LIMITS TO DEMOCRACY: CONSTRAINTS ON SYSTEMS APPROACHES TO ORGANIZATIONAL CHANGE

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Abstract

Both systems theory and systems practice address organizational design and transformation from a participative, hence democratic, perspective. The work of Ackoff, Beer, Churchman, Emery, and Checkland is predicated on the notion that stakeholder participation is necessary for meaningful and effective change. The greater the level of stakeholder involvement, the more complete the information brought to the change process. This leads to better decisions about the system's future as well as a greater understanding of and commitment to the change.

Many of the organization design methods developed from the systems perspective are designed to create a forum for systemwide participation. Ackoff's interactive planning methodology and Emery's search conferences provide examples. The goal is to engineer the organization change process so that there is the greatest possible involvement on the part of members of the system.

A critical question remains unanswered within these schools of thought. Is there a point at which democratic processes become dysfunctional in the design processes of social systems? This paper argues that there are three conditions for effective democratic organizational design:

1. That the power relations are understood and the process is free of coercion.
2. That the members of the system are informed participants and have more than a superficial knowledge of the system.
3. That the members of the system have loyalty to the system beyond their involvement in the design process.

These three elements—power, knowledge and loyalty—are viewed as three constraining variables that limit the efficacy of democratic systems design processes. Examples from actual systems interventions in industry, government, and not-for-profit organizations are used in the paper to illustrate how the absence of any one of the three can impede both the process and the implementation of systems change.

Methods for working within these constraints are also discussed. These include methods for understanding and assessing sources of power and legitimacy within the organization,

developing a uniform understanding of the system among participants, and understanding the nature of individual commitment and tenure within an organization.

Finally, the role of the systems thinker as interventionist is discussed. The ideological bias towards participative democracy is discussed and clarified. The conclusion is that the systems thinker must reaffirm his role as social scientist as well as interventionist to first develop sound assessments of the systems in which he is attempting to facilitate change.

Keywords: systems change: democracy: organization design

Introduction

The past half century has witnessed a transformation in how work is carried out in many organizations. Increasingly, democratic structures and processes are becoming more prevalent in commercial (Galbraith and Lawler, 1993), government (Osborne and Gaebler, 1993) and nonprofit enterprises (O'Neill, 2002). For the purposes of this discussion, we will define *democracy* as the control of a social system by its members, with each having a voice in the decision-making process.

Systems approaches to organizational design and planning are based on democratic principles. The work of systems thinkers in applied social contexts is predicated on the notion that that participation by members of the system in its ongoing development is critical to its viability (Jackson, 2000).

While democratic approaches have been shown to be efficient and effective ways to manage and develop organizations, several common impediments often undermine their implementation. It is the purpose of this paper to provide an overview of these constraints and their implications.

The discussion begins with a brief background summary of workplace democracy. The development of systems approaches to organization are framed within this broader context. The democratic nature of systems methods along with the role played by the systems thinker within the democratic process are then outlined. Within this conceptual framework three critical constraints are presented: coercion, knowledge, and loyalty. The limiting dynamics each can pose within a design or planning process is explored. And, finally, the role of the systems thinker in mitigating or overcoming these challenges to democratic processes is discussed.

Origins of Democratic Organizational Forms

The two driving forces that gave rise to modern democratic organizational forms are technology and change. These are so closely related that it is often difficult to consider them as separate phenomena. In the twentieth century, the explosion of knowledge in both the natural and behavioral sciences gave rise to a myriad of "hard" and "soft" technologies. It became easier to innovate and change the world in significant ways. As a result, the world has become more complex and dynamic (Schon, 1967 and 1971).

These changes have often been characterized as a move from the industrial age to the information age (Bell, 1999). Indeed, advances in communication technology have been critical to our ability to work smarter, generate and test new ideas, and accelerate the speed at which we are able to get things done (National Research Council, 1999). Industrial work, manufacturing that was supported by machine, has become increasingly automated (Rifkin, 1994). More work is being carried out in the technology and service sectors by skilled technicians and professionals (Cortada, 1998).

The change in the broader society and resulting change in work has given rise to the need for an organizational infrastructure markedly different from traditional industrial bureaucracy. Large hierarchies with centralized authority and control are giving way to smaller, flatter, decentralized organizational forms. These new structures are more democratic, with decision-making capacity throughout the organization. They are therefore more capable of responding to external and internal changes quickly and precisely. In other words, democracy works not for some abstract ideological reason; it works because it is more efficient and effective in a complex and dynamic society (Slater and Bennis, 1964).

