An Innovative Approach to Employee Participation in a Norwegian Retail Chain.

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Abstract
The paper discusses practical experiences with establishing conditions for employee participation in retailing. Social dialogue and human resource management perspectives frame the discussion. These are two different systems for organizing relations between employers and employees. Companies that do not have either are called 'bleak houses'. There are many 'bleak houses' in retailing and work conditions leave much to be desired. This increases transaction costs and have adverse effects on work climate and productivity. An innovative approach to employee participation was tried out through a series of R&D-projects in a Norwegian retail chain. The research strategy was based on a participatory approach called 'democratic dialogue.

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The critical issue in this paper is how to broaden and deepen employee participation in situations where participation is limited and ad hoc. Conditions for employee participation differ between enterprises. A recent study demonstrates how structural influences like technology, product markets and institutional regulations interact to generate particular conditions for co-operation. Attention to structural influences is not enough, because even under favorable conditions does it take a lot of effort for managers and workers to establish substantial co-operation, Hence action is also needed (Belánger and Edwards 2007). Structure and action are critical conditions for co-operations, but in this paper another important condition is explored, namely institutional support in the form of concrete bodies, procedures and arenas to make employee participation part of legitimate, everyday organizational routines.

The discussion is based on ethnographic material from a number of R&D-projects in one of the largest retail chains in Norway, here called the Technical Supplies Partner (TSP) chain, hence the discussion concerns the situation in retailing. The projects lasted from 1999-2007. The attempts to establish conditions for collaboration were based on the format of the national tradition for collaboration between the labor market parties, most notably a distinction between the distributive and developmental processes. The research strategy of the projects drew on the developmental tradition, in the form of a Nordic participative tradition known as democratic dialogue. The paper discusses the strengths and weaknesses of this approach compared with two other possibilities – social dialogue and human resource management (HRM) systems. At the time of the projects, neither of these systems were realistic

alternatives, and even the democratic dialogue approach was to balance on the margins of the possible. The democratic dialogue approach allows for practical experiences with collaboration, which makes it possible to reflect on the conditions for collaboration locally. In the chain, this made the lack of employee participation clear, and when the problem was identified, solutions could be suggested and tried out. Collaboration and employee participation therefore represented an innovative approach to a number of problems in the chain. However, due to a lack of a durable and independent institutional support system, effects were short term and ad hoc, and did only to a limited extent contribute to change the rules of the game in a more participatory direction.

The following section of the paper discusses employee participation in more detail. In the three next sections, literatures on social dialogue, human resource management, and their interrelations are explored for findings on employee participation. This is followed by a presentation of the research strategy, the background for the project and a brief presentation of the retail chain, the Technical Supplies Partner (TSP). The discussion of the empirical material centers on critical events of particular relevance for the question of institutionalized support for employee participation in retailing, which is also the topic in the final and concluding section.

Employee participation

Employee participation refers to processes whereby employees influence not only the way they execute their allotted tasks, but the conditions for their work more generally. Employee participation is connected with economic democracy, and how the conflicting interests of labor and capital are reconciled. The term economic democracy has been used in many senses, depending on political and historical context (Frege 2005). I use the term economic

democracy rather than industrial democracy to avoid the connotations to manufacture of the latter term since the case here concerns retailing. Economic democracy broadly refers to arenas and procedures where the different interests of labor and capital are played out through systematic non-coerced, public deliberations between autonomous parties.

Economic democracy is acknowledged as one indicator of decent work, but is hard to define. One concrete suggestion is that economic democracy refers to employees' participation, which "can cover a wide field, ranging from representation on the governing boards and committees to playing an active role in the administration of training and human resource development programmes…[and on] occupational health and safety committees (Ghai 2003:134). What I am concerned with is democratic participation. This excludes the informal, everyday communication between managers and employees, as well as systems and routines that employees have not played a role in devising. For example, performance assessments at one level obviously involve the participation of an employee, but if only the management and or a HRM-function have been involved in designing the system, it is not a case of employee participation as it is understood here.

Bleak houses

Studies of employee participation, although sharing the basic premise of democratization, emphasize different features of it. Even though employee participation is by most regarded as an end in itself, there have been numerous attempts to measure its effect as a means to reach different goals. All environments present possibilities for organizational choice. Some studies find that unleashing the potential for improvement by engaging those who know the actual work may contribute to health (Foley and Polanyi 2006), as well as to productivity and work environment (Gustavsen 2007; Tønnessen 2007), and a study indicate that national economic

growth contributes to decent work conditions for a broader range of people (Fields 2003). Other studies do not find direct connection between employee participation and different economic, social or moral ends, with one exception - there is a significant difference between enterprises that do have institutionalized some form of employee participation, and those who do not. The last type of enterprise scores lower on whatever scale the researchers have used to measure the difference (Hodson 2003, Rotschild and Ollilianen 1999).

