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THE APPLICATION OF PARTICIPATORY MANAGEMENT IN A FORESTRY ORGANIZATION - LITERATURE REVIEW AND CASE STUDY

Presented in partial fulfillment of the requirements for the degree of Master of Public Administration

University of Montana

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November 1990

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Date: Dec. 4, 1990
# TABLE OF CONTENTS

## INTRODUCTION

1.

## CHAPTER

1. LITERATURE REVIEW

1. Employee Input to Improve the Job
2. Practicing Basic Democratic Values
3. Employee Development and Low-Level Involvement in Minor Management Decisions
4. Cooperation or Team Work Through the Delegation of Significant Management Authority to Work Teams
5. Allowing Actual Worker Control Over Production

CONCLUSION

2. PARTICIPATORY MANAGEMENT AS PRACTICED BY CHAMPION INTERNATIONAL CORPORATION

HISTORY
The idea for this paper on participatory management came about because of an interest in the changes American organizations face as more Americans seek to have a greater influence in decision-making within both private and public organizational settings. Such organizations are affected by the attitude that traditional management control must give way to the possibility for employees to influence their work and work situation.

The general concept of workers participating in decision-making and other management-oriented responsibilities is relatively new to U.S. organizations. Since the early 1960's, however, the traditional hierarchy of authoritarian line and staff management began changing. Organizations began using terms like participatory management, participatory democracy, organizational systems, employee involvement, integrative companies, quality of work life circles, and sociotechnical systems in describing their organization's management style. These management structures have been the subject of detailed analysis, however, this study will focus primarily on 'participatory management' and describe how organizational teamwork under this style of management is used to tap into human resources for the overall improvement of
organizational decision-making.

Participatory management is a concept susceptible to many definitions and it is important to narrow the range of meanings with which the term will be employed in this paper. It is not this author's intent to define participatory management in a few sentences or more but rather to allow some descriptions of the concept to emerge out of examples of similarities and contrasts with other management styles. For the purpose of this study five categories of participatory management are described in chapter one. These categories can be viewed along a continuum from minimum to maximum worker involvement where the worker controls all aspects of productivity. The categories, though having unique characteristics, are similar in that each recognizes the value of human dignity and individual contributions to the workplace.

Chapter two describes the past and present organizational structure of Champion International Corporation, a paper, wood, and forest management firm that has recently integrated participatory management into the workplace. Although the chapter is a case study of a private firm the principles attributed to this management style, such as improved cooperation and team work, are also applicable to public organizations. Chapter two emphasizes the participatory efforts of the Missoula Montana Timberlands
Division of Champion. Champion employs over 21,000 people at facilities across the U.S. and manages approximately 6.4 million acres of U.S. forestland to keep the company mills supplied with wood fiber. The fifteen professional forest managers in the Missoula area are responsible for approximately 440,000 acres of forestland.

Champion is in the early stages of incorporating participatory management within its entire organization with select geographical areas targeted for intense participatory involvement. Since the management technique is new to Champion and is at a preliminary stage it is out of this paper's scope to test the success or failure of participatory management. This analysis is primarily intended to make observations as to the various aspects of participatory management.

It is this author's thesis that participatory management is based on principles similar to Thomas Jefferson's concept of democracy which emphasized self-government above authoritarianism and where conflict resolution and cooperation are the outcome of people working out their own problems. Employing this conceptual framework the last chapter demonstrates the potential value of properly applied participation as a strategy for organizations.
Participatory management has many uses and is subject to several possible misconceptions. The author views participatory management as a principle used to improve the workplace where more efficient and effective human relationships result and ultimately productivity is increased. However, this definition is subject to a degree of vagueness because the terms, 'productivity', 'efficiency', and 'effectiveness' conjure up different meanings especially when one is trying to define these terms in a public or a private organization. Yet, in this author's view, the basis of participatory management is founded on principles which favor fairness, equity, and other human relationship characteristics that improve the quality of the workplace.

We can take another view of participatory management by looking at what it is not. Participatory management is not necessarily the same as consensus decision-making such as practiced in Japan. It does not replace responsibility for individual decision-making with decision-making by a group.
Once adopted it does not have to be practiced 100 percent of the time. It is not a single concept or phenomenon. Rather, it is a term that is interpreted many different ways.

In an attempt to clarify participatory management within the parameters of this study the author has separated the concept into five categories. These are participatory management as:

1. allowing employee input to improve the job;
2. practicing democracy in the work place;
3. providing low-level involvement in minor management decisions;
4. cooperation or team work through the delegation of significant management authority to work teams;
5. allowing actual worker control over production.

The first category is the initial step in an organization whereby management does not simply give orders but where, instead, employees and management work cooperatively and employees are allowed to make basic suggestions regarding their job. For example, a study in the late 1800's by Fredrick Taylor showed that productivity could be improved in a steel plant when workers gave input regarding their work assignments.¹

The second category is an extension of the first where management not only allows workers to offer input into their job but management is also influenced by democratic values
and practices democracy in the workplace. For example, this might be translated into consultations and improved communications between workers and management that could promote compromise, some form of consensus, and faith and respect between the two parties.

Integral to an organization's environment where trust is established between management and workers, is employee development and involvement in minor decision making. This theme is described in category number three. Examples under this category include human resource training, and co-determination and cooperative initiatives in a union setting.

The fourth category describes participatory management as allowing greater control by workers in the workplace. Participation here is where workers at the lowest level are authorized to make significant decisions that affect the entire organization.

The fifth category illustrates what may occur when workers have total responsibility over output in their particular industry. This may go beyond the normal definition of participatory management but the point is to show the wide range of management possibilities under the participatory management spectrum.

Along with the above categories this chapter addresses some of the criticisms that the participatory process is not
making substantial changes in the workplace. As mentioned above, although each sub-category is a dimension of participatory management they all share the common theme that people are able to improve their work situation if given more information, responsibility, and freedom. These aspects of participatory management parallel the ideal of Jeffersonian democracy which favors self-government. Now let us explore the participatory management categories in greater detail.

1. **Employee Input to Improve the Job**

   Some of the earliest work on human input in the workplace was by Fredrick W. Taylor, an engineer and known as the father of scientific management. Taylor believed that by carefully studying a job wasted movements could be eliminated. He also blamed management for unmotivated workers and believed that workers had a great deal to offer if they could get something in return. Taylor's system called for hourly workers to solve technical problems by encouraging these workers to figure out ways to improve the product and thereby take less time to achieve their output goals. Marvin Weisbord in his book, *Productive Workplaces*, challenges the idea that Taylor's theory was dehumanizing to workers as many writers imply (Weisbord, 1988, pp. 54-56). The traditional view of Taylor's work is that he intended the workplace to be rigidly controlled under an unfeeling authoritarian
management and where rationalization of work was the ultimate goal. Weisbord's research shows that Taylor's overriding objective was productive labor - management cooperation for the benefit of human resource management. Such cooperation would reduce costs and give workers greater control over their output.  

Taylor worked for the Bethlehem Iron Company, a Navy armaments contractor in the late 1800's and early 1900's. At the time of his employment Taylor carried out his ideals with the help of his employee, Henry Grantt, who implemented Taylor's proposals by restructuring and modernizing the plant. Taylor and Grantt were key figures in the evolution of participatory management because they encouraged workers to improve the way assigned tasks were done by revising job assignments to improve jobs. This was an early example of consulting with workers and allowing them to influence their jobs.  

Taylor and Grantt also appreciated the importance of learning to improve the workplace. Once workers were trained, management ultimately gained by sharing its expertise and teaching workers the 'right' way to do things because workers could then improve the quality and output of the product. Grantt wrote that it is, "to the interest of the men to learn more than their cards [work assignment cards] can teach them."  

Like Taylor, Grantt believed that autocratic
management threatened organizations. Grantt stated that, "we must purge our economic system of all autocratic practices... and return to the democratic principle of rendering service, which was the basis of its wonderful growth." By the turn of the century, Taylor's theory, with Grantt's help, was being practiced as the most highly rationalized individual incentive wage scheme industry had ever seen.

2. Practicing Basic Democratic Values

Taylor and Grantts' concern that cooperative principles be practiced in the workplace was shared by other writers who favored a style of management conducive to these principles. Kurt Lewin, an experimental social scientist practicing in the early to mid 1900's, was also essential to the concept of participatory management as it related to incorporating basic democratic values into the workplace. Lewin conceived of a novel form of problem solving to help people find meaning in their work. Lewin wanted the workplace free from prejudice, ignorance, and hatred. His goal was to turn his research into action and enable Taylor's vision of labor-management cooperation to come to fruition. Weisbord writes that Lewin:

wed scientific thinking to democratic values and gave birth to participative management. And he did more. He taught that to understand a system (or problem) you must seek to change it. [Lewin believed that any problem can be solved with the full participation of the
research subjects and any person could "learn how to learn" and thereby improve the situation. This led to one of the most important managerial insights of the last 40 years: diagnosis does not mean just finding the problem, but doing it in such a way as to build commitment for action. His twin emphases on science and democracy form the philosophical base for participative work design and reorganization. 8

Lewin's research included group dynamics, leadership and participation which challenged individualism and focused on the need to cooperate. Out of Lewin's discoveries management was to gain insights on how to improve the workplace. Weisbord writes that participatory management had an unlikely origin because it "evolved during World War II from a collaboration between Lewin and anthropologist Margaret Mead to reduce consumption of rationed foods." 8 Through experiments, these scientists conducted a study where expert nutritionists lectured to housewives on how to buy, store, prepare and serve nonrationed food during the war period. This 'telling others what to do' was the traditional reasoned approach to change, and as Mead and Lewin assumed, those women who were told what to do were much less responsive to change than another study group of women who were given the facts and invited to decide and plan together on what foods to purchase, prepare and process. Lewin found that, "We are likely to modify our own behavior when we participate in problem analysis and solution and
likely to carry out decisions we have helped make." Margaret Mead and Lewin clearly recognized that, "you cannot do things to people but only with them." This recognition continued to be brought to light in later studies. It was after the war that Lewin and Mead's research principle was expanded when Lewin studied Harwood Manufacturing, a garment factory. In this study Lewin found that productivity was dramatically improved by incorporating democratic techniques such as group decision making. He also found that worker motivation within an organization was tied to one's ability to have a direct influence on outcomes. The Harwood experiments dealt with solving problems within the workplace through group decision-making, self-management, and democratic leadership and were perhaps the first experimental evidence of the impact of participative systems change.

