

International Experience of Workers' Participation in Management

by

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In the field of industrial relations there are certain topics which enjoy perennial popularity in scholars' and practitioners' symposia. Included among these are: the relationship of productivity to wages; inflation and wage-price controls; settlement of industrial disputes; collective bargaining; and workers participation in management. From time to time one of these topics shares more limelight in public and private discussions than the others. For the past few years, one of the favourite topics in international and comparative discourse has been workers' participation in management.¹ After about two decades of relative slumber the topic is going through a measure of renaissance in many countries.

In the United Kingdom, the Trade Union Congress proposed to the Royal Commission on Trade Unions and Employers' Association, that workers ought to be given the right to participate in management. In France, large-scale disturbances in 1968 reactivated the debate on this subject, and there the question is still unresolved. Some of the newly developing countries also seem to be getting more interested in the idea of workers' participation in management. Dr. Salvador Allende, the new Marxist president of Chile, is believed to be favourably disposed to the idea and is likely to promulgate measures to that effect.² The Socialist government of Ceylon, formed in 1970, is also committed to the idea of enlarging the role of workers in management. The first few steps have already been taken in the form of Employees' Councils established in the Ceylon Transport Board.³ In Pakistan, some of the top contenders in the country's elections held in December, 1970 have also included, in their political oratory, promises of workers' participation.

Perhaps, there are three reasons for this increased interest in the subject:

1. A country that wishes to socialize its productive resources may feel that the management process must also be socialized. Ideologically, the latter condition is a corollary to the former.

1. The International Institute of Labour Studies of Geneva has undertaken a number of individual country studies on this subject. Already published are studies on France, India, Poland, Federal Republic of Germany, and the United States of America.
2. *Time* November 2, 1970 p. 18.
3. (Ceylon) *Daily Mirror* October 25, 1970 p. 8.

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2. It might be that the problems created by high level technologies are much too complex to be tackled by traditional industrial relations institutions that evolved in a relatively simpler industrialization process. The problem of alienation familiar in the West, is beginning to hit the East also.

3. Worker participation might be used simply as a ritual without mounting any real effort to achieve the theoretical objective. In this respect, it might be an effort to side track other hard economic questions. It is also a popular political slogan.

In each situation, one or a combination of these factors are at work.

In common terminology, workers' participation refers to the role of workers through workers' councils in the management of a business enterprise. But in our view, it is too restrictive a denotation. The term "worker participation in this discussion refers to any situation in which employees, through their chosen representatives share with management the power to make those decisions, especially, which either determine or affect the remuneration and working conditions of these employees.

The degree and forms of workers' participation vary widely among the numerous industrial relations systems in the world. It is not practical to discuss all these systems. But it is possible to describe the nature and forms of workers' participation in a number of representative countries.

There are two basic models of workers' participation in management. One is the socialist model, and the other might be called the capitalist-democratic model. It is obvious that within each model there are vast variations. But in each model there are enough similarities to justify their classification in this manner.

There are two forces which are common to the emergence of both of these models: ideology, and crises in the national socio-economic systems. It is the latter condition which acts as a catalyst and, in combination with ideological forces, creates the various forms and structures of workers' participation.

Ideologies

Socialism:

The theoretical and ideological mainspring of workers' participation in management, including the term itself, is the Marxian analysis which envisages *inter alia* a social system in which relatively small industrial and commercial units are controlled and managed by communes—that is, community level organizations. In due time, the communes are supposed to become socially and economically self-sufficient and result in "withering away" of the State itself. This was the theoretical basis which gave rise to the slogan, "Power to the Soviets" during the Russian Revolution under Lenin.⁴ The same

4. Adolf Sturmthal, *Workers Councils: A study of Workplace Organizations on Both Sides of the Iron Curtain* (Cambridge, Mass.: Harvard University Press, 1964). Introduction.

philosophy continues to inspire other socialist states, although, in practice, the ideal of decentralised decision-making and community-ownership has often been disregarded in favour of economic systems characterised by centralised decision-making with the fulcrum of control away from the communities which these economic units were supposed to serve. The most striking example of centralized decision-making is, of course, the Soviet Union.

