

PARTICIPATION IN THE POST-FORDIST AGE

Lucio Biggiero

Università LUISS

1. INTRODUCTION

Although scientific links between participation and motivation, and participation and productivity are rather weak and disputable (Heller, Pusic, Strauss & Wilpert 1998; Locke, Alavi & Wagner 1997; Spear & Voets 1995; Wagner 1995), it is clear that during last two decades such links have been taken for granted by managers, consultants and practitioners. Empowerment, TQM, BPR, networking, self-organization, team work, etc. are some of managerial practices which, more or less explicitly, increase employee involvement and highlight crucial role of human resources in knowledge-based organizations. Such orientation, which neglect uncertainty of scientific analysis, can be justified on the base of practical instinct and of locally controlled results. On the contrary scientific wide tests are very complex and many contingent factors can disturb its findings. Another stream of research (Biggiero 1999; Purser & Cabana 1998; Stacey 1993, 1996) underlie the link between increase of environmental complexity and consequent increase of organizational complexity, highlighting also transformation of organizational architecture toward networking and self-organizing processes (Biggiero 1998a, 1999; Nadler et al. 1992). In that perspective, post-Fordism is a consequence of environmental complexity, and implies the strategic role of knowledge and learning, as well as crucial role of information technology and human resources (Biggiero 1998a; Rullani & Romano 1998; Taira 1994). *Post-Fordism, due to increasing of complexity, implies an increase of knowledge and employee involvement.* This thesis, which indeed is just an hypothesis to be tested, belongs to those classes (Strauss 1998) of approaches that explain participation on the rationale of organizational efficiency, and not on humanistic or ideological reasons. Of course the growth of participation implies many other moral and political questions, which can be variously discussed. However, in our view these other questions are joint outcomes, and to some extent also joint causes of participation, but are not its main cause. In other words, we

argue that, even neglecting such moral and political causes, there are sound reasons to believe that the increase of participation is in the nature of capitalism evolution.

Causal relationships of our hypotheses (fig. 1) is that environmental complexity, according to Ashby's law of requisite variety, forces organizations to become more complex. Of course that transformation does not necessary happen intentionally: managers can perfectly ignore Ashby's law, and they can also misperceive environment and their own organization design. However, at least in the long run, simple organizations can not survive in complex environments. So, blindly or intentionally, managers must change their organizations towards more complex structures. Since we can identify in rigidity the most relevant and peculiar characteristic of fordist organizations, and since adaptability to complex environments implies flexibility, organizational complexity and adaptability give raise to the many forms of postfordism. Finally, for flexibility and adaptability implies decisional distribution and a growing role of workers and stakeholders, increasing participation seems to be an obliged evolution. Looking at such structural aspects of participation evolution can help to avoid fads phenomena in managerial and political literatures.

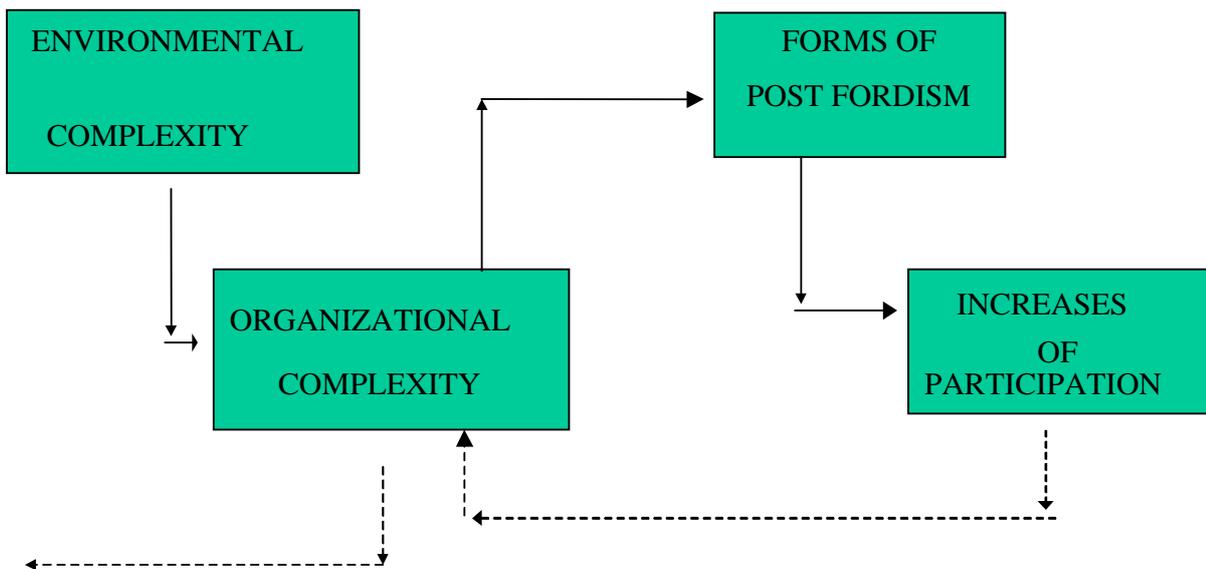
In fig. 1 also some positive feedback functions are shown. First one is between environmental and organizational complexity, because any organization is part of environment of those organizations belonging to the same inter-organizational network. Thus organizational complexification implies also an environmental complexification, in a positive feedback loop. The second one is between increasing participation and organizational complexity: increasing participation means strengthening networking and self-organizing processes within organizations. However these processes further increase organizational complexity, because reduce routines and codes in organizational behavior.

