

The Industrial Democracy – A Case on Norwegian Management Model Practiced in a Private Small Business Company

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Abstract

The industrial democracy is an important approach of management practice especially focused on motivation and cooperation aspects. In Norway and other Scandinavian countries, this approach has been practiced in many business companies, partly due to shortage of labor resources and partly due to the strong trade union cultures. The early theoretic grounding work has been developed by the Norwegian researcher Thorsrud (1970) and his theory on industrial democracy has been included as a part of management theories. The Norwegian government pays also much attention for this practice and inspired this philosophy in the labor law. The Research Council of Norway (NFR) also initiated a research program (VRI) to stimulate and encourage partners as industries, research and educational institutions to cooperate together in finding the variant ways of Norwegian industrial democracy (DNM, den norske model) to improve productivity while creating better working environment.

The Norwegian industrial democracy (DNM) is a practice and field experiences based theoretic model, developed by action research methods in Norwegian companies. The essential philosophy of DNM is deeply involvement of everyone in the organization, both in horizontal and vertical direction to be a part of decision making process. The key element is information, communication, understanding, motivation and engagement for a successful business company. The DNM model has been implemented in many business companies over time with variant themes and focuses in the practical issues. There are however many difference experiences and stories for DNM practical applications and certainly there is no guarantee for success of DNM for every business company.

This article is writing about a case for DNM process and applications in a private small Norwegian company. The research team has been the case company since 2005 and followed the process development over the whole time period. The experiences on this DNM application are characteristics as everything else than other DNM applications in the same region, but different company sizes and ownerships. The research team's observation and analysis so far suggested the DNM application in this company could be characteristics as an informal development and change process in the organization with focus on technical and productive improvement and production, but ended up and solved by socio-tech and organizational approaches.

Keywords: industrial democracy, productivity, organizational approach, research cooperation

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The case company

The case company is a private small company, produces and packages juice for large groups of wholesales chains. The industry is highly processing based with relatively updated equipments and technical solution. The working tasks are highly volume based production and highly automatic operated. The production workers are therefore required highly mobilized and job rotated, as well as competence updating in order to meet production requirements.

The nature of this cased juice plant is private and family owned business and the company structure is rather as centralized and top-down format. There is a physical distinction between management and production lines, thus one kilometers distance between the company's management office and production location, and top management team is seldom to be observed in the production location. The distinction also can be observed culturally and also by different attitudes through research team's interviews.

The research questions

The following research questions are brought based the project experiences, observation and data information from the case company so far:

- What are the necessary elements and successful criteria for DNM applications in a company environment where DNM is not generally accepted or understood?
- How importance informal project organizing is able to contribute to the DNM application?
- How should a DNM introduced into a none-DNM familiar company or environment?

The following story of the case company from the project period provides readers few detailed events. The research was based on action research (AR) approach and every single case/story contributes further experiences of knowledge enrichment and data collecting for full analysis and conclusions.

The project

The project at the case company initiated in 2005 and it was meant to be approached similar ad other DNM projects in the region. The essential goal was to improve the company's productivity through DNM approach, particularly through better cooperation between production workers and management, and more decision involvement from the workers. The project was defined as a single company focused action research project, under the category of company research project on VRI.

After the project initiation, there has been introduced and applied common DNM practices or methods, experienced from other case companies such as dialog conferences for whole staff, formal project meetings with top company leaders and union representatives, even project information meetings with operators and production workers to motivate their engagement to this project. Despite of these actions, the management seemed not being directly interested in the DNM approach and production workers were not engaged neither. The direct DNM approach seems not to be a very attractive optional for the case company. The research team has debated many times over the validity of this case project and necessity of letting the company taking part in the VRI research program or

drop off this case. However, there are the contra-dictionary events to be observed and relevant issues for this project to be debated:

- The project has been “survived”, thus engaged in, almost longest compared with other VRI company projects, indicating the interests of participating from the company
- The productivity and efficiency has been increased significantly nearly 20% during the project period, succeeded what DNM intended to reach for
- There have been significantly attitudes changes, both among the production workers and management regarding DNM importance and applications.

