towards participation and has questioned its effectiveness (see Chapters 5 and 6). Consultants find neutrality and scepticism difficult to combine with their role as advisers, usually to management, who expect firm policy prescriptions. Consultants also tend to generalize from limited experience with small numbers of clients and methods which do not lend themselves to replication or independent assessment. Problems and failures are rarely reported by academics or consultants, and the latter's reports are usually available only to the client.

All these circumstances make it difficult to separate what happens from what some constituents think happens. Both advocacy and critique of participative practices are imbued with emotions, popular allegories, and metaphors. The Ancient Greeks drew a distinction between historians and mythographers. The former were thought to tell the truth about what really happened, while mythographers were thought to deal in fables, or at best improbable events, like Homer's stories and descriptions of the Trojan Wars. Then towards the end of the nineteenth century, when the amateur archaeologist Heinrich Schliemann excavated Troy, the improbable became probable. The Trojan Wars had taken place and some of Homer's myths were given credence (Warner 1983). Over time and with the accumulation of scientific evidence, the boundary between myth and reality changes or becomes blurred.

One can also speculate whether there is a connection between Romanticism in the arts and romantic notions in the social sciences. The term 'romanticism' derives from romance—that is, the telling of stories and myths. The artistic and philosophic movement under that name emphasized idealism, the use of metaphor as explanatory categories, and an opposition to rationalism and materialism (Cranston 1994).

It is possible to wonder whether the early German organizational democracy movement in the first decade of the twentieth century and its reincarnation into co-determination in the post-1950s also owes something to the spirit of Romanticism, idealism, and anti-materialism that characterized that movement and had repercussions in several other European countries. This would help to explain the different value positions which underpin the theory and practice of participation in Europe and the USA, as will emerge in later chapters.

In this book we set out to describe and evaluate the present landscape and reduce the gap between myth and reality wherever possible. We do not pretend that we have all the answers or that we have looked at every piece of writing. However, the authors have spent most of their working lives in and around the area of participation, and have read at least as much of the available evidence as most people. We have taken part in or been influenced by a number of research

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projects and in particular by two large scale cross-national studies—Industrial Democracy in Europe (IDE 1981a; 1981b) and Industrial Democracy in Europe Revisited (IDE 1993)—and by a follow-up longitudinal three-country Decisions in Organization research (DIO 1979). These studies will be described when we adduce evidence from them in later chapters.

The IDE research, and its replication ten years later, covered twelve European countries, 154 organizations, and 9,000 respondents; it was designed to assess the impact of external variables, principally national legislation, in support of organizational democracy with *de facto* representative and direct participation at all levels of organization. The extent of participation was then related to a variety of outcomes, such as satisfaction and organizational climate and the quality of management–employee relations as well as a variety of contextual and intervening variables.

The DIO study concentrated on seven organizations using participant observation, interviewing, and regular attendance at group meetings over four years combining quantitative analysis with ethnographic data.

Since 1981 we have constituted the editorial board of a series of six yearbooks and handbooks on organizational democracy and participation covering 2,943 pages of material. The three yearbooks were published by Wiley; the three handbooks by Oxford University Press.²

These six edited books are a rich source of reference in our field and were for the most part divided into five sections: (1) Evaluation and Review of the Field, (2) Landmarks Revisited, (3) Recent Theoretical Developments, (4) Recent Research Findings, (5) Country Studies. The last book in this series contains Abstracts of all articles in the six volumes (Lafferty and Rosenstein 1993).

In this valedictory volume to the series we have decided that the time has come to write our own assessment of this field from a perspective which includes the point of view of the major disciplines that have contributed to it. After an overview chapter which gives the case for participation and defines, explains, and illustrates the various forms participation takes, Chapter 2 develops the view of psychology, Chapter 3 presents an approach from organization theory, and Chapter 4 takes *industrial relations* as a point of departure. Chapter 5 attempts to give a critical evaluation of available research evidence, Chapter 6 presents a rough assessment of the various factors which contribute to participation's success or failure, and the last chapter struggles, but we believe succeeds, in pulling together the main theoretical and practical outcomes that allow us to speculate about the future and in particular about which areas of this large domain are most likely to influence organizational life in the next decade. Inevitably there is some overlap and a limited amount of repetition. We think this is justifiable where the subject matter seems particularly important.

The four authors come from the USA, Germany, Croatia, and Britain. They have worked together for over two decades but have retained their individual ways of thinking and writing and little has been done to homogenize their stylistic approaches. While we have each taken major responsibility for assigned chapters,

we have accepted suggestions from each other during successive revisions and allowed transfers of material between chapters to improve sequencing.

