

THE RISE (AND FALL) OF INDUSTRIAL DEMOCRACY
A LESSON FOR INDUSTRIAL PSYCHOLOGISTS

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'n Ontleding van geskiedkundige tendense toon 'n toenemende mate van bereidwilligheid by werkgewers om hul gesag met werknemers te deel. Hierdie bereidwilligheid word verder onderskraag deur die uitlatings van sommige "industriële demokrate" wat meen dat werknemers in organisasies minstens soveel gesag moet hê as bestuurders. In die artikel word aangevoer dat dié standpunt 'n oorvereenvoudiging is wat nie deur bedryfsielkunde navorsing verantwoord kan word nie en dat die optimum magsbalans tussen bestuurders en werknemers eerder van omstandighede afhang, soos bv. oriëntasie van werknemers tot werkersdeelname, aard van die werk, werksklimaat en so meer. Weens omstandigheidsverskille word dit aanbeveel dat vir maksimale doeltreffendheid en werknemersbevrediging, werknemers in Suid-Afrika in verhouding minder gesag sal hê as hulle eweknieë in Westerse nywerheidslande soos die Verenigde State.

The rise of industrial democracy

Up until the industrial revolution, the conditions under which ordinary people did their work changed very slowly, if at all, over the centuries. The majority of people worked on the land, a minority as craftsmen and tradesmen, and a few as soldiers and servants for a small aristocratic elite. Most persons lived close to a subsistence level, and expected little else other than to merely survive. However, the organization of society did afford a measure of protection to the peasants and craftsmen; masters looked after their retainers, craftsmen and tradesmen and formed themselves into guilds and associations to look after their interests, and in local communities people helped each other in a variety of ways. In addition, since most people were either apprentices or servants, or worked on the land, employment was fairly secure. In the few instances where contracts of employment existed, lengthy periods of notice of termination were commonly required. While working hours may have been long and the

nature of the work fairly arduous, the man working on his own or for a benevolent master had a place in society which gave him a measure of security and recognized status.

With the advent of the industrial revolution, first in Britain and then through most of the Western world, conditions of work changed drastically. To an increasing extent, workers, who were 'forced' off the land or 'attracted' to the rapidly developing cities and towns, found their conditions of employment determined by the vagaries of the labour market. Because the high cost of machines required their intensive utilization, workers were increasingly brought together in factories. In addition, motive power and integrated production schedules demanded a labour force that worked by the clock and was subject to a system of impersonal rules and regulations. Partly as a response to these requirements and partly as a result of the 'conventional wisdom' of the times, the typical manager soon came to regard his workers simply as a factor of production, and their status and security as a matter of economic circumstances rather than social obligation. With few exceptions, employers took it for granted that ownership and technical expertise gave them the right to run their establishments as they wished, and that this was something that both the State and the workers themselves should recognize and uphold.

Up until as least the First World War, it was accepted by most managers and not a few employees that the overriding purpose of an industrial or commercial enterprise was to make money for its owners. It was generally agreed that the relation between the worker and the enterprise, as represented initially by its owners, later by its managers, was basically a contractual one in which work was done in exchange for a wage. It was not until the 1930s that most managers and owners started to regard the contract of employment as constituting something more than the purchase of labour for money, and to feel a duty and responsibility for at least part of the welfare of their workers.

For their part, prior to the First World War workers tended to accept the prevailing industrial and commercial order reflected in these attitudes. Because of their low educational standards, the extent of unemployment at different times, and their weak bargaining position, workers were relatively powerless to change the existing order or to forcibly alter the attitudes of managers and owners. As a result of this 'helpless' position and the failure of experiments with other forms of industrial organizations (e.g. Cole, 1944, Glass, 1966), the various trade unions that were developed to protect workers' interests came to see their role as one of building up countervailing power to that of the employer; by seeking control of the job on the shop floors of the industrial of commercial enterprises and by bargaining to maintain or

improve wages and conditions. This is reflected in the growth of collective bargaining towards the end of the century, which can be regarded as an indication of the willingness of trade unions to deal with the employer as they found him, rather than to try to take over the enterprise. Politically, trade unions of the time did not see much future in seeking radical structural changes in industry and commerce. Instead, they used such strength as they could muster mainly to obtain protective legislation about such matters as safety at work, fringe benefits, working hours and their own uncertain legal position.

Since the Second World War the position has changed dramatically from that described above. Probably the most important change has been an unprecedented increase in the rate of technological change, which has been partly responsible for the rapid improvement in material standards of living in much of the world. This increase has itself been accompanied by some significant changes in the industrial and commercial order and in the wider socio-political environment which have had a number of far-reaching consequences. In the first place, it has inevitably produced a large amount of dislocation and disruption among many workers, whose natural response has been to dislike and distrust the people they feel are responsible for producing the 'intrusions' into their personal lives and the system which they feel makes dislocations and disruptions necessary. In the second place, it has led to a marked increase in the size and complexity of work organizations, which has tended to result in decisions being made further away from the average worker, who increasingly sees himself as a remote outsider, even on issues in which he is directly concerned (Child, 1974).

In the third place, it has been accompanied by a concern with keeping jobs simple and routine. With few exceptions, managers and owners have been persuaded that the benefits of a high degree of job specialization far outweigh the disadvantages. They have proceeded on the assumption that the responses of people to their work can be programmed and controlled just as can the technology involved, with the difference being one of degree only. However, as has now been unequivocally demonstrated (e.g. Walker & Guest, 1952; Porter & Steers, 1973) many workers do not respond positively to 'narrow' jobs especially when the work is so simplified and segmented that it has little or no intrinsic meaningfulness to them. In this respect, there is growing evidence that their feelings of dissatisfaction with such kinds of jobs are frequently expressed behaviourally in high levels of absenteeism and turnover and low levels of performance, and affectively in feelings of alienation and hostility (e.g. Porter, Lawler, & Hackman, 1975; Korman, 1972).

Even more important than the effects of a rapid growth in technology for our present purposes, have been the effects of a number of changes in the industrial and commercial order itself. Taken together, these changes have led to an erosion of the unchallenged power of managers and owners and to a far influence than hitherto for the class of employees, or workers. This alteration in the 'balance of power' has been both a cause and an effect of changes in the attitudes of workers and of managers and owners. On the part of workers their position has been strengthened by the fact that they are much better educated than previously, as a result of which many of them are more concerned with self-development in their jobs and with performing interesting, challenging work in which they can realize their potential. In addition, they are supported by workers' associations or trade unions which are much more capable of resisting managerial demands whenever they are felt to be arbitrary or detrimental to the workers' various interests.

This ability on the part of trade unions to oppose managers and owners is greater than it used to be because modern trade unions are larger-in-size and better organized than their predecessors, and also because they have greater political power in both socialist and western countries than previously: In countries as diverse as Russia, United States, South Africa, and Argentina organized labour can put 'pressure' on management indirectly through its influence in government circles.

In addition there have been significant changes in the attitudes of managers, partly as a response to the greater unwillingness of workers to accept authority when it is exercised arbitrarily, and partly as a response to important changes in societal values. It is often simply not possible for managers to impose their will on workers today if the workers feel their demands are unfair or unrealistic. Through direct trade union action (strikes, boycotts, sabotage, etc.) and indirect government pressure (withdrawal of subsidies, legal action, etc.) workers are often able to effectively prevent managers from carrying out their intentions, even if they may be optimal from the point of view of short-run organizational effectiveness. The greater power of workers vis-a-vis managers has also been enhanced by the stress laid by most countries, including South Africa, on full employment, the provision of financial security to all its members (through state-aided pension schemes, unemployment insurance, medical aid benefits and job retraining schemes) and by an increased equality between different sections of the community, especially those representing capital and labour.