Though the formal DNM process has been reduced, the efforts for DNM application in this company never been stopped. The alternative approaches as informal DNM process has been experimented and evaluated during the project period. A few observations and reflections are noticed and these data materials might lead us into the research questions in terms of DNM applications, alternative solutions and reflections.

The social-technical approaches

The case company management, like other business management, is engaged in production productivity and product quality and this is the main access for the research project. The social-technical approach is the crucial element here to define the project objectives at the company level. The project plan presenting for the company must include defined technical improvement with detailed specifications and these must also meet the company’s expectations.

This particular project will contribute to increased value, increased efficiency through team building and better utilization of resources. This will be done through specific/defined technical subprojects in reducing waste and improving logistics. It is important to have active participation in specific sub-projects with broad participation of management, employees and trade union. Project activities will be integrated with the research within the current themes in sub-projects. The new knowledge generated in the sub-projects will be published popular science - and scientific journals, and will be brought back to the concrete activities in the sub-projects, and contribute to increased value, increased efficiency and, not least, increased expertise in the areas in which these concerns.

The research methods

In 2006 the company expanded its order at the same time upgraded a production line, both with very short notices before hands. The new and increased production volume plus a new package line are the big challenges for the production workers. The production results were sufficiently good, but workers were driven into a changing process without preparing and learning and this caused certain frustrations.

The research team did a survey by the end of 2006 and reflecting on the survey from workers is a further and concrete step to question or verify the crucial point in technology transfer, in this case, a new package line: The ability to use the technology depends according to Levin (1997) on managers’ and workers’ understanding of what knowledge is built into the machines and tools and to achieve necessary skills and motivation to operate it efficient. This is the crucial point in technology transfer.

About the organizational issues during the technology transfer, the action research scholar discipline, the Tavistock Institute committed itself to do practical research using the socio-technical system design principles in the Norwegian Democracy Project in Norway in the 1960s. The Democracy Project carried out a set of experiments at different kind of industry located both in urban and rural areas (Elden, 1979; Thorsrud, 1970). The results from the Norwegian Democracy Project had a major impact on how to organize industrial work in Scandinavia. A central realization from the project was that participative approaches were necessary in order to increase the industrial democracy.

This approach became a design criterion for all interventions in industrial organizations. New management ideologies are developed, focusing on good social relations (Vanebo and Bush, 1988). This main concept from the project is still valid, 'the socio-technical thinking is building links between the technological system and the organization' (Levin, 2002).

The observations and outcomes

The 2006 survey outcomes indicated there was a huge need for knowledge and competence upgrading after the new machine installed in the package line, and also there was a need for good social relation at the plant. The crucial issue on technology transfer was identified as training need for operating the new machine, but also employee participating for the planning stage and this could be done in a better way. There were also variant elements in social relations and attitudes that might be hurdle for further productivity lifting. If the company wishes to expand its production productivity, there must be options for improving the mentioned issues in human aspects, since the machine was already new.

Based on the social-technical philosophy, the survey outcomes from 2006 and action research approach, the research team made few process steps on DNM practice in the case company. Starting with focus on productivity improvement and quality issues, the technical specifications as wasting during the production and on job training for operating new machines are taking in part as the particular DNM process goals. Moreover, the project also conducted by decentralized approaches that researchers are involved in as facilitators or brokers for few internal meetings for employees, so the operators can speak freely without their direct managers at the place. The research team also engaged 2 student projects in 2007 and 2008 and using college students to collect the information and opinions from the operators. The student projects were easily to initiate since the research team members are from a local university college and have integrate projects as a part of study program.

The successful conducting of student projects at the company was a turning point further engagement of DNM research for the company. Although the students worked on "lower" level of the company and tasks, they had directly contacted with operators and they observed first hand information from the production process. About all, they also worked brilliant as brokers for communication and information exchange between the management and workers at the production. They projects also resulted important findings about the wasting during the production, which was technical issues but might be improved by human cooperation. As a result, the success of student projects credited the cooperative atmosphere at the company and openings for further project proposals from the research team.

