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Workforce participation: developing a theoretical framework for longitudinal research

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Workforce participation: developing a theoretical framework for longitudinal research

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Abstract

This paper describes and evaluates an action research project on workforce participation at Viewpoint Research Community Interest Company (CIC). By setting out the research protocols devised by Viewpoint to stimulate and study co-operative management, it is possible to abstract a theoretical framework that emerged from a pilot case study. The paper contributes to theory by highlighting not only the potential of action research to catalyse interest in co-operative management but also how to engage theoretically with the paradox of a workforce voting to limit its own participation in ownership, governance and management. In this study, the authors interpreted that participants did not automatically equate participatory management with workplace democracy leading to a theoretical perspective that "democratic management is the propensity and capacity of management systems to respond to members' desires regarding the scope, depth, level and quality of participation in management". The paper concludes by evaluating the efficacy of Viewpoint's action research methodology as a strategy for deepening knowledge on workforce participation in co-operatives and employee-owned businesses.

Introduction

The need for research to inform policy and practice on workforce participation is growing, not only because of international interest in social enterprise (Borzaga and Defourny, 2001; Kerlin, 2009; Teasdale, 2012), but also because of a renaissance of the co-operative movement internationally and locally (Amin, 2009; Co-operatives UK, 2013). In a UK context, there are ministerial aspirations for 1 million public sector workers to transfer to mutual and co-operative enterprises by 2015 (Ainsworth, 2011). Furthermore, UK CEOs from both the private and co-operative sectors have been participating in a wide-ranging review of ownership and participation strategies to reduce the vulnerability of all types of business to future financial crises (Michie, 2010).

This paper describes a methodology and develops a theoretical framework for interpreting case studies on workforce participation based on findings from a Business Link Innovation (BLI) project undertaken at Viewpoint Research CIC. This project was commissioned by Viewpoint's MD because he wanted to develop workforce participation at Viewpoint as well as research products to support employee-ownership and co-operative management. The project produced a *Member-Employee Engagement Model* "designed to meet the needs of employee-owned businesses, worker co-operatives, social firms and other social enterprises" (Ridley-Duff and Ponton, 2011, p. 1).

The BLI project raised an important question for future research on workforce participation:

> *"How do members of an enterprise frame, operationalise and evaluate the benefits of workforce participation?"*

This overarching question requires detailed investigation of three sub-questions:

RQ1	(Framing) What assumptions inform attitudes to workforce participation?
RQ2	(Operationalisation) How do assumptions about participation shape management practices?
RQ3	(Evaluation) How can workforce participation be reviewed by governing bodies?

This paper does not answer the above questions. Instead, it examines the case for asking them, the concepts needed to facilitate study of them, and a research design for answering them. It is

divided into five sections. In the first section, we review literature to make the case for studying workforce participation and examine the evidence base that underpins the social economy assumption that significant or majority ownership of an enterprise by the workforce can increase enterprise sustainability. The second section outlines our philosophical perspective and the impact this had on the study's methodology. Section three provides an account of the creation and testing of a theoretical framework, including a critical review of the changes made after the BLI project. The final section reviews the efficacy of the methodology for future studies.

The case for studying workforce participation

There is a growing body of evidence that workforce participation impacts on organisation performance and survival. Sustained research started with the publication of seminal works by Ward (1958) and Vanek (1970). Ward and Vanek suggested a reformulation of socio-economic thinking to view workforce participation in ownership and governance as a political rather than property right. This reformulation was grounded in works that highlighted how capitalist production constructs the workforce as a 'cost' rather than a 'beneficiary' of economic activity. For Vanek, viewing the workforce as a 'cost' creates the business culture within which entrepreneurs and managers learn to distance themselves from production workers. This reinforces working practices that reduce job security, dehumanize work and deepen exploitation with the result that both social and economic inequalities widen. Vanek's (1970) study of the Yugoslav economy presented the labour-managed firm as a strategy for re-constructing the workforce as a 'beneficiary', ending destructive relationships between owners, managers and workers, and re-framing business activity so it improves both efficiency and welfare (compare Pateman, 1970).

Some evidence on efficiency has been produced by Pérotin and Robinson (2004) in studies that evaluate the relative performance of investor-led and labour-managed firms. Building on work by Kruse and Blasi (1997) and Gates (1998), Park et al. (2004) found that even 5% ownership by the workforce reduces the likelihood of enterprise failure by up to 25%. Pérotin (2004) examined

survival rates in different contexts and found that labour-managed firms have strikingly different development characteristics. Unlike investor-led firms, where survival rates are low in the first year and rise thereafter, labour-managed firms have high survival rates in years 1 and 2 which fall in years 3–5 but rise thereafter. Of significance is a theoretical conclusion that differences can be accounted for by understanding the maturation of management systems over time, and how the culture of ownership affects workforce members.

These studies, however, were conducted in France, Spain and Eastern Europe. Evidence from Anglo-American settings is more limited. Matrix Evidence (2010), however, drew similar conclusions from a review of 58 studies that compared performance in investor-owned and employee-owned firms. They found that performance measures were stronger in enterprises with high levels of workforce participation (irrespective of ownership), and highest when workforce participation was combined with worker-ownership. A further study by Lampel et al. (2010) collected primary and secondary data from employee-owned businesses (EOBs) and compared them to investor-led firms. They too found different patterns of development, particularly during the recession when EOBs continued to grow while investor-led firms saw no overall growth or contraction. As a result, critiques of investor-led models of ownership and control, and studies of alternatives based on mutuality and employee-ownership, are once again growing in influence (Spear, 1999; Cook et al., 2002; Turnbull, 2002; Davies, 2009; Lekhi and Blaug, 2010; Michie and Llewellyn, 2010; Cathcart, 2009, 2013).