Section two develops causal relationships of this interpretive model, showing also some long run expected consequences for capitalistic industrial organizations. Section three distinguishes four main types of participation, showing internal and external forms and networking processes. Finally,

in section four some hypotheses concerning obstacles alongside the evolution of participation are proposed. It is hypothesized that such obstacles hidden an underground evolution and determine weak or disputable empirical evidence in this field.

Fig. 1

CAUSAL RELATIONSHIPS

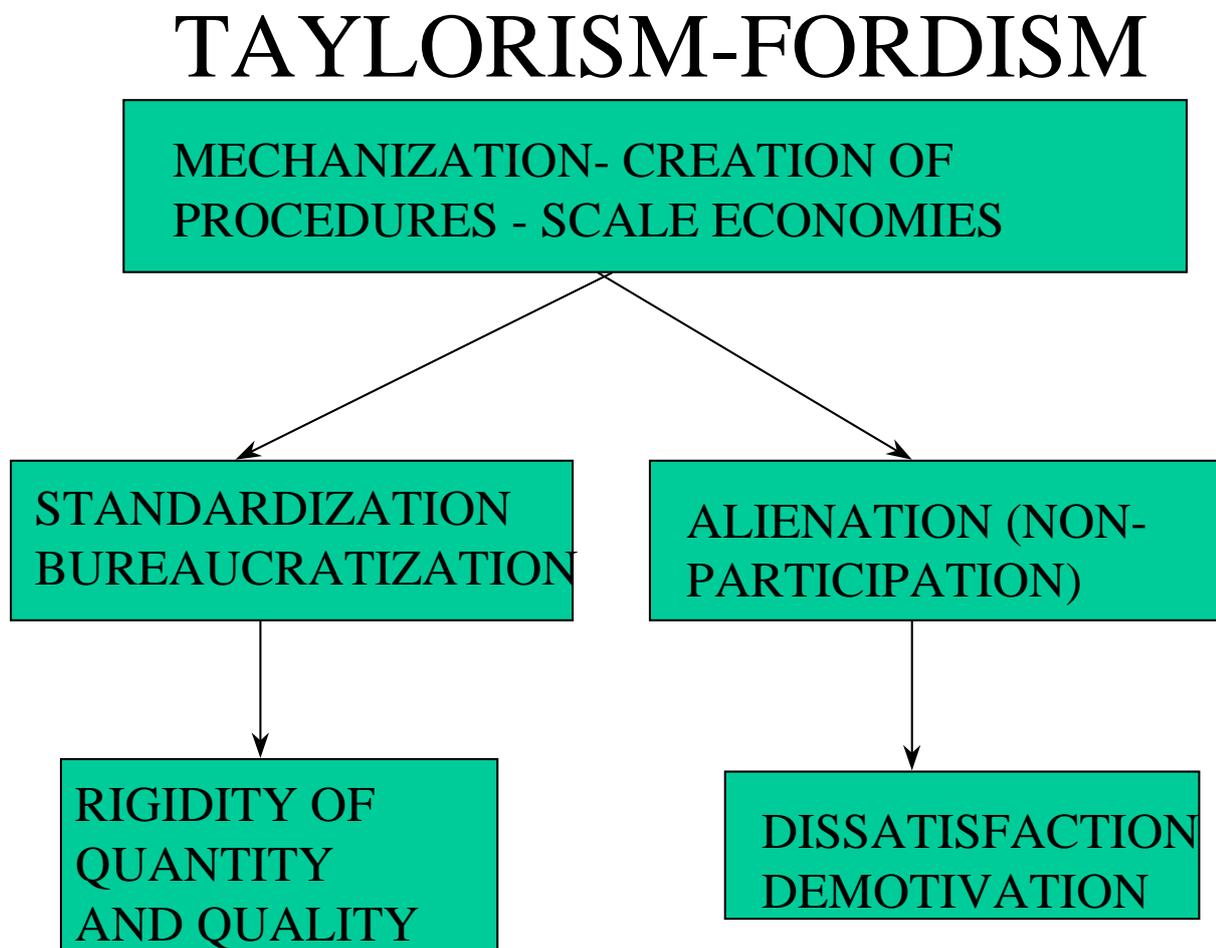


2. DEVELOPING CAUSAL RELATIONSHIPS AND EXPECTED CONSEQUENCES

Taylorism-fordism is characterized by the mechanization of production cycles, with the submission of men to machines, and by the fixation of detailed procedures (fig. 2). The organization of administrative activity through bureaucracy is nothing else than the application of the same principles