During the same period, other approaches were also applied to build up close cooperation atmosphere between the company and research team. The company was invited to give the practical case presentation as a part of university lectures to enrich the students' industrial knowledge.

One research team member was placed in the company for the determined period, partly for learning the industry and be more familiar with the company, partly to continue the research data collecting from the production workers for organizational development, wasting issues and productivity lifting. As a result, the research team member learned more industrial knowledge and became familiar with company and its daily tasks, but most important of all, built up the trust with production workers and collecting the data for further steps. There has made many observations during this placement linked with possible productivity lifting.

The observations noticed the facts that company's machine and technical facilities are sufficiently good and production line is modern machinery with high production volumes and few operators, much needed skills, training services, especially for new employees are essential for the business. It is not highly labor intensity, but knowledge and process intensity tasks at the production workshop. There is good possibility to increase productivity once the coordination and cooperation are better performed. Organizational and work related attitudes are the key element for a better cooperation atmosphere but this requires the deep involvement on a personal and individual level. By this stage, DNM is perfect approach to aim and solve the mentioned problems.

Discussions and conclusions

The research process at the company is not completed yet, but the observations and data collection so far has enriched our knowledge about the research questions we have been addressed early:

- What are the necessary elements and successful criteria for DNM applications in a company environment where DNM is not generally accepted or understood?
- How importance informal project organizing is able to contribute to the DNM application?
- How should a DNM be introduced into a none-DNM private company or environment?

As an action research approach, a long term research engagement and continuation network with case company might be a good answer for necessary element for DNM applications, even when DNM was not generally accepted or understood at the beginning. Reviewing the story back to the research project initiation in 2005, the research team has been gone through the experiences on a changing process from starting to now: At the beginning there seemed to be no engagement for DNM generally, than research team found out the DNM might be not suitable for the case company, there was no formal structure supporting DNM, nor atmosphere for DNM neither. However, the 2006 survey indicated there was a "latent" need for DNM application for better working environment and productivity lifting. The consecutive efforts and outcomes confirmed the necessity of DNM and its possibility at the company. Therefore, long term engagement and patient approaches, focused on technical improvement but approached through social elements must one of successful criteria.

Although the social-technical system is the essential approach for problem solution, it was important to start with technical issues which was generally easier to be accepted, focused on and not at least, to come out with quick results for further project approval. The DNM final intention was also higher productivity, so it was special essential to mention this final goal to the company management at the starting.

The small organizations are often with informal structure and act quickly, and this is also the case for DNM application. The informal project organizing was very important to this case company and this is the culture of doing things here. Hence, the DNM introduction might follow the same

pattern so management and workers are familiar with DNM in this way. The research team conducted few none-DNM projects (as student projects and staff placement projects) to build up necessary trust and network in the company, for further DNM application. The key company persons found this approach was more viable and also practiced into an on job training project.

The informal project organizing merely means thinking the projects from the company's need and based upon the company's availability. As DNM is not one fixed approach and is rather a philosophy that applies possibly variant ways in practice. In a sense, the traditional DNM methods might be modified as for example trade union representatives' involvement or formal discussion meeting with management in every detail might be questioned for necessity.

The conclusion for this study so far is that DNM application is quite possible for a none-DNM company. However, the traditional and classic DNM approaches might not work for such cases. The researchers need to approach in an innovative way, but this is also the key issue of an action research approach. There is no a fixed menu for approaches but few key elements are essential for the successful DNM introduction for companies: Long term engagement, be patient, speaking the industrial languages/avoiding academic lectures, and making efforts for mutual communications, understand what the company's current need and integrate it with DNM projects.

The complexity of industrial democracy and DNM is that it sounds like political manifest although the methodologies are highly research based. The DNM applications are also relative complicated and it needs involved every individuals in the organization to understand the whole concept and practice it. It is therefore not a speedy project, but rather a long term engagement with multiplex approaches. Training/education must also be necessary elements. By the end, the company management engagement and necessary resource budgeting are all the essential criteria for the successful DNM applications.

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