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# The Ethical Superiority and Inevitability of Participatory Management as an Organizational System

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**T**his article asks us to consider, on ethical grounds, the superiority of participative management over more autocratic alternatives. The author questions the predominance of the autocratic choice in both management practice and theory. Applying the examples of both political and economic history, the author challenges why management seems to be the last bastion of the autocratic choice. Also based on these examples, the author questions how long the autocratic tradition in management can last.

*Bart Victor*

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## Abstract

During the heady revolutionary days of the 1960s, Slater and Bennis (1964) declared the inevitability of democracy at the workplace. Twenty-five years later, in a retrospection of that article, the authors claimed that they were right (Slater and Bennis 1990). Unfortunately, the data do not support their claim (Lawler et al. 1992). Nonetheless, workplace democracy is inevitable.

This article argues in favor of the inevitability of participatory management, one form of workplace democracy, on the basis of its coherence to the social philosophical assumptions about human nature that underlie the forms of political arrangements (democracy) and economic arrangements (mixed economy) in the United States. These communitarian philosophical assumptions have been thoroughly argued in the political science and economic literature to be ethically superior to other sets of social philosophical assumptions that underlie authoritarianism and libertarianism. Currently, organization theory is approximately 200 years behind this literature. Persons who experience significant benefits as a result of the central position of "liberty" in the social philosophical assumptions of democracy and capitalism tend to design organizational systems that significantly restrict the liberty of their employees.

The current push for more democratic features is coming from organization theorists doing work on corporate culture, total quality management, gainsharing, and other systems of management that encourage decentralization, and from business ethics scholars doing work on the societal accountability of organizations. The very slow rate of evolution to workplace democracy is primarily attributed to the central role of the power elite. Whereas the American political and eco-

nomics revolutionaries came from within the power elite of their times that is not yet the case for workplace democracy advocates.

*(Participatory Management; Organization Theory; Business Ethics; Political Theory)*

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In reflecting over the past 40 years of management science, the renowned management scientist/philosopher C. West Churchman (1994, p. 99) concluded:

As the first editor-in-chief of *Management Science*, I expressed my ambition for the society (TIMS) and its journal. My notion was that a society and journal in the subject of a science of management would investigate how humans can manage their affairs well. For me, "well" means "ethically," or in the best interest of humanity in a world of filthy oppression and murder (I'm a philosopher and therefore have a philosophical bias, the same bias Plato had when he wrote *The Republic*). I find that 40 years later management scientists have been inventing all kinds of mathematical models and novelties (management by objectives, game theory, artificial intelligence, expert systems, TQM, chaos theory), and none of these has contributed much to the ethical benefit of human beings. Hence, in 1993, we are still waiting for a science of management to emerge, although there are some lights at the end of the tunnel.

A solution to the management science ethics problem raised by Churchman and the new organizational paradigm shifts advocated by Daft and Lewin (1993) can be found by uniting the social philosophical as-

**Table 1** Ethical Foundations of Political, Economic, and Organization Theories

	Authoritarianism	Communitarianism	Libertarianism
<b>Political Theory</b>			
Example	Dictatorship	Representative democracy	Direct democracy
Role of Sovereign	Government commands in all matters	Government establishes goals and monitors for harms and deviances	Government monitors for harms
Role of Subjects	Citizens obey commands for peace	Interest groups pursue self, group, and national interests	Citizens pursue self-interests
<b>Economic Theory</b>			
Example	Planned economy	Mixed economy	Market economy
Role of Sovereign	Government commands in all matters	Government establishes goals and monitors for harms and deviances	Government monitors for harms
Role of Subjects	Managers obey commands for GNP	Managers pursue self, group, and national interests	Managers pursue self-interests
<b>Organization Theory</b>			
Example	Traditional management	Participatory management	Self-management
Role of Sovereign	Managers command in all matters	Managers establish goals and monitor for harms and deviances	Managers monitor for harms
Role of Subjects	Employees obey commands for wages	Employees pursue self, group, and company interests	Employees pursue self-interests

sumptions of organization theory with those of political and economic theory. The United States has been an international force in persuading other nations to adopt a democratic political system and a mixed economy. The worldwide trend during the 1980s and 1990s is away from dictatorships and toward democracy and mixed economies. As shown in Table 1, a range of political arrangements parallels a range of economic arrangements. These parallels are based on shared social philosophies about the relationship between sovereign and subjects in the political and economic realms. Historically, the authoritarian model has been dismissed from both political and economic discussions in the United States. Currently, the framework for both political and economic discussions is defined by communitarians and libertarians.

Some of the fundamental social philosophical assumptions about human nature and social organization made by political and economic theorists, and embodied in some of our most significant political and economic institutions, are diametrically opposed to some of the assumptions about human nature and social organization made by organization theorists and embodied in a large number of organizational structures. A growing stream of political, economic, and organization theorists have pointed out this contradiction, including Adam Smith (1976b) in *The Wealth of Nations*. Smith feared that business owners would be tempted to apply division of labor to an unethical extreme, where the worker “becomes as stupid and ignorant as

it is possible for a human creature to become” (1976b, vol. ii, p. 303). In the 1800s, Alexis de Tocqueville (1945) noted that democracy in America could be undermined by the developing aristocracy being established in industrial organizations. Karl Marx (1964) was enraged by the meaningless lives of alienated workers. These criticisms by conservative and liberal political and economic theorists found a home in organization theory among prominent human relations and human resource management writers who maintained to various degrees that nonmanagement employees should be active participants in an organization’s decision-making process. Thus, significant progress toward the institutionalization of participatory management—a system of management whereby nonmanagement employees significantly influence organizational decisions—has been made over the past century.

Unfortunately, the original ethical foundation for the superiority of participatory management over top-down management has been discounted by organization theorists and managers in favor of other arguments, particularly the economic efficiency argument that participatory management is superior to top-down management because it increases employee productivity and firm profitability. However, the empirical research on participatory management provides mixed findings (Cotton et al. 1988, Wagner 1994). For instance, managers often note that there is significant management pressure to abandon participatory management mechanisms when it becomes apparent that

employee involvement is not increasing productivity or profitability to the high degree anticipated (Collins 1995, Likert 1967). These managers conclude that the economic justifications were highly exaggerated or simply false and revert back to top-down management styles. Wagner (1994) is an example of an organization theorist reaching such a conclusion. After conducting a meta-analytical reassessment of research on participatory management that revealed "average size" improvements, Wagner noted that "the conclusions of this article give cause to question the *practical* significance of participation as a means of influencing performance or satisfaction at work" (p. 327; italics added). A result of these sentiments is that the number of firms using participatory management systems remains very modest (Lawler et al. 1992).

Managers might be more likely to explore why participatory management is not working and to make appropriate corrections rather than abandon it if the superiority of participatory management had an ethical foundation in addition to an economic one. This article contributes to the growing volume of writing on participatory management by developing a useful framework that links the ethical foundations of political and economic theory with organization theory. The core arguments are:

(1) Communitarian and libertarian forms of social arrangements have been well established in both political and economic theory to be ethically superior to authoritarian forms of social arrangements.

(2) In political and economic theory, communitarianism represents the status quo and libertarianism offers ethically legitimate challenges to the status quo.

(3) Organization theory is still dominated by an authoritarian model with communitarianism offered as a pragmatic (rather than ethical) challenge to the status quo.

(4) From an ethical perspective, the authoritarian model should have been dismissed long ago and the current debate in organization theory should consist of libertarian challenges to communitarian forms of organizational structures and policies.

