

## The Organizational context: Why the interest in Participative Management now?

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### Abstract

*Participative management addresses the relationship between the organization and its workers and stakeholders. It addresses fundamental issues of governance within organizations and the role of employees and external stakeholders in all levels of organizational decision making. In addition to philosophical issues of governance and the appropriate relationship between workers and their employers, the literature on participative management can help managers dealing with the fundamental challenges facing in today's dynamic and competitive environment: maintaining high levels of effectiveness, productivity, innovativeness, and worker motivation in an increasingly dynamic, competitive environment. Participative management is recognized as particularly pertinent to organizations dealing with complex, knowledge-based problems. Extensive research conducted as early as the 1950s and 1960s demonstrated that participative management is particularly well suited to science-based organizations whose key staff are noted for their creativity, intrinsic motivation for work that interests them, stronger affiliation with their discipline than their organization, and sensitivity to directive management. The interdependence of scientific research, and hence of scientific organizations, requires participation at multiple levels. New requirements to involve external stakeholders in policy-setting and planning decisions and to address concerns about the public acceptability of research programs place additional demands on the skills and capabilities of both managers and staff.*

**Keywords:** *Participative Management, Fundamental Challenges, Managers, Workers, Stakeholders.*

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## **Introduction**

Since its origins with Elton Mayo's *The Human Problems of a Industrial Civilization* (1933) and Kurt Lewin's "Frontiers in Group Dynamics" (1947), a large and diverse literature has been assembled on participative management, which includes employee involvement, industrial democracy, and stakeholder involvement. Interest in participative management has been persistent during this period, with periodic surges corresponding to the social, political, and economic issues of chronically low productivity in the 1960s and 1970s, and international challenges to U.S. industry and product quality in the 1980s and 1990s when worker motivation, productivity and innovativeness became priority issues. Recently, the focus has been on the relationship between participative management and the newer, organic and networked organizational forms, dramatically improved information and communication technology, and greater citizen involvement in organizational decision making. The paper reflects a growing recognition among U.S. academics and managers that a high productivity/high wage economy requires new labor-management relationships, including ways to share gains and organize work that more fully develop and utilize the skills, knowledge, and motivation of the workforce.

In keeping with the general problem-driven nature of the organizational effectiveness literature as a whole, the research on participative management has tended to focus on production-oriented or service-providing organizations where issues of worker motivation and satisfaction, product and service quality and productivity were most acute. However, research on the management of science has included attention to the pertinence of participative management for both public and private research organizations. The research on external stakeholder or citizen participation, which has also included some specific attention to science-based organizations, is essentially separate from that on participative management and employee involvement.

## **Objective of the Study**

One of the main social and organizational objectives of participation is that it offers the possibility of resolving contradictory interests through individual negotiation and/or collective bargaining rather than imposition of authority. This paper on participative management can help managers dealing with the fundamental challenges facing in today's dynamic and competitive environment: maintaining high levels of effectiveness, productivity, innovativeness, and worker motivation in an increasingly dynamic, competitive environment.

## **Literature Review**

Indeed, participative management is increasingly seen as a feasible system of governance for these organizations (Lawler 1996). The literature reflects a wide and diverse research orientation. Social philosophy and organizational theory, human development, management practices, small-group processes, and leadership perspectives are all represented. It is enriched with a significant comparative component: interest in participative management and industrial democracy has also been high in Europe and the Scandinavian countries. This

provides a useful check on the ethnocentrism that can occur when the entire literature shares a similar cultural or geopolitical context. Unlike many aspects of the organizational effectiveness and management literature, both public and private sector organizations have been subject to investigation regarding participative management and employee involvement, and there have been some instructive time-series studies on the extent of adoption and the organizational consequences of participative management practices (Lawler et al. 1986, 1992, 1998, 2001). In addition, there is a strong body of research on the relationships among aspects of organizational design, management practices, and worker characteristics pertinent to participative management and employee involvement.

The literature on participative management emphasizes the pertinence of this approach to knowledge-based organizations, and the benefits derived from a management approach and organizational design that emphasizes and supports lateral networks, enhanced flexibility, and respect for worker knowledge and motivation. Increased interdependence requires increased participation (McLagan and Nel 1995: P.15-16).