Lewin, however, did not see participation as a panacea to all organizational needs and cautioned managers not to rush into a factory to raise productivity by group decisions. He believed that duplicating a single approach would likely lead to failures. Each case demanded careful diagnosis and each project was a new frontier, according to Lewin. Rather than a technique, Lewin viewed participatory management as, "the bedrock of social learning, requiring goal focus, feedback, leadership" and individual involvement by all the relevant
workers. In this context, participatory management was a serious effort to involve people in the economics and technology of the business. As Weisbord states, "it means high stakes, high anxiety, and high payoff, not people sitting around a flip chart asking each other how they feel." 

Summarizing the Weisbord text and the comment that "you cannot do things to people but only with them" reminds one of both the age-old Golden Rule and the democratic values expressed by Thomas Jefferson in his concern for civic virtue and community. Jefferson, though he wrote about American citizenship in the context of public government versus business interests, believed that individuals, rather than any other mechanism (such as management or government) had to directly work together and be responsible to one another to make the American system work effectively. Jefferson believed in giving people (whose worth and dignity were unalienable) the ultimate power in society and educating them to see that it is their interest to preserve peace and order.

Politician and writer Dan Kemmis in his book *Community at the Frontier, Reclaiming the Public Self*, writes about Thomas Jefferson as a man who wanted to resolve conflict at its roots. Jefferson argued that citizenship, as stated by Kemmis, "was to enable people to see (and then act upon) the common good. It was this capacity on the part of the ordinary citizens to identify and pursue the common good, which was the solution
to preventing rebellions or other power struggle crisis among those people involved in the issue at hand. It is this author's belief that Jefferson's democratic principles can be applied to both private and public areas of relationships within the workplace and it is in the Jeffersonian spirit where the "face-to-face, hands-on approach to problem-solving, with its implicit belief that people could rise above their particular interests to pursue a common good" that is perhaps the basis for organizational problem-solving.

With this traditional theory in mind there are other examples of participatory management as a modern expression of a democratic value system. The teachings by American businessmen in the 1940's during consultations with Japanese businessmen is one such example. The Japanese were experts in electronic technology during World War II but knew little about modern management and so consulted with Americans. The earliest American consultants (for example, W. Edwards Deming) who advised the Japanese were followers of Frederick W. Taylor's scientific management school. Following Taylor's lead and placing significant emphasis on the human resource element, the American consultants advised the Japanese to be sensitive to the needs of workers. Much of what the Japanese learned from the American consultants was transformed into what is known today as the Japanese style of management. Unfortunately, these same Americans could
not convince American businesses to adopt the same management principles the Japanese accepted. According to author Robert Wood, the consultants gave the following message to the Japanese businessmen:

Every employee deserves the same kind of respect fellow managers receive, and good management is 'democratic management’. Lower-level employees need to be listened to by their bosses.

The consultants believed that there was not a conflict between scientific management and human resource management. An important goal of scientific management was to carefully measure and analyze all aspects of work while an essential aspect of human resource management was to show dignity and respect to workers. This meant if the company was interested in the best for itself it took care of its people. The consultants' comment to the Japanese was, "a leader's main obligation is to secure the faith and respect of those under him" while at the same time a business needed to know the organization well enough to improve the quality of output.

The theme of combining scientific and human management, as these early consultants expected, is essential to participatory management.

Turning more directly to scientific management, as we have already noted, this theory is criticized as being anti-humane, and is often viewed as a
management-against-worker devise to get the most out of the worker at her/his expense. Charlie Chaplin's *Modern Times* and Frank Gilbreth Jr. and Ernestine Gilbreth Carey's *Cheaper by the Dozen* are examples of the disservice given to Taylor's scientific management theory. No doubt, without understanding and using it to its full potential, scientific management has had a negative effect on American productivity. However, for those who saw the value in scientific management and its consistancy with human resource management, such as the consultants to the Japanese, their organizations could benefit. Ultimately the Japanese used the advice to form their own management approach which, "descended from both Japanese tradition and Occupation teachings, had no high priest, no specialized human relations experts. Instead, everyone was supposed to be as sensitive to human relations as to finance and technology."\(^{20}\)

Perhaps a major reason why U.S. industry is viewed as declining and looking to the Japanese management as a role model is because the U.S. has failed to integrate the best of both management styles into organizational life.\(^{21}\)

Although American businesses cannot precisely imitate Japanese management styles because of cultural differences, Americans can instead do alot to recapture the enthusiasm and the pioneer spirit that made America a world economic leader. Workers and managers both need to identify more
closely with the organization and this will happen only if the organization reflects the concerns of all of its people. At the same time, American managers need to find ways to change worker dissatisfaction so workers will view work as more than a place to just get a paycheck.\textsuperscript{22} This means reconsidering Fredrick Taylor's counsel that employers must do more for the employee than any other employer has ever done for that worker.\textsuperscript{23} Workers, too, must become more involved in and take more responsibility for their work. The two recommendations that; a) management give workers freedom and incentives to solve problems and, b) workers become more involved and responsible in the workplace, are similar to the Jeffersonian concept of cultivating and educating the people when, if given the information and freedom to work out problems together, people will find the best solutions.\textsuperscript{24}

Concluding the category of participatory management as an aspect of democracy, this style of management is integral to our nation's culture and can be transformed into an organization's culture. The basic democratic values stated in the Declaration of Independence and the U.S. Constitution such as freedom of expression, independence, and human rights above all else have created great expectations for all American citizens, workers and managers included. It should come to no surprise that workers have less commitment to organizations where they have little to say about how the job
should be done than those where they have a lot to say.

Consequently, effective participatory management as an expression of democracy translates into an organization reducing strict authoritarianism; the willful, uniformed exercise of power. Yet, a balance must be found in any organization between authority and participation. As one author states, "anti-authoritarianism is not the same as political democracy, nor is full participation the equivalent of representative government. In the workplace we need modes consistent with democratic values and more efficient than democratic governments." In other words representation alone on task forces or in business firms does not necessarily relate to meaningful, productive work. Instead, organizations must seriously put into practice the values of democracy: having a voice in company policy; openness; trust; and responsibility for controlling one's work. These virtues represent the basic design of participatory management and will contribute to protecting democracy within the workplace if they are truly part of the organization's culture.

3. Employee Development and Low-Level Involvement in Minor Management Decisions

Integral to participatory management is employee development and cooperative strategies as part of the overall improvement of an organization. Under this sub-category the two issues are addressed to point to another dimension of
participatory management.

Employee development focuses on the capabilities of employees for the continued growth and advancement in the organization. A current trend in employee development involves sharing responsibilities for development between the employee and the organization. Top management needs to delegate decision-making authority to lower level positions so less experienced workers can have more opportunity to expand their capabilities of continued growth, advancement and effectiveness in the organization. This is necessary even if some of these efforts fail, otherwise little management development will result. The goal of employee development is a contribution to long term organizational effectiveness and flexibility.

Employee development includes human resource training where the trainee is prepared to better understand such areas as motivation, leadership, communication, and humanizing the workplace. A potential problem of such training is how to measure the effectiveness of the programs. Tangible results are not easy to identify even over several years.

Not only is it difficult to measure whether performance or other employee development goals improve under a certain style of management but some authors question whether human resource management techniques are even related to worker's performance. For example, Gerald T. Gabris and
William A. Giles question the theories of Mary Parker Follett, Douglas McGregor, and Rensis Likert who contend that as higher human needs are met (such as achieving responsibility) then organizational objectives will be easier to achieve. Individual morale and self development are said to be directly related to satisfaction, motivation, and organizational productivity. These human management theorists favored organizations' encouragement of delegation of authority, decentralization, job enlargement, and participatory management.

Yet, it is Gabris and Giles' contention that management styles, such as participatory management, do not necessarily increase employment performance. They state that there is lack of evidence to verify the relationship between any one style of management and individual behavior. It is important to note, though, that the study found that the perception by employees under a particular management system (authoritarian vs. participative) seems to influence the perceptions of other organizational characteristics. For example, managers employing an authoritarian management style tend to be more negative toward communication and superior/subordinate relationships while those who perceive the management style as participative view the organization as having more open communication and a positive work relationship. It can be deduced from the study that any
management technique that helps employees' perception of one another or of the management also improves communication within the organization. It must be remembered, too, that in the initial stages of using specific management techniques, criterion such as performance should not outweigh other valuable criteria. Other criteria such as worker satisfaction, organizational maintenance and flexibility may also be occurring in the early stages of employee development.

