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## Participative Management or Self-Management; Interrogating Modern Management Thought with Economic Crisis Environment

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## Participative Management or Self-Management; Interrogating Modern Management Thought with Economic Crisis Environment

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### Abstract

*Nowadays, there is a global economic crisis and there isn't any consistent policy for recovering it, yet. Along with crisis, neoliberal economic policies widely criticized much more than before. Neoliberal policies are package of policies which across the board. Work place management techniques and strategies are embedded policies of neoliberalism. We can consider human resources and participative management strategies in it.*

*After the deepening crisis, the discourses of "mutual interests of labor and management" and "in the same ship and common fate" have decreased their popularity rapidly. Accordingly, criticizing of neoliberal policies accompany criticizing popular mainstream workplace management practices and their stream of thought.*

*In this paper, we will discuss Latin American countries late years workers' self management experiences at workplace level, in the context of being an alternative for popular mainstream management techniques like human resources and participative management. In this discussion, contemporary practices will be compared in the context of labor process. Hiring and firing, making better of working conditions, also laborers perceptions on their jobs and labor motivation/alienation will be main points of this comparison.*

**Key words:** Labor process, workers' self management, human resources, participative management, neoliberalism.

### Özet

*Son yıllarda ciddi bir küresel kriz ortamı mevcuttur ve henüz krizden çıkış için herhangi bir tutarlı politika üretilmemiştir. Krizle birlikte, neoliberal ekonomi politikaları tüm dünyada önceden olmadığı ölçüde eleştirilerle karşılaşmıştır. Neoliberal politikalar toplumun her alanını kapsayan politikalar bütünüdür. İşyeri yönetim teknikleri ve stratejileri de neoliberal politikaların bileşenidir. İnsan kaynakları ve katılımcı yönetim stratejisini de bu çerçevede değerlendirmek mümkündür.*

*Krizin derinleşmesiyle birlikte "çalışanlar ile yönetimin çıkarlarının ortak olduğu" ve "aynı geminin kaderi ortak olan yolcuları oldukları" söylemleri de bu gelişmelerden nasibini almış ve eski popüleritesini yitirmiştir. Gerçekten de neoliberal politikaların eleştirilmeye başlanması, ana akım işyeri yönetim tekniklerinin ve bu tekniklerin sahip olduğu düşünce sistematiğine yönelik eleştirileri de beraberinde getirmiştir.*

*Bu çalışmada, son yıllarda Latin Amerika ülkelerinde işyeri düzeyindeki özyönetim uygulamalarına yoğunlaşılacak ve söz konusu uygulamaların insan kaynakları ve katılımcı yönetim gibi popüler ana akım yönetim tekniklerine bir alternatif olup olamayacağı tartışmaya açılacaktır. Bu çerçevede güncel pratikler, emek süreci bağlamında karşılaştırılacaktır. İşe alım ve işten çıkarma, çalışma koşullarının iyileştirilmesi, çalışanların işe dair algıları ve motivasyon düzeyleri/yabancılaşma bu karşılaştırmanın temel hareket noktaları olacaktır.*

**Anahtar Kelimeler:** Emek süreci, özyönetim, insan kaynakları, katılımcı yönetim, neoliberalizm

## 1. Introduction

In this paper, we will try to evaluate workplace level management practices. Main point of this paper is comparing of HRM rhetoric with Latin American workers' self-management practices. First of all we will point out key figures of HRM at workplace level. Second, we will discuss the nature of workers' self-management practices in Latin America, just because these practices are increasing their popularity in last years. Many researchers from different disciplines are focusing on workers' self-management practices. Indeed, there are growing numbers of films, documentaries on this matter. We will especially discuss this practices in context of preventing unemployment, human development, and wages at workplace (micro) level.

## 2. Crisis, Neoliberalism and Human Resource Management System's Main Arguments

There is a certain global economic crisis from at the end of 2007 to nowadays. This crisis, widely criticized neoliberal economic policies much more than before. Workplace management techniques and strategies are embedded policies of neoliberalism. We can consider human resources and participative management strategies in it. HRM, basically aims to convince workers for achieve their ideas to develop products and also production process as a whole with different levels of participative management strategies. Japanese management experts use the "gold in the workers head" idiom for these ideas (Lebowitz, 2008: 63). However, participative management practices are widely criticized both in developed and underdeveloped countries. Yücesan-Özdemir's work (2000), gives us much more than clues in case of Turkey.