A key factor in the interest in participative management was the realization, which really struck home during the 1980s, that better management practices - superior quality management systems, better employee relations, integrated design and production teams -- could provide critical competitive advantages to public and private sector organizations (Lawler 1996). During this same period, heightened issues about the societal accountability of organizations also occupied management attention (Collins 1997). Participatory management is widely perceived as an attribute of socially responsible companies (Collins 1996), with participation in decision making at the workplace seen as central to the democratic vision and basic to the good society (Greenberg 1986).

### **Methodology of the study**

The study has been conducted mainly based on the secondary sources of information. In this study I have gone through different books, articles, website and face-to-face interview with the experts and managers of different organization.

### **Participative Management: Employee and Stakeholder Involvement**

**Competitive Pressure:** The research on participative management and employee involvement addresses the interactive relationship between the broader socio-political system and the workplace, in both empirical and philosophical or normative terms, and then tiers that examination down to look at the relationships between organizational design, managerial approach, workplace conditions, job design, pay systems, worker and manager characteristics, organizational performance, and worker and manager motivation and satisfaction. As a consequence, the literature spans discussions of social theory, organizational theory, human relations and organizational psychology, and management strategies and approach. It draws upon a variety of theoretical frameworks and models about the purposes and mechanisms for achieving participation and the impact of participation on the organization and its members.

The traditional logic of organizing is to give simple work to employees at the bottom of the pyramid who then report through a supervisor up a hierarchical chain of command to senior executives who provide direction, coordination, and control. This does not work well for organizations managing knowledge intensive tasks. As the number and visibility of high knowledge-based organization increases, the need for a “new logic” of management has gained currency among both academics and managers (Lawler 1996; Beer et al. 1990; Case 1998).

Lawler (1996:22) summarizes some of the principles of this new logic, as shown in Table 1.

**Table 1. The New Logic of Management**

<b>Old Logic Principle</b>	<b>New Logic Principle</b>
◆ Organization is a secondary source of competitive advantage	◆ Organization can be the ultimate competitive advantage
◆ Bureaucracy is the most effective source of control	◆ Involvement is the most effective source of control
◆ Top management and technical experts should add most of the value	◆ All employees must add significant value
◆ Hierarchical processes are the key to organizational effectiveness	◆ Lateral processes are the key to organizational effectiveness
◆ Organizations should be designed around functions	◆ Organizations should be designed around products and customers
◆ Effective managers are the key to organizational effectiveness	◆ Effective leadership is the key to organizational effectiveness

Source: Lawler III., Edward E. 1996. *From the Ground Up: Six Principles for Building the New Logic Corporation*. San Francisco: Jossey-Bass Publishers. P. 22.

**Societal Pressure and Strongly Held Democratic Values:** In the United States, there is a widespread philosophical belief that people have a right to be involved in making decisions that affect their lives. This is matched by a belief that people who are involved in making decisions have a greater stake in carrying out those decisions than those who are not involved (Bloom 2000: P.5). In addition, Ackoff (1999) asserts that employees at all levels, but particularly those in the lower half of U.S. organizations, have become increasingly disturbed by the inconsistency of living in a society “dedicated to the pursuit of democracy but working in organizations that are as autocratic as fascist dictatorships.”

These core values are reflected in five different perspectives on the purpose and rationale for worker participation in organizations (Bolle de Bal (1992a: P.603-610):

◆ ***The Managerial Approach***, which is inspired by productivity and efficiency goals (participation is organized at a lower level in order to relieve worker dissatisfaction and morale problems). This approach reflects the emerging viewpoint that organizational design and management effectiveness can provide a significant competitive advantage. It gives considerable attention to issues of organizational design and organizational change, on the basis that entirely new work structures and ways of organizing work can lead to substantial gains in effectiveness (Lawler et al. 2001). A key issue in this approach is the extent to which management delegates or retains the power to initiate, frame, and terminate participative processes.