Several admirable efforts have been made to link organization theory with political theory, particularly among scholars writing on workplace democracy and employee rights (Bowles and Gintis 1993, Dahl 1985, Ewing 1977, Pateman 1970, Scott and Hart 1971). This article develops a much broader social philosophical framework into which these other works can fit.

An issue of *Organization Science* (Volume 4, Number 2) was chosen randomly to determine how the framework would enhance that issue's articles. First, the

ethical foundation for each article was implicit rather than explicit. The research articles on organizational culture (Marcoulides and Heck 1993) and employee participation (Shetzer 1993) would have been particularly strengthened if the authors' social philosophical assumptions had been more explicit and linked to the Table 1 framework developed here. Second, in the other articles, the researchers generally assumed the authoritarian model of organizational relationships. Research articles on takeovers (D'Aveni and Kesner 1993), organizational expansion (Mitchell and Singh 1993), formulation processes and tactics (Nutt 1993), international business negotiations (Weiss 1993), strategic alliances (Parkhe 1993), and risk taking (Hoskisson et al. 1993) were all related to power issues based on theoretical models that assumed managers were authoritarian sovereigns and nonmanagement employees were inconsequential subjects. All these authors could have benefitted by developing their theories and discussing their findings in relation to the communitarian model.

Scholars seeking to create more humane and fair organizations should ground their critiques and counterproposals within the same social philosophical framework that dominates the nation's political and economic debates. To advance this line of inquiry, three contentious assumptions that underlie this article are elaborated: (1) it is appropriate to apply the social philosophical assumptions of political and economic theory to organization theory; (2) congruence among the social philosophical assumptions of political, economic, and organization theory is highly desirable; and (3) ethical arguments are superior to economic arguments. Then the evolution of current political and economic debates is examined. The congruence between political and economic social philosophies is described and they are linked to organization theory.

### Three Key Theoretical Assumptions

#### **Appropriateness of Analogy Between Political / Economic Systems and Organizational Systems**

The first key assumption is that organizational systems are analogous to political and economic systems. Reasoning by analogy is a very useful process of understanding one concept by drawing comparisons with other concepts that are similar but not identical to it in several key attributes. The debatable issue is whether the concepts being compared are similar in important ways (leading to a good analogy) or trivial ways (leading to a false analogy), and whether the significant differences are compelling enough to dismiss the anal-

ogy. For instance, there are significant differences in purpose between political systems (maintaining peace and justice) and economic systems (increasing GNP). Nonetheless, political concepts are often applied to understanding and developing policy recommendations for economic systems, and economic concepts are often applied to understanding and developing policy recommendations for political systems, because the two systems share some significant similarities, as discussed subsequently.

In his classic article, March (1962, p. 663) maintained that “the organization is properly viewed as a political system and that viewing the firm as such a system both clarifies conventional economic theory of the firm and (in conjunction with recent developments in theoretical languages) suggests some ways of dealing with classical problems in the theory of political systems generally.” He highlighted three main organizational concerns that are central to political theory: (1) conflict resolution, (2) preference ordering, and (3) allocation of scarce resources. These three concepts are interrelated, as many conflicts are about preference ordering and resource allocations. Such conflicts occur with both internal (employees) and external (community leaders, public interest groups) stakeholders. March’s article is primarily concerned with the former. According to March, it is wrong to assume that “conflict is resolved by the employment contract, or—more generally—by the factor prices and that the result is a joint preference ordering of some sort or other” (p. 669).

Political concepts have entered the organization theory literature in the areas of political coalitions at work (Astley and Zajac 1991), power (Pfeffer 1992), Machiavellianism (Buskirk 1974, Collins 1992, Jay 1967), and workplace justice (Sheppard et al. 1992). Zahra (1985) reports that 82% of managers surveyed agreed or strongly agreed with the statement “effective executives must be successful company politicians.” Political behaviors can be very dysfunctional (Ashforth and Lee 1990). The business sections of book stores are filled with intriguing stories of political problems that have led to the downfall of business leaders, managers, and organizations.

A key similarity among political, economic, and organizational systems is the way in which control is exercised. As shown in Table 1, this is the sovereign/subject relationship. How should people be governed and conflicts resolved? People can either be trusted and extended significant liberties, or not be trusted and made subject to extensive power of a sovereign. If people can be trusted to behave appropriately when

granted political and economic liberty, why should they not be trusted to behave appropriately when granted liberty within organizations? Why should organizations be exempt from the normal rules of morality?

Importantly, each of the social philosophical assumptions, when applied to different systems, results in different techniques. For instance, Table 1 does not imply that because political authoritarians may imprison dissidents organizational authoritarians also imprison dissidents. Instead, both political and organizational authoritarians command in all matters, though the techniques for carrying out their commands differ with the contextual features of their unique operating systems. All too often, managers, organization theorists, and other business scholars readily dismiss organizational communitarianism on the grounds that representative democracy is very messy (Jensen 1993). However, Table 1 does not suggest that the specific technique of representative democracy be imposed on organizations. Instead, it suggests that participatory management and representative democracy share many social philosophical assumptions.

#### **Desirability of Congruence among Political, Economic, and Organizational Assumptions**

The second key assumption is that the social philosophical assumptions of political systems, economic systems, and organizational systems should be similar. The desire for value congruence and the creation of a “well-ordered society” is the foundation of moral philosophy. The justifications for value congruences, on both the individual and societal levels of analysis, include the unity of self, the essentiality to cooperation, and the creation of stability. John Rawls is just one of a great number of philosophers who have argued this point. In his modern classic *A Theory of Justice*, Rawls—following in the philosophical tradition of Aristotle, Kant, and Mill—argues that the individual goal is “the unity of the self,” whereby people free of contradictions and hypocrisis pursue a rational plan that fits within a personal and societal definition of “the good” (1971, p. 561). Value consistency among social systems is the trademark of a well-ordered society, and value contradictions are the seeds of individual and social unrest. Value congruence is often essential for cooperation as there must be some agreement on basic rules and shared values for cooperation to occur. It thus leads to more stable relationships and a more stable society.

Importantly, not all value congruence is acceptable. Philosophers assume there is a set of values, or a range of acceptable values, that is indeed better than other

values. More than 2,000 years ago Aristotle argued that life has an ultimate purpose—happiness—which is achieved through a combination of intellectual virtue, moral virtue, health, and wealth. Specifically what should be included in moral virtue has been a subject of significant philosophical debate. Aristotle's list of virtues has been criticized, defended, and amended.

For example, business ethicist Robert Solomon (1993) maintains that the basic virtues of business include justice, honesty, fairness, trust, toughness, friendliness, honor, loyalty, shame, competition, caring, and compassion. Freeman and Gilbert (1988) provide a slightly different list of socially acceptable values under the heading of "common morality," which include promise keeping, nonmalevolence, mutual aid, respect for persons, and respect for property. The values of freedom, fairness, and security are at the heart of Donaldson's (1989, p. 81) list of fundamental international rights that multinationals must respect.

Just as important, not all values in these value sets are equal. Solomon (1993), following in the steps of Aristotle, is in very crowded company when claiming that justice is the ultimate virtue, both in corporate life and life in general. Hence both competition and compassion are to be obtained in reference to justice. As Rawls (1971, p. 4–5) argues, "a society is well-ordered when it is not only designed to advance the good of its members but when it is also effectively regulated by a public conception of justice." Justice is not simply an attribute of government; it is central to the operation of all systems of organization. Within both for-profit and nonprofit organizations, justice considerations weigh heavily in making, applying, and interpreting policies and rules (Sheppard et al. 1992). As business ethicists have long argued, business activities should be evaluated according to these widely held values, which leads into the third assumption of this article.

