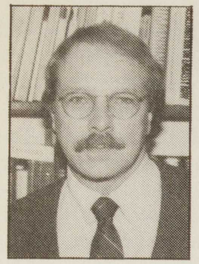
MANAGING THE DEMOCRATIC WORKPLACE

BY JOHN HUBBIRD



Within the last 15 to 20 years there has been a strong resurgence of interest by unions as well as economic development specialists, industrialists, and academicians in participatory workplace organization. During this period, two important developments have occurred: 1) a great many practical experiments with participation have transpired, and 2) a great deal of valuable research and analysis on the subject has been generated.

In a sense, there is no half-way point or middle ground between autocratic and participatory management. If a "participatory" scheme does not require real worker participation, it should not be confused with participation. Workplace democracy requires a two-way relationship between managers and workers (or worker-owners), which some managers find difficult to tolerate.

One of the most popular arguments for autocratic management styles is based on an appeal to the historical sanctity and pre-eminence of laissez faire assumptions that political freedom and democracy are utterly dependent upon the freedom of business owners and managers to "respond to market forces" with maximum flexibility. On the face of it, this argument sounds convincing, Upon more careful examination, however, it is found to be based on faulty assumptions.

For example, the argument implies that the managerial authority to respond in a timely manner to external forces cannot be democratically delegated to management. This is simply not the case. On the contrary, managers of cooperative enterprises seek to respond to market forces with maximum flexibility, just as their more autocratic peers do. The main difference between them, however, is this: experienced democratic managers not only seek to respond in a way that helps their firm succeed as a business, they also earnestly seek to respond in a way that maximizes the firm's success as a cooperative enterprise committed to the welfare of its workers.

Successful cooperative managers do not see this dualism as contradictory. Rather they see the tension between success as a business and success as a cooperative endeavor as a source of creativity and dynamic energy for adaptation and growth.

Workplace democracy does not mean that the organization can somehow magically "run itself." Democratic organizations must still be managed to perform effectively. A recent two-and-one-half year study of several work sites illustrates this point well. It was found that granting carte blanche democracy to largely autonomous working groups of about 10 members (who were initially quite enthusiastic about their newfound democracy) ended by every group voluntarily (largely out of frustration) returning to appoint a single leader from among themselves to assume direct control over the group. The researcher concludes that, "authority serves the function of coordination and communication and provides a mechanism to at least suppress, if not resolve, conflicts."

The legitimate and reasonable claims to managerial authority need to be understood and embraced by both managers and their workers or worker-owners. The free market can indeed be a severe task master that does not often allow for the luxury of sluggish internal decision-mechanisms that impose needless delays in responding to external forces. Only an organization that is organized to plan ahead, that can shift its strategy with changes in the market, can survive. Hence, trusted and competent managers must be elected or appointed to direct this process, and to do that they must have real decision-making power.

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Democratic management essentially involves the conscious maintenance of a delicate and creative tension or balance between an authentic democratic participation of workers on the one hand, and the necessarily substantial powers delegated to management on the other. The legitimate scope of managerial powers and prerogatives will probably need to be carefully negotiated contractually with worker-owners on a case-by-case basis to insure that the structure is designed to respect this balance. Once negotiated, the precise scope and substance of managerial authority must be clearly understood and trusted by worker-owners. Of course, on the other hand, managers must not abuse this trust by misusing their authority in an arbitrary, selfish, or deliberately hurtful manner. This two-way relationship of mutual respect and trust lies at the very heart of good democratic management.

A democratic manager must be able to manage effectively. His definition of "effective" may differ markedly from that of autocratic managers, however. "Effective" to a democratic manager embraces the idea of the worker as a human being and the value of human relationships for their own sake and seeks to reconcile the value of the worker as a person with the value of the business as an economic enterprise. The manager must work simultaneously for the enterprise's success as a business and its success as a cooperative enterprise.

There are three main areas of expertise and competency that are important in democratic management: 1) management ability, 2) industry specific knowledge and experience, and 3) cooperative comprehension and skills.

Management skills and abilities needed include:

Being aware of and complying with policies set by the board and serving the company in accordance with these policies.

Providing the board with information and suggestions for developing new objectives, changing established ones, and controlling operations.

Establishing realistic compensation schedules.

Selecting, training, supervising, and developing assistants and other personnel.

Developing an effective business structure that seeks to maximize practice of cooperative and democratic participation within bounds of efficiency.

Using operating and financial budgets.

Development of sound purchasing, marketing, and pricing practices.

Achieving technical proficiency with products handled and the problems affecting the company.

Building sound union relationships (if applicable).

Industry-specific knowledge and experience includes:

Keeping generally abreast of the overall historical developments and current broad trends in the industry.

Having intimate knowledge of pricing structures, projected markets, and possible alternative market niches in the industry.

Studying the most recent and most relevant shifts in the industry's development in detail to better determine the most advantageous posture that is possible for the cooperative enterprise to assume and plan for.

Expert knowledge about the current and future technological developments in the industry and how they will affect future markets, prices, etc.

Detailed and thorough knowledge of both currently used and potential alternative supply sources.

Cooperative competencies required includes:

A willingness to work as an "executive" or executor in relationship with the board and its policies, rather than as a one-man-show with the "best ideas."

An ability to articulate a cooperative rationale and philosophical framework of values and an ability to integrate these values into work life.

A desire and ability to empower individual worker-owners to manage their own work wherever possible within the bounds of long-range efficiency.

An ability to build confidence, understanding, trust, and loyalty among worker-owners by effective operating performance, business integrity, and an alert response to changes and adjustments needed to better serve worker-owners.

Finally, the following six elements must be present for an employee owned enterprise to succeed:

1) Some participation in decision-making, either directly or by elected representation. Although this requirement seems obvious, there are schemes calling themselves "economic democratization," such as certain forms of profit sharing which do not include any participation in decision making.

2) Frequent feedback of economic results to all employees (in the form of money, not just information).

3) Full sharing with employees of management-level expertise.

4) A sense of individual rights, corresponding generally to basic political rights (e.g. freedom of speech and religious belief, sexual and racial equality, etc.).

5) An independent board of appeal in cases of disputes (composed of peers as far as possible).

6) A particular set of attitudes and values (type of consciousness).

Many are coming to recognize democratic management as a healthy alternative to conventional Western management styles. It is probably more difficult to manage democratically than autocratically, yet democratic management is associated with improved productivity and other factors indicative of a healthy enterprise. While much knowledge of particular industries and many conventional management skills may be transferable to participatory management scenarios, there is also an important set of discreet cooperative management skills that needs to be mastered in order for democratic management to succeed.

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