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AN APPROACH TOWARDS DIFFERENTIATING SELF-MANAGED FROM NON-SELFMANAGED ENTERPRISES*

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I. INTRODUCTION

In a series of interviews about what differentiates and characterizes self-managed enterprises from other forms of production enterprises, we were surprised to find just how ambiguous and inexact the responses were¹. Some thought that the organization of the self-managed enterprise was identical to the capitalist enterprise with the exception of the composition of the Board of Directors and the distribution of the surplus. Others conceived self-managed enterprises as being the opposite of capitalist enterprises, that is, if in the latter there exists a hierarchy of authority, in the self-managed enterprise the authority should be abolished; if in the capitalist enterprise there exists a technical structure in the production process, in the self-managed enterprise the technical structure should disappear, etc., etc. But what really is a capitalist enterprise and a self-managed enterprise?

This article will attempt to clarify these appreciations. We part from the conception that the microeconomic productive units, the enterprise, are the fundamental cell of material reproduction and of the reproduction of the social relations of production at the societal level. While Marx² himself used the concept of the social relations of production to refer to categories that exceed the ambit of the enter-

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¹ These interviews were made sporadically, taking advantage of other investigations in which the author is involved.

² K. Marx, *Capital, A Critique of Political Economy*, International Publishers, New York, Sixth Printing, 1974.

prise, it cannot be denied that it is in the enterprise where said relations assume a more concrete and specific form. Thus, we will attempt to conceptualize a characterization of enterprises, taking into consideration the type of social relations of production that emerge from them. The main objective of this article is to present a more realistic approach for the analysis, conceptualization and differentiation of self-managed enterprises from other forms of enterprises.

The following section will briefly describe some of the most common definitions of the self-managed enterprise. The third section will propose an approach to differentiate the enterprises according to their social relations of production. The fourth section will construct an ideal typology of enterprises ranging from less-to-more self-managing ones. And lastly, some additional annotations will be made in relation to distributive equality and social accumulation in self-managed enterprises.

II. COMMONLY-ACCEPTED CHARACTERIZATION OF SELF-MANAGED ENTERPRISES

Jaroslav Vanek³ categorizes the productive organizations into those controlled by "labour" (self-managed) and those controlled by "capital" (capitalist). The former are those where management and control are exclusively in the hands of the active members of the enterprise on the basis of one man, one vote; the latter are those where management and control are in the hands of the owners of capital. He adds: "... one can never speak of self-management when others have the right to control and manage, even if it is together with the active members, or when some active members are separated from the process of self-management or when the persons are not equal in terms of one man, one vote... in these cases we are facing some sort of dehumanizing situation".

This definition categorizes the enterprises independently from the form of ownership existing in society or the type of economy (market or planned) in which it is found. Thus, the ownership or the patrimony of the enterprise can be state, social or individual by nature, and as long as the ownership does not give the right to control over the objectives and management of the enterprise, it will be closer to what is defined as a self-managed enterprise (controlled by labour).

Branko Horvat,⁴ Rudi Supek, Mihailo Marković, and other Yugoslavian specialists also arrived simultaneously — and in many cases, earlier — to the same conclusions as Vanek, but in addition centered their concern on the problem of equality at the level of the society as a whole. They noted that in Yugoslavia some self-managed enterprises

³ J. Vanek, *Self-Management Economic Liberation of Man*, pp. 13—14, Penguin 1975. J. Vanek, *The Participatory Economy: An Evolutionary Hypothesis and a Strategy for Development*, Cornell University, 1971.

⁴ B. Horvat, *An Essay on Yugoslav Society*, IASP, New York, 1969. B. Horvat, R. Supek and M. Marković, *Self-government Socialism: A Reader*, IASP, New York, 1975.

(controlled by labour) were more profitable and therefore paid their workers more than other self-managed enterprises; they then attempted to redefine the concept of the self-managed enterprise on the basis of appropriation of the surplus. Theoretically, any surplus or profit of the enterprise superior to a certain maximum average income per worker, should be appropriated by the society as a whole for its redistribution or investment in those sectors with less resources. In this conceptualization, there were criteria of "equality" at the societal level which were combined with criteria of "control" at the internal enterprise level in the definition of the self-managed enterprise. In practice, it was difficult to apply these criteria. The relatively high degree of inequality existing among regions and enterprises in Yugoslavia confirms it.⁵ Apparently, the criterion of "control" has prevailed, but in certain cases even the State and the Central Government have interfered in the management of some enterprises.

The law of social property firms⁶ in Peru incorporates both conceptions: that of "control" by the workers and that of "equality" through surplus appropriation. Additionally, it creates for the first time the mechanisms of "social accumulation" through an original system of incentives, effort, savings, financial intermediation and accumulation for the benefit of the social property sector. Unfortunately, some of these mechanisms have not been put into practice yet while others have to wait a greater number of years before quantifiable results will be available.

Let us put aside for the moment the problems of equality in surplus appropriation at the societal level and that of social accumulation. Let us focus on the problem of "control" which, by the way, is the common characteristic of all the definitions revised.