to piece of papers instead of piece of metals or wood or chemicals, etc. The underlining criterion is the same: detailed planning of as many as possible operations, which must be invariantly replicated and can be closely controlled. To workers autonomous thinking and acting must be left as

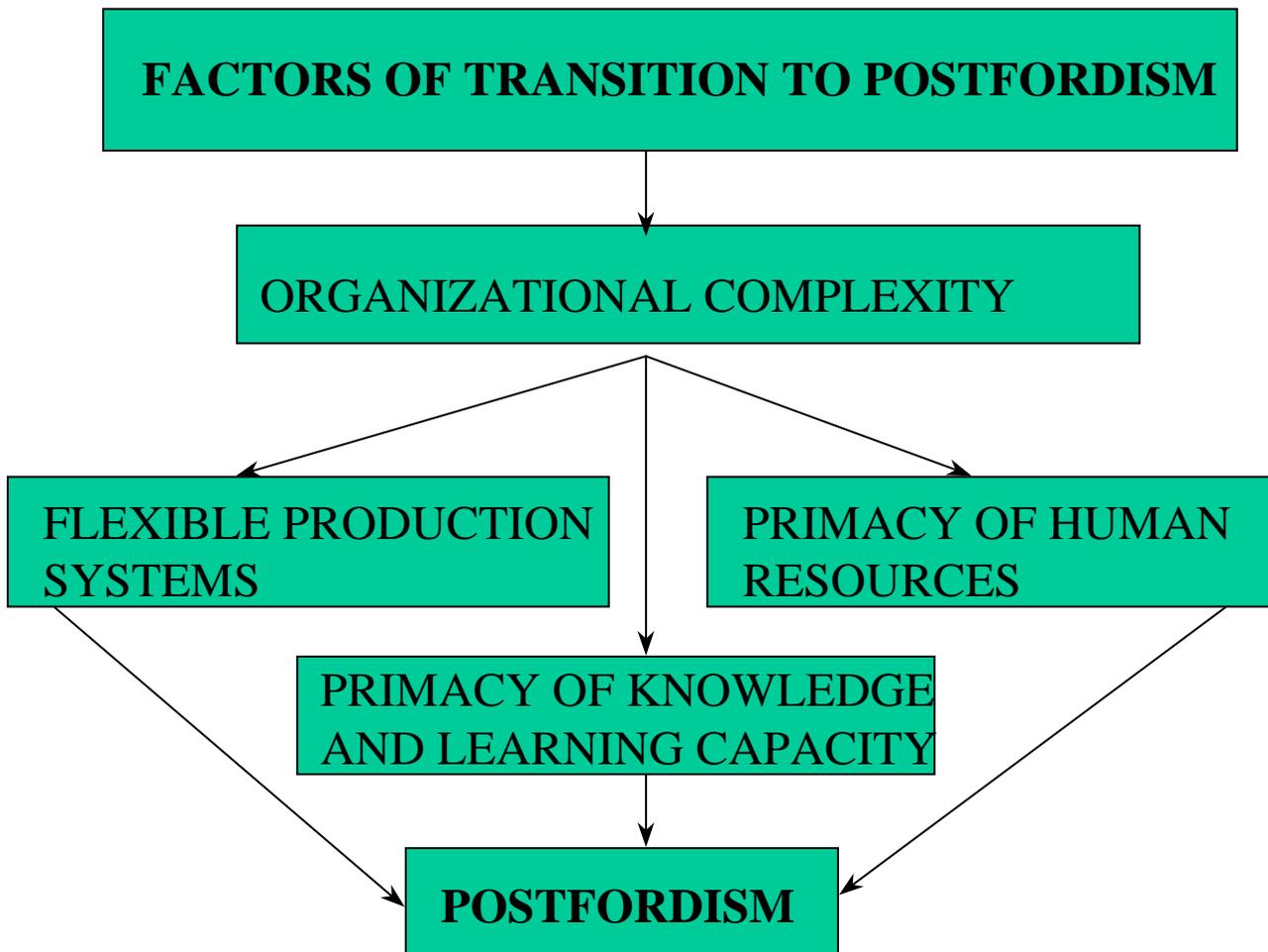
less as possible. Besides any ethical or ideological questions, that approach has two main outcomes. First one is in technological terms, dealing with the rigidity of production quantity and quality, due to the standardization of production cycles. It is a planned outcome, because replication means reduction of variety, and thus rigidity (Biggiero 1998a). Second one is in psychological terms, because the alienation (non-creative participation) determines dissatisfaction and demotivation. This also is a planned outcome, because workers are intentionally removed from production process, either in inventing or in controlling.

