

is at the moment. Industrial harmony will give that confidence and his return should be commensurate with the result that industrial harmony brings to a business.

Finally, despite the way it all sounds, we are very close in this country to the Utopia I have outlined. Many of our man-

agements already operate in the smaller companies with close participation with their workers. If the approach can go a little further up the line, then I believe New Zealand could lead the way in Industrial Management. ©

Worker Participation in Management: A Dimensional Approach to the Current Debate

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INTRODUCTION:

During the last few years discussion on worker participation in management has assumed international proportions, as labour organisations, employers and governments investigate as well as operate various systems. At the same time, discussion has not been without difficulties over methods of both design and implementation. The result according to one critic has been considerable semantic confusion over objectives, definitions and purposes.¹ This has led to a situation where:

The objectives and meanings of participation differ as widely as do the purposes of the groups propounding the idea, and rarely can one assume that two different interest groups are talking about the same thing.²

Theories range in a wide continuum from the dimension of 'replacement ideologies' which call for substantive changes in the nature of common perceptions of the socio-economic nature of society. They further embrace administrative central initiatives by governments operating in the field of political decision making; organisational models of consultative practices employed by executives, and genuine attempts to include employees in the total decision making process. In yet another dimension, developmental activity has con-

centrated on methodologies of individual satisfaction in the work place through various forms of work autonomy, job enlargement and job enrichment. In the individual dimension yet again, theorists have argued for the participative goal of individual 'self-management' in the enterprise.

This article will attempt to assist the debate in New Zealand by making an attempt to categorise selected dimensions of argument within broad guidelines. Attention will focus on contemporary Western discussions in most cases. The reason for

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1—S. Archbold 'The Dimensions of Participation,' *Journal of General Management*, 3, 3, Spring 1976.

2—Archbold, *Ibid*, P. 52.

this is that eastern command economy models and experiments cannot be divorced from the larger context of national aims as expressed through the appropriate organisational apparatus.³

In the interests of definitional clarity arguments will be grouped in a loose number of related categories. These are naturally inter-related and should not be considered as mutually exclusive. The treatment is, given the exigencies of space, selective and representative rather than comprehensive. Again, the immediacy of debate acts as a determinant with regard to the examples used.

THE ARGUMENTS FOR REPLACEMENT IDEOLOGIES⁴

In this dimension, the argument incorporates both the call for 'worker democracy' and the call for ultimate worker control of industry. This socio-historical approach marries the operationalisation of structural changes in the nature of industrial control to political changes in the socio-economic order.

In one theoretical 'stream' it is suggested that such a demand lies at the very core of socialist thought as it developed in the 19th century. What is at issue, therefore, is a future form of worker self-management within the framework of multitudinous producer-societies.⁵

The argument has been carried forward, notably in Britain, by theorists who are calling the working class to actively assert the demand for worker control. In doing so, it is argued, the labour movement, by which is meant the trade unions, will reassert their historic mission as vehicles of social change, a mission first given tangible

form at the latter end of the nineteenth century. In tandem, Marxist theoreticians have argued for worker control on the grounds that the resolution of conflict, a basic reason for worker participation, cannot be achieved in a capitalist society because of the innate contradiction between capital and labour.⁶ It is the basic function of the Marxist model to change this dimensional approach by applying the fundamental concepts of 'totality,' 'change,' 'contradiction' and 'practice,' to the analysis of industrial relations procedures.⁷

The end result of such a structural change it is argued, would lead to a situation where:

Industrial conflict would therefore be less irreconcilable and less pervasive . . . in the absence of fundamental conflicts of class interest, and in the context of a genuine ability on the part of the workers to exert positive control over work itself and its social and economic environment . . .⁸

The socialist and Marxist theoretical positions tend to merge at this point for both postulate worker participation as worker control. Again, in both cases, worker participation is both a tool for resolving innate conflict, and a means for achieving a society which has formally abandoned both the ideology and the practice of private enterprise. But in reality both previous and current approaches to worker participation appear to take the continued long run existence of the free market economy as a fundamental 'given.' It therefore follows, that subsequent attention in this article to various other dimensions of the participative argument will also make the same assumption.