HRM system aims to participation, horizontal organization and tries to prevent alienation despite the ownership status of the means of production. But these practices also surrounded with wage levels and purchasing power, quality of living conditions and unemployment threat at macro (national) level. Global economic crisis directly effected wage

levels and unemployment so the rhetoric of HRM is challenging once again.

HRM's strategy and its participative techniques, primarily apply in capital intensive sectors and service sector. In labor intensive sectors like textile, we can see these techniques occasionally; of course the scale of the enterprise is also important besides the sectors itself. These techniques rely on human capital logic and also assert to caring about people; "human is our most valuable asset ever". This motto symbolizes HRM's rhetoric (Şahin, 2011: 280). Gaining competitive advantage through most valuable assets, HRM literature shares this point of view (For example Armstrong, 2006: 3; Tyson, 2006: 89). Despite the wide HR agenda on this issue (see SHRM, 2008) practice of HRM mostly differ from this rhetoric, especially in times of economic crisis and regression. So, we can now compare with rhetoric and practical success.

## 3. Reactions to Neoliberalism: Foundations of Self Management in Latin America

Here, we have to answer a question. Why we focus especially on Latin America? There are several answers. Firstly, neoliberal economic policies applied in the Latin American countries for the first time (Harnecker, 2010: 27). Secondly, in macro view, we can assert that there are two main positions for recovering the crisis; deepening the neoliberal policies for profit maximization goal whatever it costs or transform the production and societal relations to more human based approaches (Şahin and Gökten, 2013: 127). We focused on second solution. Transforming societal relations both in production and in broader society is an ongoing policy from micro level examples to countrywide and almost continental level in Latin America between mid 1990's and today.

Basic foundations of transforming process in Latin America has grown in the context of legitimacy crisis of neoliberal model and its applications both micro and macro levels (Harnecker, 2010: 28). Indeed, during the 2000's, efforts to create viable alternatives to neoliberal policies via non-capitalist economic

organisations began to spread in different parts of Latin America. "This can be explained at least three factors. First of all, the economic and political crises that resulted from failure of neoliberalism gave birth to a new wave of community groups (new cooperativism) and social economy based organisations. Second, emergence of ideological alternatives to neoliberalism especially with the message of "another world is possible"<sup>1</sup> at World Social Forum in Porto Alegre-Brazil, 2001. Third, electoral politics in many Latin American Countries shifted drastically, as progressive political parties moved from opposition to government" (Larrabure et al., 2011: 182). Despite the differences between Latin American countries, they are the first victims of neoliberal economic policies. This common fact shows itself in reactions of masses which evolve to anti-capitalism. (Çoban, 2011: 350-351). But overestimating this tendency would be unfavorable. For example Venezuelan economy, consists of state companies that compete with but not intended/designed to replace private ones in certain key sectors for avoid inflation and scarcity of basic commodities (Ellner, 2012: 106). So indeed, the first economic policy of Bolivarian Government was aiming endogenous development and redistribution. The mission was not aiming the capitalist regime directly. It was aiming to balance neoliberalism with progressive social policies and to create an economic alternative for capitalism which is enemy of the humanity (Harnecker, 2010: 12, 46-47).

In 1972, just before the neoliberal policies become effective, total foreign debt of whole Latin America was 31.3 billion \$ and it exceeded %33 of GDP only in Nicaragua, Peru and Bolivia. In the late 1980's the debt reached 430 billion \$ and it exceeded %33 of GDP in every single country in the region, not only Nicaragua, Peru and Bolivia. Moreover, Nicaragua's debt peaked at %1200 of GDP in 1988. During the neoliberal era, open

unemployment rates increased across in Latin America on average from %5.8 to %10 of workforce<sup>2</sup>. At last, average real wages fell by %16 in Argentina, %8 in Brazil and %4 in Mexico at 1994-2001 periods. Even considering only the 1990's long after the debt crisis, the comparison bodes ill for neoliberalism. Argentina's economic collapse brought to a close the 'triumphalist' phase of Latin American neoliberalism. As the reforms failed economically, and mass resistance against neoliberalism has increased. New social movements like new cooperativism in Venezuela, MST movement in Brasil, Piquetero movement in Argentina are ascending in the whole continent, challenging the neoliberal hegemony sharply, and articulating popular demands for a democratic economic alternative (Çoban, 2011: 350-351; Saad-Filho, 2005: 224-227). For example, Venezuela, Bolivia and Ecuador governments are considered "new left", "populist left" or "21<sup>st</sup> Century Socialism" for most political analysts. All three governments came to power with an absolute majority of votes for to bring a "democratic alternative hope" (Ellner, 2012: 97).

