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Christopher Selvarajah is a member of the Faculty of Business, Swinburne Institute of Technology, and Stanley Petzall is a member of the School of Management, Deakin University.

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Abstract.

The paper examines definitional issues surrounding the concept of workers' participation. A distinction is drawn between schemes to involve workers as a practical matter in the management democracy and workers' control.

Arguments about the benefits of workers participation are examined and evaluated. Distinctions are drawn between different forms and organisational levels of participation. In particular, job enrichment, autonomous and semi-autonomous work groups, quality circles and collective bargaining are singled out for attention.

A perspective is provided on developments in Western Europe, with particular emphasis on the German and Swedish experiences. Lessons for Australia and New Zealand are suggested.

The situation in Australia and New Zealand is outlined. Past obstacles and barriers to participation, arising from the nature of the industrial relations systems, and attitudes and policies of governments, employers and unions are discussed. Some more positive recent developments are analysed, and a prognosis for possible future developments is suggested.
INTRODUCTION

All workers participate in industry by producing the substance of man's material existence, but since the industrial revolution all but a few have been consistently denied an effective voice in the management of the firms in which they are employed. This is not to imply that workers have always been dependent, passive and fatalistic. Throughout the development of industrial society many people, who have occupied basically subordinate roles, have struggled for an improvement of their condition. This has resulted in advocacy of a variety of methods through which workers may participate in, and even at times, win control over certain decision making processes in the work place.¹

The idea of extending the principles of democracy into the economic and organisational spheres of society has gained momentum over the last twenty or so years through pressures for reform from trade union leadership, enlightened management and political parties, in a number of western societies.²

The participation of workers in the management of undertakings is now a matter of growing interest in many countries in the world today, especially those at more advanced stages of social and economic development. Workers' participation in management may well be a significant feature of the future evolution of industrial relations in many countries.

This chapter will examine workers participation in terms of levels of activity and effectiveness by defining the concepts, describing various forms of participation at different levels and evaluating their effectiveness.
WHAT IS WORKERS PARTICIPATION?

As a concept, workers participation is fraught with terminological and ideological difficulties. The basic principle is that people who are managed should have some say in the decisions which affect them, but there is controversy as to the extent and form which this influence should take. At one end of the scale the worker takes part in every decision which affects him (self-management) and at the other he 'participates' by receiving information on decisions.

Part of the confusion in defining the concept is due to a great deal of interchangeability between the terms Industrial Democracy and Worker Participation. J.R. Robbins points out that these are two radically different approaches to worker involvement in management. Industrial democracy is politically based, features in some forms of socialist theory and is proposed as an extension of democratic society. Workers in an authoritarian situation for a substantial period of their lives cannot be expected to become participant citizens on demand. Therefore, it is argued that the workplace - a substantial occupier of man's time - should be democratised. As Robbins puts it, '... if the work place is regarded as a political system, then democracy within it requires that 'government shall be by consent of the governed' and that management should be entirely elected by those who are managed.'

Hence, industrial democracy is a concept which describes schemes which seek to give workers total control over management as a matter of principle.

The concept of worker participation, on the other hand, can be seen as manifesting itself in schemes which introduce a measure of worker involvement in management (and hence decision-making) as a practical rather than ideological matter. In this model, workers are seen as being more productive if they can exercise more influence over decisions affecting them. However, there is no question of total control over management.

Schemes of participation have been voluntarily implemented by management in a number of countries. Such schemes represent important concessions in respect of the traditional beliefs in 'management's prerogative' of decision-making. As the reactions of workers can hinder or prevent implementation of a decision, it may be seen as good logic to bring workers actively and positively into the decision-making process. It can therefore be argued that worker participation involves varying degrees of limited involvement in management, and differs substantially from industrial democracy.

The following are various definitions of worker participation:

(i) The ILO defines participation as 'any process whereby workers have a share in the reaching of managerial decisions in the enterprise.'
(ii) Hespe and Little define participation as the concept of sharing in three functions of the enterprise's activities, namely: Power, Information and Profits.

(iii) French defines participation as a 'process where two or more parties influence each other in making certain plans, policies and decisions that have further effects on all those making the decisions and those represented by them.'

The first definition has the merit of conforming to our common sense understanding of the term. But it fails to clarify the worker's role in the decision-making process. Is the worker's contribution passive and negative, or is it active and positive? Blumberg's approach provides a useful framework for analysing these definitions. On examining Table 1, we find the participation and power of workers increasing and the prerogatives of management diminishing, as we move from the top of the table to the bottom. At one end of the scale, workers are passive recipients of managerial decisions, at the other they are active controllers of decision-making.

Thus, the table illustrates a movement from modest forms of workers participation at one extreme, to full industrial democracy at the other, in the sense in which we have defined these terms.

The ILO definition of worker participation involves no concept of power and control. This is provided in the definition given by Hespe and Little. In considering power, this definition includes the extent and means by which employees can influence decision-making. But communication and co-ownership are not necessarily facets of participation. It is implied in this definition that any form of decision-making on the part of the worker, without the elements of information and profit, does not constitute participation.