"Control" over the management, objectives and goals of the enterprise is effected by exercising greater power or influence over decision-making. Decision-making refers to the process of solving any difference, concern, problem, and present or future situation of the enterprise. Thus, the productive organizations daily have to solve hundreds of problems of resource distribution and the interrelation of the different parts of the organization. The nature of the problems is heterogeneous. Sometimes they deal with operative and minute problems and other times with strategic and vital matters, depending on which part or sub-part of the organization is involved.

Is it true, then, that according to the definitions of the self-managed enterprise given before, all the workers have to decide on everything on the basis of "one man, one vote" for an enterprise to be "really" self-managed? In an enterprise controlled by capital, will all

⁵ M. Bazler-Madžar, «Problems of Regional Economic Development in Yugoslav Theory & Practice», in *Economic Analysis and Workers Management*, Volume VIII, 1974, 3—4. World Bank Country Economic Report, *Yugoslavia Development with Decentralization*, Johns Hopkins University Press, Baltimore & London, 1975.

⁶ *Ley de Empresas de Propiedad Social*, CONAPS, Decree Law 20598, 1974. This law represents one of the best theoretical conceptualizations of self-managed enterprises existent in the world.

its owners by any chance decide everything in the enterprise? Do not the management personnel have autonomy over many important matters? Wouldn't this last enterprise also be a capitalist one (controlled by capital)?

These simple questions are crucial in order to clarify a categorization and differentiation of the productive enterprises. The enterprise is not a completely homogeneous entity. It is composed of parts and sub-parts, and the relations among the persons within it are varied. The majority of definitions of self-management previously mentioned are mistaken when they pretend to treat the enterprise as a unit where the relations are constant and of the same nature throughout.⁷

III. AN APPROACH TO DIFFERENTIATING THE ENTERPRISES ACCORDING TO THEIR SOCIAL RELATIONS

We have to examine/analyze the organization's decisions in order to fully comprehend the sources of "control" or "power" over decisions in each part or sub-part of it. In this sense, we propose to abstractly divide the productive organization into four segments.⁸

The first segment deals with the relations between the "owners" and/or their representatives vis à vis the management-executive personnel and the operating personnel.⁹ The second segment refers to the relations between management executive personnel and operating personnel. The third segment touches on the relations within each one of the groups mentioned. And lastly, the fourth segment analyzes the relations or influences of external persons or groups in the activities of the enterprise. This classification of the organization by segments will allow us to thoroughly analyze the type of social relations that are reproduced within each segment, and a continuum of enterprise forms — according to their degree of approximation to capitalist or socialist social relations of production — will be more clearly distinguishable.¹⁰

The first segment is one of the most important for the categorization of production organizations. Let us confine ourselves for the moment to the characteristics and functions of the limited liability company or the corporation. It is at this segment where the objectives, goals, policies, strategies and benefits of the enterprise are discussed, and where the neuralgic decisions of the organization are made. *Grosso modo*, theoretically, we can distinguish — coinciding in this case with the categorizations previously mentioned — between the enterprises whose objectives, policies and strategies are exclusively controlled by the owners of capital (or its representatives) and those that respond to

⁷ They generally do not distinguish between the parts and the nature of issues and social relations in the organization.

⁸ The word "segment" is used for lack of a better term. This segmentation does not correspond to the hierarchy of the enterprise.

⁹ The terms "management", "executive" and "operating" are used with no connotation or value judgment as to the type of work performed.

¹⁰ Those interested in revising the concept of capitalist or socialist social relations of production may refer to Charles Bettelheim.

the mandate of the "owners" of labour (or its representatives). We agree that this differentiation marks the first landmark that separates two diametrically-opposed conceptualizations of enterprises.

The differentiation is not, nevertheless, sufficient — not even at the level of the first segment — to categorize the enterprises according to the social relations of production. There is much frustration, for example, when the representatives of "labour" in the Board of Directors or Management Council — be they elected democratically by the workers themselves, or designated by organs external to the enterprise in the name of the "labour" of all the society (the State) — control the objectives and policies of the organization at the margin of the wishes of those who work there or according to external or strictly personal interests.¹¹ In these cases, the relations of the managers, executives and operational workers with those who "rule" can easily degenerate into exploitative and alienating ones, despite the fact that the ownership of capital in this case does not have any influence or control over the decisions of the enterprise.

On the other hand, it has also been shown that in many enterprises supposedly controlled by "capital", the shareholders no longer maintain control of the decisions and instead have become "rentiers".¹² The control has passed to the hands of the management stratum itself, leaving the shareholders merely as passive subjects of the decisions made in the enterprises.¹³ In the specific case where the managers decide, we come closer to organizations where "labour" — that of the managers — has power or control independently from "capital". We would need to know the influence of non-management personnel (over the matters which are decided in this first segment of the organization) so as to determine the degree of real representation of "labour" in the first segment. In other words, when there is no relationship between the ownership (of capital) and the control of the enterprise, we would need to study *what exercises control and how democratic is the source of this control*.

In developing nations, the separation of ownership from control is still very incipient since enterprises are frequently controlled entirely by the owners of capital who, in turn, decide on the destiny of the organization and impose operating conditions according to the logic of capital and its interests, generally degrading the condition of those who work in the enterprise.¹⁴ On the other hand, there have existed and there presently exist attempts to conciliate and share the control of the decisions — within this first segment — through ingenious systems where the owners of capital, as well as those who contribute labour, attain

¹¹ Numerous cases from the East as well as from the West confirm these appreciations. See, for example, Morris Bornstein, *Comparative Economic Systems: Models and Cases*, Irwin Series in Economics Irwin-Dorsey International, London 1974, Third Edition.