Neoliberal economic policies also caused seriously unequal income distribution in Argentina and other Latin American countries. For example in Argentina, the top %10 of the population earned 26 times more from the bottom %10 in 2009. The wealthiest %10 held %33 of national income, while the bottom %40 strata earned %13 of national income. In other words; Gini Index of Argentina in 2009 was 0.426, a most unequal rate (Ranis, 2010: 80). Privatizations, company downsizings, outsourcing and the deregulation of labor markets were underpinned by a mass outflow of capital to foreign economic interests, compromising the competitiveness of thousands of businesses all over the country. Meantime thousands of SME's were losing their market share and unable to compete ability (Larrabure et.al, 2011: 188). Then, there has been a resurgence of struggle inside the workplace

<sup>1</sup> As Petras & Veltmeyer (2010, 69) point out; "Not antiglobalization but a more ethical form. Not anticapitalism but a more human form of capitalism, a more sustainable human form of development. Not antiimperialism because imperialism is not a issue".

<sup>2</sup> The rate of unemployment here, not include underemployment and informal employment types, which may reach half of the labor force.

and Argentina's working class has turned into its historical tools for liberation; direct action, the strike, sabotage and the factory takeovers. Democratic alternatives and workers' self management practices upraised in time and in the midst of 2000's workers have organized in internal commissions functioning autonomously and demanded livable salaries and improved social conditions apart from traditional unions (Trigona, 2007: 110).

CGT, CTA and ATE are Argentina's traditional unions. They failed to prevent the dismantling labor protections during the 1990's. So, as an alternative to these unions many public service sector workers in hospitals, schools, banks, transportation etc. have led an initiative known the MIC. Workers participating in this coalition define themselves as class-based, antagonistic, and critical of "union bureaucracy"<sup>3</sup>. Zanon-FaSinPat<sup>4</sup> is an outstanding example of this process (Trigona, 2007: 112-113; Ranis, 2006: 15-16). Steve Ellner states that, in Latin America, (especially in Venezuela, Bolivia and Ecuador) workers in the marginal and semi-marginal sectors in the economy, which are long ignored by the political and cultural elite played lead role about social change, organized working class, not (Ellner, 2012: 108-109).

Can workers' self management constitute an alternative on human development in the context of present conditions of global world economy? Because if it can, this "new cooperativism"<sup>5</sup> wave, will

<sup>3</sup> Union bureaucracy term is very important for understanding new worker movements in Latin America and developing world. Because between 1980's and 1990's, traditional trade unions neglected workers primary problems, long working hours, low wages, lack of social security which became main rules of working life. After 2001 Crisis, unemployment also increased but traditional trade unions stands together with state and capital owners, and almost did nothing to prevent these labor oriented situation. This phenomenon shows the differences about social change between organized working classes and non-proletarian underprivileged classes. For a comprehensive work on union bureaucracy see, David Camfield, "What is Trade Union Bureaucracy? A Theoretical Account", *Alternate Routes*, 24, 2013: pp. 133-155.

<sup>4</sup> "Fabricas Sin Patronos-Factories Without Bosses".

<sup>5</sup> This new cooperative movement characterised by four features that distinguish it from the traditional cooperative

confront important challenges from both the state and market forces, suggesting that their autonomy is subjected to shifting and contested dynamics (Larrabure et.al, 2011: 181). Here we have to point out about situation in Venezuela. Latin American new cooperativism movement most commonly seems in Venezuela but the Government's position also different from other Latin American countries.

When Chavez first elected in 1998, Venezuela has only 762 cooperatives but in 2005 this number reaches to approximately 84.000 and in 2006 become 158.917%. This incredible increase also has other reasons like easy access to government funds; avoid taxes and traditional business necessities within legal framework etc. However, the extensive government support is an important feature of Venezuela's current cooperative sector (Larrabure et.al, 2011: 184-185; Lebowitz, 2008: 128).