The politics of workforce participation has been theorised in the employee relations literature (Harley et al., 2005). Hyman and Mason (1995) analyse this phenomenon in detail, critiquing employee participation schemes as a defensive strategy by management groups seeking to avoid mass-protests and trade union action during periods of neo-liberal austerity. Share schemes that individualise ownership, combined with soft-HRM policies, aim to induce ‘high-commitment’ that undermines collective action to overturn the investor-led model of enterprise (Marchington, 2005). Recent financial crises, however, have highlighted the sustainability of mutual and labour-managed

firms (Erdal, 2011). For the first time in living memory, leaders of the employee-ownership and co-operative movements report that politicians from all parties are genuinely interested in mutual and co-operative models (Couchman, 2010; Green, 2010; Hasdell, 2013).

Co-operatives are products of collective action and create collective property. As such, they represent a communitarian alternative to private enterprise and a challenge to neo-liberalism. Influenced by theorists such as Avineri and de-Shalit (1992), communitarians critique individualism on the basis that people are profoundly influenced by social, cultural and historical contexts. Free will is limited not only by the language skills and modes of thought provided by a community education system, but also by personal desires to sustain relationships that enhance social standing (Tam, 1999; Ridley-Duff, 2010).

Driver and Martell (1997) helpfully review debates amongst communitarians about the extent to which *social* liberalism should be retained in communitarian governance. *Unitarist* arguments are shaped by an assumption that individuals are subordinate to the collective, reinforced by punishments for individuals who violate social norms. *Pluralist* arguments favour the accommodation of diversity, the negotiation of local variations in social norms, and mediation to address social conflict (Ridley-Duff and Bennett, 2011). The variations in communitarian philosophy identified by Driver and Martell (1997) are summarised in Figure 1.

Figure 1 – Dimensions of communitarian philosophy

Conformist (Unitarist) ⟷	**Pluralist**
More Conditional (rights in return for responsibilities)	Less Conditional (rights not conditional on responsibilities)
Conservative (socially conservative)	Progressive (socially liberal)
Prescriptive (systems for the enforcement of social norms)	Voluntary (loose networks with varying social norms)
Moral (driven by religion and/or ideology)	Socio-Economic (driven by self-regulating 'relations of production')
Corporatist (rights / responsibilities apply to organisations)	Individualist (rights / responsibilities apply to individuals)

A *unitary* form of communitarianism, therefore, is socially conservative, expecting discipline from community members and observance of the 'conditions' of membership. A *pluralist* form of communitarianism is more ambivalent about obedience to fixed social norms, is less normative and favours deliberative democracy.

To contribute knowledge to the field of workforce participation, it is necessary to develop familiarity with the concepts of involvement and participation. Involvement is typically unitarist: passive, task based, power is individualised, uni-directional, established by management action, and does not result in employees acquiring meaningful influence over decision-making. Participation, on the other hand tends to be pluralist: active, power-based, established by grassroots or political action, is bi-directional and involves the mutual shaping of management systems through stakeholder interactions (see Hyman and Mason, 1995; Vinten, 2001; Harley et al., 2005). Furthermore, as McKersie et al. (2004, 2008) argue, there is also a theoretical distinction between 'distributive bargaining' in which stakeholders negotiate how benefits produced by an enterprise are shared, and 'integrative bargaining' through which the values and principles that underpin enterprise development are embedded in management practices (see Ridley-Duff and Bennett, 2011).

The issue of being able to participate not just in the formulation, but also the interpretation and enforcement of organisational rules, has become a strong theme in writings on workplace democracy. Pateman's (1970) argument - widely cited - is that liberal democratic notions of democracy based on voting for representatives drawn from a narrow 'elite' is insufficient for industrial democracy to develop. For it to occur, she argues, the workforce must be able to participate actively in decision-making and elect anyone from within their ranks to positions of power. Harley et al. (2005), drawing on both Ramsay's and Pateman's views, comment on the way this leads to a theoretical perspective that the only true form of participation is industrial democracy. They suggest that industrial democracy can be studied by assessing whether participation occurs across a range of activities (scope), is embedded in the culture (depth), is

occurring both on the shop floor and in governing bodies (level), and is properly instituted (form). In short, the depth, level, scope and forms of workforce participation become the benchmarks of industrial democracy.

This perspective, however, does not take account of Hirst's (1994) writings on the nature of associative democracy, particularly the role of 'exit' in exercising democratic power over organisations operating in regulated markets. The power of 'exit' that Hirst advances is not the power of investors to exit, but the power of *members* within a social economy to withdraw resources they have contributed to an enterprise, or which the state has allocated them as a public right (Ellerman, 1990). Smith and Teasdale (2012) argue that by taking them to another producer they have an alternative way to exercise democratic control over resource allocation. In the context of this paper, this limits the applicability of Pateman's view that workplace democracy is advanced through systems that increase participation. Participatory democracy can also be advanced by devising systems that enable members to regulate how their 'resources' contribute to decision-making, and how much 'power' they have to take them to other producers. Indeed, this power of exit is seen by Smith and Teasdale as pivotal to effective social economy development.

Nevertheless, the direction of the debate within the (UK) co-operative movement is to focus on efforts to satisfy ICA Principle 2 in terms of the range and quality of participation in management (see Birchall, 2011, 2012; Atherton et al., 2012). In these works, the dividing line between recognition as a 'mutual' and a 'co-operative' rests on the range and depth of participatory practices, and the quality of members' participation. For example, Atherton et al. (2012, p. 12) distinguish co-operatives from other member-based organisations (e.g. Professional LLPs) based the aspiration to be a 'partnership of equals'. Birchall (2012, p. 79) highlights the importance of an open membership orientation by arguing that the quality of democratic participation improves if we:

> *"extend the logic [and] see non-members as **potential** members…[that] people or businesses with similar needs have a moral claim on the [member owned business] to open up membership further."*
>
> Birchall (2012, p. 79)

Birchall then goes on the argue that member-*controlled* firms are different to member-*owned* firms on the basis that collective control through participation in management is qualitatively different to the more passive approach of 'mutuals'. Nevertheless, bearing in mind Smith and Teasdale's (2012) comments, the *power* to participate or withdraw may be more important to quality than the *act* of participating. The act is more credible and meaningful where it is derived from a constitutional power granted to members, rather than something conferred by managers.

