Worker Participation and Industrial Relations – The Trend Toward Decentralization

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Volume 31, numéro 1, 1976

URI : id.erudit.org/iderudit/028685ar
DOI : 10.7202/028685ar

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The author examines the recent developments in worker participation in the context of overall patterns in industrial relations. In Europe, it appears as a complement to traditional patterns, an attempt to decentralize influence. Efforts toward worker control are likely to have limited appeal in places such as the United States and Britain where labour perceives industrial relations as already fairly decentralized.

The existing systems of worker participation in Western Europe, by almost every account, have not been very effective and it would be reasonable to conclude that these systems will be considered historically as a noble but ill-conceived experiment. Yet an examination of recent developments in Western Europe reveals strong evidence from both management and labor that participation is still considered a very legitimate goal (12) for which both sides are searching for viable mechanisms. Recent changes in structures and processes mean that in some form worker participation is likely to become integrated into modern industrial relations on the local, national and transnational (EEC) level (32).

Some tentative conclusions can be drawn from the experience of the past 30 years:

1. The mechanisms have been far from effective in achieving the lofty goals set for them;
2. Most countries will not abandon the attempts at worker participation but will implement measures to increase their strength and effectiveness; and
3. Worker participation in the future will become part of the regular industrial relations system and will serve a function of decentralizing a traditionally highly centralized labor-management relationship.

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As both labor and management realize that profound changes in industrial relations are imminent, and that their traditional prerogatives are being eroded, they are beginning to approach the topic of worker participation on a more practical level. Each is beginning to recognize that more than ideology and good will are needed for effective worker participation.

Numerous general surveys (2, 9, 26, 28, 34) as well as specific case studies (1, 23, 35) of particular situations are available. In this paper, participation in the context of overall industrial relations and the evolving patterns of European labor unions in particular will be viewed, drawing generalizations from events in particular countries.

It is not suggested that such an approach provides a complete understanding of worker participation, but rather, some insight into what has happened over the past 30 years and some likely future developments.

BRIEF BACKGROUND ON EUROPEAN INDUSTRIAL RELATIONS

Industrial relations can best be understood in a context of cultural, social, political, and economic factors (31).

European labor, unlike those in America, have been highly centralized (31). Unions have long had deep class, religious, political, and ideological meaning, with membership viewed as an expression of class feeling (10). Ties between unions and political parties are far more explicit than those in the United States. Employers are also highly organized, and these two highly organized and centralized partners, therefore, have evolved into a collective bargaining institution that itself has been centralized, a pattern which mirrors the political structures of the countries themselves. Negotiations are conducted at a far higher level than those in this country (31).

The integration of organized labor and politics may tend to broaden the influences and orientation of labor leaders during negotiations (31) which are apt to be quite general. Furthermore, they must relate to a large range of diverse institutions with far less focus on issues relating to particular enterprises or workers. In as much as unions had a far more explicit ideological and political foundation, negotiations reflected these orientations; i.e., they concentrated on changing society in a broad way rather than on ameliorating specific ills — a pattern which evolved in response to the environmental conditions in the 19th and 20th century.
Changing conditions during the last 30 years have brought a number of stresses to traditional industrial relations. The overall labor shortage has resulted in improved wages and other benefits, and has removed the existence of the very adverse conditions that dominated earlier industrial relations, creating a situation that is beginning to decrease the salience of the broad contracts worked out between centralized employers and unions and government. Some of the forces that bound employees of diverse enterprises are dissipating. No longer can a common class identity or a common feeling of low standard of living provide a compelling force for labor to subordinate local interests to broad social and political goals.

These factors suggest a critical impasse for labor relations in Europe, a conclusion that is supported by a number of observers (3, 31). There is growing pressure to decentralize industrial relations, to supplement the centralized focus of traditional employee-employer relationships with mechanisms at the firm, plant, or even at the shop level, although the result of these pressures is not yet clear.

