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A framework for analysing worker participation in management

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The levels of managerial decision-making at which worker participation occurs, the range of subject-matter covered, the degree of power-sharing, and the means by which worker participation is implemented, are influenced by the wider social, economic and political environment.

Introduction

New Zealand is not alone in envisaging that organised forms of worker participation in management will represent one part of the solution to the problems of low profitability, slow rates of economic and productivity growth, industrial unrest and employee motivation. For these reasons the New Zealand Employers' Federation (1977) advocated greater employee involvement in the workplace, but its managerial bias influenced its recommendations on the appropriate form and content of worker participation. Trott (1977) and Public Service Association (1978) see more extensive and increased worker influence on management decisions arising out of developments in collective bargaining. Given these divergent views, the findings of the New Zealand Department of Labour (1972, 1976), analysed by Smith (1979), of the limited coverage and success of the organised schemes for worker participation seem unsurprising. The intention of this article is to provide an analytical framework which can be used to determine the structure of worker participation most suited to the New Zealand environment.

Worker Participation in Management Defined

Worker participation in management is a system of joint decision-making or rule formulation, and will occur whenever the workforce affects the process of decision-making beyond that implicit in the job content. Thus worker participation represents a challenge by employees, and for their representative organisations to unilateral managerial authority. It is an assertion of authority not based on the power of property ownership. The desire for participation arises when the managerial goals of profits and enterprise growth which require efficiency in the deployment of labour conflict with employee aspirations and customs concerning that deployment.

Participation in management can take several forms:

1. Unorganised participation, which may take the form of a negative response to management decisions via a strike or restrictive labour practice, or it may covert, as in the development of 'custom and practice' rules (Brown, 1973) whereby employees erode managerial prerogatives and widen the degree of work-discretion, or alter the effort-pay bargain.

2. Organised participation, which refers to formal and mutually agreed schemes such as joint consultation, autonomous work groups, and worker directors, with the extent, nature and area of joint control specified.

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(3) Collective bargaining, which provides a procedural mechanism by which employees' views are heard, and when coupled with the threat of unorganised forms of participation, can successfully influence the direction of managerial decisions. Participation is by opposition, providing negative responses as the only option, and an absence of responsibility for decisions made.

The issue is often perceived as how to turn unorganised participation into an organised form. But at the heart of many organised schemes is an attempt by management to regain control over the process of decision-making, or to unite employee aspirations with those of management. These schemes could be classified as pseudo-participative, being highly pragmatic and manipulative, rather than recognizing that employees and employers sometimes have legitimate but divergent interests which require reconciliation by a properly constituted decision-sharing process.

The Structure of Worker Participation in Management

The appropriate form and content of worker participation in management is influenced by the environment in which the industrial relations system is set. This environment is continually evolving as economic circumstances, aspirations and objectives, the political climate and legislation all alter. For instance, the 1973 Industrial Relations Act which permitted collective bargaining and workplace procedures to precede and supplement conciliation and arbitration has led to an increased dependence upon direct decision-making by the industrial relations actors which is an essential prerequisite for organised schemes of worker participation. Or, the tightening economic circumstances facing each enterprise requires management to increase efficiency to achieve its profit objectives, and the increase in efficiency may only be forthcoming if discussed with and agreed to by the employees, rather than unilaterally imposed by management. Similarly, technological and market conditions which are important influences on industrial behaviour, degree of job discretion, the organisational structure, the size, stability and nature of the workforce and workplace, the appropriate payments system and hours of work (Walker, 1970) will require continuous scrutiny in determining what is the appropriate form of worker participation for each enterprise.

These environmental factors only provide the outer framework for a system of worker participation; its actual structure will require detailed analysis and discussion of the following points:

(i) the rights of workers to participate in management functions which may stem from legal enactment, be formally written into industry or company agreements, be informally agreed at firm or plant level, or, with unorganised participation be in contravention of recognised decision-making channels. Obviously legislation will provide the widest coverage and uniformity in the form of worker participation, but is more likely to be at variance with the specific economic and technical aspects of an enterprise, or with managerial and employee aspirations. Company agreements can be more related to the circumstances of an enterprise but are more difficult to enforce and hence less likely to obtain widespread coverage.

(ii) the level of decision-making at which worker participation in management occurs. Ascending participation (Walker, 1975), whereby employees exert some influence on managerial functions above their own level of discretion, allows employees to influence fundamental policy decisions and the overall direction of the enterprise. Descending participation involves the sharing of managerial decisions at the level of the employee, i.e. the decisions which directly affect the discretion over the employee's task.

(iii) areas of control or joint decision-making in ascending participation can relate to issues of allocation of resources, production policy, labour relations, finance, pricing
and marketing policies. The appointment of worker-directors over some or all these areas will not eliminate the conflict between shareholder and employee interests: at best they will institutionalise the conflict. Descending participation incorporates autonomous work groups and shop-floor works councils, and is likely to cover the practical aspects of policy implementation, technical matters such as job and equipment design, the deployment of labour, pace of work, and the day-to-day production planning and control.

(iv) the degree of worker control, or the extent of intrusion by the workforce into managerial prerogatives, implies a continuum of worker power ranging from the right to receive information through to the right to protest, to suggestion, to prior consultation, to bargaining, to veto which may be either temporary and management must negotiate, or be final, to co-decision, and finally to unilateral workers' decisions. It is possible to have different degrees of power over each level and type of decision.

