

# The Importance of Participatory Decision Making in Designing Quality Jobs

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The Aspen Institute Economic Opportunities Program
March 2024

#### **Overview**

Good job design is critical in providing workers with satisfying, safe, and rewarding work and in ensuring businesses tap into workers' expertise to drive innovation and performance. One foundational aspect of designing quality jobs involves incorporating workers' wisdom and knowledge into decision making, a practice often known as participatory decision making (PDM).

Take the example of &pizza, a pizza chain striving to provide good jobs in a sector not typically known for offering decent wages or benefits. The chain pays above the minimum wage, provides workers with significant benefits, and takes a proactive approach to involving workers in decisions. When extra resources were available to support additional benefits for workers, for instance, company leadership sought employees' ideas. Leadership learned that transportation was a chief concern for workers and, consequently, decided to provide subsidized rideshares to and from work.

At Ritz-Carlton, the use of PDM empowers staff to respond creatively to problems that may arise, an approach defined by its "\$2,000 rule." Any employee may, without management approval, spend up to \$2,000 of Ritz-Carlton's money to resolve a customer incident. Hospitality is driven by customer experience, and delegating decision-making autonomy to frontline staff allows them to exercise creativity in responding to customers' needs.

Many workers, however, are not empowered to make such decisions. One in four workers have little or no say in how to do their work, and about one-third have little or no say in how to improve their work.<sup>4</sup> Autonomy and feelings of trust influence how workers feel about their jobs. Workers who report having a good job are more likely to agree that they are expected to be creative or innovative at work, have the opportunity to do their best work, and have the power to change things at work.<sup>5</sup> Workers who feel trusted to do their work and make decisions autonomously are also happier and more engaged.<sup>6</sup>

PDM has important implications for businesses too. As firms strive to succeed in an increasingly competitive economy where technological advances and skill demands are constantly reshaping the workplace, worker input is critical to their success. PDM can help firms reduce turnover,<sup>7</sup> increase worker productivity, and improve work quality.<sup>8</sup>

In our previous brief on job design, "Quality Jobs Are a Choice: Why We Need to Think About Job Design," we discussed the history and current state of job design and made the case that designing good jobs requires intentionality. In this new brief, we dive into PDM, a specific choice in job design, and do the following:

- Discuss the language of PDM.
- Explore the history of PDM.
- Explain the outcomes of PDM for workers and employers.
- Provide examples of businesses using PDM to integrate new technologies into the workplace and develop work-based training programs.
- Highlight how employee-owned companies use PDM to maximize the benefits of employee ownership.

The scope of this brief is intended to help organizations working at the intersection of job quality and business competitiveness better understand how incorporating workers' ingenuity through PDM is important for firm success and good jobs. We hope workforce and economic development organizations, community development finance institutions, and other organizations that advise businesses or focus on or fund employer practice change will find this brief helpful in informing their job quality conversations and efforts with employer partners.

Workers' ability to shape decisions about pay, benefits, scheduling, and workplace conditions through unionization and collective bargaining is also critical. Although we draw on a few examples from unionized workplaces and labor—management partnerships in this brief to illustrate the impact of PDM, the important role collective bargaining and unionization can play in elevating worker power and voice is outside the scope of this brief. Readers who are interested in how businesses can adopt a positive relationship with labor in response to workers organizing should read "The Shared Power Advantage: How to Build a Thriving Company Where Workers Have a Seat at the Table," a new playbook from the Aspen Business Roundtable on Organized Labor and Charter. Readers of the playbook will find more case studies and step-by-step guides for engaging employees in decision making.

# A Note on Terminology

Various terms have been used to describe employees' participation in decision making depending on the period and the field of study. Industrial democracy, participatory management, dispersed leadership, employee involvement, shared leadership, and most recently worker voice have often been used interchangeably or in reference to some of the principles these terms share. Employee empowerment and employee engagement have also been linked to the idea of involving workers in shaping decisions. In this brief, we use the term "participatory decision making" because we believe it most clearly communicates the idea of putting worker voice into action and has been commonly used in the research literature.

#### An Overview of PDM

PDM is the extent to which firms involve workers in decision making.<sup>10</sup> PDM shifts firms away from "command and control" and toward a decision-making process in which employees have a say.<sup>11</sup> PDM encompasses many practices. These include upward problem solving, where communication flows up from the workers to management to help drive improvements and increase ideas and innovation, and task autonomy, where workers are given more control over how to approach their work.<sup>12</sup> The structures that enable PDM may be formal, such as labor-management partnerships, democratic worker cooperatives, and worker councils, or more informal, like workplace committees, advisory groups, or the presence of a firm culture that prioritizes worker input.

