Are there specific obstacles to participatory workplace democracy in the market economy?

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Workplace democracy is an economic system in which labor suppliers hold ultimate authority within firms and control production activities (Dow, 2003). In the case of a participatory system, the firm is managed directly by the workers, each worker can give his opinion and be heard; they are the ones making the final decisions. The extent of employees’ participation depends on various factors\(^1\), and participation processes can be framed in different institutional forms\(^2\).

There are different ways to justify the need for participatory workplace democracy. Some writers, like Robert Dahl (1985), assert the reason for democracy inside firms as an inalienable right comparable to state democracy. Other writers discuss participation in the corporative decision making process. For example, Carole Pateman (1970), as well as Mark E. Warren (1993), believe that workers’ control and participation in decision making educate the workers and promote their involvement in the polity. More recently, George Cheney (2014) argued that participation brings psychological welfare, satisfaction to workers and a higher sense of community.

Regardless of the justification for implementing participatory workplace democracy, the concrete establishment of such policies might face various obstacles. In the end, each obstacle needs to be weighed in comparison to the benefits brought about by a democratic structure to the firm, to the employees and to society in general.

The most obvious obstacle is that collective decision-making is resource consuming. Indeed, the process of gathering the knowledge needed to make decisions, sharing this information with all workers, organizing meetings for debate, and voting on policies, all require a lot of time, effort and money. In large firms, one can easily imagine that costs will be prohibitively high. Although today’s technological tools ease the democratic process\(^3\) and allow the minimization of costs, they do not eradicate these costs.

Moreover, since the decision making process takes time, the management of the firm might in turn lack reactivity. A firm where the entire workforce is involved in the decision process will face delays and won’t be able to come up with quick decisions. In some situations, tensions could

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\(^1\) Bernstein 1976, p.492: Extract: “Much confusion can be avoided when considering worker participation if it is kept in mind that each individual case can be distinguished along three dimensions: (1) the degree of control employees enjoy over any particular decision; (2) the issues over which that control is exercised; and (3) the organizational level at which their control is exercised.”

\(^2\) Stohl & Cheney 2001, p.357: Extract: “Participatory processes may be found as «add-ons» to traditional organizational structures (e.g., parallel structures such as quality circles), an integral part of corporate reorganization (e.g., work teams at all organizational levels), or as the fundamental way of doing business (e.g., worker owned and managed cooperatives).”

\(^3\) Social media is an example of tool that can be used to cheaply increase democracy. See Dane 2015.
arise between the democratic firm and its environment. Indeed, in the global market, quick responses are sometimes essential in order to respond to urgent situations and to avoid missing important opportunities.

Therefore, in order to manage the loss of resources, but also in order to assure participation and democratic rights to all members of an organization, structure is needed; the democratic governance will have to be institutionalized through well-defined principles, binding laws and statutes. Some of them require the definition of the procedure to follow when the firm’s management is torn between sticking to its participation principles and being sustainable in a competitive environment. In such an instance, management could, for example, put in place a committee which can quickly make the necessary decisions when certain precise conditions arise. The danger of such institutionalization has been demonstrated by Cynthia Stohl and George Cheney (2001) to involve structural paradoxes. They have shown that outside exigencies sometimes force firms to violate their original principles of a participatory process in order to survive.

Finally, it is difficult to make a process work when there are as many preferences as there are workers involved. In the situation of a typical firm where only investors take decisions, it is easy to coordinate efforts because investors often share a common vision: profit maximization. As workers enter the decision making process, they’re all lead by different objectives. Those objectives are defined by their preferences. For example, one employee might consider a high salary as most valuable, while another may consider that feeling part of a community is the most important aspect for him/her, and a third one is motivated by making a positive impact for the future.

In this context, applying a majority rule to make decisions might lead to a situation called cyclical social preferences. This means that one will obtain intransitive collective preferences even though one is aggregating transitive individual preferences⁴ (Radcliff & Wingenbach, 2000). The wider the range of preferences, the more likely those situations. Therefore, these outcomes imply that participative democracy is not sustainable. Hence, if the aggregation of workers’ preferences doesn’t allow the institution to come up with one overarching objective, the firm won’t be able to make stable decisions through a participative democratic process.

The contrary is defended by Benjamin Radcliff and Ed Wingenbach (2000). They propose that reaching a decision representative of public preferences is not the main intent of the democratic method. For them, it’s the participation implicit in the method that justifies it by creating socially and individually valuable consequences- positive externalities- that cannot be attained via any alternative form of organization.

⁴ Preferences Aggregation Example:

One decision has to be make whether the firm should invest in either project a, b or c.

Employee 1: Strictly prefers a over b and b over c: a > b > c
Employee 2: Strictly prefers b over c and c over a: b > c > a
Employee 3: Strictly prefers c over a and a over b: c > a > b

⇒ The aggregation of preferences gives us cyclical preferences: a > b > c > a. There is no preferable decision.
However, making the process of participation a goal in itself, rather than the means to accomplishing democracy, creates a duality between these two principles (participation and democracy), and they are thus in opposition. In the situation described previously (cyclical preferences), the democracy will be hurt by participative ruling; the final choice will not be made by all the parties equally, but rather by the most powerful, smart or even charismatic player.

Another problem is that, with diverging opinions, tensions could arise because employees may find that their preferences are conflictual. This would go against teamwork, collaboration or even a company’s culture focusing on community building. Of course, these situations won’t emerge in firms that have brought together workers sharing the same objective and vision for the firm.

In this essay, I intended to develop a discussion of two main general obstacles that any participative democracy will face, 1) a loss of resources and 2) an enhanced number of preferences to balance. Please note that this is not an exhaustive list and that their existence, as well as the size of the problem, are directly linked to the concrete design of a particular democratic firm. One can notice that the obstacle is inherent to the configuration chosen, the set of participatory procedures and the structure of the firm. This is the reason why obstacles might not be prohibitive and that a participative democratic organization can work under the appropriate conditions. But the fact that there are only a few real cases of participatory workplace democracy, and that they don’t emerge spontaneously, proves that obstacles are deemed bigger than the benefits, for the current managers of firms. The opposite may be true for workers and for the general welfare.

**Number of signs (spaces included):** 6,959 characters

**Bibliography:**


Dahl, R.A. (1985) "Democracy in the Workplace: Is it a Right or Privilege?", *Dissent*, 31: 54–60