It should be made clear at the outset that at each stage of writing we had to make difficult choices about what to leave out. It is not only that the literature on participation itself is very large, as the six volumes we referred to earlier demonstrate, but that a substantial number of developments in organization theory and practice include participation as a central concept. An obvious, fairly recent example is TQM.

Going back to the 1950s and 1960s, there is the area of work design, starting perhaps with the Tavistock Institute's research into coal mining and leading to the seminal theory of socio-technology which has grown to require a 144-page bibliography of 2,685 entries (van Eijnatten 1993). From this work a broad multi-country movement developed under the name of the Quality of Working Life (QWL) in which work to redesign semi-autonomous working groups, multi-skilling, and participation played a central role. Team Working comes from the same stable, takes a variety of forms, and has its own bulging literature.

In addition to these major areas of development there are others which require participation in the pursuit of varying objectives—for instance, Self Learning Systems, Team Coaching, and Networking. De-layering is a fairly recent term used to describe eliminating one or more levels of an organization and is frequently a consequence of forming semi-autonomous work groups which, being self-regulating, do not usually require all the previous layers of supervision.

Finally, this is a field full of fads (Huczynski 1993; Watson 1994). A large number of new terms have sprung up which describe procedures that are similar or identical to one of those we have already mentioned: for instance, Self Managing Teams (SMTs); Cross Functional Team Working (CFTW); Self Directed Work Teams (SDWTs), or Cellular Working instead of Semi-Autonomous Teams; Whole System Learning (WSL) or Open Learning Organization (OLO) instead of Self Learning Systems; Cross Skilling instead of Multi-Skilling; High Involvement Management or Power Devolution instead of Participation or Influence Sharing; and so on.

By the time the reader has reached this stage of the book new acronyms and terms will have been developed as part of a competitive drive within *academe* or between consultants. In each case a moderate or small differentiation of practice or theory will be claimed for the new term. Genuinely new approaches may also surface. Recently there has been a backlash against the trend for social science to succumb to fashions. Hilmer and Donaldson (1996) argue that managers suffer from being led down ephemeral and false trails by the marketing of ready-made techniques which lead to 'instant coffee management'. Two consultants (Spitzer and Evans 1997) are equally sceptical of managers who believe that simple initiatives offer genuine answers to complex and idiosyncratic problems. Kieser (1997), in a hard-hitting but humorous critical assessment of current management fashions, compares modern managers to the seventeenth-century Austrian emperor who was one of many important political managers persuaded

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by Johann Joachim Becher to invest in a procedure which would create gold and 'yield at least 1 or even 2 per cent profit per week—which would thereby alone cover the cost of the investment' (p. 50).

We decided that we would not attempt to cope with a diversity of fashions and names. Instead, we believe that a review and assessment of the essential concept of participation, its management, and effectiveness would throw useful light on all the terms we have mentioned.

Each of the following chapters will indicate ways of conceptualizing our central term. In this Introduction it is sufficient to argue that participation describes how people interact with each other in an organizational context. More specifically, it encompasses a range of behaviour and choices rather than a standardized type of interaction between people. First of all, there must be access to information and to the process of decision-making; this can lead to involvement and consultation yielding various degrees of influence. Beyond this, participation can lead to agreement, consensus, or equality among people or groups, and, finally, there are degrees of self-determination and autonomy.

Conceptualizing participation as a range of influence over events or people from very little to a great deal explains why practices like multi-skilling fall within our area of interest. The more skills a person is able to use, the more varied the job becomes, and the more choices the employee has. This increases the influence he or she has over the nature of the task—for instance, in relation to priorities, timing and/or the use of tools. Similar considerations apply to the other terms.

Many accounts of our subject are written from a particular national perspective, from the point of view of a single academic discipline, or from a given value stance—for instance, rationality theory or postmodernism, which believes that all reality is subjective and best described in images and metaphors (Newton 1996). Many of these approaches have developed their own esoteric and stilted vocabulary which prevents dialogue between interest groups even when a participative activity called 'Democratic Dialogue' is put forward as a remedy for modern ills (Habermas 1990). We have attempted, but no doubt only partially succeeded, to minimize the problems derived from specialized communication channels.