PDM can occur at any level of firm decision making. Participation may be direct, with employees personally involved, or indirect, through employee representatives.

Employees may serve as consultants or advisors, or they may assume full decision-making authority. Workers may be afforded increased control over shaping their individual work, and they may collaborate with management or participate in department- or firm-level decisions. Workers may be involved in many issues, including but not limited to improving safety, deploying technology, developing training, designing workspaces, improving workflow processes, and managing firm finances.<sup>13</sup>

This interchangeable terminology makes the study of employees' involvement in decision making difficult because strategies are often commingled with other distinct strategies.

#### **Roots and Evolution of PDM**

Involving workers in business decision making has a long history in the United States. The principles embedded in PDM, including worker autonomy and agency, worker voice, and the ability to influence working conditions, have been studied across disciplines, including the social sciences, economics, human resources, and business management. Practices have been developed within and across firms and through government policy. PDM has evolved with and influenced by political discourse, the law, the labor movement, economic conditions, and the rise of corporate power, among other factors.

Some of the origins of PDM lie within industrial democracy, a theory developed in the 19th century in response to poor working conditions, which held that workers should participate in decision making and share authority in the workplace. The first labor unions, labor—management committees,<sup>14</sup> and worker-owned cooperatives emerged during that time.<sup>15</sup> Unions began to significantly increase in size, and formal mechanisms for collective bargaining were established by the turn of the century.<sup>16</sup>

In Europe, the Germans began to experiment with work committees and councils in the mid-1800s.<sup>17</sup> Americans, too, took an interest in these problem-solving bodies composed of workers and managers. Pittsburgh's Nernst Lamp Company, for example, created a representative shop council to address the poor business performance that had put it on the edge of bankruptcy. The council's recommendations improved marketing and product quality, which led to exponential growth and ultimately saved the company.<sup>18</sup>

A wave of employee representation plans (ERPs) appeared in the US in the early 1900s. <sup>19</sup> ERPs served as nonunion, employer-sponsored bodies made up of workers and managers who discussed issues like wages, working conditions, and safety. Although hundreds of ERPs were formed, covering millions of workers in the 1920s and 1930s, opponents argued that many companies used them to limit unionization and worker organizing. The National Labor Relations Act of 1935 outlawed ERPs, thus recognizing

workers' right to collectively bargain and organize through their own representatives, without the interference from employers.<sup>20</sup>

The idea that a more humane and participatory workplace would be more productive, known as the human relations theory, gained traction in academia and in practice in the 1920s and 1930s. Elton Mayo conducted the influential Hawthorne experiments, which found that high worker satisfaction and supportive and encouraging workplaces had a positive effect on business and worker performance, ushering in calls for "greater participation for the workers, greater trust and openness in the working environment, and greater attention to teams and groups in the workplace."<sup>21</sup>

European nations widely embraced a combination of unionization and worker councils.in the mid-1900s. In 1952, the West German government passed the Work Constitution Act, which gave employees the right to form worker councils. The law generally entitles workers to receive comprehensive information on the company's financial status and operations and to be consulted on certain matters, including changes to work processes and job design, financial developments, and workplace policies related to scheduling, leave, and safety. Trade unions are partners with worker councils and largely focus on collective bargaining to address issues such as wages, whereas councils focus mostly on issues at the "plant level." Germany also mandated that workers constitute a certain percentage of seats on companies' supervisory boards, a practice common in many European countries today. <sup>23</sup>

During the second half of the century, Toyota pioneered its Toyota Production System (TPS). Involving frontline workers in decisions, fostering a culture of teamwork, and building mutual trust among employees are fundamental to TPS. Managers spend time on the factory floor with workers, asking them questions and showing respect for their knowledge. Toyota has established processes for reviewing and implementing worker recommendations. Employee training is crucial to supporting workers in identifying problems and developing solutions.<sup>24</sup> The Japanese also pioneered quality circles, a popular PDM tactic that involves workers in the same or similar positions meeting regularly to identify and solve problems affecting their work.<sup>25</sup>

