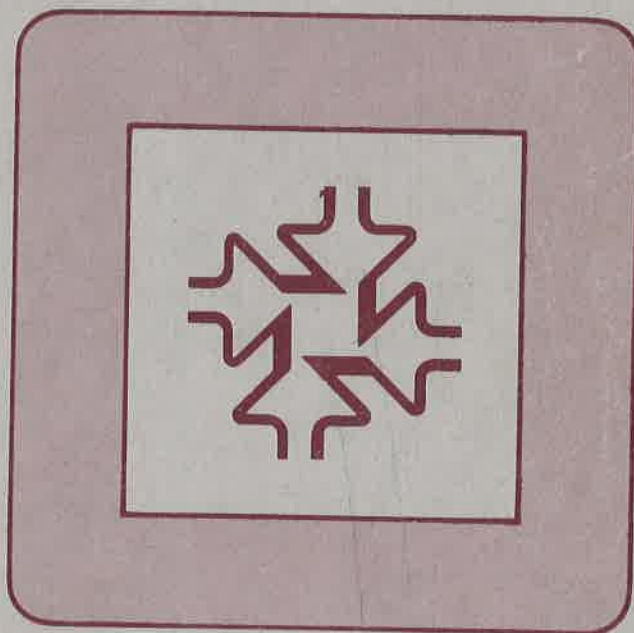


**4° CONGRESO INTERNACIONAL
DE DESARROLLO ORGANIZACIONAL
EN MEXICO**



**EXPERIENCIAS DE
PARTICIPACION EN
ORGANIZACIONES**

**DEL 5 AL 8 DE MARZO DE 1985
OAXTEPEC, MORELOS**



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PROFESIONALES EN DESARROLLO
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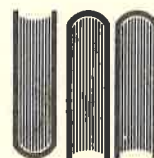
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os agradecer a todos los expositores
ienes, desde sus organizaciones han
las experiencias de participación
resentadas, por su actitud abierta
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el 4° Congreso Internacional de Desa
Organizacional en México.

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el análisis, redacción y mecano-
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CONTENIDO

1.	<u>INTRODUCCION</u>	9
2.	<u>THEORETICAL AND PRACTICAL IMPLICATIONS OF THE MONDRAGON EXPERIENCE</u> William F. Whyte. Cornell University	11
3.	<u>DE ELITIZING OD</u> Warner Woodworth . Brigham Young University	27
4.	<u>EXPERIENCIA YUGOSLAVA DE LA AUTOGESTION SOCIALISTA</u> Mitja Strukelj . Embajada de la RSF de Yugoslavia en México.	43
✓ 5.	<u>EL PROGRAMA "RETO" DE LA SIDERURGICA DEL ORINOCO, C.A.</u> <u>UNA EXPERIENCIA DE PARTICIPACION Y MEJORAMIENTO</u> Raymundo Alvarado . Omega Management Corporation Ivan Sanoja y Víctoe Escorche . Siderúrgica del Orinoco	67
✓ 6.	<u>PROGRAMA DE UNIDADES OPERATIVAS</u> José Antonio Cárdenas y Marco Antonio Wong . Vitro Industrias Básicas, Sector Bienes de Capital .	89
✓ 7.	<u>PRODUCTIVIDAD: UNA EXPERIENCIA DE PARTICIPACION</u> Enrique Chávez García . Productos Marinela, S.A.	123
✓ 8.	<u>PROCESO DE PARTICIPACION EN MAQUINDAL</u> Alejandro Araujo, Ramón Gutiérrez, Norberto Ortega. Maquindal, S.A. de C.V.	145
✓ 9.	<u>CONTRIBUCIONES A LA EVALUACION DEL D.O.</u> Julio Gadsden. Instituto de Desarrollo Personal y Comunitario.	161
✓ 9.	<u>EXPERIENCIA DEL PROCESO DE CONSENSO Y DESARROLLO DE PLANIFICACION PARTICIPATIVA</u> Rosa H. de Worden . Instituto de Asuntos Culturales	173
✓ 10.	<u>RICOLINO: EN BUSCA DE LA CONGRUENCIA</u> Gregorio Barcala. Dulces y Chocolates Ricolino.	183

ARSOULT

11. VF: EXPERIENCIAS EN EL DESARROLLO DE UN SISTEMA SOCIO- TECNICO
Héctor Novelo Huerta . Vitro Flotado, S.A. 199
12. ADMINISTRACION PARTICIPATIVA POR CALIDAD-PRODUCTIVIDAD
Eduardo Cruz Prado . Celloprint, S.A. de C.V. 213
13. INTEGRACION Y PAZ LABORAL EN EPOCA DE CRISIS
Reynaldo Oyervides y Jorge Javier Saldúa 249
- * 14. ARTEQUIS: UN ESFUERZO PARA ROMPER CON LA DEPENDENCIA A TRAVES DE LA PARTICIPACION ENTRE LOS ARTESANOS DE TEQUISQUIAPAN, QRO.
Carlos H. Gadsden . Desarrollo Integral de la Comunidad Rural, A.C.
Manuel de la Peza C. Artequis, S.A. de C.V. 275
- * 15. CRUZ AZUL: UN CASO DE PARTICIPACION LABORAL
Javier Gavito, Julián Meza, Irene Rivadeneyra.
Instituto Tecnológico Autónomo de México. 293
- * 16. "UNA FORMA ALTAMENTE PRODUCTIVA DE CREAR EMPRESAS A TRAVES DE LA ASOCIACION DE PEQUEÑOS EMPRESARIOS" 307

INTRODUCCION

Cada día hay más empresas que buscan formas de promover la participación de sus empleados, tratando así de incrementar la productividad o quizá de impulsar el desarrollo de las personas. Al mismo tiempo que surgen proyectos ambiciosos, hay otros tantos que se desintegran. ¿Por qué?