3—For an interesting analysis of the relationship between political goals and worker participation in selected East European States, see J. L. Porket, 'Participation in Management in Communist Systems in the 1970s,' *British Journal of Industrial Relations*, 13, 3, 1975, pp 371-387. The sample does not include Yugoslavia, since Yugoslav 'self-management' practice stands as a special case. For a comprehensive study of self-management principles see J. Vanek, *Self-Management: Economic Liberation of Man*, Penguin, Harmondsworth, 1975.

4—The term replacement ideology is borrowed from G. F. Thomason in 'Worker Participation in Private Enterprise Organisations,' C. Balfour (ed) *Participation in Industry* (Croom-Helm, London, 1973) pp 138-180.

5—C. Levison, *Industry's Democratic Revolution*, Allen and Unwin, London, 1974.

6—T. Nairn, 'The English Working Class,' in R. Blackburn (ed), *Ideology in Social Science* (Fontana, London 1972) pp 187-207. See also K. Coates 'Democracy and Worker Control' in J. Vanek, op. cit. pp 90-110. K. Coates and T. Topham, 'The New Unionism: the Case for Worker Control' (Allen and Unwin, London, 1973), also, H. Scanlon, 'The Poverty of Expectation' *The Journal of General Management*, 1, 4, 1973, pp 15-23 and, E. Rose, 'Work Control in Industrial Society,' *Industrial Relations Journal*, 7, 3 Autumn 1976 pp 20-31.

For a critique of the radical position on participation, see A. Flanders, *Management and Unions: The Theory and Reform of Industrial Relations* (Faber, London, 1970).

7—R. Hyman *Industrial Relations: A Marxist Introduction* (MacMillan, London, 1975). It is important here to distinguish between Marxist theory and current political practice in Eastern Europe. Hyman is at pains to point out the fundamental dichotomy between Marxist theory and the political expressions of Marxist—Leninism as interpreted by the USSR and other countries.

8—Hyman op. cit. p203 — For an interesting attempt to bring radical theory into the current debate on theoretical development see S. J. Frankel, 'Industrial Relations Theory: A Critical Discussion.' *Research Paper 3/1977* Dept. of Industrial Relations, The University of New South Wales.

THE POLITICAL-ADMINISTRATIVE ARGUMENTS

The compound term political-administrative covers two dimensions of argument. First, the role of central government as instigator of participative policies through the medium of legislative action, to which may be coupled, the codification of operational procedures through the medium of industrial law.

A useful example of government working in this mode involves the often quoted development of joint-consultation and *mitbestimmung* (literally co-determination) in West Germany. First incorporated in the Co-Determination Act of 1951 and the Works Constitution Act of 1952, the application of participation principles has received further statutory expansion with the result that after 1 January 1975 all German companies employing over 2,000 workers are required to adopt co-determination as an organisational policy.⁹

The involvement of central governments in worker participation policies has been given further impetus by EEC directives toward organisational development in the community. The Fifth Directive currently in draft envisages a tri-partite structure for the 'European' company that involves a supervisory board, a general meeting and a board of management.¹⁰

The significance of the directive lies in the lead it gives to national member states to examine the consequences of structural changes in community law upon their own systems of management, with particular reference to worker participation.

The broad thrust of the draft directive with its emphasis on German-Dutch models is obviously going to create problems for

member countries who are required to modify traditional roles, ideologies and attitudes.¹¹ The same would be true in the Swedish case, where the Co-Determination at Work Act of 1976 marks what might be a new interventionist trend by central government in a country that has long and justifiably prided itself on the ability of unions and management to evolve their own operative machinery in industrial relations.¹² But only later events will demonstrate the effects of such a policy.