### **The Superiority of Ethical Arguments over Economic Arguments**

The third key assumption is that ethical arguments are superior to economic ones. This is such a well-accepted assumption in philosophy that one is hard pressed to find an article in the past 15 years of *Journal of Business Ethics* or the past 5 years of *Business Ethics Quarterly* that comes close to arguing the reverse, that economic arguments are superior to ethical ones. However, one is hard pressed to find scholarly articles in economics and business journals in which economic evidence is discounted on moral grounds. Business ethicists have attributed the latter phenomenon to a phase in the evolution of ideas that is probably ending.

According to Shepard et al. (1995, p. 577), pre-industrial society operated under a moral unity paradigm where "business activity was linked to society's values of morality." With the rise of industrialism, business activity was "freed from moral constraints by the alleged 'invisible hand' of efficient markets (the amoral theory of business)," but "[now] some variant of the moral unity paradigm may be recurring in post-industrial society." The moral unity paradigm has been the dominant one for most of the history of civilization, is central to the field of business ethics and, as argued with the preceding assumptions, is making some headway in the field of organization theory.

Economic techniques and data are ultimately justified according to some moral assessment and principles (Hausman and McPherson 1993). In addition, just as not all value sets are equal, not all arguments based on ethics are equal. It has been long established that deontological and utilitarian ethical theories take precedence over egoism, social group relativism, and cultural relativism (Brady and Dunn 1995). Lower level ethical theories are often justified according to higher level ethical theories. This ranking of ethical theories is made explicit in Kohlberg's (1981) stages of moral development. One need only go back to the original writings of Adam Smith, the Father of Capitalism, to understand the appropriate relationship between economic and ethical arguments. The economic arguments in *The Wealth of Nations* are justified by the ethical arguments found in both *The Wealth of Nations* and *The Theory of Moral Sentiments* (Collins 1988, Werhane 1991). Smith justifies the individual pursuit of economic self-interests on the grounds that it will increase a nation's standard of living, and thus afford the greatest good for the greatest number of people (utilitarian reasoning). In addition, Smith explicitly assumes that individuals restrain their self-interested tendencies because of sympathy, respect for others, and avoidance of harm (deontological reasons). Thus, economics is an essential source of information used in making decisions, but economic decisions are evaluated according to deontological and utilitarian moral principles.

From a historical perspective, the social philosophical assumptions of much of organization theory and practice remain 200 to 300 years behind the social philosophical assumptions that generated the new governance process implemented as the United States. Organization theory has much to gain from historical analysis (Kieser 1994). The following two sections provide a brief summary of historical developments in political and economic theory that can be compared with the current status of organization theory.

## Political Debates in the United States

### The Dismissal of Authoritarianism

Opposition to authoritarian political philosophy has a long history in the United States. Many of the initial waves of European immigrants who traveled across the Atlantic Ocean to settle in the New World were fleeing from political and religious oppression. During the late sixteenth century, Queen Elizabeth sought to unify the subjects of England under the Anglican Church. By act of Parliament, all clergy of England were made to accept particular religious creeds, such as the *Book of Common Prayer*, Thirty-Nine Articles, and the Queen's religious sovereignty. Those who did not accept these creeds were persecuted; publications were censored, assemblies disbanded, congregations fined, preachers imprisoned, and property confiscated (Brachlow 1988, Cragg 1957, Durant and Durant 1961). Failure to adhere to a particular religious doctrine—whether Anglicanism in England, Catholicism in France, or Lutheranism in Germany, Denmark, and Sweden—could result in torture and exile. Religious dissenters could not hold political or military office, or enter most universities.

In addition to those seeking political and religious freedom, immigrants to the New World included peasants, fortune hunters, and criminals. Many of the early political debates within and between groups of settlers concerned the degree of allegiance the group should maintain to its European sovereign. Who ought to govern life in the colonies: Spain, the Netherlands, France, England, or the colonists themselves? For better or worse, military victories by the British against their European rivals centralized British sovereignty until the Revolutionary War.

Many, but not all, colonists preferred self-rule. In the Declaration of Independence, Thomas Jefferson referred to King George of England as a despot and tyrant who refused to allow the colonists to establish their own legislative and judicial bodies. Without the consent of colonial leaders, the king imposed an army and police force, collected taxes, determined trade policies, and, according to the Declaration, “plundered our seas, ravaged our coasts, burnt our towns, and destroyed the lives of our people.” In declaring their freedom from generations of rule by monarchs and nobles, the colonial political leaders were faced with the same problem from which many of them or their ancestors had fled: how to maintain peace among a population of 2,500,000 whose members were of a variety of religions intolerant of other religions, most notably Anglicanism, Puritanism, and Presbyterianism (Perry 1944).

Both libertarians and communitarians credit John Locke's (1960) *Two Treatises of Government* for establishing the legitimacy of government based on the consent of the governed and providing the ethical basis for defending the structures, processes, and policies of democratic governments (Lodge 1976, Rothbard 1978). Locke argued that desirable ends can be achieved, and undesirable ends avoided, when there is only one sovereign group *and* that sovereign's law-making ability is based on the consent of the governed. According to Locke, God created a humanity that is free and rational. If no system of central control existed, people (other than a few degenerates) would restrain their behavior according to their reason, which dictates that they should not harm others. Therefore, peace could be maintained in civil society if the sovereign allowed its subjects extensive liberties. Subjects could be trusted to pursue their own self-interests in a manner that would improve the general welfare. The sovereign, who should be accountable to the law, could continue to make and maintain laws on the condition that those laws be in the public interest and have the consent of the subjects. A lack of consent by subjects would undermine the legitimacy of the sovereign to govern. The overriding principle of government should be the protection of individual liberty.

Thus, the U.S. Constitution established minimal government. Persons fulfilling the role of sovereign were accountable to the consent of the governed and tremendous restrictions were placed on government's use of power over individuals. The Bill of Rights was amended to the Constitution to further limit governmental powers. Individuals were granted the right to freedom of religion, speech, press, arms, and due process.

Since independence, political debates have flourished among communitarians (Bellah et al. 1985, 1991; Dahl 1982; Dworkin 1977; Rawls 1971; Sandel 1982; Walzer 1983) and between communitarians and libertarians (Machan 1974, 1990; Nozick 1974; Rothbard 1978). Proponents of political authoritarianism are relegated to the fringes of political discourse (Mendel 1979).

### Libertarians

Issues in the Bill of Rights are useful in defining and distinguishing between libertarians and communitarians. Libertarians interpret individual rights as being absolute (Newman 1984, Rothbard 1978). They rebel against monitoring powers assigned to the government with the exception of judicial oversight for physical harms. For liberty to flourish, they hold that a nonin-

trusive judicial system is needed to ensure individual rights by protecting citizens against physical harms imposed on them by others. Libertarians emphasize negative rights—the right not to have one's liberty or property infringed upon by government—and oppose positive rights such as a right, or entitlement, to health care or education. They believe laws pertaining to moral or private issues should be repealed, thus enhancing individual liberty.