El momento que estamos viviendo es un buen punto para hacer un alto, plantearnos seriamente esa pregunta e intentar responderla. La situación actual, con características como la complejidad, el riesgo, la incertidumbre, la necesidad de utilizar mejor los recursos y la conciencia creciente de más y más personas sobre la importancia del hombre en su trabajo, requiere de alternativas creativas para salir adelante. Es aquí donde muchos piensan en "participación".

El significado de la palabra "participación" se ha diluido ya que se usa para definir experiencias que van desde el simple hecho de tener informado al personal, hasta aquellas donde está involucrado en decisiones estratégicas de la organización. Además, podemos llegar a pensar que participación es sólo aquello que hemos bautizado con ese nombre, corriendo así el riesgo de cerrarnos en lo conocido y no buscar formas más adecuadas a las necesidades de las personas y de la organización.

Las estrategias para lograr la participación en las organizaciones son diversas y por lo tanto sería de gran utilidad reflexionar sobre los enfoques y métodos que se han utilizado y descubrir aquellos elementos que han sido esenciales para el éxito.

Una de las principales características del 4º Congreso Internacional de Desarrollo Organizacional en México es que todas las ponencias se basan en experiencias concretas. Esto nos pone frente a una amplia variedad de casos que podría resultar en información abundante para los participantes, pero difícil de asimilar e integrar. Así, a cada uno de los expositores les sugerimos que, manteniendo su estilo de presentación, analizaran en sus trabajos cuatro aspectos básicos para facilitar la comprensión y la síntesis de aprendizajes: (1) Descripción de la experiencia, (2) Valores y Filosofía de su enfoque, (3) Tecnología, Herramientas e Intervenciones de D.O. utilizadas para impulsar su proceso de participación y (4) Evaluación Crítica de sus aciertos y de sus fallas.

Esperamos que los trabajos aquí presentados nos ayuden a distinguir a las experiencias que ven la participación como un "evento" de aquellas que han logrado modificar el funcionamiento de la organización.

Al estudiar los enfoques de cada experiencia quizá nos encontremos con que podemos estar utilizando la misma tecnología de Desarrollo Organizacional pero con enfoques diversos o, siguiendo el mismo enfoque, utilizar intervenciones diferentes. Incluso podremos ver que tenemos mucho que aprender de quienes viven experiencias de participación sin preocuparse por si es D.O. o no.

La clave del éxito de experiencias significativas de participación puede estar en la claridad, congruencia, compromiso y continuidad de su enfoque y no en lo sofisticado de su tecnología o de sus intervenciones.

THEORETICAL AND PRACTICAL IMPLICATIONS

OF THE MONDRAGON EXPERIENCE

William F. Whyte

Can the lessons drawn from the extraordinary success of the Mondragón cooperative complex be applied in other regions and countries under different circumstances? A growing number of us, both in the academic world and outside of it, have been trying to analyze the basic principles underlying Mondragón's success, with the hope that they can be applied elsewhere.

Several years ago a delegation from the Wales Trade Union Congress visited Mondragón and returned to report that Mondragon provided a model for the development of cooperative enterprises in their region of Great Britain. In the United States, two of the leading consulting and technical assistance organizations dedicated to employee ownership, the Industrial Cooperative Association and Philadelphia Area Cooperative Enterprises, Inc., have explicitly adopted the Mondragón model as a guide for their own development work.

The discovery (internationally) of Mondragón seemed to us in the universities of great importance because Mondragón offered an impressive refutation of what was then the conventional wisdom. At the time when Kathleen Whyte and I made our first visit to Mondragón in April, 1975, it was commonly believed that a worker cooperative was based upon a utopian ideal and could never be a form of industrial organization of solid

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economic and technological strength. Therefore, it seemed to me important to know and analyze a deviant case. Furthermore, as Iñaki Gorroño has so well explained, this is not simply a single case but rather a whole series of interlocking and mutually supporting organizations.

I presented my first report on Mondragón at the 1976 meeting of the American Sociological Association. (Gutierrez-Johnson and Whyte, 1977) My talk was well received in general, but I was taken aback by the comments of one discussant. The critic denied that the case had any general significance. In the first place, he attributed the success of the Mondragón system to the Basque culture, whose peculiar features could not be duplicated anywhere else in the world. In the second place, he cited the contributions of an extraordinary individual, Jose Maria Arizmendi, who was indeed the founder of the system and the principal person who guided its development until his death in 1977.

Let me deal first with the cultural determinism argument. To be sure, there is a cultural base to the Mondragón system, but that base accounts only for the Basque inclination toward cooperative forms of organization. Culture explains neither the structural form of the Mondragón system nor its extraordinary growth.

Basques themselves are conscious of this cultural base: they speak of "our associative tendencies." Indeed, there are in the Basque provinces many more worker production cooperatives outside of the Mondragón system than within. Therein lies the

clue to the limitations of the cultural explanation, for we find that these other cooperatives have not joined together to constitute integrated and expanding organizational systems. Rather, they conform to the traditional Basque pattern: small, closed social systems with strong in-group solidarity. Mondragon departs markedly from this traditional culture pattern. It is an open system, constantly expanding in individual members and in the number of firms it links together. In Mondragón internal cohesion is balanced by strong linkages of the firms with the communities out of which they have arisen. No cultural explanations can account for the basic differences between Mondragon and the traditional Basque cooperatives.