The literature portrays a diversity of ways in which employee participation is organized, but some main aspects are identifiable: employees' financial participation (de Nijs and Poutsma 2006), cooperatives (Whyte 1991), team organization (Pruijt 2003), quality circles (Rotschild and Ollilianen 1999), different configurations of the worker-manager-union relations of everyday work (Hodson 2003); voluntary worker-employee agreements (Badigannavar and Kelly 2005), and participation through direct or representative channels (Regalia 1996). However, the two most encompassing forms of institutionalized employee participation may be grouped as belonging to one of two ideal types of configurations: social dialogue and human resource management (HRM). Comparisons between them support the both-or-nothing findings from the employee participation literature.

An extensive, quantitative study of German multinational subsidiaries in the United Kingdom finds that the best results, both in terms of productivity and decent work, are had in companies that have "comprehensive direct employee involvement systems in partnership with the representative channels of labour" (Tüselman et al. 2007:163). The poorest results are reported from enterprises that have neither. These are commonly referred to as 'bleak houses' (Sisson 1993: 207). The basis for Sisson's discussion is findings from a series of extensive surveys on employee relations in the United Kingdom. In a study of SMEs, the term 'bleak

house scenario' is used to characterize "negative human resources", with hidden conflict, instability and authoritarianism (Wilkinson 2003:207). Despite the differences in perspectives, the sources indicate that it is not so much a question of either employee participation or something else, because there does not seem to be much else. Again, it seems that it not as much a question of either social dialogue or HRM, as a question of both or nothing.

The promise of social dialogue

Social dialogue builds on industrial relations as they are configured in different countries. There are a number of differences between social dialogue and industrial relations. One key difference is that social dialogue allows space also for other conflicts of interests than labor and capital to be played out, for example between citizens and aliens, minorities in a majority situation and so on. Hence, the room for unions may be smaller within a social dialogue regime than under industrial relations. Another key difference is that industrial relations are much better developed at the enterprise level than social dialogue, which so far seems to have had most impact at the national level. In spite of the differences, employee participation is a basic premise in both, and for the purpose of the discussion in this paper, it is not necessary to distinguish between them any further.

In the broadest sense, social dialogue refers to all types of structured communication on economic and social issues between employers, employees and government (ILO 2007). Apart from these general characteristics, social dialogue is best described as national configurations of workable solutions to a number of economic and labor market dilemmas. Social dialogue may refer to as diverse practices as the policy of "social concertation" of Italy (Negrelli and Pulignano 2007), the legally backed bipartite works councils in German

companies (Tüselman et al. 2007), part of the laissez-faire regimes in the UK and the USA (Burkhill 2008; Hyman 1997), the work to establish it in developing countries (Egorov V. and Salomon R. 2003; Hilsen and Brøgger 2005), and the collaborative traditions of the Nordic countries (Alsos and Eldring 2008; Andersen et al 2007). In some countries, other civil society associations have been included as partners, either from the beginning or by extending what was originally a tripartite relation, but generally social dialogue is based on existing patterns of industrial relations (Ishikawa 2003). The complexity of the field makes it hard to pin-point exactly what social dialogue is. It appears more as a broad and inclusive socio-political movement that proceeds in terms of careful and step-by-step experiments, than a stable, predictable, institutionalized set-up. The complexity indicates genuine dialogue, defined as uncoerced communication aiming to bring forth understanding, not final answers whose validity is determined by the participants' positions of power (Freire 1970).

Definitions of social dialogue commonly include a wide range of exchanges between the parties, like bargaining, negotiation, conflict resolution, agreements, pacts and sharing of viewpoints. Centralized or collective agreements and the laws have a binding and regulating force that serve to make the labor market less exploitative, and social dialogue contributes to this. But this is not its whole promise. It may also refer to the process itself, of establishing social conditions through exploring common ground and the exchange of viewpoints. Social dialogue may also aid in reflections on the form of the bargaining processes and the quality of the relations. This meta-level of the dialogue cannot be thematized in the actual process of bargaining, but it is a critical factor when it comes to establishment of conditions for employee participation.