Existing literature suggests, therefore, that investor-led and labour-managed firms have different workforce participation strategies that stem directly from the values and principles that underpin participation and frame the quality of democracy. A research methodology that encourages reflexive understanding on the part of managers and (potential) members can play a useful role in catalysing member-driven change. In the next section, we examine how this study contributes to knowledge by outlining a methodology that engages a workforce in debates about participation, and then abstracts a theoretical framework to guide future research.

Research philosophy and methodology

We adopt the perspective of communitarian pluralism for this paper (Driver and Martell, 1997; Ridley-Duff, 2007, 2012). As communitarian philosophy regards individuality and consciousness as socially constructed (and reconstructed) over time, there is no neutral or impartial way to judge findings against a normative standard. A pluralist perspective accepts that diversity in personal, family, community and class interests will lead to a lack of alignment between the interests of business owners, managers and workforce members (Fox, 1966; Watson, 1994).

For this reason, participatory action research (Gill, 1986; Burns, 2007; Gill and Johnson, 2010) was selected as an appropriate approach. This "involves all relevant parties actively examining together current action…in order to change and improve it" (Wadsworth, 1998: online). Researchers are not regarded as outsiders – they become a part of the research setting and can be co-contributors to the reframing of knowledge (Gill, 1986). They cannot, therefore, adopt positivist

assumptions regarding neutrality, or deploy standardised research protocols to establish ‘valid’ ‘generalizable’ and ‘reliable’ findings (Lincoln and Guba, 1986; Guba and Lincoln, 1994).

The truths that researchers discover during action research are aligned with Kantian (1788) notions of the self-realising agent who 'knows' reality (noumena) by living it, develops epistemological insights by studying what they have experienced (framing phenomena), and finally acquires 'transcendental' knowledge by abstracting concepts after deep reflection. McCulloch (2013) argues that this approach to 'knowing' is particularly relevant in *for-purpose* organisations. Social enterprises and co-operatives, by formulating and pursuing socio-economic goals, are the product of 'self-realising' agents guided by ethical action. Participatory action research, therefore, is best assessed using criteria applied in critical management studies (Alvesson and Deetz, 2000; Johnson et al., 2006) by reporting knowledge acquired through experience of noumena (things in themselves), the insights developed through reflection on phenomena (things as observed), and the 'transcendental' knowledge abstracted after a research intervention. Positivistic notions of validity, reliability and generalisability are replaced by evaluations of plausibility, authenticity and insightfulness (Kinchloe and McClaren, 1998; Johnson et al, 2006:147).

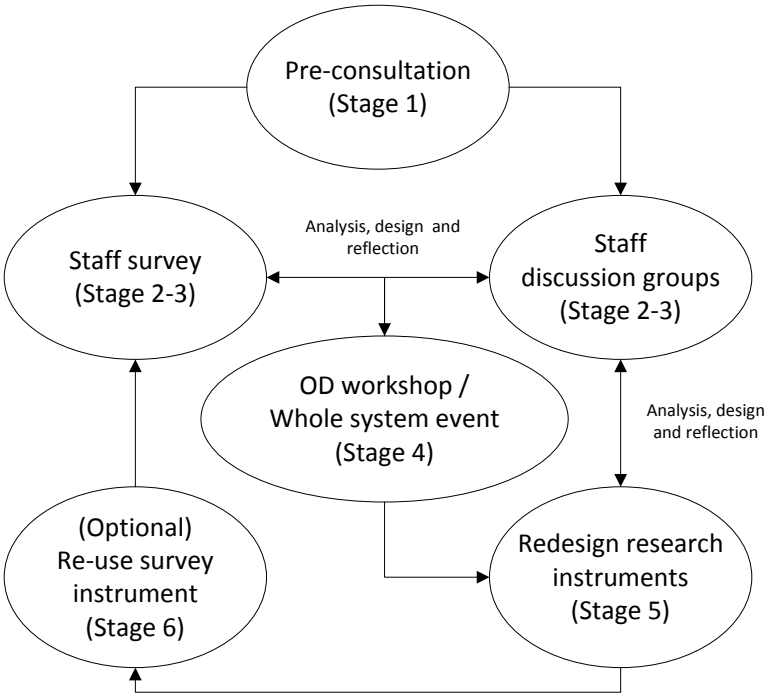
Plausibility and authenticity are assessed through an exploration of 'ecological validity', while insightfulness is assessed using the concept of ‘catalytic validity’ which describes how research triggers “transformational change and emancipation”. We are primarily interested in showing the connection between the research instruments and the setting from which they emerged (i.e. their 'ecological validity'), and the impact that creating and using them has on study participants (i.e. their 'catalytic validity'). To this end we deployed the following methods:

a) organising board level meetings to identify topics that will broaden discussion of, and stimulate knowledge on, workforce participation (Stage 1);
b) organising focus groups with workforce members to review the topics and define the questions to ask (Stage 2 - 3);
c) drafting a survey instrument that contains responses to the questions underpinned by a theory of workforce participation (Stage 2 - 3).

d) presenting and discussing the survey and focus group findings to review the questions and their underlying assumptions (Stage 4); and
e) organising an external peer-review of the research instruments (Stage 5)

Stage 5 included a critique by Dr Anthony Bennett (a Senior Lecturer specialising in Employment Relations) and Dr Tracey Chadwick-Coule (a Senior Research Fellow specialising in third-sector governance). They each offered comments on the design and uses to which the research instruments could be put. The research design is shown in Figure 2.

Figure 2 - Action research methodology



Research context

The researchers in this case are also the directors of the case study company. Viewpoint Research CIC, established by Alistair Ponton, is a social firm that specialises in survey-based research. Most income is derived from surveys of housing tenants to assess their satisfaction with housing repairs, maintenance and management services (see www.viewpoint-research.co.uk). As a social firm, Viewpoint shares the orientation of employee-owned businesses and worker co-operatives in prioritising the well-being of the workforce. However, there are differences. Social firms - like

employee-owned businesses - may limit participation in governance and management. Employee-ownership - in itself - does not lead to co-operative management unless the rights acquired by employee-owners enable them to control governing bodies and develop management systems of their own choosing.

