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Article

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Zeitschrift für Personalforschung (ZfP)

Provided in Cooperation with:

Rainer Hampp Verlag

Suggested Citation: Nerdinger, Friedemann W. (2008) : Editorial: Employee participation and organizational culture, Zeitschrift für Personalforschung (ZfP), ISSN 1862-0000, Rainer Hampp Verlag, Mering, Vol. 22, Iss. 2, pp. 107-110

This Version is available at:

<https://hdl.handle.net/10419/71023>

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Friedemann W. Nerdinger*

Editorial: Employee Participation and Organizational Culture

Employee participation has become a convenient catch-all term to cover a variety of forms and organizational techniques. For instance, it encompasses such diverse forms as participative management, workplace democracy, representative participation, empowerment, quality circles, and employee ownership. Although each of these concepts have unique characteristics, they all have as a common core the idea that by allowing employees to participate in decisions that affect them and by increasing their autonomy and control over their work lives, they will become more motivated, more committed to the organization, and more satisfied with their jobs (Wagner 2004; Antoni 2007).

To start with, employee participation can be divided into material and immaterial forms. Material participation includes all forms of financial (monetary) participation of employees in the company such as a participation in the organizations' capital, profit or gain or other forms, e.g. stock options (Backes-Gellner/Kay/Schröer/Wolf 2002). Immaterial participation has employees involved in information, coordination, and decision processes within the company. Here, one has to distinguish between forms of legal co-determination at board level and additional participation at establishment level that is granted voluntarily by the management, e.g. participative management as employees share a significant degree of decision-making power with their immediate superiors (Voß/Wilke/Conrad/Hucker 2003). All these forms of participation have slightly different goals and very specific ways of realizing them, so it seems difficult to answer the outstanding question, that is, whether participation works.

Most forms of material participation seem to have the potential to increase employee job satisfaction and work motivation, but for this potential to be realized, employees need to experience "psychological ownership" (Pierce/Kostova/Dirks 2001). That is, in addition to merely having a financial stake in the company, employees need to be kept regularly informed about the status of business and they also need the opportunity to exert influence on the business. In order to achieve significant improvements of organization's performance by material participation it takes a participative style of management (Szabo 2007), that implies some kind of immaterial participation. There are dozens of studies on the participative management-performance relation-

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Prof. Nerdinger directed the project TiM which was funded by the Federal Ministry of Education and Research. Project TiM is about how organizational participation may help companies in adapting to continuous change in their socio-economic environment. In this context participation systems were examined by surveying organisational culture of participation (OCP).

ship, coming up with mixed findings. Meta-analytical studies show only modest influence of participative management on variables such as employee productivity, motivation, and job satisfaction (e.g. Miller/Monge 1986; Wagner/LePine 1999). The most plausible interpretation of these findings is that participative management is beneficial only under the right conditions or – as Strauss (1998) said – “participation works – if conditions are appropriate”.

When are conditions appropriate? One decisive factor seems to be corporate culture (Martins/Pundt/Nerdinger 2005). What is meant by the term “corporate culture” is still not very clear, even after a few decades of research. Following the widespread definition given by Edgar Schein (2004) it may be understood as a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems. In his theoretical model Schein distinguishes three levels of corporate culture. On the highest level, he places the so-called artefacts. Artefacts are the obvious elements of the corporate culture, such as organizational structure, architecture or visible behavior patterns. The mentioned forms and instruments of participation are part of this level of artefacts. On the intermediate level, the values of the organization are located. Schein (2004) refers to the expressed, not necessarily the enacted values of organizations. In this sense, participation can be conceptualized as a value, which is worshipped in an organization to a greater or lesser extent. Finally, on the third level of corporate culture, basic assumptions may be found. They include assumptions not reflected consciously about the nature of human beings, environment, time, or reality in general. For instance, the assumption that human beings are fundamentally active and strive for responsibility will lead to valuing participation in an organization, which in turn leads to the implementation of diverse forms and instruments of participation. Regarding participation, corporate culture may be studied in two ways: as a context factor influencing the functioning of participation and involvement measures; and as a construct that is itself determined by the extent to which employees are involved in corporate information and decision-making or participate via material forms.

This special issue of the *German Journal of Human Resource Research* sets out to clarify the functioning of employee participation and involvement, paying attention to the explanatory power that the concept of corporate culture has for these phenomena. The following papers concentrate on different aspects of this complex field.

The first paper, by *Magnus Sverke, Johnny Hellgren, Katharina Näswall, Sara Göransson, and Jan Öbrming*, examines the effects of participation. Generally employee participation is conceived to facilitate implementation of organizational change. Going beyond this research tradition the authors investigate whether participation may reduce the negative effects of downsizing. Therefore they compare two Swedish hospitals that implemented downsizing in different ways. Among others, they can show that employee participation is positively associated with employee work attitudes and well-

being at both hospitals. This paper provides further evidence for the importance of participation in diverse processes of organizational change.

In the second paper, *Nicolas Aubert* investigates the role of employee share purchase plans in developing an ownership culture. The author has conducted semi structured interviews with French experts specialized in employee savings asset management, the results being controlled by interviews with employees. Thereby, this paper gives interesting insights into the actual functioning of ownership models in France, which are usually hard to understand from abroad.

In the third paper, *Thomas Steger and Ronald Hartz* analyze power relations in employee-owned companies located in the former German Democratic Republic. By providing three case studies, the authors consider the situation in companies introducing different forms of employee ownership in order to rescue the firm from bankruptcy and to secure employment. Existing literature is ambivalent about the consequences of such a solution, so knowledge about the processes initialized in this case is needed. The propositions the authors derive from their research are very helpful in understanding the power dynamic produced by crisis induced employee ownership.

Next, *Wolfgang Weber, Christine Unterrainer, and Thomas Höge* examine effects of structurally anchored organizational democracy on perceived socio-moral atmosphere and on employees' prosocial, democratic behavioral orientations. In their stimulating study they identify three groups of organizational democracy, they call social partnership and conventional employee-owned enterprises, democratic employee-owned enterprises and hierarchical enterprises. In a sophisticated research design they show that between these different types of organizational democracy there are significant differences in prosocial and democratic behavioral orientations and in socio-moral atmosphere. In times when large global enterprises are accused of corruption, this kind of research offers valuable insights into the moral culture of companies and the consequences for attitudes and behavior of employees.

Finally, *Erko Martins, Alexander Pundt, Claes S. Horsmann, and Friedemann W. Nerdinger* introduce the concept of organizational culture of participation. A company has a culture of participation if it uses forms of employee participation permanently, intentionally and preferentially to solve opening and integration problems effectively and sustainably, thus facilitating the adaptation to altering environmental conditions. They show that this kind of organizational culture can be differentiated into three types regarding the dominating group with respect to participation – leader promoted, employee promoted and institution promoted cultures of participation. An empirical study for validating a measure of the types of culture delivers evidence that these types can be differentiated regarding attitudes and behaviors of employees, namely commitment, psychological ownership and innovative behavior.

The authors of these papers, coming from several different European countries, as well as the editor hope, that the articles will inspire scholars in the field of participation and culture to continue and deepen their scientific work. It would be for the sake of human resource research and practice.

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