Most adults spend about half their average day at work. It can be argued that the obligations we undertake and the rights we enjoy as employees are as important as those that apply to us as citizens, but the development of social policy has paid much more attention to the latter than the former. The subject matter of this book aims at redressing some aspects of this imbalance. Other imbalances can only be hinted at here. In many countries, citizens enjoy formal rights to information, to protection from arbitrary interference, to guarantees of defined human rights and the requirement of due process, to the untrammelled right of free speech without fear of punishment, and so on. The half of our waking day which classifies us as employees fails to incorporate some or many of these protections.³

While this book is about the myth as well as the reality of participation, we have already distanced ourselves from the original Greek contrast between

mythos and *logos*, the latter implying a completely rational account of reality. We have shown that some of the original great Homeric stories have turned out to have some substance. More generally, modern social anthropology has argued that myths reflect important and enduring aspects of society and can provide a template for social action. The downside of mythologies, as Bronislaw Malinowsky has shown, is their endurance and unalterability implying strength as well as rigidity.

The concept of organizational participation is much younger than Homer's stories and the mythology is still evolving; can we hope to contribute to its shape?

NOTES

1. Action research derived from pioneering work by Kurt Lewin covers a variety of methodological approaches to applied social science. Usually the objective is to make sure that research evidence is used rather than simply published and filed (Clark 1976).
2. The three yearbooks are Crouch and Heller (1983), Wilpert and Sorge (1984), and Stern and McCarthy (1986); the three handbooks are Lammers and Széll (1989*b*), Russell and Rus (1991), and Lafferty and Rosenstein (1993).
3. An example of this is the case of 'whistle-blowers'. These are people who discover that their organization is doing something morally or legally wrong and are prepared to say so. They are frequently dismissed and thus deprived of their livelihood without due process or remedy. In the UK a registered charity was set up in 1993 to open a help line, give legal support, and achieve a change in the law.

1. An Overview

What do we mean by participation? What forms does it take? Why has it been subject to so much interest? This introductory chapter deals with these issues and raises some fundamental questions which will be explored in later chapters at greater length.

The Case(s) for Participation

Three broad arguments support participation: The first is *humanistic*—that is, that, by contributing to personal growth and job satisfaction, participation will enhance human dignity. The second argument, *power-sharing*, is that participation will redistribute social power, protect employees' interests, strengthen unions, and extend the benefits of political democracy to the workplace. The third is that participation will promote *organizational efficiency* (Dachler and Wilpert 1978).

Humanistic

Of the three arguments, the humanistic is most appealing to us. Described at greater length in Chapter 2, the argument is that participation helps satisfy employees' non-pecuniary needs including those for creativity, achievement, and social approval. It contributes to a sense of competence, self-work, and self-actualization. It makes use of the whole person. For employees, having a voice in how they do their work may be as important as how much they are paid for it. As it is sometimes put, 'A worker should not have to leave his or her head at the factory gate or office door.'

Indeed, it is argued, participation is a necessary antecedent to human psychological and social development. For example, experience in organizational participation may lead to greater participation in the community generally (Pateman 1970; Elden 1986). In any case, humanistic demands may become more insistent as employees become better educated and their basic needs for survival are better satisfied.

Power-Sharing

Advocates of this approach support participation for ideological and moral reasons, arguing that the traditional autocratic relationships are inherently unjust

and inconsistent with the values of a democratic society (e.g. Vanek 1971 and Horvat 1983). Some do so on political grounds, others out of religious or moral conviction. (Indeed, Dachler and Wilpert (1978) distinguish between 'democratic' and 'power-equalization' theories.)

Although 'industrial democracy' or 'workers' control' has been a traditional goal of younger left-leaning people of almost every persuasion, they have differed as to how it could be achieved. Disillusioned by Soviet-style socialism, many younger radicals value the freedom of individual employees to direct their own work. By contrast, traditional communists rejected shop-level employees' control, as did many older socialists, most notably Sidney and Beatrice Webb (1920). Workers' control for these socialists meant public ownership and control of the economy on a fairly centralized basis. With employees' self-management, they feared, employees in each workplace might favour their own narrow interests rather than those of the working class as a whole.

Unionists today differ considerably in their attitudes towards participation. Some see it as a management tool, designed to capture employee loyalty and weaken union influence. Other unionists (and in other circumstances) view it chiefly as a means of curbing unilateral management power and of extending 'the frontiers of union control' to cover issues commonly subject to collective bargaining in unionized plants in English-speaking countries. (This issue gets more attention in Chapter 4.)

Power-sharing arguments were plentiful in the 1960–70s (in Britain, for example, in the Bullock (1977) report). According to some observers, workers involved in the wave of strikes which engulfed France and much of Europe in 1968 were protesting not just for higher wages, but also against bad working conditions and arbitrary management. They demanded 'a say in management, if not the introduction of some form of "workers' control"' (Pontusson 1992: 29; see also Crouch and Pizzorno 1978; Streeck 1995).