On the negative side, because of the real possibility of worker retaliation and a 'damaging' climb-down, managerial ideology has cynically been adapted so that it can be seen

to support the re-modelling of enterprises in forms that take more account of the views of employees than previously (Child, 1969; Orpen, 1976). On the positive side, managers have undoubtedly been influenced by values embodied in public opinion in both socialist and western countries (e.g. Aron, 1967; Bendix, 1963; Friedman, 1971), which favour greater participation by ordinary people in decisions on the conduct of business, governmental, religious and other institutions. As a result they have to come to appreciate, (more than before) the justice of employee demands for greater control over what happens to them in the work situation, and the importance of running their enterprises on the basis of consent and consultation rather than unilateral decree. As part of a genuine desire to give effect to these values, managers have deliberately set about hastening the evolutionary process, in terms of which work organizations are no longer based on absolutism but on authority which is exercised in accordance with a set of rules and criteria that have been discussed and agreed upon by all parties beforehand.

To some extent this process has been encouraged by behavioural scientists, who have been able to persuade many managers that it is in their best interests to allow workers to have more control over aspects of their work environment, through greater participation in decision-making (e.g. Likert, 1961; McGregor, 1960; Herzberg, 1966). The acceptance of this point of view by managers has been made easier by the fact that the kind of 'participative management' that has been advised does not impinge upon or threaten the actual control of managers over their enterprises. Although 'participative management' regards the wishes and views of workers as important, its focus is upon the range of decisions that are concerned with the duties and tasks workers are called upon to perform in their roles in the enterprise, and not with the development of alternative systems of democratic control. Although managers in virtually all Western industrialized countries have accepted the concept of employee participation, they are still concerned to maintain what they consider fundamental to their authority, namely the moral right to take certain decisions without challenge from their workers.

Besides the development of work organizations that allow for greater participation by employees in decision-making, there have been significant changes in socio-political ideologies that have increased the 'pressure' for a high degree of participation by workers in areas previously thought to be the exclusive preserve of management. From both the left and right, political parties today stress the need for a widening and deepening of democratic forms in social and economic life. From the left, there are insistent demands for worker management as

a counter to the deficiencies of contemporary society and as an important step towards the creation of new forms of political life. From the right, there are consistent pleas for a renewal of traditional political systems through the greater involvement of persons in the decision-making process in both local or state government and, by extension, in the work situation itself.

In socialist countries, the persons at the top are publicly committed to the reduction of class differences. Since class differences are invariably associated with inequalities of power, socialists are necessarily drawn back to the need to eliminate differences in the relative power of managers and employees in work organizations. Whether this ideological commitment will lead to the creation of a host of worker controlled enterprises in socialist countries is another question. For our present purposes the important point is simply that the prevailing ideology points towards some system of worker management. Similarly, in capitalist societies, the leaders are committed to reforms which increase the efficiency of the enterprises that comprise the economy of their countries. Partly because of the democratic principles that underlie most such societies and partly because of the extent to which collaboration advances efficiency, capitalists today place increasing emphasis on such processes as mutual accommodation and two-way consultation (the basis of collaboration) in work organizations. Again, although few enterprises in capitalist countries are worker-controlled, the important point is that the prevailing ideology favours workers having a much greater influence in the making of important decisions than hitherto.

As a result of these trends, governments in some socialist and capitalist countries have intervened directly in the organization of work, in an effort to deal with the problem of widespread employee discontent, and to give expression to their beliefs that workers should participate in management. The three best-known examples of such interventions are the Kibbutzim of Israel, the Workers Councils of Yugoslavia, and the Co-determination Schemes in West Germany.

The Kibbutzim of Israel are based on common ownership of property with the residential community forming a single working-unit. There are no differences in wealth or status among the various members. Originally they were collective farming communities, but today most of the Kibbutzim have small factories attached to them. Members work for the community as a whole and are not paid individually. The needs and requirements of the members are met equally, depending on the prosperity of the Kibbutz. Members are rotated frequently among different jobs, with the result that important supervisory posts are seldom

occupied by the same person for any length of time. The Kibbutzim are governed by their assemblies, which meet weekly and consists of all the members, each with an equal vote.

Despite being a Communist country with a one-party system, Yugoslavia has work institutions which are structurally among the most democratic to be found anywhere in the world. The key mechanism in Yugoslavia factories and business enterprises is the workers' council, one of which must exist in every organization. These councils, whose membership can range from 15 to 120 persons, are elected directly on a one-employee one-vote basis. All formal management power is vested in the council, which approves budgets, appoints managerial personnel, decides on hiring and firing, establishes investment programmes, sets salary scales, and carries out long-term planning. All the members of the council are elected to a two year term, serve without additional compensation, and continue with their regular jobs while serving on the council. Since their inception, the power of the workers has been further strengthened by the establishment of workers' councils for separate departments of large organizations, to ensure that power remains at the worker level and does not become diluted in too large a system. In many of the largest organizations the workers' councils have appointed managing boards, composed of three to ten council members, who are answerable to the council and are freed from normal jobs to supervise the day-by-day running of the enterprise.

The earliest attempts to establish a genuine system of industrial democracy were in West Germany in the 1950s. The main feature of this system is the establishment, by government legislation, of supervisory boards with the same kinds of functions as boards of directors, on which half the members are the elected representatives of the workers themselves. Usually half of these representatives are elected directly by the workers in the particular enterprise and the other half nominated by the relevant unions. This board meets regularly and takes final decisions on all matters of importance. In addition, it very often appoints a small group, usually consisting of three persons (a technical, commercial, and labour director), who see to the daily running of the enterprise.

Partly because of the 'success' claimed for these examples of power sharing in work organizations and partly because of the current social climate, at least in the highly industrialized countries of the world, many commentators have called for a much greater degree of participation by rank-and-file workers in important decision-making. Increasingly, their demands have been for the creation of a system of 'industrial democracy', enforced by government legislation, in all enterprises above a certain size. By industrial democracy, these

commentators (e.g., Ross, 1964; Coates & Topham, 196s; Lewis, 1954) mean a system in which the ordinary workers of the enterprise possess real decision-making power over substantial matters. By virtue of their Marxist leanings, they usually add that the final say, or ultimate power, should rest *as much* with the employees of the enterprise as with the managers, stressing that workers should share power with managers over *all* the important issues concerned with the running of the enterprise, from hours of work and rates of pay to the raising of capital and the distribution of profits. However, they are quick to point out that they are not suggesting that employees necessarily be as involved, on a daily basis, in the making of these decisions as managers, but that they should, as a matter of principle, have the right to veto or over-ride any decisions with which they disagree.