#### 4. Workers' Self-Management Practices in the Workplace

In this section we will especially focus on two avant-garde workers' self-management practices which are Venezuela's SPU's and Argentina's WRE's. There are two main reasons of this focus rather than other Latin American countries practices like Brasil, Bolivia or Uruguay. The WRE movement gained legitimacy despite Argentina government and created a powerful transnational network amongst recuperated factories. Indeed, shortly after the crisis, WRE movement showed its avant-garde notion with occupied factory examples in capital Buenos Aires based on grassroots mobilization and gained legitimacy in public, despite neoliberal government of

movement; first of all it emerged as direct responses by workers and other grassroots groups to the crisis of the neoliberal model. Second, it tends not to have strong links with older cooperative movements at least in its beginning phase. Third, it develops stronger horizontalised labour processes, decision-making structures, and more egalitarian pay schemes when compared to older cooperative experiences in the region. Lastly, it has stronger connections with surrounding communities and social movements than older cooperatives (Larrabure et al., 2011: 182).

<sup>6</sup> Also there are arguments about real number of functioning cooperatives ranges amongst 30.000-60.000; yet there is still a significant increase from previous decade.

Argentina.<sup>7</sup> That's why we preferred to focus Argentinean practices amongst others. So, why Venezuelan practices? Similar to Argentinean workers' movement, Venezuela's SPU's created a powerful network amongst each other and also continental level just one critical difference; Venezuelan laborers achieved this goal with support of Venezuela's government. So, Venezuela's SPU's created with collobaration of people and government in the same time. That is the main reason why we preferred to focus on Venezuelan practices. Most important reason of all, workers' self-management movement seems quite homogenius (about ownership of the means of production) in both Argentina and Venezuela. Also there are lots of self-management experiences in Brasil, Bolivia or Uruguay. Even though there are precious workers' self-management experiences in these countries also there are other self-managed experiences which motive within capitalist logic. Lima (2007) shows stunning materials on this matter. So, these countries are far from a homogenius tendency, yet (Şahin and Gökten, 2013: 128). In addition, in HRM literature there is a tradition which is "sharing the best practices". If so, we can focus on avant-garde workers' self-management practices, too.

Larrabure et.al (2011) shows that, in the cases Venezuela's SPU's and Argentina's WRE's participants learn new values and practices, and collectively create prefigurative knowledge that anticipates post-capitalist social relations. The WRE movement surged around

<sup>7</sup> Despite these facts, Marina Kabat warns us about limitations of optimism; "the factories experienced different processes. The workers' councils had to contend with technical obsolescence, debt, and the obligation to indemnify the former owners of the factories in order to survive capitalistic competition. Many worker-controlled firms couldn't survive. Others managed to persist but at the price of self-exploitation of workers, who earned less than salaried employees in capitalistic firms. In some factories there was a return of capital command over production, for example, customers lending money to firm. Many taken factories did not have the resources to obtain necessary production materials so they agreed to work with materials provided by customers, who then paid only for labor. Yet the more competitive worker-controlled factories tended to evolve in a different direction. Some of them hired salaried workers thereby reintroducing capitalistic relations within the factory." (Kabat, 2011: 365-366)

Argentina's economic crisis of 2001-2002 and comprises democratically managed worker cooperatives that emerged from worker-led conversions of bankrupted, failing or mostly owner-abandoned private firms. SPU's are state owned, non-profit productive enterprises managed democratically by a combination of their workers, local communities and the state. Larrabure et.al. (2011: 183-184) focused on Venezuela's SPU's which are concentrated on agricultural industries and Argentina's WRE's which are concentrated on both industry (for example print shops and newspaper) and service sector (for example medical clinics, waste disposal and park maintenance cooperative) practices. Important point here is, HRM practices can operable mostly in capital intensive industries and service sector but Latin American self-management practices can operable in both capital and labor intensive industries and also service sector.