Our other model is that of Capitalist-Democracies.

Capitalist-Democracies:

The idea of worker participation in capitalist-democratic countries is fundamentally an extension of the principles of liberty and democracy, which became popular, particularly since the late eighteenth century, in Europe and America. It was argued that it would be incongruous to stop democracy at the factory gates when the whole socio-political milieu outside the factory experienced a large measure of democracy.⁵ Consequently, gradually the industrial relations institutions were also democratized; but this development came much later than the corresponding democratic changes in the external political systems.

Crises and Change

The other common factor between the two models is the national crises in which either model is born or evolves. Within the Socialist model, participative institutions of industrial relations may take radical form if corresponding changes in national polity have undergone a revolutionary re-ordering. Such was the case of Yugoslavia, Poland and some other countries of Eastern Europe, where radical political changes in the aftermath of the Second World War ushered in a new era of workers' participation.

West Germany is included in the Socialist model because, although the economy as a whole was not re-oriented to socialism, in some of its industrial undertakings the institutions of industrial relations were radically altered favouring a high degree of worker participation in decision making. It may be argued that West Germany should be included in the capitalist-democratic model rather than the socialist one. But the changes that occurred in West German coal, steel and iron industries after World War II were philosophically the direct manifestation of Socialist ideology. And, at the time, they were viewed by union leaders as the beginning of "workers' control" and not merely as participation. Therefore, it is quite logical to include West Germany in the Socialist model. Israel must also be included in the socialist model despite differences in the political institutions of Israel from those of other socialist countries. Here again, the industrial relations institutions of participation were born in a period of crisis, as was the State itself.

This brings us to the other model: the one that includes capitalist-democratic countries. Even here, workers' participation, though evolutionary in form, did not come about in completely tranquil circumstances. Rather protracted, and often bloody, struggles by workers and their allies were found necessary

5. Sidney and B. Webb, *Industrial Democracy* (London: Longmans Green, 1920 Edition).

6. For a concise account see: Henry Pelling, *American Labour* (Chicago: University of Chicago Press, 1960).

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to acquire influence over managerial decision-making⁶. In the U.S.A., for instance, in the late 1920's and early 1930's, a grave depression with all its attendant hardships, was to clear the way for large-scale unionization and protection for organized workers' activities. In England, it was World War I which led to the installation of Whitley joint consultation machinery in public undertakings. In India, the 1962 Indo-Sino border conflict opened a short period of intense worker participation, at least in the matters of productivity and grievance handling, far beyond the scope of the workers' committees which were set up under legislation in 1947. Thus it seems that Socio-political crisis is a common ingredient as a prelude to worker participation in management. The reasons for this are not difficult to find. Any measure of worker participation, by definition, results in a corresponding decrease in the traditional domain of management prerogatives. Regardless of the other aspects of managerial enlightenment, at least historically, it has never been a part of managerial philosophy to share its decision-making powers with employees if it could be avoided. Fundamentally, the external forces of crises oblige management to share its power with workers. Of course, the dynamics of external forces are also manifest in similar pressures inside the factories and in other economic undertakings for egalitarianism.

Differing Perceptions of Workers' Councils' Objectives

Broadly speaking, the overall objective of workers' participation may be considered an effort to acquire a share of control over managerial decision-making. But the structures that have evolved in different countries at different times indicate that, in addition to acquiring influence over managerial decision-making, there were other goals as well. For example, in the 1917 Russian Revolution the Soviets (meaning the workers' councils) were a device, not merely for workers' participation in, or control of, management but, more importantly, for a nucleus of political control by the revolutionary Bolsheviks. On the other hand, the British shop steward movement of 1910 to 1922 was originally an effort to acquire bargaining power by shop-level union stewards, whose day-to-day problems could not be solved efficiently by the centralized British trade union hierarchy.⁷ It was only in the later stages that the reformist British shop Steward Councils were transformed into a revolutionary movement. It is, therefore, instructive to keep in mind that the term "workers' council" is, strictly speaking, only a generic label for a variety of structures and arrangements with multifarious motivations of their proponents. The perception of these objectives range from complete control of factories, or a nucleus of political control, to simple collective bargaining. This was also demonstrated in West Germany after World War II when Codetermination was launched in its steel, iron and coal industries. Many believed that this was the beginning of the end of capitalism in the country rather than simply a device to give workers the opportunity to share power with management.