Based upon these findings, Gabris and Giles offer some straightforward advice. They suggest that it is perhaps more important to improve the organizational structure, provide better planning, set better organizational objectives, and provide more sophisticated management information systems rather than only relying on one set of behavioral or structural organizational characteristics. Thus it is better to combine a variety of management methods for the overall improvement of the organization. Such recommendations echo the suggestions made by the consultations between the American and Japanese businessmen in the 1940's referred to above.

Referring back to the supportive argument of participatory management, cooperative strategies such as co-determination are also management techniques where workers are involved in minor, yet valuable, management decisions.
Co-determination is an example of a cooperative strategy between unions and management in bargaining agreements. Recently adopted by some U.S. organizations and unions, co-determination provides unions or worker representatives positions on the organization's board of directors. Although different organizations have different forms of applying this technique one example of what can occur when workers are represented on the board is they may exercise some veto power over certain management proposals. 31

In addition to co-determination, other cooperative strategies generally have increased in the 1980's and are an attempt to break down the adversarial barriers between union and management. These labor-management initiatives have other names such as; autonomous work teams, quality circles, quality of work life teams, and labor-management participation teams. Studies are mixed in the assessment of cooperative strategies. To be successful, it has been suggested that cooperative strategies should be initiated jointly by labor and management, be voluntary, rotate members periodically, have a stated purpose in writing, and avoid being viewed as a labor organization. 32

Concluding this section on providing low-level involvement minor management decisions, the above discussion focused on human resource training and cooperative attempts to improve the workplace. These examples are strategies to involve the
worker in minor decision-making and increase the worker's sense of belonging in the organization. These attempts are intended to increase the level of trust between management and workers. This sub-category of participatory management can lead to a greater degree of participation as examined in the following category of team-building.

4. Cooperation or Team Work through the Delegation of Significant Management Authority to Work Teams

Another aspect of participatory management can be described as a decentralized team approach to management where a variety of workers are given expansive latitude to help influence their workplace. Under this category management through participation attempts to allow decision making at the lowest possible level in the organization while integrating these decisions within the entire organization. The concept is something like pluralism, where numerous and distinct groups co-exist within one body, yet the environment in which the groups interact allows the different individuals making up a group to face one another and strive toward shared values. This is a responsibility for both management and workers to work together in sharing decision making. Only by being responsible to each other in this way will traditional virtues be achieved, something Thomas Jefferson believed was essential to a body of people (refer to
Kemmis 33).

One way of putting this responsibility into practice is for organizations to encourage innovation, enterprise, and initiative from their people. This means not only recognizing the importance of human resources but also incorporating individual contributions into management which leads to organizational success. Author and Professor Rosabeth Kantor suggests that today's workers are demanding more rights in their organization's decision making. 34 Kantor, a sagacious writer, supports participatory management because it has proven itself effective when used properly. She believes that if an organization is striving to be innovative and progressive it must respond to workers' pleas to have a greater voice in decision making. It is Kantor's view that an organization cannot afford to ignore any potential source of new ideas. 35 Employees are a vast resource of ideas and by using participation as a tool organizations can tap into these ideas and can therefore make changes which lead to improved results.

Kantor points out that cooperation and team decision making under participation management is not something the top orders the middle to do for the bottom. 36 Rather, lower level employees are given a greater voice in the workplace and leaders model behavior they want others to adopt. It is a vehicle to open communications, create interdependent
responsibilities, produce frequent team efforts, and keep workers close to the power sources which they need to operate. To some managers participation is a waste of time because they view it as holding endless meetings and allowing workers to get out of producing anything tangible. But, Kantor says participation, "needs to be managed just as carefully as any other organizational system." Also, management must respond to new problems which participation creates in the course of solving others.

Kantor remarks that one of the several problems of participatory management is the sense that it is an imposition. Participation, though, has to start somewhere by someone, therefore people may initially have to adjust to this discomfort. The ideal situation is where key managers and employees make decisions that go forward by exposing the workers to the same information the participation initiator has and by engaging the workers in, as Kantor states, "pilot projects for which [the workers] help set the ground rules and standards." Kantor says that an ultimate objective of participatory management is when participation by command ceases and becomes 'owned' by those engaged in it.

The process of achieving these high goals within an organization is given detailed assessment by Professor Kantor. She refers to companies as innovative and leaders in their field when they use grass-roots employees in participative teams.
These teams have control over outcomes and help the organization get more ideas to improve performance and increase future skills. Greater employee participation at all levels of the organization is an important part of an 'innovative' organization and is an example of organizational entrepreneurship. This process, whether it is termed task forces, quality circles, problem-solving groups, or shared responsibility teams, all share the same basic goal of employees being involved in and cooperating in the overall process and taken seriously by management.\(^{40}\)

This does not mean, though, that participation is always preferable to carry out all tasks. There are many ranges of decisions which require single individual attention. As Kantor states, participation is not appropriate when:

- one person has greater expertise;
- those affected by the decision acknowledge and accept that expertise;
- there is a 'hip-pocket solution' i.e., the manager or organization already knows the 'right answer';
- someone has the subject as part of his/her regular job assignment;
- no one really cares about the issue;
- no development or learning important to others would be served by their involvement;
- there is no time for team decision;
- people work more productively alone. \(^{41}\)

Team decision is appropriate for:

- gaining new sources of expertise and experience;
- getting collaboration;
- stimulating better performance;
- allowing those who feel they know something about the task to get involved;
- building consensus on a controversial issue;
- allowing representation of those affected by an issue to influence decisions and build commitment to them;
- tackling a problem which no one 'owns';
- allowing wide ranging or creative discussions/solutions than those available by normal means;
- balancing or confronting vested interests in the face of change;
- addressing conflicting approaches or views;
- avoiding precipitative actions;
- creating an opportunity and enough time to study a problem in depth;
- developing and educating people through involvement.  

Participation is a way to involve and energize the rank and file; it is not a single mechanism or a panacea for all organizational systems. The problems of improper use of participating in a team are numerous and need to be addressed before initiating this style of management into an organization. Kantor points out that participatory problems are either related to: a) initiating the team, b) how the team is structured and issues chosen or, c) how onlookers and team members view the process. Whatever the problems though, Kantor says, if an organization has the foundation of mutual respect, cooperation, open communication and other innovative traits it is easier to involve employees in
management decisions through the team approach. Assuming that team decision-making is possible under an ideal environment, let us explore specific dilemmas and possible solutions to the problems of participatory management. The following describes the six major categories of participation dilemmas and possible solutions according to Kantor. These are the dilemmas of: beginning; structure and management; issue choice; teamwork; linking teams to their environments; and evaluation.

A. Under the category, dilemma of beginning participation, management must not treat participatory activities as a management gift or make the employee feel that management is doing this only for the worker. Kantor says that management should be clear about its own gains from the process and make sure it is choosing and designing the activities to achieve these goals. Participation should be designed to get more creative solutions to problems, more worker responsibilities for quality and production, programs tailored to employee concerns, better 'early warning systems' for problems, and more ownership and pride in producing the output so faster and higher quality productivity can occur. Management should seek to engage in the employee's talents to get something beneficial to the organization, rather than, as Kantor states, "hoping for gratitude for how enlightened and giving they are" to the workers.
Prior to establishing a team it is important to seek a balance of those who will represent the team. This involves establishing criteria for how teams will be represented. Management should select quality team members while also allowing volunteers to enter into the team. This has to be done carefully so participation does not simply become another job. However, if participation relies on volunteers alone, it may not be representative. If it does not allow volunteers, it may appear coercive.

B. To prevent dilemmas of structure and management, a structure must set clear limits. True freedom does not mean the absence of limitations but enables people to work within established boundaries in an autonomous and creative way. Without 'anchors' too much freedom and choices can be frustrating. Managers should not give up all of their control or responsibilities or let participating members 'flounder' without help. The amount of authority and control given to the worker and given up by management may at first be unclear but as the process unfolds it will be made clear by the style of the team and certain management constraints.

Participation is associated with clear leadership, interunit cooperation, top-management support, free-flowing communication, less work pressure, well-organized systems, and more equal power. Leadership is the, "existence of people with power to mobilize others and to set constraints." 46 This
does not mean imposing mindless formulas to each problem or expecting a 'quick fix' to the problem. Instead, it means educating workers in the principles and skills to make involvement work and acting upon this improved knowledge. Leadership also involves establishing the basic conditions, staying active and available to support employees, reviewing results, and redirecting or reorienting as necessary.

C. The dilemma of choosing an issue occurs because workers usually make better decisions when the issue is closer to one's job territory. Yet, participatory activity often involves much broader issue choices. The broader and more distant participation extends, the less likely the process will be 'embraced'. In other words, local issues are more likely to be accepted and carried out. Participation must also have visible results, otherwise it may be viewed as part of the control system of the organization instead of an 'empowering device'. If the issues are too expansive and not within the ability of the team members to solve, it may seem like an attempt to manipulate people by giving them the illusion that they have power to solve the problem, when in reality they do not. The question of who should set the agenda depends on the scope of the issues. Though it is important for management to involve workers in broad areas of organizational concern, typically employees prefer to be involved with local issues directly related to them and where the agenda-setting results
have clear and tangible outcomes. Kantor believes that extrinsic rewards are a necessary part of the participatory process. Once the issues have been set and action is forthcoming, participation must result in some kind of reward system. Otherwise people will lose enthusiasm, or their efforts will go where the money and the recognition are.

