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**Time to Transform Workplaces**

**Howard Marshall**

### **The Bevan Foundation**

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Howard has been an active trade unionist since 1976 when he was a psychiatric nurse in the health service. He was a lecturer in trade union education and industrial relations at Bradford College until 1985 when he was appointed as a regional official with NUPE, a predecessor to UNISON.

In 1994 he was promoted to a senior management role within UNISON. In 1997 he was appointed by the then secretary of state to be a member of the National Assembly Advisory group which made recommendations on the first government of Wales act and standing orders.

In 2006 he was seconded to public service management Wales to work on the Assembly government's public service transformation agenda. In 2008 he was appointed by the Assembly government to develop social partnership for Wales and is secretary to the Wales public service workforce partnership council.



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# Time to Transform Workplaces

## Introduction

In the opening paragraphs of the previous *platform* publication on trade unionism and social partnership I outlined a world of work which ranged from a high water mark of good employment practice, genuine commitment to workforce engagement through a long continuum to employment which is unregulated, dangerous and sometimes abusive.

The fundamental truth remains that despite much progress in some sectors, working people have little influence over their skills, talents and well being which should be a pre-requisite to a civilised approach to our lives as citizens and workers.

The current framework both legal and non legal that governs union and employer relations is still cast in the past and is fundamentally a product of the industrial revolution. Governance designed at the turn of the last century with the emphasis on control and creating “order” in workplaces but applied to today’s world of work speaks volumes about the flawed system we are trying to work with and sustain.

Whilst noting this context, it’s not going to change anytime soon and the reality of workplace culture has to be the starting point for any publication on workplace democracy.

There is a common misconception that unionised workplaces with good pay and conditions equates to some kind of workplace democracy. It could be argued that unionisation barely achieves representative democracy and this is a major impediment to understanding what workplace democracy really is.

The same can be said about employee engagement or the various participation techniques which are available with the assumption that because management are involving staff or their trade unions in decisions this is workplace democracy.

Before we go much further we need to retrace our steps back to some industrial history and the developments which occurred in the 1900s - often called “scientific management” -



and to the theory of management and workflow attributed to Frederick Winslow Taylor.

Taylor believed that it was possible to measure individual effort and process, but this required a high degree of management control over every aspect of the workers' time in work and interaction with work process. The concept went through various iterations over time to a point where its crude approach to management fell out of favour in the 1960s. However the legacy of scientific management has never been far from later management efforts and still casts a long shadow today.

It is the creation of rigid control, management layers and business process which leads to our current world of work and frames our approach to every aspect of business, employment and the relationship between those who "own" assets and those employed.

The structure of work is fundamentally a power relationship, with the centre of gravity shifting dependent on a number of factors such as the legal framework, sector, size of employer and culture. This has to be the starting point in any exploration of workplace democracy: the context, history and the socio-legal framework are key to understanding this concept.

We should not underestimate the shift required to create the conditions for workplace democracy. Trust, as opposed to control; consent, as opposed to direction; and shared ownership and empowerment with responsibility all represent the paradigm shift required.

### **The changing workplace**

Whilst the fundamentals of how work is structured have changed little over the decades, the industrial and workforce profile have changed significantly. Heavy industry and the state giants of mining, steel and car production are long gone. This change has not just re-profiled the workforce and the economy, it has changed our physical landscape and impacted on issues such as trade union membership and our thinking around "people management".



New sectors of the economy, such as retail and financial services, have emerged and expanded. We have seen a diversification of the workforce, with a welcome shift towards equality agenda. This has had a push effect in changing societal attitudes for the better.

The changing world of work has produced a climate where people are “valued”, on paper at least, and an acknowledgment that people can create a competitive advantage based on their skills, knowledge and engagement with the employers’ business objectives.

We have also seen the emergence of a new “science” of managing people, with thinking around emotional intelligence, leadership and learning. We live in a globalised environment with rapid technological development, involving the ability to handle and process vast amounts of information.

The convergence of consciousness around issues such as the environment, corporate social responsibility and ethical behaviour in work are all contributing to a new narrative to the employer / employee relationship.

We are also experiencing a divergence of the generations and their attitude to work, what it means, and its place in our lives. As the baby boomers retire, the concept of settled careers in one organisation with final salary pensions is also vanishing. The next generation, ‘Generation X’, are individualistic and tend to be comfortable with what is termed portfolio careers, involving employment mobility.

‘Generation Y’ is technologically wise and often support social causes around the environment and opposes the excess of global corporatism. They share many attitudes of ‘Generation X’ with regard to work and employment, which has profound implications for any study of the world of work.