The Norwegian tradition for collaboration

In Norway, employee participation is partly inscribed in the legal system, and is partly part of worl-life traditions. The background for this situation is as follows: The main agreement between the social partners dates back to a key agreement from 1907, and found its present day form in 1935, when the first main tariff agreement between the main employers' association (Norges Arbeidsgiverforening) and the main union (Landsorganisasjonen) was concluded (Rolijordet 2006). These agreements are referred to as "the constitution of work life" (Bull 2005:21). This "constitution" is renegotiated every four years, and except for some main additions, its main structure still holds. One of these additions concerns the developmental part of the process, which is distinct from the distributive part, where the gains (or losses) of the economic process is negotiated. This addition known as "the Main Agreement Part B" was agreed in 1966. By it the social partners sought to extend the scope of the agreements beyond bargaining. A bipartite national "Council for Collaboration" (Samarbeidsrådet LO-N.A.F.) was established to support the effort, and is still active. The council discusses terms of employment, but may not sign agreements. In 1977, with the Work Environment Act, the rights of employees to be informed and discuss issues and decisions that critically affect their workplace, was established with an unprecedented legal force. Again, the emphasis is on information and discussion the form and quality of the collaboration, as separate from negotiation over about distributive outcomes. In 1982, with the regular renegotiation of the Main Agreement, what came to be known as a Part C was included too. In part C a framework for employee participation in enterprise development is described in great detail. Another bipartite forum was established to support enterprise development projects based on employee participation (Hovedorganisasjonenes Fellestiltak). At the enterprise level the institutional support structure of employee participation consists of fora and procedures for bargaining and negotiations. In addition there exist separate fora and procedures for health and safety issues and enterprise development more generally. This structure is described and

supported by laws and by the main agreements. Interestingly enough, a recent study has that a majority of non-organized companies, including retail companies, also adhere to basic tenets of economic democracy as it has been developed and practiced over the years (Falkum, Hagen and Trygstad 2009).

Human resource management

The literature on human resource management is as vast as the literature on social dialogue although it has a different beginning and trajectory. It emerged in the USA in the 1920s with the human relations movement, and relates to all efforts to organize, monitor and manage the workforce (Clegg, Kornberger and Pitsis 2004). It was developed as an alternative to scientific management practices in which everything, including humans, was reduced to a factor of production (Rose 1978, 1988). Research from the human relations movement brought attention to the influence of social norms, informal relations, feed-back mechanisms, and a range of other less technical matters. However, it did not radically break with the management prerogative paradigm and was concerned with boosting worker productivity as much as was the scientific management school.

A number of other influences have also contributed to widen the scope of the human relations tradition, and possibly the tasks of a HRM-unit. These include Japanization, which refers to adoption of more collectivist and team-based work arrangement presumably Japanese in nature; the quality movement; post-Fordism, characterized by flexible specialization and deeper and earlier inclusion of customers in the production and globalization (Burkhill 2008; O'Toole, Lawler and Meisinger 2006; Sørhaug 1996, 2005).

In enterprises, the tenets and methods of human relations were developed along with the personnel function, which much later developed into the human resource management (HRM) unit as an organizational function. This unit deals with all issues related to people, recruiting, training, wages, conflicts, health and so on. This type of institutional set-up is vastly different from that of social dialogue, but for the development process in the TSP-chain, the fact that neither type was present was more critical.

Human resource management and social dialogue

With globalization and the expansion of the tertiary economic sector, the legally clear distinction between the terms employee and employers, manager and worker has become blurred (Davidov 2006; Deakin 2006), and so the boundary between industrial relations and HRM is becoming blurred.

The question still remains however, of managerial privilege versus employees' fight for rights, and this is still the main dividing line between social dialogue and HRM.. There is still a difference between collective and individualistic patterns of employee relations, or between employee participation anchored in industrial relation versus employee involvement anchored in HRM-practices (Busck 2005). In the latter case the managers may choose to involve employees, in the former the employees have a legal or habitual right to participate, and only in this case can we speak of economic democracy. HRM may give "legitimacy to a resurgence of scientific management and more extensive exploitation of labour" (Burchill 2008:74); or it may represent the original concern in human relations approaches, to negate the forces that turn companies into machines and humans into just means of production. In that case personnel managers may act as a somewhat neutral third party between managers

and workers (Burchill 2008). In the basic definition of economic democracy as used by ILO, human resource development programmes are used as indicators of economic democracy (Ghai 2003). It has also been asked if HRM undermines established industrial relations and therefore is a threat to established rights of participation, and the answers are not unequivocal (Croucher, Gooderham and Parry 2006; Hyman 1997; Kaufman 2008). In a discussion of the role of unions in a service economy, it is pointed out that today it is a question of "partnership or perish" for unions (Ackers et al. 2005:43). Hence, the literature points in both-or-nothing direction. The question remains however, how to get from nothing to something in the first place, which was precisely the challenge in the TSP chain.