D. Teamwork can also be a dilemma if the team members do not feel an integral, connected part of the group. The hierarchy of the team often falls into the trap of paralleling that of the organization's hierarchy: higher status people dominating; and lower status people not participating. Another problem is the presence of a boss who may inhibit team openness and participation. If the highest status members of the group treat the others as staff instead of partners in a joint task, the team's effort will be diminished. The group needs to treat each member as a partner, rather than, as Kantor states, "duplicating the organizational hierarchy in miniature inside themselves: higher-status people dominating, lower-status people dropping out." One way to prevent this is, with the help of higher status figures, is for all the team players to act in ways so they are not seduced by the traditional 'pecking order'.

Teamwork will naturally include discrepancies in knowledge, experience, and desire for involvement. These
individual differences will cause unequal status in the group. This is why it is essential that management prepare the group by getting as much information to all members and encouraging a conscious attempt to break down the traditional hierarchical barriers of status, age, and knowledge.

The politics of the team, where members are jockeying for power, is another difficulty that needs attention. How politicized a team is significantly depends on how the team was initially set up. As Kantor puts it, "group dynamics becomes more competitive-centered when rewards or recognition outside the team are scarce, and members are direct competitors for them. There is also more internal politicking when some functions, represented by team members, think they stand to lose by certain decisions of the team..."  

Cooperation and reduced politicking are more likely to occur when, "team members are participating in the group as individuals rather than as representatives, because they can make individual deals free of the pressure of a 'shadow group' symbolically looking over their shoulders."  

Attempts to reduce such tensions can begin before establishing the team. This involves careful ground work and efforts to improve communications, demonstrate good faith and remove irritants as much as possible. The inequalities, politics, or other tensions in a team, though, do not have to be viewed as negative. Political discussions can mean more
variety of interests and reflect potentially better decision making. Differences can be an asset if everyone is accepting of one another and feel valued for their contributions. Again, this must be part of the organization's foundation and cannot just happen by putting a 'team' together.

E. The dilemma of linking teams to their environment occurs when turnover in the team is high. Continuity of members is important and, as Kantor writes, such continuity is a "common culture more characteristic of innovating organizations." Another part of this dilemma is when new members insist that decisions have to start from scratch again. Some decisions need to remain fixed. Full participation from everyone is more likely to occur, "toward the beginning or in newer situations, when the ground rules are being established, or in situations where dramatic change is desired, than later in a system's life."

There can also be the problem of too much team spirit. It is possible that the group can close itself off from the rest of the organization, creating its own isolation. This is called 'suboptimization' where the group looses sight of overall organizational goals. It is important for the group to have goals of its own which are tied to the larger organizational picture.

Another problem relevant to linking the team to their environment is the territorial power struggle. Management
and unions do not want to give up power. This fear may be valid because organizations find that participation in the form of team 'self-management' does reduce the number of supervisors required.

Finally, under this dilemma, organizations must realize that participation needs constant renewal for the sake of the team members and the organization; teams cannot take on a life of their own without change. Therefore, organizations must be aware of the life cycle of teams and prepare for the end of the team because eventually if the work is completed the team will need to dissolve. It is important to be aware of, and plan ahead, for these problems to reap the full benefits of the team's efforts.

F. The final dilemma is that of evaluation. There are two equally important errors in using participation; management pessimism and management optimism. Kantor says that, "undervaluing the potential of employees and hemming them in with too many rules and restrictions can lead to as many problems as overestimating what employees will be able to do without guidance and periodic redirection."56 Managers may doubt the whole participatory management process, workers may doubt that management is really sincere, others may imagine a more perfect end state than is realistic, and others may know better but still want a quick fix (the one time program that will keep employees happy so managers won't
have to worry about future performance).

As Kantor says, "it is not participation per se that has benefits for the company as much as other things associated with it." Participation techniques allow organizations to stay ahead of change and provide the "occasion for broadening the skill base of employees and taking advantage of their talents to solve problems and invent needed programs." Realistic expectations of participation require communicating clearly what will and will not come out of the process, what benefits might or might not occur for employees and exactly how results will be measured.

**Criticism of Team Decisions**

It is important at this point to look at the criticisms of team decisions and respond to these concerns. Similar to the criticism of Gabris and Giles, George Strauss, an expert on industrial relations, is critical of participatory management as an effective management tool. In Strauss' writings participatory management implies that workers have substantial influence in the workplace, as the team efforts prescribed in Kantor's writings. Participatory management, as Strauss describes it, has been recommended as the solution to a wide variety of organizational problems: alienation; low productivity; autocratic management; poor teamwork; power imbalance; opposition to technological
change; and union-management conflict. Strauss believes that one of the reasons for participatory management's popularity is because it combines the ideologies of socialism and human relations and it meets some of the political needs of unions and the government. In the past, participatory management was not considered politically favorable but once the human relations school came into vogue intellectuals and politicians (more than workers) pushed to have management change its style.

Strauss reports that proponents of participatory management describe its following advantages:

- improved communications and productivity;
- better decisions are made because subordinates contribute important information;
- conflicts are aired and more easily resolved;
- decisions are better implemented because workers know what they are required to do;
- teamwork is created;
- resistance to change is reduced;
- individuals work harder for goals, they gain a sense of achievement, and their efforts are reinforced by group pressures. 60

Strauss also states that industrial relations scholars believe that participatory management leads to worker and employer satisfaction because the gains are in productivity, worker satisfaction, power sharing, and human growth. Strauss continues to report that according to some
participatory management proponents, self-management is the political emancipation of the working class and participation diminishes the meaninglessness of work. 61

Strauss' concern is that the participation in the workplace can be successful under certain conditions but is not as effective as expected. For example, some advocates of participatory management assume there is a positive relationship between participatory management and economic concerns. However, productivity increases may be achieved through reducing resistance to change and facilitating the handling of personnel grievances. On the subject of job satisfaction, Strauss states that there is, "little evidence that job satisfaction is higher in organizations enjoying representative [participatory management]." He continues, "the latter finding is a bit surprising, as one might expect positive relationships because of response biases and attribution effects." 62 Regarding management and change, Strauss found that worker's self-management may inhibit the organization's ability to change. Participatory management may require consensus which is less flexible to change. Political skills are then necessary when dealing with a broader range of needs to be met. In response to this necessity management must become more rational, professional, and efficient in a participatory management setting.

Another problem with participatory management,
according to Strauss, is the difficulty in sustaining workers' willingness to participate for long periods of time, especially if results and rewards are not within a reasonable time frame.

In support of participatory management, Strauss did find that conflict resolution may be improved because conflict is brought out into the open. Problems, then, are not as ignored and do not fester as long as under an authoritarian management style. This is similar to the Gabris and Giles study as noted above where workers were found to perceive their status in a participatory management setting as more powerful compared with workers not experiencing participatory management.

The requirements for effective participatory management, according to Strauss, are as follows:

1. Workers must expect that their efforts toward participative management will not be wasted and will affect decisions. Their voices must be heard to lead to valued rewards.

2. Participatory management must not be confined to a small elite.

3. Workers need two kinds of knowledge: a) organizational skills and b) content skills to aid problem solving.

4. Rewards must be significant enough to satisfy the worker.63

Strauss concludes that participatory management has only
limited success because it has not brought substantial power or influence to the worker. Workers are not more involved in their work and participatory management has not created a more just work place according to the skeptical view of Strauss. These critical observations should be viewed in light of Strauss's objective to achieve greater economic output in the workplace. As noted above, other organizational criteria such as worker satisfaction and organizational flexibility may be as important to the development of the organization. Also, much of Strauss's concerns are addressed in Kantor's recommendations to use participatory management with as much caution and care as other organizational management techniques.

The preceding discussion described category four of participatory management as a cooperative effort or team work through the delegation of significant management authority to workers. The following and final category of participatory management describes what may occur when worker involvement is extended to worker control.

5. Allowing Actual Worker Control Over Production

The view that participation can lead to total worker control and organizational productivity is brought out in a paper by A. Zimbalist and J. Petras. The authors' case study was on workers in Chile. Between 1970 and 1973 Chile experienced economic and social growth under President Salvador Allende. The
socialist government at that time nationalized many large industries and the working class acquired control of some 300 firms during this period. Despite an economic blockade by the U. S. against Chile and the persistent U. S. claim that socialized firms were going to ruin Chile, productivity increased and the firms provided many new services for the workers such as consumer cooperatives, new plant cafeterias with free meals, day care centers, technical education courses, plant libraries, and other improvements to help the workers enjoy their workplace. In 1973 the Chilean government was overthrown by a U. S. backed coup.

According to Zimbalist and Petras since the overthrow Chile's people have suffered dramatically. Productivity dropped 20 percent, the standard of living decreased to 50 percent of what it was in 1972 and tens of thousands of political murders occurred under the military dictatorship. The authors of the article based their information on a 1971 study of workers during the Allende's administration. Contrary to capitalist theory, factory workers not only were able to take control of their factories but managed their firms more effectively than the traditional elite control system where private individuals monopolized ownership of the country's industries.