It is important to note that since *power* sharing lies at the heart of 'industrial democracy', it should not be confused with profit-sharing schemes, which are merely concerned with the sharing of money. Furthermore, it should be clearly separated from trade unionism. Trade unions, according to proponents of industrial democracy, have an important role to play in improving the work conditions and status of their members. However, it is argued because they have historically shown little interest in sharing decision-making power over job activities, and because they are organized on countrywide bases, they are not in a good position to increase workers' power in particular enterprises. Trade unions, it is felt, are hampered by the fact that they are usually restricted to workers in particular fields, usually at the unskilled or semi-skilled level, whereas workers in a given enterprise are likely to be drawn from a variety of fields and to include many white-collar employees as well as semi-skilled and unskilled blue-collar workers. Finally, it should be noted that industrial democracy, as it is usually presented, does not imply a kind of 'free for all', where everybody does exactly as he pleases without regard to the goals of the enterprise. On the contrary, according to its adherents, it is based, on carefully-framed rules and regulations which are specifically designed to promote the goals of the enterprise, but rest on a genuine sharing of power within the enterprise rather than a one-sided system in which management has ultimate authority over every important issue.

Arguments for employee participation - up to a point

It has been shown so far that the pressure for the democratization of industry and commerce is the natural outcome of historical forces, involving significant changes in worker expectations and managerial responses over the past fifty years. It is my view that it is

because the assumptions underlying 'industrial democracy' are consistent with the way in which these historical forces have resolved themselves, that it is possible to advance quite powerful arguments for at least a limited form of industrial democracy. For this point to be made clear it is necessary to examine briefly the main arguments advanced for employee participation in decision-making (the essence of any form of industrial democracy). In examining these arguments, it is important to note that they do not necessarily indicate the desirability of employees' participating in the kinds of decisions usually made by managers, nor imply that employees should have as much ultimate authority as their managers; but instead merely point out the desirability of allowing employees to participate to *some* extent in decision-making.

Probably the most commonly-used argument for greater employee participation is that it tends to promote the job satisfaction of the individual worker. It is argued that satisfaction in work will be greater, the larger the share of the particular employees in decision-making that extends from and beyond the decisions implicit in the specific content of their jobs. According to Tannenbaum (1966) three different kinds of satisfactions result from this process of sharing in decision-making (participation). First, it tends to gratify the need for independence. Secondly, it brings material rewards, since the decisions arrived at are likely to be more consonant with self-interest and the control that is exercised is likely to be seen as less arbitrary. Thirdly, participation is often intrinsically satisfying insofar as it may involve employees in the discussion of interesting topics and the use of their skills and abilities in devising better ways of doing their jobs.

Another common argument for participation by employees in management is that it is likely to improve industrial relations; that is, it affords a means of inducing managers and workers to 'get along' better. It is argued that employees do not feel involved in decisions when they are neither consulted nor even informed of them, and as a result in these cases seldom associated themselves with the problems the decision makers (usually managers) are trying to solve. Since these problems usually are concerned with the goals of the enterprise as a whole, employees are usually unable to develop an attachment to the enterprise, which they see as belonging just only to the managers. As a result the 'we' and 'them' aspect of industrial relations tends to be emphasized. Conversely, when employees are consulted about managerial decisions and especially when they are given a real say in making them, they develop an identification with the enterprise and tend to see themselves and managers as partners in a joint venture, rather than as opponents.

Participation is also advocated as being conducive to greater efficiency, as helping enterprises to be more effective. It is argued that this is because worker involvement in decision-making capitalizes upon the very considerable knowledge which workers have of important aspects of the enterprise and utilizes their often under-used abilities. In addition, it is claimed that the more workers are informed and consulted, the greater will be their willingness to accept technological changes, which many enterprises have to introduce if they are to survive, let alone prosper. In addition, by helping management to be better informed of workers views, participation often improves the quality of decisions made, especially in areas where the likely response of workers to managerial actions is important. Finally, it is argued that widespread participation increases efficiency indirectly by promoting industrial peace and tranquillity.

The final argument in favour of industrial democracy is that it tends to enhance political democracy, which is regarded as a positive virtue in its own right, as opposed to a move in the opposite direction, of totalitarianism. It is argued that when employees are denied the opportunity to take an effective part in reaching decisions which vitally affect their lives, as occurs in many work organizations at the lower levels then the degree of democracy in a country is being diminished. It is contended that just as the worker as a citizen in a non-communist country, like South Africa, enjoys a voice in the government of the society in which he lives through the electoral process, so equally he should be a citizen in the industrial or commercial enterprise where he works, with a say in how it is governed.

Although the degree of worker dissatisfaction varies widely across different industries and jobs (Blauner, 1964), advocates of industrial democracy contend that an underlying strain of worker alienation is endemic to the world of work. They argue that the way jobs are designed and enterprises are structured, it is inevitable that most workers should feel a deep sense of estrangement from the work situation. In short, for commentators like Blumberg (1968), Nisbet (1967), Bottomore & Rubel (1963) and Baritz (1965) worker alienation is a product of industrialization and mass society per se, in general, and of the organization of work, in particular. Their analyses differ from that of Marx in that alienation is seen as a consequence of the way jobs are designed, and not of any particular kind of socio-political system. Specifically, Marx felt that labour was alienated because it had become a commodity sold to others not a form of self-expression. For him, alienation was a temporary affliction from which men would be released with the passing of Capitalist society. On the other hand, modern critics see the abolition of private property and the adoption of extreme forms of

socialism as carrying no necessary implication for worker alienation. For them, a communally-owned system can generate just as much worker alienation as can a privately-owned one. For instance, unlike Marx, these critics of the existing industrial and commercial order, claim that there is no necessary reason why workers in a communist country like Soviet Russia should be any less disenchanting with their work than those in a capitalist free-enterprise country like South Africa. Their analyses also differ from most of those writing prior to the turn of the century, in that they believe that it is possible to improve the situation, principally by allowing workers a much greater say in important decision-making. In contrast, earlier writers like Calvin, Luther, Rousseau, and Nietzsche tended to feel that there was little that could be done about the 'problem of work'. For them labour was something given by God, and was usually either regarded negatively as a necessary evil or a punishment for sin, or positively as a calling in which one might glorify the Almighty or assist one's salvation.

Opponents of industrial democracy, persons who believe that it is possible to significantly reduce worker alienation without the participation of employees in managerial decision-making, usually propose four kinds, or categories, of 'solutions' to the problem. The first category consists of those who see the answer to work alienation outside of work itself, in activities conducted during leisure time. They argue that it is possible to fill leisure with experiences which function as an alternative source of gratification for the higher-order needs which, they claim, most forms of work in today's world evidently cannot satisfy (e.g., Kerr, 1960; Anderson, 1961; Dumazedier, 1967). Since it is impossible to create work experiences for *most* people that are conducive to positive personal growth (chiefly because of the demands of technology), the modern worker should cease the futile task of trying to fulfil himself at work, but instead should concentrate his energies on the creative or pleasurable use of his time away from work. In effect, they argue that it is possible for individuals to compensate for alienating work by a rich and rewarding life away from work, and that efforts should thus be directed not at work itself, but at enlarging and developing the capacity of persons to benefit from longer and longer hours of leisure.

As a consequence of these views proponents of the 'leisure' solution to worker-alienation do not discourage workers from disliking work. On the contrary, they believe that workers should see work for what it is, just a necessary means for obtaining time and money to be happy elsewhere. In this respect, they are fond of pointing out, with some justification, that the Greeks and Early Christians regarded repetitive work - which is a central feature of *most* jobs today - as degrading and humiliating for truly human beings (cf. Tighler, 1930).