Fig. 2



Organizational complexity determines three main changes which make Taylorism-Fordism no more effective (Fig. 3): flexible production systems, primacy of human resources and primacy of knowledge and learning capacity. Complexity means high variety, and thus does not allow for replicating production systems: routines in decision making and standardization of products and procedures can no longer maintain. Needs of adaptive capacity determine the adoption of flexible production systems. The latter implies low planning possibilities and thus leave large space of coordination and innovation to human resources, which can be no longer passive actors in the production process. Human capital becomes the key factor of competitiveness, because coordination and innovation can be well developed only through worker motivation and involvement, and with high competencies. The latter addresses to the third main change: the primacy of knowledge-work and learning capacity. Adapting means learning and learning means developing and diffusing tacit and explicit knowledge. Moreover coordination capacity implies developing relational and networking capacity, which are peculiar forms of tacit knowledge. And this is strongly embodied in workers and therefore mostly not codifiable, not easily reducible to replicable standards.

Fig. 3



3. TYPES OF PARTICIPATION

Participation can be distinguished in four main classes (fig.4), which in managerial practices are often mixed, with different meanings and consequences. However the way they mix is a rather unexplored field of theoretical and empirical research. Before discussing each type of participation, let us point out that, because our explanations are based on organizational efficiency needs, we do not think that any of them implies an on/off condition, like participating or non-participating. This alternative, which is yet unsustainable in organizational terms, because pure hierarchies are rather difficult to be found in real practice, is unfortunately laid down by many humanistic and political theorists. On the contrary, due to the ongoing increase of organizational complexity, participation is

a selective process of involvement. This view holds for any type of participation we are going to discuss.