In recent times, British attempts to co-ordinate and develop a 'participatory' policy have excited considerable comment, and attention can now be turned to the fierce controversy that has arisen in Britain since the publication early in 1977 of the Bullock Committee Report on Industrial Democracy.¹³

The report itself has to be seen against the developments that have taken place in organisational thinking since the publication of the Donovan Report in 1968.¹⁴ Chapter 15 of that document devoted four pages to the discussion of worker participation, duly noting proposals by the TUC that an approach be made to the question of 'increased participation by workers in management.'¹⁵ Quite clearly the weight of official interest lay elsewhere, and the Commission rather vaguely agreed that the questions of worker participation were best left to interested parties who wished to prove the matter on a voluntary basis.

The issue was to continue to surface in various political documents during the late 1960s, and to be partially incorporated in the Consultative Document on the Industrial Relations Bill 1971.¹⁶ But it was the

9—For a comprehensive survey, see A. Szakats, 'Worker Participation in Management,' *The Journal of Industrial Relations*, 16, 1, March 1974, pp 29-44.

For a sociological critique of the role and functions of co-determination see H. Hartmann, *Co-Determination Today and Tomorrow*, *British Journal of Industrial Relations*, 13, 1, March 1975, pp 54-64, and; A. Bergmann 'Industrial Democracy: the Battle for Power,' *The Journal of General Management*, 2, 4, 1975, pp 20-30.

10—R. A. Rosser 'Worker Participation' *Transport: The Chartered Institute of Transport Journal*, 37, 8, January 1977 pp 230-232. See also 'Employee Participation and Company Structure,' *Bulletin of the European Communities* 8/75, 1975.

11—See B. C. Roberts, 'Worker Participation,' *Institute of Personnel Management Digest*, 137, December 1976, p6.

12—See F. J. L. Young 'Should the Workers be Beaten into Submission,' *New Zealand Economist*, 39, 2, May, 1977, pp 14-16. Also P. Harrison 'Swedes Lead Trend to Industrial Democracy,' *ILO, Information*, 12, 6, 1976, p 5. Sweden is of course not a member of the EEC.

13—Report of the Committee of Inquiry on Industrial Democracy Cmnd. 6706, HMSO London 1977.

14—Report of the Royal Commission on Trade Unions and Employer Associations 1965-1968. Cmnd. 3623, HMSO 1968.

15—Donovan, op. cit. p 257.

16—Notably 'In Place of Strife' (Labour, 1967) 'Partners at Work' (Liberals, 1968) and 'Fair Deal at Work' (Conservatives, 1968).

reports published by the TUC and CBI in 1973 and 1974 respectively that outlined the basic strategic questions that led finally to the Bullock Committee of 1976.¹⁷ Of the two, the TUC document is the more important basically because it marks a substantive shift in strategy. For the TUC had by 1973 moved to the position that participation be introduced on a national basis by changes in the Companies Act to enable workers to participate in decision making at Board level. The importance of such a shift lay in the further assertion by the TUC that the existing 'trade union mechanism' be both the source of representation, and the agent for its implementation. Thus in power terms the TUC was calling for little more than the extension of existing authority at the work place to encompass any developments in worker participation that might be put in train on a national basis.

The implications of such a policy declaration will be discussed later, but for the moment the point must be made that the Bullock Committee was convened in an atmosphere of rising expectations.

Any hope of amicable agreement within the Committee was dashed by the terms of reference. For the members were required to bias their deliberations by:

Accepting the need for a radical extension of industrial democracy in the control of companies by means of representation on boards of directors, and accepting the essential role of trade union organisations in this process, to consider how such an extension can best be achieved — taking into account the proposals of the Trade Union Congress report on industrial democracy as well as experience in Britain, the EEC and other countries.¹⁸

Inevitably the final report divided the eleven members along ideological lines. Of the major group of seven, three were trade unionists, two were well known academics, while one, a solicitor, dissented from the key provision in the report. The seventh was Lord Bullock, the distinguished historian who had chaired the inquiry. By con-

trast, the four employer representatives presented a minority report, which neatly divided the Committee along trade-union employer lines.