They are also fond of the contention that the ruling class, which includes managers, are guilty of perpetrating a fraud on the working class by espousing the so-called blessings and virtues of toil. It is in the selfish interest of managers (ruling class) to get workers to feel that hard work is its own reward, and a possible means of salvation. This is because the acceptance of this view ensures a self-disciplined, work-orientated labour force that will toil willingly for managers out of sense of duty without external compulsions.

The major criticism levelled at those who see the solution to work alienation in creative or pleasurable leisure is that they overlook the pervasive influence work has upon man in all facets of his life. Specifically, proponents of industrial democracy claim that the leisure protagonists ignore the dominant and central place which work must occupy in the life of nearly every man. As the industrial psychologist Blauner (1964) puts it; "A leisure solution under-estimates the fact that work remains the single most important life activity for most people, in terms of time and energy, and ignores the subtle ways in which the quality of one's worklife affect the quality of one's leisure, family relations and basic self feelings (p.184)". There are a host of studies supporting this point of view, which reveal a 'spillover' relation between quality of work and satisfaction outside the work situation, rather than the kind of 'compensatory' relation predicted by advocates of a 'leisure' solution (e.g. Kornhauser, 1965; Iris & Barrett, 1972; Meissner, 1971; Lundahl, 1971). These studies indicate clearly that routine and simple jobs are associated with a reduced participation in, and satisfaction from, spare-time activities which put a high premium on self-activity, initiative, decision-making and cooperation.

Although work may not be the primary interest in the lives of *some* industrial workers, studies have shown, in spite of this, that only a few workers would choose to quit work entirely if they inherited enough money to live comfortably without it (Morse & Weiss, 1955; Clarke, 1967). The two most frequent explanations for continuing work, according to the workers themselves, was that they felt a need to keep occupied and that they felt they would be lost somehow without work. It is as if they recognize the truth of Freud's (1948) claim that work, no matter how boring and simple, helps to 'bind the individual more closely to reality', gives him a sense of belonging, of contributing to society in a small way, and agree with Mead (1935) that excessive leisure breeds unpleasant feelings of aimlessness, dissipation and even decline. As a final point, it is important to note that the admission by a few workers that work is unimportant to them may merely reflect a reaction to jobs which are psychologically unrewarding. It is quite possible that the playing down of work as central life interest by a few

industrial workers may be best understood as a defence mechanism, making it possible for them to tolerate the powerlessness and meaninglessness of their jobs as well as the low status it carries. In short, it does not necessarily follow that because some workers *say* they are not very interested in their jobs, that our main concern should be with leisure as the important area for self-actualization. According to this point of view, it is the conflict of *work* being so important for individuals in contemporary (western) society and *jobs* being so psychologically unrewarding which is the core of the problem, which cannot be 'solved' by more creative and pleasurable leisure.

A second 'answer' to the problem of work alienation is that of job enrichment. Unlike a few extremists who naively hope to solve the problem by reversing the entire course of industrialism - getting back to the days of the skilled craftsman and self-employed tradesman (e.g. Huxley, 1956; Morris, 1962) those who seek a solution in job enrichment want to reverse only certain trends of industrial and commercial life; namely those which have led to an increasing fragmentation of jobs and a greater specialization of labour. They want quite deliberately to counter the trend towards the simplification of work, which has been part of the process of industrialism since the turn of the century; by giving workers more extended and elaborate duties and tasks to perform, which enable them to realize their potential more fully and which allow them to make a more significant contribution, on their own, to the effectiveness of the total organization. Despite the fact that the virtues of job enrichment have been loudly proclaimed (e.g. Herzberg, 1966; Paul & Robertson, 1970), empirical studies comparing the effects of enriched and non-enriched jobs on satisfaction and performance are few in number and have not yielded conclusive results. In every study there have been a minority of employees who prefer the original (simpler) jobs to the enlarged jobs and, in a few cases, the majority of employees have actually preferred the non-enlarged job (cf. Korman, 1977; Porter, Lawler & Hackman, 1975). In addition, some 'experts' claim that the case for job enrichment has been overstated and argue that only certain types of workers respond favourably to enriched jobs (e.g. Hulin & Blood, 1968; Warr & Wall, 1975). Their contention is supported by studies which have shown that different employees respond in unlike ways to the same degree of enrichment, depending largely on their backgrounds. For instance Turner & Lawrence (1965) found that only workers from small towns and rural areas in the United States responded favourably, while Orpen (1977) found that among blacks in South Africa it was only western oriented, as opposed to tribally-oriented, workers who preferred more complex and difficult jobs.

Besides these qualifications, proponents of industrial democracy criticize the 'job enrichment' solution to work alienation on the grounds that there are definite limitations on its extended applicability. Technological and engineering considerations make it impossible, they claim, for more than a fraction of the total number of jobs to be significantly enriched. In addition, they point out that even for the few jobs where enrichment is technically feasible, the risks (in lack of employee cooperation) and the costs (in changing established procedures and often eliminating task-simplifying machines) tend to make most enterprises wary and even sceptical of widespread job enrichment. To support this claim, they draw attention to the fact that despite the campaign for job enrichment, surveys in the United States and Britain have shown that very few companies have bothered to systematically introduce schemes aimed at making their lower-order jobs more complex and difficult (e.g. Reif & Schoderbek, 1976; Coates & Topham, 1975). Their main stated reason for not doing so, at least in these surveys, was that they could not afford the risks and costs involved. Almost without exception, they said that their main criterion, in possibly introducing any enrichment schemes was its effects on expenses and profits, and not its impact on employee satisfaction.

The main criticism of job enrichment, at least from proponents of industrial democracy, is that it typically does not involve workers in more participation in managerial decision-making. Job enrichment commonly gives workers more interesting and challenging assignments to perform, and sometimes give them greater responsibility, but it seldom gives them a significantly greater degree of real decision-making power over substantial matters than previously. In addition, an examination of the few systematic attempts at job enrichment, shows that in most cases there was little or no participation by the workers or job incumbents themselves in deciding what changes were to be made to their jobs. Hence, in the view of advocates of industrial democracy, it is not to be expected that they will invariably produce greater job satisfaction. In fact they may lead to more dissatisfaction, since many workers resent the extra calls on them and the interference with their working rhythms and the fact that large scale job structuring frequently takes them away from their friends and often leads to the break-up of their closely-knit work groups. In short, job enrichment also does not constitute a really effective remedy for the problem of alienation.

A third 'answer' to contemporary work alienation is provided by those who believe that automation will, in the not too distant future, lead to the disappearance of the routine and simple jobs that lie at the root of the present problem. They argue that just as the mass production system transformed the unskilled labourer into a semi-skilled machine operator, so

automation will transform the latter into a worker-technician. The significance of this change will be that the duties and tasks required of this worker-technician will be more complex and varied than that of most semi-skilled and unskilled workers of today. In short, in terms of the automation 'solution', technological advances will break the trend towards the greater subdivision of tasks. Critics of this kind of answer argue that its major defect is that its adherents exaggerate the number and variety of jobs which it is possible to automate. On the other hand, it is argued that they minimize the enormous technical and financial obstacles which confront automation, as well as worker resistance to its wide scale application. To support their argument, advocates of industrial democracy note that the unskilled and semi-skilled workers still constitute the largest proportion of the labour force, even in the United States where automation is most far advanced. They also point out that most of these workers are engaged in the kind of duties and tasks that tend to produce high degrees of alienation - short, repetitive, work cycles, requiring very little training. Another criticism of the automation solution is that its main assumption, that automation inevitably leads to an upgrading of the skills and abilities required of workers, is false.

