

operating as a coordinators of these diverse stakeholder interests. If we accept corporations as political sites with multiple stakeholders, then shared social values of democratic decision making and multiple forms of rights follow.

Morally and practically, we must expand the capacity to represent wider segments of society and their values. If our loss of centers is not to lead to increased fragmentation, a new politics of control, or greater physical and symbolic violence, we must take seriously the issues of participation developed in a systematic and complete theory of communication. An expanded negotiation model has been shown as one way to accomplish this.

The dialogic communication alternative—*constitutive codetermination*—as a participatory democracy is still very difficult to work out in either conception or practice. The various critical and postmodern writers who have been so good at critique and deconstruction of dominant formations have provided less on this point. Clearly, silenced and marginalized voices must be recovered before any serious discussion is possible, but the emphasis on redifferentiated expressions of class, gender, sexual preference, and ethnicity becomes meaningless without the hope of a discussion to produce a codetermined future. This requires expanding *involvement* to help produce *participation*, but also to be ever mindful of the deadening forces of *consent*. If we are to reform our commercial corporations, we must understand social constructions, the politics of these constructions, and dialogic processes involved in diversity and representation.

The difficulties of articulating such a position in regard to corporations are as great as those encountered by early revolutionary writers in expressing concepts of liberal expressionist democracy with regard to the state, and with as much opposition from the business, state, and intellectual communities, but also as important. A carefully developed conception of dialogic communication and stakeholder representation may well be as important to the next century as the conception of free speech and representation based in natural rights of the autonomous individual has been to the past two.

Chapter Twelve

Stakeholder Representation and Building the Better Mousetrap: The Saturn Case

Many companies have begun to implement different sorts of stakeholder participation practices. Most of these have focused on broader employee involvement in a wider set of what used to be managerial production decisions. Others have involved host communities in their planning. Yet others have started social accounting practices and become environmentally conscious. Still others have begun important partnering relationships with suppliers and consumers. Publications such as *At Work*, published by the World Business Academy, as well as traditional business news sources such as *Fortune Magazine* and the *Wall Street Journal* contain hundreds of reports of these exciting developments.

I both celebrate them and the courage of those who have risked and worked to make them happen and, at the same time, believe that most can be expanded and improved with new conceptions of management and communication. Understanding how these existing innovations work can aid in further development. It has not been the point of this book to recount the many specific success stories or the problems that exist, but rather to begin a way of thinking about organizations from a communication perspective. Nevertheless, I believe

that in looking at a case example several points can be made clearer, some of the issues of practicality can be put to rest, and further studies can be enhanced. I have chosen the Saturn Corporation to provide this.

Saturn Corporation is an interesting and important case. Many of the most innovative approaches to corporate design and decision making in the U.S. have happened in industries with an advanced product and unique founding leader (e.g., the early days at Apple Computer or the Gore Corporation), and others have been in relatively small niche markets (e.g., Body Works or Ben and Jerry's). Innovation in mainline, highly competitive industries in the U.S. have been often limited to quality circles and self-directed work teams or specific partnering arrangements. Saturn is an excellent example of a major change introduced in a highly competitive manufacturing industry, an industry characterized by strong identity production of "management" and "labor," a large bureaucracy in both management and labor, and a reasonably diversified work force. Although Saturn has advantages not enjoyed by other companies—being a startup company with full financial backing of General Motors—the successes here cannot be dismissed by pointing to the special market conditions or a unique professionalized work force.

HISTORY OF SATURN CORPORATION

Saturn Corporation evolved out of a series of discussions within General Motors in the early 1980s. These discussions were stimulated by the desire to build a small car that could successfully compete with Japanese imports. From upper management's perspective the directions of these discussions were economically motivated. They did not feel that they could build a competitive car with the labor costs dictated by the existing GM/UAW contract, and they wanted to accomplish productivity gains by furthering their "quality of work life" (QWL) initiatives in the production process (Fisher, 1985; Rubinstein et al., 1993). The form of these discussions, however, was quite different from most management discussions in such a situation and led to a very different outcome. Rather than turning to processes of control, management turned to discussion and negotiation.