◆ ***The Humanist Psychology Approach***, which is inspired by human growth and development goals, (participation as a way to enhance the well-being of the individual by promoting individual creativity, self-esteem, and ego strength). This approach reflects the movement led by Elton Mayo and followed by the work of Argyris (1957); Likert (1961); McGregor (1960); Mohrman and Lawler (1985); Cassar (1999); Massarik 1983; and Sagie (1997). It reflects a much more positive view of human nature and emphasizes the need to retrain managers to develop their participative leadership skills and unlearn authoritarian behaviors. It acknowledges the societal function of the workplace and the benefit of participatory restructuring of the workplace, given the central role it plays in the lives of most ordinary people (Pateman 1970).

◆ ***The Industrial Relations Approach***, which is inspired by democratic goals (participation is not only a means to an end in itself but also a way to create a strongly democratic society, characterized by active participative citizens). This approach reflects the importance of the external environment to the organization (not highly recognized in bureaucratic, hierarchical organization design, but more widely recognized in organic, open-system designs). Participation in the workplace is seen as contributing to an effective and just society. The workplace is seen as a point of leverage from which to achieve a more egalitarian redistribution of power, leading to a greater democratization of the entire political process (Emery and Thorsrud 1969; Bachrach and Botwinick 1992; Pateman 1970; Matejko 1986).

◆ ***The Political Approach***, which is inspired by revolutionary goals (participation as a means to change the overall structure of ownership to a collective base and to educate workers to class consciousness). The role of organized labor is addressed in this approach, with Bachrach and Botwinick (1992) noting that worker participation in postwar U.S. is substantially less developed and widespread than in Europe, a factor attributed to the weakness of the trade union movement in the U.S. and the absence of enabling legislation such as is present in Europe. Advancement toward greater worker participation is seen as very dependent upon a strong labor movement.

♦ ***The Psycho-Sociological or Anthropological Approach***, which is inspired by synthetic, multidimensional goals (participation as a way of acculturation, of pushing workers to internalize the economic norms of the organization) and emphasizes the fundamental aspects of human nature and how to get the best out of workers. It emphasizes the fundamental social interactions in the workplace and the role of participation in addressing issues of resistance, motivation, and engagement (Lewin 1947; Coch and French 1949; Bolle De Bal 1992a and b). This approach draws a clear contrast with traditional Taylorian and bureaucratic models, which attempt to exclude subjectivity and creativity. In this approach, subjectivity and creativity are integrated into the enterprise culture.

It should be noted that not everyone subscribes to this positive view of participatory democracy or to the benefits of direct participation in the workplace. Unions, for example, argue that participative processes are actually detrimental to the welfare of workers, enabling management to capture the knowledge of workers and circumvent the protections provided by collective representation (Fantasia et al. 1988; Bolle de Bal (1992b).

***Expected Benefits:*** As literature on participative management and employee involvement accumulated, a wide range of benefits was elaborated, and organizations were encouraged to adopt a variety of participation strategies, and to cultivate a culture of participation (Denison 1990). This enthusiasm undoubtedly influenced organizational behavior, at least to some degree. Kanter (1989; 1983), for example, pointed out that a participatory work environment is theoretically more effective at enhancing innovations than traditional bureaucratic structures because it promotes the sharing of product knowledge between managers and workers, who are closest to the products being made and work being done and therefore more likely to develop strategies and suggestions for better quality items, and Markowitz (1996) asserted that “giving employees decision-making power boosts their morale and commitment to the organization, which aids productivity.... everyone benefits: businesses accrue higher profits and stability because they are more secure in their industry niche and workers are more fulfilled and attached to the companies because they have a voice in decision-making.”

In this regard, Lawler’s (1990: P. 38-40) summary of expected benefits reflects much of the U.S. literature, although unlike many others, he also includes a summary of potential negative consequences. **The expected benefits** listed are:

- ♦ Improved, more innovative and efficient work methods and procedures (less resistance to new methods may result, and the problem-solving process may produce innovations)
- ♦ Better communication between management and workers and across work units
- ♦ Attraction and retention of employees (improvement results from increased satisfaction and involvement)
- ♦ Reduced tardiness, turnover, and absenteeism
- ♦ Greater staffing flexibility (increased flexibility results from cross-training and teamwork)
- ♦ Increased service and product quality (higher motivation and better methods increase quality)
- ♦ Higher productivity and output (higher motivation and better methods increase the rate of output)

- ◆ Reduced staff support and supervision requirements (more “self-management” and broader skills reduce the needs for staff support and supervision)
- ◆ More effective resolution of conflict and reduced number of grievances (better communication and an improved union-management relationship reduce the number of grievances)
- ◆ Better decisions (better input and decision-making processes improve the quality of decisions)
- ◆ Expansion of staff skills (problem-solving as well as technical skills are developed)
- ◆ Improved morale and job satisfaction.