Alternatives to rigid industrial hierarchies have been explored throughout the development of management thought (Wren, 2004). During World War II, expert teams were assembled to address some of the most critical problems, such as the development of weaponry, including the atomic bomb (Kelly, 2005). These flatter organizational structures enabled the groups to solve problems and innovate more quickly. As a result, cybernetics (Wiener, 1965), operations research (Gass and Assad, 2006), and communication theory (Shannon and Weaver, 1963) emerged as disciplines. Applications in commercial production settings seen in the post-war years in settings like Lockheed's Skunk Works (Rich and Janos, 1996). Industrial democracy rooted in a Socialist ethos took root in Europe after the war (Eley, 2002). Organizations composed of semi-autonomous work groups led to productivity gains as well as increased workplace safety (Trist, 1963). Later experiments in the United States with labor management committees reflected an extension of inclusive decision-making principles (Leone and Eleey, 1983). Deming's work with participative management in Japan in the 1970s led to worldwide adoption of democratic approaches to quality assurance (Walton, 1986). Now, as the twenty-first century emerges, knowledge of the effectiveness of teams is broadly applied across industries and sectors.

The Parallel Evolution of Systems Theory

Systems thinking underwent a parallel evolution over the second half of the twentieth century. Initially systems approaches were valued in academia for their explanatory power. In particular, open systems models were ideal for understanding environmentally dependent natural phenomena such as biological systems and population dynamics (Miller, 1995). With the technological revolution of World War II, systems concepts entered the world of manufacturing. Operations research and management science are systems approaches to production settings and represent the first rigorous application of systems thinking to management (Flood and Carson, 1993). Clearly, the human element is a factor in even the simplest manufacturing process. Increasing attention was paid to

the man-machine interface, and the open systems paradigm began to reframe work organizations as social systems (Cherns, 1976).

With the transition from manufacturing to service enterprises, a greater emphasis was placed on the behavioral dimensions of a system. Individual and group roles in planning (Bunker and Alban, 1996), problem solving (Ackoff, 1978), and facilitating organizational change (Rothwell and Sullivan, 2005) became key factors in systems design and adaptation. In the last decade, systems principles have entered mainstream popular management culture (Senge, 1994), just as a quarter century earlier they became fixed in the culture of the factory floor.

Open systems approaches to organization have always been democratic. The key concept is that systems are controlled by purposeful individuals and groups through a series of choices (Ackoff and Emery, 1972). As a result, participation in management decision-making as part of planning and design processes, as well as implementing the results of those processes, is considered essential. Specific methods such as interactive management (Warfield and Cardenas, 1994), idealized design (Ackoff, Magidson, and Addison, 2006), and search conferences (Emery and Purser, 1996) provide examples.

The systems scientist or thinker has played an active role in both the development and implementation of social systems methodology. He moves from the typical role of scientist as observer and chronicler of behavior to scholar as scientist and social interventionist. He becomes an active participant in the system undergoing the change or transformation. The systems thinker is for the moment *in* the system, not *of* the system (Checkland and Scholes, 1999).

Critical Conditions for Effective Organizational Democracy

In this role of interventionist, the systems thinker develops an understanding of the obstacles to change within the social system being addressed. The remainder of this discussion explores three conditions critical for optimal organization design and implementation of change. These are:

1. That *power* relations among members of the system are understood and the process is free of coercion.
2. That members of the system are informed participants and have more than superficial *knowledge* of the system.
3. That members of the system have *loyalty* to the system beyond their involvement in the design process.

The three critical elements—power, knowledge, and loyalty—can work together to support democratic systems design processes. Likewise, the absence of any of these elements can seriously undermine organizational democracy.

Power

Simply defined, power is the ability to do something. Within an organization, an individual or group has power if it has the capacity to accomplish what it chooses to

undertake. It can develop plans and implement them. Sources of power and the legitimacy of that power have been widely discussed and debated by social theorists throughout intellectual history (Lukes, 1984). Modern organization theory emphasizes position (Pfeffer, 1981), knowledge (French and Raven, 1959), resources (Kanter, 1979), and interpersonal dynamics (Mintzberg, 1983). All are viewed as sources of legitimate power in social systems.

If power is the ability to accomplish something, then obstructions to that ability become critical issues when facilitating change. Setting aside any constraints that are purely operational or technological, such as insufficient finances or inadequate equipment, the most significant impediment is people. A key to understanding resistance to change is to understand the dynamics of the ineffective use of power—coercive power.

Coercion can be defined as forcing someone to do something that he does not want to do. It is often associated with hierarchical forms of organization where superiors dictate orders to subordinates. Compliance is expected under the threat of punishment. Hierarchical authority is thought by some to be structurally coercive: it is an inescapable result of the form (Molm, Elster, and Hernes, 1997). It is antithetical to democratic forms or organization and their decision-making processes, because individual voices, opinions, and sources of information are silenced. The result is less than optimal choices.

