

**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 an action research methodology and theoretical framework developed during a pilot study into workforce participation at Viewpoint Research CIC. The study suggests a set of protocols for generating case studies that describe the framing, operationalisation and evaluation of workforce participation in organisations. In the paper's conclusions, the authors argue that the concept of workplace democracy needs reframing to take account of the level of alignment between the systems of participations that are desired by workforce members and those designed by the organisation's managers.

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## 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 Defouny, 2001; Kerlin, 2009; Teasdale, 2012), but also because of a renaissance of the co-operative movement internationally and locally (Amin, 2009; Co-operatives UK, 2010, 2011). 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). The recent announcement by the UK Government that it will introduce a Co-operatives Act before the end of this parliament (Mier, 2012) adds to the case for knowledge development that supports comparison and evaluation of different models of enterprise, and problematises the perceived connection between workforce participation and effectiveness.

This paper develops a theoretical framework for research on workforce participation by reviewing the findings of a pilot study undertaken at Viewpoint Research CIC in 2011 (Ridley-Duff and Ponton, 2011). This pilot was funded by Business Link Innovation Voucher to create intellectual property that Viewpoint Research CIC could use to extend its range of research products/services. The pilot study raised the following question:

“How do members of co-operative, social and private enterprises 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 is workforce participation 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 the literature to make the case for studying workforce participation. We examine the evidence base that underpins the social economy assumption that significant or majority ownership of an enterprise by the workforce can address issues of economic volatility and sustainability in a modern economy. The second section outlines the philosophical perspective of the researchers and the impact this has on methodology. Section three provides an account of the creation and testing of a theoretical framework, including a critical review of the changes made to the framework after the pilot study. The final section reviews the efficacy of the methodology and theoretical framework for further study of the questions above.

### **The Case for Studying Workforce Participation**

There is now a large body of evidence that workforce participation in management and ownership impacts on organisation performance and survival. Sustained research into this question 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 highlight 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, dehumanized both productive and managerial work, with the results that exploitation increases and widens social and economy inequalities. 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 as the route to improved efficiency and welfare (compare Pateman, 1970).

Some evidence on efficiency changes has been produced by Pérotin and Robinson (2004) in a set of studies that evaluate the relative performance of investor-led and labour-managed firms. Building on earlier work by Kruse and Blasi (1997) and Gates (1998), Park et al. (2004) found that even a 5% ownership stake by the workforce reduces the likelihood of enterprise failure by as much as 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 then fall in years 3–5 but rise again thereafter. Of significance is a theoretical conclusion that differences can be accounted for by understanding the maturation of management systems over time, and the culture of ownership amongst members of the workforce.

These studies, however, were conducted using samples in France, Spain and the transition economies emerging in 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 of all when workforce participation was combined with worker-ownership. A further recent study by Lampel et al. (2010) collected primary and secondary data from nearly 100 employee-owned businesses (EOBs) and compared them to 200 investor-led firms. They too found different patterns of development, particularly during periods of 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 the alternatives based on mutuality and employee-ownership, are growing in influence (Spear, 1999; Cook and Deakin, 2002; Turnbull, 2002; Davies, 2009; Lekhi and Blaug, 2010; Michie and Llewellyn, 2010; Ridley-Duff and Bull, 2011).

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 robustness of mutual and labour-managed firms over time (Erdal, 2011). For the first time in living memory, influential practitioners in the employee-ownership and co-operative movements report that politicians from all parties are interested in mutual and co-operative models (Couchman, 2010; Green, 2010).

To contribute knowledge to the field of workforce participation, it is necessary to develop familiarity with the concepts of involvement and participation. A good summary of their development have been provided by Hyman and Mason (1995). Involvement is typically passive, task based, 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 active, power-based, established by workforce or government action, is bi-directional, and involves the mutual shaping of management systems through the interactions of stakeholder groups (see Vinten, 2001; Harley et al., 2005).

As Hollinshead et al. (2003) point out, practices may be individualised or collectivised, and will vary in the strategic, operational and financial management issues they cover. 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 distributed, and ‘integrative bargaining’ in which the values and systems that underpin enterprise development are embedded in management practices (see Ridley-Duff and Bennett, 2011).

