

Editorial Introduction

This issue is devoted to a topic which seems rather untimely in today's public debate, employee ownership. Three articles focus on different aspects of the issue, and succeed in demonstrating the relevance of their study to understanding several of the problems which are active in present-day working life.

Ann Westenholz, professor at the Copenhagen Business School, raises a set of methodological and epistemological issues of broad significance to organizational research, using employee ownership as a poignant case. She demonstrates the relevance of a paradox perspective in the analysis of an employee-owned company, namely its stability and changeability. Research is characterized as second order social constructivism, and Westenholz offers a four-phase model for the research process, which includes normalizing what has been assumed to be abnormal, using inconsistent interpretations of data and analysing how the organization deals with the presence of inconsistencies and so on.

The Danish newspaper *Information* is, in Scandinavia, a legendary tribune of free speech, and employee owned from the start. Westenholz manages to make paradoxical sense of the conflicting statements made in her interviews.

The contribution by Engin Yildirim, University of Sakarya, is a more direct investigation into the effects in terms of saving jobs and attaining other valued objectives through an employee buyout. Closure of unprofitable public enterprises has become a typical ingredient of public policies designed to enhance economic productivity and reduce deficits in public spending. Many trade unions have reached for alternative approaches to traditional measures of industrial action. It is within this context that Engin Yildirim has placed his investigation of the employee buyout of an ailing steel mill in Turkey.

In some cases, governments have been helpful in enabling a buyout as a job-preserving measure. Yildirim concludes that this is a pragmatic response, but does it help preserve jobs? Reviewing the literature the author finds that a successful employee buyout should have the support of all relevant parties, economic viability and sufficient time. With appropriate government support the likelihood of success increases. Most case studies into the commercial outcome of buyouts are very favourable, according to the review of literature. Employee ownership has a demonstrated positive effect on worker attitudes, behaviour, commitment and so forth. However, Yildirim claims that these positive effects could also be accounted for by other simultaneous changes in, for instance, technology and outside support.

The takeover reported in this article has so far been quite a success, but some workers have already sold out their shares to speculators and others. A workers' trust is planned to prevent the dilution of employee ownership. A change in job attitudes has also been achieved, even though no fundamental changes in leadership in the direction of participative management have been offered. Yildirim also describes critical reactions from the workers/members towards the trade union for being too much involved in management.

Employee stock ownership plans (ESOPs) are spreading. One reason is the finding that employee ownership is often a key to sustaining a competitive advantage. Puzzled by the considerable amount of variance in the ownership arrangements in various ESOPs, Patrick P. McHugh, George Washington University, Joel Cutcher-Gershenfeld, Babson College, Sloan School of Management, MIT, and Michael Polzin, Michigan State University, examine how factors such as industry, age of ESOP, ownership structure and union member participation influence how institutional factors are democratically structured. Based on a close reading of the literature, in itself quite informative, the authors hypothesize that unions might influence ESOPs in several significant ways.

Using a survey of 68 ESOPs, the authors found that when bargaining unit workers participated in an ESOP, the plan tended to be more participative and egalitarian. Other factors examined had relatively minor importance. The results, according to McHugh et al., show that union participation has an important influence on the nature of employee ownership arrangements. Unions act on

AFL-CIO guidelines, which call for employee participation prior to establishment of an ESOP. There is also higher likelihood of employee majority ownership where there is union participation. It is also in those cases where employees are more likely to participate in the selection of the board of directors and the company board. The results are commented upon and analysed at length, indicating the many interpretations of the findings which are possible.

Another new practice which is of great significance in today's working life is total quality management (TQM). As with ESOPs, one of the proclaimed achievements of the method is emphasis on more cooperative employee–management relations. However, according to the final article in this issue, TQM, as presently conceived and practised, 'obscures but does not reduce management control over workers'.

The authors, Joyce Rothschild, Virginia Polytechnic Institute and State University, and Marjukka Ollilainen, Weber State University, have examined the foundational texts and a set of implementation guides and found that the language of empowerment and self-management is often used in ways that not only compromise the meaning of these concepts, but may further perpetuate inequality among workers. Rothschild and Ollilainen compare the ideal-type features of three models of organization – TQM, machine-based bureaucracy and egalitarian-democratic organization – and define pertinent differences. Instead of challenging the unequal nature of power relations between managers and non-managerial employees, they write, TQM seeks circuitously to harness workers even more closely to the organization's growth and/or profit goal.

With this issue Aina Godenius-Berntsson has terminated her long relationship with *Economic and Industrial Democracy* as Associate Editor. No doubt, Aina has made a strong personal mark on the journal, and she has, with her very high professional standards for the editorial work, made *EID* a valued and highly respected partner in the academic publishing circuit. Aina has made many friends among contributors to the journal over the years, board members and many others involved in the making of the journal, and I know they will join me and the other editors with whom she worked, in a grateful greeting and good luck wishes for the future.

In concluding this volume I also take leave of *EID*. The new editors will be Professor Lars Magnusson, assisted by Docent Jan Ottosson, both of Uppsala University and the National Institute for Working Life, Stockholm. Good luck to them as well!