With the ownership of the firms in the hands of the workers, Zimbalist and Petras reported that the benefits to individual workers and the firm occurred most when workers
became actively involved within the organization. Naturally, those more committed to participating in and improving the conditions would reap more benefits. Examples of positive gains included; lower absenteeism, reduced theft and strikes, higher productivity, higher quality goods, better social services, more worker education, an equalization of incomes and social roles within the firms, more cooperation, more involved, creative and fulfilled workers.

The authors concluded that workers can only successfully control their factories if they hold power within the government and armed forces. Although the Chilean government was overthrown and was a different political system than the U.S. we should not reject the possibilities this example offers of participatory management. This case suggests that where organizations are governed by the people advantages may include improved working conditions, more satisfied workers, and greater productivity.

CONCLUSION

From the above commentary it should be clear that it is this author's view that management and workers must better coordinate their human relationship and technical skills to improve the workplace. Peter F. Drucker, author of many articles and books regarding this subject, concurs with this
position when he writes that the knowledgeable worker is a "colleague and an associate rather than a subordinate and must be treated as such." Drucker predicts that all of society's institutions (including the work structure) will eventually become more egalitarian and dependent on individual responsibility. This will require more direction and discipline from the individual. In turn, the values which will become dominant within an organization will be professional competence, integrity, and effective collaboration. Drucker predicts that, "workers will to a large degree determine how society is run, and their educations must equip them for this new task." Drucker's predictions parallel Kantor's description of what workers have to offer an organization if participatory management is put into practice as referred to above as the team approach. Like Drucker, Kantor believes that participation in the workplace will tap into unexpected individual contributions.

If Drucker is correct that workers will gain more power and will become the key players in running our society, they must be prepared politically and philosophically to carry out this role. Institutions, therefore, need to equip students and workers in developing skills of participation in group endeavors. As Drucker states, "very few events have as much impact on civilization as a change in the basic principle for organizing work."
Such a critical change is not only a sign of the times for organizational survival but it is also an ethical duty. An executive for Honeywell, Inc. writes, "our ethical infrastructure should recognize some facts of life in the world of work: people want to do a good job, each person knows best how to do his job, individuals must be able to participate in decisions that affect their jobs, and they need information to make good decisions." He continues;

a business ethic that recognizes these truths... should not seem new or strange to us. It is what the Declaration of Independence and the Constitution are all about. Our task today is to put these principles into industry as well as society... Management's job is not to tell people how their work should be done, but to create a climate in which these principles can flourish and people can work most productively. I am talking about lofty principles of fairness and justice. They are both moral and right and should live for their own sake. They are also worth observing for the sake of American business and industry. Our human strategy and our business strategy depend on each other.

This chapter reviewed the literature on participatory management, including a critique of this management style. The concept of participatory management was categorized into five headings with the intent to show the variations and different uses of participatory management. The distinctions of the term are not necessarily exclusive in that they overlap and are at times interchangeable. For example, allowing the
individual to improve his/her work, the practice of democracy, and team decisions can all be part of the same organizational process. The distinctions, though, are intended to clarify some of the subtle uses of the term and to demonstrate its broad application. Chapter two will refer back to this chapter to clarify how a private forest company, Champion International, intends to use the concept of participatory management.
CHAPTER 2

PARTICIPATORY MANAGEMENT AS PRACTICED BY CHAMPION INTERNATIONAL CORPORATION

There are two parts to this chapter: 1. a brief history of Champion; and 2. how the company, and in particular the Timberlands unit of the Forest Products Division, is practicing participatory management.

HISTORY

Champion has experienced significant structural changes from its beginnings as a paper coating company along the way to becoming a diversified paper, lumber, packaging and timber management company; and then recently reorganizing to become a specialized company placing emphasis on pulp and paper production. Since 1983 the company primarily has been a pulp and paper company with a minor interest in building products and packaging. Historically Champion was made up of four basic areas of business: paper manufacturing; plywood and lumber production; packaging; and timberland management. This chapter will briefly review the first three business areas and focus mainly on the Timberlands
operations. The history of Champion is important for the purpose of this paper because it shows how the company's diversity, organizational changes, and unique organizational culture have influenced the use of participation within its structure.

Champion's paper manufacturing roots began in the early 1890's when Peter G. Thomson, a publisher and printer from Ohio, created Champion Paper Coating Company; a company which advanced the process of papermaking through its development of coating paper for the improved reproduction of graphic design and print. Paper manufacturing requires pulp thus Thomson attempted to secure a dependable supply of pulp for his paper mill instead of buying pulp on the open market. In 1906 Thomson made his first purchase of some 25,000 acres of prime timberlands in the Great Smokey Mountains to supply fiber to a new pulp mill. From that point on timberland was acquired outright or through mergers to support the papermaking process.67

Along with paper production, plywood manufacturing has been essential to Champion's history, and is a major reason why the company owns its current timber holdings. Lawrence Ottinger formed U.S. Plywood in 1919. (U.S. Plywood later became Champion's Building Products Division). U.S. Plywood was influenced by both world wars when after each war American businesses expanded dramatically because of
wartime shortages ending and pent-up consumer demand. This created a boom in construction and manufacturing. With the increased demand for mass market production of plywood and the increasing cost of logs purchased from federal timberlands, ownership of timberland became a high priority for U.S. Plywood. The company began buying forest land in the 1930s. By 1945 U.S. Plywood owned timber in three states and Canada. After the Second World War housing demand and the need for plywood and lumber again increased to an unprecedented high. Control of raw materials was essential for U.S. Plywood's survival, especially with the increased cost of timber after the war. By 1966 U.S. Plywood had acquired 15.5 billion board feet of timber. It was at this time that U.S. Plywood attempted to improve its survival by taking control of the raw materials used to produce plywood. This was a major reason why U.S. Plywood and Champion Papers merged in 1967; thus taking a major step towards the goal to convert the "standing timber into products that made use of the entire tree, from stump to crown". 68

In addition to paper and plywood Champion had a large interest in the packaging business (it started divesting this interest in the 1980's). Champion's packaging operations began with the company's acquisition of Hoerner Waldorf Inc. in 1977. This firm dated back to 1886 when its earlier operators manufactured labels, pillboxes, and stationary. Today, after
selling the significant portion of its packaging interests, Champion still operates two mills (offshoots from the previous companies) which produce bags, laminated products and giftwrap paper.

The last business area in which Champion is involved is forest management. Champion has a long history of forestry interest because of Peter G. Thomson, founder and owner of the Champion Coated Paper Company in 1893. Thomson was instrumental in establishing forestry as a recognized discipline in the United States. He was influenced by the German forester Dr. Carl Alwin Schenck, a protege of Gifford Pinchot, America's best known early forester and conservationist. Schenck, who managed the forestlands adjacent to Thomson's property, established Biltmore Forestry School, the first forestry school in America. As neighbors, Thomson and Schenck interacted frequently and as a result Champion's Paper Coating Company hired its first forester, Walter J. Damtoft, who was also the first industrial forester to manage forestlands in the South.

Damtoft was hired in 1920 to report on both the 100,000 acres of company forestlands and all of the other properties the company planned to purchase. Damtoft's pursuits were the first attempt in American forestry to keep accurate records of timber growth. He also established Champion's first seedling nursery and supervised programs in public education,
fire prevention, replanting, and scientific cutting. The company's first seedling nursery was created in 1926 where over a million seedlings a year were grown to plant some 4,000 acres of cutover lands adjacent to the nursery. The company offered assistance and information on forestry and distributed free seedlings to farmers who leased company lands. Under Damtoft's management the company created its first fire protection districts in the early 1920's.76

The work of Thompson, Damtoft, and other early leaders in the company established a management culture where the company placed a high priority on professional forest management and where research and scientific training was an ongoing process for improved decision making. This cultural style would later influence other companies which merged with Champion and would affect the management in the Timberlands operations.

In addition to bringing cultural diversity to the organization, due to mergers and other company land purchases, timber holdings also became larger and more diverse especially in the last twenty years. Most of the current company timberlands in the Northwest and South were acquired from U.S. Plywood's ownership when, in 1967, Champion Paper and U.S. Plywood merged and some 564,000 acres were added to Champion ownership. Most of Champion's ownership in Montana resulted from the purchase of 670,000
acres of land from the Anaconda Company in 1972. After a merger with the St. Regis Company, which had interests in lumber, plywood, timberlands and paper businesses, Champion purchased or took control of additional forestlands from companies or individuals in Michigan, the West, the South, Canada, and Brazil increasing Champion's control to approximately 6.4 million acres by 1989. The timberlands division was made a separate entity in 1972 by centralizing the management of all forest lands owned by the previously merged companies.

CHAMPION TODAY

Turning from the past and looking at Champion in the 1990s, a fact sheet describes the company as such:

Champion is one of the world's leading producers of paper and forest products. The company employs approximately 30,000 people worldwide and has the capacity to produce 4.5 million tons of paper a year. In Montana Champion owns 875,920 acres. Today Champion has five major business units: Printing and Writing Papers; Publication Papers; Newsprint and Kraft; Forest Products; and Marketing. The merger of Champion with St. Regis Corporation in 1984 put Champion into the publication papers and newsprint businesses, making it a major manufacturer of [specialized] papers. It also doubled the company's timberlands... making it one of the largest private landowners in the U.S. The major
manufacturing facilities are located near the company's forestlands, assuring a steady, reliable source of timber. Following the St. Regis merger, Champion divested itself of most of its packaging business and its building products distribution operations [though it still produces a minimum amount of these products]. Today, Champion is one of America's leading manufacturers of paper for business, communications, commercial printing, publications, and newspapers. Champion is also a major producer of lumber and plywood.