We turn now to the institutions of workers' participation.

7. See: Branko Pribicevic, *The Shop Steward Movement and Workers Control 1910-1922* (Oxford: Oxford University Press, 1959).

Structures and Forms of Workers' Participation in the Socialist Model

When comparing the similarities of structure and form of workers' participation within the Socialist model, the differences are so pronounced that a country-by-country analysis seems necessary. In the socialist model I propose to discuss Yugoslavia, Poland, Federal Republic of Germany and Israel.

Yugoslavia

Among all the Eastern European countries, Yugoslavia is the most notable for its decentralized system of economic management and workers' control of industry. Long before decentralization became acceptable in other Eastern European Countries, Yugoslavia had been practicing it with considerable success. In fact, for a while the country seemed to be the target of ideological criticism by the rest of the Peoples' Democracies because of its decentralized approach. In Yugoslavia the system of workers' decentralized self-management has been in operation since 1950, following economic difficulties from 1945 to 1949. The workers' right to take part in management, through their elected representatives, was enshrined as a fundamental right in Yugoslavia's 1963 constitution. There are four functional authorities in each of its enterprises: namely, a Workers' Council, a Managing Board, a Director, and a Labour Union, which is called the Syndicate.⁸

Workers' Council

The council is elected every year. Candidates for the workers' council are generally nominated by the factory labour union, although any other group can also present a slate of candidates if it can support from at least 10% of all the qualified voters for this nomination. Everyone in the factory over 18 years of age has the right to vote. For enterprises having less than 30 workers everyone is deemed to be a member of the Council. But for larger establishments a minimum of 15 and a maximum of 120, representatives are elected every year. White and blue collar workers are represented on the Council in proportion to their numerical strength in the plant's work-force.

The Workers' Council is the chief controlling body of the enterprise and is in approximately the same position as stockholders in a capitalist system. In consultation with community representatives it selects and appoints the Managing Director and Executive Directors. It approves production, remuneration and marketing policies. It decides the proportion of profits to be reserved for investments. It elects its Managing Board and is also the highest body of appeal in the organization. In plants of less than 30 workers everyone is considered to be a member of the Workers' Council.

Managing Board

Elected by the Workers' Council, at least three-fourths of the members of the Managing Board must be employed in production in the factory. They cannot be fired or transferred during their tenure on the Board. The Board handles personnel problems, specifies wage and production norms, appoints employees to executive positions, and promote productivity and vocational training. The Director of the enterprise is an ex-officio member of the Board.

8. Jiri Kolaja, *Workers' Councils: The Yugoslva Experience* (London: Tavistock Publications, 1965) Chapters 1, 2, and 4.

Director

The Director is responsible for implementation of the decisions taken by the Workers' Council. He is also responsible for ensuring that relevant laws are obeyed. He can refuse to implement a decision of the Workers' Council if it conflicts with the law. In the case of such disputes the case is brought to the Communal Council of producers which is a regional body. He also represents the enterprise before government bodies and the public.

Labour Union, the Syndicate

Until relatively recently the Yugoslav system merged the role of labour union with other institutions of self-management in such a way that the union could not claim to advocate only the interests of workers. There is, however, a gradual transition to viewing the union as a body that will protect the workers' interest viz-a-viz management and the State⁹. Thus, perhaps there is a realization that abolition of private ownership may not necessarily mean a lack of clash between men who work and those who manage. The Union is dependent upon the Workers' Council for funds for effective operations. Unions are also used for vocational training and organising welfare activities. The role of the labour union seems to be subsidiary to the Workers' Council.