The TSP-process, 1999-2007

The research strategy

The research strategy of the R&D-project was based on a particular Scandinavian tradition called the 'democratic dialogue approach'. This approach as it is today is best described as praxis informed by socio-technical, psycho-social and discourse perspectives, developed along with the national systems of industrial relations. A brief recapitulation of its development will explain how, (I base the following mainly on Gustavsen 1977, 1985, 1990, 1992, 2007). Researchers in the 1960s used structural theory to design research aimed at democratic change in shop floor practice. The thinking was that a new type of enterprise would pave the way for new types of participation at society level. These ideas were consolidated in an industrial democracy program in collaboration with the social partners (Emery and Thorsrud 1976). A number of successful projects were conducted in several enterprises, but the expected diffusion of results did not occur. In the 1970s, the researchers participated in developing and maintaining broader "fields" where a number of stakeholders

collaborated to identify new opportunities and develop new practice. Some of the new

principles for organization, especially the requirements for decent psycho-social work

conditions, were integrated in the Work Environment Act of 1977, and some influenced the

agreement of the part C of the main agreement mentioned above. In the 1980s, several

hundred companies participated in search or dialogue conferences, and there were several

enterprise development projects (Pålshaugen 1998). By the 1990s insights from discourse

theory was incorporated. Of particular importance was the Habermasian notion that

knowledge is situated and powered by interests, and the only truly interest-free situation is

when knowledge and interests are one, that is, in cases of self-reflection (Habermas 2002).

Habermas is explicit that his perspectives are informed by psychotherapy, in which case the

self he refers to is a person, but one may also imagine a "self" in the form of a collectivity of

people. The reflection of a collective "self" on that self then needs to involve all of those who

constitute it, in processes of public deliberation or dialogue.

Democratic dialogue became a key communicative tool in a large Swedish research program,

and later in two research programmes under the Norwegian Research Council. In the first,

Enterprise development 2000, individual enterprises were targeted (Alasoini 2006; Gustavsen,

Colbjørnsen and Pålshaugen 1998; Qvale 2002). In the second, Value Creation 2010, sectoral

and regional networks of the core of enterprises were included (Fricke and Totterdill 2004,

Brøgger 2007). Research in the democratic dialogue tradition since the 1990s has been used to

reshape internal discourses of enterprises and between enterprises, mainly in manufacturing.

The approach is also informed by a Foucaultian idea that particular discursive formations

generate particular empirical objects and ideas of their nature and use, and when there exist

different discourses side by side, they may represent very different, and even conflicting

versions of '"reality" Within an enterprise, discourses are partly overlapping and partly

disconnected. With proper channels and arenas for sharing between the different discourses, an enterprise has a capacity for generating a richer and more nuanced knowledge both of the "realities" and their own learning processes (Pålshaugen 2006). Public reflection on work experiences provides the basis for the development, and that has to include all of those who do that work, hence employee participation is at the core of the approach.

Background for the R&D-project

In the late 1990s, retailing was targeted as another "field" for the democratic dialogue approach. The sector had grown rapidly, and work conditions were worsening (Olberg and Jordfald 2000). There was also a low level of unionization and hence little support for local level social dialogue. A collaborative project between eight retail chains, including the Technical Supplies Partner chain (TSP), the social partners and two research institutions (names withheld for blind review purposes) was initiated in 1999 and lasted until 2001.

The topic for this project was training, and the aim was to initiate cross-organizational learning. Each chain had one representative in the project group, mostly people with human resource related jobs. The TSP representative was an information and communication technology (ICT)-expert, and also one of two employee representatives at the board of the chain. In TSP, the specific topic was implementation and uses of the ICT-systems. Training in the uses of the applications had been extensive, but their logic did not fit particularly well with everyday work routines. More application manuals were not seen as a solution. Instead the idea was to use the TSP training program for employees – the TSP Academy, to integrate training in work routines and workflow systems. The TSP Academy had been established a few years earlier in a participatory process. A participatory inquiry of the training processes was conducted at the Academy and in the stores, and a number of changes were suggested.

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These were used as input to an evaluation of the Academy done by independent consultants. The evaluation report was presented to the top managers who promptly and surprisingly decided to close it down. It turned out that this had little to do with the quality of the training, but was a result of the aspirations of a new team of top managers who brought the ideas of scientific management into the chain. A number of other changes occurred at the same time. For example, the only person in TSP with some responsibility for training and human resources issues was made redundant along with a number of others. The three annual chain-wide gatherings of employees were discontinued. Hence, what scope there had been for employee participation was narrowed down. People who had participated in the training project wanted something done and this was the background for the establishment of a new project, this time with the TSP chain alone.

Through heavy investment in ICT-technology, marketing, by procuring smaller chains, and by integrating formerly autonomous wholesalers into the organization, by the late 1990s, TSP had established a well known national brand name and a fairly efficient distribution machine operating in the whole country. This processes culminated with the hiring of a new top management team to overhaul the organization. Very quickly and with no employee participation whatsoever, the production process evolved to become very close to the tenets of scientific management; with functional specialization, expert-defined routines monitored by managers and intense attention on routinization of work. For many reasons then, an alternative approach to the question of employee participation was needed.