Whilst Viewpoint is more likely to be classified a social enterprise than a co-operative, its commitment to this study suggests a closer alignment with the European approach to social enterprise based on participatory democracy than the US/UK preoccupation with social purpose and impact (see Borzaga and Defourny, 2001; Kerlin, 2006; Ridley-Duff and Southcombe, 2012; EU Commission, 2013[1]). Studying Viewpoint is justified by Birchall's (2012) comment that orientation is as important as structure. Treating the workforce as 'potential' members changes the mindset informing management actions, and is reflected in the sub-title of the BLI project report which presents research outputs as "designed to meet the needs of employee-owned businesses, worker co-operatives, social firms and other social enterprises". The action research is an attempt to create IP for "member-owned businesses" (Atherton et al., 2012; Birchall, 2011; 2012).

In the next part of the paper, findings are presented in three parts: creating the research instruments; testing and revising the instruments; medium-term impacts on Viewpoint. In the narrative, we identify the stages of the action research shown in Figure 2.

Creating the research instruments

The drafting of the workforce participation survey was influenced by board discussion of academic theories . Hyman and Mason (1995) distinguish between involvement and participation to argue that participation is an integral component of industrial democracy. Hollinshead et al. (2003) set out the possible scope of participation: financial (through share ownership), operational (through consultation and bargaining powers), and strategic (through positions on, and influence over,

[1] The EU definition is reproduced on Euclid's website and is based on draft legislation for EU social investment funds. See http://www.euclidnetwork.eu/news-and-events/sector-news/974-the-european-commissions-definition-of-a-social-enterprise.html. Clause (iii) specifies the involvement of workers, customers and stakeholders in 'accountable and transparent' management.

governing bodies). After three board level discussions (Stage 1), the following areas were identified: a) skill development; b) staff development; c) governance; d) setting terms and conditions of employment; e) wealth sharing; f) product development, and; g) market development (Ridley-Duff and Ponton, 2011, p. 7). After holding focus groups (Stage 2), the board finalised the questions that would guide development of a survey instrument (Stages 2 and 3):

1. *How should we go about developing staff skills? (Skill Development)*
2. *How should we go about inducting and appraising staff? (Staff Development)*
3. *How should we go about making strategic and operational decisions within the company? (Governance)*
4. *How should we go about setting wages, hours and holiday entitlements? (Terms and Conditions)*
5. *How should we plan and make decisions on bonuses and share dividends within the company?(Wealth Sharing)*
6. *How should we go about developing the organisation's products and services?(Product Development)*
7. *How should we go about making plans to develop the market for products and services? (Market Development)*

(Survey Instrument v1.2, p. 8)

To provide a basis for making interventions, the survey was drafted to elicit the direction of change that people individually and collectively wanted to make. These discussions were informed by Cornforth et al's (1988) work on member participation in worker co-operatives and studies of co-operative governance (Ridley-Duff, 2009, 2010). Cornforth's study noted that desires for participation vary and staff can be committed to different types. Only a minority of members reported a wish to participate in governing bodies, whereas nearly all members wanted to participate in decisions on local working practices. Ridley-Duff's (2009, 2010) work argues that a distinction can be made between 'managed participation' where participatory practices are facilitated and controlled by professional managers and 'democratic participation' where any member can initiate and organise action to take a decision on a members' proposal.

Table 1 shows how the depth of involvement and participation was conceptualised in project reports before and after fieldwork.

Table 1 – Pre / post study descriptions of the depth of participation

Depth	*V1.2 (Before Fieldwork) – 2010*	*V1.3 (After Fieldwork) - 2011*
1 - No involvement:	*a management style where staff do not receive information or instruction from managers, and are not involved in operational or strategic decision-making.*	*a management style where members/employees are not invited to meetings or elected to management bodies to contribute to operational or strategic decision-making. Typically, staff are not provided with any verbal or written guidance by managers and/or governors before decisions are made.*
2 - Passive involvement:	*a management style where staff receive information and instruction from managers, but are not involved in operational or strategic decision-making.*	*a management style where members/employees are provided with both written and verbal guidance by managers and/or governors, but are not invited or elected (individually or in groups) to contribute to operational or strategic decision-making.*
3 – Active Involvement:	*a management style where staff exchange information and have discussions with managers, but managers make final decisions on operational or strategic issues.*	*a management style where members/employees (individually or in groups) have discussions about (pre-formed) management proposals, but are not invited or elected to participate in the formation of these proposals, or final decisions about their implementation.*
4 - Managed Participation:	*a management style where ideas are developed by staff and managers together, and where the managers focus on coaching staff rather than evaluating their proposals (managers may be empowered to veto poor proposals).*	*a management style where members/employees (individually or in groups) can participate in the development of ideas, and where the managers focus on coaching members/employees to develop their ideas into proposals, and support them during implementation. Managers retain some powers to screen-out weak proposals.*
5 - Democratic Participation:	*a management style where any person (or group of people) can initiate discussions on operational or strategic issues, arrange and participate in meetings to develop ideas, and exercise their voice/vote when decisions are needed.*	*a management style where any member/employee (individually or in groups) can initiate discussions on operational or strategic issues, arrange and participate in meetings to develop proposals, and exercise both voice and voting power when decisions are made about implementation.*

At first glance, this appears to describe only ‘depth’. However, if we consider how transfers of power in coaching impact on organisation culture then the qualitative changes that occur at depths 3, 4 and 5 become important (Clutterbuck and Megginson, 2005). In ‘managed participation’ (4) there is "respect for [a colleague's] expertise and process skills" (positive transference on the part of the mentee to mentor) and in (5) there is a "desire to be associated with [a colleague's] development" (positive transference on the part of a mentor to mentee). These transfers of power by workforce members to their employer (4) and by the agents of an employer to its members (5) are consistent with a ‘coaching culture’ based on mutual principles (Garvey et al., 2009). In short, they support *qualitative* changes by discouraging a view that workforce members are 'objects' to be

managed and by encouraging a view that they are 'subjects' who act on their own initiative (McAuley, 2003, cited in Garvey et al. 2009, p. 116).