When the US began to fall behind Japanese manufacturers in the 1970s and '80s, American corporate leadership looked to TPS to increase their competitiveness. A cadre of executives and researchers decided to adapt TPS to the American context and renamed it High Performance Work Systems, or HPWS. Employees in HPWS participated in decision-making and problem-solving processes, received skills training, and were granted flexible work roles. HPWS gained attention in the US through the 1990s in part because it "drew on the ideas and creativity of the workforce." 27

HPWS eventually spread to industries beyond manufacturing. Seattle-based Virginia Mason Medical Center devised the Virginia Mason Production System after its leadership's 2001 visit to Japan to study the Toyota model.<sup>28</sup> Hospital leadership engaged employees in a "collaborative redesign" of the care system, shifting to a patient-centered system that would iteratively self-improve.<sup>29</sup> The result was greater patient satisfaction and a healthier financial outlook and, notably, lower malpractice insurance premiums, an indicator of quality care.<sup>30</sup>

*Inc.* magazine writer John Case also believed that frontline workers' input would have a positive effect on companies' performance if they were given the right tools. Beginning in the late 1980s, Case set out to popularize what he termed open-book management (OBM). OBM is designed to democratize workers' knowledge of firms' finances. Implementation involves educating employees about the financial mechanics of the firm so that the figures are made meaningful to workers not typically engaged in management and bookkeeping. By understanding the numbers and grasping what makes income "move one way or the other," employees and management can collaboratively set new goals and devise work practices for accomplishing them.<sup>31</sup> Out of OBM grew the Great Game of Business, a training that became the most popularized way of bringing OBM to firms' employees.

Today, the principles and tactics of PDM not only continue to be studied and debated but are part of a larger discourse on job quality. OBM has stood the test of time, as have practices from HPWS. Within the US are some renewed conversations about workers serving on board seats as well as experimentation with various types of worker committees. The popularity of unions is at its highest since the 1960s<sup>32</sup> after the pandemic revealed many workers lacked a say and agency in the workplace. Increased focus on employee ownership has also brought forth attention to the value of participatory workplaces. Human-centered design, which places users at the center of design processes, has made significant impacts on job design and the workplace. And the increased dialogue on worker voice is forcing employers to revisit what it really means to listen and engage their workforce. But PDM as a strategy for improving jobs and business success does not stand alone, and more understanding of how it works with other job design strategies is important in realizing its benefits.

# How PDM Contributes to Quality Jobs and Firm Success

PDM is supported morally and ethically because it affords workers basic dignity and control over their work, and it is also linked to political theories that people should have influence over their lives and conditions, as should workers. Most relevant to the discussion in this brief, however, are the arguments that PDM can improve workers' jobs and business performance.<sup>33</sup>

PDM can play an important role in worker well-being. It can help counter work-related stressors, especially those related to demands for efficiency and productivity in a world of incessant technological progress.<sup>34</sup> Research shows that workers in higher participatory work environments and workplaces, where they have higher levels of control, are less stressed and fatigued and have more work—life balance.<sup>35</sup> Workers who feel trusted and have the agency and control to make decisions about their work are happier and more engaged at work, feel a greater sense of belonging, and experience longer job tenure.<sup>36</sup>

However, PDM is often just one piece of improving job satisfaction and worker well-being. According to Zeynep Ton, companies with good jobs share a lot in common with HPWS.<sup>37</sup> They empower workers to identify and solve problems and to make decisions to improve their work and their customers' experience. But these companies also provide "decent wages, predictable hours, sufficient training, and opportunities for growth."<sup>38</sup> The combination of good jobs with employee involvement in decisions and other operational strategies leads to satisfied employees, and as Ton's research also shows, increased performance for firms.<sup>39</sup>

PDM can encourage innovation and input from a variety of perspectives, thus enhancing problem solving. Integrating the "shop floor" perspective into decision making also helps expose process inefficiencies.<sup>40</sup> Workers employed in environments that promote PDM typically have greater control over their own work, as well as stronger participation in—and understanding of—an organization's decision-making processes.<sup>41</sup> Employee involvement has been widely linked to increased workplace productivity among individuals, teams, and work units. It has also been consistently correlated positively with a firm's operational performance and financial results.<sup>42</sup>

Similar to workers' well-being and job satisfaction, however, improved business outcomes are often correlated with other practices bundled with PDM. Skills development opportunities, good communication, and information that aids in decision making, job security, and other incentives that encourage participation are also important.<sup>43</sup> Nonetheless, research shows that PDM strategies and approaches that foster shared leadership are often an integral part of high-performing businesses, and they can be critical in developing and implementing new technologies that drive innovation and improve efficiency.