Existing literature suggests, therefore, that investor-led and labour-led firms have different workforce participation strategies that stem directly from the management values and principles that are practised. At the same time, there is no common theoretical framework for mapping participatory practices and their links to different philosophies of management. The next section

examines the contribution of the pilot study to the development of a theoretical framework for future research into workforce participation.

### **Research Philosophy and Methodology**

The philosophy that informs this research is communitarian pluralism (Ridley-Duff, 2007).

Communitarian philosophy regards individuality and consciousness as a product of community relationships that are socially constructed (and reconstructed) over time (Tam, 1999). This being the case, there is noneutral or impartial way to judge them against a normative standard because consciousness is viewed as the realisation of thought in a particular socio-historical context.

Pluralism embraces the perspective 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). The research challenge this creates is how to capture evidence of divergent interests and their influence on management practices that inhibit or enable workforce participation.

For this reason, participatory action research (Gill, 1986; Burns, 2007; Gill and Johnson, 2010) was selected as an appropriate approach. It “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 that informs action (Gill, 1986). They cannot, therefore, adopt positivist assumptions regarding neutrality, or deploy standardised research protocols to establish ‘valid’ ‘generalizable’ and ‘reliable’ findings (Guba and Lincoln, 1994).

Participatory action research is best assessed using criteria applied in critical management studies (Alvesson and Deetz, 2000; Johnson et al., 2006). It can be assessed in terms of the depth of insight gained after critical reflection with research participants on the value of a research intervention.

The concept of ‘catalytic validity’ has been advanced to assess the extent to which the intervention facilitates “transformational change and emancipation based on reflexive understanding” in which

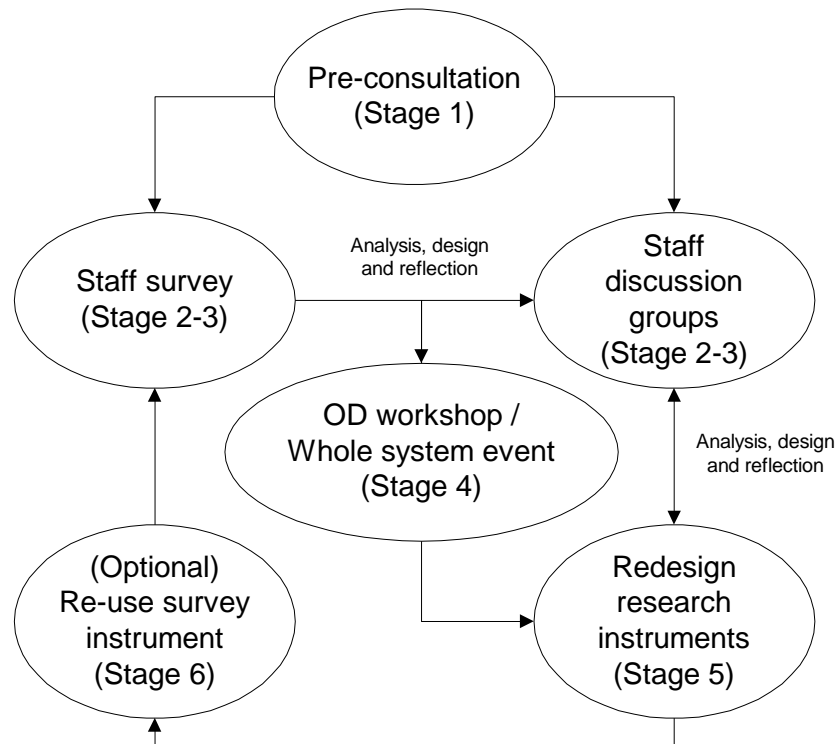
the concepts validity, reliability and generalisability are replaced by an evaluation of the plausibility, authenticity and insightfulness of the findings (Johnson et al, 2006:147).