Four well-known studies are usually used by advocates of industrial democracy to support this claim, that automation does not necessarily increase the demand for higher-level skills and abilities; those by Bright (1958), Walker (1957), Morse (1962) and Buckingham (1961). In a large-scale study of thirteen automated chemical plants and oil refineries, Bright (1958) compared the levels of skills and abilities required of the majority of workers before and after the introduction of automated equipment on a large scale. Contrary to his expectations, he found that the mean level after automation was slightly *lower* than before. He argued that this is because automated machines and equipment embody much of the decision-making previously left to the operator; e.g., automated machines and equipment not only perform the required actions but also modify their responses on the basis of their own measurements, leaving little for the operator other than to set them in motion and check their performance periodically - not the kind of job that is likely to reduce alienation to any significant extent. In two surveys of automated factories, Walker (1957) found that although working conditions improved and less physical effort was demanded on the job, the almost constant attention required of the workers plus the risks of costly mistakes and the reduced opportunities for conversation led to an increase in reported mental stress and strains, and to a lower level of satisfaction. In addition, he found that the nature of the skills and abilities

required of the workers by the automated equipment and machines was not of a higher level than before.

Similar findings were reported by Morse (1962) among employees in highly-automated offices. In her discussion of her findings of *lower* satisfaction after automation she draws attention to a number of alienating features of automated work, especially the destruction of the work group and the creation of a high degree of social isolation among employees, the fewer promotional and advancement opportunities, the continuing stress, anxiety, and tension, arising out of fear of damaging expensive equipment, the need for constant vigilance, and the tighter supervision imposed by most managers. Finally, Buckingham (1961) in his surveys of automation in a variety of industries found that only 27 per cent of the managers of the firms sampled reported that the automated equipment demanded greater skills and abilities, while 30 per cent reported no change and 43 per cent actually claimed that less in the way of skills and abilities was necessary.

It is my contention that the arguments levelled against these 'solutions' to the problem of work alienation are significantly powerful to suggest that none of them can be regarded as more than a partial answer. In themselves, each can perhaps make some contribution to lesser alienation, but considered together they cannot effectively remove the widespread disaffection with work that is so widespread among workers in today's world. Furthermore I agree with the proponents of industrial democracy that this is principally because they do not remove the 'core' of the problem, the feelings of powerlessness, normlessness and meaninglessness that derive largely from the lack of genuine participation in important decision-making in the work situation. But, as will be shown in the final section, this does not mean that the extreme solution embodied in 'industrial democracy' is necessarily the answer either.

The fall of Industrial Democracy

Industrial democracy - the giving of real decision-making power to workers - differs from these 'solutions' to the problem of work alienation in its optimistic assumption that the level of alienation can be reduced considerably at the present time, even within the constraints of current technology. The underlying premise is that, even although there are strong alienating tendencies in modern work, these can be significantly offset by the kind of 'participation' which tends to transform the workers' definition of his situation. In contrast, each of the other three remedies and also the remedy that sees salvation in turning the tide of industrialism backwards to an era when the craftsman and tradesman dominated the scene, are

based on the pessimistic notion that it is impossible to reduce work alienation drastically unless there are major changes in technology, in the way most jobs are currently structured. The leisure solution looks away from work altogether, the anti-industrialism solution to the past, and the automation solution to the future, while the enrichment solution requires a drastic modification of existing work methods and procedures, to a massive restructuring of jobs. Since the advocates of these 'solutions' share the belief that alienation is rooted in the technology of modern industrial and commercial life they have, in effect, given up trying to improve the position under *existing* conditions of work. On the contrary, the advocates of industrial democracy believe that work can be a strong source of gratification even under existing conditions, as long as the worker is able to share in important decisions which affect both the enterprise as a whole and his own duties and tasks. How right are they? At the outset, it must be admitted that a number of powerful arguments can, and have, been advanced in favour of industrial democracy, as detailed in this paper. In addition, there is at least some empirical support from studies conducted by industrial psychologists to support their two main claims. For instance, even a cursory glance at textbooks (e.g., Porter, Lawler & Hackman, 1974; Korman, 1977) reveals that a host of studies can be found which indicate that some persons do feel alienated by many kinds of jobs in the industrial and commercial world of today. In addition, many studies can be found which indicate clearly that participation in decision-making tends to reduce estrangement from work (or alienation) in many instances. A final point in favour of industrial democracy is that its major premises agree well with current thinking or conventional wisdom, at least in western industrialized countries.

Nevertheless, industrial democracy is floundering. There are few examples in either the socialist or capitalist world where entire enterprises are based on its central principle of shared power between management and workers (cf. Harbison & Myers, 1959). Moreover, even in the few enterprises where workers' control has been instituted, there have been as many failures as successes (cf. Brown, Rodson & Howell, 1960). As a final point, with the possible exception of Yugoslavia, there is not a single country in the world which has heeded the advice of advocates of industrial democracy and passed legislation to give workers at least as much power as management over important issues to the enterprise as-a-whole (cf. Wooton, 1966). Why? It is my contention that it is because industrial democracy represents an extreme position, which is *not* fully justified by the findings of industrial psychology. In an important sense, its protagonists have gone beyond the evidence and have failed to appreciate the complexity of the issues involved. Specifically, they have tended to ignore a number of

important contingencies or limiting factors which are crucial to the success of their idea, especially the nature of participation, the employees' propensity and capacity for effective participation, and the consequences of extreme forms of participation not just for the employees themselves but also for the quality of life of the majority of members of society.

As a result of 'going beyond' the evidence, there is a tendency for advocates of industrial democracy to see it as *the* way to reduce alienation, as a method which will definitely and significantly improve the well-being of *all* employees. In this respect, they fail to appreciate that there is a sizeable minority of employees for whom simple and routine jobs are *not* inherently dissatisfying. For instance, studies by industrial psychologists have shown that a proportion of the labour force, even in the United States, responds more favourably to simple and routine jobs than to jobs offering greater variety, more challenge and a larger amount of responsibility (e.g. Turner & Lawrence, 1965; Hulin & Blood, 1967). In any case, the available evidence does not suggest that even if employees were to become more satisfied with their jobs that they would necessarily perform better. For instance, most studies, comparing job satisfaction and job performance have revealed low relationships between the two variables, with many employees feeling more satisfied yet performing poorly, and many employees performing well but remaining dissatisfied (e.g., Brayfield & Crockett, 1955; Vroom, 1960).

A major premise of industrial democracy is that alienation results from a lack of influence over important decision-making. However, research has now shown this to be an over-simplification. For instance, Faunce (1973) did not find much alienation among factory workers doing routine and simple jobs, provided they had a 'good' family life. However, Tarnowieski (1973) found a high degree of work alienation among a large group of over 1 000 managers, despite the fact that their jobs involved them in a large amount of participation in decision-making in substantial matters to their enterprises.

Another important contention of supporters of industrial democracy is that widespread participation by employees in decision-making will improve organizational effectiveness. While this may be true under certain conditions, research by industrial psychologists has shown that it is by no means valid under all circumstances. Their studies, usually conducted within a 'contingency management' framework, have detailed the conditions under which extensive participation is effective; but equally, they have indicated the conditions under which it is ineffective - a possibility not even considered by advocates of industrial democracy. In a summary of recent research, Lawler, Porter & Hackman (1975) conclude that

extensive employee participation is likely to contribute to effectiveness when the members are relatively well-educated and highly skilled and have strong needs for independence and self-realization, when the technology is rapidly changing, non-routine, and involves many non-programmable tasks, and when the environment within which the organization operates is relatively dynamic and complex.