Let us now consider the limitations of the great man theory of the history of Mondragón. Father José María Arizmendi was indeed an extraordinary human being, and I count it a great privilege to have had several conversations with him. However, let us shift our focus away from the personality and character of the founder and concentrate upon the design of the organizational structure, on interorganizational relations, and on sets of procedures for shaping interactions, activities, and relations of humans to the natural and social environment. If we look for innovations in social policy and in the creation of new roles, we can visualize Don José María and his associates as the creators of a series of social inventions. While it may take an extraordinary individual to create an important social invention, it should be possible for mere mortals to identify that social invention, describe it, and analyze it in ways that will permit others to adapt it to their own interests and needs.

I shall illustrate by describing social inventions contributing to the growth of individual units and the development of the total system.

1. SECURING AND MAINTAINING WORKER CONTROL

The legal and financial structure of the Mondragón firm solves problems which have led to the disintegration of many worker cooperatives all around the world. When a worker cooperative is built on the basis of member stock ownership, it can go out of existence either because the firm goes bankrupt or because it is highly successful. In the latter case, as the firm becomes more prosperous and expands, what we call "collective selfishness" takes over. The original members realize it is to their financial advantage not to dilute their equity by sharing ownership with newly hired labor. When worker-owners retire and want to sell, their stock has so increased in value as to be beyond the reach of nonowning workers, and so inevitably that stock shifts into the hands of private investors.

In Mondragón, the financial instrument is debt rather than equity. Each member's initial contribution is conceived of as a loan, to be deposited in the worker's account with the firm. Furthermore, members' shares in the annual profits or surplus of the firm are not distributed in cash but are deposited to member accounts, where they are used by the firm to finance its future growth.

In this financial arrangement between members and their cooperative, the members are implicitly accepting what

psychologists call "deferred gratification." Instead of taking the rewards for their efforts out of the firm's profits in cash, they leave what is due them in their personal capital accounts with the firm. However, in this case the gratification is not deferred until the member retires or otherwise leaves the firm. The capital held by the firm for the member draws interest at attractive rates, and the member receives the interest accumulated on his account every six months. This means that a member who has worked for many years in a successful cooperative will receive from that firm twice a year substantial interest payments. Furthermore, even when the firm has not made a profit in the preceding six months, the member nevertheless receives this financial reward on his capital, thus reinforcing his commitment to the cooperative.

The member can withdraw his capital account from the firm, with certain deductions, upon leaving the firm, and he receives the whole amount without deductions upon reaching retirement. However, this capital account should not be thought of as a substitute for a pension program. Mondragon has its own system of payroll deductions to finance pensions.

The importance of these social inventions has been impressively demonstrated in the late 1970s and in the 1980s, when the Spanish economy first slowed down and then went into a deep recession. In fact, while the United States and Japan and several other countries have recently been experiencing a strong economic revival, recent figures indicate that unemployment in Spain is still 17 to 18 percent.

Until well along in the 1970s, the key question of observers

of Mondragon was how the leaders of the complex had been able to build and maintain a constantly expanding socio-economic complex. Now the key question is how has Mondragon been able to rescue failing firms and maintain the gains of the first quarter century. After 25 years of constant expansion in number of cooperatives and number of members, in 1981 Mondragon encountered the first year in which it experienced a small decline in number of members--though even then the growth in numbers of cooperatives continued slowly.

Although sales each year for the total cooperative complex have not yet failed to surpass the record of the previous year, clearly the leaders of Mondragon have been facing increasingly difficult economic and financial challenges.

Up until the 1980s, of all the worker cooperatives created within the Mondragon complex, only one had failed and had gone out of business. In 1983, two more worker cooperatives were shut down, but both were very small and recently created. Some of the largest and most important of the cooperatives (including ULGOR) have had to undergo drastic reorganizations and refinancing in order to survive, but so far none of these larger cooperatives has had to shut its doors. When we consider that, in the United States, according to various studies, of the businesses established in any one year, only 20 percent survive beyond the fifth year, this contrasts remarkably with the success of Mondragon. Within this complex over more than a quarter of a century, of the approximately 100 worker cooperatives in industrial production, construction, and services, only three

have failed.

Many worker cooperatives in other countries have failed because, in good times, they have distributed profits in cash to members and have not retained in the firm enough money for reinvestment and as a reserve fund against future losses. The Mondragon legal and financial inventions provide strong protection against such disasters.

Mondragon's policy is to divide the annual profits into three accounts: a reserve fund usually constituting about 20 percent of the total, a social welfare projects fund receiving about 10 percent, and 70 percent going to the capital accounts of the members.

It is important to recognize that, in times of economic adversity, the firm's own resources are not limited to the 20 percent of annual profits allocated to the reserve fund. The member capital accounts can be drawn down also in case of extreme need. Members do not like to give up any of the capital accumulated in their names, but, if faced with the choice of dipping into that capital to save the firm and their jobs or keeping their money and allowing the firm to close its doors, the choice they will make is obvious.

2. BUILDING AN INTERORGANIZATIONAL INFRASTRUCTURE

One of the main lessons that we draw from study of the history of worker cooperatives elsewhere is that an individual worker cooperative, existing like an island in a sea of private enterprises, has very poor prospects for long-run survival and economic success. We have learned from Mondragon the importance

of building an interorganizational infrastructure to guide the development of individual cooperatives and provide technical assistance and, at times, emergency support.