¹² A. Berle Jr., *Power without Property: A new Development in American Political Economy*, Harcourt, Brace & Company, New York, 1959, A. Berle and G. Means, *The Modern Corporation and Private Property*.

¹³ J. K. Galbraith, *The New Industrial State*, Houghton Mifflin, 1971.

¹⁴ This matter will be treated in greater detail in the other three segments of relations which we will next review.

participation and influence in the decisions. Such is the case of the Reformed Private Sector in Peru, where 50 per cent of the seats on the Boards of Directors of all the enterprises with more than 5 workers would have been progressively transferred to the Labour Community — an entity that represented "labour" — the remaining 50 per cent staying in the hands of the owners of "capital": the objectives, policies and strategic decisions of the enterprises would supposedly have been jointly determined.¹⁵ In developed nations, such as Germany, similar arrangements for the mutual influence between "capital" and "labour" exist.¹⁶ The proposal of Rudolf Meidner to transform Swedish enterprises refers to an arrangement similar to that of the Labor Communities in Peru.¹⁷

In this first segment, in sum, there exist two substantial problems for the categorization of the productive units. The first refers to whether the source of power or control lies in the ownership of "capital" or in the work effected by "labour", and the second, to what type of relations exist between the representatives of "capital" or of "labour" and the personnel that work in the enterprise (managers, executives and operators). That is, how the personnel *integrate* themselves in the matters and problems that are discussed in the first segment of the organization. Only if the source of power lies in labour (be this of the enterprise itself or of the society as a whole) and only if the representatives "effectively" represent the interests of their "bases" and succeed in integrating these interests with those of the enterprise,¹⁸ will be the first *necessary but not sufficient* condition for a productive organization to be a "self-management model": *necessary but not sufficient* because there are other requirements posed by the other three segments — into which we are dividing the organization.

The *second segment* studies the relations of production between the management or executive personnel and the operative personnel of the enterprise.¹⁹ In sum, it embraces the areas of coordination, operation and control of the regular activities of the enterprise. Its task is to maximize the efficacy and the efficiency of decisions when interrelating the parts and resources of the organization in order to accomplish the goals and objectives designed by the persons or groups who control the first and main segment of the organization. In this broad sense,

¹⁵ *Ley de Comunidad Industrial*, July 1970, Lima, Peru.

¹⁶ DGB, "Co-determination in the Federal Republic of Germany". In: G. Hunnius, et al., *Workers' Control*, Vintage Books, New York, 1973. *Ley de Codeterminación en la Industria de la República Federal Alemana*, 1976.

¹⁷ Meidner, Rudolf, *Working Life in Sweden*, 1979.

¹⁸ We do recognize that there is always a potential clash between the interests of the enterprise, its representatives and those of the workers, but if the procedure to solve conflict is democratic and egalitarian, decisions are to be taken in a "integratory" manner. Integration does not mean a permanent and stable harmonization of interests but a "just" and participatory process of conflict resolution.

¹⁹ The classification of the personnel as management-executive and operative is simplistic. A greater number of types of personnel can be elaborated but it would not change the essential nature of the arguments throughout this article.

the second segment represents the *management* of the enterprise, including the areas and problems with which it traditionally deals.

To find the "best" management form for an enterprise has been one of the most studied topics by management theoreticians and experts. Thus, absolutely authoritarian forms of management as well as ideal models of bureaucracies and (recently) management schemes with participation of the personnel have been proposed. In any case, there exist a variety of schools of thought that have contributed to this theoretical baggage.²⁰

What is true — and few point this out — is that management theory takes as a given the ultimate objectives and goals of those who control the first and main segment of the organizations: the owners of capital or those who contribute labour, according to the case. Management, though an essential element for the rationalization of time and resources and for the continuity and survival of the enterprise, becomes a relatively secondary element since it does not question the main source of power and the distribution of benefits in the organization.²¹ The decisions generally refer to technical, coordinating and operational matters and not to aspects of the objectives and policies.²² The "form" or "management model" turns out to be an instrument for responding more effectively to the ultimate objectives of the "mandators" of the organization.

This is why the enterprises controlled by "labour" or by "capital" (classified according to the first segment previously studied) can utilize indistinctly any model or management form which will permit it, sometimes in the short-run and at other times in the medium or long-run, to satisfy its ultimate goals and objectives in the best possible manner. It is not unusual, therefore, to find enterprises controlled by labour — in the first segment — which exercise management forms and decision-making that are totally authoritarian in the second segment. Such enterprises practice Taylorian or Stakhanovic production criteria and forms of work organization, without considering the psychological and social factors that affect the members of the organization. On the other hand, there are also enterprises controlled by capital — in the first segment — which permit the participation and intervention of the personnel that work in the enterprise in management and decision-making, even though this alternative does not occur frequently. It must be emphasized that whoever controls the first segment of the organization

²⁰ A summary of these schools is found in: Kast & Rosenzweig, *Contingency Views of Organization and Management*, Chicago SRA, 1973.