In some places, both unions and management are resisting decentralization and the movement of collective bargaining or any other mechanism into the firm. More typically, unions have tried to extend their influence into the firm by radically changing the tradition of broad collective agreements by negotiation at the plant level. New institutions are emerging at the firm level on which predictably, unions are trying to broaden their influence and with which management would like to restrict at least the formal ties with organized labor. The most common form of these institutions is a works council; other forms include board representation of employees, human relations techniques such as job enrichment, and certain types of worker control. Union control may be exerted by making union membership a basis for nomination to a council. Indeed, Ross reports that some unions view the works council as «the prolonged arm of the trade union.» (31, p. 143). Even where the union lacks official power to influence the works council, informal influence usually exists. The works council will be discussed in the next section.

In exploring the implications of these trends for the United States, the American labor unions, unlike their European counterparts, have not only a legal existence in the firm, but a deep history and accepted function of dealing with social matters and working conditions unique to the firm.

While much of what is being attempted in Europe will match existing mechanisms in the United States, proposed structures for the works
council and worker control in Europe dealing with basic distribution of formal authority and access to information of the enterprise far exceed present American approaches to industrial relations and any stated goals of most American labor leaders.

THE EVOLUTION OF THE WORKS COUNCILS

Given the traditional pattern of industrial relations and the changing environmental conditions surrounding these patterns, it is not surprising that there is an attempt to extend the institutions of labor and management relations to a more specific orientation at the company level. Some forms of works councils in most Western European nations were legislated in the years following World War II although they had been preceded by Productivity Council during World War I and even earlier in many 19th-century Socialist programs, but the serious attempts at implementation stem from the later date (34).

Typically, a works council consists of elected worker representatives and an equal number of representatives of management. The council usually has the right to receive or demand certain information and to express an opinion. In some particular areas the council may have decisional or veto power (37).

Although there are few who claim that the works councils have had much impact on the workers, on management, or on industrial relations in general, there are some positive results attributed to these systems. Many observers believe that with even limited success, the 30 years' experience was necessary to overcome ideological resistance. Management now basically accepts worker participation in theory and despite the formal ideology of the more radical unions, most organized labor is attempting to make the mechanisms more effective (37). A report on European industrial relations suggests that the participatory mechanisms have opened up both management and the labor unions (27, p. 86).

Part of the problem for the works councils stems from their structural foundations. Ideally, the works councils and other mechanisms are intended to cover areas where a common interest exists between labor and management. Collective bargaining would cover issues where management-worker goals are mutually exclusive, a distinction that is difficult to support either in theory or practice. Asplund contends that the unclear middle role of the works council is the major problem. «There is no clear demarcation between cooperative questions in the works council and conflict questions like wages in the bargaining machinery.» (3, p. 52)
It is certainly problematic whether any issues rest on mutually common assumptions and goals. The works council is supposed to be based on cooperation while collective bargaining is firmly based on negotiation. Role conflict is easy to predict from the various stances of labor and management. Ideologically, it is impossible for many unions (especially the more radical) to accept any common interest between management and labor, suggesting that any such cooperation means that the participants are working for management and against labor. Such judgments are voiced repeatedly by the more radical unions in Belgium and France.

Referring to the Belgian Social Democrats, Ken Coates states that "the very concept of co-determination is an instrument of integration into the capitalist system... It tends automatically to associate the workers with decisions made within the framework of capitalist management of the enterprise. It aims to have the workers assume equal responsibility for all decisions made, and automatically places their representatives in an uncomfortable position which tends to integrate them into the existing system... the system is (ut in operation) by those seeking to end the class struggle." (21, p. 81).

While such logic might be expressed by classic Marxists, it sounds anachronistic to our society. Yet, it is apparent that there are many structural difficulties to the creation and maintenance of an open, cooperatively-based, and meaningful body in the context of such deeply entrenched institutions as collective bargaining, professional management, and the modern complex organization. An earnest conviction in the potential success of a works council must rest on some tenuous assumptions about the nature of complex organizations as cooperative ventures. It is probably more useful to view organizations as a coalition of interest groups each vying for limited resources. From this view, the future of the works council rests more on negotiation than on collaboration.

Supporters of collective bargaining believe that if matters formerly regarded as management prerogatives become subject to some kind of binding discussion (as has been proposed for the works council), then these issues should be subject to collective bargaining. If the works council is just a forum for workers to raise questions and management to respond (as is typically the case), or at best for management and workers to share information, then there is little likelihood of much impact on the distribution of power and authority in the firm.