SPU's "Workers Council" is a key organ. Similar to a worker cooperative, many of the SPU's have a decision-making process by workers through the workers council based on day-to-day activities, an assembly style political body based on participatory democracy. Also the state is an important decision maker at SPU's. Therefore, each SPU has at least one coordinator who answers to the government. Lastly the third decision making actor is the local community, comprised of Communal Councils and local producers (Larrabure et.al, 2011: 185). We have to underline a difference between HRM's participation logic and SPU's participatory democracy. The types of HRM's participation as follows; direct participation (consultative, delegative), indirect participation (joint consultation, co-determination, collective bargaining, worker directors) or financial participation (profit-sharing, share ownership). In practice, managers do not prefer types of financial participation, easily (Sisson and Storey, 2000: 94-100). So, the right question here is who determines the content and level of participation? SPU's are quite flexible on this issue.

In SPU's, participants use the workers council as a tool for satisfy many needs; such as family needs, personal needs and community

needs. Hiring someone for a job amongst candidates is another challenging area. Different examples show that, hiring decision is a hard period for workers councils' and as well as whole community. For instance, Jorge is a candidate for a job at one of the SPU's;

"Several Communal Council representatives argued against him because he did not live in the community nearby, and this was an important criterion established by the hiring committee. However when they learned that Jorge was a young single father of two and that the SPU'S Workers Council considered him an appropriate candidate for the job, they changed their minds and voted for him. To be fair, Jorge did possess many of the skills the job required, contributing to him getting the job. But the important point is that democratic hiring process is an important space for all parties involved to learn about the needs of community members and to listen to each others arguments. For Jorge, the outcome of the process meant that he is now better able to meet the needs of his family" (Larrabure et.al, 2011: 186).

The most important side of this quotation is not simply replacing the HR department with Workers Council. Instead, for taking hiring decision, testing the job-skill match/qualification is not the only criterion but considering both community and workers human development as important as qualification.

Sometimes in SPU's, workers organize and product without governments manager. Organizing and planning collectively without a manager, also help to increase productivity.<sup>8</sup> This situation similar to Argentinean self-managed factories. For example, a SPU (in agricultural industry) had to operate suddenly without a state coordinator approximately six months. "The workers dealt with the situation by having meets and developing a strategic

<sup>8</sup> Harnecker (2010: 86-87) states that the perception of productivity also different in these Latin American cases. Latin American productivity contends nature conscious, multi dimensional human development not only productive capacity and meaningful work for all workers.

plan for their SPU. The results were great. When there was a coordinator, the maximum amount of tomatoes they had managed to process in a month was 90.000 kg. Under self-management they reached 150.000 kg" (Larrabure et.al, 2011: 187). In this SPU a worker identifies democratic participation as a "learning process", so the particular people demonstrate a high level clarity to take a leadership role, serving as "teachers" that are able to explain things that sometimes others don't understand. It is clear then, that as workers learn to democratically and collectively plan and manage their workplace; organic leaders emerge, eliminating the need for an artificial boss (Larrabure et.al, 2011: 187-188). Leadership takes serious space both in the literature of organizational behavior and human resources. Together with this reality and need for supervision, SPU types of practices are superior from their counterparts.

In Argentina, forming cooperatives only the first move in often long legal, community based and political struggles that gave the workers temporary rights to takeover<sup>9</sup> the factories and enterprises to initiate or continue production and services, notable instances are "Zanon" and "Hotel Bauen" (Ranis, 2010: 77). Zanon is very spectacular. In October 2001, just before Zanon factory had closed production rate fallen to 20.000 square meters with 331 workers (Ranis, 2006: 12). In March 2002, 260 workers reopened it. With this new process all wages equalized, transportation costs of workers absorbed by factory and finally wage improvements arranged based on seniority which is only difference between workers. Production rose to 60.000 square meters in September 2002, 120.000 square meters in February 2003, 250.000 square meters in December 2003. The production exceeded 400.000 square meters at the beginning of 2005.

<sup>9</sup> In the cases of occupied factories and enterprises, there was overriding evidence that the industrial recession was often fraudulently used by owners the decapitalize their firms to achieve really huge (millions of dollars) government credits for non-production related financial speculation and ultimately deprive the workers of their earned wages as they broke the labor contracts and often simply walked away from the factory or enterprise (From Kulfas, 2003: 8-19 cited in Ranis, 2010: 81).