Responses were drafted for each question based on the framework in Table 1. The questions asked and the responses developed provide insights into the 'framing system' that Viewpoint developed in 2011 to stimulate knowledge on involvement and participation (Stage 2, 3). This is illustrated by a sample question from Viewpoint's *draft* survey instrument (see Figure 3).

Figure 3 – A sample question from the draft questionnaire

Communitarian Culture

More Unitarist <> More Pluralist

How should we go about making strategic and operational decisions within the company?					
	No involvement	*Passive Involvement*	*Active Involvement*	*Managed Participation*	*Democratic Participation*
What is the situation now? (Retrospective)	I do not participate in meetings, or receive information on what to do. I work it out as I go by asking people.	We have meetings with a manager, and s/he tells me (us) how things should be done.	We have meetings with a manager, and they discuss their proposals with us before making decisions.	We have meetings with our manager, and they listen to our proposals before discussing with us which we should adopt.	Anyone in the group can initiate proposals and organise a discussion on how to run the organisation.
What would you like to do in the future? (Aspirational)	I do not need to participate in decision-making – I prefer to ask people how things are done.	I think we should have a meeting with a manager so they can tell us how things should be done.	I think we should have a meeting with a manager, and discuss what they propose before anything is decided.	I think we should have a meeting with management so they can listen to our proposals and help us choose which ones to adopt.	I think anyone should be able to initiate a proposal and organise a discussion on how we run the organisation.

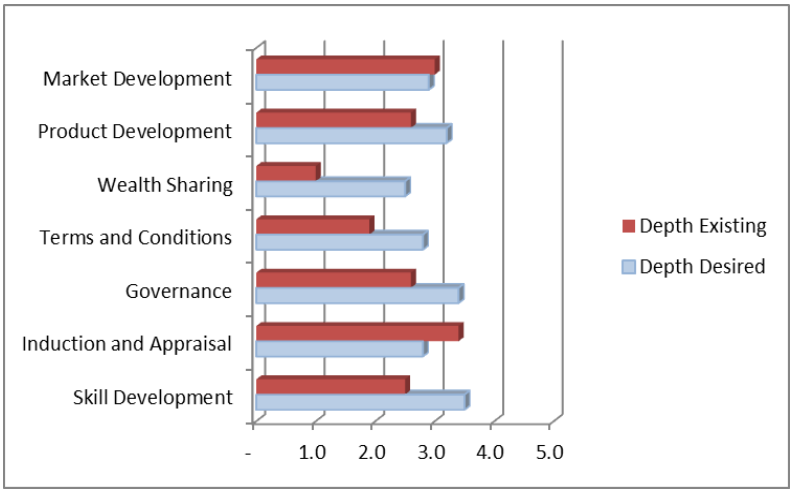
Testing and revising the research instruments

A web-based survey was set up using SNAP and sent to all staff (Stage 3). The order of questions and responses were randomised to prevent primacy effects[2]. The survey was completed by all 14 members of the workforce (100% response). Figure 4 shows existing and desired participation based on presentations made at the organisation development (OD) workshop (Stage 4). The average response is shown (where 5 is 'democratic participation' and 1 is 'no involvement'). This

[2] The authors recognise that these protocols are inconsistent with the norms of social constructionist research. However, following these protocols is commonly requested by Viewpoint's clients. It was more realistic to approach survey data collection this way to gauge the potential impacts on research participants and clients.

shows that Viewpoint is operating, or moving towards, a consultative management style in 5 of the 7 aspects evaluated with 'no involvement' in decisions on wealth sharing, and 'passive involvement' in setting terms and conditions.

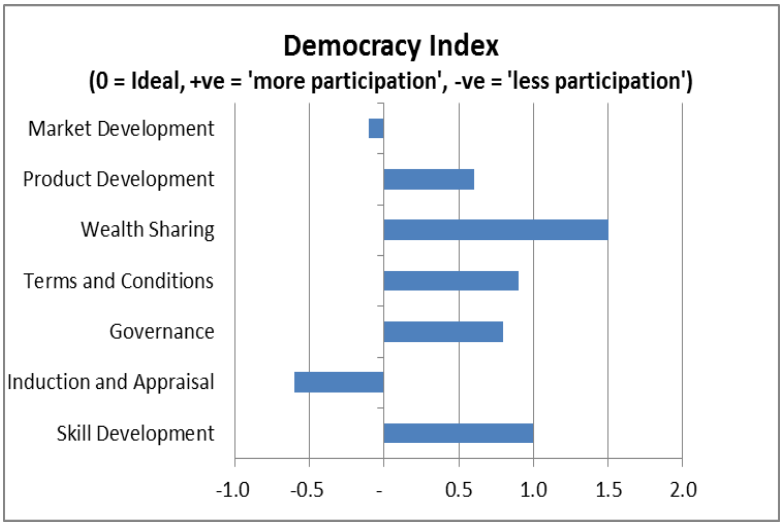
Figure 4 - Existing and desired depth of participation



Based on Ridley-Duff and Ponton (2011, p. 7-8)

Based on these results, a 'democracy index' was calculated by subtracting results for ‘existing depth’ from ‘desired depth’ to establish where the workforce wanted more and less participation in decision-making (Figure 5).

Figure 5 - Creating a Democracy Index



Stages 4 and 5 included an internal and external review of the research instruments that created these findings. This led to recommendations regarding the wording used to ask questions. Specifically, variable use of 'I' and 'We' should be replaced by 'In my workgroup' to ensure that respondents comment on their own and immediate colleagues' work experience. External review led to a recommendation that 'should we' be replaced by 'would you like'. For example:

1. How should we go about developing staff skills? (Skill Development) **Change to:** How would you like to go about developing staff skills?
2. How should we go about inducting and appraising staff? (Induction and Appraisal) **Change to:** How would you like to induct / appraise staff?

The rationale behind the (re)wording is two-fold: firstly, it can be directed in a group context to either individuals or the whole group; secondly, the previous wording implies that the survey and focus groups responses should be framed collectively ('we') to the exclusion of individual needs/views. The rewording gives tacit permission for individual perspectives to play a fuller role in framing discussions.