²¹ Bureaucracy-management and operational personnel may have interests of their own which do not necessarily coincide with those of the governing elite — be they representatives of labour or capital. Those cases are, however, referred to on page 13.

²² It should be made clear to the reader that the separation of tasks between the Board of Directors and the General Management of the enterprise is not as rigid as it appears here and that delimitation is something which is not very clear, stable and universally accepted. For example, the differences between the functions of the German Supervisory Council and the Management Council; and between the English or North-American Boards of Directors and their management are not clearly specified.

—be it capital or labour— the management form in the second segment will be influenced by the ultimate objectives and goals which the first segment has traced.

For example, if all the enterprises of Groenlandia were controlled by the State, — through the representatives of the "work of all the society" in the Board of Directors of the enterprises — and if the State establishes as its sole objective the maximization of surplus extraction from productive units, it would not be surprising to find any form of management as long as the proposed objectives are attained. Naturally, depending on the management form that is implemented, counterorganizations which will strive to democratize the internal power structure and the potential benefits, or reduce the oppression and discontent of the personnel in the enterprise, may arise. These counterorganizations are sometimes able to change the ultimate objectives proposed by the "mandators" of the enterprise or be successful in having the matters which concern them dealt with.

In this second segment, what will determine that an enterprise be categorized as self-managed? The fundamental condition is that, subject to maintaining the continuity of the enterprise and the efficient and effective management of its resources, the satisfaction, self-realization and development of the individuals and work groups should necessarily be attained.²³

Will a management system be best (or optimal) where, for each problem that the enterprise confronts, the decisions are made according to the rule "one man—one vote"? Will this management form lead to efficacious and efficient enterprise management decisions that will not inhibit the development of the individuals and the enterprise, nor generate internal relations of oppression and exploitation?

The answer is simple. To maximize participation of all in all ("one man—one vote" for any and all problems in the enterprise) is not an end in itself. Of what value would it be that everyone participate if the management ends up being ineffective or alienating? The answer to this question does not necessarily involve the elimination or reduction of worker participation to the minimum possible, because "minimum participation" is even less of a guarantee for abolishing inefficient, exploitative or arbitrary acts in the workplace. The essence of the question is to determine the degree of participation or influence at each level and type of decision in the enterprise, to be exercised by the different sectors of personnel, given certain considerations of equality and efficiency, that will succeed in eradicating exploitation and in developing the individual and the enterprise.²⁴

But how will these degrees of real participation or influence in decision-making be determined? In other words, what would be the real source of power or control — within this second segment — for decision-making and for obtaining the results postulated?

²³ One can think of this condition as an optimal or ideal goal.

²⁴ For a more exhaustive analysis of this problem, see Roca, Santiago and Retour, Didier: "Participation in Enterprise Management: Swamped Concepts"; to appear in *Economic and Industrial Democracy*, Vol. 2, N° 1, 1981.

We believe, and the matter is complex, that the degree of influence or participation in decision-making in the enterprise should be determined by the *degree* to which the individuals or groups are *affected* by each of the enterprise's problems. "Affectation" is—we argue²⁵—an objective and subjective category that depends on many factors such as: knowledge, the desire to participate, and the social, physical or mental proximity of the person to the problem or decision in debate. The degree of affectation, and therefore that of the desirable effective participation and influence of the individuals, would vary according to the problems and types of decisions that are made in the enterprise.

Management based on the *degree of affectation* of the individuals in the problems of the enterprise would thus result in "Participatory Management", but not participatory in the sense of "one man—one vote" for all types of decisions. Rather, it would be participatory in the sense that, depending on the type of problems and according to the degree of affectation, there would be participation with "maximum" influence in some cases, with "equal" influence in others, and with a "minimum" of influence or power in the matters in which the individual is least affected. This is what we have denominated *differentiated participation* in the decisions and the management of the enterprise. The resolution of the problems — in this second segment — would be based on these criteria in order to obtain efficiency in the use of resources and the elimination of oppressive and exploitative social relations in the enterprise.

For non-self-managed enterprises or those that move away from the self-managed ideal type which we are constructing, the sources of power or control over decision-making within this segment vary substantially. In some cases it will continue being "capital" ("one dollar — one vote") which exercises power, in others professional competence, in others coercion, physical force, the whip of some tyrant, the skill or manipulation of some autocrat, or the arbitrariness of the formal authorities in the organization, etc., etc.

The *third segment*, which is very important in the research and the *praxis* of productive organizations, is that of the relations which exist between the personnel in each group and among work groups. This segment could be incorporated within the second segment. Nevertheless, it is preferable to separate it because of its relevance to self-managed enterprises.

The work group exercises significant influence over the behaviour of the individuals and the enterprise. The interactions and relations between the members of the group are indispensable elements for the satisfaction of the individuals and the successful performance of the organization. Aspects of motivation, personality and individual differences form part of the human and psycho-social areas which comprise this segment.

²⁵ Affectation is a key concept for understanding the exercise of real influence on the decisions made in this segment of the enterprise. According to the degree of affectation, the person should exert real influence over decisions. Research in progress; Santiago Roca and Didier Retour, *Participatory Management*, Manuscript, 1980.