Other Restraints

In Yugoslavia there are some other restraints and institutions:

1. The Director is appointed through joint consultation by the Workers Council and the representatives of the commune. Thus, he remains responsible to the enterprise as well as to the community where the plant is located.
2. Banks have the power to deny credit if the enterprise is not being run efficiently.
3. The products of most enterprises compete freely in the market. Therefore, there is a strong indirect control by consumers on the quality, nature, and price of the product.
4. Industrial and professional chambers have indirect influence over their members.
5. Two auxiliary bodies, the League of Communists and the Youth organization, although assigned primarily educational roles, also exercise a measure of influence over plant activities.
6. The most important external factor is the overall state economic plan, under which the Federal Council of producers (elected by workers gainfully employed) determines certain economic and financial limits for the operation of an enterprise. The plan also sets limits on the proportion of national income to be spent on investments, savings and consumption. Turnover taxes are used to encourage or discourage the production of various items. Federal, Republican and local taxes are also predetermined.

9. Jean De Givry, "Developments in Labour-Management Relations in the Undertaking," *International Labour Review*, vol. 99 No.1 (January 1969) p. 25.

Profits Distribution

After an enterprise has paid out all taxes and expenses of production, and has set aside the predetermined reserves for investments, the rest of the amount is deemed as profits. It is then up to the Workers' Council to decide what amount ought to be paid out in bonuses, or spent on social projects such as housing facilities.

Poland

When compared to Yugoslavia, where workers' participation as an idea and an institution have been practiced for over two decades, Polish experience is relatively less mature and not as well crystalized. After the Second World War, emphasis was placed on public ownership and central control rather than community or worker participation in management.

It was not until 1959 that, under the workers' self-management Act, some Workers' Councils were set up. The reasons for this change were numerous. The important one was the realization that the country was not utilizing its human and capital resources efficiently by over-centralized planning and administration. Even after the law was passed there were ideological arguments that decentralization would make local considerations prevail over national interests, thus weakening the national organs. The trade union (Central Council of Polish Trade Unions) opposed the suggestion that a Yugoslavian model, under which the trade union was far less powerful than the Workers' Council be adopted. Also, politicians were not too enamoured with those aspects of the Yugoslavian System in which the Workers' Councils, in effect, not only administer the whole economy, but their representatives form the Second House of the Parliament as well. Apparently, this dispersal of power was not acceptable to the various interest groups in Poland. Consequently, a compromise was achieved that was finally approved by the trade unions and the legislature in 1968.

Workers' Council

It is important to note that in Poland, private undertakings employing less than 50 workers are not required to constitute Workers' Councils. Each Council is directly elected once in every three years through secret ballot by the workers of the enterprise. Also, included in the Council is a representative of the trade union, and a representative of the country's sole political party, the Polish United Workers' Party. In large enterprises Departmental Councils are also elected. Two-thirds of all members of the Workers' Council must be manual workers. This proportion may be reduced to one-half if there is a large proportion of highly skilled and scientific personnel in the plant. The Council elects its executive, consisting of a Chairman, Secretary and a number of members.

The Conference

The Conference is the highest organ in the enterprise and includes representatives of the trade union and those of the Polish United Workers' Party.

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It may also include representatives of youth organization and scientific associations. It is interesting to note that in this highest organ of self-management there are no representatives of the workers at large. The Director is an ex-officio member of the Conference. In early 1970 there were about 9,000 of these Conferences with a total membership of 240,000.¹⁰

Powers and Duties of Self-Management Organs¹¹

Conference:

1. Has the sole authority to determine working conditions of the enterprise in light of directives issued by the Council of Ministers and the Central Council of Trade Unions.
2. Establishes rules for the distribution of bonuses.
3. Decides questions relating to the construction of workers' housing.
4. Gives directives to the Workers' Council.
5. Adopts annual and long-term plans of production and investments based on the national plans.

Executive of the Workers' Council:

1. Gives opinions on the appointment and removal of the Director.
2. Prepares agenda and documents for meetings of the Conference and the Workers' Councils.
3. Supervises sub-contracts with handicraft workers and cooperatives.
4. Supervises the administration of wage funds, payroll, prizes and bonuses.

Workers' Councils:

1. Implements decisions of the Conference.
2. Promotes safety and vocational training.
3. Approves periodic plans in light of annual plans.
4. Enforces plans of output and fringe benefits.

10. Edward Marek, "Workers' participation in Planning and Management in Poland," *International Labour Review*, vol. 101, No. 3 (March, 1970). PP. 271 - 290.