It is erroneous to assume that an absence of coercion leads to unanimous agreement. That the diverse members of a social system would all be of the same mind and completely committed to the same course of action is a practical impossibility. The opposite of coercive processes are consensual ones. Contrary to popular usage, consensus does not mean agreement. It is the process by which members of the system give permission for something to happen. Those participating do not have to be in agreement with a decision, but they do have to accept it as a course of action for the group as a whole. The members of the system agree to disagree, but can move on with the business of the organization. The dissenting members respect the desires of the other members of the group and trust that what is decided is in the best interest of the system as a whole (Saint and Lawson, 1994).

Knowledge

Knowledge is closely linked to power. We can define knowledge as individual or collective possession of information, facts, ideas, or principles relevant to the organization and its planning and design practices. It supports the organization's ability to make progress. Democratic participative methods are based on the assumption that they are the most efficient way of dealing with the complex array of issues involved in social systems management. Without knowledge that is appropriate to the content or process, the democratic process is undermined (Buckman, 2004).

Further, without an understanding or appreciation of the range and depth of knowledge that each participant is able to contribute to the process, it is impossible to provide them with an appropriate role or "voice" in the process. To understand the knowledge that an individual or group possesses and how it can be best put to use in developing the system serves to authentically empower the participants (Thatchenkery, 2005). It brings the

knowledge of the few to benefit the whole. Access to and management of knowledge residing within the system is key to a robust democratic process.

Loyalty

Finally, loyalty reflects individual and group commitment to the system. It is an indicator of how much participants will invest in supporting and improving the organization. This is true in the initial, more conceptual stages of planning and design where issues and ideals are discussed and goals and priorities set. It is also true—and at times more apparent—during implementation, when the effects of change are realized and managed (Hirschman, 2006).

The more loyal the participants are to the system, the more they will fully engage in democratic processes. And it is not blind loyalty—loyalty without a questioning and critical perspective—that is the goal. Rather, the goal is to allow power and knowledge to come into play so that loyalty may be based on confidence in the system and its members. Further, loyalty cannot be driven by fear or perceived lack of choice. In other words, genuine loyalty is not the result of coercion. Commitment to the system in a noncoercive environment allows participants to openly address the system's strengths and weaknesses. They are able to address the hard questions that emerge when setting the future direction for any organization. Finally, loyalty is critical for a system to move into the future in a consistent way with its knowledge base intact.

The Balance of Power, Knowledge, and Loyalty

Power, knowledge, and loyalty are clearly interrelated factors that can either enhance or impede a system's development. In any democratic design or planning process, the emphasis should be on moving the organization away from coercive practices and leveraging legitimated bases of power. This would reflect a shift from what has been called "power over" based on hierarchical structures to "power to" enabling participants to mobilize the resources within the organization (Ackoff, 2003).

Likewise, it is necessary to uncover the true knowledge base resident in the organization and then to align it with management issues and processes. It is critical to efficient democratic processes to understand where specific knowledge resides in the organization, what the relevance of the knowledge is, and how to create access to that knowledge. Once the knowledge base of an organization becomes open and accessible, the system as a whole becomes empowered and is then capable of making more informed choices.

Finally, it is critical to understand the existing loyalties of participants in the system. Engaging in the process of organization change is not enough to ensure commitment, especially when loyalty might be questionable from the outset. It is important to keep in mind the different levels and types of loyalty that result from participants being constituents of multiple systems. Learning who has the deep dedication to the organization for the long term versus who is a transient member is key to understanding who will be best positioned to work through crucial and difficult issues from design through implementation.

The Role of the Systems Thinker

Making these three critical areas explicit poses an interesting set of challenges for systems thinkers in their role as interventionists. It requires a return to their social science roots to better understand the dimensions and dynamics of power, knowledge, and loyalty in each specific organizational context. From systems analysis and design through implementation of the change effort, greater emphasis should be placed on uncovering the authentic power relationships, actual state of knowledge, and the degree of loyalty within the system.

And because the systems thinker is himself a participant in the system in which he is intervening, he must be clear about his own power within the system, the scope of his knowledge, and the extent of his loyalty. Clearly, in many instances this can be difficult, as the interventionist learns more about an organization, forms opinions, and establishes relationships. However, clarity in the three critical areas is necessary to maintain the professional distance needed to be an appropriate catalyst for change. At some point the systems thinker must withdraw from the situation with the system changed and capable of sustaining that change independently going forward.

In sum, in working with the organization, the systems thinker must identify and leverage power within the system, make appropriate knowledge accessible, and develop a base of commitment to the change process and its implementation. These add depth to the interventionist's role in the system. It places a greater burden on the systems thinker to bring disciplined social science methods to complex dimensions of organizational dynamics. In so doing it enhances his role and the democratic process.

Conclusion

Understanding the nature of democratic processes in managing work organizations is still very much a work in progress. The constraints on systems change can be turned into mechanisms for support and systems development if properly understood and managed. This, in turn, will lead to a more responsive systems science in theory and in practice.

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