**And the potential negative consequences are identified as**

- ◆ Salary and training costs (developing new skills and responsibilities for lower-level participants results in increased salaries and additional training)
- ◆ Support personnel (if the new program creates a new structure that needs support and management, support personnel must increase)
- ◆ Expectations for organizational change and personal growth and development opportunities (any program that talks about participation increases expectations for organizational change and personal growth, which, if it is limited or fails, results in dissatisfaction and cynicism)
- ◆ Resistance by middle management and/or by staff support groups (if they are not positively affected by the program, they may resist it)
- ◆ Lost time (participation takes time and can slow decision making because a number of people have to understand and accept the decision)

In 1993, Lawler (1993: P.174-177) emphasized the *strategic* benefits of participative management, arguing that decisions could be made more rapidly and flexibly when power is moved to the lowest possible level and that workers, especially knowledge workers, were empowered and motivated by these changes. Overhead costs can be greatly reduced, increasing the organization’s competitive advantage and better use can be made of capital-intensive technologies by improved problem solving and adaptive behavior.

**Global Business Practice**

Time plays two important roles in global management. First, managers cannot simply transform their organizations into global participants’ overnight. It takes time and careful deliberation to establish a global position. Second, the globalization of business has resulted in relationships among managers whose cultural traditions not only differ but also have evolved down those different paths for hundreds, if not thousand of years. Thus, it is unrealistic to export global business relationships to evolve without considerable effort and adaptation. A classic case in point is the historical and cultural division between the U.S. and Japan.

**Table 2: Comparison of Japanese and American Organizations**

<b>Japanese Organizations</b>	<b>American Organizations</b>
Lifetime employment	Short term employment
Slow evaluation and promotion	Rapid evaluation and promotion
Non-specialized career paths	Specialized career paths
Implicit control mechanisms	Explicit control mechanisms
Collective decision making	Individual decision making
Collective responsibility	Individual responsibility
Holistic concern	Segmented concern

Source: Stoner J.A.F., Freeman, R. E. and Gilbert, JR. (1997). P. 148

More recently, some observers have come to the conclusion that what was initially interpreted as managers in many other countries also successfully use a management style unique to the Japanese culture. 'Japanese management' may more usefully be interpreted as away of managing that is widely applicable in all countries, industries and companies.

**Key Considerations in Designing and Implementing Participatory Management and Employee and Stakeholder Involvement:** As participation became more common, and participative management started to be seen as a system of governance rather than a collection of activities or programs, attention has been focused on the importance, and challenge, of designing the right combination of participative management strategies for a particular organization and objective (Lawler 1988; Coye and Belohlav 1995). Drehmer et al.'s (2000) research demonstrated that there are relationships and interactions among different the participation strategies and approaches and they, along with others, emphasize that care must be taken in choosing and implementing those activities. This includes decisions not only about both the nature and extent of the activities, but also their location within the organization and the manner in which they are introduced and implemented. Bloom (2000: P.10), Lawler, III (1993: P.177), Case (1998). Lawler (1993) emphasizes the need for a complete organizational model in order to design an appropriate participation approach or transition, noting that this can be particularly challenging because most existing large organizations do not provide useful models for how an organization should be designed to create an effective participative management approach. Indeed, he notes that almost all existing systems are designed to accomplish – and reinforce – just the opposite.