From a libertarian perspective, the taxing and monitoring powers of government should be greatly curtailed. In accordance with the goals of the American Civil Liberties Union, libertarians such as Tibor Machan (1988, p. 5) maintain that “much that is evil will have to remain protected from suppression—just as the defender of free speech and worship realizes that yellow journalism found in many tabloids and the televangelism practice of some corrupt preachers is due protection.” Important libertarian public policy recommendations include government sale of its large land holdings to private citizens and significant reduction in military expenditures based on allowing the citizens of foreign countries to solve their own problems. Libertarians oppose government funding of the arts and laws that limit individual choices about sex or abortion.

Libertarians view interest-group-based politics as corrupting the democratic process and oppressing individual differences (Newman 1984, Rothbard 1978). The libertarian ideal is utopian: no government. The concept of a “community will” is the antithesis of libertarianism. The preferred model would be a direct democracy that has a very limited function, similar to colonial New England town meetings where occasionally citizens met to resolve some dispute or communal need. Though not immune from interest group politics, such meetings provide a fairly level playing ground for each individual participant. A more modern image of this libertarian political ideal is a Ross Perot electronic town hall meeting where key issues are presented to all the citizens and each enters his or her preference into a computer, thus eliminating the need for “representatives.” Government does serve a minimal purpose for libertarians, the key word being “minimal.”

### Communitarians

Proponents of communitarianism, like libertarians, accept the importance of individual liberty and reject authoritarianism. Communitarians differ from libertarians in that they treat liberty as a relative right, not an absolute right, and hence are much more willing to restrain the right of free speech when it conflicts with

some other principle, such as the good of the community (Dworkin 1977). They reject libertarianism on the grounds that it results in social isolation (Bellah et al. 1991, Durkheim 1933, Fromm 1941) or moral relativism (Kirk 1960, 1988). Individuals are believed to find meaning in their lives by identifying with a social or moral collective.

Throughout this article, the term “communitarian” is applied to a political philosophy, not just the specific growing political movement led by Amitai Etzioni (1993) that is called “Communitarian.” Etzioni's Communitarian movement consists of liberals and conservatives, Democrats and Republicans, who want to emphasize what they have in common—opposition to “radical individualists, such as libertarians and the American Civil Liberties” who overemphasize rights (p. 11)—rather than political policies that divide them. Etzioni wants what both liberals and conservatives desire: “a judicious mix of self-interest, self-expression, and commitment to the commons—of rights and responsibilities” (p. 26). Communitarians accept the primacy of liberty over authoritarianism, and the primacy of specific community outcomes (moral rectitude and/or social justice) over individual liberty.

In the broader use of the term, communitarians strongly disagree among themselves about what are legitimate community welfare intervention arguments. *Conservative* communitarians justify government intervention on the grounds of *moral rectitude*; a representative democracy should develop legislation that encourages moral activities and discourages “immoral” or “sinful” activities (Kirk 1960). For example, Kirk (1960) argues that Jeffersonian democracy was too tolerant in allowing sinful individuals to pursue their immoral vices, and thus erred on the side of moral relativism. It overemphasized the equality of human beings, which can never be achieved, and underemphasized respect for authority and moral order. In this sense, direct democracy lacks a moral compass. John Adams, like his English counterpart Edmund Burke, stood for a representative form of democracy that would restrain liberty on the basis of religious beliefs and pragmatic considerations. In his view, human beings are fallible and some will pursue immoral interests because of emotional weaknesses and ignorance, so moral authorities are needed to direct the nation's activities.

According to conservative communitarians, the moral situation of the country worsened during the industrial revolution. Wealth passed from small business owners and farmers who were in constant personal contact with their employees to impersonal, financially driven



industrialists ignorant of older traditions. Industrialization and the extensive application of the division of labor broke down personal relationships such that “the wealthy man ceased to be magistrate and patron; he ceased to be neighbor to the poor man; he became a mass-man, very often, with no purpose in life but aggrandizement” (Kirk 1988). Liberals humanely, yet mistakenly, demanded that government respond to their needs. Soon people began to expect government to solve social problems that could be solved only through individual efforts and moral education. Taxes increased, government expanded into a welfare state, and social problems worsened. Thus, modern conservative communitarians, though agreeing with some libertarian policies that would reduce the size of government bureaucracy and get the government off the backs of the citizens, demand that government ban abortions, ban homosexual activities, imprison casual drug users, put warning labels on music, and have public school teachers lead students in prayer, all for the sake of the moral community.

*Liberal* communitarians justify government intervention on the grounds of *social justice* and believe government should develop legislation that aids the disadvantaged (Rawls 1971). They see democratic societies as lacking a level playing field: human beings with particular characteristics have undeserved social advantages over others (being born male rather than female, wealthy rather than poor, white rather than black), and this is not fair or just. According to liberal communitarians, the problems of industrialization were compounded by the Calvinistic and Social Darwinian moral perspectives of business leaders. Carnegie (1962) and others preached that material wealth was a function of hard work and God’s blessing, and poverty was a function of being lazy and excluded from God’s blessings. They maintained that government should remain minimal because natural laws are at work whereby the strongest deservedly rise to the top and the weakest deservedly stay on the bottom of the social ladder, thus preserving appropriate inequalities in political power and wealth for the good of the community.

The growing social gap between rich and poor fueled the liberal political programs of Theodore and Franklin Roosevelt. They argued that social justice demanded that government play a more active role in determining and fulfilling community and human needs. Franklin Roosevelt maintained that government should begin social planning and restricting the liberties of the wealthy for the benefit of the economically worst-off. His solution was the development of a welfare state

rather than socialism, communism, or some other authoritarian model. Importantly, liberty was still the first priority, but not the only priority of government. This tradition was carried through to Lyndon Johnson’s Great Society project. Thus, liberal communitarians, though agreeing with some libertarian policies that would restrain government from interfering with an individual’s private morality, demand that government provide funds for child care services, national health care, prenatal care, infant nutrition, education, and public housing, all for the sake of social justice.

The abstract distinctions among libertarians, conservative communitarians and liberal communitarians can be understood more clearly in the context of a specific issue: pornography. Libertarians argue against any regulation of pornography. Pornographers, like other citizens, have an absolute right to freedom of speech. According to libertarians, if government officials are permitted to censor pornographers, they will soon go after the free speech rights of other nonmainstream groups, such as heavy metal rock bands, rap singers, or controversial religions. Both conservative and liberal communitarians argue for restricting the free speech rights of pornographers. Special laws created specifically for pornography—regulating where pornography stores can be located, how pornographic materials are displayed in stores, and how old one must be to purchase the products—are advocated on the grounds that such restrictions are necessary for the good of the community. Conservative communitarians justify these regulations by citing the corrupting influence of pornography on the morality of its potential consumers, particularly children. Liberal communitarians justify these regulations by citing the exploitation of women by pornographers and the negative impact of pornography stores on neighborhoods.

In summary, political debates in the United States revolve around and the tension within communitarianism (liberal vs. conservative) and between communitarianism and libertarianism. Both liberal and conservative communitarians accept the primacy of liberty over authoritarianism and argue that the sovereign is justified in restraining liberty to avoid certain undesirable community outcomes. Liberal communitarians seek to make amends for social injustices attributed to accident of birth. They maintain that the sovereign should trust individuals on moral issues but intervene to correct what they perceive to be well-embedded social problems, such as poverty or discrimination. Conservative communitarians seek to make amends for moral injustices attributed to a perverse use of free will. They maintain that the sovereign should trust individuals to

solve social problems voluntarily but intervene to correct for what they perceive to be immoral activities, such as abortion or homosexuality. Libertarians maintain that even if the activity or community welfare outcome is immoral or unjust, every person's liberty should be tolerated unless people are being physically harmed. Proponents of authoritarianism are not welcomed to debates in the public arena and are ridiculed for supporting an ethically undesirable political philosophy.