The Forest Products Division produces plywood, lumber, studs, and specialty products at 12 manufacturing locations in the U.S. [The goal of the company] is to maximize its return and, together with wood purchased from other sources, to provide a continuous supply of fiber to our pulp and paper mills. The [Forest Products Division] has an annual lumber capacity of 522 million board feet [at its facilities].

**Reasons for Participatory Management**

One question that should be addressed at this point before describing Champion's use of participatory management in detail, is how the company history of the many mergers, acquisitions, and company repositions (such as the divestments following the merger with St. Regis) has influenced participatory management in Champion. Company changes naturally affect worker's attitudes and potentially make it more difficult to achieve the participatory goals of developing trust, establishing continuity, improving communications and building teams. However, since the company did not start practicing participatory management
until 1984, after the major company changes, the management technique is generally viewed as a positive attempt to bring the diverse interests together and resolve potential conflicts. Company personnel have responded to inquiries regarding the effectiveness of participatory management and continue to believe that the practice has helped the company withstand some to the economic pressures such as the current slump due to the poor housing market. Without participatory management the company would probably be in worse shape, according to some within the company. The many adjustments Champion has undergone in the past will continue to be a challenge to participatory management. The process will require considerable discipline by all Champion employees to "rise above their particular interests to pursue a common good" (see pages 11-12 above). Let us now look at some of the reasons why Champion has chosen to use participatory management and what this could mean to the company.

Along with the structural changes over its lifetime, the company faces changes in workers' attitudes about their rights to make decisions (refer to page 21). To adjust to these different challenges and to live up to a Champion executive statement that it is, "management's responsibility" to help with worker performance, the company has adopted participatory management. Referring back to the management spectrum as described in chapter one where a
range of management styles were described, Champion at this point cannot be specifically put into a category of practicing one style of participatory management over another. It can be assumed, however, that the company's goal is to work toward category four where teamwork replaces strict hierarchical control and management and workers truly share substantive decision making. Today, Champion is in the process of assessing how participatory management is appropriate for its organization and how this change of management will help the company to survive. More specifically, one of Champion's participatory team facilitators described the company's original intent in using participatory management as the, "vehicle for everyone to work together to become more profitable." The concept continues to be explored as management and workers integrate it into the workplace. The concept is a very open-ended one and this same facilitator stated that a better term might be 'organizational survival and profitability process'.

Champion's survival is of concern because all United States paper corporations are currently competing with world markets for profit. For several years now the Pacific Rim Countries have demanded greater quantity and higher quality paper products. This has shifted the market demand away from the West and toward the Orient. Such a shift is a serious potential threat to Champion's profitability. Champion
executives believe it is time to change their management style to gain a competitive edge in the Oriental market. Thus the company must significantly improve their products and people so that quality outweighs all else. 84

An example of the response to these changes by both Champion shareholders and management is provided in a May 18, 1990 Wall Street Journal article. The article points to the tensions that exist between short-term economic gains and long-term concern of quality performance and sustenance. At the time the article was written, Champion shareholders approved a resolution which would put the company's anti-takeover measures to a shareholder vote.85 This would make hostile takeovers subject to shareholder discretion rather than authorizing management's rules to apply. Currently, there are strict management policies which attempt to ward off such takeovers. Essentially, the resolution is a venture by shareholders to increase the company value. It is this author's view the shareholders are implying that, "it does not matter who owns the company, how it is run, or how it gets split up, just give me the greatest return on my investment".

At the present time company executives have chosen to spend a significant amount of money on capital improvements and human resource revisions. These costs are viewed as unfavorable by both Wall Street analysts and many
shareholders, as stated in the Wall Street Journal article. Champion Chairman Andrew Sigler, an outspoken opponent of corporate raiders and hostile takeovers may be less "sensitive" to shareholders' economic interests, as stated by the article, but, perhaps he is more concerned with long term issues, worker satisfaction, and quality production which takes company money, time and energy.

The concern that organizations spend more on worker satisfaction and quality production is echoed by Akio Morita, Chairman of the Board for Sony Corporation, in a 1989 interview with CBS's 60 Minutes when he stated:

I think the attitude of American management is wrong. You, know, American management treats workers as just a tool to make money. ... when the economy is booming they hire more workers, and the recession comes, they lay off the workers. But, ... recession is not caused by the workers. American managers are fixated on money, money, money and soaking up the profits, spending too little on research. Japan will always have the productivity edge as long as Americans continue to spend so much time and money on takeover battles, and treat the workers like pawns in a gigantic financial game.

Champion shareholders' single concern for short-term gain, as Morita and Sigler imply, is an example of individualism at its worse. There is a growing concern by many writers that American productivity of real goods and services is being eroded by the ever increasing cost of hostile corporate
takeovers. These takeovers create significant problems such as divisiveness and employee dissatisfaction and as one author implies, these acts of paper transactions represent a serious drain on corporate and American productivity. Champion's Board of Directors reiterates this position in a statement opposing the shareholder's proposal written in the 1990 proxy statement:

We believe that coercive and highly leveraged takeovers are bad for this country. And, especially in view of the increasing awareness of the pernicious effects on our economy of hostile takeovers, we believe that the time has come for the owners and managers of corporate America to shift their focus from the takeover phenomenon to the effort to make this country a world-class producer of goods and services.

Perhaps one reason why there is a concern that American productivity is eroding is because American organizations are made up of people who reflect a deeply rooted social value of unrestricted individual liberty. Rugged individualism has been a long-held trait of the American frontier and from this tradition modern organizations are made up of determined individualists who tend to view any practice that restricts their freedom as a threat.

The result of such strong individualism is a management system that rewards employees based on job factors which are more individual-oriented and less cooperative-oriented. Ultimately, in an organization where individual
competitiveness is a primary goal and where the job factors of money, benefits and work conditions are the only rewards, workers may lose their motivation to work beyond the minimum requirements. Social scientist Fredrick Herzberg identified motivating job factors as recognition, achievement, responsibility and other non-tangible factors. These factors are different than what Herzberg terms the maintenance factors such as money, benefits, and work conditions. The motivating job factors are more apt to be practiced in a cooperative workplace and yet because of the predilection for individualism it is not easy for organizations to simply adopt cooperative management techniques. The hope, though, is that once an organization gives priority to motivating job factors (while at the same time providing for adequate maintenance factors) job satisfaction and higher productivity will result.

Accomplishing this goal is somewhat of a dilemma if American corporations are: a) directly responsible to stockholder's demand for profit; b) faced with greater employee demands; and c) confronted with increased international competitiveness. With all of these pressures on corporations it is no wonder that American productivity is being challenged. It is this author's view that the dilemma can only be solved by altering the liberal, individualistic values which Americans hold so dear. Otherwise, the continuation of timber extraction for wood and paper production to essentially
meet stockholder demands may not be possible. Such an alteration of this degree is much different than "upgrading" the firm at the expense of workers to gain a competitive advantage. Corporations must change to reflect a new order of social relationships.91

This new order may seem less than possible when such a company as Champion is faced with the divisive demands made on it. Obtaining this goal may also seem obscured by the opinion that Champion's participatory management is "totally profit driven to get a competitive advantage."92 But, when looking at the comments and intent of the company executives, there is more to this statement than traditional management control of employees. The 'advantage' means to produce a high quality product free of any error; that will be in greater demand by the consumer; and that will allow the company to survive and prosper.93 The company's challenge is whether it can achieve this goal through the process of altering highly individualized values and establishing an environment where commitment to common values are practiced. Such values include having a voice in company policy, openness, trust, responsibility for controlling your own work, and other values that promote dignity, meaning, and community. This requires improved relationships, better communication, more equality, and greater recognition of the human resource, all necessary according to Champion's view of
the participatory process. All of these practices, in turn, must be transformed into greater productivity.

In principle, though not necessarily for the same reasons, Champion is attempting to put into practice Douglas McGregor's human relations theory. This approach to management (entitled Theory Y) recognizes and seeks to develop human potential in the workplace. McGregor believed it was management's primary task to create conditions by which individuals can achieve personal goals as they move toward organizational objectives. It is this author's view that Champion's use of participatory management is an attempt to recognize and develop human potential (as McGregor referred to) and is a step in the right direction.

Champion's attempt to alter management and its concern for improved performance is illustrated in a 1981 interview of Chairman Andrew Sigler and President Robert F. Longbine in a Champion Magazine:

CIC Magazine - What about attitudes of workers - which so many people seem to think are changing? [That is, how are these attitudes affecting the company?]

Longbine - Well, perhaps they are. But I think that kind of change can be effectively dealt with. I look upon that as a management responsibility.

Sigler - You have to create a work atmosphere that our employees want to perform in. And the word is 'perform',
not work in. There's got to be satisfaction, both financial and personal, and a sense of accomplishment.