The structure of business and workplaces has also changed. The scale of the workplace is the most obvious change, as described earlier, with a trend towards SMEs, social enterprises, service industries and niche manufacturing.

Various business models are deployed, dependent on sector, including small centralised strategic centres with high levels of



devolution to local regions or offices. Flatter management structures with teams empowered to take decisions within set parameters, home working, virtual working, and micro businesses are also all part of the rapidly evolving world of work with its portfolio-inclined workforce.

We must not overlook the public sector which retains its scale, particularly in central government, health and local government. The public sector remains a key employer in volume terms, a major purchaser of goods and services and thus an important player in any local economy.

For many, public service remains a career choice and still offers a long-term employment commitment. With its scale it often carries its culture, rituals and traditions. It can be slow to change and embrace new ways of working, in particular moving away from settled business process, hierarchies and leadership styles.

In the opening paragraphs I referred to the power relationship which is a fundamental element of work and the basis of the employer/employee contract. There are different leadership styles which are beginning to emerge using “soft power” and a more sophisticated approach to how people are motivated, engaged and empowered in work. These developments are of course welcome but fall well short of the shift required to transform our workplaces into environments which encourage input into decisions, innovation and shared responsibility for success. The next section explores these issues in greater detail.

### **The new relationship**

Let’s look at defining “workplace democracy” - what it is and what it might look like.

So, what do we mean by it? I define "workplace democracy" as essentially the process through which the workforce, individually and collectively, influences decisions at work that are usually reserved for managers to make. Specifically, issues such as what education and training programs staff need to produce goods and services; how work is actually organized; what kind of technology is developed or introduced in the workplace; what is the definition of quality of the goods and



services that staff make; what kinds of investments employers and owners are making to keep the business competitive and modern; and, probably most importantly, what is the basic business strategy that is being employed to create a successful enterprise?

We do have a number of examples of business and organizations which operate some kind of workplace democracy or aspire towards it.

**The John Lewis Partnership** is the obvious example within a UK context and often cited as a model of workplace democracy. The John Lewis Partnership (JLP) is one of the UK's most profitable retailers. Its success owes much to the co-ownership principles of its founder, John Spedan Lewis, who in the last century handed over control and ownership in two trust settlements which enshrined the principles of profit-sharing. Financial control of the business is vested in a Trust that owns the entire Partnership for the benefit of all its employees.

The JLP is one of a handful of companies to have a written constitution, which places the happiness of its partners at the heart of a successful business. The constitution also sets out the partnership's governance system, the Partnership Board (which has many features in common with the board of a typical plc, but includes elected employee directors and the Chair).

How does employee ownership help JLP? Partners have a sense of being involved and know that their opinion matters, and are able to feed this through the formal democracy bodies. The essence of effective co-ownership at the JLP is 'It's my business'. Sustaining these principles is down to good leadership at all levels, from the chair to branch managers. Managers must demonstrably believe that the system works.

A belief in employee ownership principles leads to partnership behaviour, which is secured through effective recruitment, extensive employee surveys, and systems of communication and training that reinforce the culture. All of the Partnership's profit, after retentions for reinvesting, is distributed to Partners.



6

There are many social enterprises and cooperatives which adopt a genuine approach to democratic involvement of the workforce.

**WL Gore** offers a fascinating case study: a business which operates without managers in an environment where trust, freedoms and innovation are prized. It sounds too good to be true but WL Gore has operated in this way for 50 years. A flat structure doesn't mean there is no framework - the business is designed around individual ownership and empowerment. There are individuals in leadership roles in WL Gore but the difference is how they behave and how they got there.

When Bill Gore set up the organisation, after 17 years as a research chemist with DuPont, He thought it was important for people to do something they are passionate about and built the business on four principles: freedom, fairness, commitment and waterline, meaning that everyone consults with other associates before taking actions that may be "below waterline", causing serious damage.

People who work in teams within a formal hierarchical structure are substituted at Gore by lattices based on direct communication between associates, and people become leaders based on their ability to gain their peers' respect and attract support.

This approach has resonated with staff and Gore has repeatedly ranked top of the '100 Best Companies to Work For' listing, coming first four years in a row. In the 2009 survey, 84 per cent of staff felt they could make a difference and 86 per cent that they could give a valuable contribution towards the success of the company; 84 per cent loved their work; and 87 per cent were proud to work for the organisation. More than a quarter said they had fun with colleagues and thought teams cared about each other while 80 per cent did not feel under pressure to perform.

"Everyone at Gore has an overwhelming sense of belonging. Everyone is in control of their own destiny in terms of how they behave, what opportunities they get and personal growth," says Faye Bewley, chief operating officer of Best Companies, which produces the listing with the Sunday Times.



