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Book Reviews : Raymond Russell and Veljko Rus (eds.): International Handbook of Participation in Organizations. Vol. 2: Ownership and Participation: 1991, Oxford: Oxford University Press. 358 pages

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It is obvious that there is a need to study the relationship between levels of rationalization and levels of economic performance. Only then will it be possible to prove that low rationality limits the ability of these firms to exploit their (economic) potential as posited by the authors.

Instead, Balducci et al., just like other Italian researchers who believe in the marginality of Italian small firms, tend to study the level of rationalization of these firms *per se*, and, of course, they have little difficulty in proving how 'non-rational' the management and organization of these firms are. Their research instruments and their analyses are designed to make the point. Thus, in the work under review, there are many examples of inefficiencies and lack of rational instruments of administration, but no explanation is given of how the small firms under study have not only survived, but remained relatively profitable.

In summary, the main contribution of Balducci et al. is the conceptual and methodological framework they have developed to 'measure' the level of rationalization of organizations and their networks. The contribution of rationality to the performance of small firms remains to be established.

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The nineteen contributions to this second volume of the *International Handbook of Participation in Organizations* are centred around the questions of ownership and participation. The first part comprises four papers dealing with 'Evaluation and Review of the Field': Based on recent literature and experience in different countries, Peter Cressey (University of Bath) investigates present trends in participation with respect to the introduction and implementation of new technology. Although he finds that, in most cases, strategic technological decisions are taken without significant information and participation of the working collectives concerned, he also provides a few interesting examples of early information and participation of workers by the management. Then, Roe Paton (Open University) reviews the experiences and problems of worker

takeovers in different European countries (Denmark, France, Germany, Italy, Spain, United Kingdom). He mentions weaknesses such as 'expecting too much, too soon', 'inadequate support measures', 'insufficient attention to smaller W[orker] T[ake] O[ver]', 'no evaluation of support policies' (p. 37), but the basic issue seems to be the 'marginality problem', the danger that the WTO option leads to 'marginal enterprises with poor long-term prospects and unsatisfactory terms and conditions of employment' (p. 39) as those firms are likely to be offered to working collectives for sale. Derek C. Jones and Jeffrey Plinskin (Hamilton College, Clinton, N.Y.) give a partial review of recent theoretical and empirical work on 'The Effects of Worker Participation, Employee Ownership, and Profit-Sharing on Economic Performance'. As the host of the work reviewed relates to the late seventies and the early eighties, the findings appear a little bit outdated. The same applies to the interesting contribution by Frederick Leete-Guy (University of Massachusetts, Amherst) who uses the example of the Mondragon group of worker cooperatives in order to analyze the viable federal structure for labour-managed firms in mixed economies. Nevertheless, his deliberations on appropriate federal systems of firms seem to be a fruitful starting point for further analyses.

Part II, 'Landmarks Revisited', starts with a paper by the American Sociologist William Foote Whyte concerning the economic and non-economic sources of the famous Mondragon example. In contrast to that, Leon Grunberg (University of Puget Sound) presents some disturbing findings about plywood cooperatives in the Pacific North-West (worse productivity and safety records than their 'capitalist twins') which are correctly ascribed to a long lasting 'degeneration' process. The well-known critical attitude of the Fabian socialists, Sidney and Beatrice Webb, are then presented by Tom Clark (Trent Polytechnic, Nottingham), together with a rejection of the critique of the Webbs by D. C. Jones. At this point, one misses a critical review of the equally important contribution by Franz Oppenheimer whose *Siedlungsgenossenschaft* (1896) was a very early and path-breaking contribution to the cooperative literature. (In fact, no mention at all has been given to his work throughout the whole volume!)

The articles of Part III address recent theoretical developments in the field of property and ownership, starting with Eugen Pusic's (University of Zagreb) description of the development of property as a social institution. Then the German organizational psychologist Bernhard Wilpert presents the growing contradiction between legal property claims and psychological ownership, thereby relating the notion of participation to factual control and hence to factual ownership. Branko Horvat (University of Zagreb), one of the leading theoreticians of workers' management, presents a short paper on 'Social Ownership' as 'a special type . . . with distinct legal, social, and economic characteristics that make exploitation impossible [whereby] exploitation is defined as (1) command over the labour of others; and (2) appropriation of non-labour income'

(p. 169). The chapter concludes with a paper by Menachem Rosner (University of Haifa) on ownership and work in the Kibbutz and a contribution by Raymond Russell (University of California) on Sharing Ownership in the Services.

Part IV is devoted to 'Recent Research Findings'. Terry J. Hanford and Patrick G. Grasso, both from the U.S. General Accounting Office, investigate participation and corporate performance in E.S.O.P. firms and conclude 'that the economic participation provided by ESOPs does not appear to improve the performance of the average sponsoring firm' (p. 230). Although their evidence suggests that participation in corporate decision-making may be related to improved productivity among ESOP-sponsoring firms, they face the well-known 'hen-and-egg problem': Is participation the source or the consequence of increased productivity?

Janine Goetschy (Centre National de la Recherche Scientifique, Paris) gives a short overview on French research on direct worker participation followed by an analysis of participation and control in law firms by Pamela S. Tolbert and Robert N. Stern (Cornell University, Ithaca, N.Y.). Then Frank Heller (Tavistock Institute of Human Relations, London) stresses competence as both a condition and a consequence of effective participation.

Finally, three country studies are presented in Part V: Michal Palgi (Haifa University) analyzes worker participation in Histadrut-owned Enterprises in Israel, which is both caused and complicated by the fact that Histadrut, the General Federation of Labour, is both the owner and the trade union of the plants. She finds deficits especially in shop-floor participation. The new possibilities of worker participation in the Soviet Union, described by Murray Yanowitch (Hofstra University), appear to be surpassed by the factual developments during the last five years. The book concludes with an interesting overview of employee-owned companies in the Nordic countries by Lars Lindkvist and Ann Westenholtz (Copenhagen Business School). In spite of some unnecessary impediments to the establishment and continued existence of employee-owned companies, the authors are optimistic with respect to the further development of those firms in the Nordic countries.

Although this second volume of the *International Handbook of Participation in Organizations* has a clear Anglo-Saxon bias, it gives an interesting overview of some recent developments in this field. Unfortunately, due to the usual publication lag the most recent and interesting developments in Eastern Europe are missing, and Third World countries are completely omitted. Nevertheless, it will be a valuable source of reference and stimulation for anyone working in the field of participation.