The key organization in Mondragón's infrastructure is the Caja Laboral Popular, a cooperative bank founded in 1959, three years after the launching of the first worker production cooperative. A cooperative bank or credit union was certainly not a Mondragón invention. However, up to that time in Spain as well as elsewhere, credit unions had been utilized for individual savings and for loans to finance the purchase of consumer goods. While the Caja does have individual savers who deposit money and take out personal loans, its primary purpose has been to finance the creation and expansion of industrial cooperatives, consumer cooperatives, housing cooperatives, construction cooperatives, and education cooperatives.

The Caja has become one of the leading financial institutions in Spain. As U.S. sociologist Alex Hawryluk commented following a recent visit,

it seems that now the individual cooperatives sometimes make money and sometimes lose money, but the bank always makes money.

The Caja has been able to maintain this extraordinary record even as it loans to member cooperatives at interest rates 4 percent below those prevailing in the national market and in some cases provides emergency assistance to a cooperative during the first year of its reorganization at zero interest and only steps up the interest rate as the firm recovers. How the bank is able to maintain this financial record is an important question for

further study--not to be dealt with here.

Of special interest within the Caja is its División Empresarial with over 100 professionals engaged in departments devoted to socio-economic studies, creation of new industrial cooperatives, intervention to rescue failing cooperatives, creation of agro-industrial firms, management consulting, auditing, and planning of urban development and building construction. The División Empresarial brings to bear the human resources necessary for industrial and organizational development within a context of solid knowledge of the regional, national, and international economies.

As the worker cooperatives grew in numbers, it became increasingly evident that the Caja could not efficiently serve each individual cooperative. In 1965, five of the cooperatives in the city of Mondragón joined together to form ULARCO, a cooperative group providing a general management to guide the development of the various firms and to achieve economies of scale through the sharing of important legal, financial, and personnel services. In the late 1970s, the Caja began implementing a policy of encouraging the cooperatives in a given geographical area or in the same general line of industry to come together to form cooperative groups. In fact, as an inducement for such group formation, the Caja offered to pay half the salaries of the general management of any given cooperative group through the first three years of its existence.

Now more than two-thirds of the worker cooperatives have formed such groups, and we find the general management of a given cooperative group taking over some of the important functions for

which the individual firms formerly relied entirely upon the Caja. The general managements of several cooperative groups have stimulated the creation of new cooperatives. Furthermore, the general managements are playing important roles in the emergency reorganizations of individual cooperatives. As the largest and oldest of the cooperative groups, ULARCO has been in the forefront of this kind of reorganization necessary to meet more difficult economic conditions. For example, the reorganizations of Fagor Electrotécnica and of ULGOR have been guided by the general management of ULARCO.

Of critical importance for the future of Mondragón, the applied industrial research cooperative, IKERLAN, began on a very small scale within the Escuela Politécnica (founded by Don José María) in the late 1960s and moved into its new office and laboratory building in early 1977. Again, an industrial research organization is not an invention of Mondragón, but Mondragón did indeed invent the idea and implement the organization of applied research supported by and contributed to by the industrial cooperatives. Furthermore, as IKERLAN has been winning recognition as the leading applied industrial research organization in Spain, it has been drawing in private firms as supporting members and receiving major financial support from the Basque government that provides fellowships awarded competitively to students applying to work for a year to two years with IKERLAN or one of the two other research institutes receiving this support.

3. BUILDING A SYSTEM OF DUAL REPRESENTATION

The leaders of Mondragon in the early years recognized that the one-member-one-vote principle in the General Assembly and election of the Board of Directors were not sufficient to assure democratic governance. In a small organization, where members all know each other, problems can be handled informally as they arise, and there is no need to provide for a separate representation of the interests of members as co-owners and the interests of members as workers. As the organization grows, its management almost inevitably becomes separated from the rank and file, as it concentrates upon the interests of members as co-owners which means on the efficient management of the enterprise. In a large organization, an annual election of members of the board of directors is not sufficient to provide for responsiveness to the day-to-day problems workers face in their workplaces.

To provide for the representation of members as workers, the designers of Mondragon created the Social Council. While members of the board of directors are elected on an at-large basis by the total membership, representatives to the Social Council are elected by small groups in departments or other units where they work.

The Social Council is like a union in a private enterprise in that it concerns itself with compensation, hours of work, working conditions, health and safety, and so on. It is unlike a union in that it has no right to call a strike in case of an impasse with management. However, this does not mean that the

advisory recommendations of the Social Council have no impact on management decisions. In cases where there is disagreement between the Social Council and the management of a cooperative or a cooperative group, the issue can be resolved--and has been resolved in some cases--through a vote of the total membership.

Over the years, there has often been some tension between the Social Council and the management within ULARCO and probably within other cooperative groups, but this tension has been important in stimulating worker participation in the decision making process.

We have found the Social Council of ULARCO and the councils of its constituent firms playing key roles in major changes in compensation and capital contribution policies and in the introduction of new forms of work.

Beginning in 1979, ULARCO had to make some major changes in compensation and capitalization policies, calling upon its members for necessary but painful sacrifices. Since such changes involved changes in the bylaws of ULARCO and its constituent firms, approval of management's recommendation required a two-thirds vote of the membership. Since the bases of the management proposals necessarily rested on rather complicated and technical analyses of the economic and financial situation of the cooperative group, if the management's initial proposals had been submitted to popular vote on a yes or no basis, probably it would have been impossible to achieve the support necessary to make the changes. We have followed the processes of education and participation over periods of months, observing the key role played by the Social Councils in managing the process.

Furthermore, it is important to note that the Social Council was not simply engaged in trying to educate the members and sell them management's plan. The ULARCO Social Council presented critical analyses to management, suggested changes, and canvassed the members for alternative ways of meeting the economic crisis. The ULARCO Social Council also carried out surveys of the members of its constituent Social Councils to determine whether the basic idea presented by management had a possibility of gaining popular support, and the Social Council also structured the alternatives on which the members would eventually vote.