Traditionally, in many enterprises the individual and even the work group is visualized as "one screw" more within a major structure. This screw should be well "placed" in order to achieve maximum work efficiency. The relations within the group are based on: formal and informal authority, the law of the strongest, egoism and individual competition, the physical and mental capacity of the members of the group, etc., etc. Those within the group who are outstanding and prominent receive economic and monetary incentives, those less able are fired.

Others, on the contrary, have argued that the determinants of greater individual and group motivation and satisfaction in the enterprise are: orientation towards the group as human beings and not as pieces of a major structure, and permanent participation and communication between the individuals and groups on the job. The literature on this problem is extensive and we do not need to repeat it here.²⁶

What differentiates the self-managed enterprise from other forms of production organization within this segment? Will the relations within the group have to be based on the equation "one man — one vote" for them to be self-managing?

In the first place, it should be made clear that the enterprises controlled by "labour" or by "capital" (according to the first segment) can consider the individuals and the group at the job as pieces of a major structure or as human beings who seek their personal and social realization on the job. We do not need to give examples to characterize these behaviours. It should only be mentioned that an enterprise controlled by labour that satisfies the two requirements of the first segment of the organization, but that tends to consider the group and the individuals at the job as "screws" of a major structure, is moving away from the ideal model of a self-managed enterprise as conceived in this paper. Later on we will explore these aspects more thoroughly.

In the specific case of the ideal self-managed enterprise, it is not sufficient to recognize the individuals and groups on the job as human beings with social and participation needs, but it must also be recognized that the relations between the individuals and groups should be based on the practice of free, solidary and reciprocal cooperation.

Individuals are born with inherent personal limitations and potentialities (genetic) and acquire those imposed by society in the process of socialization. When they arrive at the factory of production organization, they bring with them all these limitations and potentialities. If the enterprise is interested in self-realization and personal development—while maintaining minimum levels of enterprise efficiency and effectiveness—it is thus indispensable to generate relations whose equality is not only based on the amount and quality of labour contributed but also on the basis of the personal limitations and

²⁶ Elton Mayo, Rensis Likert, Chris Argyris, William F. Whyte, Frederik Herzberg, A. Maslow, etc., are part of a significant group of researchers in this field.

potentialities imposed by nature and society in the process of socialization. This defines the ideal self-managed model in this third segment. Therefore, it must not be social and economic status, physical force, mental capacity, and the amount of work done (to an equal amount of work, an equal amount of power) that are the only generating sources of power in the relations among individuals and groups in the ideal self-managed organization. On the contrary, solidarity, reciprocity and free cooperation ought to be considered as inseparable parts of this segment for an ideal self-managed organization.

Lastly, but not least important, the *fourth segment* of the organization includes the influences of external persons or groups on the activities of the enterprise. Traditionally, some authors have characterized organizations as instruments of internal solidarity to the exclusion of others.²⁷ In this manner, the access to enterprise management and to the benefits of the enterprise has been denied to external agents. More recently, organizational theoreticians have insisted that the consumers, the suppliers, those that finance the enterprise, and other external agents that participate in the activities of the enterprise should defend their interests in the organization.²⁸ In contraposition to the rational model with goals and objectives established by the "mandator", the latter think that the objectives and goals of the enterprise are a result of the intervention of diverse social actors, some external and some internal.

Nowadays it is generally accepted that the "environment"²⁹ influences the organization and that the organization must constantly adapt to or transform the geographic, ecological, human, economic, social and political features of the "environment". In this conception, the organization transforms the environment or adapts to it without giving effective participation to "outsiders" in the resolution of its problems.

What would differentiate a self-managed enterprise from other types of enterprises in this segment? In fact, the traditional and narrow version, which excludes external actors or which impedes their participation in the enterprise, would be discarded. The ideal self-managed enterprise — we have said — does not generate oppressive or exploitative social relations internally or externally. Therefore, the self-managed enterprise should consider the problems of the external actors when they are related to the activities of the enterprise. But how do we render effective such a consideration? One possibility

²⁷ Daniel Katz and Robert Kahn, *The Social Psychology of Organizations*, New York, John Wiley & Sons Inc., 1966.

²⁸ March, J. G. and H. A. Simon, *Organizations*, New York, John Wiley, 1958. A fuller discussion of this subject is contained in: Abrahamsom, Bengt, *Bureaucracy or Participation*, Sage Library of Social Research 51, Sage 1977, Beverly Hills, London.

²⁹ By "environment" is meant all that is external to the enterprise, from the level of development of society as a whole, its values or ideologies, to the climate, geography, and human factors that affect the organization.

would be to do it by way of (mechanisms of) participation for consumers, suppliers and any other external agent through their own organizations at the local level. These organizations would defend the rights of the external agents who "institutionally" would have influence in socio-economic chambers (at the industrial or supra-enterprise level). The socio-economic chambers, in turn, would insist that its affiliated enterprises consider the problems in question. Another possibility is to "institutionally" allow direct effective participation in the enterprise — of the external actors — when dealing with problems of mutual concern.