To create more opportunities for interpreting responses, external researchers recommended that demographic information be collected about respondents' work group, department, position, gender and ethnicity. It could then be used to explore (and map) patterns of experience to monitor equality of opportunity and illegal discrimination. The collection of this information would facilitate a better understanding of participation at each 'level' (of hierarchy) and by geographical area (Harley et al., 2005). Without demographic data, the nuances needed for members and/or managers to act locally on findings would be missing.

The internal and external review also prompted three new questions: internal review suggested splitting questions about induction and appraisal - some participants wanted to express different desires in these two areas. External review suggested that operational and strategic management should be split so that a person can express a preference for one over the other. Lastly, internal

review suggested that there should be a question about 'working atmosphere' to explore workforce members' capacity to ask questions about working practices. Ten revised questions were the result:

1. **Skill Development** - "How do you develop staff skills?"
2. **Working Atmosphere** - "How would you describe the working environment?"
3. **Induction Processes** - "How do you induct newly appointed (elected) staff?"
4. **Staff Appraisal** - "How do you approach staff appraisal?"
5. **Strategic Management** - "How do you plan for the medium and long-term?"
6. **Operational Management** - "How do you make operational decisions?"
7. **Terms and Conditions** - "How do you set wages, hours and leave entitlements?"
8. **Wealth Sharing** - "How are surpluses (profits) and deficits (losses) allocated?"
9. **Product/Service Development** - "How do you design new products and services?"
10. **Market/Business Development** – "How do you access and develop markets?"

(Ridley-Duff and Ponton, 2011, p. 15-16)

Medium term impacts

Following use of the survey instrument, the four top priorities were identified and addressed (wealth sharing, skill development, negotiating terms and conditions, governance). The first two became discussion topics within the OD workshop. In the afternoon, staff set priorities for spending £2000 on personal benefits, and £6000 on organisation development (in line with CIC regulations). They also participated in sessions to redesign appraisal processes in line with coaching theory to give more scope for personal development choices (for details see Ridley-Duff and Ponton, 2011, Appendix A). The third and fourth priorities were addressed by a proposal to the company's annual review in 20th October 2011. Before the BLI project, Viewpoint had a single owner-manager (the founder, Alistair Ponton) and a two-person board (the authors). The proposal offered three choices:

1) No change
2) A Works Council to meet quarterly with an expanded management team.
3) Full membership for staff with elected employee representatives on the board.

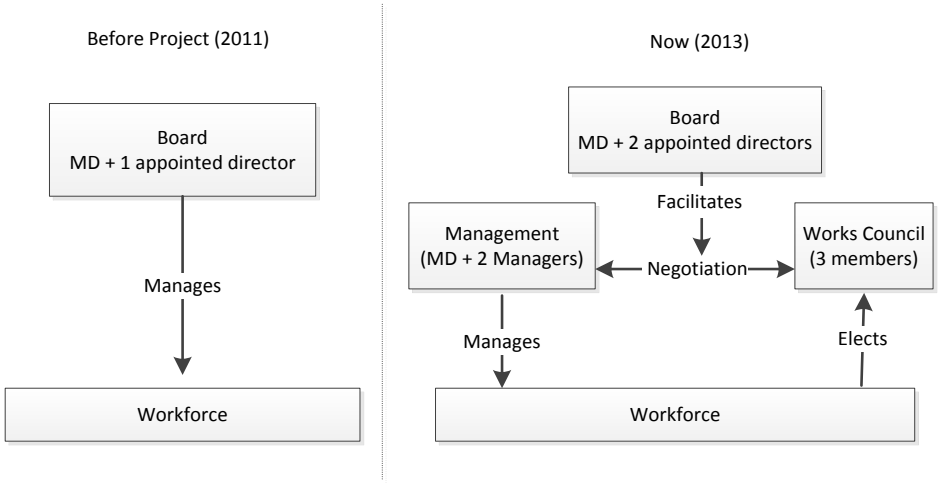
In January 2012, staff voted as follows:

Option 1 - 3 Votes
Option 2 - 5 Votes
Option 3 - 4 Votes

With nine votes (75%) to increase involvement and participation, the board eliminated Option 1 ('no change'). With a majority (66.6%) against Option 3 ('full membership' and 'elected directors'), Option 2 (a Works Council) was implemented. The institutions were created in 2012 following the election of one representative from each office. A new three person management group was formed to take over operational management responsibilities from the board. The directors – which are still appointed by the MD – now meet quarterly to review issues and support business development. Prior to the study, only one active workforce member was engaged in governance and management. Two years after the study, nearly half the workforce is active in governance and management.

The presence of a 'no change' option was considered important to check the authenticity of the desire for change and to prevent the imposition of an executive agenda. This compares with instances where employee-ownership has been introduced without workforce approval (see Paton, 1989; Erdal, 2009). Whilst the workforce did not vote to convert to a co-operative, step changes towards co-operative management were achieved through activities to implement a new governance model (see Figure 6). Whether further use of the research instruments will trigger further changes in the direction of a co-operative will have to be reviewed when they are next used (in 2014).

Figure 6 – Changes to Management and Governance at Viewpoint



Discussion

The findings were reviewed as part of a new proposal to study workforce participation. This provided an incentive to abstract knowledge from previous observations during the BLI project. Counter-intuitively, the authors concurred in their interpretation that participants believed there was no obvious correlation between the depth of participation and workplace democracy (compare Johnson, 2006). It led them to the question "can the imposition of systems increasing participation in ownership, management and governance become detrimental to the advancement of workplace democracy?"