The researchers proceeded on the basis that a case study using participatory action research would generate plausible, authentic and insightful findings (Guba and Lincoln, 1994) sufficient to build a theoretical framework for further research into workforce participation. The methods deployed were:

- a) a series of discussions amongst board members to identify questions that they believed would stimulate discussion on workforce participation (Stage 1);
- b) a 'draft' diagnostic survey to collect responses to the questions (Stage 2 or 3).
- c) focus groups to discuss the questions asked (Stage 2 or 3);
- d) presentation and discussion of the survey and focus group findings to review the questions and their underlying assumptions (Stage 4); and
- e) a critical review of the survey research instrument (Stage 5)

In the pilot study, Stage 5 included a critique by two researchers from Sheffield Business School: Dr Antony Bennett, a Senior Lecturer specialising in Employment Relations and Dr Tracey Chadwick-Coule, a Senior Research Fellow, specialising in governance in third-sector organisations. They each offered comments on the design and likely uses to which the research instrument could be put. A summary of the research approach is provided in Figure 1.



**Figure 1 - Action Research Methodology**

## Research Context and Limitations

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](http://www.viewpoint-research.co.uk)). As a social firm, Viewpoint has a specific commitment to finding and using techniques that enhance the involvement and participation of people disadvantaged in the labour market. The pilot project, therefore, served both social and commercial interests: firstly, it provided an opportunity to develop management systems that could be used to assist staff development at Viewpoint; secondly, it provided an opportunity to create IP capable of underpinning Viewpoint's research services.

The next section provides an account of the findings presented in three parts. Firstly, there are findings on the creation of the research instruments. Secondly, there are findings on the testing and revision of the research instruments. Lastly, there is an account of the medium term impact of

the pilot project, including changes to workforce participation that can be traced back to the pilot study.

### ***Creating the Research Instruments***

The drafting of the workforce participation survey was influenced by board level discussion of academic theories on employee relations (see Hyman and Mason, 1995; Hollinshead et al. 2003).

Hyman and Mason distinguish between involvement and participation, and argue that participation is an integral component of industrial democracy. Hollinshead et al. (2003), on the other hand, draws attention to different types of participation: staff might participate financially (through share ownership), operationally (through consultation and bargaining agreements on working practices), and in strategy development (through positions on, and influence over, the governing bodies).

Discussions initially focussed on the range of ways in which participation might be developed over time and the length of time this might take (see Morrison, 1991). After three board level discussions, the following areas for developing a participation strategy had been 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). The board formulated the following questions to stimulate further discussion:

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 Condition)*
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)*

(Pilot Survey Version 1.2, p. 8)

The design of the research instruments proceeded from an assumptions that insights could be developed by presenting the questions in focus groups and a workforce survey, and reviewing theoretical assumptions after use. To provide a basis for making interventions, the survey instrument needed to do more than describe perceptions of participation – it needed 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 as well as findings from an earlier study of co-operative governance (Ridley-Duff, 2009). Cornforth’s study noted that desires for participation vary widely and staff can be committed to different types of participation. Only a minority of members may want to participate in governing bodies, whereas nearly all members want to participate in decisions on local working practices. Ridley-Duff (2009) also suggests 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 descriptions of five levels of involvement and participation changed over the course of the project.

**Table 1 – Pre / Post Pilot Descriptions of Levels of Participation**

<b>Level</b>	<i>Questionnaire 1.2 (Before Fieldwork) - 2010</i>	<i>Questionnaire VI.3 (After Fieldwork) - 2011</i>
<b>1 - No involvement:</b>	<i>a management style where staff do not receive information or instruction from managers, and are not involved in operational or strategic decision-making.</i>	<i>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.</i>
<b>2 - Passive involvement:</b>	<i>a management style where staff receive information and instruction from managers, but are not involved in operational or strategic decision-making.</i>	<i>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.</i>
<b>3 – Active Involvement:</b>	<i>a management style where staff exchange information and have discussions with managers, but managers make final decisions on operational or strategic issues.</i>	<i>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.</i>

Level	<i>Questionnaire 1.2 (Before Fieldwork) - 2010</i>	<i>Questionnaire VI.3 (After Fieldwork) - 2011</i>
<b>4 - Managed Participation:</b>	<i>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).</i>	<i>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.</i>
<b>5 - Democratic Participation:</b>	<i>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.</i>	<i>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.</i>

Ridley-Duff and Ponton (2010, p. 3; 2011, p. 5)

The final stage of drafting the survey instrument involved the development of a matrix in which the five levels of participation were applied to each of the questions about participation.