Although there is no authoritative source or theory that defines the dimensions of participation, Lawler and others (Lawler 1998: P.197; Lawler et al. 1998; Ledford 1993) provide a good starting point by identifying **four key strategies**, whose nature and location in the organization are central issues for governance in all organizations and which largely determine the nature and degree of participation available to employees. These strategies are:

◆ **Information sharing** about business performance, plans, goals, and strategies, about new technologies and competitors' performance. Without business information, individuals are restricted in their ability to make meaningful contributions, participate in planning and setting direction, understand the effectiveness of their performance and that of the organization. Information sharing includes both information disclosure and open communication processes.



♦ **Knowledge development and training** to provide skills in group decision making and problem solving, leadership, quality and statistical analysis, an understanding of the business and job skills and cross-training. This knowledge and training enables employees to understand and contribute to organizational performance.

♦ **Rewards and recognition systems** that are based on the performance of the organization and that are designed to encourage employees to obtain information, add skills, take more decision making responsibility, enhance teamwork, and perform in ways that help the business (for example, through the use of individual incentives, work group or team incentives, gain sharing, profit sharing, employee stock ownership plans, stock options plans, and non-monetary recognition and awards for performance).

♦ **Power sharing**, particularly in decision making, either through parallel structure practices, such as quality circles, committees, survey feedback, or suggestion systems, or work design power sharing practices such as job enrichment and redesign, self-managing work teams, mini-business units, and participation on decision-making boards and committees that enable employees to use and apply the information and knowledge effectively; key strategies include locating decisions at the lowest possible level in the organization.

Bolle De Bal (1992b) makes the point that the participative model of management can be called post-rational because its rationality is adapted to previously neglected values of creativity, self expression, and participation. Reflecting Lawler's four dimensions, he describes the participative model of management in the following **terms**:

♦ Job hierarchy is narrowed and the workers recover a number of tasks that the Taylorian model had hived off to the technical staff

♦ Supervision based on authority is replaced by supervision based on competency and performing two functions: technical consultancy and small-group human relations

♦ Negotiations become possible at the rank-and-file level over production goals, product quality, working conditions, and job assignments

♦ Hiring and promotion are linked to a person's technical capacities, but also to his degree of involvement or participation in company life

♦ Mixed decision-making models are developed in which the hierarchy sets general objectives while leaving many questions open to negotiations at lower levels

♦ Islands of production are created where small groups of wage-earners are responsible for a complicated set of maintenance, production and quality control tasks

♦ Employees' activities are all linked to the firm's objectives through the overriding concern about product quality; on management's initiative, participative groups are formed, and cultural operations (information, communication, company charters) are launched.

As pointed out by Lawler (1988), Lawler et al. (2001) and others, creating a participative organization, either through design or transition, requires rethinking the entire structure and management of the organization, including how individuals interact, roles are defined, and practices implemented. For transitions, the principles of change management need to be followed.

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Lawler (1993:177), McLagan and Nell (1995:44), Cotton (1993), LaGrossa (1998), Landsdale (2000), and Plas and Lewis (2001) characterize participative organizations, and the attributes particularly important in leveraging transition to a participative system, in the terms of the following organizational features:

◆ **Organization and work design** (teams, enriched jobs, flat lean structure, product/service/customer-based activities; task forces, diagonal slice policy groups). Structures express the philosophy of governance of an organization. They influence relationships. Participative structures have two basic building blocks: teams and value adding work streams.

◆ **Physical layout and design** (egalitarian space, layout that accommodates a changing team structure, meeting areas, co-location of business units). Physical space affects relationships and hence information exchange and teamwork.

◆ **Information systems** (two-way communication, local ownership, performance orientation, human system orientation). Information is power. Those who do not have information or the ability to use it to influence decisions are disempowered. New information technology has increased the amount of participation possible. Controls provide the criteria and warning systems that establish replicable processes, create stability, and prevent anarchy. Participation in the establishment of controls promotes commitment and accountability.

◆ **Managerial role, style, and processes** (leadership, vision, empowerment, enabling, participation). Participative management requires leadership that reflects system thinking, that motivates and does not depend on superiority and subordination for its influence but respects employees and encourages them to take the initiative and seek new responsibilities and solutions. Management processes are powerful determinants of organizational culture. If strategy, plans, budgets, goals, decisions, and feedback remain authoritarian, the organization's culture can not be participative.