Part of the problem was to conceptualize the issue of employee participation in terms understandable to uninitiated managers. In the chain, the huge transaction costs were one inroad. The cost of misunderstandings, lack of information, and conflicting interpretations,

was well known. Another was to connect employee participation with marketing approaches, which were also constantly discussed at all levels of the organization. Especially a model of marketing known as relationship marketing or "the Nordic model" turned out to fit well with one of the chain's strategic concerns - "a good customer experience". The model thematizes the fact that in trade and service, the interaction between salespeople and customers is part of the "product". Hence marketing is not something that comes separate from production; it is integral to it (Grönroos 2000). In order to create a good customer experience the employees cannot be automatons and their every movement regulated. They need to be involved, and not merely instructed. Discussions on how to generate conditions for employee's interaction with customers was then a pathway to a discussion of employee participation more generally. Finally, the different efforts of the project were brought together under the umbrella of innovation. Innovation is commonly defined as "the first attempt to carry out [a new product or process] into practice" (Fagerberg 2005:5). Employee participation based on social dialogue constituted precisely an idea for a new production process in the chain, radically different from the textbook scientific management strategy that was in place. The aim of the innovation process was also to develop new solutions for customer relations and possibly services by engaging the employees directly. By combining different elements both from theory, business strategy and work experiences, the potential in a process based on employee participation was identified. The new TSP-project was described in terms of participatory innovation processes, and the two most specific goals of the project were to reduce transaction costs and develop an innovative "production"-process that could lead to new product-related services.

Inside a bleak house

TSP was owned by an international holding company with 30-40 employees responsible for strategy, PR, finance, and investor relations on behalf of the national subsidiaries. About 250 independently owned stores had opted to join the chain, and the chain owned another 50 stores. In total about 3000 people were employed in the chain. What the chain membership brought was the support and safety of a nationally well renowned brand name, marketing activities, and safe and reliable logistics systems. The headquarters of the Norwegian subsidiary coordinated the activities towards the 300 stores. It employed another 30-40 people and was divided into two divisions, merchandizing (including marketing), stores, and a projects' unit, an assembly of a wide range of different projects, mainly ICT-related. The merchandizing and stores divisions were each headed by a manager who together with the CEO constituted the top management group. The stores division monitored the activities in the stores, and consisted of a number of regional managers. The merchandizing division consisted of product managers and their employees who maintained the logistics systems and, bargained with suppliers, and its marketing department, which administered national campaigns. There were no support units, like a human resource unit, an accounting department or an archive.

Employee participation in the steering committee

In 2002, once the project details were decided, a steering committee was set-up. The researchers suggested participation from different headquarter divisions, a number of store managers and some employees, but this did not happen. Instead we were informed by our contact in the chain that the project was to be anchored within the organization. A small project team was to function as a secretariat. It consisted of two people from the headquarters, an employee from the merchandizing division and one from the projects unit (who also represented the stores division, had represented the chain in the earlier project described

above, and was one of the elected employee representatives at the board of the chain). Even if the two chain members of the project team were not managers, they represented functions, not labor or capital interests in the project group. The two chain people were supported by two action researchers. Apart from the work force of the two people in the project team, no extra resources were designated in advance for the project, but had to be agreed on a case by case basis. If something needed to be done in a store it was agreed with the store manager and the relevant employees. If something was needed from the merchandizing division, the relevant manager had to be involved. In this manner, the workings of the project mirrored the workings of the chain, and the experiences with the project were invaluable as a source of knowledge about the possibilities and restraints for collection action in the chain itself - it was limited indeed.

The first attempt to create a dialogue setting – no employees, thank you!

The first activity that the project team initated was a dialogue seminar. In line with the democratic dialogue research strategy, it had two main purposes. One of was to brainstorm over possible ways to organize the development process, and serve as a mini-version of a later much more inclusive dialogue conference. Another was to generate experiences with public deliberations and working out of different interests, and use these experiences for reflections on future action. The researchers asked that employees be invited, but this was flatly refused by the project team members. They insisted that the participants at the seminar would want to work out *their* differences before adding on those of the salespeople. No arguments would convince them otherwise, and their caution turned out to be wise. The participants at the seminar then, were representatives from what was known as the "A-group", an informal network of influential owners of independent stores, as well as managers from the chain-owned stores, and employees from the headquarter divisions. The seminar was not a success.

It deteriorated into a shouting match as the owners of the stores vented their frustrations with the chain, and one store owner left in anger, slamming the door behind him. The seminar ended with no agreements as to the next steps. The only institutionalized entity that could now take the process further, was the project team. There was neither a union nor a HRM-unit that could draw on its resources and connection to organize the frustrations, suggest and champion solutions.