Other problems stem from the attitudes management brings to the participatory schemes; from the lack of skill in group processes; from
the workers' (and management's) inadequate technical background in discussing various problems; and perhaps most critically, the workers' lack of critical information.

Nevertheless, *Business Europe* reports a survey which indicates labor's broad support for the concept of industrial democracy and little overt opposition from management (20, p. 69). On the other hand, those holding the view that there can be no useful changes within the existing economic structure reject the whole theoretical concept of worker participation in management, although they do little to overtly obstruct its attempted implementation.

Other unions support participation either in its ideal sense or as a means to extend traditional collective bargaining. In Great Britain there is a representative view that collective bargaining should be extended rather than creating new forms of participation. A high official of the British Trades Union Council states that «collective bargaining is the most effective means unions have devised to prevent owners from abusing their power.» Joint consultation was an ancillary method but is likely to be absorbed into the collective bargaining method of achieving industrial democracy (38, p. 149).

**RECENT UNION PROPOSALS FOR WORKER PARTICIPATION**

The laws and proposals developed in each country provide a clearer picture of developments in worker participation. From the many serious and realistic approaches that exist in most European countries, it can be concluded that some form of participation is inevitable although its ultimate structure is as yet not clear.

Once again, the Belgian experience can be cited. Both major unions (Social Democrats and Christian Democrats) are pushing for a workers council that will exclude management (37), with a proposed veto power over such matters as work rules, methods, layoffs, and closures, reflecting the unions' continued effort to expand their influence over day-to-day operations. Unions are also planning crash education courses for the elected representatives to provide them with technical business information. They are also pushing for stronger disclosure laws, building on the argument of those like Blanpain who feel that a works council without basic information is useless (7). Simultaneously, programs of job enrichment and autonomous work groups are also being sought.

In Sweden it has been proposed that collective bargaining be extended into areas such as employee participation in supervisory
practices, hiring, firing, and employee contracts. Work reform programs in Volvo, Saab, ASEA (18, p. 8) are being advanced. The central union confederation, which up to 1961 had condemned the idea of worker participation with management, is now pushing for these experiments in order to give low-level workers more authority and responsibility (18, p. 8). Recent legislation for worker representation on boards has motivated the workers confederation to launch training programs for such appointees (39, p. 118), although this type of representation is considered a minor part of participation. The workers union is negotiating for an auditor to provide financial information for the workers.

Thus, Swedish labor is pushing for participation at a number of different levels (2, p. 16). Yet, the unionists have not escaped criticism of unions elsewhere for their half-hearted attempts at instituting democracy (27, p. 20), and it is moving the Swedish labor unions to attempt to strengthen the formal structures of participation a shift from voluntary cooperation and consultation to legally-instituted rights of co-determination.

In Norway the unions have been critical of the works council with the Norwegian Federation of Trade Unions urging board representation (2, p. 44). As in Sweden, Norwegian labor has been supporting shop floor experiments in self-directing work groups, and is moving past voluntary participation toward more formal rights for workers in management decisions.

In France a commission appointed by President d’Estaing attacked both the unions and the employers for backward attitudes, proposing board representation for the workers and laws forcing companies to share information on such areas as salaries, benefits, schedules turnover, and promotion. The Communist-related union, the CGT, which has long based its program on the irreconcilable clash of interests, termed the report a «reform strick» (18, p. 57), but has relented on some of its anti-participation. Nevertheless, it is still fearful that an integration of management and workers would cripple its demands. The ideologies of even the more moderate unions (CFTC and CGT-FO) restrict participation; the concept of class struggle, although certainly less compelling than formerly, still severely restricts unions from wholeheartedly endorsing attempts to bring about effective participation in management.

The existing consultative system, not widely used, is limited to areas that raise no conflict (6, p. 87). In other directions the government has pushed profit sharing, and the CGT and CGT-FO have suggested
that there is more to be gained through collective bargaining. Garson concludes that the «dead hand of the CGT impedes any substantial moves toward worker control in France.» (24, p. 19). Any developments in participation have to counter an environment that has reinforced rigid social classes, lack of opportunity, and low social integration.