However, they are equally adamant that a large amount of employee participation is likely to contribute to ineffectiveness when the opposite conditions prevail, namely when employees are relatively inexperienced and unskilled and have strong needs for security and stability, when the technology is relatively simple and involves standardized materials and programmable tasks, and when the organization's environment is fairly calm and relatively simple. Other deficiencies of 'excessive' participation to which industrial psychologists, especially Cambell, Dunnette, Lawler & Wieck (1970), have drawn attention are the tendency for participants to become excessively concerned with self-satisfaction at the expense of problem solving, the inclination of many subordinates to regard participation as unwarranted interference with their immediate duties and tasks (because they fail to appreciate the significance of the topic of participation for the enterprise as a whole), the strong likelihood of joint decision-making (the essence of participation) leading to 'safe' decisions irrespective of whether they are best in the circumstances, and the tendency of a large amount of time spent in meetings and discussions to reduce the 'individuation of members' (the extent to which they feel themselves to be differentiated from others), which in turn hinders rather than enhances their personal growth. This summary makes clear that the *optimum* amount of participation by employees in managerial decision-making is not a constant, but varies depending on circumstances; chiefly on the kind of employees in the enterprise, the nature of the technology, and the sort of environment in which the enterprise has to function. In the light of this conclusion it can be seen that it is a mistake of advocates of industrial democracy to assume that extensive participation will always be beneficial, irrespective of the prevailing circumstances. While the trend may be towards the kind of conditions appropriate for extensive participation, at the present there is so much variation in the relevant dimensions, that it is not possible to state categorically that a given amount of employee participation is 'best' for efficiency or even for employee satisfaction.

A major criticism that is frequently levelled against arguments in favour of industrial democracy is that they fail to distinguish clearly between different types and levels of participation. This is a serious omission, for industrial psychologists have obtained different

responses from employees, depending both on the form of participation - the manner in which employees influence decision-making; and on the level of participation - the point in the organizational hierarchy at which the process of decision-making occurs. In terms of their effects on employees, two 'kinds' of forms of participation should be distinguished; direct involvement, where employees represent themselves in negotiations and discussions; and representation, where the views of employees are presented to management by other persons. In terms of their effects on employees the various levels of participation should also be broadly divided into those that occur at a fairly low level, and concern the everyday work of employees ('immediate' participation); and those that occur at a fairly high level, and concern decisions of greater concern to the organization as a whole than to the daily activities of the particular employees ('distant' participation). In actual fact, these two dimensions tend to overlap in the sense that distant participation is usually indirect, with the many employees necessarily being represented by a limited number of persons, whereas immediate participation usually (though not always) involves the employee directly in the decision-making process.

The importance of these distinctions derives mainly from the fact that, whereas most of the many studies concerned with immediate participation, have produced positive results, with participation being associated with greater satisfaction and often with better performance, most of the few studies concerned with distant participation have failed to produce clear-cut evidence that employees respond positively to participation. As regards immediate participation, a host of correlation studies (e.g. Weschler, Kahane & Tannenbaum, 1952; Miller, 1967; Katz, 1963; Fleishman, 1973; Siegal & Ruh, 1973; Orpen & Ndlovu, 1977) are in agreement that subordinates who experience greater immediate participation are more satisfied. It is generally accepted that this is because most employees desire and gain enjoyment from greater involvement in activities of direct perceived relevance to their own work activities. It is important to note, however, that these studies involved severely restricted notions of participation. Nowhere is there evidence in these studies that employees would be even more satisfied should they be involved on an *equal* basis with their superiors in decision-making processes. Indeed, an important study by Sadler (1966) suggests that this may *not* be what most employees want. In his study Sadler (1966) found that only a small percentage of his respondents preferred a superior who accepted a majority viewpoint as a decision. He noted that the majority wanted to leave most of the decision-making to their superior, with the proviso that he make his judgements in the light of their views. It is also important to note that

most of these studies have been conducted with sophisticated United States and British samples, who can be expected to have quite a high propensity to participate. No studies have yet been done with unsophisticated subjects; e.g., black employees in South Africa. Hence for these two reasons, even these studies should not be taken as providing very strong support for the implied claim by advocates of industrial democracy, that employees will definitely respond positively to *shared* decision-making over matters concerned with their everyday activities.

As a final point, it should be noted that these are correlational studies and hence their results cannot be used to justify the assertion, often made by advocates of industrial democracy, that immediate participation *causes* an increase in employee satisfaction. However, there have been a few experimental studies in which the amount of participation has been deliberately manipulated (e.g., Coch & French, 1948; French Israel & As, 1960; Morse & Reimer, 1956; Juralewicz, 1974; Kay, French & Meyer, 1962; Lawler & Hackman, 1969). The results of these studies are important for they have been used by some advocates of industrial democracy as proof that a causal link between immediate participation and satisfaction has been established. This is not justified. First, from a purely statistical point of view, the evidence is not convincing. Only in the experiment by Morse & Reimer (1956) was there a consistent pattern of statistically significant results showing that manipulation of participation affected employee satisfaction. French, Israel & As (1960) found significant changes on only three out of fourteen measures, while Kay, French & Meyer (1962) and Juralewicz (1974) did not obtain any at all. In the remaining field experiments (Coch & French, 1948; Lawler & Hackman, 1969) reliance was placed entirely on the impressions of the investigators and there is no guarantee that participants would have described their feelings in the same way. Second, only very small numbers of employees were involved in these experiments and by far the majority were female. Hence, it is doubtful whether conclusions can be drawn from their results to employees in general.

It is also important to note that industrial psychologists do not regard immediate participation as an inevitable precursor to better performance, as implied by most arguments in favour of industrial democracy. Their view is supported by studies which have shown clearly that whether participation leads to an improvement in performance depends on a number of conditions, which may *or* may not obtain in particular work circumstances. For instance, in their summary of empirical studies, Porter, Lawler & Hackman (1975) state that *only* if the topic of participation is relevant to the work itself, if the reward contingencies in

the work environment support better performance, and if the work is such that increased effort *can* lead to greater effectiveness, will an increase in immediate participation cause an improvement in the level of performance. There is little reason, therefore, to expect performance to be raised by participation if the topic of participation is irrelevant to the task at hand. If this occurs, participation may help to increase the cohesiveness of the work group, it will not provide information facilitative of effectiveness and may indeed serve to direct the attention of employees *away* from work motivation. Even if the topic of participation is relevant, participation will not improve performance if the workers feel that they will not receive rewards they value as a result of doing better. Finally, if work outcomes are not under the voluntary control of the worker, but are determined by factors such as the 'pace' of the machine, the 'availability' of spare parts, the 'performance' of fellow-workers or the possession of certain skills (rather than effort expended), then no amount of immediate participation will benefit performance. This summary indicates again the extent to which industrial democracy rests on simplified assumptions, that do not do justice to the *variety* of research findings of industrial psychology research.