Identification of gaps in the flow of transactions

Given the experiences with the first dialogue seminar, the project team agreed that a more conventional research approach was preferable as a starting point, but the aim was to return to a more participative modus operandi when the necessary organizational relationships and a minimum of trust in the researchers was developed. A series of surveys in the form of semi-formal interviews in all parts of the chain was conducted next. The first series of interviews took place in 2002, and they continued until 2004. Top and regional manager were interviewed about the nature of their work and about the aims and plans for the business, as was store managers, product managers, and employees in a number of stores. Customers from these stores were also interviewed. Finally, employees from headquarter divisons were included. After each series of interviews the material was analyzed and presented to the members of the project team as well as in various types of meetings. This also legitimized the researchers' presences as participants in the flow of activities.

The interview material was used for three purposes. The first was to elicit information about local classifications and vocabulary. With the use of these locally defined variables and values, a statistical analysis based on local categories and values was possible. The material did not

lend itself to valid statistical generalizations, but did indicate trends and patterns in the discourses of the company. We found for example that what we termed 'technical service' was highly valued by both employees and customers. It referred to technical know-how about the products, but more importantly about their uses in relation a customer's need. At the headquarters, compliance with centrally generated sales objectives was more highly regarded, and rewarded. We also found that merchandizing knew next to nothing about the routines and nature of work in the stores and vice versa.

Secondly, the material was used along with observational material, figures on economic results and other chain documents to identify patterns in the actual practice. This made it possible to identify the most apparent gaps in the flows of transactions in the chain. One finding was that availability of campaign products was a bone of contention. Merchandizing wanted the stores to sell as few as possible of these, as they were mainly meant to draw customers to the stores. The stores wanted to have enough of them when customers asked for them. Availability of ordinary products was likewise contested. Salespeople in the stores wanted to sell products that customers asked for, but the logistical systems were such that they could only sell what merchandizing had agreed with the suppliers. The conflict of interest in this case resulted in numerous individual phone calls from the stores to the headquarters. Employees faced with angry customers called to ask for products, store managers called with aim to give input to negotiations with suppliers. Much time was spent by all to sort out differences and misunderstandings. Another concern in the stores was the distribution of tasks, and their rewards. Each employee had individual sales objectives, and most stores had one or two "star" salespeople. However, there were a number of tasks necessary to complete a sale, but which "star" salespeople left to others. This included tasks like tidying up empty boxes or registering insurance claims. The "star" problem was a

common grievance among employees, and was connected with the individual bonus schemes. Basic wages and work terms followed national agreements, but bonuses were handled by each store manager. Hence, the project team suggested that the chain should look into more group or store result based bonus systems. The top management replied that this was something each store manager had to decide. We brought the question to several store managers, and many were well aware of the problem. Those who were had devised a number of solutions to soften the impact of the "star worship routine" of the chain. This included rewarding employees who worked with tasks that did not "show up" in the accounts with praise and acknowledgement, time off, lighter or more independent work etc. However, no managers were interested in trying out something like a group bonus scheme on their own. As there was no institutional body in the chain with a consolidated interest in the review of bonus schemes, nothing more came out of the suggestion.

Thirdly, a number of case studies of individual stores were done. Not surprisingly, the stores with the most inclusive processes did best economically and in terms of work climate. We found that what distinguished the good store from the bad store was that (i) the good one had a clear idea of its raison d'etre (which customers it existed for and what it should be for its customers), (ii) a clear strategy based on this idea, and (iii) a strategy that was communicated to, understood and not least, accepted by all employees through a process of deliberation and sharing. When this was in place, we also found that the requirements of the employees' performances were clear, with consistent recruitment- and knowledge management strategies. This finding was something that "everybody knew", but it was the first time it had been demonstrated that not only products, but also people needed to be connected, and unlike products, needed to have a saying in what happened to them, in order also for good economic results in the longer term.

The project team used this material to discuss different ways of bringing together the relevant stakeholders and "producers" of the gaps for dialogues about further action. Gradually a format for a general process took form. At this time a new manager for the store division had been hired. He was devoted to team-based organizational patterns, and somewhat more positive to a participatory approach than the previous manager had been. His presence softened some of the harshest opposition that the project had encountered from other quarters.

The second attempt to create a dialogue setting –employees participated

By the end of 2004, the findings and suggestions from the project team were gathered in a final research report. The suggestions in the report all concerned sub-projects and initiatives that together would serve to establish the kind of collective, public arenas that the chain so obviously needed.