There have been some dramatic instances of worker assertiveness (e.g., the Lip case in 1973 and the Jaeger plant at Caen where workers won a right to affect the speed of the assembly line), and the French government continues to urge a mild form of participation. After the 1968 revolts, the NFDT supported decentralized systems of self-management. It might be stated that the unions support «democratic management in a socialist perspective» (14, p. 135). Worker participation similar to that in the Northern European countries is unlikely to make much progress in France where unions continue to see industrial relations as a class struggle, a win/lose situation between management and labor, a stance which leads the unions to resist efforts that might help both the worker and the enterprise. Although formal worker participation is unlikely to advance very far, Business Europe suggests that «the methods themselves can be powerfully effective and specific companies will likely find advantages to adopting some forms of worker participation» (14, p. 135).

In Britain, until recently, there has been little union support for European-style worker participation. It was not until 1973 that the Trade Union Council and the Labour party backed the idea of industrial democracy when the TUC formally adopted a position in support of co-determination, a position regarded by many as less than serious (38, p. 150).

British unions have expressed little interest so far in works councils. There is, rather, more interest in financial participation and in extending collective bargaining following the pattern of the United States (22, p. 127), a position consonant with labor’s emphasis on shop floor powers exercised through strong shop stewards. To the British this represents industrial democracy. Recent government acts to extend participation have been opposed by the TUC and regarded as a drive to destroy the power of the shop stewards and to undermine collective bargaining (30). Historical British conservative support for mild forms of worker participation may explain labor’s hesitancy to endorse continental forms of participation. Board representation, a mechanism not perceived as a threat by the TUC, is supported if worker directors are chosen through «trade union machinery» (38, p. 150).
In the Netherlands unions have leaned toward a stronger form of approach. They have also supported profit-sharing schemes and shop floor experimentation (2, p. 37). They have pushed increasingly for real power to counterbalance that of capital (40, p. 140). It is anticipated that a law will be enacted to provide for a form of profit sharing through a union-administered fund to increase its influence and potential control of a company. A strengthening of the worker participation law is also being sought. (16, p. 278).

In West Germany although ties between trade unions and works councils are informal the unions prepare slates of candidates for council elections since approximately 90% of the membership are union members, a number vastly exceeding German union membership (2, p. 12). As in other countries, the unions are pressing for co-determination based on equal representation of workers and management to counter the present minority representation of workers in most industries (13, p. 92). «Humanization of work» efforts at the shop floor level are also being pushed.

Despite some claims that efforts toward participation have been far from effective, Van Gorcum cited evidence that co-determination gives unions a considerable influence over the climate of the enterprise and over social policies, and through seats on the boards of supervisors provides information to workers (36, p. 12). Garson claims that there has been a spread of unionism to non-union firms (24, p. 9).

Finally, there is qualified union support of a European Corporate Law that would include some form of worker participation. The principal labor group of West Germany, the DGB, suggests that the works council should be able to negotiate where no collective agreements exist. Along with other major European unions, the DGB supports a plan that will ensure union influence (25), a position expressed with respect to the proposed «Eurocompany» taken by unions in general. Unions support the principle of labor representation when they regard it to be more than symbolic (25).

UNIONS AND WORKER PARTICIPATION: THE AMERICAN EXPERIENCE

Unlike their European counterparts, American unions in general have historically rejected or de-emphasized political activity and demands for radical social change but instead, have pushed for immediate improvements (33, p. 149). Until 1900 there had been forces supporting industrial self government (Knights of Labor, and IWW) but the mainstream of labor emphasized collective bargaining. Unlike
European labor, much more emphasis was placed on local agreements in the U.S. Demands for radical change were never a compelling force for the majority of American organized labor. Rather than demanding «shared power» in overall management functions and in the formulation of policy, unions have preferred to defend the worker’s point of view in bargaining (4). Distrust of worker participation may stem from small attempts at employee representative plans where they were used for anti-union purposes (33, p. 155).

The most distinguishing factor in American patterns of collective bargaining is its decentralization: The union has a presence in the plant. Perhaps the stance of American unions is best expressed by Sturmthal: «Collective bargaining is an indirect way of participation;... The refusal of United States labor in its search for industrial democracy, to accept open managerial responsibility as well perhaps as failure to develop a political party, has compelled United States Unions to use collective bargaining in highly ingenious and inventive fashion.» (33, p. 173).