More recently, however, the discussion has focused on participation's organizational impacts (Lammers and Széll 1989*b*). Arguments have focused more on organizational efficiency than on workplace humanization or justice.¹ Why this shift towards more modest goals? First, experience with real participation in numerous contexts has demonstrated that, while participation has many advantages, it is unlikely to transform society or make the workplace into paradise. Secondly, the lengthy European economic recession has required greater attention to productivity than to social justice. And, finally and concomitantly, the political pendulum has swung generally to the right. Unions have lost power in most countries.

Organizational Efficiency

Explanations abound of the positive impacts of participation on organizational efficiency (e.g. Locke 1968; Lowin 1968; Miller and Monge 1986; Aoki 1990). Below we outline these arguments. (Note: whilst the discussion below focuses

on employee participation, practically all the arguments apply to participation within management as well.)

1. Participation may result in better decisions. Employees often have information which senior management lacks. Further, participation permits different views to be aired and in this way the danger of groupthink is reduced.
2. People may be more likely to implement decisions they helped make themselves than decisions imposed on them from above. Not only do they know better what is expected of them, but helping make a decision commits them to it.
3. Motivation is frequently enhanced, psychology has shown, by the setting of goals during the participative decision process (Locke 1968).
4. Participation may improve communications and cooperation; employees may coordinate each other, thus saving management time. Further, by disseminating the experience in employee problem-solving, participation may facilitate organizational learning. In so doing participation contributes to what Aoki (1990) calls dynamic (as opposed to static) efficiency.
5. Participative subordinates may supervise themselves, again making managers' and supervisors' lives easier.
6. Joint participation by employees and management to solve problems on a non-adversarial basis may improve employee-management relations generally.
7. On a personal level, employees may learn new skills through participation; leadership potential may be readily identified and developed.

In short, from an organizational point of view participation may change (a) how employees perceive their jobs, (b) how they do these jobs, and (c) how they and their unions relate to their employer.

Many of the foregoing arguments overlap. Participation provides what industrial-relations people call 'voice'. Voice is the key to influence-sharing. From a humanistic perspective, voice enhances personal dignity; from an organizational perspective, it reduces frustration, contributes to motivation and identification, and so lessens participants' need to demonstrate power through fighting management and restricting production. In so doing it may reduce turnover and absenteeism.

But note the tentative nature of the statements above. As we shall see in later chapters, these assumed advantages do not always translate into successful organizational practice. Indeed, for every advantage, participation has a disadvantage. Many of these disadvantages are substantial. More on this in Chapter 6.

Why has Participation Become so Popular?

While these arguments may be appealing, they do not completely explain why the concept of participation has become so popular in recent years. There are a numerous other explanations.

Technological Change

As we discuss at greater length in Chapter 3, recent technological and economic developments have considerably strengthened the organizational case for participation, especially in developed economies. As mass-production techniques have spread to low-wage countries, high-wage countries find it much harder to compete in the manufacture of standardized goods. Their comparative advantage rests increasingly on their capacity to adjust rapidly to technological and market changes and their ability to produce high-quality, high value-added, specialized, 'high-tech' products and services (Cressey 1991).

All this requires a flexible, better-trained, highly skilled workforce. These qualities are especially important in technologies where initiative is required and shirking difficult to detect. Under these circumstances there is an advantage in having employees who are willing and able (motivated and trained) to make decisions on their own. Further, teamwork and rapid communications are required. Thus participation may be the key to maintaining a competitive edge.

An example may illustrate this point. Women's clothing has been traditionally produced on a semi-mass-production basis. Dressmaking, for example, is divided into a series of steps, each performed by a different employee, with several days typically elapsing between steps and a resulting production cycle of a month or more. Because of the diversity of products, closer coordination is difficult. In the past this delay was not excessively costly because garments were normally ordered many months before they were to be sold.

But this system had two main disadvantages. First, despite the garment industry's relatively low wages, wages in developing countries are much lower; consequently much of the industry has moved overseas. Secondly, fashion (especially high fashion) is always a gamble. Designs which look hot to professional buyers in the spring may bomb in the fall. As a result a high proportion of each year's stock must be 'remaindered'—that is, sold at a substantial discount.