11. M. Blazejczyk et.al. "Workers' Participation in management in Poland," *International Institute of Labour Studies Bulletin* No. 5 (November, 1968) pp. 201-106. (Hereafter referred to as *Bulletin*).

Director:

1. Is responsible to the Conference for implementation of decisions.
2. Is the person to whom all the workers are subordinate.
3. Performs those functions not clearly reserved for the Conference.
4. Can refuse to implement decisions of other self-management organs if contrary to the law or to the national plan.
5. Is an ex-officio of self-management organs.

Union:

1. Supervises the overall self-Management scheme.
2. Can dissolve the Workers' Council in certain specified situation but it must be done only by the union authority above the level of the undertaking.

Other External Constraints:

Each State-owned enterprise is issued a set of figures specifying production quotas, average employment, wages, and resources allocations by the relevant ministry and industrial combines. Thus, individual enterprises have little flexibility as compared to the situation in Yugoslavia.

Apparently, community organizations, unlike those in Yugoslavia, are not very much involved either in management of individual enterprises or in the overall planning of the economy.

West Germany

Union-management cooperation became possible for the first time in Germany during World War I, when employers wished to avoid strikes and labour acquired new bargaining power. In 1920 the Works Council law was passed on the basis of the Weimer constitution. Various interest groups viewed this step differently. Some viewed it as the beginning of socialism while others thought that it was an eyewash. In any case, by 1930 Works Councils became established institutions of industrial relations. Hitler destroyed, not only the unions but also the Councils in their original form, and appointed, instead, official "employee representatives".

At the end of World War II two factors coalesced to inaugurate a Codetermination System in mining, steel and iron manufacturing industries.

1. The first was a thinking on the part of the Allies that Germany should not be allowed to marshal the support of business magnets of basic heavy industries for war-making again. It was believed that the profit motive had caused business tycoons in these industries to become a part of Hitler's war machine. So, the Allies attempted, not only to punish these tycoons, but also to democratize these industries by co-opting workers with management.

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2. Left-wing ideologists and their followers who, in the 1920's had sought to establish Workers' Councils after the pattern of the U.S.S.R. saw the chance of establishing workers' control over heavy industry. The British government, under the Labourites, was sympathetic to the idea. Consequently, the Allied Control Council's Works Council Law No. 22 of 1946 was passed. The mining, steel and iron Codetermination Act of May 21, 1951 gave additional rights to the worker. Finally, more amendments were made by the Federal Works constitution Act of May 21, 1951.

Works Constitution Act¹²

Under this law each enterprise (other than state-owned shipping and air transportation, for which a special staff representation Act was passed in 1955) of more than five workers is required to set up a Works Council. It must be elected through a secret ballot after every three years. Employees may choose if they want white collar and blue collar workers to vote separately or jointly. Its powers are as follows:—

1. Must work within the existing collective bargaining contract.
2. Cannot call a strike.
3. Has the right to participate in the regulation of daily working-hours, rest periods, time and place of payment of wages, preparation of leave schedules, carrying out of vocational training and administration of welfare facilities.
4. Can request management to dismiss an employee for his anti-social behaviour.
5. Has the right to obtain a hearing from management concerning a lay-off, particularly if it involves a large number of employees.
6. Can obtain information on the plant's economic matters.
7. Participates in fixing job and piece rates, and in the introduction of new methods of wage payments.

Most of the aforementioned activities assigned to the Works Council in West Germany are not very different from those which are found in the domain of such bodies in the capitalist-Democratic model to be discussed later. But the novel feature of the industrial relations in that country concerns Codetermination in mining, iron, and steel industries.

Codetermination¹³

Each mine, iron and steel plant is governed by a Supervisory Board equivalent to a Board of Directors in Anglo-American terminology. This Board is usually composed of eleven members, although larger firms have more than 11 members. Five of these eleven must be representatives of the employees, another five must be representatives of the stock-holders, and the eleventh must be a neutral member acceptable to both sides. Two of the workers' representatives must be employed by the plant concerned. while one of them must be a manual worker and the other a clerical worker.

12. Friedrich Furstenberg, *Workers' Participation in Management in the Federal Republic of Germany*, " *Bulletin* No. 6 (June, 1969) pp.99-112.