# **Benefits of PDM During Technological Change**

Technological advances are revolutionizing the workplace with new technologies permeating every industry. Restaurant servers take orders and process payments on handheld devices. Home care workers check on their patients through telehealth, and

wearable devices enable medical personnel to monitor patients' vital signs from afar. Robots dot factory floors, construction sites, and farms.

Technology has undoubtedly helped many workers and workplaces become more productive, innovative, and safer. Robotics, for example, have helped eliminate dangerous tasks across many industries, including manufacturing, and have helped improve efficiency. The use of robotics has also made some jobs more engaging. But technology can also produce negative consequences for workers.

Accompanying the rise of automation and artificial intelligence (AI) are widespread fears of mass worker displacement. Although that has not yet happened, a body of evidence suggests technology has contributed to driving down workers' wages and employment over the past several decades.<sup>44</sup> Automation does not always lead to workers being fired or displaced, but, in some cases, it deskills workers. ATMs did not replace bank tellers, for instance, but they narrowed the latter's job responsibilities. Such deskilling can contribute to lower wages and to less worker autonomy and job satisfaction.<sup>45</sup>

Technology has also been used in intrusive ways. Managers increasingly use surveillance technology to monitor workers. Although some argue workplace surveillance is used to improve productivity or for safety reasons, the use of surveillance can also decrease worker privacy, threaten labor organizing, and worsen workers' health and stress levels.<sup>46</sup>

Only a little more than one third of workers report having a lot or unlimited say in how technology affects their job.<sup>47</sup> Having workers involved in those decisions is important in ensuring that the technology is developed and implemented in ways that accomplish its intended goals. Toyota and Japanese manufacturers recognized this early with a belief that workers "give wisdom to the machines."<sup>48</sup> Other firms have been slower to adopt that mindset. US car manufacturers that charged ahead with automation without adjusting practices to incorporate workers' perspectives and input faced delays and did not experience the gains they predicted.<sup>49</sup> When Starbucks failed to consult workers on the development and rollout of its mobile order and pay system, stores around the country experienced long lines and frustrated customers.<sup>50</sup>

Businesses with more PDM structures are more likely to reap the full benefits of technological innovations. Workers involved in how AI technology is developed and implemented are more likely to use the technology and do a better job of using it.<sup>51</sup> Companies with unions, worker councils, and other channels for employee involvement are more likely to use robotics and software-based AI. Employee involvement can be complementary to adopting these new technologies.<sup>52</sup> Another study of new scheduling technologies at Kaiser Permanente found, for example, that the clinics that improved

performance using a new scheduling technology were those where workers also reported being more engaged in the design and implementation of the scheduling system.<sup>53</sup>

Kaiser-Permanente, which has the longest-standing labor-management partnerships in the US,<sup>54</sup> has been at the forefront of engaging its workforce in designing and implementing technology in the workplace through internal workgroups that help develop, test, and implement emerging technologies.<sup>55</sup> More than a decade ago, Kaiser-Permanente launched its Imagining Care Anywhere initiative to push preventative care beyond the doctor's office and to integrate it into everyday life using a variety of technologies to monitor, support, and respond to patients' care needs. As part of this work, Kaiser Permanente Southern California's project to reimagine ambulatory care aims to take the services that ambulatory care provides—assessment, treatment, preventative care, and wellness services—and provide them in Health Hubs outside of hospital settings and closer to its patient or "member" communities.<sup>56</sup>

As Kaiser Permanente Southern California began the work in ambulatory care, it used a human-centered design approach and engaged staff from numerous departments and specialties throughout the process, as well as other stakeholders, including patients, through surveys, focus groups, and workshops to gather their ideas and feedback on how care could be improved. Staff identified many inefficiencies and challenges, including that technology was underused and too static and could be better used and deployed. Staff participated in workgroups to develop the new vision for care, including new technologies and a new clinic layout, and then helped test and refine the technologies in a simulated clinic.<sup>57</sup>