Number of workers also increased with self management from 260 in 2002 to 475 in 2010 (Çelikkol, 2011: 354-355; Ranis, 2010, 89). We have to note that, Zanon is the biggest worker controlled factory in Argentina. Zanon practice, can considered a success or a threat which depends social classes. Indeed, Neuquen province was home to the newly privatized gas and petroleum holdings employing over 150.000 workers, and "Zanon Worker Management" fulfilled with "working class virus" and of course represented a dangerous model for business (Ranis, 2006: 12). As one of the workers from Brukman Garment Factory explained the source of fear:

"We already know how much a suits cost, how much the raw materials costs. Perhaps this is why they want to throw us out, because we know how to manage a factory and we know that if workers can run a factory they can also run a country and that is what the owners of businesses fear" (From Magnani, 2003: 170 cited in Ranis, 2006: 15)

Practice of Zanon, has both micro and mezzo level successes. Zanon, planted to "self-determination" and "democratic alternative management" ideas seeds on workers minds in micro level which is very important for future worker generations can reverse the logic of capitalism by produce for communities rather than profits and empower workers unlike limited options like HRM practices, instead of exploiting them (Trigona, 2007: 116). "These activities make for a radical contrast with the most alienating aspects of the daily work routine under capitalist administration" (Meyer & Chaves, 2009: 172). So, the alienation is also depicted and collective ownership of the enterprise acted as catalyst for worker ingenuity, creativity and sacrifice once reported before (Ranis, 2006: 22). In mezzo level, success is becoming an example for legal recognition<sup>10</sup> with community support

<sup>10</sup> In November 2004, Buenos Aires Municipal Council, passed a legislation of thirteen occupied factories in Buenos Aires which that made "permanent the rights of worker cooperatives" to maintain control over "their enterprises". These enterprises are in metallurgical, food processing,

(Trigona, 2007: 115-116). Zanon also has excellent relations with the local university, the "piquetero" organizations, civil society at large by way of its community center, health clinic, employment of those who need and multiple cultural, artistic and recreational outreach programs that often included 10.000 people from city of Neuquen (Ranis, 2010: 89).

Zanon practice has redefined the basis of production: "without workers, bosses are unable to run a business; without bosses, workers can do it better". Indeed, these worker controlled factories are forced to exist within the larger capitalist market which is in serious crisis; they are forming new visions for a new working culture basis on solidarity and self-management. Zanon workers are putting into action systems of organization in which the workers participate in all levels of decisions (Trigona, 2007: 115-116). All policies are made by majoritarian decisions of weekly run assemblies in Zanon. Once a month, production halts for an eight hour discussion among the workers for concerning procedures and goals. In addition leadership positions are not permanent<sup>11</sup> in Zanon and the constant rotation of positions of responsibility is a hallmark of this cooperative. Wage regulations are another different practice from traditional HR practices just we indicated before. Basic salary is 600\$ for a month. Only those who responsible for key areas (such as maintenance of the machinery) and those who safeguard the factory at night and on weekends receive an additional %10 over the basic salary (Ranis, 2010: 91).

WRE's are not only in industrial sector but also in service sector as we point out before.

meatpacking and allied industries, printing and ceramic establishments, hospitals, health clinics, private schools, hotels, supermarkets, pharmacies, and other services. With this legislation stipulated that the machinery, the trademarks and the patents belong to the workers. The workers were given three years of grace to begin paying over twenty years, in six month installments, the value of the firm at the time of the bankruptcy, not the enhanced value added by the workers at the time of the expropriation (Ranis, 2010: 82-83).

<sup>11</sup> Leadership, representation or delegation positions are not permanent in Latin American countries which claim themselves "21st Century Socialism" both in micro level (workplace) and mezzo level (national). For detailed information see (Harnecker, 2010: 77-81).

In Argentina, “Bauen Hotel” has another successful practice. The Hotel has 200 rooms and reopened in 2003 with staff of 40 and employs 150 in 2007. Legal recognition is an important phase at Bauen Hotel, too<sup>12</sup>. Despite there was ambiguousness about the Hotel’s ownership until 2011, workers continued to run it (Trigona, 2007: 116-117). Bauen Hotel has become a prime example of coalition building and the development of a broad mutual support network. Hotel’s floor was covered with beautiful high-quality porcelain tile, a trade between Zanon ceramics factory and Bauen. Zanon workers and other activists including cultural groups like Venezuela’s national oil company workers organize events and stay at Bauen while visiting Buenos Aires (Ranis, 2010: 92; Trigona, 2007: 117). They symbolize an alternative path to economic development that is predicted on worker solidarity and a real workplace democracy. So, Argentina’s cooperative movement represents an intelligent, resourceful, pragmatic, micro-managed alternative to existing unemployment and poverty situation among Argentina working class (Ranis, 2010: 102).