## **Economic Debates in the United States**

### **The Dismissal of Authoritarianism**

The evolution of economic debates in the United States shares a common ethical foundation with the evolution of political debates, so only brief summaries are given here. The opposition to authoritarian economic philosophy—a planned economy—has a long history in the United States. Many of the initial wave of European immigrants were escaping from economic oppression as well as political oppression. Today, most economic debates are among proponents of communitarianism (Galbraith 1958, 1967, 1973; Kirk 1960; Nader et al. 1976; Reich 1983; Reich and Donahue 1985; Stone 1976) and between communitarians and libertarians (Friedman 1962, Gilder 1981, Hayek 1944, Machan 1990, Mises 1949, Rand 1967). Proponents of economic authoritarianism are spurned, particularly with the collapse of the pre-1989 Russian economy, and remain on the fringes of political debate (Mendel 1979).

Adam Smith's (1976b) theoretical conceptualization of capitalism was a reaction against the authoritarian abuses of mercantilism. Smith maintained that the mercantilist policies of government sanctioned monopolies, import quotas, guilds, and many other economic restrictions generated poverty, not wealth. He argued that the general welfare could be better advanced by allowing all citizens, not just a handful of merchants with government connections, to pursue their economic self-interests. According to Smith (1976a), the presence of moral sentiments—as well as the development of one's conscience, belief in God, and fear of the law—restrains most individuals from pursuing self-interests in a way that may harm others. Hence, government intervention should be limited to providing a system of justice, a military, and some essential public goods (such as roads), all of which are unlikely to be generated by individual pursuit of economic self-interests (Collins 1988, Collins and Barkdull 1995). Decisions about what to produce, quantity and quality of production, means of distribution, price, and

levels of employment should be made on the managerial level, not by government officials. Although constrained by sociological factors—such as class status or geography—laborers should be given the liberty to choose places of employment.

### **Libertarians**

Libertarians place the blame for the United States' economic problems on unnecessary government intervention in the economy and the oligopolistic practices of large business organizations (Rothbard 1978). At the time of the industrial revolution, the leaders of industry consolidated their economic power and controlled politicians to such an extent that legislation was enacted to protect them from competitors. Government intervention increased during the Great Depression and, in the libertarians' view, the application of Keynesian economic theory only worsened the situation. Further, New Deal legislation led to the development of a welfare state, resulting in a mixed economy rather than a market economy.

According to proponents of libertarian economic theory, government is currently too intrusive in the economic sector and should abolish the welfare state (Friedman 1962, Murray 1984, Rothbard 1978). They propose that government intervention in the economy be limited to establishing laws that foster economic competition and that all laws restricting economic activity be eliminated. Also, they hold that the government has mistakenly categorized a large number of goods and services as public goods that should be privatized, including national defense, police and fire protection, transportation, water and sewer services, garbage collection, the judicial system, prisons, and mail service. Libertarians contend that rather than government imposing services on citizens, services should be provided by private enterprises and purchased by citizens.

### **Communitarians**

Conservative communitarians agree with libertarians that government should rescind most regulations of economic activity, disband regulatory bureaucracies, foster competition, and privatize many goods and services now provided by government. However, they note that the Commerce Clause of the U.S. Constitution delegates to government the power to regulate some economic activities and transactions for the benefit of community welfare. From their perspective, government is justified in restraining economic activity that is either based on or fosters immorality. Hence, conservative legislators have proposed that government ban

interstate dial-a-porn, prohibit the sale of sexually explicit materials, oppose attempts to legalize or decriminalize any illicit drugs, require parental consent for minors to purchase contraceptives, and support "community standards" on pornography and other forms of entertainment.

Liberal communitarians argue that government intervention is justified when public goods are not generated by individual pursuit of self-interests (such as mail service to all households regardless of economic status) or when powerful economic actors do not have a sense of justice to restrain their liberty (as in some wage disputes between management and labor). They hold that social justice demands some industrial policy planning on the national level (Galbraith 1967, Lodge 1976). According to liberal communitarians, government regulation should be enacted when the market system does not appropriately monitor itself for inefficiencies, producer rents, externalities, inadequacy of information, unequal bargaining power, moral hazards, and resource scarcity (Breyer 1982). Hence, liberal legislators have proposed that government increase the minimum wage, support comparable worth and family leave policies, restrict corporate takeovers and golden parachutes, and enforce health and safety regulations and pollution laws.

### **Congruence Between Political and Economic Social Philosophies**

Theoretical linkages have been established among the various political and economic social philosophies. As shown in Table 1, dictatorships and planned economies are linked by an authoritarian social philosophy; direct democracy and a market economy are linked by a libertarian social philosophy; and representative democracy and a mixed economy are linked by a communitarian social philosophy.

According to Mises (1949), Friedman (1962), and Novak (1982), there is congruence between the libertarian social philosophies of democracy and a market economy. Both systems establish extensive limits on the sovereign's coercive powers and establish individual liberty as a priority. More importantly, democracy and a market economy are interpenetrating systems that feed off one another. Friedman's central argument in *Capitalism and Freedom* is that "there is an intimate connection between economics and politics, that only certain combinations of political and economic arrangements are possible, and that in particular, a society which is socialist cannot also be democratic, in the

sense of guaranteeing individual freedom" (p. 7-8). Neoclassical economists maintain that an erosion of economic liberty by government is likely to be followed by an erosion of political liberty. An important central debate pertaining to the current transformation of authoritarian governments to democratic capitalism (the former Soviet Union, China) is whether political freedom should precede economic freedom, or vice versa (Diamond and Plattner 1993).

According to Marx, Lenin, and Mao, there is congruence between the authoritarian social philosophies of dictatorship and a planned economy (Mendel 1979). Both systems establish extensive limits on individual liberty and encourage the sovereign's use of coercive powers. For instance, Lenin (1963, p. 20) compared the role of a political leader with that of an orchestra conductor who knows "who is playing which violin and where, where and what instrument [each person] has learned and is learning to play, who is playing wrongly, where and why . . . and who should be transferred, who and where, in order to correct the dissonance." After the collapse of the Russian monarchy in April 1917, Lenin called for the nationalization of all land and the formation of one national bank. Upon the overthrow of Kerensky's provisional government six months later, Lenin was forced to articulate an administrative plan for governing the Soviet Union. He proposed a wide range of governmental policies that included strict countrywide accounting and control of production and distribution of goods, guidance by experts to achieve mass advancements in productivity, high pay for the production experts, further centralization of banking, consolidation of monopolies, and compulsory labor service. Lenin maintained that political and economic success could come about only through an absolute unity of will among all people, implemented through the single will of their political leaders.

The United States is neither a direct democracy nor a pure market economy. Instead, it is a representative democracy with a mixed economy, both of which depend on a large federal bureaucracy. In 1990, the federal government collected \$1.155 trillion in revenue and spent \$1,393 trillion. Federal office space is equivalent to all the office space in the nation's 10 largest cities multiplied by a factor of four. Hence, liberty matters greatly, but not to the exclusion of political and economic goals established by the sovereign on the basis of a communitarian social philosophy. The sovereign is held accountable to the subjects. According to Lodge (1984), the United States is evolving toward political and economic communitarianism despite the efforts of libertarians to stop that process.