Social Councils have also been important in representing worker interests regarding the quality of working life. Their involvement did not come at the beginning of change. The initiative there was taken within the firm of COPRECI, the second largest firm in the ULARCO group. As the innovations in COPRECI stirred wide interest in the community of Mondragón, the Social Councils of the other firms began to press for socio-technical redesign of jobs to make them more humanly satisfying, without sacrificing efficiency.

When we visited Mondragón in 1975, we saw the new work tables in operation at COPRECI. Members of the ULGOR Social Council had begun talking to management about introducing work redesign to their firm. At first, management refused to initiate the changes, arguing that they would be too costly. Working with small components, COPRECI could simply push aside conveyor belt assembly lines and install tables at little expense. In ULGOR the large bodies of stoves or refrigerators moved through

operations suspended on hooks and steel chains propelled by overhead cables, and some of the operating machines were similarly bulky. Thus, redesign would involve a major rebuilding of the interiors of the plants.

ULGOR management promised to reconsider job redesign when it became necessary, for other reasons, to make major technological changes. That time came with the recession of the early 1980s. Now suddenly ULGOR was incurring large losses, and management was moved to initiate a major organizational, financial, and technological change program.

When in 1982 the four engineers responsible for the redesign of refrigerator manufacturing presented their plans to the ULGOR Social Council, members pointed out to them that, while they had planned for new and improved machines at most work stations, the redesign maintained the old long line conveyor driven organization. Arguing that this conventional organization violated humanistic values of the cooperative movement, the Social Council instructed the engineers to return to their drawing boards and to come back with four plans, so that the members would have real opportunities to participate in these technical decisions.

At the time of our 1983 visit, the rebuilding of the refrigerator plant had not been completed, but Kathleen Whyte and I did visit a new automatic dishwasher plant with a similar work organization to that being installed for refrigerators. In the dishwasher plant, the body of the product moved from work station to work station when coupled to a constantly moving cable under

the plant floor. In contrast to the traditional plan for ULGOR where every work station was manned by a single worker, in the dishwasher plant eight to twelve worked as a team at a markedly reduced number of work stations. When the dishwasher body arrived at a given work station, one of the workers would uncouple it from the moving cable and push it into that station to line it up behind other bodies that had arrived earlier. The team members rotated jobs according to their own wishes, with each member learning to do every job, including the testing of their particular operations. When the operations were completed on a given unit at this work station, a worker would push the body a few feet and then couple it again to the moving cable which took it to the next work station.

When the first cooperatives were established, Mondragón's leaders assumed that, if they were to compete with private firms, they must organize the work as did their competitors. This meant applying the "principles of scientific management" as laid down by F. W. Taylor. Through experience, they began to recognize the inherent contradiction between a democratic system of governance and a rigid, authoritarian machine paced organization of work. The Social Councils have played key roles in moving their firms from Taylorism to participatory socio-technical redesign of jobs and working life.

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DE ELITIZING OD
Warner Woodworth

Summary

In many cases, OD is used as a tool by elites in organizations to manipulate and control the less powerful. OD practitioners aligning themselves with those at the top serve the status quo rather than becoming true agents of change. What is needed is a peoples' OD that works from the bottom to democratize organizational decision-making and redistribute power. This presentation will focus on more liberating OD approaches through self-management, worker ownership, and labor corporate governance in the United States.

Curriculum Vitae

Warner Woodworth is professor of organizational behavior at Brigham Young University in Provo, Utah. He has been a visiting professor at the University of Michigan, Pontificia Universidade Catolica de Rio de Janeiro, and the International Labor Organization, Geneva, Switzerland. He has consulted with General Motors, Clark Equipment, Exxon, Westinghouse and Honeywell, as well as numerous state and local governments in the U.S. He is author of over 150 articles and conference presentations published world-wide.

Currently Dr. Woodworth is doing action research, primarily with disenfranchised groups in American society--workers, poor people, minorities, etc.--in attempting to help them obtain a larger degree of self-determination. He consults with labor unions in particular as they attempt to counter corporate bureaucracy and forge new systems of organizational democracy. A new book on this subject will be published in mid-1985.

The thrust of this paper derives from an assumption that new alternative work structures provide a fruitful area for research which has largely been neglected in the literature. The organizational form to be analyzed is the worker-owned enterprise, particularly the drive to buy up declining industries and achieve a degree of revitalization through various mechanisms of industrial democracy.

Traditional approaches to Organizational Development (OD) may not be applicable in work cultures with workers in control. In such settings, behavioral scientists need to develop different methods for dealing with labor leaders and community activists. Strong values often exist with respect to the motives behind intervention, the relevance and applicability of gathering data. What is needed is a paradigmatic shift which emphasizes collaboration between the OD professional and blue collar workers. After describing the context of worker ownership, this paper attempts to articulate key elements of a model for de-elitizing OD practice.

Toward Self-Management

Perhaps one of the most intriguing responses of workers and communities to emerge in North America in reaction to the recent economic crisis is the phenomenon of worker ownership. Such a strategy seems to appeal to basic citizen values and holds the hope that through local ownership a community may more fully control its economic destiny. The costs of industrial closings and job loss are formidable, both at the personal level

and the macro. However, the rise of employee buyouts suggests the possibility that thousands of once-closed firms will be owned and controlled by workers before the end of the 1980s.