Our basic employment partner is an operator. You've got to remember that the guy who is working today is a hell of a lot different from the fellow who was working a few years ago. He's better educated— and that's not just school. He sits and watches the same TV news that you and I watch and so he's aware. He's not a carry-the-lunch-bucket, walk-into-the-big-mill and never-been-over-the-hill- kind of guy like so many were in the twenties and thirties. So, he's a different person who has to have a different kind of job satisfaction ...

The above comments show how the concept of participatory management is supported by the highest level executives. Once the concept developed enough to be put into practice, Sigler, who clearly supported it, directed his vice-presidents to fully implement participatory management. Although all of the vice-presidents verbally supported it only one of them carried it out, Vice-President Tag Edwards of the Forest Products Division. Edwards has been a primary advocate of participatory management and, with top official support, he has given the Forest Products Division a head start in putting this management technique into practice.

In 1984 Champion began to incorporate participatory management in select geographical areas. The areas not targeted for participatory management continued on a preparatory basis. That is, management had workers attend awareness sessions on participatory management and asked
workers for their input on participatory management. The company also committed itself to identifying company facilitators for each of its production areas.

In 1987, top Champion management met to discuss participatory management and what it meant to the company. Comments by the CEO, the Board of Directors and other officials included statements that, "participatory management won't come from the tooth fairy", "it is a tool to become productive in order to survive", "it is a way to improve results" and, "it requires lots of effort and patience, but from beginning thru implementation results seem to be quicker and better quality." Another example of CEO Sigler's continued commitment to participatory management were comments he made in 1989:

At this point, we're in the middle of a far-reaching effort to improve profitability through a combination of carefully targeted capital spending and people development programs. We've begun to see the payout, both in terms of increased employee involvement and commitment and in terms of improved profitability.

The employee involvement Sigler refers to is already playing a major role in Champion management in some regions. In Missoula Montana, participatory management is at an advanced stage of development in the Building Products Division of Champion. This division has two design teams responsible for issues such as the role of the union, training,
and the physical and human environment of the new small log mill at Bonner Montana. The teams were a major part of the inception of the new mill in 1988. Each team consisted of eight members, four from management and four union employees. The Bonner mill was the design team's primary focus of attention. The teams continue to work on issues of importance to the mill's operations.

Timberlands

The last several pages have focused upon Champion's general support and practice of participatory management. Let us now review participatory management more specifically practiced by the Forest Product Division's Timberland Department.

It is within the Timberland segment of the company that executive leadership has provided an excellent example of involvement and commitment to the employees. Such leadership has been an inspiration to the employees. The kind of trust which Timberland leaders have evoked is unusual because normally large corporations and their leaders are disconnected from the individual and the place of work. But if corporations are expecting greater productivity from their workers they must be capable of inspiring such trust.

In the recent past Champion has provided a good example of how commitment and trust are possible in the Missoula
area; an example of how it practiced citizenship at a local level. The individual who practiced these virtues is Ernie Corrick, retired vice-president of Timberlands. Ernie Corrick referred to himself as a benevolent dictator. He worked for timber companies such as J. Neils Company and Anaconda Company (both of which eventually became part of Champion) and Champion for 40 years, moving upward from the lower ranks to become one of Champion's most well respected executives. He was (and continues to be) very committed to his community and is highly respected by those who know and have worked with him. He is the kind of man who remembers the names of his employees' children and who usually attended social functions important to his employees, such as marriages and funerals. He gave his workers a sense that the company played a significant role within the community and that each person responsible to the company was of great value. He developed and nurtured what could be called an organizational community because of his deep personal commitment to those around him. It seems ironic that he was never very "thrilled" about participatory management. This was perhaps because he practiced its goals in an implicit way and he sincerely believed that it was management's duty to set an example of both strong leadership and benevolence. Most of Corrick's employees did not look forward to his retirement because so many of them really knew what a 'work
family was under his charge. He left behind a working environment where mutual trust and respect promoted hard working and satisfied employees.

It is largely due to Ernie Corrick's influence and presence that Timberlands today is made up of employees who have a history of open communications and a strong sense of esprit de corps. Such a work ethic would seem to naturally lead to participatory management. (For more on the effects of Corrick's retirement see note 103). But transforming a working group from benevolant dictatorship (if that is what it truly was) to participatory management is not as simple as it seems. Looking closer at Timberland's team-building process it is clear that this management change is complex and is not without difficulties.

The complexities of these participatory efforts may be better understood by describing one of the teams within the Timberlands Department. The Blackfoot team is one of several participatory efforts in the Missoula Montana area. It is made up of six professional foresters each of whom are college graduates and have from 11 to 20 years of experience with the company. The team was formed in 1988 on a volunteer basis instead of being targeted by the company. It therefore had no direct corporate assistance in the team building process. It is hard to specifically measure the advantages of the team at this early stage of development and as one
Champion forester said, "It is not entirely clear at either the
top or bottom levels of the company what a team will evolve
into." 104

The foresters were first exposed to the participatory
concept in 1987 when the company held a weekend long
awareness session. Some of the participants of that session
came away with more questions than could be answered.
Most of the concerns boiled down to what effect would
participatory management have on the individual.

A major concern foresters have relate to promotion. For
those individuals who were highly career motivated or who
held titles with any degree of status the question was
whether team involvement would suppress them. Since many
titles would be eliminated and career ladders were not as
clear as before, the older foresters feared they might be
demoted. The younger foresters with less status viewed
participatory management more positively because the process
would tend to equalize the group by flattening the
pyramid-shaped structure.

Other issues included; where team authority would begin
and where it would end; would salary adjustments be made
based on individual competitiveness as in the past or on team
efforts and; how would it be possible to become more efficient
if so much time was spent in meetings sharing information
with more individuals. These concerns and more, as one
Champion forester summarized, are part of the complex process of balancing participatory management with the group putting it into practice. Such an explanation is obviously only a part of the overall solution to making participatory management effective (see Kantor's view on page 23). 105

The salary adjustment issue was recently challenged by the Blackfoot team when they proposed to base salary raises on team productivity rather than individual performance. The team essentially wanted the company to give it full recognition as a team capable of exceeding its own or company goals. The traditional performance rating system has been based on a bell shaped curve where there are always below average, average, and above average ratings. Implied company policy is such that it is unacceptable to have everyone rated above average. The team challenged this practice and stated that if it could 'stretch' or exceed its goals everyone would be above average and should be rewarded accordingly. Management rejected the proposal and suggested instead that the entire Missoula area develop a gainsharing approach where employees can share in company gains. 106 Unfortunately for the Blackfoot team this approach takes extensive coordination from employees not interested in following the team's lead. (It is relevant to note that Kantor and Strauss referred to on pages 27 and 34 also believe that extrinsic rewards are a vital part of participatory
management).

Although there is not clear evidence to support the theory that the team efforts are improving individual performance (primarily because of the short time the team has existed) however, team members do believe participatory management offers them several advantages. These include more involvement in decision making and increased responsibility for more aspects of the work. More individuals see to it that projects are completed and this involves greater coordination. Here again, participatory management is an approach to tap into individual contributions, as Kantor expected. As one forester said, "most individuals that make up the group had probably accomplished similar goals in the past. The foresters have always been involved because they are all highly motivated. Participatory management formalizes the process and perhaps brings in more coordination." 

This forester stressed that participatory management may be more effective where workers tend to work in monotonous conditions, where workers have not had much say in the daily routine of their work, or where workers are more able to tangibly alter the by-products of their work. All of these conditions are more present in a manufacturing setting such as a sawmill and is not so much the case in managing forests.

Team building in the Timberlands Division seems more effective where individuals are responsible to each other and
are willing to give up some of their traditional controls. (This parallels Kantor's and Strauss's recommendations that participatory management must not be confined to a small elite, that organization's must reduce strict authoritarianism, and teams must not duplicate the organizational hierarchy in miniature where traditional power structures affect participation). For example, where a supervisor is part of a team it is essential that he/she allow the team freedom and flexibility so the results will lead to increased communication and problem solving. A forester observing the team efforts stated that, "for the most part those individuals who had a hard time allowing their subordinates freedom in the past still have the same problem in a team effort, though there are exceptions." For the sake of the team and the company it is hoped that these exceptions will become the rule.

CHAMPION'S CONTINUING EFFORTS

Consultants for Champion's participatory management efforts recently told the company that it only has five years to produce effective results if it is to survive the economic pressures of today's market. This is not much time in the history of a company which has developed strong traditional management habits and where tensions are mounting between
management and shareholder concerns and economic and moral incentives. Additionally, wage and promotion structures are especially hard to change in any American organization where individualism has prevailed. Through the participatory management process, though, tradition is changing. Within Champion, work families coordinate similar jobs and emphasis is placed on peak performing teams. The process of team structure for Champion has similar characteristics to Kantor’s description of when team decisions are appropriate as listed on pages 23 and 24. Like Kantor, Champion is concerned with having leaders model behavior they want others to adopt and developing pilot projects for which the workers help set the ground rules and standards.