In summary, communitarian political and economic arrangements are considered to be ethically superior to competing authoritarian arrangements because they fit widely held views of human nature and have generated many socially desirable outcomes. In reference to human nature, communitarian social arrangements allow people to freely (1) pursue their self-interests, (2) care about the welfare of others, and (3) rely on "reason" to restrain their self-interested tendencies so as not to harm others. On the basis of its social philosophical assumptions, the U.S. government protects the liberty of citizens to pursue their political and economic interests and intervenes when individuals misuse their freedom as a result of individual fallibility/selfishness or when certain public goods are not generated. Although many social problems remain to be addressed, representative democracy and the mixed economy have greatly improved community welfare in the United States. Importantly, communitarians borrow many ideas from libertarians. Liberal communitarians join forces with libertarians in opposing government policies advocated by conservatives concerned with moral rectitude. Conservative communitarians join forces with libertarians in opposing government policies advocated by liberals concerned with social justice.

## Organization Theory and Political / Economic Philosophies

### Authoritarianism and Organization Theory

Authoritarian managerial power at the workplace has a long history that includes the institution of slavery in Greece, Rome, and the United States. As is evident in the writings of Social Darwinians (Carnegie 1962), tyrannical power is a deserving reward for successfully climbing the organizational ladder. Typically, organization theorists attribute the structures and processes of traditionally managed companies to the theoretical work of Taylor (1947), Fayol (1967), and Weber (1959), all of whom were concerned to various degrees with the bureaucratic nature of organizational activities, assignment of planning activities solely to management personnel, and concise determination of the nature of work tasks to be performed by nonmanagement employees. In general, these organization theorists maintain that managers should determine policies and impose them on organizational members. Organizations should have a hierarchical chain of command and the communication process should flow from the upper levels of management down to the lowest levels of the organization. Nonmanagement employees should not

contribute to managerial decisions unless they are so commanded by managers.

Organization theorists who chronicle "organizational reality," particularly Weber (1959), can aid the understanding of managerial authoritarianism. Weber provided several managerial justifications for bureaucracy that are also a very strong defense of the authoritarian model for organizations. He contended that managers need to (1) coordinate the services of many workers on a continual basis, (2) rationally exploit similar types of work through unified command, (3) provide continuous common supervision to achieve a technically rational organization of work, (4) establish expert training, (5) discipline workers, (6) derive decisions based on high levels of technical efficiency, (7) maximize technical rationality, (8) maintain technical and commercial secrets, (9) speculate on business policy, and (10) establish bargaining superiority. Weber concluded that "experience tends universally to show that the purely bureaucratic type of administrative organization—that is, the monocratic variety of bureaucracy—is, from a purely technical point of view, capable of attaining the highest degree of efficiency and is in this sense formally the most rational known means of carrying out imperative control over human beings" (p. 337).

By far the most ardent defender of social philosophical assumptional similarities among authoritarian political, economic, and organization theories was Lenin. He strongly argued that the sovereign should dictate in matters of politics and the economy, and also that Soviet business organizations should implement Taylorism, the key component of the authoritarian organization model. Lenin maintained that the educational and cultural level of the masses had to be raised significantly, along with worker discipline, skill, effectiveness, and intensity of labor, to increase productivity to a level beyond that in capitalist nations. Therefore, Soviet managers would have to adopt the best achievement of capitalism: authoritarian-based scientific management. Lenin (1975b) argued that organizational success depended on managers being able to "organize in Russia the study and teaching of the Taylor system and systematically try it out and adopt it to our own ends" (p. 447). He demanded that people unquestioningly subordinate themselves "to a single will of the leaders of labor" (1975b, p. 455).

How prevalent is organizational authoritarianism during the 1990s? Apparently no studies have measured the degree of authoritarianism in organizations nationwide. Nonetheless, the following five indicators suggest that authoritarianism remains prevalent: (1) research on the prevalence of participatory manage-

ment processes, (2) the lack of civil liberties at the workplace, (3) the experiences of corporate culture scholars, (4) anecdotes in both the scholarly and general business literature, and (5) the nature of management education programs.

First, research documenting the prevalence of participatory management practices and policies of companies reveals that companies are still very resistant to them. Lawler et al. (1992) surveyed Fortune 1,000 firms and categorized them according to the percentage of employees covered by a variety of participatory management practices. Using 40% of the employees covered as a cutoff (still less than half of all employees), they found that only 3% of the firms had substantially used gainsharing, 11% used quality circles, and 3% of those with unions had union-management Quality of Work Life committees. Even a relatively easy-to-administer communitarian practice such as obtaining survey feedback was being used substantially by only 31% of the respondents. Similarly, an extensive study by the New York Stock Exchange found that only 14% of all companies with more than 100 employees currently had some form of human resource program (Freund and Epstein 1984). One of the most common types of activities was employee appraisal and feedback (23%). Only 13% of the companies had suggestion systems, 8% had labor/management committees, and 5% had production teams. For his case study book on resolving employee grievances, Ewing (1989), a Harvard Business School professor with many contacts, wrote to "several hundred" companies and could find only 30 to 50 with a due process grievance procedure for nonunion employees; the other companies had, at most, an open-door policy.

Second, the lack of civil liberties within organizations fosters authoritarianism. As argued by Ewing (1977, p. 3), Americans are denied the "freedom of press, speech, and assembly, due process of law, privacy, freedom of conscience, and other important rights" when they are at work. This lack of civil liberties is apparent in nonprofit as well as for-profit organizations. The whistle-blowing literature provides numerous cases documenting employees' unsuccessful attempts to exercise civil liberties at the workplace (Miceli and Near 1992).

Third, the depth of an authoritarian culture within traditionally managed business organizations is particularly evident in the writings of corporate culture theorists. Whether referred to as a bureaucratic culture (Kilmann 1984), control paradigm (Lawler 1986), traditional paradigm (Veltrop and Harrington 1988), a rational model (Peters and Waterman 1982), or the Old

Guard (O'Toole 1985), the cultures that organizational consultants find in the companies they are attempting to transform are very similar in one respect: they are authoritarian. After decades of modifications in organization theory, work within business organizations remains highly organized, compartmentalized, and controlled through managerial command.

Fourth, a vast number of anecdotes in both the scholarly and general business literature suggest the prevalence of authoritarianism. The business ethics literature is filled with examples of the "just do it" mentality in organizations. For example, an in-depth survey of 30 recent graduates of the Harvard MBA program found that 11 had faced strong organizational pressures from above to act in an unethical manner (Bardaracco and Webb 1995). Recent books such as *The Force* (Dorsey 1994) and *Liar's Poker* (Lewis 1989), among many others, have documented the authoritarian tendencies of managers in America's largest and most influential organizations. Even such "socially responsible" firms as Ben & Jerry's (Lager 1994) and The Body Shop (Entine 1994) have struggled with their very public efforts to abide by the communitarian ethos.

A similar deduction is evident in the growing literature on reforming boards of directors. If CEOs expect blind allegiance from the powerful business personalities who sit on boards of directors (Park 1995, Pound 1995), what is the likelihood that they sincerely encourage employee participation farther down the organizational hierarchy? Most agency theory-based solutions to the problem of controlling managers through corporate governance mechanisms favor more narrowly aligning managerial interests with shareholder interests, thus increasing the likelihood of organizational authoritarianism, and reject the communitarian solution of placing stakeholders other than business people on boards (Hart 1995, Jensen 1993).