As regards distant participation, a few studies have investigated employee attitudes towards this kind of participation, but as yet no experimental studies have examined the effects of distant participation on either worker satisfaction or performance. Moreover, the few attitude studies which have been carried out are characterized by their inconsistent findings. For instance, Holter (1965) in her study of over 1 000 Norwegian employees concluded that there exists a widespread, but perhaps vague and diffuse desire for more joint participation in decisions about the firm as a whole. On the other hand, Hesse & Little (1971) in their study of 150 rank and file workers in five different British industries found a high degree of desire for participation only for everyday work activities (e.g., payment methods, work methods, and stopping and starting times). In the study by Lischeron & Wall (1975) among British local authority personnel, the majority of employees felt they should have 'about the same influence' as management over top-level decisions, even though very few supported the idea of employee directors.

Probably even more important for our present purpose than the fact that these studies do not agree on the extent of employee propensity to participate in managerial decision-making, is the fact that there are wide and consistent differences in this desire for distant participation across both individuals and organizations. In general, propensity for distant participation in managerial decision-making is positively related to the individual variables of age, education,

job level, as well as to the organizational variables of size, unionization of work-forces, and participatory nature of current managerial practices (cf. Clark, Fatchett & Roberts, 1972; Hespe & Wall, 1976). Since employee participation in managerial decision-making is only likely to be successful if the employees are favourably disposed to the exercise of this kind of influence, this suggests that the 'optimum' amount of power sharing by managers with employees is not a 'constant', but is likely to vary depending on the nature of the organization and its employees. In this respect, it is quite conceivable that it may be 'best' in some organizations for employees not to share power equally with managers in certain areas; a possibility not allowed for industrial democrats, with their insistence that employees must be given at least as much power as managers in all areas.

As regards even the results of the few studies which suggest that employees do have a 'vague' desire for distant participation, this wish for distant participation may be a reflection of what employees believe *should* occur (under the influence of the current social climate) and by no means guarantees that they would respond positively to this kind of participation if given to them. In addition, inter-organizational studies, notably by Aiken & Hage (1966), Pearlin (1962) and Clarke, Fatchett & Roberts (1972), have consistently found that those employees who are most satisfied with their jobs desire the least amount of distant participation and that the *average* level of satisfaction is higher in those organizations whose members desire the least amount of participation than in those organizations whose members are more strongly in favour of participation, suggesting that some individuals may look to participation, not so much as a means of increasing their influence but rather as a way of resolving some of their job dissatisfactions.

Besides these attitude studies, there is some indirect evidence bearing on the issue of distant participation from schemes in terms of which work organizations have been designed in accordance with the tenets of industrial democracy, with employees having as much influence as management in deciding issues of importance to the enterprise as a whole. However, despite the enthusiasm of industrial democrats and the extent to which these systems are 'supported' by the prevailing social climate, the majority of the schemes have not been very successful in reducing worker alienation. For instance, in a few studies among participatory firms in Britain (where trade unions elect members onto management committees), Roberts (1956) found that the level of attendance at meetings of local branches of the relevant trade unions was never higher than 15 per cent. In an interview study in similar firms, Goldthorpe, Lockwood, Bechofer & Platt (1968) found that only 7 out of 110 interviewees attended trade

union meetings on a 'regular basis'. In an important study in a British local authority, Lisheron & Wall (1975) monitored the effect on employee attitudes of the introduction of a participative system, based upon regular meetings between small groups of employees and managers, which were designed to increase employees' influence in decisions made at middle-and-top-management level. Although 90 per cent of the employees voluntarily attended all the meetings, there were no changes in the degree of satisfaction they expressed towards different facets of their work situation.

Despite the opinions of advocates of industrial democracy, empirical studies in the Netherlands, Norway, Yugoslavia, West Germany, and Israel - countries where participative systems have been imposed by political action - have revealed similar difficulties. For instance, in the Netherlands, Mulder (1971) found that managers on works' councils dominate the proceedings, not only in the amount of their participation but also in the extent to which their proposals (rather than those of workers) are accepted, while Von Gims (1969) reported more dislike and distrust between employees and managers after representational participatory meetings than existed before-hand. In Norway, Every & Thorsrud, (1969) found that representation of workers on boards of directors of companies did not contribute noticeably to the goals of democratization. In their interviews in four large companies, they found little evidence of active communication and feedback between the workers and their representatives and noted that in most cases the representatives found themselves increasingly taking a board or company perspective, even though they often felt this was not always in the best interests of the workers. In Yugoslavia, the findings of several studies point in the same direction. For instance, in the most systematic inquiry into the effectiveness of the self-management enterprises, Kolaja (1965) found unskilled workers to be underrepresented on workers councils, and the frequency with which managers suggestions were accepted to be much higher than that of suggestions from workers. Broekmeyer (1968) also conducted a study of the Yugoslav form of industrial democracy and found little response from the workers to important issues, and domination by a small minority of specialists and well-educated managers. Possible reasons for the apathy of workers is provided by the conclusions of Kavcic, Rus & Tannenbaum (1971) based on the findings of empirical studies, that 'workers are too far removed from the actual deliberations of the works councils to develop the sense of involvement that participation in such deliberations may engender' (p. 84) . A more extreme kind of explanation is offered by Obdradovic (1970) in his study of the actual

'workings' of works councils who noted 'the direct experience with self-management is often so frustrating (for workers) that their sense of alienation has become even greater' (p.165).

Studies of the German co-determination schemes (where workers appoint half the members of supervisory boards which are superior to management) have also failed to produce very positive results. For instance, studies reported by Furstenberg (1969), Neuloh (1960) and by Potthoff, Blume & Duvernell (1962) found that although most of the workers knew that co-determination had been introduced into their enterprises, very few had any concrete ideas about the actual meaning of co-determination beyond perhaps knowing the name of the labour director. Each of these analyses stresses the problem of the labour director (appointed by the workers) being so closely identified with management that he becomes remote from the workers. In addition, they each point out the frequent conflict that arises between the worker representatives on the supervisory boards (elected by the workers) and those nominated by the trade unions. Typically, the 'inside' members tend to become very parochial and fail to see things in their wider perspective, whereas the 'outside' members seldom make effective contact with the workers in the enterprise, with the result that the two kinds of directors tend to view each other with a large degree of suspicion and occasional outright hostility. In summarizing studies of the German co-determination system, Clarke, Fatchett & Roberts (1972) state 'it seems to have made very little difference in efficiency, industrial relations, or workers' satisfactions with their jobs'. (p. 148).

In Israel, studies of the Histradut enterprises, where workers, through the single nationwide trade union, actually elect their own managers, have revealed very little effect for this kind of participation on employee satisfaction. For instance, in their large-scale surveys, Rosenstein (1970) and Tabb & Goldfarb (1970) did not find any significant difference between employees in enterprises where they could legitimately influence management in this way and those designed and run along more traditional lines. As Rosenstein (1970) says: 'The activities of the worker directors have failed to promote a feeling of satisfaction among rank and file; the hope that the programmes would cause an improvement in the atmosphere in the enterprise or that it would cause workers to identify more with their enterprise has not materialized' (p.181). As a final piece of evidence it is noteworthy that one of the largest cross-national studies, that by Tannenbaum, Kavic, Rosner, Vianello & Weiser (1974) did not obtain evidence to support the optimistic claims of advocates of industrial democracy of a positive relation between participation in these kinds of 'power sharing schemes' and employee satisfaction. In their study these investigators compared the views of workers in

Yugoslav self-management factories and Israel's Kibbutzim with those in Italian, Austrian and United States firms. They found that whilst the Yugoslav factories and Israel's Kibbutzim did not function completely according to the ideological prescriptions (of industrial democrats) they nevertheless were *seen* by their-employees as more participative than were their enterprises by their counterparts in the three other countries. However, and this is the important point, these differences in felt participation were not reflected in concomitant variations in employee satisfaction *or* work motivation. In other words, even from such large-scale comparisons it is evident that the relationship between distant participation and job attitudes is more complex than is assumed by proponents of industrial democracy.