Cornforth et al (1988) noted that staff in co-operatives have mixed views: in their study members wanted to reduce some and increase other aspects of participatory management. Given the results of the vote on changing governance and ownership at Viewpoint, a conundrum regarding the nature of democratic decision-making is brought into sharp focus. Is 'democratic participation' the product of maximising (the quality of) participation in decision-making, or is it the product of respecting a constituency's wish regarding the scope and depth of their participation in management? If Viewpoint directors had followed Erdal's (2009) example by introducing full company membership and elections to the company board, would this have advanced or harmed the organisation in relation to ICA Principle 2. The noumenal experience gained by the authors was a 'felt' knowledge that 'democratic member control' was advanced by respecting (potential) members desire regarding the scope and depth of their participation. Members might vote for depth "3", but by making the commitment to act on their vote, the organisational culture operates at depth "5".

These questions echo long-standing concerns expressed in Paton's (1989) study of 'reluctant entrepreneurs' about the decision-making processes that lead to worker co-operatives and employee-owned business. Whilst Erdal (2009, 2011) strongly advocates participation in ownership, governance and management within employee-owned firms consistent with co-operative principles, his account of Loch Fyne Oysters' conversion to employee-ownership is a stark contrast to accounts of transitions in the Mondragon network of worker co-operatives (see Ridley-Duff and

Bull, 2011). At Loch Fyne, the decision to create an employee trust was taken without the knowledge of the workforce. Only after securing ownership were the workforce told that they were the new owners. In contrast, transitions to worker ownership at Mondragon are taken only after the establishment of shadow democratic bodies that organise a vote on the transition to co-operative ownership and control.

Erdal (2009, 2011) defends the practice of hiding the initial decision-making process from staff on the basis of pragmatism (to increase opportunities to transfer control of companies to employees). He also identifies how the commercial practices of due diligence and the workings of insolvency law are designed to exclude 'employees' from decisions about changing company ownership. However, his argument that staff participation increases as employee-ownership enables workforce members to realise owner-benefits is undermined by the news that Loch Fyne Oysters has reverted to private ownership (Bruce-Gardyne, 2012).

Context is important. While John Lewis switched to employee-ownership during a period in which debate was dominated by discussions about responding to socialism (Cathcart, 2009, 2013), Loch Fyne Oysters existed in a business culture dominated by neo-liberal concepts of ownership. Paton's (1989) long-standing argument that new ownership arrangements positively influence employee attitudes only where they are involved in the decision to change them is supported both by the outcome at Loch Fyne and practices at Mondragon (Morrison, 1991; Ridley-Duff, 2010).

Viewpoint has opted to follow the gradualist approach of Mondragon by establishing shadow democratic bodies. The option of 'no change' makes it possible to authenticate the level of democratic support, but - if supported - be interpreted as a management failure. However, irrespective of the outcome of the vote, the epistemological insight was that the act of taking a collective decision on such a pivotal matter was itself a step change towards co-operative management.

Workplace democracy, therefore, emerged at Viewpoint Research CIC in early 2011 as *the extent to which workforce members can regulate their contribution to the management systems they*

see as important for developing participatory management. The interpretation of the authors regarding the views of study participants - particularly in light of theoretical differences between 'communitarian unitarism' and 'communitarian pluralism' - problematize assumptions about the hegemony of governing bodies. Communitarian unitarism would take the view that a constitution agreed by members and enforced by a governing body remains democratic. Communitarian pluralism, however, takes the view that self-regulation at local levels should prevail (or at least trigger negotiations over the interpretation and enactment of 'rules' decided by past members).

The 'felt' knowledge of the authors (based on their encounter with Kantian noumenal reality) was that study participants viewed compulsory participation in ownership as anti-democratic. This creates a paradox within Pateman's (1970) argument for industrial democracy and its contemporary realisation within the co-operative movement (Atherton et al., 2012; Birchall 2011, 2012). Whether the enforcement of a constitution agreed by past members is, or is not, democratic is at the heart of this paradox. A communitarian pluralist perspective suggests that continual accommodation of local norms that are combined with robust mechanisms for checking current support for past members' choices are the hallmarks of co-operative democracy. From a communitarian pluralist perspective, *compulsory* participation in ownership, governance and management can be viewed as anti-democratic unless the norm has majority support at the local level. This impacts on how 'voluntary and open membership' (ICA Principle 1) is operationalised in practice.

In summary, the methodology stimulated a new perspective on members' capacity to regulate their contribution to participatory management, rather than maximising participation in management, or bringing about management change. The survey instruments now enable members of Viewpoint to map the depth of desire for involvement and participation by location and workgroup. Using this 'map of desires' (potential) members have a new way to realise democracy by setting priorities for increased and decreased participation in management. Moreover, these desires are supported by detailed descriptions of the management style that members desire for each type/depth of participatory management.

Developing a Methodology and Framework for Future Research

As there is little likelihood that the same questions would be formulated by a different workforce at a different company, a higher level conceptual framework is needed for comparative case analysis. Therefore, the final part of this paper discusses the abstraction of broader concepts by reorganising the questions from the post-study survey instrument into themes that connect them to 'integrative bargaining' and 'distributive bargaining' (Hollinshead et al., 2003; McKersie, 2004, 2008). In Figure 7, the first column shows how underlying question topics were re-assessed and grouped according to higher level concepts. For example, responses to Q7 (on terms and conditions) were interpreted as providing insights into 'wealth sharing', 'operational management' and 'working atmosphere'. A number of questions might also inform a single concept. For example, the way in which learning occurs (Q1, Q4) as well as the capacity of staff to participate in setting terms and conditions and allocate profits (Q2, Q7, Q8) contribute to an understanding of 'culture development'. First level themes were then linked to 'integrative bargaining' and 'distributive bargaining'.