While worker ownership in America is not new, it is largely unknown. For instance, there are over a dozen plywood cooperatives in the Northwest which have existed since the 1930s. Studies have shown them to be 25 percent more productive than their traditionally-owned counterparts, and more highly profitable as well. While many firms are fully worker owned, others, such as the giant Sears with 400,000 employees is 20 percent owned by its people. A condition for the government bail-out of Chrysler Corporation was that a \$162 million ownership plan be established. Worker-owned firms range from such diverse industries such as newspapers (The Milwaukee Journal) to rail transportation (The Chicago and Northwestern Railroad), and are spread from coast to coast. Currently, 2,000 workers in Philadelphia are attempting to buy some 20 A&P foodstores that have been closed and establish supermarket cooperatives. In early 1983 in West Virginia, 10,000 workers purchased the giant Weirton steel mill from its parent company, National Steel. U.S. Sugar, the largest in the industry, was recently bought by its workers. And four major U.S. airlines have recently traded 20 to 30 percent of their stock to workers in exchange for wage concessions.

Among large-scale worker buyouts, the following case will be drawn upon in illustrating strategies of change and the democratizing of OD activities.

Hyatt Clark Industries

One of the most intriguing examples of a successful worker buyout occurred in the fall of 1981. The old Clark, New Jersey, plant had been owned by General Motors for decades, producing high volume roller bearings for automobiles and rail cars. As the auto industry turned to front wheel drive, the plant was declared to be uncompetitive and needing to be closed.

A coalition of managers and leaders of Local 736, United Auto Workers, responded to their threatened demise by offering to purchase the plant. After considerable negotiation, GM not only agreed to sell its operation, but to help finance the deal and purchase orders for the next three years. With loans from several major banks, GM received \$30 million in cash, \$10 million in nonvoting stock for the land and buildings, and \$13 million in notes. As the money yet due is paid off, the stock reverts to the company, so that within 7 years, it will be fully worker owned.

Workers felt that they could run a tight, effective, and profitable organization in contrast to their sluggish performance as part of the huge GM. While wages had to be reduced, an incentive system based on productivity was established which boosts monthly earnings. And, far different from the authoritarianism of Detroit, workers have a significant voice in running the company. Now entering its fourth year, Hyatt Clark Industries (HCI) has successfully completed negotiations for a new collective bargaining

contract which mandates the creation of important structures of workers' participation.

A Model of Participatory OD

The approach used in providing consulting and technical assistance to the HCI worker buyout falls within the rubric of participatory action research. Traditional intervention and research methods were rejected as elitist, biased in favor of preserving the status quo, and breeding dependence on outside expertise. As Woodworth (1981) puts it, mainstream theory and research are "oppressively based on an alignment with the powerful rather than the powerless, and organizational change is perceived as gradualistic rather than revolutionary. . . the 'findings' are cloaked in a veil of political neutrality that avoids the responsibility for substantive action" (pp. 57-58).

In terms of U.S. worker-ownership, most of the research has been done in typical social science fashion (Conte and Tannebaum, 1978; Long, 1978; Hammer and Stern, 1980). Investigators either use interviews or written surveys to sample attitudes and document worker buyout efforts. The data are quickly gathered, taken back to academia for analysis, and written up in professional journals. Usually workers do not even see the results of such activity, to say nothing of helping design the methodology or determining what information would be relevant or helpful in their struggle for economic self-determination.

What is needed instead is an approach which actually involves workers in a way that makes them more than mere analysts of research. Participatory OD practice can be defined to encompass three dimensions--a method of social investigation, an educational process, and a means of taking action. Key elements used in the worker buyout case reported in this paper include the following:

- worker-oriented, advocacy research
- collective analysis and methods in the hands of the people
- structural transformation
- new values
- emergence of indigenous capacities

The paragraphs below attempt to highlight these aspects of participatory research as illustrated in the buyout strategy of Hyatt Clark Industries.

Worker-Oriented Advocacy Research

A central tenet of most behavioral science research and intervention is that the researcher operates as an extension of top management, thereby gaining support and legitimacy for those in power. Such an approach tends to ignore the masses although it is a natural result of the professional class bias of most academics. To address this imbalance and counter the servants of power problem of typical researchers, a more explicit, pro-worker ideology and methodology became the thrust of this research on worker-ownership. Instead of entering at the initiation of management or the board of directors, entry grew out of contacts with local unions. The client was labor and the problems were

jointly formulated. Technical assistance was provided at the request of and in collaboration with union representatives.

At HCI, for instance, when UAW Local 736 leaders began to consider a buyout attempt in New Jersey, they obtained their own legal and research expertise rather than trust the resources provided by local management and General Motors. The entire thrust of that effort was to help design a takeover plan that would benefit workers and the community, not necessarily those in power. Key principles valued from the outset stressed a system of equal shares of ownership, of codetermination in decision-making, of a labor voice in all management actions. The development of a new organizational form was premised on worker-based research that emphasized learning from the failures of others in buyout attempts and design a new, more humane working community.

The result is that HCI has come to symbolize a new, more democratic form of worker-ownership than most previous efforts which were dominated by management, along with lawyers and researchers who tended to kiss the hand that feeds. The new approach redefines the widely held myth that managers are the sole possessors of wisdom and business acumen. Participatory OD suggests that workers with little formal education are intelligent, can be trusted, and can have a positive impact in determining economic performance. Corporate information and behavioral science tools should not merely be the guarded secrets of elites, but should be openly shared. Managing organizations is too important to

be left in the hands of executives alone. Workers have not only arms and legs, but brains with which to make a contribution. Putting the change process in the hands of workers not only will yield a more profitable and effective enterprise, but create a more just society as well.