Furthermore, if the questions were framed to assess the current situation and identify desired changes, both focus groups and survey instruments would contribute to establishing priorities for management action. Each question was asked in two ways: the first form asked participants to give a view on current practices and levels of participation; the second asked what practices and levels of participation they desired in the future.

The questions that are asked, and the responses that are developed for them, provide insights into the ‘framing system’ that an organisation develops to manage involvement and participation practices. This can be illustrated by showing one of the sample questions from the Viewpoint survey instrument (see Figure 2). The draft member-employee survey followed this format for all seven questions with the question order and order of responses randomised to prevent primacy effects. The survey was completed online by all 14 members of the workforce (100% response) and a focus group was held at each office (in Sheffield and Leeds) to critically appraise the questions and solicit staff feedback.

**Figure 2 – A Sample Question From the Pilot Questionnaire**

<b>How do you go about making strategic and operational decisions within the company?</b>					
	<i>No involvement (Level 1)</i>	<i>Passive Involvement (Level 2)</i>	<i>Active Involvement (Level 3)</i>	<i>Managed Participation (Level 4)</i>	<i>Democratic Participation (Level 5)</i>
<i>What is the situation now?</i>	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.
<i>What would you like to do in the future?</i>	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***

An issue for the researchers at the outset of the project was how to devise a methodology that would enable the workforce to determine which issues should be given priority. To achieve this, the results were analysed to assess existing and desired levels of involvement and participation for each question asked. Figures 3 and 4 show how the responses for existing and desired level of participation were prepared for discussion at an organisation development (OD) workshop.

Figure 3 suggests that the workforce believed that the organisation operated, or was moving towards, a consultative management style in 5 of the 7 aspects evaluated. There was a perception that there was no involvement and participation in decisions on wealth sharing, and only passive involvement in setting terms and conditions of employment.

**Figure 3 - Existing Levels of Participation**

	Level 1	Level 2	Level 3	Level 4	Level 5
	No Involvement	Passive Involvement	Active Involvement	Managed Participation	Democratic Participation
Skill Development		2.5			
Induction and Appraisal			3.4		
Governance		2.6			
Terms and Conditions	1.9				
Wealth Sharing	1.0				
Product Development		2.6			
Market Development			3.0		

Ridley\_Duff and Ponton (2011, p. 7)

**Figure 4 - Desired Levels of Participation**

	Level 1	Level 2	Level 3	Level 4	Level 5
	No Involvement	Passive Involvement	Active Involvement	Managed Participation	Democratic Participation
<b>Skill Development</b>			3.5 (+1.0)		
Induction and Appraisal			2.8 (-0.6)		
Governance			3.4 (+0.8)		
Terms and Conditions			2.8 (+0.9)		
<b>Wealth Sharing</b>		2.5 (+1.5)			
Product Development			3.2 (+0.6)		
Market Development			2.9 (-0.1)		

Ridley\_Duff and Ponton (2011, p. 8)

Group level responses on the desired level of participation in Figure 4 provided a description of the changes that people sought for each type of participation. Based on these results, a 'democracy index' was calculated for each aspect of participation by subtracting the results for existing levels of

participation from desired levels of participation. This was reported back to participants to indicate where more or less participation was desired:

- Wealth Sharing (+1.5)
- Skill Development (+ 1.0)
- Setting Terms and Conditions of Employment (+ 0.9)
- Governance (+ 0.8)
- Product Development (+0.6)
- Market development (-0.1)
- Induction and appraisal (-0.6)

At focus group discussions, five key issues emerged with the potential to affect the usefulness of the survey instrument:

1. *There was not always a 'correct' answer, and sometimes parts of different answers might have been combined to provide a better answer.*
2. *Questions could be 'narrow and specific' to the point where they did not seem to relate the situations in which they found themselves at Viewpoint Research CIC.*
3. *Questions appeared to be more relevant to a co-operative style company than to Viewpoint.*
4. *Questions may need to be different for people in different roles.*
5. *Questions may need to be tailored to meet company specific requirements.*

These issues were carried forward to the organisation development (OD) workshop and discussed further. Based on these discussions, the researchers made the following responses in the final report (Ridley-Duff and Ponton, 2011):