Clearly, American unions consider collective bargaining a form of industrial democracy. If the goal of individual democracy is a sense of control over one’s work, the American system moves toward that goal. Tannenbaum suggests that in contrast to the countries with work councils, in America workers typically «perceive» a greater sense of influence over their work and the enterprise than do their European counterparts (Tannenbaum).

Irving Bluestone expressed the current view of labor very well in a recent speech in which he distinguished between managing the enterprise and managing the job (8).

In the United States, labor contracts, with their hundreds of provisions establishing and protecting the rights of workers, leave substantially to management the sole responsibility to determine the products to be manufactured, the location plants, the schedules of production..., to improving wages, benefits, conditions, leaving managing the enterprise to management.

Bluestone suggests that if approaches to worker participation occur, they will stem from practical rather than ideological conditions, intimating that there will be strong interest in shop level participation as there has been in Europe.

It is easily discerned that worker participation in decision making will more readily spring up with regard to those aspects of working life most immediately and noticeably affected. Managing the job is more immediate and urgent... worker concern for managing the enterprise is more variable (8, p. 19).
There is little evidence of much future change from the presently discernable course of American unions. The present system is considered a highly developed form of participation and unions in this nation will continue to reject participation in management, or in Sturmthal’s words, they will continue to be a critic rather than a partner, to influence through negotiation bodies rather than managerial bodies.

Hence, while formal bodies of worker participation following the European model are unlikely, there may be some informal developments. As the level of education rises, and as more organizations are based on more complex goals, technologies and structures, there may be increased participation and decentralized decision-making stemming from the evolution of the firm itself.

Bok and Dunlop are even stronger on this topic:

If anything, the prospects for worker participation seem even more remote in America than in Europe. Much of the intellectual backing for cooperations does not exist in this country. In addition, works councils are not needed in America to fill a vacuum at the plant and company level, for unlike the situation in Europe, unions in the U.S. have established vigorous local bodies to represent employees at the workplace. The American labor movement, moreover, has been hostile to works councils ever since WW II, when employers sought to use such employee-representation plans as company unions to win the loyalty of their employees away from the unions. Hence, labor would doubtless oppose such consultative bodies unless they were firmly under union control... The American worker has given very little evidence that he cares at all about participating in the running of the business... As a result, the growth points of collective bargaining are more likely to be in enlarging the employees’ freedom and interest in his own work. (10, p. 345).

CONCLUSION

Recent developments and interest in worker participation can be better understood in relation to the evolving industrial relation system, early history of collective bargaining, current growing complexity of organizations, decreasing class consciousness, and general lack of unemployment. Worker participation schemes represent one manifestation of a tendency to decentralize labor relations, to complement traditional highly centralized bargaining, and to tailor agreements to the particular requirements, demands, and conditions of specific firms. The creation of a permanent autonomous body independent of management and labor is unlikely; it is more likely that those bodies such as works councils and the laws surrounding those bodies will be incorporated into an enlarged collective bargaining system. Since the U.S.
already has a relatively decentralized industrial relations pattern, there is little appeal among unions in this country for works councils, or worker control. However, in all Western countries, unions will increasingly endorse other forms of worker participation, especially those mechanisms that will increase a worker’s control over his immediate job setting.

Bibliography

La participation des travailleurs et les régimes de relations industrielles

On peut examiner les récents développements de la participation des travailleurs dans le contexte général des régimes de relations professionnelles.

En Europe, une des raisons de l’insistance pour la participation des travailleurs se trouve dans la traditionnelle centralisation des relations industrielles. Aussi, plutôt qu’une orientation vers une nouvelle direction, la participation des travailleurs peut y être considérée comme un complément aux modèles traditionnels dans un effort de décentralisation.

Il est très improbable que des organismes comme les conseils d’entreprise réaliseront un jour l’objectif d’autonomie au-delà des intérêts sectoriels des travailleurs et de la direction. De plus, les efforts en faveur du contrôle ouvrier vont probablement recevoir une réponse limitée dans des pays où, par exemple aux États-Unis et en Grande Bretagne, les travailleurs perçoivent les relations industrielles comme étant déjà passablement décentralisées.

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