Several high-volume discount chains have revolted against the system. Through use of point-of-sale scanners, electronically connected to company headquarters, management can tell instantly its present stock of every model and size. Instead of carrying large inventories, management now operate a Just In Time (JIT) system: it orders goods as needed and insists on one-or-two week delivery (three days in the case of Wal-Mart). Meeting these short delivery deadlines has required an almost revolutionary change in the affected suppliers' manufacturing methods. Increasingly, production is assigned to 'modules' (teams) of multi-skilled employees who assign, schedule, and coordinate their own work, with full responsibility for meeting their customer-imposed deadlines. Each module makes an entire garment or a major part of one. Though moderately costly to install initially, modules have advantages in terms of labour costs, quality, and, of course, quick delivery (Berg *et al.* 1996; Dunlop and Weil 1996). We will have more to say about this case later.

Rapid technological change (plus increased competition) requires what Germans call 'flexibility' (Thelen 1991) and changes in what Americans call 'work rules' and the British call 'custom and practice'. Especially given the possibility of union and employee opposition, such changes were typically more easily accommodated when made participatively than when introduced autocratically.

Even where technology does not *require* participation, it may make it easier. For example, computers have made communications easier. It is no longer necessary for all messages to go through a hierarchy. E-mail, for instance, ignores status and departmental barriers. Anyone in the organization can instantly communicate with everyone else. And so, whether management likes it or not, e-mail makes it easier for employees to participate. Indeed if they are not allowed to use e-mail to participate in *making* decisions, they may use it to organize resistance to decisions made at higher levels. On the other hand, while e-mail, 'hot lines', and attitude surveys may provide management with essential information, they are poor substitutes for face-to-face participation. (We return to this issue in Chapter 7.)

Another factor contributing to the spread of participation is the growth of service work. By contrast with manufacturing, service employees' attitudes are an essential part of the 'product' they provide. A cheerful waiter or a concerned nurse provides a totally different product from one who is surly (Cobble 1994). To the extent that participation improves attitudes it also improves the quality of the service provided.

Further, new organizational forms, such as contingent employment, telecommuting, and networks (Miles and Snow 1986), all have some impact on both the desirability and feasibility of participation, though more study is needed. For more on this, see Chapters 6 and 7.

Overall Management Strategies

Growing international competition and financial adversity have led many companies to experiment with new forms of organization, including participation. Indeed, participation is a key ingredient in management strategies utilizing 'high-commitment' or 'high-involvement' policies (e.g. Lawler 1986). To use popular buzzwords, the purpose of these policies is to 'empower' employees and develop 'high-performance' or 'transformed' workplaces. Important elements in these policies include considerable individual autonomy, high investment in training, a multi-skilled workforce, job security, broad job descriptions, performance-based pay, and a heavy emphasis on organizational symbols and culture (Levine 1995). Indeed, as we argue later, there is considerable (but not conclusive) evidence that participation is less likely to be successful if it is not accompanied by such policies. High-involvement policies themselves are consistent with what Miles and Snow (1978; 1994) call a 'Prospector' strategy

of continuously seeking new products and markets and what others call a 'high skill-high wage' strategy.

Concomitant with these developments at the workplace level has been the increasing popularity of managerial teams—for example, the cross-departmental team of designers, engineers, purchasing, manufacturing, and marketing experts which developed Chrysler's new Neon car. Through making it easier for individual departments to coordinate their own efforts, such teams reduce higher management's workload. Increasing participation within work groups is also consistent with growing collaboration between producers and suppliers in designing new products and ironing out quality problems. Many of these developments go under the heading of 'network organization' (Miles and Snow 1986; Marin and Mayntz 1991).

On the other hand, the 1990s have seen a considerable shift among companies worldwide from high-involvement policies to those of cost-cutting, 'downsizing', and 'restructuring'. These two sets of policies are incompatible, although management often seems unaware of this. Under these circumstances, participation is less appropriate and less likely to be adopted (but see Drago 1996, who argues that many companies introduce participation primarily to cut costs).

Fads

But participation is often a fad (Marchington *et al.* 1993). Indeed Ramsay (1983; 1990) argues that interest comes in cycles, with interest being greater when management's traditional rights are in question.² Various forms of participation are adopted because they are popular at the moment and are pushed by consultants and management publications. Bottom-up management, work humanization, and Quality of Working Life (QWL) programmes were all popular for a while and were then abandoned for new concepts which differed little from their predecessors except in name and buzz words used. Quality Circles (QCs), in their classical form, may now be on their way out (Applebaum and Batt 1994). Today the emphasis is on teams, Total Quality Management (TQM), and Employee Involvement (EI). Indeed, the term 'team' is often used for activities which ten years previously were called QCs (Work Practices Diffusion Team 1994).