◆ **Reward system** (individualized rewards, performance based rewards, egalitarian rewards, growth-oriented rewards, open and participative administration). Rewards are a tangible signal of what is important. They influence relationships and motivation.

◆ **Training and development** (lifetime learning, economic literacy, teamwork, personal growth, understanding of the business). Everyone needs the skills and abilities to do their job and to participate effectively. Training and development are essential to build the competencies needed by the organization.

◆ **Staffing** (careful selection, mutual commitment, support of the culture, personal growth, understanding of the business). Competencies and relationships are the building blocks of the new governance. A learning oriented workforce, who can and are motivated to learn new skills and adopt new perspectives.

◆ **Personnel policies** (participative design and administration, individual choices, encouragement of social interaction, development of orientation, support of the family). These show a commitment to meet the needs of those who actually design, produce, and market the organization's product.

◆ **Culture and values** (empowerment, personal accountability, open access to information, focus on the customer, commitment to continuous improvement, teamwork). Values determine the nature of governance. Authoritarian values create hierarchies, disempower people, create rigid control mechanisms, restrict access to information, and treat people as subordinates. Participative values invalidate such practices.

Davis (1976:P.7) identifies four models of organizational behavior that inform the discussion of participative management: autocratic, custodial, supportive, and collegial. In a collegial model, the managerial orientation is toward integration and teamwork and the employee orientation is toward responsibility and self-discipline. Likert suggests four systems of management (by ideal types), as shown in Table 3.

<b>Likert's four systems of management</b>	
System 1: <b>Exploitive authoritative</b>	Management uses fear and threats; communication is top down with most decisions taken at the top; superiors and subordinates are distant.
System 2: <b>Benevolent authoritative</b>	Management uses rewards; information flowing upward is restricted to what management wants to hear and whilst policy decisions come from the top.
System 3: <b>Consultative</b>	Management offers rewards, occasional punishments; big decisions come from the top and communication is downward whilst critical upward communication is cautious.
System 4: <b>Participative group management</b>	Management encourages group participation and involvement in setting high performance goals with some economic rewards; communication flows in all directions and is open and frank with decision making through group processes.

Source: Likert, Dr. Rensis. 1961. P.98. New York: Walter de Gruyter.

### ***Participative Management and Employee and Stakeholder Involvement: Initiatives and Strategies***

***A Wide Range of Mechanisms and Strategies:*** A number of specific mechanisms, programs, and strategies have been developed to provide participation opportunities for employees, typically in traditional bureaucratic hierarchical organizations. Initially, they were generally introduced singly or in groups, often in a small section of the organization. Recently, greater attention has been given to the interactive nature of these mechanisms and the need to consider the introduction of participative mechanisms in a more systemic way. The most common participative mechanisms and strategies include:

- ◆ Democratic management
- ◆ Information sharing forums
- ◆ Joint labor-management training programs
- ◆ Safety and health committees
- ◆ Quality circles
- ◆ Quality of work life programs

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- ◆ Employee participation teams other than quality circles
  - ◆ Total quality management teams
  - ◆ Team based work structures with a variety of responsibilities
  - ◆ Gain-sharing and profit-sharing plans
  - ◆ Employee ownership programs
  - ◆ Worker representation on corporate boards of directors
  - ◆ Survey feedback
  - ◆ Job enrichment or redesign initiatives
  - ◆ Union-management quality of work life committees
  - ◆ Mini-enterprise units
  - ◆ Self-managing work teams (autonomous work groups, semiautonomous work groups, self-regulating work teams, or even simply work teams)
  - ◆ Site-based management.
  - ◆ Knowledge management programs
  - ◆ Business process reengineering (some don't consider this a participative mechanism)
  - ◆ Open-book management
  - ◆ Theory Z.

### ***Categorizing and Describing Participative Management and Involvement Strategies and Mechanisms***

Many different frameworks for categorizing and describing participative management and employee and stakeholder involvement strategies and mechanisms have been proposed. Lawler (1988: P.197-201) distinguishes three involvement-oriented approaches to management that have been widely referenced in the literature. The three approaches differ in their histories and approach to the four strategy dimensions identified above (information sharing, knowledge development, reward systems, power sharing).