13. *Ibid* pp. 119-136.

The Supervisory Board has the right to appoint managerial team including a Labour Director in-charge of all personnel matters. The Labour Director, however, cannot be appointed unless the labour representatives of the Supervisory Board approve that particular person for the job. Thus the Labour Director has the problem of reconciling a dual loyalty, to workers as well as to management.

The West German experience indicates that in large companies, workers feel that Works Councils are really a part of management. Management continues to make all the important decisions without really consulting with the workers' representatives on these bodies. The dilemma is that a really successful Council must work and cooperate closely with management. But this very factor alienates it from the rank and file workers. The social distance between workers and employers' representatives is often so great that a smooth cooperative endeavour becomes most difficult.

The West German unions have recently demanded that the principles of Codetermination be extended to other large enterprises. Presently, there is a lively debate on this issue. But the extension of this experiment into other industries is unlikely.

Before leaving discussion of the Socialist model, a few comments are warranted about the experience of Israel and the United Arab Republic.

Israel and United Arab Republic

Israel and its Socio-economic institutions have a mixture of philosophy and orientation of both the capitalist Democratic model and the Socialist model. The country's government is run by a coalition in which labour is dominant. Its farms are run on cooperative principles. About a quarter of the country's total production, including 12 to 15 per cent of its manufacturing, is provided by the trade union federation Histadrut-owned and managed firms.¹⁴ The State-owned Electric Corporation is managed by a committee which includes three representatives elected by the workers.

Despite the fact that the trade union federation itself owns and operates many of the enterprises, this factor has not led to the actual management of individual firms by their workers. Instead, these plants have joint management-labour Councils which, in effect, are not substantially different from those found in the private sectors of the Capitalist-Democratic model. There is a certain amount of ideological uneasiness at the limited amount of worker participation in theoretically worker-owned industries in Israel.

In the United Arab Republic, the President appoints the chairman and half of the members of the managing board of public-owned enterprises, while the other half are representatives of workers.¹⁵ In privately owned firms, workers' representatives form a minority on the boards of supervision and management. Detailed scholarly analyses of the actual operation of this system are still awaited. The conflict with Israel has created many problems, some of which have presumably affected plant-level operations.

14. Milton Derber, "Crosscurrents in Workers' Participation," *Industrial Relations* vol. 9 No 2 (February, 1970) p.127.

15. Jean De Givry, op.cit.

Structures and Forms of Workers' participation in Capitalist-Democratic Model

This brings us to a discussion of the Capitalist-Democratic model, and the role of workers' participation in it. Only brief comments are warranted on this model since it is relatively simple in structure and familiar to most readers. Here the main thrust of worker participation is in the form of collective bargaining. But joint labour-management committees are also formed to foster greater cooperation. In this regard, the experience of Britain, France, United States of America, India and Pakistan will be mentioned briefly.

Britain

In Britain, the Trade Union Congress (TUC) is the over-all umbrella organization for a majority of organized labour. It collectively bargains on wages and working conditions with its counterpart employers' associations, organized mostly on an industry-wide basis. The master contracts thus arrived at act as guidelines for individual plants and Branch unions affiliated with the T.U.C. Often, there is a substantial amount of additional plant-level bargaining between the shop stewards and management. Thus, it is not usual to see the actual plant-level agreements differ significantly from industry-level agreements. Since the collective agreements are not legally enforceable, and act only as "gentlemen's agreements", there is considerable give and take between the parties at all times. Instantaneous strikes on disagreements are a typical feature (and a headache) of British industrial relations.