Fifth, the nature of management education programs also encourages authoritarian tendencies. Although the Organization Behavior group at the Harvard Business School has long had a preference for employee participation (Ewing 1990), MBA graduates from Harvard and other leading business schools emphasize controlling employees on the basis of financial considerations (reduce overhead, inventory, assets, labor costs) rather than communitarian social philosophical considerations (Collins 1996, Robinson 1994).

Importantly, the social philosophical framework developed in this article does not depend on whether readers believe that authoritarianism or communitarianism is the dominant organizational paradigm in the literature or in practice. Instead, the argument put

forth here is that the communitarian paradigm is ethically superior, and that central debates in organization theory should be among competing or complementary communitarian forms of management and between communitarian and libertarian forms of management. The field has not yet reached that stage of social philosophical evolution.

### **Communitarianism, Libertarianism, and Organization Theory**

If it is true that people are self-interested, concerned about the welfare of others, and rational yet imperfect, what type of organizational structures, processes, and policies should managers create to govern them while they perform work tasks? As suggested in Table 1, the system should be based on the same social philosophical assumptions about sovereigns and subjects that underlie representative democracy and the mixed economy. The sovereign—in this case, management—should establish goals and monitor for harms and deviances. Subjects, in this case nonmanagement employees, should be able to fulfill their individual and work group interests while accomplishing company goals established by managers with their input.

A wide variety of participatory management structures, processes, and policies that are based on a communitarian social philosophy appear in the management and business ethics literature, such as employee representatives on boards of directors, labor-management committees, joint task forces, Scanlon-type gainsharing plans, quality circles, socio-technical work teams, suggestion systems, employee attitude surveys, goal setting, job enrichment, codes of ethics, ethical analysis, an employee bill of rights, and employee stock ownership plans (Donaldson 1982, Freund and Epstein 1984, Huse and Cummings 1985, Kelso and Hetter 1967, Lawler 1986, Stone 1976). These participatory management features differ according to size, scope, and form of employee involvement. They increase employee involvement in the company's decision-making process while enabling managers to intervene when employee decisions fail to achieve organizational goals.

Libertarian models of organizational arrangements are underdeveloped. One of the few systematic efforts in this area was by Freeman and Gilbert (1988). In the tradition of John Locke, they proposed that when granted freedom and liberty, individuals typically guide their behavior by the precepts of common morality. Most individuals tend to keep promises, respect the rights of others, and refrain from harming those nearby.

Individuals are good citizens not only in a democratic political system, but also in a corporate environment.

In a libertarian organization, agreements between management and nonmanagement employees would be grounded in the values of freedom and liberty, with an appropriate fit between the personal projects of individuals and the goals of the organization. Freeman and Gilbert suggest that companies adopt a personal projects enterprise strategy whereby individuals have the liberty to pursue personal projects that coincide with organizational goals. A foundational ethic for such an organization culture is personal autonomy. The end result would not be anarchy because there would be congruence between an individual's personal projects and organizational goals. Thus, Freeman and Gilbert reverse the logic of authoritarianism by arguing that a business organization should serve as a means to individual ends instead of people serving as means to organizational ends. In this sense, companies exist as a set of contractual arrangements (Keeley 1988, 1995) and managers should act as brokers of other people's personal projects. Policies and procedures within organizations should be guided by the principles of personal autonomy, conventional rights, respect for persons, and voluntary agreements. A more radical libertarian alternative would be to give each member of an organization an equal voice in management decisions, thus abolishing organizational hierarchy (Lindenfeld and Witt 1982).

### **Objections to Communitarianism**

The chorus of organization scholars noting the onset of a new managerial revolution and encouraging the implementation of participatory management systems has been steadily growing for more than three decades (Lawler et al. 1992, McGregor 1960, Preston and Post 1974). Despite the proclamations by some academics that workplace democracy has arrived because "the pyramid-shaped organization chart has gone the way of the Edsel" (Slater and Bennis 1990, p. 174) or that the participatory management "revolution itself is clearly underway" (Preston and Post 1974, p. 484), the many indicators listed previously suggest that organizations are adopting participatory management techniques only superficially, if at all. Why do managers continue to choose, and some organization theorists support, organizational patterns that are based on authoritarianism and reject alternative organizational patterns? Three very important objections to organizational communitarianism are that (1) managers should be categorized as subjects with extensive liberty rather than as

sovereigns whose liberties should be restricted, (2) communitarianism is an experimental ethical luxury, and (3) few employees advocate for participation. All three objections demonstrate the depth to which authoritarian assumptions still underlie thinking about how companies should be governed. Each requires further elaboration and counterarguments.

The first objection is often assumed and rarely stated. As noted previously, most organization theorists do not explicitly state their social philosophical assumptions (Scott and Hart 1971). One of the rare exceptions can be found in the writings of Locke and his colleagues. Locke and Schweiger (1979) categorized theorists making communitarian-based recommendations as left-wing authoritarians and defended their own authoritarian recommendations on libertarian grounds. According to them, managers (as political subjects) are granted the liberty by government to manage however they desire; if managers prefer to be authoritarians, so be it. Unfortunately, Locke and Schweiger fail to distinguish that although managers are subjects on the political level of analysis, they are sovereigns on the organizational level of analysis. Hence, those who have benefitted greatly from political and economic liberty impose authoritarianism within the organizations they manage. While performing their jobs as organizational sovereigns, managers should follow the same rules that are applied to political sovereigns, not political subjects. It is essential to constrain the liberty of sovereigns because of the power they wield in their respective systems.

Advocates of the second objection maintain communitarianism is an experimental ethical luxury that organizations cannot afford in the competitive global environment. However, two of America's most significant global competitors, Germany and Japan, have many companies that operate according to communitarian principles. Union representation on the boards of directors is legislated in Germany. Japanese companies are the source of many of the communitarian innovations with which American managers are experimenting. In addition, political dictators and proponents of planned economies could apply the same logic to support authoritarian political and economic models. Short-term performance pressures are often used as justifications by dictators for maintaining martial law policies on a permanent basis. Similarly, managers are quick in using short-term performance to justify declaring authoritarian martial law conditions within their organizations on a permanent basis.

Many of the criticisms leveled against the adoption of participatory management parallel Aristotle's (1984) and Lenin's (1975a) criticisms of democracy (Ross and

Collins 1987). The concern is that involving nonmanagement employees in a company's decision-making process may lead to organizational mediocrity, rule by the uneducated and unskilled, bureaucracy, instability, and lack of accountability. Scholars need to counter this rejection of communitarianism with the many examples of communitarian success and emphasize the often overlooked negative effects of "petty tyrants" (Ashforth 1994). Several literature reviews and surveys have concluded that communitarian companies can operate very efficiently and effectively (Cotton et al. 1988, Glaser 1976, Lawler et al. 1992, Miller and Monge 1986, Wagner and Gooding 1987), and most management textbooks contain examples of successful efforts. In particular, research conducted by Tannenbaum and colleagues on employee participation consistently shows that control in organizations is not a zero-sum game; the greater the decentralization of control, the greater the total control within the organization (Bartolke et al. 1982, Tannenbaum 1986, Tannenbaum and Cooke 1979). If managed appropriately, communitarianism can work.

Third, organization theorists who defend the traditional authoritarian model often point out that organizational members are content with that model (Locke and Schweiger 1979, Locke et al. 1986). After all, nonmanagement employees are not agitating for radical change in how organizations are governed. Maybe the employees do not want to participate in the organizational decision making process. For instance, 65% of Japanese employees participate in their company's suggestion program, but only 13% of employees do so in the United States (Kilburn 1988).