Workers were heavily engaged in thinking about the technological changes along with the improvements in workflow processes and physical spaces. The Jobs of the Future Committee, part of the labor-management partnership, which includes frontline workers among others, helped lead efforts to understand how the technology would affect workers and staffing. The committee provided recommendations on what training workers would need and how jobs could be redesigned to support the technological changes. Today, Kaiser Permanente has numerous health hubs around the country that feature a range of new technologies, including portable devices and instant messaging capabilities for staff, kiosks for patients to check in, digital dashboards, digital chairs that weigh patients, and wall monitors inside patient rooms that doctors use to educate patients.<sup>58</sup>

Organized labor is increasingly involved in bringing workers to the table early in the process of technological development as well. The American Federation of Labor and Congress of Industrial Organizations launched its Technology Institute in 2021 with the mission of ensuring new technologies empower workers and improve their jobs rather than replace them.<sup>59</sup> Labor leaders recognized that many innovations that are later

commercialized get their start through the billions of dollars of research grants given to universities. So, the institute began collaborating with government agencies and universities. Carnegie Mellon University (CMU) is among these. There, workers are brought as partners into engineering and technology labs at CMU to provide input on technology design. <sup>60</sup> CMU is in the early stages of collaborating with hospitality workers, represented by UNITE HERE, their managers, and technology developers to pioneer new worker-centered technologies that help improve the safety, satisfaction, and overall quality of jobs for workers such as bartenders, waitstaff, and housekeepers. <sup>61</sup>

# How Workers Can Help Design Successful Work-Based Learning and Training Programs

The presence or absence of learning and professional development opportunities influences workers' opinion of the quality of their job. Most workers report that skills development is important in weighing new job opportunities. Nearly half of workers would leave their current job if opportunities for upskilling their skills were better elsewhere. 62

However, not all workers have equal opportunity to receive skills development in the workplace. People of color and those with lower levels of education are less likely to receive employer-sponsored training. Training offered may also not match what workers believe they need to improve their work and grow. And employers may fail to reconcile training and educational opportunities with employees' nonwork commitments. Evening classes, for example, may conflict with childcare needs. In addition, employer-sponsored programs that offer college courses through tuition reimbursement programs will not benefit those workers who cannot afford the upfront costs or interest on loans. To get training right, workers must be involved in helping shape it.

A recent <u>case study of Aon</u> by Upskill America at the Aspen Institute Economic Opportunities Program shows how employers can integrate workers into making decisions about training and work-based learning. Aon, a professional services and management consulting firm, has developed an apprenticeship program for community college students pursuing a business-related degree. Apprentices study and work at Aon for a combined total of 40 hours per week while they complete their studies and transition to full-time employment upon graduation.<sup>64</sup>

Employees' participation in the ongoing development of the training is twofold. First, Aon has apprenticeship advisory councils in each of its locations that includes supervisors, managers, senior leaders, and former apprentices. The councils make recommendations to leadership to help refine and finetune the training mode. The voice

of former apprentices, now full-time Aon employees, is integral in making sure decisions made about the program work for workers.<sup>65</sup>

Aon involves apprentices' supervisors to help identify and solve issues that arise during apprenticeship training. Apprentice supervisors have also been key in identifying the training they need to be effective mentors and supervisors, which led AON to build more structured support. So far, the apprenticeship program has an 80% graduation rate. More than 300 apprentices have graduated, and the program has expanded to six additional cities.<sup>66</sup>

The State of California is also pushing to involve workers in making decisions about training and work-based learning. Consortiums of employers, training institutions, and labor partners have come together with the California State Office of Workforce Development to strategically embed worker voice and participation into the High Road Training Partnership (HRTP) initiative. The initiative is designed to build industry sector partnerships and worker-centric skills strategies to support California's high-road employers that provide jobs with family-sustaining wages and create opportunities for worker agency and voice. A core element of the HRTP model is soliciting workers' input and ideas to help build effective skills and training programs that meet workers' needs.<sup>67</sup>

How workers' input shows up in the design and implementation of these initiatives can vary depending on the sector and partners. Workers at the Port of Los Angeles have played an important role in developing new training for lashers. Workers helped provide feedback and evaluate the existing training to make improvements and supported the development of the knowledge, skills, and abilities to do the job.<sup>68</sup>