In 1983, a joint union-management committee was formed and charged with discovering and/or developing success principles involved in world-class manufacturing. They essentially threw out the standard rules of business and started building a company from the ground up. By 1985, an agreement was reached by the UAW and Saturn Corporation outlining the principles of organization and the team and committee structure for decision making. The result was a

new form of organizational governance enabling management and the local union to jointly manage the business. Its intent was for the union to be a full partner in decision making through consensus at all levels of the organization with the right to block decisions and provide alternatives based on the needs of people and the business. (Rubinstein et al., 1993, p. 342)

The key principles enabling this are discussed later.

Saturn was incorporated as a wholly owned subsidiary of GM, and by 1990, the first car came off the line at the new manufacturing plant in Spring Hill, TN. Although the engineering center was located in Troy, MI, the fully integrated Spring Hill facility includes a foundry, engine and transmission plant, stamping, body fabrication, interior parts manufacturing, and assembly. Currently over 7,000 people are employed by Saturn, over two-thirds of them drawn from other GM facilities. Although initially there were several delays and recalls, both GM and the UAW are happy with its progress (Hegland, 1991; White, 1991; Treece, 1991). Several trade magazines and *Consumer Reports* have described the Saturn automobile as one of the, if not the, best in its class. Many of the innovations that have made it a high-quality car with high-quality service backing have come from the way decisions have been made.

ORGANIZING PRINCIPLES AND PARTNERSHIP STRUCTURE

Saturn is conceived of as a labor-management partnership. The goal is to integrate employees at all levels in the organization's long-range, strategic-planning, and day-to-day operational decisions. Although the partnership is not as complete as the full stakeholder model I propose as a conceptual ideal, the involvement of workers in strategic planning is fairly unique for employee involvement plans. Such a change enables the representation of interests often omitted in decision-making practices of other employee involvement plans. Employee representation has led to proactive long-term choices in training and product development that help assure employment security. Such representation, although not direct, has had consequences for other stakeholders such as product quality for consumers and economic stability for the community. Lower level employees generally seem to be more concerned with environmental and community needs than most managers, perhaps because they are full community members and ordinary consumers, unlike many managers, and their sense of responsibility is not as constrained by managerial ideology. Thus,

although Saturn still leaves out many stakeholders from explicit decisional contexts, they become indirectly represented in ways that are not often common to corporate decision making.

Within the confines of the management-labor partnership, participation is robust. Whereas the structure and practices of participation continue to evolve, the initial organizing principles serve as a good initiation to how Saturn works. Rubinstein, Bennett, and Kochan summarized the principles in the 1985 *Memorandum of Agreement* as follows:

- Treat people as a fixed asset. Provide opportunities for them to maximize their contributions and value to the organization. Provide extensive training and skill development for all employees.
- The Saturn organization will be based on groups which will attempt to identify and work collaboratively toward common goals.
- Saturn will openly share all information including financial data.
- Decision making will be based on consensus through a series of formal joint labor-management committees, or Decision Rings. As a stakeholder in the operation of Saturn the UAW will participate in business decisions as a full partner including the site selection and construction, process and product design, choice of technologies, supplier decisions, make-buy decisions, retail dealer selection, pricing, business planning, training, business systems development, budgeting, quality systems, productivity improvement, job design, new product development, recruitment and hiring, maintenance, and engineering.
- Self-managed teams or Work Units will be the basic building blocks of the organization.
- Decision-making authority will be located at the level of the organization where the necessary knowledge resides, and where implementation takes place. Emphasis will be placed on the Work Unit.
- There will be a minimum of job classifications.
- Saturn will have a jointly developed and administered recruitment and selection process, and Work Units will hire their own team members. Seniority will not be the basis for selection, and the primary recruiting pool will consist of active and laid off GM/UAW employees.
- The technical and social work organization will be integrated.
- There will be fewer full-time elected UAW officials and fewer labor relations personnel responsible for contract administration.
- Saturn's reward system will be designed to encourage everyone's efforts toward the common goals of quality, cost, timing and value to the customer. (1993, p. 342)