The Means to Implement a Scheme for Worker Participation

There are a variety of alternative participatory schemes, often interlocking rather than mutually exclusive, operating at different levels of the enterprise, and having varying amounts of power over a range of topics. It is feasible to have unions and management involved at governmental level discussing the level of employment, health and safety regulations, etc.; to have worker-directors having the power of veto over specific issues of labour relations, with worker control over the organisation and pace of work in autonomous work groups, whilst management retains authority over the state of technology, material ordering and marketing policies which are then subjected to unorganised forms of participation. Only when the network of participatory institutions has been determined can the means for implementation of the schemes be decided.

The crucial issue for implementation is that the preferred nature, extent and scope of control must be jointly determined by those operating the scheme. Schemes introduced unilaterally by management, or imposed by law or statute, are likely to fail through apathy of the workforce, or insufficient flexibility for the specific industrial relations system of an enterprise.

The workforce and trade union organisation face a range of issues which need resolution before implementation:

(i) In large scale organisations with ascending participation, how are the workers' representatives to be chosen? This relates to more than just the method of election, but also to whether elections are restricted to trade union members or to the whole workforce; on what bases are the craft, unskilled and white-collar groups to be represented (and how are their sometimes divergent interests to be combined and reconciled?); and at what level in the organisation do workers become management?

(ii) Once elected, what powers do the workers have over their representatives? This relates partly to the regularity of elections and the right of recall of their representatives, but also to the degree of independence which their representative has in making decisions. Management will have little confidence in a workers' representative who is continuously subject to recall and replacement. If, however, the workers' representatives develop the expertise to participate effectively in decisions, their attitudes may change so that they no longer adequately represent the workers.

(iii) What are the rights of the workers if they disagree with the decision which their elected representative participated in? Are they able to indulge in industrial conflict against their 'own decision'? To allow a trade union to call a strike will require separation of the trade union from the participatory body and the election procedure.
How are the elected representatives going to disseminate information to their constituents, and to assess the consensus of opinions of their constituents for representation? This will require the establishment of regular workplace meetings, as well as provision for ad hoc meetings for special decisions.

What is the relationship between the trade union movement and the participatory bodies? Trade union power may be reduced if individual workers gain greater autonomy by directly negotiating over their working conditions rather than relying upon the union. If trade union power is thus weakened at plant level, officials may wish to compensate in substantive bargaining. The split between substantive and procedural issues may become unstabilising if carried out by separate bodies.

Both management and employees will require training in the nature and methods of the participatory process. Management at all levels will have to adapt to a new role status and command hierarchy, and have to accept a pluralistic framework. The participatory committee will have to determine:

(i) What is the proportion of workers’ representatives on the committee? This will obviously influence the degree of power which the workers will have.

(ii) By what method shall the committee make a decision? Is it to be a consensus, which implies a degree of flexibility by the decision-makers, or by majority, which implies that the workers’ representatives may be outvoted?

(iii) In ascending participation what is to be the relationship between the representatives and middle management as middle management may be by-passed in the information and decision network?

Conclusions

In all enterprises decisions have to be made concerning the planning, organisation and control of production and distribution. Under present company law these decisions are taken in the interests of the shareholders, which higher levels of management perceive to be profits and growth. Employee motivation, it is assumed, flows from a mix of extrinsic satisfactions plus negative sanctions such as the power of dismissal. But some managerial decisions have an adverse impact upon the workers’ perceptions of their own interests. Where these interests have a high priority, employees may invoke their own sanctions in the form of strikes or go-slows, or insert their own norms. Appeals to managerial authority will be rejected unless employees perceive that their interests are not disadvantaged by the decision.

From this stance, worker participation in management provides a method for making decisions which are acceptable to both management and employees. Management can accept this intrusion into their prerogatives from pragmatic points of view: it may enable them to regain some control over areas of decision-making; or it may increase profits from a change in employee motivation or a reduction in industrial conflict. Employees will desire participation wherever the arbitrary use of power by management results in decisions at variance with their interests. The introduction of an organised system of participation will take cognisance of these factors, influencing the industrial relations system of each enterprise, and will require detailed negotiation between all levels of management and employees over the areas and levels for shared decision-making, and the degree of power to be accorded to the workforce.

In the New Zealand context, the present array of participatory schemes, and their success, is limited. The degree of unorganised participation has indicated a desire by workers to influence management decisions, whilst the trade union movement has seen collective bargaining as a means of further intruding into managerial prerogatives. In general, management has a unitary perspective, but the increased need to resolve industrial relations problems at the workplace due to the impact of technological change and
economic constraints has resulted in an acceptance of collective bargaining along with the traditional conciliation and arbitration. As the practice of joint decision-making becomes accepted following a gradual extension of collective bargaining, a wider range of participatory institutions can be envisaged, with extensions to the range of subjects covered by collective bargaining as well as variants on both ascending and descending participation. Imposition by legal enactment would find many managers and employees unable to adapt to the altered formal and informal rules, and would be at variance with the trend of the New Zealand industrial relations system towards collective bargaining, away from third party decision-making via conciliation and arbitration.

References


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