The Service Employees International Union-United Healthcare Workers Education Fund and partnering employers, including Kaiser Permanente, Dignity Health, and Alameda Health, have brought frontline healthcare workers into the development and design of work-based learning and training programs in various ways. Workers have participated in surveys, focus groups, interviews, and formal labor-management committees to identify barriers to training, supportive services workers need during training, and how mentoring programs and other training elements should be designed.<sup>69</sup> Other partnerships within the initiative have had workers provide their perspectives on industry trends, help develop and test new curricula along with new technologies, develop job shadowing programs, and more.<sup>70</sup>

Many of the HRTP initiatives include Taft Hartley Trusts, a formal and legal structure that labor—management partnerships use to support worker training and education. Trusts are funded through collective bargaining agreements and are jointly administered by equal numbers of employers and labor. This equal representation ensures workers are not just at the table but also have equal decision—making authority about the training

offered. The trusts have provided a reliable and complementary mechanism for integrating PDM into the HRTP model.

# PDM: Examples from Employee Ownership

Employee-owned firms offer another promising structure for involving workers in decision making. Employee ownership offers workers the opportunity to own shares or share in the profits of the company in which they are employed. Employee ownership can take many forms, including employee stock ownership plans (ESOPs), worker-owned cooperatives, employee-owned trusts, and other types of equity compensation. Some of these forms lend themselves more easily to formal PDM than others.

Worker-owned cooperatives, for example, are firms that are owned and managed by the workers. Cooperatives are run democratically with each worker receiving one vote on electing the board or governing body of the organization. ESOPs are governed by a trustee who is appointed by the board. Workers have limited voting rights in ESOPs unless the firm expands those rights.<sup>71</sup>

Legalities aside, employee-owned companies are generally perceived to offer workers greater opportunities to participate in decision making and to have greater voice. Some research bears this out and shows that workers in companies with employee ownership report being involved in more company decisions than peers in nonemployee-owned companies.<sup>72</sup> Worker participation, a part of developing ownership culture, is often seen as the key to realizing the full benefits of employee ownership. Employee-owned firms, for example, have better employee retention and better firm performance when the ownership is combined with workplaces that promote a participatory environment.<sup>73</sup>

Decision making in worker-owned cooperatives is democratic and formalized through the firm's bylaws. The mechanics and processes can vary, but the principle of "one worker, one vote" is common. At Golden Steps, a home care cooperative in Brooklyn, PDM takes many forms. Leaders elected by the workers make some decisions, but all workers are expected to participate in other decision making. Workers are required to attend bimonthly meetings to discuss the business, work challenges, and training needs. Workers also participate in various committees related to communications, leadership, and office operations with members rotating through roles. Workers at Golden Steps earn more than their peers in other companies, which some attribute to the increased motivation that comes from being owners who care deeply about the firm's reputation and the importance of delivering quality care.<sup>74</sup>

PT360, a cooperative of physical therapists, uses some similar and different approaches. A worker-elected board holds ultimate responsibility for the company, but big decisions

are voted on with the majority rule deciding. The firm holds owner meetings every four to six weeks, and any worker can put an item on the agenda. These meetings engage all workers in strategic planning, policy decisions, and where the company is headed. One more recent change that the majority approved was an expansion of paid maternity leave.<sup>75</sup>

Practices in worker-owned cooperatives can also be used in nonemployee-owned firms. The Industrial Commons, an organization in rural North Carolina, is dedicated to bringing worker participation into the workplace. The organization focuses on building worker-owned cooperatives and teaching nonemployee-owned businesses how to use participatory practices to improve their performance. The organization provides openbook management training to firms' management and workers so they can implement the practice. They also help firms set up worker committees that aid in solving problems not related to wages or other issues that collective bargaining is designed to address.

With one textile manufacturer, for example, a worker committee helped the firm avoid a costly and inevitably ineffective speaker system in favor of providing workers with walkie-talkies to communicate with each other. The committee also helped create a mentoring program for new hires that reduced turnover and worked with management to ensure female hygiene products were available, which the workers saw as important for workplace dignity.<sup>76</sup>

ESOPs do not have the same structural elements to support PDM as do worker-owned cooperatives, but these employee-owned companies also often focus on engaging workers in decisions. Gardener's Supply Company, a 100% employee-owned company with more than 250 full-time workers in Vermont, focuses on creating a participatory environment in areas such as financial performance through OBM and product design.<sup>77</sup>