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Bill Gore was inspired by Douglas McGregor's *The Human Side of Enterprise*, which viewed people as self-motivating problem-solvers rather than uninterested in their job and motivated only by money. Convinced that conventional business models did not reap optimum results, he began building a company based on innovation.

WL Gore's success spun out of a moment's innovation in 1969 when Bill's son, Bob, found a way of stretching PTFE, the material staff worked with at the time. The result – ePTFE – proved to be porous and durable at the same time, and its discovery was a springboard to success.

Bewley believes that working for Gore is not about great pay and benefits. "I'm sure they are competitive but people are there primarily because they can be in control of their personal growth."

Gore is still more studied than emulated, and though many companies have shown an interest in copying its approach, it is just the success and not the model they want to replicate. Sadly, often the leadership is not motivated to change some of the fundamental ways they operate.

**Dynamix** was registered in Wales as a worker co-operative in 1989. Dynamix lives and breathes the co-operative principles, as it delivers a range of courses and play-based activities that are mainly designed for younger people to learn about co-operation, inclusion, participation and enterprise. Dynamix works to a flat management structure with no hierarchy. After six months, employees are invited to become company directors and participate in directors meetings; each worker also belongs to a management team (marketing, development, operations management, policy & personnel).

Dynamix state on their website: "We aim to put the values and principles of the co-operative movement into practice, both in the work we do and the way we operate. Our work supports organisations to find co-operative solutions. Inclusion is a process that enables people to be valued as individuals and gives them the opportunity to participate. Dynamix provides training to help people and organisations to put equality into action."



Dynamix offers a successful example of a worker-owned business which delivers for its customers and remains faithful to its values.

The key question which we have to ask is do these examples offer a model which can inform and guide our thinking towards workplace democracy which comes close to the definition outlined above?

I firmly believe that in order to move towards a model based around workplace democracy we need to change culture and behaviours in work before any serious change can happen. At the very least we need to win the argument about trust-based management. Managers under pressure in straightened financial times often resort to a default position of control, micro-managing all activities and resources.

The forces at work in today's world of work as described earlier will render a control-based approach less and less effective. Managers need to fully exploit the potential of collaboration and flexibility. Trust establishes shared expectations, cements relationships and motivates people to increased commitment to business objectives.

Relationships can be seen to be a common thread throughout this publication. We must learn to manage relationships just like any other critical business activity - indeed we must invest in and nurture these relationships to underpin a trust-based approach.

Trust does not happen quickly or automatically because there is a desire for it. It emerges from sustained effort of shared experience over time, building confidence and skills which are "banked" as an investment in the process. In order to set the trust-based approach into context we need to examine the debate around leadership and leading-ship and how this impacts on developing trust and indeed developing workplace democracy.

How does leadership fit into this? We find the first examples of "leading" in the late 19th century. During this period of industrialization, the leadership model emerged on the workplace stage. The core element in leadership was the concept of command and control between leaders and followers. This



line of power was based on a downward relationship characterized by a culture of obedience and subservience from top to bottom.

This evolution was accompanied by a transition from the sole focus on leader-as-superior with followers, to connections between leader and followers. Within this modern frame of leadership, this more humane aspect emphasized cooperation, between people and work processes.

The Human Relations movement was established as a management theory and contributed to developing new perspectives in the organization of work. For example, teams were developed as an organizational form, and were further modified from the 1960s onwards.

An effort to develop an alternative model of “leading” began some years ago, seeking to design a model based on balanced relationships in the workplace. The term “leading-ship” was introduced around 2006. The term “leadership” had become so tainted with negative associations that a new narrative was required to recast the approach. The term leading-ship covers the concept of leading through relationships that involve every person in the workplace. Put simply, leading-ship offers itself as a contrast to leadership.

Leading-ship is about the use of trust, soft power and power-sharing. This enables people to become empowered through their actions in their respective workplaces. With people in charge of their own processes, they are able to assume responsibility for themselves and share responsibilities with others in the workplace.

In *Trade unionism and social partnership* I described a social trend of cooperation and partnership which emerged from the founding principles of the European Union. It is this social movement, perhaps at employer rather than government level, which offers a way of developing ideas around workplace democracy. One of the buzz topics of current thinking is “mutualism” - not new by any measure but one which should inform our ideas of workplace democracy.

Mutualism is about relationships between people. Although the current focus and understanding is about social business

it can of course describe how communities function, inclusion and exclusion depending on policy decisions.

Whilst the global information age has brought many benefits, bringing knowledge and access to millions via ever-developing technology, this seems to be at the expense of human relationships. The very technology which is bringing such a communication revolution to our lives is also slowly eroding the value of belonging and community.