Collective Analysis in the Hands of the People

The alliance between OD practitioners and workers is strengthened as activities move from entry advocacy to critical diagnosis and the creation of new systems of participation. Much traditional OD research is done for the purpose of domesticating workers and making them more susceptible to exploitation. Currently in the U.S. there is a great deal of managerial interest in Quality of Working Life programs. Often the motive is not to improve shopfloor life, but to obtain new gimmicks which provide an illusion of participation while leaving the central idols untouched. What is needed is critical, collective research which is rooted in the workers.

At HCI, for example, the workers have created shopfloor teams to solve problems on a day-to-day basis. Hundreds of workers have spent many hours collecting data, analyzing, proposing and implementing changes which improve productivity and quality. In contrast to programs which are management-initiated and management-dominated, at HCI workers have conducted training sessions, designed new equipment layouts, and pushed for the development of new products and markets.

Structural Transformation

A key aspect of participatory OD is that it should not lead merely to data for academic publications, but instead alter the distribution of organizational power in favor of the people. It should assist workers in obtaining formal control over traditional management prerogatives and build new parallel structures where necessary.

In the HCI case, considerable effort has gone into transforming the enterprise. The company has workers sitting on the board of directors, a practice until recently unheard of in America. Workers had union representatives push for a new company president. Labor representatives have successfully pushed for significant corporate reforms at HCI, including the following: elimination of executive privileges such as special parking and lunchroom facilities; blocked the appointment of a vice president for manufacturing whom the workers felt was not a good selection, eliminated management bonus compensation, held down top executive salaries so they had no annual increase, sued the board to obtain all management salary data, reduced the number of first line supervisors, created a worker incentive system, pushed the company to search for new products and markets, improved plant safety, and so on. Under General Motors, top management seldom even talked to workers and they resisted worker ideas and criticisms.

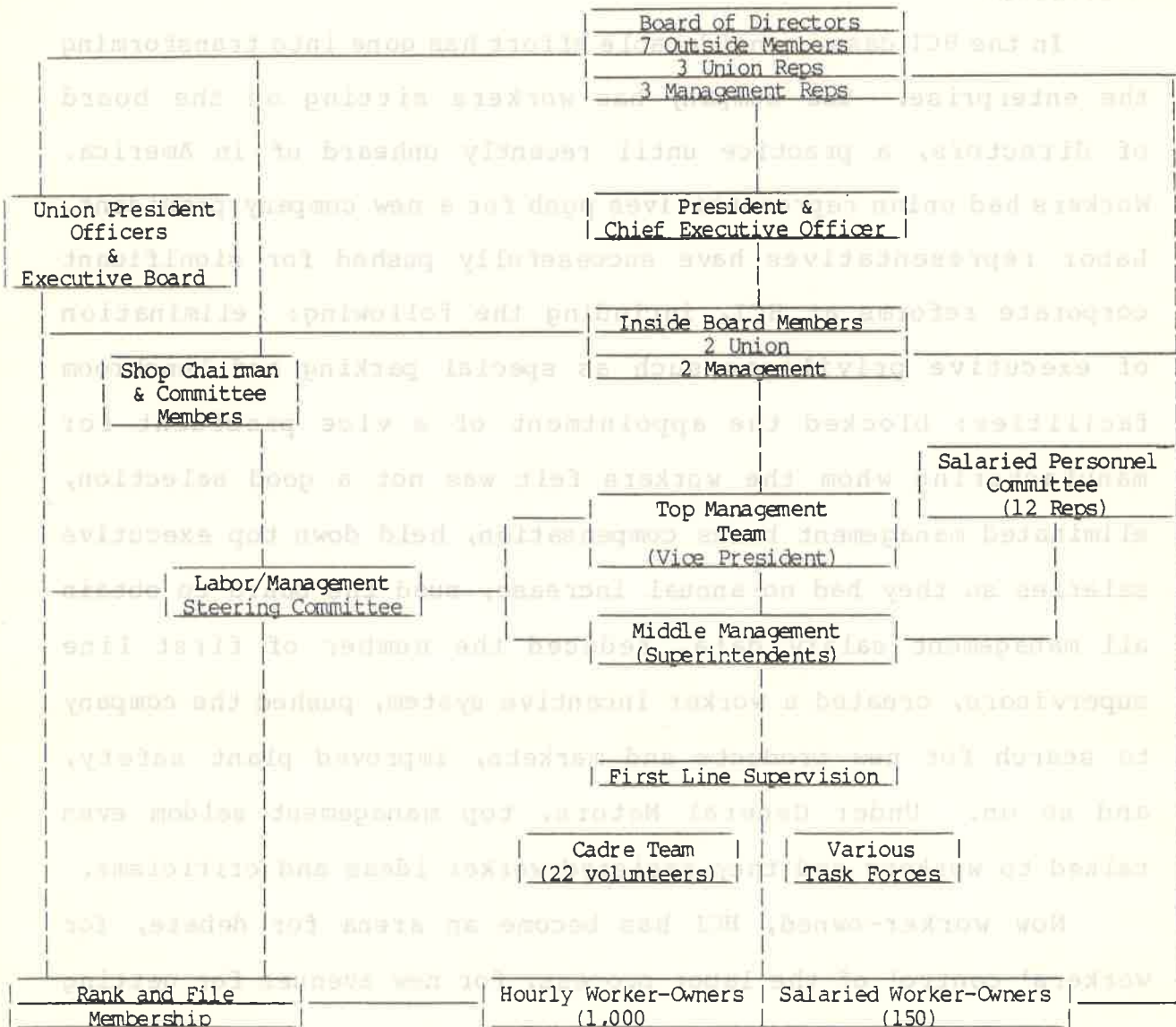
Now worker-owned, HCI has become an arena for debate, for workers' control of the labor process, for new avenues for getting

control of the firm's power structure. The structural transformation as it now operates at HCI, looks like this:

Worker Participation and Co-Determination

United Auto Workers Local 736

Hyatt Clark Industries



Towards New Values

The purpose of participatory OD is the liberation of human potential. In traditional approaches to development, managers and their handmaiden researchers determine values which they want to inculcate in people and then plan how to accomplish the task. Their solution is imposed by the most appropriate or effective means to lay it on the workers.