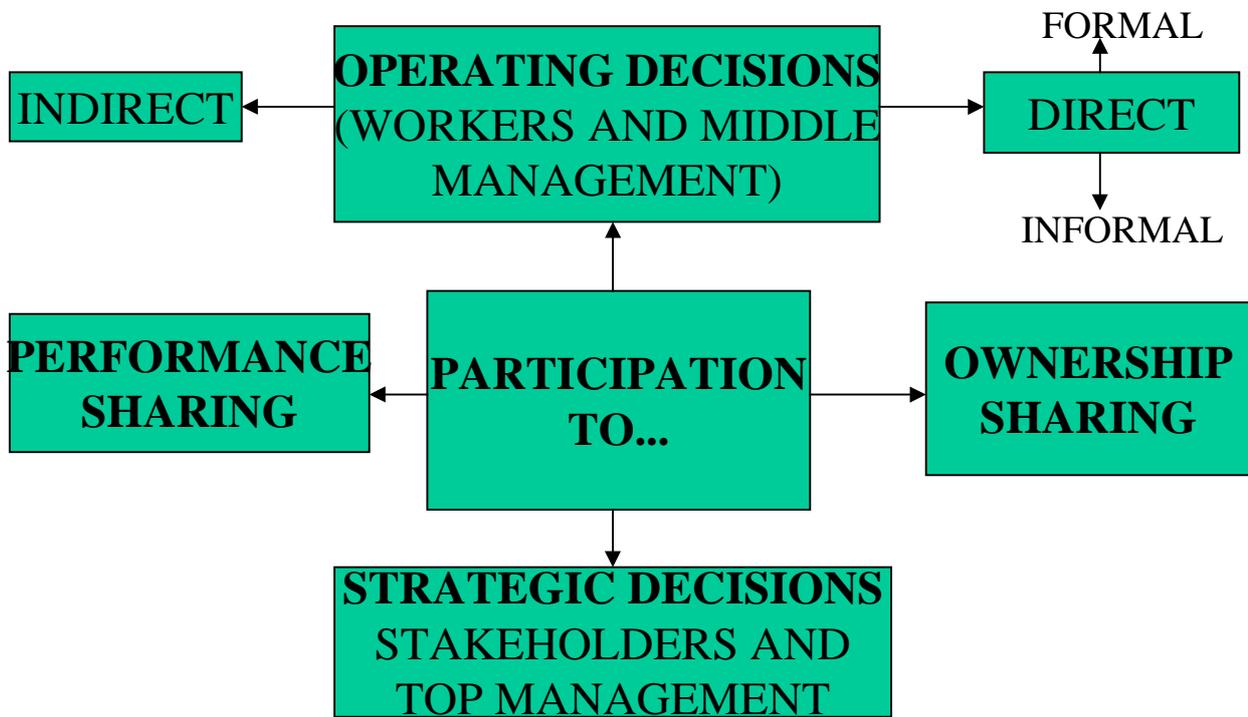
- a. Participation to operating decisions, made by middle managers and workers. It affects mainly the degree of centralization and specialization, related to that of organizational hierarchization. The stronger the hierarchy, the higher are centralization and specialization. Trends towards organizational fragmentation, flattening and flexibilization lead to and imply organizational participation to operating decision making. In organizational literature these trends corresponds also to networking orientation, which is taken as a distinctive character of transformation from fordism to postfordism. A vast literature supports that evolution, in terms of self-managed teams (Fisher 1993), self-managing organizations (Purser & Cabana 1998), network organizations (Alter & Hage 1993) and work teams (Katzenbach 1987). Decisional participation must be distinguished into two categories (Wagner 1995): 1) that happening between unchanged and that expresses basically in consulting leadership style (Locke, Alavi & Wagner 1997); 2) that implying delegation, that is, a substantial redistribution of power between hierarchical positions within and between organizational units (Leana 1987). The latter can be further distinguished between indirect participation (through union representations) and direct, which is negotiated without unions (EU 1994; Shipper & Mantz 1992). The latter can be either formal or informal.
- b. Participation to strategic decisions between stakeholders and top managers. It involves local government and institutions, banks, unions, environmental and consumer associations, etc. Many researches (Alter & Hage 1993; Ashkenas et al. 1995; Badaracco 1991; Bowman & Kogut 1995; Donaldson & Preston 1995; Jarrillo 1993) underlie the importance to make organizational boundaries “permeable” to environmental actors. Others (Svendsen 1998) highlight the relevance of social legitimation and corporate social responsibility. These perspectives conflict with neoclassical economic theory and with modern finance approaches, according to which organizations –at least firms- are nothing else than financial assets, whose cash flow must be

maximized. In our perspective economic agents and firms do not maximize anything (March & Simon 1958; Simon 1969, 1978, 1983). Organizations are “political arenas”, which make decisions looking for compromises between interest groups and coalitions within and between (stakeholders). The shareholders viewpoint is only one among many. Moreover, recent –mainly social psychological- literature (March 1988; Weick 1995) shows that “real” decision making is much more destructured and weak even than that supposed by the model of limited rationality.