**First, *Parallel suggestion involvement*** is an **approach** that solicits employee involvement through mechanisms such as formal suggestion programs, often supplemented with a supportive reward system such as gain sharing, in which the provider of the suggestion receives a share of the resulting monetary benefits. Quality circles are a popular example of a parallel suggestion approach. Indicative of this approach, quality circles use groups especially constituted to generate suggestions, frequently after receiving considerable training.

Consequently, parallel suggestion involvement is considered a top-down approach. Eaton et al. (1997) calls this type of approach *off-line participation through parallel structures*. Bachrach and Botwinick (1992) provide an extensive discussion of another variant of this approach, *quality of work life programs*, which were first initiated in the U.S. in the late 1960s to combat low productivity, wildcat strikes, absenteeism, sabotage, tardiness, high turnover, and other labor problems.

The second involvement-oriented approach identified by Lawler is *job involvement*, which focuses on modification of the work process to improve worker motivation and satisfaction either by creating individual jobs that are more satisfying and challenging or by creating work groups or teams that are given responsibility for, and some autonomy in completing the job. Depending upon the degree of autonomy, such groups are variously called autonomous work groups, self-managing groups, work teams, or semi-autonomous work groups. A key goal of this approach is to give workers more control over how the work is done. Eaton et al. (1997) label this approach *production-based on-line participation*.

The third approach is called the *high involvement approach*. As indicated by the name, its strategy is to structure the organization “so that people at the lowest level will have a sense of involvement not just in how they do their jobs or how effectively their group performs, but in the performance of the total organization” (Lawler 1988: P.199). The high involvement approach goes further than the other two approaches in moving information, knowledge, and power to the lowest organization level and to support participation with suitable rewards. The high involvement approach incorporates participation into the fundamental governance of the organization.

Miller and Monge (1986:730-732), who conducted a meta-analysis of the literature on participation in the workplace, used three types of explanatory models to examine participation’s influence on satisfaction and productivity: (1) **cognitive models**, which suggest that participation in decision making is beneficial because it enhances the flow and use of important information in organizations and the use of better information for decisions – increased worker satisfaction is seen as a by-product of their participation, not a central purpose; (2) **affective models** linking participation to productivity and satisfaction by facilitating attainment of higher order needs such as self-expression, respect, independence, and equality, which in turn lead to increased morale and satisfaction and a greater commitment to implement jointly-reached decisions; and (3) **contingency models** that reflect the inherent variability and the dependence of individual responses to participation upon a variety of variables including individual characteristics (such as personality) and context.

Case (1998) discusses the concept of *open-book management*, by which he means an organization in which all employees see themselves as partners in the business, rather than as hired hands. This approach is built on **three principles**:

- ◆ **Transparency:** everyone, not just the executives sees and understands the business information and “real numbers” of the organization
- ◆ **Joint accountability:** everyone is held responsible for his or her part in company performance
- ◆ **Shared stakes in the company:** if you want people to think and act like owners, you have to pay them accordingly.

***External Stakeholder Involvement:*** The literature on organizational effectiveness and participative management has very little to say about involving external stakeholders, aside from noting that many of the collaborative methods can be used to build lateral linkages with suppliers, customers, and partners (Organizational collaborations, partnerships, and networks; Ackoff 1999) and that consideration of external stakeholders is important in strategy formulation (Harrison and St. John 1998; Freeman 1984; Mason and Mitroff 1981). In the participative management literature, the most common link to stakeholder involvement is made through the concept of industrial democracy, and the social responsibility of firms and organizations. The humanistic values that corporate responsibility, responsiveness, and rectitude (CSR3) theorists would like to see embedded in business organizations also constitute the foundation of participatory management theory.

Carroll (1993) addresses the dual themes of business ethics and stakeholder management within the framework of social responsibility by business, while recognizing the extent of business' power in society. For Carroll, stakeholder management requires managers to identify the various groups or individuals who have a stake in the firm or its actions and decisions and "incorporate these stakeholders' concerns into the firm's strategic plans."