Management's tendency to follow fads is a problem because in many cases it adopts participation programmes chiefly as a 'quick fix', a low-cost solution to problems of low productivity, poor quality, or whatever ails the organization—and does so without recognizing that these programmes require substantial changes in day-to-day behaviour, heavy investment in training, and often considerable reduction in managerial discretion. Management's failure to consider these facts helps explain why many participation programmes are short-lived and unsuccessful.

Managers are not the only ones to follow fads. There are similar fads among politicians, union leaders, and intellectuals. 'Autogestion' (self-management) was

the French fad in the 1960s and 1970s. Meanwhile Charles de Gaulle espoused his own brand of 'participation', which featured a heavy emphasis on profit-sharing. In the USA during the same period there was considerable concern with 'Blue Collar Blues' and the Nixon Administration pushed heavily for QWL reforms.

Laws

The laws in many countries require various forms of participation (see discussion below). Indeed, laws and other legally binding rules provide a major explanation for differences in the extent of actual participation across countries (IDE 1981*b*; 1993). As we discuss later, recent European Union (EU) legislation may spread participation further.

In Practice: A Mixture of Reasons

In practice participation is adopted for a variety of different reasons, including many not discussed above. For example, according to Hartmann (1970; see also Thelen 1991), co-determination was reintroduced in Germany after the war because of the fortunate juxtaposition of numerous interests: the British occupying forces sought to curb industrialists' power, managers hoped participation would protect their plants from Allied dismantling, whereas Catholic liberals found it consistent with papal encyclicals. Though unions opposed the 1952 law establishing co-determination on a nation-wide basis, eventually they found the way to strengthen and dominate the process.

In Britain, in the mid-1970s the Labour Government offered unions 'industrial democracy', in part in return for acquiescence (through the social contract) in an incomes policy. Similarly, through much of Europe participation was viewed as a key element in 'corporatism'. And in the USA, participation is often a key part of a trade-off through which companies obtain union cooperation in reducing production costs in the face of serious competitive pressures. Non-union US firms often offer participation as a substitute for union representation. Many British firms have adopted similar strategies.

Various forms of participation, particularly worker ownership and self-management, have been proposed in an effort to spur development and foster a democratic society. This has been particularly the case in Eastern Europe (Kolarska 1984; Yanowitch 1991; Kostova 1993) and underdeveloped countries (McClintock *et al.* 1984; Putterman 1984).

Given the variety of reasons for which participation has been introduced, it is understandable that the parties have differing expectations as to how it should work and what it should accomplish. Nevertheless the reasons for which participation is introduced often have little to do with how it works in practice. Despite the original political and ideological reasons for fostering German participation, in actuality it has had a considerable effect on German economic success (see Chapter 6). By contrast many elaborate participation structures, introduced for

the best reasons, have never taken off. Indeed the reasons for participation's initial introduction may have little to do with whether it is successful. Specific examples of this are provided in Chapters 5 and 6.

Defining Participation

Definitions of participation abound. Some authors insist that 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 institutions, such as works councils; other definitions embrace 'informal participation', the day-to-day relations between supervisors and subordinates in which subordinates are allowed substantial input into work decisions. Finally, there are those who stress participation as a *process* and those who are concerned with participation as a *result*.

For the moment we will define participation as a process which allows employees to exert some influence over their work and the conditions under which they work. Chapter 2 discusses definitional issues at greater length.

Varieties of Participation

Analytically forms of participation can be divided into three overlapping categories: requisite, informal, and formal (including both direct and representative participation). This book focuses on the formal and to a lesser extent informal approaches to participation.

Requisite Participation

This form of participation is required to get the job done. It is determined by the technology and organization of work. Athletic teams develop high levels of rapid coordination (participation), often doing so without verbal communications or advance planning. After all, things happen fast on a football field, too fast for a coach or captain to control events through endless explicit instructions.³ Much of the same can be said about many work situations, regardless of whether the work is manual or intellectual. The more complex the work, the more important it is to have willing and committed employee participation.

As mentioned earlier, recent technological and economic changes have increased the extent of requisite participation. Traditional clothing manufacturing techniques required little participation (see above); management made the key work-flow decisions. The new module system made it mandatory that employees coordinate themselves. In some situations decisions have to be made so quickly and so much information needs to be processed that it is dangerous

not to allow wide dissemination of decision-making power. For example, the safe operation of a 'high-reliability' system, such as a nuclear aircraft carrier, requires that substantial discretion be given all levels of personnel. Even the lowest ranking enlisted woman on a US Navy carrier is encouraged to halt a plane launch if she thinks safety is at risk (Roberts 1990).