- c. Participation of managers and workers to organizational performances, usually meant as profit sharing or gain sharing (Blinder 1990; OECD 1995), anchoring all or part of pay to profits or other indexes. Actually specific literature and practices are focused on profit sharing and management by objectives, neglecting other kinds of performance indexes and non-profit organizations. Most economic debate dealt just with this type of participation, focusing mainly macroeconomic aspects (Weitzman 1984) and using basically the neoclassical theory.
- d. Ownership sharing, which concerns not only for-profit organizations and, within these, limited companies, but also non-profit and trade organizations. It deals with entering managers and workers (and stakeholders?) to risk capital. This literature is vast, ranging from cooperative organizations to ESOP (Spear & Voets 1995), associations and volunteers organizations (Lammers & Szell 1989). Recently, through the practice of stock options and management buy out, managers and consultants are developing a specific knowledge. There are also radical perspectives, which highlight a supposed ongoing transformation of capitalism (Atkinson 1993; Gates 1998; Jossa & Cuomo 1997). Actually, our viewpoint is not so far from that.

Fig. 4

TYPES OF PARTICIPATION



4. OBSTACLES AND HIDDEN EVIDENCE

Three main types of obstacles to the increase of participation can be distinguished. First one is in institutional and law characteristics, which can hinder the development of employee involvement. Even if it can be supposed that, with certain delay, they can be removed in order to fit organizational and economic needs, in the short run institutional and juridical differences can slow and hide the evolution of participation. The second type of obstacles is organizational inertia, particularly related to cultural values and power distribution. If workers share a culture of antagonism to hierarchical or capitalistic power, they can reject to participate even though it improved their quality of working life. Analogue but more subtle is the outcome of the incorporation of the reified work: once people are treated as objects or operating machines, to which no participation and creativity is requested – and often is forbidden-, they become unable to change and learn a new behavior. They replay the

same schema, refusing delegation and responsibilities. The codification and rigidity of job produce codified and rigid people. Once working age is high, rigidity becomes unsormountable. That is one of main problems of change in bureaucracies. Therefore it is not surprising that many attempts to change and involve employees do fail: as for institutional characteristics, these failures must be interpreted. That is also why it is suggested that participation oriented policies must be preceded and accompanied by specific training and cultural interventions.

Power distribution is also a strong obstacle to the increase of participation, because any form of participation implies a kind of power sharing or redistribution. At least, in the pure form of participation to decision making as selective consultation (Wagner 1995), the power related to increasing knowledge is given to workers. In the strongest form of participation, as for delegation, profit sharing and ownership sharing, the resistance of top and middle managers is very high. Since we consider, according to the behavioral theory of firm (Cohen & Cyert 1963; March & Simon 1958; March 1988), organizations as political arenas constituted by groups of coalitions (Pfeffer 1982; Pfeffer & Salancik 1978), we argue that power redistribution is one of main obstacles in the evolution of participation. Actually, some study suggests that especially middle managers are affected by employee involvement and that they try to fail such policies. Indeed delegation and the introduction of team organization is often accompanied by the elimination of hierarchical levels, as well as the elimination of important management status symbols.