What would be the basis of the influence of the external actors in relation to the decisions made in the enterprise? Here again as in the analysis of the second segment of the organizations, we think that the degree of affectation of the external actors versus those of the members of the enterprise should decide the balance. If the local community is affected by the harmful effects and external diseconomies (v. g., contamination of water or other natural resources) of the productive activities of the enterprise, the balance will be decided by the quality and quantity of affectation of the community versus that of the enterprise.³⁰

The problem of the "external actors" and their participation in the enterprise touches the frontiers of self-management in the organization and leads us to the subject of self-management at the municipal and societal level. These last topics are not, however, the focus of the present article and we prefer to leave their analysis for another opportunity. It should be mentioned that while the traditional enterprise sends the problems of the community to the political system so that policies limiting productive activity be adopted there, the enterprise that fulfills the self-managed condition in this fourth segment can solve community problems through their direct incorporation in the business of the enterprise which affects them.

We have rapidly completed the review of the four segments of the organization proposed for the study and categorization of the enterprise. This approach to classifying the types of relations that emerge in the enterprise and from there attempting a distinction of self-managed and non-self-managed enterprises is—in our understanding—a more realistic approach than treating the enterprise as a homogeneous unit with constant relations.

The contradictions are evident if we again compare the definitions of self-managed enterprises, based on the "control" of enterprise management at the global level, and the analysis by segments which we have realized. For example, Vanek in his definition affirms that "...when others (persons external to the enterprise) have the right to control and manage even if it were together with the active members (of the enterprise)... or when the persons (of the enterprise) are not equal on the basis of "one man, one vote"... we are

³⁰ Much research is needed in this area to clearly determine the process or optimum forms of participation.

facing some sort of dehumanizing situation (implying antiself-managing).³¹ The analysis by segments above reveals, on the contrary, that it is not anti-self-managing nor dehumanizing that the community or any other external actor affected participate in the decisions of the enterprise that concern them, nor that "one man-one vote" is the best basis for taking coordination and operational decisions in the second segment of the organization. Inclusive, a form of enterprise management has been proposed based on criteria different from those of "one man—one vote". These are only some examples of the differences found.

Unfortunately, the laws that regulate the self-managed enterprises in Peru and Yugoslavia also emphasize similar generic positions with respect to the control and the management of the enterprise while neglecting the differences among segments of relations in the organization. In practice, the generic principle "one man, one vote" is reproduced at all levels and segments of the enterprise, thus generating much confusion.

Taking as given that the analysis by segments approach is the most appropriate in order to fully comprehend self-management, we must reflect for a moment on the characterization of the ideal or the theoretically optimum self-management model. Thus, in the following section — considering the social relations of production at the level of each of the segments studied—a typology of the enterprises will be constructed according to a continuum which goes from those enterprises that are less to those that are more self-managing. In this sense, this typology is normative and subject to debate and improvement. Moreover, it has to be considered that the optimum is presented in terms of finding effective and efficient alternatives of production organization that do not inhibit the development of the individuals and the enterprise or generate relations of oppression or exploitation, internally as well as externally.

IV. A TYPOLOGY OF ENTERPRISES

Table I presents the main results of the analysis by segments performed previously. It was mentioned initially that if the source of control in the first segment were "labour", and if its representatives "effectively" represent the interests of their bases and succeed in integrating these interests with those of the enterprise, the first necessary but not sufficient condition for the productive organization to be an ideal self-management model would be fulfilled. It is not a sufficient condition since there are other requirements from the other segments by which we divided relations in the organization. Only if the management form implemented in the second segment is participatory (in the sense, described in the previous section, that according to the degree of affectation there will sometimes be very "little" participation and at other times "much" participation—depending on

³¹ See pp. 2—3 of this article.

TABLE I
Essential characteristics of the Productive Organizations
by Segments of the Enterprise

Segments within the enterprise	Essential characteristics of the productive organizations	
	Capital Controls	Labour Controls
First segment: relations between the owners and their representatives versus the management, executive and operative personnel of the enterprise	Assembly of owners or representatives of share-holders elected according to capital contribution (one dollar, one vote).	Representatives elected according to arrangements between the Insurance Companies and Mutual Funds. The shareholder does not have influence. Whoever controls a minimum of capital has power.
Second segment: relations between the management—executive personnel and the operative personnel in the coordinating and operational management of the enterprise.	Forms of Administration or Management: a. Participatory b. Bureaucratic c. Non-participatory	Forms of Administration or Management: a. Participatory b. Bureaucratic c. Non-participatory
	How democratic is the source of control and how does it integrate the interests of the personnel and the enterprise.	

Third segment: relations between the personnel in each group and between the groups.	<p>a. Law of the strongest, egoism, etc.</p> <p>b. Formal authority, individual capacity.</p> <p>c. Mutual respect and limited cooperation.</p> <p>d. Mutual respect and free solidarity and reciprocal cooperation on the basis of equality. Takes into account personal genetic limitations and those imposed by society on individuals.</p>	<p>a. Law of the strongest, egoism, etc.</p> <p>b. Formal authority, individual capacity.</p> <p>c. Mutual respect and limited cooperation.</p> <p>d. Mutual respect and free solidarity and reciprocal cooperation on the basis of equality. Takes into account personal genetic limitations and those imposed by society on individuals.</p>
Fourth segment: relations or influences of external person or groups on the activities of the enterprise	<p>a. Excludes external social actors.</p> <p>b. Considers the external actors but decides internally</p> <p>c. Considers the external actors and institutionalizes a participatory system for their decisions.</p>	<p>a. Excludes external social actors.</p> <p>b. Considers the external actors but decides internally</p> <p>c. Considers the external actors and institutionalizes a participatory system for their decisions.</p>

¹ This scheme is simple and abstract. It can also be constructed in a more complex manner depending on the reader or on the specific cases that are dealt with.