Several things are significant in looking at this list. First, despite the maintenance of the labor-management macrostructure and identities therein, neither management nor labor as activities are clearly distinguished in the daily micropractices of the organization. Ongoing negotiation of both identity and plant decisions are assured in the

micropractice. Second, people are not simply asked to think and act like an owner, they are treated as an owner and assured of a status different from a bought resource. The assumption of continuous training and development assures a long-term attitude toward people. Third, the openness of information sharing and the moving of the site of decision making to the level of knowledge production, not only assures greater equality of information in decision making, but wider and more direct negotiation of knowledge itself. Additionally, the standard managerial removal of decisional authority from lower levels because they are ill informed or lack adult status can no longer be used as a discussion-stopping ploy. Expertise is considered multiple in form and widely distributed.

Fourth, all employees are held accountable to corporatwide goals, not because they have bought in or consented to them, but because they chose them. Few companies have had such widespread participation in hiring, site selection, and choice of suppliers. Fifth, the involvement of production employees in hiring decisions of even central-level managers keeps managers accountable to all employees, "down" as well as "up" in the organization. Sixth, costs are reduced by continuous improvement of production processes and reduction of management control costs in, for example, labor negotiation and compliance, rather than by stakeholder cost containment. Seventh, job classifications and divisions between types of work are minimized. Most classifications serve to limit ongoing negotiation and lead to arbitrary definitions of expertise. A production worker is often in a better place to answer a consumer or mechanic's complaint or request than a service representative, and can use the acquired information in ongoing design and production decisions.

Finally, management and labor participate in similar pay systems. In most traditional organizations the conditions for determining pay increases for workers and managers are quite different. Managerial salaries often have little to do with productivity. At Saturn employees moving from other GM locations were offered 80% of their current salary plus performance bonuses based on Saturn's success. The emphasis there is on the functioning of the whole, rather than rating and ranking games. Some managerial personnel in particular chose not to move there because of the uncertainty of bonuses (Cotton, 1993, p. 194).

Within these changing relations many traditional union issues and managerial prerogative claims drop out. Conflicts exist, but they are productive conflicts stimulating mutually beneficial changes through collaboration. As discussed in Chapter 4, when management moved to increase production at the expense of quality to meet demand, labor resisted. The result was improved engineering and no loss of quality.

Although Saturn employees would not describe it this way, much more negotiation takes place at what has been described as the constitutive level. Identities are openly formed and reformed, social relations are fluid and symmetrical, knowledge claims are an ongoing accomplishment rather than centralized and certified, and differences in values become openly expressed and impact on long-term planning.

PARTNERSHIP DECISION MAKING

Concern with representation in decision making focuses on three questions: Who is involved? What kind of things are decisions about? What is the process of deciding? The people at Saturn have worked to include a larger number of relevant stakeholders, enlarge the realm of decisional consideration, and seek innovative collaborative decisions based on the articulation of shared and group/individual specific goals. Certainly, they have been more successful at some times than others. The process, rather than the successes and failures, are of most interest here.

From the start there was a clear commitment to designing the new vehicle much as they had designed the company. A team approach was central to this. In traditional product development, designers, engineers, production groups, budgeting, and sales and marketing work independently and sequentially, each responding in turn to the decisions made by another group. Not only is such an approach very time-consuming, because things need to be sent back for rework and conflicts arise late in the process requiring upper management resolution, but it also does not foster creativity. In contrast, Saturn pulled together representatives from these internal units along with potential dealers, garage mechanics, and consumers to create a joint understanding from the start of the needs of each. The longer wheel base, polyexterior body, stainless steel exhaust system, the return to a timing chain, and the loss of the "spaghetti" under the hood each solved specific long-term problems for each group and together produced an innovative, quality, easily serviced car. The approach to designing the car mirrored the partnership structure of decision making developed throughout the company.