1. *Answers could be ranked 1 - 5 (with 1 indicating the most common experience, and 5 indicating the least common), with weightings 40%, 30%, 20%, 10%, 0% to maintain the integrity of the scoring system.*
2. *No questionnaire instrument can fully cover the range of experiences in a company (this is an inherent weakness of questionnaires and a justification for focus groups). However, free text boxes can be added to enable staff to elaborate / qualify their answers.*
3. *The five-level responses cover all styles of management from extreme authoritarian approaches to egalitarian cooperative approaches. Including this range of responses was not just for data collection purposes, but also to stimulate thought about the range of participatory practices that can occur in organisations.*
4. *It seems sensible to reframe responses in terms of involvement and participation in a work group or peer-group as this addresses concerns about the use of the survey instrument in*

*different job roles. The researchers (directors) do not want to arbitrarily reinforce existing social distinctions in the way questions are asked.*

5. *Questions (and responses) may need to be tailored to a specific company. Indeed, the methodology works most effectively where the introduction of the survey instrument triggers attempts to redefine and update both questions and responses. Where this occurs, it indicates that the action research methodology is increasing the theoretical and practical knowledge of staff members on involvement and participation.*

The internal review of the research instruments led to recommendations that variable use of ‘I’ and ‘We’ should be replaced by ‘In my workgroup’, to ensure that each respondent is commenting on their own, and their immediate colleagues, work experience. For example, the follow text change was made to the Level 1 response to the question ‘How do you go about developing staff skills?’

Level 1 (No Involvement)	Questionnaire V1.2 (Pre-Pilot)	Questionnaire V1.3 (Post-Pilot)
What is the situation now?	I do not participate in meetings, or receive information on what to do. I work it out as I go by asking people.	In my work group no internal training or external courses are provided. We have to learn as best we can while doing the job.
What would you like to do in the future?	In my work group no internal training or external courses are provided. We have to learn as best we can while doing the job.	I think my colleagues and I prefer to learn on the job. No formal training is required.

External review by researchers from Sheffield Business School led to a recommendation that questions to replace the phrase 'should we' with 'would you like'. Below is an example from the pilot project report:



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

The rationale behind the (re)wording is two-fold: firstly, that the new wording is more open to use with both individuals and groups as it can be directed in a group context to either individuals or the whole group; secondly, the previous wording implies that the response should be framed collectively ('we') to the exclusion of individual needs/views. The rewording of the questions gives tacit permission for individual narratives to become part of the debate.

To better interpret variations in the 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 discrimination and contribute to research on equality of opportunity. However, the collection of this information remains contingent on the philosophy that guides use of the survey instrument. If the survey instrument is being used as a heuristic (learning) device for personal development, no demographic information need be recorded. Only where the survey instrument is used for monitoring and policy development is demographic information needed.

Secondly, it was recommended that the guidance notes (particularly for focus groups) are updated to stress that the methodology seeks to understand: what is happening; why it is happening; what (if anything) members / employees would like to do about what is happening. This matches the survey instrument questions on 'what is happening now?' and 'what would you like to do in the future?'

The internal and external review also resulted in three new questions: internal review suggested splitting questions about induction and appraisal, given that some respondents expressed different desires in these two areas. Secondly, external review suggested that operational and strategic management should be split given that a person may have a preference for one over the other.

Lastly, internal review suggested that there should be something about ‘atmosphere’ to explore cultural norms that influence workforce members capacity to ask questions about working practices.

These final suggestions resulted in the following 10 questions:

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***

In the months following the pilot study, a paper was developed for discussion by the board and presented for discussion at the company’s annual review in 20<sup>th</sup> October 2011. Prior to the annual review, Viewpoint had a single owner-manager (the founder, Alistair Ponton) and a two-person board (the authors). The paper offered a choice of three options to guide governance practices for the future:

- 1) No change
- 2) A Work’s 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 a total of nine votes to increase involvement and participation in governance, the board eliminated the ‘no change’ option. But with only a minority of the workforce backing ‘full membership’ and ‘elected directors’, option 2) was adopted instead of option 3). This has been

implemented in 2012. 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 the introduction of employee-ownership has been made without workforce approval (see Paton, 1989; Erdal, 2009).

## **Discussion**

The findings of the pilot study were reviewed as part of a new proposal for more extensive study of workforce participation in co-operative, social and private enterprises. This provided an incentive to identify the key theoretical contributions of the pilot study for future research projects.