All these factors have a significant impact on our culture in work which is by extension a slice of our lives.

Mutualism addresses the concerns about the loss of social capital and cohesion. It can be seen that we must re-discover the value of human relationships and grow a culture of trust. The earlier reference to WL Gore gave a working example of the operation of flat structures. We know that hierarchies concentrate knowledge and power at the top of a pecking order. The flow in hierarchies tends to be from top to bottom, and the closer it gets to the bottom the more it reflects repetition and disempowerment. Networks and cooperative models have a “leveling effect” on structures. even if there is no formal recognition that this is the case.

I believe these trends, trust, networks and soft power all place a premium on the value of human relationships. It’s an unstoppable tide in our information age.

### **Going Forward**

Is workplace democracy a realistic prospect against a background of financial challenge, slow economic growth and significant inertia within the world of work?

We must start with a belief that change is possible - the case for a new kind of workplace is compelling. The improved human relationships, trust and increased business performance should not be ignored.

In Wales we have a fantastic history of community action and cooperation which has been a feature of the civil life of Wales for many decades. The cultural foundations for making progress in Wales are there and the work around building social



partnership promoted by the Welsh Assembly Government is a helpful backcloth.

Buckminster Fuller, the American inventor, said:

“You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete.”

The “reality” Fuller described is of course incredibly complicated, with a mixed economy of public, private and third sector organizations many of which have layers and hierarchies which are the settled features of most workplaces.

The other reality is the link between hierarchies and pay - generally the higher up the ladder you sit the greater the reward. We know that pay is only one factor in the mix of issues which motivates people in work. The other major factor is status which is often accorded to those in senior roles in vertical structures. Work is an important part of our lives - it defines who we are and our perceived value amongst our family and peers.

In this publication I have talked about accountability, I want to emphasise this as an essential ingredient of a model of workplace democracy. The introduction of workplace democracy is not a soft option where individuals can avoid taking responsibility.

With trust and sharing power, comes accountability: it must be part of the balance if we are moving the centre of gravity in the workplace. We should not underestimate the influence of these factors - they are powerful and deeply engrained. Any re-casting of work towards a trust-based model, as can be seen, will be a challenge: not impossible but difficult.

Firstly, we need to build an alliance for change: is our world of work satisfactory as it is, or are we missing opportunities to improve business effectiveness, enhance human relationships and make our experience in work so much better?

Second, we need a debate within civil society about workplace democracy, to provide absolute clarity about what it is, what it might do and the social and economic value of using it. The Bevan Foundation is ideally placed to promote this con-

cept and to host the debate(s) which will be required. Any debate needs to avoid a theoretical or ideological clash about who owns assets and property and their “rights” over these matters. I believe this to be a distraction and a dead end if we want to change culture. We need to win hearts and minds based on:

- i. Business effectiveness
- ii. Enhancing human relationships
- iii. Improving our world of work

There are some key principles which will form the business case for workplace democracy:

- Purpose and Vision - A team needs to have a purpose: This, should- drive every other aspect of organization and governance.
- Transparency - The rights and responsibility of all involved
- Dialogue and Listening - Team members have a say in the running of the business and to keep the conversation going.
- Fairness and Dignity - Every team member has an equal status and accountability.
- Choice - Involvement, status and accountability give team members a "meaningful choice."
- Integrity - Integrity is the name of the game, and democratic business has a lot of it. They understand that freedom takes discipline and also doing what is morally and ethically right.
- Decentralization - Taking responsibility for yourself and other team members sharing and devolving power.
- Reflection and Evaluation - The sharing of best practice and learning from each experience is critical to a process of continuous improvement.

Third, we need to identify ‘go-early’ workplaces that can “test” the operation of workplace democracy. The public and third sectors may be the ideal environment particularly if they are already practicing partnership working. We may also discover that some organisations in Wales are committed to workplace democracy, operate it, or would be keen to make a start.

The process of testing, evaluation and wider adoption will take time but we have to accept that we are starting from a base position for all the reasons which have been articulated in this



publication. This kind of journey is not without risks and we may discover it is much harder to get off the starting blocks than we thought. I am convinced that workplace democracy is the way forward as there is a pressing need to abandon the outdated and inefficient world of work which wastes so much human talent.

## **Finally**

We need to think long and hard about a sustainable future for workplaces in the information age. We must abandon the corporate notions of profit and consumption without limits. The hierarchies and command and control methods must go. Business and public service organisations must embrace corporate social responsibility and understand the impact of their operation on people and communities.

Workplace democracy may have found its time.



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