This type of counterargument against organizational communitarianism simply demonstrates the acceptance of authoritarianism as an organizational form of governance within U.S. organizations. Analogous arguments are not acceptable in the nation's political and economic debates. For instance, should democracy be abandoned because less than 50% of the eligible citizens vote? Rather than reaching such an extremist conclusion, political scientists and politicians struggle to find ways of encouraging more citizens to vote because they believe democracy is ethically superior to other forms of governance. Hofstede (1994) provides a more constructive response by arguing that the lack of employee support for communitarian mechanisms may be a reflection of their concern about immediate physical needs such as job security, safe working conditions, and adequate wages rather than a rejection of higher level psychological needs such as freedom and liberty at the workplace.

A key obstacle in the adoption of communitarian policies and procedures is a lack of management leadership on the issue. America's political and economic revolutions were advocated by a power elite of wealthy property owners. They took leading roles in breaking away from unjust authoritarian English impositions on their political and economic lives. A significant number of wealthy property owners realized that it was in their interests to take certain risks in demanding their political and economic freedoms. Currently, the power elite property owners are not, for the most part, on the participatory management bandwagon. The occasional treatises written by CEOs in praise of participatory management (DePree 1989) fall far short of rallying fellow CEOs to support the right of all employees to participate in organization decisions. The rhetoric has been in the media since the 1960s, but the commitment is lacking. Until a substantial number of the power elite who currently govern American companies become committed to the ethical superiority of participatory management, its inevitability will be postponed.

#### **Some Qualifications**

There are connections and spillover effects among the metasytems presented in Table 1. An overemphasis of the authoritarian model for organizations has an effect on activities in the economic and political spheres. Because subjects do not receive appropriate recourse from organizational sovereigns, they appeal to the political sovereign for help. Hence, problems between sovereign and subjects within the organization are debated on the economic and/or political level of analysis where the organizational sovereigns are subject to government. The failure of organizational sovereigns to respond to the needs and interests of organizational subjects has resulted in extensive government regulation in such areas as union formation, prenotification of employees about plant closings, minimum wages, occupational health and safety, and discrimination.

It is important to qualify this argument on two counts. First, no dire predictions are being made about the collapse of political and economic liberty due to the prevalence of organizational authoritarianism. Rather, the comparative differences in social philosophical patterns give rise to claims of hypocrisy and organizational inefficiency. For example, although most managers claim that honesty, sense of humor, loyalty to fellow workers, and independence are very important features of an efficiently operated organization, those features are not always found in the companies where the managers work (Maccoby 1976). These communitarian goals require the reformation of organizations.

Second, the critique of organizational authoritarianism can be applied to all organizations, not just business organizations, although certain types such as the military may claim exemption. Political democracies suspend certain liberties on the basis of community welfare justifications, and the same logic should be true for organizations. The important point is that the standard should be democratic organizations with a few authoritarian exceptions rather than authoritarian organizations with a few participatory management exceptions.

#### **Conclusion**

Debates in political and economic theory are typically framed by the tension within communitarianism and between communitarianism and libertarianism. Organization theory, however, is well-grounded in authoritarianism. Authoritarian governance processes for business organizations are typically justified on the grounds that they are essential for achieving very specific organizational tasks and because business organizations operate in hostile internal and external environments. The social philosophical assumptions that are rejected by the political and economic theorists for governing purposes—namely that sovereigns should dictate to subjects—are readily accepted by many organization theorists. Because wages are provided in exchange for services rendered, and employees have the liberty to enter or exit those transactions, defenders argue that authoritarianism is a transactional advancement in work relations compared with the slavery systems of Egyptian, Greek, and Roman civilizations and the feudal system of the Middle Ages. The preservation of the authoritarian model demonstrates that much of today's thinking about how companies should be organized and directed is largely attributable to the continuity of authoritarianism throughout much of human history. However, the changing conception of human meaning has brought into question the ability of such ancient authoritarian systems to serve human needs adequately.

From an organizational perspective, if companies organized on the basis of communitarian or libertarian policies and structures can be demonstrated to be as successful as authoritarian companies, these alternative models of organizational relations, which are compatible with widely held assumptions about human nature and governance processes, should be adopted because of ethical considerations. Like current political and economic debates, organization theory debates should consist of communitarians disagreeing on the circum-



stances in which managers are permitted to intervene in the life of employees, and between communitarians and libertarians who maintain that all organizational activities should be self-managed.

The communitarian and libertarian models are preferable because they are based on the essential goodness of most human beings and aim at encouraging personal liberty as long as the pursuit of liberty is beneficial to the larger community. This concept is at the ethical foundation of the dominant political and economic theories of the United States. It should also be at the ethical foundation of organization theory. Obviously, more theoretical and practical work needs to be done in this area of organization analysis. One path to resolving the conflict is through participatory management, a form of management control that is more consistent with the nation's dominant political and economic paradigms than the prevailing authoritarian form. Business will not become good democratic team players, respecting the interests of parties outside the organization, until they first respect the interests of those within the organization.

Common recommendations offered by both organization and business ethics theorists for addressing business ethics problems include sensitizing managers to ethical issues, training managers in ethical reasoning, and adopting codes of ethics. Each of these solutions is necessary but not sufficient. They touch on, but do not dig deeply enough into, the real ethical problem underlying business activities. The problem is at the level of organizational relationships and it should be resolved at that level. Solutions to the current ethical paralysis between organizations and their stakeholders should include the democratization of organizations. The debate about organizational relationships should be among different types of communitarian models or between communitarianism and libertarianism. Only then will the patterns of relationships between organizational sovereigns and subjects become more congruent with the social philosophical assumptions of the dominant political and economic systems of the United States. Important theoretical and empirical research questions include: What are the most efficient and effective modes of participation? What modes are better in what situations? What are the obstacles to change and how can they be overcome? These types of questions ought to be the framework for debate. In addition, new forms of organizational systems should be developed from the communitarian and libertarian political philosophies summarized in this article.

With authoritarianism the status quo for many organizations and communitarian alternatives viewed as

radical changes, organization theory remains several centuries behind political theory and economic theory. In the United States, the shift from the authoritarian political and economic model entailed a military uprising led by a vanguard of enlightened subjects. What will it take to finally make the shift from authoritarianism to communitarianism in organizational governance? Unions and other employee associations should take leadership roles. There is no uprising by subjects demanding participatory management but not all political paradigm shifts require a military revolt. Most recently, the shift from authoritarian to communitarian political theory in Russia was led by an enlightened sovereign. Currently, society is relying on enlightened managers such as Max DePree (1989), the chairman and CEO of Herman Miller, and organizational consultants such as Tom Peters, to lead the way. Business school professors try to shape the attitudes of the future CEOs in their courses, hoping their efforts will lead to particular organizational design preferences (Lewin and Stephens 1994). Managers with authoritarian attitudes will emphasize the "dark side" of the new organizational forms being proposed (Victor and Stephens 1994). It is therefore essential that organization theorists also play a central role in the transformation. They can do so not by producing politically biased research, but by consistently reflecting on how their theories and research are related to the framework developed in Table 1 and defended in this article. Unless organization theorists develop policy recommendations based on the strongly held communitarian social philosophical assumptions outlined here, necessary changes will continue to be slow, piecemeal, ad hoc, and faddish.

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