In essence the majority report discarded the popular European concept of two-tiered boards of directors for a unitary concept expressed algebraically in the formula $2x$ plus y .

The components of $2x$ would be an equal number of shareholders representatives and an equal number of employee representatives. By contrast the y component would consist of an uneven number of directors co-opted by agreement of the parties composing $2x$, these to comprise an uneven number of appointees, and to form less than one third of the total board.

By direct contrast the minority report supported a two-tiered system with employee representation restricted to the Supervisory Boards. In other words, employee participation would be restricted to general supervision, and employee representatives would not be permitted to participate in either direct management, or policy formulation.¹⁹ The ideological dichotomy exhibited by Committee members has value for further argument since the split neatly amplifies the fundamental distinction between participation limited to consultation (the minority view) and participation extended to include co-determination (the majority view). These distinct forms of participation form the substance of the following discussion.

THE ORGANISATIONAL — CONSULTATIVE ARGUMENTS

Defined simply, the arguments in this broad category involve micro dimensions of participation, by which is meant programmes developed at the level of the firm or organisation. In addition, the operational philosophy of consultation involves adherence in most cases to what is referred to as the 'unitary' ideology in industrial relations. Stated briefly this involves the belief that while the traditional structure of control over the enterprise should remain in the hands of managers duly

17—Industrial Democracy TUC Research Report 1973. Employee Participation CBI Research Report 1974.

18—Bullock Report, para. 1, p 5.

19—The above section has benefitted greatly from two sources. Discussion with Mr Brian Dive, a personnel executive at Unilever International in Rotterdam, and a recently published working paper on the Bullock Report. See, S. J. Frankel, 'Industrial Democracy in Great Britain: An Analysis of the Bullock Report' Dept. of Industrial Relations Working Paper 4/1977 — The University of New South Wales.

appointed, there is much to be gained from developing mechanisms which permit employees a positive role in the process of discussion that predates decision making. It follows that the function of participation in this style is:

To increase workers' understanding of company problems, to ensure their commitment to enterprise goals, while simultaneously retaining managerial cohesiveness and prerogatives.²⁰

The evidence of a recent major British study would appear to indicate that most participative styles in industry fit Frankel's definition.²¹

Adherence to the consultative style does not preclude a philosophy of gradualness, the evolution of appropriate institutional changes when effective and suitable sub-structures have developed at sub-board level. A telling point which will be developed shortly also raises the question of the appropriateness of trade unions pace — Bullock, as the vehicle of representation notably at plant level. For critics would argue again that the multi-union bargaining structure in most plants creates an extremely difficult situation which can best be resolved by a 'works councils' approach, assuming of course that representation of workers and trade union leadership are synonymous.

THE ORGANISATIONAL — PARTICIPATIVE ARGUMENTS

Broadly defined participation at this level involves an active role for employees in the total range of decision making and operational functions of the organisation. It is here that the clash of ideologies is most apparent, and the mental sets of the protagonists most obvious. Management would argue, given their responsibilities as defined by the expectations of policy makers and shareholders, that ultimate responsibility for decision making must in the last resort be vested in a form of authority that carries with it responsibility for performance.

Abdication of such authority would require in turn a fundamental change in the managerial role from that of organisational regulation, to constituent participation in a broader range of decision making processes. It would also require re-definition of managerial rights and obligations in a situation where consensus rather than unitary decision making processes were the norm.

The acceptance of participative roles raises serious questions for trade unions on the other hand. For the legitimate question can be asked, is the trade union truly representative of the wide range of 'constituents' that form the employee component in participative decision making. Put another way, can the existing trade union structure, with its natural tendency toward centralisation of policy functions and operational modes that satisfy group rather than the individual workers drive to benefit from participation through greater autonomy over his work functions?²²

The latter question also raises serious caveats for job autonomy and job enrichment as operational goals of participation. For as Rose has perceptively argued, the consequence of such autonomy rather than freeing the worker, may be making his skills more plant specific, create not freedom, but growing attachments to the firm.²³

The conflicting range of such arguments highlights the growing need for fundamental studies of worker response to the concepts of participation within the context of the plant and workshop. Such an approach is endorsed by recent research findings in South Australia, where the investigation of worker responses revealed a high degree of positive correlation between what might be termed individualistic perceptions and demands for worker control and the immediate environmental location of the worker.²⁴ In other words, interest was highest where respondents perceived parti-

20—Frankel, op. cit. p 4.