He distinguishes between social responsibility and social responsiveness, which he describes as:

- ◆ Reliability of company executives—the extent to which they stand by their commitments
- ◆ Attentiveness of company executives—the extent to which they listen and are receptive to information flowing from outside the company
- ◆ Preparedness of company executives—the extent to which they are aware of potential public policy issues
- ◆ Credibility of company statements—the extent to which you can believe information communicated by the companies
- ◆ Accessibility of company executives—the extent to which they are available to you for responses and discussions
- ◆ Perceived legitimacy of outsiders—the extent to which company executives respect the purpose of outside critics
- ◆ Communication with its publics—the extent to which the company communicates its programs and interests to its various publics
- ◆ Clarity of company interests—the extent to which the company clearly defines its own interests in responding to public issues.

### **A Strategic View of Stakeholders and Stakeholder Involvement Strategies**

Harrison and St. John (1998) categorize stakeholders into those within the organization (owners/board of directors, managers, and employees) and within the operating environment (customers, suppliers, government agencies and administrators, unions, competitors,

financial intermediaries, local communities, and activist groups), all operating within the broader environment subject to socio-cultural, global economic, and global political/legal forces and technological change. They emphasize the importance of identifying, understanding, building relationships with and satisfying its key stakeholders, and taking these stakeholders into account in the formulation of organizational strategy.

Bloom (2000) and Thomas (1990) both address the question: Who should be involved in making decisions? Bloom (2000) focuses on the issues of interest and expertise, reflecting the risk-based policy-making approach of the public participation perspective. Bloom (2000) recommends designing a strategy for determining who out of these stakeholders should be involved based upon the following match-up between interest and expertise levels:

- ◆ Low interest, low expertise —avoid involvement
- ◆ Low interest, high expertise—consult
- ◆ High interest, low expertise—rationale is to lower resistance, but need to be careful, and have skilled leadership. Consultative model might be useful so that interested parties have input, but manager makes final decision
- ◆ High interest, high expertise—involve as early as possible, and given as much freedom as possible to define the problem and set objectives either as a delegated approach or a collaborative approach.

The modified Vroom and Yetton involvement options are (Vroom and Yetton 1973: P.437):

- ◆ Autonomous managerial decision (the manager solves the problem or makes the decision alone without public involvement)
- ◆ Modified autonomous managerial decisions (the manager seeks information from segments of the public, but decides alone in a manner which may or may not reflect group influence)
- ◆ Segmented public consultation (the manager shares the problem separately with segments of the public, getting ideas and suggestions, then makes a decision which reflects group influence)
- ◆ Unitary public consultation (the manager shares the problem with the public as a single assembled group, getting ideas and suggestions, then makes a decision that reflects group influence)
- ◆ Public decision (the manager shares the problem with the assembled public, and together the manager and the public attempt to reach agreement on a solution).

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**Conclusion**

Participative management emphases on team building and teamwork and on autonomy in the conduct of the work itself are consistent with the way science is conducted, particularly in the public sector. This study implies that participative management strategies should be effective at the laboratory level as well as at the departmental or organizational management unit level.

One benefit of a participative management perspective is that it encourages consideration of the entire array of workers in an organization. This is important in public science organizations, which tend to identify themselves as largely composed of highly trained and professionally oriented scientists. Yet the workforce of these organizations includes many who do not fit this profile, including those in management, administration, finance, and clerical support roles. The ability to implement an organizational and management design that works effectively within each of the multiple subunits while promoting effective linkages among them is a particular challenge in the relatively loosely coupled public science organizations. An interesting finding in this literature is that autonomous work groups are not appropriate for technologically cutting-edge situations.

Science funding organizations are increasingly faced with questions about how to involve external groups in its management and other processes. For example, peer review may involve scientists and nonscientists alike in the evaluation of programs. And citizen boards or committees of experts in other fields may advise agencies on such matters as public acceptability, ethics, and community impact of federal activities. With the common federal policy on scientific misconduct, managers and lawyers must become involved in complicated questions regarding the conduct of science. Involving the public in science-related topics has been the subject matter for many case studies, which often have a strong element of external communications, but little theory has emerged from such studies. The decline of the post-World- War-II underpinnings of science policy and the recent calls for democratic science and socially robust science suggest that involving external stakeholders will be an increasing focus.





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