Organizations may be designed either to require participation or to make participation unnecessary, regardless of the technical requirements of the decisions to be made. The traditional Tayloristic production system, with its close control over worker behaviour, was deliberately designed to make participation unnecessary and even impossible—or so some argue. Similarly, the design of computerized production systems in Britain kept control of the computer strictly in the hands of management and engineers; by contrast, German systems allowed blue-collar workers to do their own programming. In Britain computerization reduced workers' powers, in Germany it increased it (Sorge *et al.* 1983).

Between the extremes, in which participation is either essential or quite difficult, are situations in which the organizations have considerable choice as to forms of governance. For years the automobile line technology was viewed as making employee discretion impossible. Yet, as we shall see, high degrees of participation are possible even in this industry. Technology is not the only determining factor.

Informal Participation

Informal participation differs from its formal counterpart in that there are no explicit mechanisms involved. Likert (1961) describes the participative manager as one who listens to subordinates, encourages them to express themselves, grants wide discretion, is non-punitive in handling mistakes, and de-emphasizes status differences. The participative manager combines the functions of chair, team leader, and coach.⁴

Those studying informal participation approach it from two points of view. The first looks on participation as a *decision process* and is interested in how decisions are made. The second sees participation as a *resultant*, the extent to which subordinates are *in fact* able to *influence* decisions (or, more frequently, the extent to which they see themselves as influencing decisions). The latter is sometimes called *de facto* participation (IDE 1981b; 1993), while, to the extent that the decision process is mandated by law or union contract, it is called *de jure* participation (for further discussion, see Chapter 5).

In theory the extent of informal participation in a given situation can be located along three dimensions (Strauss 1977):

- whether decisions involve individual subordinates or groups of subordinates (this book is concerned primarily with group forms of participation);
- whether decisions are made formally by the boss, jointly, or by the subordinate(s);

Table 1.1. *Forms of decision process*

Decision made by	Decision involving	
	An individual	A group
Boss	Individual direction	Group direction
Jointly	Consultation	Joint discussion
Subordinates	Delegation	Group decision-making

Table 1.2. *Combining process and influence approaches*

Process	Subordinate influence	
	Low	High
Direction	Boss makes decision ignoring subordinate's preferences completely	Boss makes the kinds of decisions he thinks subordinates would want him to make—follows the polls
Consultation	Boss meets with subordinates, asks for agreement on a decision, but makes it clear by tone of view that he will accept no disagreement	Boss chairs the meeting but gives no indication of his preference
Delegation	Subordinate is formally free to make any decision he wants, but from prior experience he knows that he will be punished if he deviates from the boss's preferences	Subordinate is completely free to make decision on his own

- the extent of the subordinates' actual power or ability to influence these decisions.

The first two dimensions involve process. They can be combined in a matrix (see Table 1.1). The third dimension relates to influence. Both influence and process are critical and reinforce each other. Table 1.2 brings the two concepts together. Bosses who do not hold formal meetings with their subordinates may actually permit more influence than bosses who hold frequent meetings in which they mastermind subordinates until they eventually come up with the decision the boss wanted in the first place.

The distinction between formal and informal participation may be quite arbitrary.⁵ A boss may meet her subordinates around a table to discuss work problems

in pursuance of a written quality-circle plan; this is formal participation. Or the same individuals may gather informally to discuss the same problems around a water cooler; this is informal participation.

One of the advantages of formal participation is that it may encourage informal participation. Further, as we shall stress, formal participation is more likely to be successful if introduced in an atmosphere of informal participation. Unfortunately, as we discuss further in Chapter 5, managers often engage in 'manipulative' participation: they go through the motions of participation without allowing their subordinates any real influence (Heller 1971).

Formal Participation

Forms of formal participation can be classified under four headings or dimensions, as Table 1.3 illustrates. Under each heading forms of participation are ranged in a continuum, from weak employees' power to strong. The examples are designed to be merely illustrative. The German works council, for example, is not the only form of plant-level participation; many other examples could be cited—for example, Australian plant safety committees. Further, each individual form of participation fits somewhere on the four dimensions. For example, quality circles operate at the departmental level, they involve joint consultation, they deal with production methods, and they do not necessarily require employee ownership.

Organizational level. Perhaps the most important distinction here is between direct and representative (indirect) participation. Direct participation involves individual employees and includes such schemes as quality circles and work teams. Representative participation involves employee representatives, often selected by their union. Typically this form of participation is concerned with plant- or higher-level problems. Direct participation is more frequently initiated by management, while representative participation tends to be initiated by unions or is based on law.