Long before the research report was to be presented, the project team had started the effort to convince top managers that the recommendations from the report needed to be discussed not only by managers, but also by employees. If they were to become participants in the development of the enterprise, they had to be engaged and given the opportunity to share their experiences and suggestions. The general idea was finally accepted, and then the details were worked out. Ideally, the project team would have liked to arrange several separate dialogue conferences so that all employees could be included, but that was out of the question in terms of resources. The top managers then suggested a less ideal, but still workable solution - to convert one of the quarterly managers' meetings into a dialogue conference, a conference where the participants generate the content and where there are no external speakers. A group of independent store owners and a group of employees were invited too. It was grudgingly

accepted that the groups had to be large enough for them make a difference, and in the end about 10 participants from each group attended.

The conference lasted for two days. The nearly 80 participants alternated between group and plenary sessions, and were organized into different types of groups working on different types of topics that were generated by the group themselves. At the end of the conference, the participants had produced suggestions for improvements of all parts of the chain operations. Some of the suggestions mirrored those in the research report, some were contrary to them, and others new.

From the sum-up session at the conference it was clear that the experience of actually being able to discuss work in a public setting was regarded as one of the clearest benefit of the conference. Later some store managers told how the experience had inspired them to adjust the formats of their weekly store meetings for all employees. The independent store owners were grateful for being invited. The employees were less certain about the benefits of their participations. Some claimed that there had been too few of them and that made them feel like hostages, and all agreed that more systematic and broader inclusion was needed.

A conference report summed up the main thrust of the suggestions, the democratic dialogue approach and main points from the evaluation. Copies of all the worksheets produced during the conference were attached, and the report was emailed to all the participants the week after the conference, and the participants were asked to add whatever they wanted.

Establishing local conditions and arenas for participation

The approach in the last phase of the project, from 2005-2007, was to continue to work along the lines of democratic dialogue as it had been practiced and experiences at the conference, but this time bring it closer to home and everyday work practice. For that purpose, arenas and procedures for public deliberation was needed, and the solution was to build on what already existed. Three of the chain's regions were chosen as test sites to develop new forms of employee participation and collaboration at store and regional level. As an example of the specifics of these processes, one of these networks is presented below.

Drawing closer regionally

In the three regions, the monthly meeting between the store managers was the starting point. This meeting place was also a formalized structure with focus on economic figures. The lunch was the only opportunity for informal exchanges about actual work experiences. The solution was to generate experiences with less formal, more public forms of communication, as the following example shows. In one region an open second session was added to the regular agenda. Its aim was explained at the start of the meeting, but when the open session started, there was at first only silence. Then one of the participants said that he did not like the status of the "SNS-lists" in the region. "SNS-lists" were lists of "sold, not sold"-products, products that had been registered as sold, but were not yet paid for. The headquarters forbade such deals, because these products took up space, messed up the inventory and the economic calculations. In the stores they were made often enough. This region had had the longest SNS-list for five consecutive years, and compared badly with the other regions. That statement brought the manager over to a reflection on how he did the inventory in his store. A somewhat surprised regional manager commented that this was not in line with the explicit chain routines. The other managers added details about the routines in their stores and it turned out

that each store had a different routine. The participants used the rest of the session to compare routines and agreed to go back and talk with their employees about how the SNS-list-problem could be solved. They also agreed that the routine in one of the stores was to be used as a baseline. At the next regional meeting a month later, the manager from the baseline store brought an employee from his warehouse. Discussions about improvements continued and they agreed to test a new routine. After a few months the number of SNS-items was considerably reduced. The headquarters congratulated. At the same time at the headquarters, a project to reduce the number of items in the inventory had been started. The workflow system was such that many identical products had been registered several times. At the most the inventory contained 26 000 different entries, far more than the actual number of products. The regional meetings used the energy from the SNS-effort to check on how products were registered in their stores, and the regional manager brought these lessons back to the person in charge of the project. This way of creating a collective, long-term attention on one theme *and* a systematic approach to exchanges between the stores and the headquarters was relatively new. Usually store feedback to the headquarters came in the form of angry phone calls when something had gone wrong, or through instructions on the intranet when the headquarters wanted the stores to do something with the systems or campaigns.

Similar experiences were generated at the meetings in the other regions. In the second region it resulted in a training initiative. In the third, the participants found out that they did not really constitute a region, and that this issue had to be sorted out before attempting to establish any regional fora. The experiences with development of the regional arenas were by and large positive, but the aim to connect the store meetings with the regional meetings was only partially successful. It was also still a very management-dominated process, but the

experiences did in their small ways open more space for employees' influence on the routines of the chain.