21—**Worker Participation in Britain: A Business Study by Social Policy Research**. Financial Times Ltd, n.d. For an interesting American approach see J. F. Donnelly, 'Participative Management at Work', **Harvard Business Review**, 55, 1, January-February 1977, pp 117-128. For a further report on experimental failure see 'Stonewalling Plant Democracy' **Business Week**, 2476, 28 March 1977. pp 78-82.

22—See 'Democracy is Not Imposed.' **Employer**, 41, June 1977 p1 for the current employer position in New Zealand.

23—Rose. op. cit. p 28.

24—G. E. O'Brien, P. Bentley and S. Sweeney 'Strategies of Worker Participation' **Working Paper, 16 November 1976** — Institute of Labour Studies, The Flinders University of South Australia. For a comprehensive review of the prospects for worker participation in Australia, see J. Fristacky, 'Prospects for Industrial Democracy in Australia' **Australasian University Law Schools Association**, Annual Conference, Christchurch, 1976.

icipation to be of real use in allowing them to exercise more influence over their actual work and its organisation.²⁵

But the realisation that participation has different meanings at various levels of organisations, and that ideological and conceptual discussions about the meaning of participation needs effective translation, is only one dimension of the overall debate. For differences in organisational structures may also require organisational centred participative styles that reflect not only the search for new values at work, but real and fundamental changes in employer-employee ideologies. The participative mode in which workers have a substantial voice in the operation of the organisation not only changes work, but the structure and indeed nature of executive responsibilities.

By definition, it also changes the constituent nature of the organisation itself, for the question immediately arises, who, in a truly participative structure, represents the broad spectrum of 'middle managers?' Again an earlier question can be reformulated, should power of representation of employees be vested in existing trade union organisations, or should new forms of explicit groupings occur each designed to represent peer group interests?

It is at this point that the question of appropriate replacement ideologies can legitimately be raised with its equally broad ranging implications of legal, social and value conflicts. For while governments may legislate for co-determination, it is the

parties, and they alone, who can make it work. How they can do so without very considerable ideological modification is a basic question for the future of co-determinative participation.

CONCLUSION

It has been the main purpose of this paper to demonstrate, selectively, and from a vast literature, that the substantive question of worker participation in management subsumes an extended continuum of arguments which range from replacement ideologies, through consultation, through job enrichment, and back again to co-determination. Dimensionally the arguments spill over into both theoretical and empirical areas of debate, and current evidence would seem to indicate that discussion will continue to grow and expand.

In New Zealand, a country deliberately omitted by the author on the grounds that the issue of worker participation should be the subject of a substantive contribution in its own right, there are indications that the debate is also being extended and developed.²⁶

It is also becoming clear that worker participation if it is to be effective, must reflect perceptive felt needs that are themselves the by-product of industrial relations in change. What emerges may well be a traditionally pragmatic New Zealand response to questions that will dominate industrial relations internationally for the rest of the twentieth century. ©

25—O'Brien, Bentley and Sweeney, *op. cit.* p 8. For further discussion on developments in South Australia, see L. B. Bowes, 'Worker Participation in Management: The South Australian Developments', *Journal of Industrial Relations* 17, 2, June 1975, pp 119-134.

26—Notably in the Industrial Relations Centre Seminar 'Conflict or Collaboration' 30-31 October 1974. See Proceedings. Edited by F. J. L. Young. Readers are also referred to A. Szakats 'Worker Participation in Industry: Past, Present and Future — Whither New Zealand?' *Australasian University Law Schools Association* Annual Conference, Christchurch 1976, pp 1-45.