*Degree of control.*⁶ Consultation means that management listens to employees' suggestions and may even seek their ideas; nevertheless management retains the right to make the final decision. Joint decision-making requires consent from both sides. In theory, with self-management, employees give orders to management.

Laws in many European countries distinguish between three levels of influence: (1) information, (2) consultation, and (3) joint decision-making/negotiation (Gill and Krieger 1992)—or, as the Germans call it, co-determination.

A more elaborate and widely utilized approach to degree of control is represented by a measure called the Influence Power Continuum (IPC) (Heller 1971), a continuum with six points, ranging from 'no information' (in which the boss makes the decision without providing subordinates with detailed information about the decision made), through various degree of consultation, to joint decision-making, and, finally, subordinates making decisions on their own (for further

Table 1.3. *Major participation dimensions*

Dimensions	Illustrative examples
<i>Organizational level</i>	
Individual	Job enrichment
Small group	Autonomous work team
Department	Quality circle
Plant	German works council
Company	Worker directors
<i>Degree of control</i>	
Joint consultation	French works councils
Joint decision-making	Co-determination in the German iron and steel industry
Self-management	Yugoslavia (in the 1980s); producers' cooperatives; semi-autonomous work groups
<i>Range of issues</i>	
Wages	Collective bargaining in most countries
Personnel issues (e.g. redundancy and training)	Collective bargaining in the USA; works councils in Germany
Welfare benefits	French works council regarding medical service
Production methods	Quality circles, semi-autonomous work groups
Selecting managers	Yugoslav workers' councils
Major investment decisions	Supervisory board under German co-determination
<i>Ownership</i>	
No employee ownership	Typical company
Some employee ownership	Employee stock ownership plans
Complete employee ownership	Producers' cooperative

discussion, see Chapter 5). The IPC was perhaps the most significant measure used in the seminal IDE study.⁷

Range of issues. Participation may occur regarding a wide variety of issues. Table 1.3 lists only a few. IDE examined the decision-making processes regarding eighteen different issues, ranging from 'assignment of tasks to workers' to 'major capital investment'. These issues were aggregated into three basic categories according to 'time perspective'—short-term (e.g. working hours), medium-term (e.g. wage levels), and long-term (e.g. investment)—and again by subject matter, work/social conditions (e.g. personal equipment), personnel (e.g. dismissals), and economic (e.g. new products).

Table 1.4. *Two examples of extent of influence by task*

	Extent of influence					
	1	2	3	4	5	6
Work assignments			*		†	
Work layout				*	†	
Vacation scheduling				*		†
Redundancy	*					
Training	*			†		
Dividend policy	*					

* hypothetical average, formal UK joint consultative committee.

† hypothetical work team with broad discretion.

Notes: Extent of influence: 1. no or minimal information; 2. information; 3. opportunity to give advice; 4. advice taken into consideration; 5. joint decision-making; 6. complete control (autonomy or delegation). Note that the consultative committee has no influence over work layout or dividend policy, but it does have an opportunity to give advice over work assignments, redundancies, and training, and its advice is taken into account in scheduling vacations. The work team engages in joint decision-making regarding work assignments and layouts, but has no influence otherwise.

Participation regarding work assignments and production methods typically occurs at lower levels, while investment decisions are discussed higher up. In any case, the greater the range of issues discussed, the broader the participation. Table 1.4 illustrates the degree of influence which a hypothetical semi-autonomous work team and a hypothetical traditional British consultative committee might have with regards to six possible issues.

Chapter 3 distinguishes between participation regarding interest decisions and that regarding technical decisions. As the term implies, interest decisions relate primarily to participants' own, individual welfare—for example, wages, redundancy, training, and benefits—while technical decisions relate to organizational efficiency—for example, production methods. Meaningful participation in technical decisions is dependent on appropriate knowledge and information, more so than for participation in interest decisions.

Ownership. Ownership is sometimes called 'economic' or 'financial' participation. Employees may own all or part of a firm. Ownership can take various forms. Rather than highlighting legal ownership as such, Ben-Ner and Jones (1995) focus on what they call return rights which they contrast with control rights. Return rights relate to claims to income, such as profit-sharing and stock-ownership, while control rights refer to the degree-of-control dimension just discussed. Ben-Ner and Jones construct a two-dimensional matrix with control and return rights being the two dimensions.

As we shall see, employee-owned companies are often undemocratic, since employees have few control rights. Even return rights may be restricted. Often