Although the 205 WRE’s and the almost 9.400 workers that comprise them represent a small fraction of Argentina’s national economy they nevertheless show workers innovative capacities for saving jobs and adeptly self-manage their work without bosses. Venezuelan SPU’s were supported by government, but Argentina’s WRE cooperatives were the results of spontaneous activity from below for avoid unemployment threat. Workers want to protect themselves from massive unemployment rates and poverty. Workers declare that “they became cooperativists out of

necessity, not because they wanted to be” (Larrabure et.al, 2011: 189). So, main motivation of these workers was for protect their jobs continue to production without bosses (Trigona, 2007: 116). Indeed worker cooperative movement owes much of its momentum to social economic crisis that almost offered any alternative to laborers and employees but unemployment and poverty (Ranis, 2010: 77). With little support from the state or from favourable labor policies, WRE protagonists have taken it mostly upon themselves to restructure their enterprises, resist state repression in some cases, negotiate the legal status of their new cooperatives with bankruptcy courts, restart production and make this firms economically viable once again (Larrabure et.al, 2011: 189). That was a strategy which seeks to protect basic machinery, patents and copyrights from the auctioneer’s (Ranis, 2010: 79).

Thus, gradually these workers live out daily the challenges of self-management, they start to rethink and replace their values. There are changes from individualistic values to cooperativist values, from competitiveness to equal compensation and from profit maximization goal to solidarity and horizontalism. In the every day activity of the WRE, most new workers trained informally and “on the job” via apprenticing (Larrabure et.al, 2011: 189-190).

In the WRE’s the apprentice and the mentor take turns not only cases of illness or vacation, but also when they need to attend a workers meeting or participate in a political rally to support other social movements. Second, the mentoring process is not only about instrumental knowledge and skills acquisition, but also about learning cooperativist values. On the job training is more important phase for most of the WRE’s rather than hiring someone just for spesific skill sets. Skills can be learned on the job, many but quarenteeing longevity of the WRE are much more difficult. So, the mentor-apprentice relationship also includes training of new members to appreciate and uphold cooperative values, in effect working towards securing the longevity of the WRE after the founders retire (Larrabure et.al, 2011:

<sup>12</sup> A bill of expropriation, the *Ley Nacional de Expropiación*, which would definitively entitle the Bauen workers to ownership of the hotel, has already been drafted and is being considered at the municipal and federal levels. In the National Congress, the bill is being opposed by the original owners and supported by the Bauen Cooperative, who are circulating a petition in support of the bill (Wikipedia-a). The movement led in 2011 to a new bankruptcy law that facilitates take over by the workers. The legislation was signed into law by President Cristina Kirchner on June 29th 2011 (Wikipedia-b).

191). That situation has a similarity human capital investment concept. According to the theory, if a worker quits a job after training, then the company lost its "human capital investment". Just because the nature of labor process, no one is indispensable for companies. In times of crisis, everybody can lose their job, independent of their human capital stock. So, this new situation differs in new cooperative movement. A simple principle had become common view of WRE's and other worker managed enterprises. If everyone shares cooperativist values, there is no need to fear from unemployment. For example in Zanon, they don't dismiss workers for ideological or religious reasons, only malfeasance, proven neglect of the production process or consistently unexplained absenteeism (Ranis, 2010: 91). From this point of view, Zanon and similar experiments compatible with Harnecker's being inclusive approach (Harnecker, 2010: 76-77).