Figure 7 – Abstracting Concepts for Case Study Comparisons

<table>
<tr><th>Question Topics</th><th>First Level Grouping</th><th>Second Level Grouping</th></tr>
<tr><td>Skill Development (Q1)</td><td rowspan="3">Culture Development</td><td rowspan="5">'Integrative Bargaining'

(Values and principles applied to management practices)</td></tr>
<tr><td>Working Atmosphere (Q2, Q7, Q8)</td></tr>
<tr><td>Staff Appraisal (Q4)</td></tr>
<tr><td>Operational Management (Q6, Q7)</td><td>Operational Management</td></tr>
<tr><td>Induction Processes (Q1, Q3, Q4)</td><td rowspan="2">Staff Recruitment and Development</td></tr>
<tr><td>Strategic Management (Q5)</td><td rowspan="3">Business Strategies</td><td rowspan="4">'Distributive Bargaining'

(Allocation of power and benefits to organisational stakeholders)</td></tr>
<tr><td>Product/Service Development (Q9)</td></tr>
<tr><td>Market/Business Development (Q10)</td></tr>
<tr><td>Terms and Conditions (Q7)</td><td rowspan="2">Wealth Sharing Strategies</td></tr>
<tr><td>Wealth Sharing (Q8)</td></tr>
</table>

If sets of questions can be grouped by their contribution to culture development, operational management, recruitment and development, business strategies and wealth sharing strategies, then it

remains possible to compare cases even when different survey questions are developed during action research. This frees researchers from the problems created by the imposition of their own questions, whilst retaining a capacity for comparative analysis.

If the relationship between 'democracy' and 'participation' is a complex one, and it is not automatically the case that increases in the scope, depth, level and forms of participation lead to industrial democracy (Harley et al., 2005), then the label 'democratic participation' to describe depth 5 is not defensible. A more fitting label is 'member-driven participation' in that the power to participate belongs to the member and is not 'managed' by others. With this in mind, we can now finalise a framework for further testing in future case study research.

Figure 8 shows a theoretical framework for comparing case study findings within which *democratic management is understood as the propensity and capacity of management systems to respond to workforce members' desires regarding the scope, depth, level and quality of their participation in management***.** This accepts Pateman's basic argument that there is an intrinsic link between participation and democracy, but reframes it in terms of members' power to regulate their participation, rather than the act of participating.

Within this framework, the X-Axis frames the *depth* of participation while the Y-Axis clarifies the *scope*. The *levels* at which participation occur emerge from the demographic data collected. As for the *quality* of participation, while this can be inferred from descriptions in the survey instrument (Stage 3) they ultimately depend on corroborating subjective accounts (during Stages 2, 4 and 5) to be regarded as plausible and authentic.

Figure 8 – A Theoretical Framework for Future Research

Depth of Participation (X-Axis)

Low — High

Scope of Participation (Y-Axis)

	Clarifying Questions On	*No involvement* (Depth 1)	*Passive Involvement (Depth 2)*	*Active Involvement (Depth 3)*	*Managed Participation (Depth 4)*	*Member-driven Participation (Depth 5)*
Integrative	*Education, Skills and Culture development*					
	Operations management					
	Staff Recruitment / Development					
Distributive	*Business Strategies*					
	Wealth Sharing Strategies					

Conclusions

In its totality, can this methodology and theoretical framework help to answer the questions posed at the start of the paper?

1) What assumptions inform attitudes to workforce participation?
2) How do assumptions about participation shape management practices?
3) How is workforce participation reviewed by governing bodies?

Yin (2002) asserts that producing a series of case studies is a good strategy for developing and testing theoretical assumptions. The study, therefore, represents a starting point but not an end point by developed the protocols for case studies using an action research approach that:

- Collects qualitative data (via interviews with members and managers) to understand the assumptions that frame management attitudes to workforce participation.
- Collects qualitative data (via focus groups) to solicit workforce perspectives on the questions that are needed to understand the scope of participation in a given workplace.
- Uses the above to develop questions and responses for a draft survey instrument that gathers descriptive statistics on existing and desired depths of participation.
- Shares and debates both the draft survey instrument and survey results (via OD workshops) to establish a review process for workforce participation.

This approach generates empirical data to answer each of the research questions. The initial focus groups and interviews permit exploration of the assumptions that frame attitudes to workforce participation (RQ1). The creation of questions and responses for a survey instrument produces documentary evidence on the way that members of a workforce frame the relationship between

management practices and workforce participation (RQ2). Lastly, the analysis and sharing of results in OD workshops stimulates reflection and management action to develop and update strategies for workforce participation (RQ3).

The action research methodology, therefore, generates survey *instruments* that become central to the findings of a case study. Furthermore, any data collected using them should be 'ecologically valid' because the questions and responses have been framed and scrutinised by study participants. Changes in practice that result from using them have 'catalytic validity' as they are local transformations with their origins in the action research (Johnson et al., 2006).

However, there are limitations. In this study, the low level of funding meant that individual interviews to study impacts in detail were not possible. This will be a fruitful area for follow up research. Also, with hindsight, the directors of Viewpoint (i.e. the authors) are vulnerable to criticism that they initially operated at Level 3 of their own framework by formulating questions and 'consulting' the workforce on their development. This limitation is linked to their role as directors (rather than researchers) at Viewpoint and so is unlikely to occur in future studies.

Despite these limitations, there is evidence that study participants had a role in determining the questions that went into the survey instruments, and that they added questions after piloting its use. This is consistent with Level 4 of the framework. Perhaps more significantly, the questionnaire results determined Viewpoint's strategic priorities for a period in 2010/11. During this period, the power to shape policy was passed from the board to the whole workforce (using the co-constructed framework). Evidence provided shows that this catalysed changes to decision-making and governance at Viewpoint. The board now plan to facilitate and mediate the relationship that develops between a new management group and Viewpoint's works council (see Figure 6). Internally, Viewpoint is developing its commitment to institutions that support depths 4 and 5 to create a more 'member-driven' co-operative management model. Further research will be needed to establish whether the result meets with the aspirations of (potential) members.

By working on the theoretical framework for evaluating both *questions* and *responses*, case comparisons are possible at an abstracted level of analysis and new questions can be addressed. Do co-operative members (or specific types of co-operative) report deeper participation at all levels? How is the scope of participation affected by the type of co-operative enterprise? Do different types of co-operative develop different foci on 'integrative bargaining' or 'distributive bargaining'? Can financial and social performance be correlated with particular configurations of co-operative management? These questions, and others, can be answered by using and developing the theoretical framework that has emerged in this study.

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Note: Version 2.0 of the Workforce Participation Diagnostic can be downloaded from: http://www.scribd.com/doc/174073881/Workforce-Participation-Diagnostic-Version-2-0.

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