Capitalistic nature of juxtaposition between work and capital owners. Who has the ownership wants also return rights and control rights (Ben-Ner & Jones 1995). Although the separation between property and control shows many advantages for the latter, it is very difficult to think of giving total control to self-managed teams, which meant a radical disentanglement between capital owners and work owners. Indeed the nature of capitalism is in a fundamental asymmetry, which goes far beyond that of a “natural” competence-based division of labor: capital owners hire work owners, eventually by means of managers previously nominated to guarantee their own interests, through a top-down

process. Now the question of how good that system works remain a secondary one. It does not really eliminate the basic asymmetry: it only disturbs it. On the contrary, the increase of participation directly attacks both sources of hierarchy: shareholders over managers and managers over workers. Of course, such attack raises strong resistance and in the short run determines financial problems to those organizations which move towards self-management. Who likes to invest in a company without return and control rights? Same problems affect cooperatives and labor-managed firms, which suffer of low financial capacity. That weakness contributes to downsize self-managed organizations. Indeed, also “technical” problems in group decision making constraint groups and its organizations to small size.

However, that outcome is not so menacing, because it is possible to think of a different long run future of economic and social development. The era of giant autharchical organizations could be coming to end (Biggiero 1998a, 1999b; Alter & Hage 1993; Nadler, Gerstein & Shaw 1992), giving space to network capitalism, where evolving networks of SMEs interact one another in a worldwide inter-organizational web. Constraints deriving from technical and financial aspects of participation, jointly with those more related to flexible production techniques seem to push to the same direction. Times and forms depend of course on many structural and contingent factors, like the state of law, the type of goods, the culture of the country and of the single organization, etc.

CONCLUSIONS

There are sound (cybernetic) reasons to expect that postfordism will increase participation. They consist in organizational efficiency, which, following organizational complexity, can be fulfilled only through participation. External participation of stakeholders to strategic decisions is usually accompanied by one or more of the three internal forms: participation to decision making, to performances and to ownership. Institutional and law assets, past experiences, technological and market structures, dominant cultures, power coalitions and the basic nature of capitalism can

effectively hinder and temporarily vanish the development of postfordism and the increase of participation. However it can be supposed that meaningful signs of the basic trend can be retrieved by means of empirical research.

REFERENCES

- Alter C. & J. Hage 1993. *Organizations Working Together*. Newbury Park: Sage.
- Ashkenas R., D. Ulrich, T. Jick & S. Kerr 1995. *The Boundaryless Organization. Breaking the Chains of Organizational Structure*. San Francisco: Jossey-Bass.
- Atkinson A.B. (Ed) 1993. *Alternatives to Capitalism: The Economics of Partnership*. London: Macmillan.
- Badaracco J.L. 1991. *The Knowledge Link. How Firms Compete through Strategic Alliances*. Boston: Harvard Business School Press.
- Baglioni G. 1995. *Democrazia impossibile?* Bologna: Mulino.
- Benedetti L. (Ed) 1994. *Democrazia economica e democrazia industriale*. Milan: Angeli.
- Biggiero L. 1998a. *Complexity and Self-organization: Consequences for Capitalistic Industrial Organization*. In G. Minati (Ed) *First Italian Conference on Systemics*. 185-198. Milan: Apogeo.
- Biggiero L. 1998b. *Faces of Constructivism: Steps toward an Epistemology of Management*. Paper presented at SOEIS meeting. **Errore. Il segnalibro non è definito.**
- Biggiero L. 1999a. *Complexity and Organization*. In M. Zeleny (Ed) *International Handbook of IT/S*. forthcoming.
- Biggiero L. 1999b. *Markets, Hierarchies, Networks, Districts: A Cybernetic Approach*. *Human Systems Management*. 18: 1-16.
- Blinder A.S. (Ed) 1990. *Paying for Productivity. A Look at the Evidence*. Washington D.C.: The Brookings Institution.
- Bowman E.H. & B. Kogut 1995. *Redesigning the Firm*. NY: Oxford UP.