Counter-intuitively, it was found that participants believed there was no obvious correlation between the level of participation and workplace democracy (compare Johnson, 2006). Where high participation levels were not desired by the workforce, the workforce did not regard those practices as democratic. Workplace democracy, therefore, was framed (by Viewpoint Research CIC in late 2010) as *the extent to which workforce members could shape management systems to reflect the level of participation they desired*. High levels of participation might be viewed as democratic or undemocratic depending on whether participation (or non-participation) was desired by the workforce or imposed by executive decision (compare Pateman, 1970).

This lends some support to Cornforth et al's (1988) argument that staff may want to reduce as well as increase participation in specific areas. Given the results of the vote on changing governance practice at Viewpoint Research CIC, a conundrum regarding the nature of democratic decision-making is brought into sharp focus. Is 'democratic participation' a question of maximising participation in decision-making, or respecting wishes of an electorate to limit their own participation? If Viewpoint directors had introduced full company membership and elections to the company board, would this have been more democratic than implementing the option which received most votes? If a notional concept of 'democratic participation' is imposed, does it cease to be democratic? Can there be a democratic mandate for *less* participation?

These questions echo long-standing concerns expressed in Paton's (1989) study of 'reluctant entrepreneurs' about the decision-making processes that lead to employee-owned business. The practices described in Erdal's (2009) account of the transition to employee ownership at Loch Fyne Oysters can be contrasted with 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 of the company were the workforce told they were the new owners. In contrast, transitions to co-operative 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 employee trusts) as well as the results that are achieved. He argues that staff participation increases as the ownership structure gradually enables staff to realise benefits from ownership, and notes that this often takes a period of several years. Paton (1989), however, questions whether survival rates are linked to democratic participation in the decision to transfer ownership.

The option of 'no change' in this case is, therefore, consistent with concerns that a positive vote for no change may be important for authenticating the level of democratic support for a course of action. It certainly led to deep reflection on the part of the authors as a 'no' vote could easily be interpreted as failure in a managerialist culture. However, irrespective of the outcome of the vote, the act of taking a collective decision on such a pivotal matter is itself a step change towards workplace democracy. Indeed, it might be argued that a 'no change' option is necessary.

The research instruments developed during the pilot study open up a theoretical perspective on workplace democracy based on the alignment of members' wishes and participatory practices, rather than practices that maximise participation or management change. The survey instrument – through the creation of a 'democracy index' for each type of participation – can support the mapping of desires for involvement and participation by location and workgroup. Using this 'map

of democratic desires’, (local) managers and governing bodies can use findings to increase and decrease participation in specific areas of company operation.

By reorganising the 10 questions in the survey instrument, they can be related to themes in the employee relations literature about different types of participation, and key differences between ‘integrative bargaining’ and ‘distributive bargaining’ (Hollinshead et al., 2003; McKersie, 2004, 2008). Integrative bargaining relates to the integration of values and principles in the internal operations of the company, while ‘distributive bargaining’ relates to decisions about the allocation of resources and wealth to organisation development activities and stakeholders.

**Figure 5 – Relating Findings Back to Literatures on Participation**

Questions	First Level Grouping	Second Level Grouping
Skill Development (Q1)	Culture Development	‘Integrative Bargaining’  (Values and principles applied to management practices)
Working Atmosphere (Q2, Q7, Q8)		
Staff Appraisal (Q4)		
Operational Management (Q6, Q7)	Operational Management	
Induction Processes (Q1, Q3, Q4)	Staff Recruitment and Development	
Strategic Management (Q5)	Business Strategies	‘Distributive Bargaining’  (Allocation of power and benefits to organisational stakeholders)
Product/Service Development (Q9)		
Market/Business Development (Q10)		
Terms and Conditions (Q7)	Wealth Sharing Strategies	
Wealth Sharing (Q8)		

If the relationship between ‘democracy’ and ‘participation’ is more complex, and the link between them cannot be taken for granted, the label ‘democratic participation’ to describe Level 5 characteristics needs rethinking. A more fitting label might be ‘autonomous participation’ in that the power to participate belongs to the member and is not ‘managed’ by one or more professional managers. How, then, should we regard the situations described by Erdal (2009, 2011) in which owners and/or managers make arrangements for the transfer of ownership to employee trusts? Can these be unambiguously theorised as examples of ‘no involvement’ in strategic management (at least at the time of a decision to initiate a transfer of ownership, even if the transfer later facilitates

managed and/or autonomous participation? Questions like these can be explored more fully if a framework is developed that enables the mapping of experiences over time. Indeed, the framework makes possible further testing of Erdal’s assumption that ‘no involvement’ in employee transfer decisions might accelerate the introduction of workforce participation in the business community.