During World War I a joint labour management organization, called the Whitely Council, was established in the public-employment sector. The Councils were supposed to deal with problems of production, welfare, absenteeism and discipline. Their impact has been rather marginal. More effective has been the rise of shop stewards who have been assuming more and more, the role of plant-level bargaining. In nationalised coal, mining, and electric power industries, labour has won the right to appoint members on the company's managing boards; but these representatives have been obliged to resign from union posts. The third device of worker participation, tried on a very limited scale in Britain (and in America), is based on latest findings of the behavioural sciences. For the lack of better terminology, it might be called an "employee-centered approach". It assumes that workers' potential for creativity and achievement under an appropriate managerial climate will find expression in their work. Here, workers are not deemed to be mere tools of production, but human beings who wish to utilize their diverse potential and interests in and around their jobs. Devices such as group decision-making, job enlargement, and supervisory leadership, chosen through sociometric techniques, are used for greater worker involvement in the production process. Experiments of this type of management as practiced in a firm such as the Glacier Metal Company are rather rare. The predominant managerial philosophy still remains the same in which "the workers are paid to work and not to think". There are many examples in Britain of profit sharing, e.g. the Conder industrial building Company.¹⁶ But strictly speaking, it's only a limited form of worker participation in management.

16. (Ceylon) *The Financial Times* vol. 10 No. 8 (September, 1970) p. 1.

France

In France, in addition to the severe resistance of management, there have been (and are) other impediments to worker participation in management. These difficulties flow from the history of the French labour movement. The country's largest labour union, CGT, (established in 1895) has been vehemently opposed to the concept of cooperation with management until a few years ago. Instead, its struggle, historically has been directed towards changing the capitalist system. But since the cooling down of the Cold War the representatives of the CGT have been cooperating with representatives of employers and government on many national administrative bodies.¹⁷ The other important labour centre is the French Confederation of Christian Workers (CFTC). Although not averse to the idea of cooperation with management, even the (CFTC) has shied away from overt action which might enable its opponents to label it a "Management stooge". Participation in France has thus been largely limited to collective bargaining on the national level, and a limited form of cooperation on the enterprise level.

Since 1946 every plant with 50 or more workers is obliged to set up a committee consisting of employees' and employers' representatives. In nationalized undertakings representatives of the staff sit on the governing boards along with representatives of the State and the consumers. In private business the head of the establishment acts as Chairman of the committee, composed of 2 to 11 members. Elections are held every second year in which white and blue collar workers have separate representation. Each union is allowed to observe the meetings of the committee. The committee is not deemed to be a bargaining body. There are over 10,000 committees in existence. In a majority of cases they have minimal powers. Their functions in practice have become restricted to the distribution of welfare benefits and scheduling of leave and vacations for the employees. They have no direct role in matters of production or general management.

United States of America

The history of the American labour movement is not without its share of dramatic periods in which some groups envisioned worker-controlled industry and destruction of capitalism. The industrial workers of the World (IWW) of the 1910's, the knights of labour in the 1880's, and the national Labour Union of the 1860's are some of the leading examples of organizations which sought to radically change the system of production and the role of labour in the production process. But a number of intervening factors prevented these idealistic schemes from coming into existence. Instead, a more pragmatic "bread-and-butter" kind of labour movement evolved, with emphasis on collective bargaining rather than a re-fashioning of the total system.

From time to time, however, a limited number of experiments in worker participation were conducted.¹⁸ Notable among these occurred in the post WWI period when certain industries faced severe economic difficulties. Consequently, labour unions participated in limited aspects of management, not

17. L. Greyfie de Bellecombe, "Workers' Participation in management in France: The Basic Problems," *Bulletin* No. 6. (June, 1969) pp. 64-65.

18. Summer H. Slichter, *Union Policies and Industrial Management* (Washington, D.C.: the Brookings Institution, 1941) Chapters XIV—XVIII.

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because of any particular social ideology, but simply for self-interest to save their members' jobs. This goal prompted cooperation in the Cleveland women's garment industry, on Baltimore and Ohio railroads, and in men's clothes manufacturing shops of New York and Chicago. But these experiments were largely abandoned even before the crunch of the great Depression came in 1929. More recently, union participation in setting work standards and raising productivity was tried in the Studebaker automobile company in the 1950's. Again, cooperation stemmed from severe financial problems of the company. In the 1960's a highly successful productivity-profit sharing plan was in operation at the Kaiser steel plant in California. There was close cooperation between union and management in this case. These examples are rather an exception to the general rule that American unions are bargaining agents of their members and shy away from identifying with management. Reference had already been made about "employee-oriented" management in some firms. The famous Scanlon Plan, practiced in a few establishments, calls for close union-management cooperation in raising productivity. Under the plan, all increase in profits is distributed to the employees.¹⁹ Only a few firms have adopted this plan. It requires a completely new philosophy of cooperation for which the typical union or management is not yet prepared.