So what happens at hard times of general economy or the orders stop? Indeed, what happens then to investments or salaries balance? For example more financially challenging months, are usually bridged with consensus-based cuts to, more often salaries and community contributions for those firms that engage in community work. So, the workers share equally both the profits and sustaining losses. As we can see WRE's a strong culture of active member participation in policy setting and decision making. In this sense they can be considered stakeholders as well as workers (Larrabure et.al, 2011: 191; Ranis, 2010, 95). The workers use the means of production to perform their jobs and not to exploit others. Zanon workers and other workers in the region, describe their struggle being productive for all community, not for individual gain (Meyer & Chaves, 2009: 174). Despite political challenges, this movements and independent union organizing initiatives represents one of the most advanced strategies in defense of working class and resistance against neoliberalism and capitalism in general (Trigona, 2007: 119). Eventhough we can evaluate that situation as resisting to market forces as a whole and evaluate that culture a lot more stronger than

HR oriented organizational culture, we can also describe a weak point here, which is "self-exploitation threat" (Yeğın, 2006: 79-80).

These Latin American examples have another important difference from participation based HRM practices. Participative HRM practices involve worker participation with certain boundaries and levels. This difference shows itself both in production sphere and everyday practice, in other words societal base. In production sphere, Magnani points that, "the workers assemblies, the growing awareness of their decision-making ability, the awakening of creativity at the service of work, participation - all the things businesspeople dream about their employees' doing- really do happen. Not when company communication consists of empty slogans", but rather than when the workers have real and unlimited participation in decision-making (Magnani, 2009: 35). For example, Argentina's WRE's has new forms of social production extend out to include provision for the social, cultural and economic needs of all surrounding, communities by opening up their plant to cultural, educational and social activities by involving themselves intimately with the needs of local communities and by donating goods or services to local institutions like hospitals, schools or libraries. These practices seem someone, one sided corporate social responsibility practices. Instead, this structure has interdependency with neighbourhood and workspaces (Larrabure et.al, 2011: 191). Both SPU and WRE cases, participants acquired most of their learning by informally, through everyday relations, political struggles and challenges of self-management. Significant learning occurs in planning abilities, deliberative and decision-making skills, organising collective action, political consciousness, hiring practices and development of political efficacy. Acceptance of democratic values and practices and engagement in local communities and social movements proved on important factor for learning solidarity strategies. The learning process was far from being linear and harmonious; it was shaped with collective values and social economy organisations are subordinated to hegemonic individualistic

ideologies and dominant market relations (Larrabure et.al, 2011: 193-194). Indeed, in contrast to capitalism's emphasis on the individual, 21<sup>st</sup> century socialism has a strong moral and ethical component which surrounds people with social solidarity that promotes social well being and fraternity (Ellner, 2012: 106).

## 5. Conclusions

Workers' self management practices in Latin America have an important difference from HRM about applying both capital and labor intensive sectors. This can be considered superiority. Workers thoughts about job and production are also different in workers' self-management. In self managed production process there is no need for observation to work harder and no need for taking orders from top; after all there is no need for managers. This basic fact also brings together avoiding expenses of managerial class. Workers share their knowledge about work and commodities voluntarily on the contrary of HRM practices. HRM's view to human development is limited with productivity in workplace only; self-management approach's to human development spreads to all parts of life.

On the contrary to HRM, there is a harmony between cooperative movement practices and societal transformation processes dynamics. Because there isn't any societal policy which surrounds workers from unemployment threat or worse working conditions in cases of HRM. To sum up, Latin American new cooperativism creates its own alternative economic and social organizations like WRE's and SPU's. Despite the existence of capitalistic self-managed units in Latin American countries in the same time, we agree with Ranis (2010: 102), if the global crisis emerge, the workers self-management movement and cooperative movement offer a systematic labor based alternative, they provide a model for a new cultural and ideological change in working class culture and consciousness.

## 6. Annotations

ATE. *Asociación de Trabajadores del Estado - State Employees Union of Argentina*

CGT. *Confederación General del Trabajo de la República Argentina – General Confederation of Labor of Argentina*

CTA. *Central de los Trabajadores Argentinos - Central of Argentina Workers*

FaSinPat. *(Fa)brica (Sin) (Pat)rones - Factories Without Bosses*

GDP. *Gross Domestic Product*

HRM. *Human Resources Management*

MIC. *Movimiento Inter-Sindical Clasista - Class Struggle Coalition of Argentina*

MST. *Movimento dos Trabalhadores Sem Terra - Landless Rural Workers' Movement of Brasil*

SME. *Small and Medium Sized Enterprises*

SPU. *Socialist Production Units of Venezuela*

WRE. *Worker Recuperated Enterprises of Argentina*

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