**Figure 6 – Theoretical Framework for Future Research**

		Level of Participation (X-Axis)				
		Low				High
<i>Clarifying Questions On</i>		<i>No involvement (Level 1)</i>	<i>Passive Involvement (Level 2)</i>	<i>Active Involvement (Level 3)</i>	<i>Managed Participation (Level 4)</i>	<i>Autonomous Participation (Level 5)</i>
Types of Participation (Y-Axis)	Integrative	<i>Education, Skills and Culture development</i>				
		<i>Operations management</i>				
		<i>Staff Recruitment / Development</i>				
	Distributive	<i>Strategic Choices</i>				
		<i>Wealth Sharing Strategies</i>				

This discussion has identified a number of concepts that will be useful to future research on workforce participation. Firstly, it maintains the distinction between ‘involvement’ and ‘participation’ on the basis that ‘involvement’ tends to be management led while ‘participation’ is workforce or member led. Secondly, a distinction is made between ‘integrative bargaining’ on the value and principles that inform management practices and the ‘distributive bargaining’ that influences the allocation of wealth created by an enterprise. Lastly, it clarifies the distinction between ‘participation’ and ‘democracy’, recognising that there may be a democratic mandate to both increase and decrease specific types of participation. Figure 6 shows a theoretical framework that can guide research activity, within which ‘democratic management’ is understood as the propensity and capacity of management systems to respond to members’ wishes regarding their level of participation in management decisions. The X-Axis accommodates descriptions of

different levels of participation. The Y-Axis, on the other hand, accommodates categories of questions that are advanced to learn about workforce participation. The questions will vary from organisation to organisation, but some level of comparison can be made by classifying the questions on the basis of the concepts introduced to the workforce (see Figure 5). In the conclusions of the paper, we review the potential of the methodology summarised in Figure 1 and the theoretical framework presented in Figure 6 for further case study research.

## Conclusions

Can this methodology and 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 pilot study, therefore, represents a starting point but not an end point. The methodology developed protocols for case study work on the above questions:

- Collecting qualitative data (via focus groups) to solicit workforce perspectives on the types of participation that occur in a given workplace.
- Collecting qualitative data (via interviews with board members and/or managers) to understand the assumptions that frame management attitudes to workforce participation.
- Use of the above to develop a range of questions and responses to draft a survey instrument that gathers descriptive statistics on existing and desired levels of participation.
- Sharing and debating the draft survey instrument and diagnostic survey results (via OD workshops) to develop theoretical knowledge on workforce participation strategies.

This approach will generate empirical data that makes it possible to answer each research question. 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 diagnostic survey produces documentary evidence of the way members of the 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

a diagnostic questionnaire (and qualitative data) that summarises the findings from each case study. The survey *instruments* created provide the research data for further theory development on workforce participation. Data collection at each stage (as well as the final result) directly assists the answering of each research question, and it does so through deployment of a robust inductive mode of naturalistic inquiry that is of direct benefit to research participants (Bloor, 1978; Lincoln and Guba, 1986).

Future research can explore whether co-operative, social and private enterprises put forward different questions to learn more about the framing systems that guide workforce participation strategies. For example, it may be expected that co-operative, social and private enterprises may propose different questions for the Y-Axis (in Figure 6), and that the balance between questions on integrative and distributive bargaining may vary substantially. The results can be used locally or in policy development bodies, to explore theoretical assumptions regarding participation strategies and economic performance. Do co-operatives (or specific types of co-operatives) report higher levels / or higher aspirations on the X-Axis compared to social and private enterprises? Are performance differences correlated to particular configurations of participatory management? These are questions that successful development of the theoretical framework will make it more possible to answer.

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