² The representatives may or may not be active members of the enterprise.

the decisions); only if the relations in the third segment are dealt with on the basis of free, solidary and reciprocal coordination — considering the personal genetic limitations and those imposed by society on the individuals; and only if the external social actors affected by the activities of the enterprise have institutionalized channels of real expression and influence to achieve the suppression of unjust and oppressive social relations of the enterprise with the exterior; only if all and each one of these four requirements are fulfilled would we categorize this organization as an ideal or purely self-managed enterprise. This enterprise would constitute the right extreme of a continuum where the enterprises would be categorized from less to more self-managed (letter Z, Table II).

At the extreme left of the continuum we find the "less" self-managing or the more purely capitalistic and dehumanizing enterprise. This enterprise would be that in which capital controls, where the management is authoritarian or non-participatory, where the relations within the group or among groups are based on egoism and the law of the strongest, and where the participation of external social actors affected by the activities of the enterprise is denied (letter A, Table II).

In reality—except for rare exceptions—the productive enterprises are not characterized as being on either of the two extremes, neither the purely capitalist and dehumanizing nor the purely self-managing. We can find enterprises that, while controlled—in the first segment—by capital, in the other segments adopt management forms with some participation, maintain relations among individuals based on mutual respect and limited cooperation, and are willing to consider the problems of the external actors even though matters may be decided internally. This type of enterprise, while still capitalist (inasmuch as it is controlled by capital in the first and most important segment), adopts more humane positions in the rest of the segments of the organization and, in this sense, acquires a position that moves away from that of the purely capitalistic and dehumanizing enterprise. If a weighted compound index could be constructed that included relative weights for the characteristics of the enterprise in each segment, the capitalist enterprise which we have just characterized might be located near the letter C in Table II.

On the other hand, as an illustrative example, the enterprise which at the level of the first segment is controlled by "labour" but which has an authoritarian management, establishes and encourages egotistical and exclusivistic types of relations among the individuals of the enterprise and does not consider the external social actors that are being affected by the activities of the enterprise; this type of enterprise—under the criterion of the aforementioned weighted compound index—could be located near the letter D in Table II indicating that it is moving away from being an ideal self-managed enterprise and approximating a dehumanizing enterprise.

The reader can thus analyze any existing enterprise according to this index and locate it on the continuum. The weights given to each segment could be the same, although this would be a nonnative decision as it would also be possible to give greater weight to some

segments than to others. As the construction of an index is not the specific purpose of this article, we leave this for future discussion.

TABLE II.
Continuum of Enterprise Forms According to Their Social Relations of Production

0%	D	C	100%
A	_____		Z
purely capitalist and dehumanizing enterprise			ideal self-managed enterprise

V. DISTRIBUTIVE EQUALITY AND SOCIAL ACCUMULATION

Finally, let us deal with the problems of equality in surplus appropriation and that of social accumulation, which we set aside when studying the problem of control.

Equality is one of the most frequently used concepts when speaking of socialism. The self-managed enterprise, as it has been ideally defined in the previous sections, implicitly considers power equality in the organization. This equality is understood not in its mechanist sense (e. g., one man, one vote) but in its conception of *equality* which implies justice, equality of rights, and opportunities to exercise power.

The surplus distribution of revenues within the self-managed enterprise can generally be considered the task of the first segment of the organization. As "labour" controls at that level,³² the revenues or surpluses will be distributed according to the criteria of "labour" and the "necessities" of the personnel of the enterprise. Though this form of income or surplus distribution is democratic, internally equitable, and based on labour as a supreme value (and not on capital as the appropriator of the result of the productive activity), it likewise confronts a broader problem, that of the equality of the income distribution at the local, regional and national levels.

In the fourth segment of the organization, the relations of the enterprise with the exterior have briefly been analyzed; now it should be made explicit that the problem of income inequality, at the local level and later at the regional and national levels, in relation to the revenues of the enterprise constitutes an important topic within this segment.

That is why a conceptualization of the self-managed enterprise within a global project of the socialist economy tends to socialize the revenues (or incomes) at higher levels than those of the enterprise. What would happen to self-managed enterprises which, due to natural or market factors, were obtaining enormous revenues while the majority of the local population that surrounded them lived very poorly

³² This supposes that the problem of non-representativeness of labour does not exist in this segment.

— not because of lack of jobs — but because the jobs they held were of low profitability due to market conditions? Would this be a socialist society? If the fourth segment of the organizations is understood in its proper amplitude, the socialist self-managed enterprise will consider that the surplus — above a certain level of income — should be partially or totally appropriated by the community for its redistribution or investment in less-endowed sectors.