The partnership structure of decision making appears on the surface much more complex than standard bureaucratic forms. From all reports, in practice it is easier and less stressful than most supporters had even expected. Rubinstein et al. again provided an excellent summary of the structure:

- Work units are organized into teams of 6 to 15 members, electing their own leaders who remain working members of the unit. They are self-directed and empowered with the authority, responsibility, and resources necessary to meet their day-to-day assignments and goals including producing to budget, quality, housekeeping, safety and health, maintenance, material and inventory control, training, job assignments, repairs, scrap control, vacation approvals, absenteeism, supplies, record keeping, personnel selection and hiring, work planning, and work scheduling.
- Saturn has no supervisors in the traditional sense. Teams interrelated by geography, product, or technology are organized into modules. Modules have common advisors.
- Modules are integrated into three Business Units: Body Systems (stamping, body fabrication, injection molding, and paint); Powertrain (lost foam casting, machining and assembly of engines and transmissions); and Vehicle Systems (vehicle interior, chassis, hardware, trim, exterior panels and assembly).
- Joint labor-management Decision Rings meet weekly:
 - At the corporate level the Strategic Action Council (SAC) concerns itself with company-wide long-range planning, and relations with dealers, suppliers, stockholders, and the community. Participating in the SAC for the union is the local president, and, on occasion, a UAW national representative.
 - The Manufacturing Action Council (MAC) covers the Spring Hill manufacturing and assembly complex. On the MAC representing the local is the union president and the four vice presidents who also serve as the UAW bargaining committee.
 - Each Business Unit has a joint labor-management Decision Ring at the plant level. The local president appoints an elected executive board member who is joined by UAW Module Advisors and Crew Coordinators in representing the union.
 - Decision Rings are also organized at the module level. Module Advisors and the elected Work Unit Counselors (team leaders) participate in the module Decision Rings. (1993, p. 343)

Questions are reasonably asked as to what is gained by this arrangement and what happens when there is decisional impasse. Some of the gains are rather expected in terms of high worker satisfaction, commitment, and loyalty. These would be expected from many participation and quality of work life programs. But many are unique to the specific arrangement at Saturn. Rubinstein et al. (1993) have shown benefits, including helping to develop American parts suppliers rather than going overseas, aiding marketing efforts, improving product development, advancing training, maintaining quality standards, and lowering negotiation costs. Critical to many of the benefits they show is the importance of a strong union and balance of power to keep the

innovative structure working. If this holds in other stakeholder participation efforts, any stakeholder group wanting continuing representation may need to be strongly organized, at least until more is done to overcome the "partnership of unequals."

Productivity gains, although significant, have been somewhat slower than hoped at Saturn, at least through traditional measures (White, 1991). Certainly, some of this has come from everyone learning new ways of working. Training may take more effort than anyone estimated. Some loss comes from the openness of the structure itself. Every day is a new day in the sense that new questions are constantly raised as to how far participation should go into issues of absenteeism, hours of work, and evaluation (Rubinstein et al., 1993). Many of the significant achievements in training may take years to show, but it is precisely these long-term outcomes that are of interest. Managerial trade publications are far too willing to make pronouncements from five or six months figures. Long-term gains in skills of workers, increased mental health, natural resource savings, community stability, and ability to respond to a changing market may take years to show up in productivity statistics, if they do at all. Ten years might be a better time frame.

But exiting measures of productivity may also be too narrow and consider too few stakeholders. For example, one of the principal products of Saturn Corporation is the development of a new way of working. Innovations from it are taken to other GM plants, as well as to many other companies. But no one pays for this product, and its value is not added to the productivity equation. Economic codes do not translate everything equally, as already shown. Development of a new engine is patented and valued. Developing a new work organization is openly shared and of little direct economic value as a commodity to sale. But which is of greater value to the larger communities corporations are to serve?

Perhaps we should be answering a different question. Not how much more productive are Saturn employees than those at other automobile plants, but are they productive enough given all the values difficult to economically represent? And how would they compare to other companies if other companies were taxed for their long-term social costs?