If one were to consider participation in terms of the *influences* workers' representatives have on managerial decision-making, then American unions participate greatly in management.²⁰ Their influence, through bargaining and use of grievance procedure, has very substantially limited managerial freedom in hiring, disciplining and setting up wage and working standards for employees.²¹ Perhaps, there is no other country in the Capitalist-Democratic model in which organized labour has so effective a participative role in plant-level industrial relations as in America.

India and Pakistan

The Indian Industrial Dispute Act of 1947 required that joint labour-management Works Committees be established in plants of 100 or more workers. Whatever little data are available on the subject indicate that the Committees were either not established by many businesses, or they were almost ineffective and nominal.²² Their legally assigned functions of encouraging joint consultations, promoting industrial peace and harmony remained largely unfulfilled. In 1958 a more selective scheme of joint Management Councils was launched with the government's backing. But, generally speaking, even this has not been successful. The main reasons for the failure of these efforts are: resistance of employers against erosion of their powers, a weak and ideologically divided labour movement, a lack of commitment to the idea of participation, unsatisfactory labour relations, and an effort by workers to use these bodies for collective bargaining rather than joint consultations.

19. For details see: Fredric G. Lesieur (ed.) *The Scanlon Plan: A Frontier in Labour-Management Cooperation* (New York: Wiley, 1958).
20. Adolf Sturmthal, "Workers' Participation in Management: A Review of United States Experience," *Bulletin* No 6 (June, 1968) pp. 1-38
21. Two of the best studies on this subject are : Summer H. Slichter et.al. *The Impact of Collective Bargaining on Management* (Washington, D.C.: The Brookings Institution, 1960) and Neil W. Chamberlain, *The Union Challenge to Management Control* (New York: Harper and Row, 1948).
22. Subbiah Kannappan, "Workers' Participation in Management: A Review of Indian Experience," *Bulletin* No. 5 (November, 1968 pp. 156-158).

In Pakistan (where a similar law was adopted) the result has been even more disappointing than in the case of India. It is a rare plant where such a committee is working efficiently. The reasons for the collapse of this idea are almost identical as in the case of India.²³ In fact, the Pakistani labour movement is organizationally and financially weaker than that of India. The emphasis has been on compulsory arbitration rather than on joint labour-Management action.

In both India and Pakistan, where such committees exist they are used by management for such activities as organizing sports, canteens, sanitations and safety. It is, perhaps, better to have some cooperation, even when these activities are given to workers' representatives, because these are not essential to the exercise of managerial powers.

Conclusions

It might be of interest to list the common elements found in the Socialist model. They are as follows:—

1. Single centralized labour movement in the case of Eastern European countries and unified labour movement in those capitalist countries, which we have included in the Socialist model. In the case of West Germany, Confederation of Trade Unions (DGB) is clearly dominant, with its 6.5 million members as compared to the 480,000 members of DAG and the 700,000 members of the German Association of Civil Service Officials. In Israel, Histadrut is also a unified and dominating union centre.
2. Overall national economic plans with generally very sophisticated organizational structure and processes.
3. A long history of Socialist experimentation and ideologically orientation. For instance, as far back as 1848 the constituent assembly of Germany was offered a draft for factory Councils.

In the Capitalist-Democratic model the following seem to be the determinants of the success of a Works Committee. A lack of a combination of these factors is likely to make cooperative agencies unsuccessful.

1. Minimum conflict of ideologies in the Society, generally, and plants, particularity.
2. A secure and unified labour movement.
3. Successful and relatively smooth collective bargaining relationship.
4. Supportive managerial attitudes and philosophy.
5. Reasonable production standards and wage levels.
6. Fair sharing of productivity gains among labour and management.
7. Relatively flexible and non-bureaucratic organizational structure.

23. M. Ali Raza, "Developmental Managerial Philosophy: A Proposal," *Pakistan Management Review* Vol. XI No. 1 (Spring, 1970) pp. 33-34