Under conditions of participatory consultation, the process is reversed. A key assumption is that workers ought to have the right and the means to formulate their own future. They become aware of their own resources and mobilize them for a self-reliant development. Rather than simply acquiesce to the dominant roles of managerial elites, worker-owned firms are beginning to articulate a new agenda for business.

Additionally, in most buyout efforts, the initial expression of values tends to adhere to pragmatic concerns for sheer survival. Job retention by keeping the factory open is the top priority. With respect to Hyatt, not only were 900 jobs salvaged initially, but over 600 new jobs have been created. The company lost money in the first year, but has made a consistent profit during each of the past two years, better than it was doing under General Motors.

However, in spite of corporate and personal financial success, other values have also emerged as workers discuss the meaning and potential for worker ownership. A new ideology has begun

to be articulated in terms of equity, democracy, and the liberation of work. A vision of economic revitalization of the larger community has also become a new priority, suggesting the potential development of a more humanistic economy.

Emergence of Indigenous Capacities

Participatory OD should foster the emergence of a people-centered form of learning. At HCI, local labor representatives collaborated with outside consultants in planning training programs for workers, managers, and union officials. These sessions included historical analyses of bureaucracy and the labor process, the deskilling of work, problems in the rise of capitalism, and alternative approaches to contemporary self-management--the Israeli kibbutz, Mondragon co-ops, West German co-determination, and the self-management of Yugoslavia.

Another approach to participatory learning at HCI has emphasized hands-on, practical skills needed to achieve collective action. Training sessions have included techniques to improve communication, design and conduct research, diagnostic and interpretive skills, conflict resolution, conducting meetings, and effective problem-solving steps. Workers have been taught how to understand corporate financial reports. Supervisors have learned how to deal with workers without destroying people's dignity and self-respect. Group discussions, films, role playing, and experiential exercises have all been utilized in developing new or more effective competencies.

And what does this indigenous capacity look like? A group of 22 HCI workers were selected to become a cadre of resources within the enterprise, a group of change agents. Their backgrounds are mixed in terms of age, experience, race and gender. After two weeks of intensive participatory training they fanned out through the plant to provide additional expertise beyond their regular production or clerical jobs. A sampling of their activities: facilitate shopfloor team meetings in their own departments, sit in and observe the group process of another team when requested to do so, begin working with technicians in developing ideas for new product development, set up a worker welfare committee to provide counseling, design an orientation/education process for newly hired workers as they come into the organization.

Conclusion

There are two basic issues in this paper, one having to do with worker ownership in the United States, while the other argues for a participatory OD approach to the process of achieving a worker buyout. A fundamental thesis is that the research and utilization of knowledge needs to become a "peoples'" OD. Rather than viewing human beings as captive subjects of professional inquiry, individuals have the right to become involved in the process of data collection and analysis. Such a development will not only result in more insightful learning, but will democratize the OD process and create a more moral behavioral science as well.

A shift in methodology is needed which moves to a more qualitative rather than quantitative approach. The tools of OD belong in the hands of workers and others so they can create applicable information about their world, their needs, resources, and limitations. What is advocated here is the legitimacy of an OD practice which is not determined by the "experts" but co-created by all participants. Genuine research is best done jointly with others, not merely on them. This approach holds the potential for reducing ideological exploitation, dependency on researchers, and irrelevant conceptualizing. A more values-centered approach may assist workers in becoming designers of their own future.

Elements of a new paradigm for OD practice can be summarized by the changing continuum below:

Key OD Issues	Historical Practice	New Approach
Consultant Role:	Third Party ----->	Advocate/Reformist
View of Client:	Aligned with Management ---->	Worker Centered
Purpose:	Data collection and Re-education ----->	Empowerment and Institutional Change
Research:	Dependent on Professional Experts ----->	Democratized, Blue Collar Methodologies
Organizational Authority:	Benevolent Token Sharing ----->	Power Is Suspect, Needs to be Redistributed
Handling Differences:	Disagreements Must Be Resolved ----->	Struggle Is the Means to Change
Intervention:	Training, Conceptual, and Behavioral Skills ----->	Coalition Formation and Bargaining Strategies

The other central theme of this paper focuses on the HCI case of worker ownership. Dimensions of participatory research were illustrated at HCI to suggest the possibility of a more genuine form of economic democracy in North America. Worker ownership is growing rapidly in the 1980s with perhaps 250-300 buyouts occurring in recent years. Millions of dollars in wages have been preserved for workers and their families which otherwise would have been lost. Perhaps 100,000 jobs have been salvaged, ensuring the rights of those workers to a job.

For many workers, engaging in a takeover has also changed their view of the work experience. The worker-ownership movement is shifting qualitatively, from simply keeping the factory gates open to a more participative economy. As owners there is a built-in expectation that the individual will have more of a say about his or her work, from the shopfloor to the boardroom. Participatory analysis can produce a higher order collective action. In the case reported above, workers who previously viewed themselves to be mere employees reacting to the rule of management have become transformed into agents of collective change.

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