It is important to note how quickly the mass media and trade publications are to point out problems in socially responsible or participatory corporations. They often make much of less than hoped for productivity gains, even when the gains have been significant. If such a company were to fail, nearly always the innovative or socially responsible management approach is blamed. Thousands of control-oriented and irresponsible companies fail each year. Rarely is their control orientation or social irresponsibility even mentioned as a reason.

Clearly, we have to accept that some companies with widespread stakeholder representation will fail for lots of reasons. There are no guarantees. But there are many reasons to believe that they will tend to be much more economically viable than control-oriented ones.

WHERE TO FROM HERE?

Saturn provides an impressive beginning of expanded stakeholder representation, but questions remain. Can an existing company make these transformations, or can this only happen in new ones? Where will the financial backing come for ventures like this? Even if many companies know that they would be better off with a new way of operating, will they (can they) take the temporary loss of transformation (at least without significant tax breaks)? Certainly, if communities gave rewards for these transformations, rather than using their tax breaks to keep businesses lured by hungrier and less responsible communities down the road, much could be done. But who will start?

Many questions are left unanswered at Saturn or at least left to be worked out. Most of the popular attention has been to the economic issue of productivity and profitability. Unfortunately, the media have yet to find other questions of interest, such as are these better people, do they feel more in control of their lives, do they make better life choices?

Economic viability is an important issue, but so are questions of long-term stakeholder representation. From a cultural perspective, aspects of Saturn are of concern on noneconomic grounds. Although the maintenance of a strong management-labor identity has enabled a balance of power, these identities are still frozen categories that often create a bipolar logic around decisions and an us-them discourse. The balance between the productive conflicts and opening of discourse that this division enables and the conflicts suppressed by it is certainly worthy of long-term consideration. Saturn also works out of a fairly highly homogeneous cultural context. One wonders what would happen if the work force were to diversify. Would it open up new areas of discussion or break the cooperative relationship? Women are never mentioned in reports of Saturn. Other class or class-plus-gender experiences appear absent. One wonders what that means. In many corporations, secretaries are the most invisible and least represented group (see Pringle, 1988). Yet there is little sense that this large group gets any special consideration. And so on.

Size is also a concern. Can Saturn grow and continue in this way? Should it grow? Bigness is often an outcome of a manager's desire for advancement and control. Oddly, when companies choose to grow

we do not stand back and say nay because of possible effects on productivity and quality of life, yet participation is open to constant scrutiny. We have never asked managers to prove that more control is good, although we constantly have to reprove that participation is.

Democracy does not always work, nor does communication. But I do not stop studying it for the sake of improvement, or advocating a good version of it because it sometimes fails. We can criticize it for not always working, or we can value it and strive to make it work. It is, finally, a value choice.

The important thing about Saturn is that it is a successful beginning and it shows imagination often lacking in major corporations. Cooperation and representation on a grand scale often thought impossible in a major employer is working. Although examples of wider stakeholder participation wait development, examples such as Saturn assure us that they are within our capacity. We lack only the will, the commitment, the courage.

I like, Block (1993), focus here at the end on the question of desire rather than on how to do it. I, like he, am tired of the usual deadening force of the how question. There are thousands of companies doing something about stakeholders; there are thousands of suggestions readily available in books on participation, empowerment, conflict negotiation, and planning. We do not need another lesson in how. If another lesson would do it, we would be doing it already. It is time for us to say that it is time. Block (1993) posed three questions for each of us to address. I think that they are useful to pose here at the end:

- Is it possible to discover, claim, and live out my freedom, in the midst of community and the marketplace?
- Is it possible to do something of real value and service to something larger than myself and immediate family?
- Is it possible to also be safe and secure while pursuing my freedom and searching for ways to be of service? (p. 235)

We start each day finding a way to answer each question affirmatively and spend the day making it happen. The point is not a revolution in business, that's too easy. The point is making each day better in living a good life.

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