According to Champion participatory management consultants, the three normal stages of the participatory process for the company begin with inclusion; where individuals begin to learn about one another and develop trust toward one another. This self-disclosure process is risky but foundational to a strong effective team. The second stage naturally occurs when individuals struggle for control. It is within this stage that the team learns to alter the traditional pecking order and instead tries to balance individual strengths and weaknesses. The final stage is called the affection stage where team members genuinely trust one another and share decision making. The participatory management teams are
intended to have a high level of affection for each other in regard to goal setting, competence, trust and other human relationships. This stage ultimately translates into increased productivity. Champion should understand clearly that each stage involves complex human responses and takes both time and genuine commitment. Referring to Kantor, she states that "the long-term impact of well-managed participatory vehicles for energizing the grass roots and involving them in innovation should be a more adaptive organization, one that can more easily live with and even stay ahead of change." This same idea was expressed by a Champion facilitator when he said that the "participatory management process is not revolutionary but evolutionary and will be measured in long term benefits." If Champion is successful at integrating its goals of human resource management (which could be viewed as the company's moral incentives) with increased productivity (the economic incentives) it will be a workplace full of opportunities to express organizational democracy. Ultimately, the company's survival depends on a balance between these two incentives and translates into resolving the tensions between shareholder's profit interests and management and workers' interests to become an enduring world-class producer of goods and services. To achieve this challenging, yet possible, goal is a matter of giving greater
control and authority to those who know best how to produce a better product. (Recall J.J. Renier's comment that "people want to do a good job, each person knows best how to do his job, individuals must be able to participate in decisions that affect their jobs, and they need information to make good decisions" as stated on page 37). Champion's integration of participatory management also reminds one of what Thomas Jefferson said of a democracy where people are in control; "I know of no safe depository of the ultimate powers of the society but the people themselves, and if we think them not enlightened enough to exercise their control with a wholesome discretion, the remedy is not to take it from them, but to inform their discretion." Jefferson's long term vision placed great hope in people's ability to rise above their particular selfish interests to pursue the common good. This was the politics of engagement where people where directly and profoundly involved with working out the solutions to problems by formulating and enacting the 'common good'. This same ethic can be brought into a modern industrial setting, such as Champion International, where people come together to work out their work related problems under the participatory management process. It is Champion's hope that many of their problems of maintaining a profit while at the same time providing a satisfactory work environment and producing the highest quality output can be improved through
this process; this possibility is supported by other authors as noted in chapter one. It is safe to say that Thomas Jefferson, though he was writing about citizenship in a public setting, would have said that any public or private organization, which allows its people to engage in problem solving, is a worthwhile endeavor. Here is a chance for Champion to practice Jeffersonian ideals where a corporation practices citizenship and gains power through the empowerment of its employees.
CHAPTER 3

CONFLICT RESOLUTION AND A CHANGED AMERICAN CONSCIOUSNESS

Participatory management is not an organizational Utopia and will not solve all organizational problems. Participatory management is also not a program or formula and is not necessarily a permanent way to always produce the best results. However, by using participatory techniques research shows that organizations can come closer to staying ahead of change. It is also only effective if those who practice it believe in the principles of fairness and justice. Before American management conflicts may be resolved the tide of our current public philosophy and understanding must be revised. Merely changing the process or improving the organizational style will not go far enough in decreasing conflicts within organizations. A more enduring solution is possible only by altering the way individuals view and practice problem solving.

As the first chapter pointed out American organizations have traditionally looked toward a single style of management, such as scientific or human resource management, to direct its course. No one style or a combination of management techniques will ultimately change
the organization unless the individuals making up the organization are genuinely willing to cooperate with one another when conflicts result. Since our society has normally resolved conflicts through individual rather than cooperative means it is natural for organizations to do the same. As discussed in chapter one, the only long-term solution to organizational divisiveness is for individuals to accept full responsibility for decisions in the course of the negotiation or team building process. This may never ultimately occur especially where fundamental values may be non-negotiable; for example in public debates over such issues as resource use. Yet, if organizations could strive to bring divergent interests together and allow individuals to develop greater responsibility in decision making the organization would create a more successful participatory process.

It is important to emphasize that both private and public resource management and employees are responsible to help reduce the level of stress and conflict that permeates our society. Both private resource organizations, such as Champion International, and public resource agencies are clearly manifestations of our individualistic society and are showing the stress signs of what Alexis de Tocqueville saw as the tension between commerce and the republican spirit. Americans have strayed from the civic values of loyalty and obligation toward one another and have replaced these values
with the pursuit of individual interest. If conflict resolution between so many different interests is to be possible within the context of resource organizations a significant change in the structure and direction of our society is necessary towards the development of an improved civic consciousness.

This consciousness level is only possible if individuals are truly involved in caring more for their fellow man. Such an act translates into supporting and helping to create a society that is governed by the whole people of our country, rather than just powerful individuals or coercive organizations. All of this in turn leads to a greater degree of democracy. As William Sullivan writes, the hope for "democracy lies in developing a commitment to connecting republican practices and reconstructing public discourse to reunite" our sense of morality; such morality is the practice of caring for one another.115

Organizations, both public and private, are responsible to this course of action if our society is to sustain a continued quality of life. Without cultural changes away from the strict individualistic way of thinking there is no way to avoid corporation's self destructiveness or bureaucracy's tendency toward social control. Wallace Stegner talks about this societal change in the sense of, "shared practices and meanings which are embedded in the form of mutual solidarity." He states that "no society is healthy without the
will to create anew and the will to save the best of the old. It is not the triumph of either tendency, but the constant, elastic tension between the two that should be called our great [American] tradition." Mutual solidarity, creating anew, and saving the best of the old are principles of the Jeffersonian spirit toward which resource organizations should strive.

To revitalize these principles and to strengthen political and private institutions Americans must first develop relationships with one another that further the ability to solve the conflicts they are engaged in. Developing such relationships may seem unattainable and too idealistic. Without a doubt, there are many obstacles to overcome and the organizational processes striving to this end are not free from problems. Yet, it is clear that organizations have become more effective when commitment to these principles are put into practice. The organizational climate that thrived under Ernie Corrick’s leadership and the continued commitment from Champion leaders to develop relationships and seek solutions through participation is evidence that the workplace, at least to a degree, can be a place to extend our traditional values of dignity, meaning, cooperation, and community.


4. Ibid., 43.

5. Ibid.

6. Ibid., 24.

7. Ibid., 70-103.

8. Ibid., 72.

9. Ibid., 89.

10. Ibid., 88.

11. Ibid., 89-90.

12. Ibid., 94.

13. Ibid., 93.


15. Ibid., 9-28.

16. Ibid.


18. Ibid., 72.

19. Ibid.

20. Ibid., 78.

21. Ibid., 70.

22. Ibid.


26. Ibid., 377.


30. Ibid., 167.


32. Ibid.

33. Kemmis, *Community at the Frontier, Reclaiming the Public Self*.


35. Ibid., 35.

36. Ibid., 244.

37. Ibid., 242.

38. Ibid., 245.

39. Ibid.

40. Ibid., 35.

41. Ibid., 243.

42. Ibid., 242-243.

43. Ibid.

44. Ibid. 241-277.

45. Ibid., 246.

46. Ibid., 249.

47. Ibid., 252-256.

48. Ibid.

49. Ibid., 254-255.
50. Ibid., 255-257.
51. Ibid., 257.
52. Ibid., 260.
53. Ibid.
54. Ibid., 265.
55. Ibid., 267.
56. Ibid., 273.
57. Ibid., 271.
58. Ibid., 272.
60. Ibid., 179.
61. Ibid., 180.
62. Ibid., 244.
63. Ibid., 243-255.
64. Ibid.
65. It is reasonable to say that human relations theorist such as Likert and McGregor assumed that more justice would occur under Management System IV - the participatory management group as described under Likert's four basic systems of management.
67. Ibid.
68. Ibid., 30.
70. Ibid., 20.
71. Ibid.
72. J.J. Renier, Vice-Chairman, Honeywell, Inc. in Marvin Weisbord's Productive Workplaces-Organizing and Managing for Dignity, Meaning and Community, 377.
73. Ibid.
75. Ibid., 15-24.
76. Ibid., 25-38.
77. Ibid., 41.
78. Andrew C. Sigler, Chairman and Chief Executive Officer, comment in Third Quarter Report, Champion International Corporation, 30 September, 1990.
79. Tag Edwards, Vice-President of Forest Products, Champion International Corporation, meeting with Montana Timberlands, September 1990, Missoula, MT, notes.
82. Greg Bearg, Champion International Facilitator, interview by author, 3 June 1990, Missoula, MT, notes.
83. Ibid.
86. Ibid.
88. Kemmis, Community at the Frontier, Reclaiming the Public Self, 129-140.
91. Kemmis, Community at the Frontier, Reclaiming the Public Self, 3.
92. Greg Bearg, interview.
93. Ibid.
94. Ibid.


98. Greg Bearg, interview.


101. Kemmis, Community at the Frontier, Reclaiming the Public Self, 159-163.


103. Although teams were forming corporate-wide at the time Ernie Corrick was Vice-President, there were no participatory management targeted areas under the Timberlands Division in the Missoula area until after his retirement. As implied in the paper, Corrick's style of management and the company's team concept had so many similarities that management today may not have significantly changed since Corrick left the company. However, there is a general view that participatory management is gradually improving the company because of increased involvement, coordination and broader responsibilities given to the workers. It is safe to say that Mr. Corrick would probably support these changes, even if he did not fully endorse the participatory management concept. His view was the effects of his management style and participatory management were the same.

105. Ibid, comments also by foresters Peter Tucker and Tony Lione.


107. Hayes, interview.

108. Ibid.


111. Paul Clark, interview.


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Champion International Corporation. Memorandum notes provided by Ernie Corrick, Paul Clark, and Steven Hayes on participatory management.