The conception of social accumulation included in the social property enterprises law in Peru completes the socialist character of the self-managed enterprise. As a result of it, a system is created in which, according to the estimated individual contribution of each person — through years of work and effort — in the enterprise, the person does not receive the ownership of such effort. Rather, he (including his wife and children till they reach maturity) enjoys its usufruct for life. This accumulation belongs not to an individual or a family in particular, but to society as a whole. Society, in turn, will assign these resources as loans for new generations who, by their work, will continue to contribute to its survival and to that of the community.³³ Crucial in all this is the idea that labour generates wealth and security and nobody has the right to live off the work and effort of others. Social accumulation is also linked to surplus distribution inasmuch as a determined proportion of the surplus of the enterprises should by law be disbursed annually to society (represented by some organ). Society could lend these resources for the creation of a new self-managed enterprise that favours an egalitarian society with liberty and solidarity.

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PRISTUP RAZLIKOVANJU SAMOUPRAVNOG OD NESAMOUPRAVNOG PREDUZEĆA

Santiago ROCA

Re z i m e

Pri izražavanjima se veoma često pokazuje da osnovne razlike koje postoje između samoupravnog i ne-samoupravnog preduzeća nisu jasne. Cilj članka je da postavi precizno definisane kriterijume za razlikovanje ovih dvaju formi organizacije.

Autor deli odnose u proizvodnoj organizaciji u četiri segmenta. Prvi segment tiče se odnosa između vlasnika i njihovih predstavnika na jednoj, i uprave (menadžera) na drugoj strani. Kao »vlasnici« mogu se pojaviti ne samo stvarni vlasnici kapitala već i predstavnici spoljne (dr-

³³ Those interested may read the *Ley de Empresas de Propiedad Social*, Decree Law N°20598, CONAPS 1974 or Peter Knight and Santiago Roca, "Sistemas de Autogestión" in *Comercio Exterior*, Dec., 1976.

žavne) vlasti, ili čak i predstavnici radnika. Ipak, u poslednjem slučaju, planje je u kojoj meri oni zaista predstavljaju interese radnika, a ne rukovode sa spoljnim, ili, čak, i ličnim interesima. Samo ukoliko postoji stvarna reprezentativnost ovih predstavnika moguće je smatrati da je ostvaren neophodni, ali ne i dovoljni, uslov za postojanje samoupravne forme preduzeća.

Pod drugim segmentom autor podrazumava odnos između uprave i radnika. On primećuje da nije neuobičajeno susresti se sa preduzećima u kojima predstavnici radnika, u prvom segmentu, imaju značajan uticaj, a da se istovremeno, upravni organi u svakodnevnom rukovođenju služe autoritarnim metodima. Za samoupravno preduzeće, autor smatra, značajno je učešće radnika u procesu odlučivanja, ali se zalaže za princip »diferencirane participacije«, prema kome samo učešće u odlučivanju kao takvo ne predstavlja neophodno i dokaz o samoupravnom karakteru preduzeća. Radnik treba sam, prema stepenu zainteresovanosti za pojedini problem, da odlučuje i o svom učešću u procesu upravljanja. U suprotnom slučaju javlja se lažna masovnost u odlučivanju iza koje se često kriju pasivnost i nezainteresovanost.

U trećem segmentu razmatraju se odnosi između radnika unutar radne jedinice, i između radnih jedinica. U ovom segmentu, odnosi u samoupravnom preduzeću ne smeju da se baziraju na hijerarhijskoj podređenosti. Osnova za razliku u društvenoj moći ne treba da se nalazi ni u ekonomskom statusu pojedinca, niti, čak, u njegovom radnom zalaganju. U ovom segmentu javlja se potreba za stimuliranjem odnosa solidarnosti i slobodne kooperacije.

U četvrti segment autor svrstava uticaj spoljnih (van—preduzeća) grupa na aktivnost preduzeća. Autor se zalaže za institucionalizaciju kanala preko kojih bi zainteresovani spoljni subjekti (potrošači, snabdevači, itd.) imali mogućnost uticaja na politiku samoupravnog preduzeća. Ovakav uticaj moguće je ostvariti na dva načina: preko društveno-ekonomskih tela, na nivou proizvodnih grana, ili direktnim učešćem spoljnih subjekata u procesu odlučivanja, po konkretnim problemima, u preduzeću.

Razrađujući tipologiju preduzeća, autor navodi četiri elementa koji treba da odlikuju idealni tip samoupravnog preduzeća: (1) u prvom segmentu, reprezentativnost predstavnika radnika; (2) u drugom, slobodna — diferencirana — participacija u odlučivanju; (3) u trećem, odnosi solidarnosti i kooperacije; (4) u četvrtom segmentu, mogućnost spoljnih subjekata da učestvuju u procesu odlučivanja u preduzeću. Razlike u oblicima organizacije treba posmatrati u kontinuumu: od čistog kapitalističkog do čistog (idealnog) samoupravnog preduzeća. Autor podvlači i mogućnost da se preduzeće, koje na prvi pogled izgleda samoupravno, jer je u prvom segmentu ostvaren uticaj predstavnika radnika, može u suštini veoma približiti čisto kapitalističkom preduzeću, ako je odnos uprave prema radnicima autoritaran i ako se stimuliše egoističko ponašanje među radnicima. Na isti način, i preduzeće koje je na prvi pogled kapitalističko, može se značajno udaljiti od svog idealnog tipa.