Conditions for participation at the headquarters

At the headquarters there were few arenas for public deliberations, and the conflicts of interests between the divisions affected the whole chain. They had quite different yearly rhythms for their work, they related to different external partners and there was little interaction across the organizational boundaries. The internal dynamics within the headquarters frequently generated conflicting information to the stores. A decision one day could be overthrown by another initiative by somebody else the next. An initiative could be taken one year, fail, and then be attempted a couple of years later by somebody else. The dynamics between discourses and practices at the headquarters in combination with those in the individual stores resulted in constant adjustments. At all levels of the business, people did their work by balancing different and often conflicting demands, but at the headquarters the outcomes affected the systems and routines of the whole chain. There was little space for collective reflection on the nature of the balancing acts themselves. There were also few opportunities for drawing on the headquarter employees' knowledge and expertise to improve the workings of the system as a whole. Throughout the project the project team strove to initiate situations in which the headquarter employees could get the chance to reflect on their work practices, and also how that affected the rest of the chain. This was especially critical when it came to the interactions between the merchandizing and stores divisions, but every attempt to merge division-wise meetings, or have joint seminars were deflected. Dates were changed, seminars postponed, or people did not show up. In the end the endeavor had to be given up and the resources were used on the retail part of the chain.

When the project ended in 2007, the innovative participatory system of production had not materialized, and the responsibility for developing the work conditions was still very much of a manager prerogative. However, there had been a number of more incremental changes and a few concrete suggestions for innovations. There was also some degree of reconciliation between the headquarters and the independent stores, the regional arenas had changed to be more participatory, and so had the processes in some stores.

To what extent was there true employee participation then? In some stores there certainly was. These were also the stores with the best economic results *and* work climate. That some stores somehow did manage to get thing nicely worked out was a well know fact in the chain, and these stores and their managers were used as examples of good practice. However, analyzes of reasons for the goodness of the practices, and means to spread it were scant. In most stores however, there as certainly was not employee participation, and the same was the case at headquarter divisions. To what extent did the research strategy contribute to better conditions for employee participation? Ironically, it was the non-participative parts of the research process that helped establish us researchers as dependable in the eyes of the organization, and this provided a social platform that later made it possible for us to design a more successful participatory approach. The main experience from this experiment with means to establish conditions for employee participation in retailing, is that developing arenas and procedures for participation is but a first step, and a vulnerable and unstable one at that. Experiential learning is not enough, and some type of consolidated, independent source of influence and continuity is needed as well.

Concluding remarks

The project was designed to address local needs and concerns, but there are however, a number of points of more general relevance. The first and most obvious is the need for institutionalized support systems. Through the democratic dialogue approach it was possible to generate experiences with employee participation in deliberations on public arenas, and through these experiences open the possibility for it to be recognized as a legitimate part of everyday practice. This type of social chance is a demanding task, it takes a lot of effort and results mostly in small improvements, but what is at stake in retailing is that employee participation does not become subsumed under the market logic, or the logic of the hierarchical production machine, which so easily happens without consolidated counter-efforts.   Neither social dialogue nor HRM-systems are necessary in order to begin a process towards employee participation where there is none, but in some form such are necessary for the process to become institutionalized and lasting

The second point is that, any institutionalized support system needs to fit with actual practice. The existing form of social dialogue requires a hierarchical and relatively stable structure of positions with clearly defined arenas and procedures for participation. The same is needed for a HRM-system to work. In terms of economic democracy, employees must have some form of autonomy from the apparatus of hierarchy and some basis for legitimate collective response and initiative. It is a persistent challenge in retailing because generally the organizational pattern is conglomerates of smaller, autonomous entities rather than incorporated systems. One way of approaching this issue may be to establish a core group of interested stakeholders, and then work both top-down and bottom-up approaches, as was done with some degree of success in the project. How the existing patterns of social dialogue and of human resource management may be developed to better suit the needs in retailing, and the service sector generally.

The third point is that even though social dialogue is based on an acceptance of the systematic interplay between two different interests, labor and capital, and HRM units are part of the notion of the managerial prerogative, both systems place the distinction between labour and capital above all other distinctions. In retailing however, institutionalized differences of interests extend to a range of others as well, and getting to the matter of employee participation necessitates that these be taken into consideration as well. In the TSP chain the independent store owners had very different interests from the headquarters, merchandizing from stores, customers from the chain, and employees. In the balancing acts that constituted the daily work experiences at all levels, there was a play between different interests that ensured room for manoeuvre, but the energy of this dynamics needed to be directed. Especially under such unstable conditions is there a need for a consolidated, institutionalized support structure.

Finally, even if the right to participation must be unconditional, its takes form in concrete situations and must be adapted to them. Some problems only involve a few; some topics need the involvement of experts; some employees refuse the added responsibility and "managerialization" of their work; in some contexts the mistrust and level of conflict between a group of employees and a manager must be attended to separately and so on. Employee participation is not a silver bullet, but must be concretized time and time again. At the same time, it must not be reduced to a means and its importance as an end in itself needs to be explicated time and time again.

Acknowledgements

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