One of the major virtues of industrial democracy is its stress on the social function of enterprises, its emphasis on the importance of the task of providing satisfactory work conditions and jobs that help employees towards a high degree of self-fulfilment. However, there is the danger, which in my view is insufficiently recognized by advocates of industrial democracy, that the single-minded pursuit of this goal can often interfere with the attainment of an equally important goal, that of providing goods and services as efficiently as possible. In this respect, it is important to point out that industrial psychologists, like most members of society lay stress on both the social functions of enterprises - to improve the quality of working life - *and* their economic functions - to produce goods and services which are needed by society as efficiently as it can. Partly because of the same pressures that have led to demands for 'industrial democracy', society is less willing to tolerate pursuit of the economic goals without due regard to the social goals. However, it is still not prepared to permit enterprises to be run in the short-term interest of the workers to the detriment of their economic function except in special circumstances, since that would be at the expense of what is regarded as in the long-term interests of the majority of persons in the society. What this means is that the 'optimum' balance of power in the industrial and commercial world (between managers and workers) can only be arrived at if account is taken not only of the immediate interests of the workers - which tends to favour a large degree of participation in management - but also of the successful pursuit of economic goals - which tends to favour the retention of power by a small body of able managers. To claim that workers *should* want to have as much ultimate power as managers - the moral force behind industrial democracy - is presumptuous in the light of the available evidence which suggests that most employees do not desire this amount of influence. In addition, to claim that power sharing between managers and workers should be institutionalized is neglectful of what society considers to be in the economic

interest of the majority, since the few work organizations based on this principal have not been shown to be very efficient, nor even conducive to the development of very high levels of employee satisfaction.

In the reconciliation of social and economic goals it is recognized, at least by most industrial psychologists, that the adoption of 'extreme' positions is inappropriate. On the one hand, managers must appreciate that to obtain the important, social goals they have to give up some of their authority - to allow their decisions to be influenced by what workers want even if it is not always what the managers prefer; but on the other hand, to attain the important economic goals, workers have to accept decisions that they sometimes do not like, whether their enterprises are located in socialist or capitalist countries. If participation is considered as a continuum of influence (which is reasonable) then this implies that it can be maintained that neither the one end of the continuum - where management has total responsibility for decision-making - nor the other end - where workers have the final say over all decision-making - are likely to be 'best' for simultaneously achieving social and economic goals. It is my contention that it is a mistake of traditional approaches to management to adopt a position too near the former end of the continuum; but equally, that it is a mistake of the approach of industrial democracy to adopt a position too near the latter end.

As regards the appropriate balance of power between managers and workers, between these extremes of 'traditional management' and 'industrial democracy', the available evidence favours a 'contingency' solution, in terms of which the 'optimum' position in a given enterprise varies, depending on 'extraneous' factors like the propensity to participate of the workers, the nature of the relevant technology, and the state of the environment. Specifically, this kind of 'contingency' solution, would suggest that among, say, United States enterprises with sophisticated employees, using complex technologies and operating in a dynamic and rapidly-changing environment, it may be advisable to give employees a relatively large amount of influence in management. However, it would suggest that among, say, South African enterprises with unsophisticated employees, using simple technologies and operating in a more stable and constant environment it may be advisable for employees to have relatively little influence over managerial decision. However, as in the case of situational theories of leadership, this solution poses something of a dilemma for the industrial psychologist. It should be obvious that the main assumption underlying industrial democracy, that participation efficiency and satisfaction, is valid in certain circumstances; also that in other circumstances, it is just incorrect. In short, that 'it all depends' on the conditions. Put

differently, it is clear that this generalization is true up to a point; but equally, that beyond a certain point further participation tends to be dysfunctional in terms of efficiency and satisfaction. The problem concerns the point at which we begin to look at the 'it all depends' limitations. Do we begin by building in the exceptions to the generalization at first, from the beginning? Or do we see first how far the generalization will take us and bring in the limitations only when necessary?

There is the argument that since, as industrial psychologists, we will have to do so eventually, we should build in the limitations at the outset and in this way understand the phenomena better from the start. At first glance this makes a good deal of sense, and it is the approach favoured by contingency theorists. However, this contingency approach has three serious drawbacks. In the first place, it takes no account of the fact that participating often affects people positively. Whereas workers may be unable to benefit from participation in decision-making initially, after a while the process of participating may alter them in such a way that they subsequently come to enjoy participation and benefit from it; i.e., it is a static approach that does not recognize that individuals may 'grow' with greater participation. In the second place, the contingency approach does not indicate at what point the 'limiting' factors indicate that different degrees of relative power between managers and workers are appropriate; i.e., it fails to inform us precisely when changes in employee propensity to participate, in technology, and in the task environment 'demand' a shift in the balance of power between workers and managers. Finally, it does not explicitly consider what should be done in the situation where these three contingency factors point in different directions; when, say, the task environment 'requires' managers to have relatively more influence, but the employees propensity to participate 'requires' that they exercise most influence. Clearly, the complexity of starting with limiting conditions are great indeed.

This is why my personal preference is for an approach to the problem in which employee participation is taken as far as it can go, before the various contingency factors are introduced. Another reason for wanting to push participation as far as possible is that participation in decision-making, insofar as it extends individual's latitude of choice and opportunities for self-control, is valuable in its own right, at least to most modern industrial psychologists, including myself. Hence, to conclude, participation in decision-making by workers should be increased in all enterprises until there is *clear* evidence that further extensions will either reduce efficiency or make employees dissatisfied. As shown in this article, under current circumstances this is likely to occur before this point is reached where

workers have as much influence as managers over substantial issues to the enterprise as a whole. Even then, since it is probable that satisfaction will decline before efficiency (or vice versa), the final judgement as to when this point is reached will ultimately depend on moral criteria, as to whether lower efficiency is a worthwhile price to pay for a more democratic work place, or whether the benefits of efficiency outweigh the disadvantages of a possibly slightly disgruntled work force. Although it is not within the competence of industrial psychologists to give advice in these moral issues, the lesson from the rise (and fall) of industrial democracy is still clear - industrial psychologists must give advice to practitioners based strictly on the results of empirical studies. It is my belief that if this kind of advice had been given from the start we would not have witnessed the 'rise' of industrial democracy; equally, it would not have been necessary to prove industrial democracy a failure, in order to induce its 'fall'.

SUMMARY

An examination of historical trends reveals a greater willingness on the part of managers to share power with their rank-and-file employees than previously. This willingness has been taken up by some commentators who have argued that employees should have at least as much ultimate authority in work organizations as managers (industrial democracy). The present paper argues that this view represents an over-simplification that is not justified by industrial research. Instead, it is claimed that the optimum balance of power between managers and employees depends on circumstances, such as employee propensity to participate, kind of technology, and nature of task environment ('contingency' approach). Because of differences in these circumstances, it is suggested that for efficiency and employee satisfaction to be maximized it may be 'best' if employees in South Africa have less relative power vis a vis managers than their counterparts in western industrialized countries, like the United States.

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