Gardener's Supply is a retail operation and an innovator in designing new gardening products. Employees play a key role in developing and testing new products. When designing a new tomato planter, for example, employees from across the operation provided input and feedback. Their input helped shape the planter's aesthetics and functionality. Jim Feinson, a former president of the company, remarked, "It's having these hundreds of employees thinking about opportunities and ways we can leverage them that I think really helps accelerate our success."<sup>78</sup>

The culture spans the company's operations. Cody McKibben in product development stated, "We are constantly getting input from people in the call center, people up in marketing, people in the warehouse, in retail—all chiming in with different product ideas or suggestions or things they saw. Great products can come out of that. And that probably wouldn't happen if the people upstairs were like, 'I just answer the phones." 79

Although not all employee-owned companies or models leverage PDM, the ones that do clearly benefit in numerous ways. As more companies look to engage and empower their workers to drive business success, employee-owned companies that use PDM practices can offer a template for how to do so and can improve workers' jobs and lives at the same time.

#### **Conclusion**

PDM plays an important role in creating <u>good jobs</u> that provide family-sustaining wages and benefits, opportunities for advancement, and a dignified and safe environment where workers have a say. As highlighted in this brief, involving workers in decisions can benefit firm performance and is critical to ensuring workers and businesses succeed together in this era of rapid technological change.

Labor—management partnerships and employee-owned firms are proven mechanisms for facilitating PDM across a range of issues. However, a small percentage of workers, in the private sector in particular, are unionized. And the number of workers in employee-owned companies is also a small part of the US workforce. PDM is not a substitute for the power that comes from unionization. And PDM alone cannot replace the unique benefits that are created when PDM and employee ownership are combined.

Given the small prevalence of unionization and employee ownership in the US, we must also look for opportunities to increase PDM outside these structures. Organizations advising, consulting, or partnering with businesses, including those in workforce and economic development, can help firms create and implement processes and structures to include workers' input in decisions. Philanthropic investors and government grant makers can base their funding and investment decisions in part on whether the initiatives support PDM practices in the workplace. As organizations and institutions such as these do more to expand workers' involvement in decision making, we offer a few concluding considerations and reminders:

#### PDM is often one component of improving job quality and business performance.

A larger suite of strategies is often needed in conjunction with PDM to realize its benefits as seen with the Good Jobs strategy and HPWS.

#### PDM is much more than listening to workers' ideas and feedback.

Pseudoparticipation or "pseudo-voice" in which management is not truly interested in acting on workers' ideas can be detrimental to the workplace and job satisfaction. <sup>80</sup> In effective PDM, employers have a strong commitment to finding opportunities to share decision-making power with their workers and to implementing workers' ideas.

#### Workers need support to engage in PDM effectively.

A trusting workplace where workers do not fear sharing their ideas is important in fostering their involvement in decision making. Workers also need the appropriate levels of knowledge and information to effectively participate so training, education, and information sharing can be important too. Firms must also consider the extra responsibility that may come with implementing PDM and must pay attention to issues such as burnout, employee well-being, and compensation. The strategies embedded in HPWS consider all these factors.<sup>81</sup> Our colleagues at Talent Rewire have designed a valuable tool for creating the conditions that enable frontline worker voice.

Today, the principles and application of PDM have been somewhat absorbed into a bigger discourse around worker voice. This acknowledgment that workers have valuable ideas and perspectives to share is important. The momentum presents an opportunity to advance worker agency and involvement in workplace decisions. But there is also a risk of watering down these principles whereby workers' voices are listened to but not acted upon or fully valued for the potential benefits they can provide. Understanding PDM and how it works with other strategies to create high-quality jobs and business success is thus critical as we move forward in the pursuit of true dignity and opportunity for all.

## **Acknowledgments**

Thanks to JPMorgan Chase & Co. for supporting the development of this issue brief.

The author would also like to thank Maureen Conway for the vision she provided in developing the concept for this brief and her guidance and suggestions in writing it. And a big thank-you to Frances Almodovar, Nora Heffernan, and Tony Mastria for their assistance with editing, formatting, and distribution.

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#### **Suggested Citation**

Helmer, Matt, and Maxwell Johnson. "The Importance of Participatory Decision Making in Designing Quality Jobs." The Aspen Institute Economic Opportunities Program.

March 2024. <a href="https://www.aspeninstitute.org/publications/the-importance-of-participatory-decision-making-in-designing-quality-jobs/">https://www.aspeninstitute.org/publications/the-importance-of-participatory-decision-making-in-designing-quality-jobs/</a>

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#### **About the Authors**

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