- Defourny J. & R. Spear 1995. Economics of Cooperation. In R. Spear & H. Voets (Eds) Success and Enterprise. The Significance of Employee Ownership and Participation. Aldershot (UK): Avebury.
- Donaldson T. & L.E. Preston 1995. The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications. *Academy of Management Review*. 20: 65-91.
- Estrin S., P. Geroski G. Stewart (Eds) 1988. Special Issue on Employee Share Ownership, Profit Sharing and Participation. *International Journal of Industrial Organization*. 6.
- EU 1994. Conceptualizing Direct Participation in Organizational Change: The EPOC Project. Bruxelles: EU. (SY-85-94-630-EN-C).
- Fisher K. 1993. *Leading Self-directed Work Teams*. NY: McGraw-Hil.
- Gates J. 1998. *The Ownership Solution. Toward a Shared Capitalism for the 21st Century*. Reading (MA): Addison-Wesley.
- Heller F., E. Pusic, G. Strauss & B. Wilpert (Eds.) *Organizational Participation*. Pp. 8-39. NY: Oxford UP.
- Jarrillo 1993. *Strategic Networks*.
- Jossa B. & G. Cuomo 1997. *The Economic Theory of Socialism and the Labor-managed Firm*. London: Edward Elgar.
- Katzenbach J. (Ed) 1987. *The Work of Teams*. Boston: Harvard Business Review Book.
- Lammers C.J. & G. Szell 1989. *International Handbook of Participation in Organizations*.
- Leana C.R. 1987. Power Relinquishment versus Power Sharing: Theoretical Clarification and Empirical Comparison of Delegation and Participation. *Journal of Applied Psychology* 72: 228-233.
- Locke E.A., M. Alavi & J.A. Wagner III 1997. Participation in Decision Making. *Research in Personell and Human Resources Management*. 15: 293-331.
- March J.G. 1988. *Decisions and Organizations*. Oxford: Basil Blackwell.
- March J.G. & H.A. Simon 1958. *Organizations*.

- Meade J.E. 1972. The Theory of Labour-managed Firms and Profit Sharing. *Economic Journal*. 82: 402-428.
- Nadler D.A., M.S. Gerstein, R.B. Shaw 1992. *Organizational Architecture. Designs for Changing Organizations*. San Francisco: Jossey-Bass.
- OECD 1995. *Employment Outlook*. Paris: OECD.
- Pfeffer J. 1982. *Power in Organizations*.
- Pfeffer J. & G. Salancik 1978. *The External Control of Organizations*. NY: Harper & Row.
- Purser R.E. & S. Cabana 1998. *The Self-managing Organization*. NY: The Free Press.
- Roy
- Rullani E. & L. Romano (Eds) 1998. *Il postfordismo*. Milan: Etaslibri.
- Shipper F. & C.C. Mantz 1992. Employee Self-management without Formally Designated Teams: An Alternative Road to Empowerment. *Organizational Dynamics*. 20: 48-82.
- Simon H.A. 1969. *The Sciences of the Artificial*. Cambridge: MIT.
- Simon H.A. 1983. *Reason in Human Affairs*.
- Spear R. & H. Voets (Eds) 1995. *Success and Enterprise. The Significance of Employee Ownership and Participation*. Aldershot (UK): Avebury.
- Stacey R.D. 1993. *Strategic Management and Organizational Dynamics*. London: Pitman.
- Stacey R.D. 1996. *Complexity and Creativity in Organizations*. San Francisco: Berrett-Koehler.
- Strauss G. 1998. An Overview. In F. Heller, E. Pusic, G. Strauss & B. Wilpert (Eds.) *Organizational Participation*. Pp. 8-39. NY: Oxford UP.
- Svendsen A. 1998. *The Stakeholder Strategy. Profiting from Collaborative Business Relationships*. San Francisco: Berrett-Koehler.
- Taira K. 1994. Capitalism and Modes of Production: Craftsmanship, Mass and Lean Production and Beyond. *Research in International Business and International Relations*. 6: 103-121.
- Vanek J 1970. *The General Theory of Labor-Managed Firm*. Ithaca (NY): Cornell UP.

- Vanek J. (Ed) 1975. *Self-management. Economic Liberation of Man*. Baltimore: Penguin.
- Weick K.E. 1969. *The Social Psychology of Organizing*. Reading: Addison-Wesley.
- Weick K.E. 1995. *Sensemaking in Organizations*. London: Sage.
- Weitzmann M. 1984. *The Share Economy*. Cambridge (MA): Harvard UP.
- Wagner J.A. III 1995. On Beating Dead Horses, Reconsidering Reconsiderations, and Ending Disputes: Further Thoughts About a Recent Study of Research on Participation. *Academy of Management Review* 20: 506-509.