French's definition has merit in that it embraces the concept of power and control. The definition includes joint-decision making between two or more parties. This would exclude instances where workers are in total control of the decision-making process (which falls in the realm of industrial democracy). The definition also excludes instances where management informs workers about decisions already made, which is not part of the process of joint-decision making. But this can in fact, be considered a very limited form of participation, as management's need to inform the worker implies power on the latter's part.

A better definition of worker participation is required which adequately covers the elements of power and control, embracing the varying degrees of participation - ranging from the workers right to receive information, to the right of co-determination.
### TABLE 1

**TYPES OF WORKERS PARTICIPATION**

A. **Cooperation**

Workers influence decisions - except in no.(i) below, where this is nominal - but are not responsible for these decisions.

<table>
<thead>
<tr>
<th>Workers' Role</th>
<th>(i) Workers have a right to receive information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passive</td>
<td>(ii) Workers have a right to protest decisions</td>
</tr>
<tr>
<td></td>
<td>Negative</td>
</tr>
<tr>
<td></td>
<td>(iii) Workers have a right to make suggestions</td>
</tr>
<tr>
<td></td>
<td>Positive</td>
</tr>
<tr>
<td></td>
<td>(iv) Workers have the right of prior consultation but their decisions are not binding on management</td>
</tr>
<tr>
<td></td>
<td>Positive</td>
</tr>
</tbody>
</table>

B. **Co-Determination**

Workers control decisions and are responsible for them.

| (i) Workers have the right to veto | Negative |
| a. Temporary, after which management: |
| 1. may implement its decisions | Passive |
| 2. must negotiate with workers | Positive |
| b. **Permanent** |
| (ii) Workers have the right of co-decision | Positive |
| (iii) Workers have the right of decision | Positive |

GENERAL ARGUMENTS IN FAVOUR OF GREATER PARTICIPATION

Given that there has been much debate about participation, it is important to examine the evidence to ascertain what support it gives to theories of participation. The general benefits which are claimed to arise from greater participation, for both employees and management, include the following: increased employee job satisfaction and personal fulfilment, encouragement of greater initiative and reduction in worker alienation, less industrial conflict, greater productivity and efficiency, reduced absenteeism and labour turnover, and greater flexibility and adaptability to increasing technological change. It is clear that these arguments can be divided broadly into two categories: psychological and economic. Moreover, they are susceptible to empirical testing, and some evidence arising from this is reviewed below.

Another type of argument has also been advanced in favour of greater participation. The view has been put that the qualities of good citizenship and active participation in the wider political sphere can only be fostered by greater worker participation in industry. Pateman asserts:

'... participation in nongovernmental authority structures is necessary to foster and develop the psychological qualities (the sense of political efficacy) required for participation at the national level ...' and '... industry is the most important sphere for such participation to take place'.

In her more recent writing, Pateman has gone further, and argues the view that it is 'relative power rather than subjective feelings that is crucial to participation'.

This view is based on the findings of American political scientists that, generally, it is white, middle class males who are in the 'social positions that make it rational for them to assume that their participation will be effective and so activity is worth any effort involved'.

From this, Pateman concludes that, if it is to be worthwhile for everyone to participate, they need not only the confidence, and the skills to do so, but a socio-political structure is required that makes it worth the effort. Thus, it follows that, throughout society, 'Democratisation of power structures and redistribution of economic resources is required together with social changes that ensure that, those people, especially women, at present confined to the periphery of political and organisation life, become full and equal members.'

This type of argument may be regarded as essentially moral in nature, and as such cannot be proven or disproven by empirical research. 'The social sciences as sciences have nothing to say about ultimate value judgements of this kind, although in principle they can observe and describe the effects of various forms of social organisation.'
Nevertheless, because the 'good citizenship' argument cannot be proved empirically, it should not necessarily be dismissed. Democratic ideas and ideals are a major feature of the structure of western societies. Particularly with an increasingly educated workforce, industrial structures reflecting authoritarian values are likely to generate conflict between workers and management if they are seen to be completely at variance with political structures which reflect democratic ideas.

At a more pragmatic level, some of the psychological and economic arguments referred to above can be, and have been, subjected to empirical analysis. O'Brien points out that the international literature on job characteristics and worker satisfaction which is extensive, and is based on employee surveys in many countries, has generally concluded that workers whose jobs are low in autonomy, variety and skill level tend to be dissatisfied with their work. From this the conclusion has been drawn that improving workers' autonomy by giving them more right to participate in the organisation of their work will improve job satisfaction and lead to higher productivity.

However, O'Brien warns that there are methodological flaws in the research on which this conclusion is based. In particular:

1. the ways in which job characteristics and satisfaction have been measured are often unreliable;

2. questions in surveys about influence by workers over their work have often failed to distinguish between immediate and distance influence. Workers are more likely to experience satisfaction with immediate than distant influence;

3. some workers may actually prefer jobs low in influence because their attitudes to work are instrumental. They are more interested in pay and conditions than the nature of the work and the opportunities it may offer for influence;

4. few attempts have been made to assess relative importance of different job characteristics i.e. many surveys have failed to probe respondents as to which aspects of their jobs they find satisfying or dissatisfying, rather than whether they like or dislike their jobs overall.

In Australia, surveys similar to those referred to above have been conducted. Perhaps the most sophisticated large-scale survey was that carried out by O'Brien, Dowling and Kabanoff. This survey involved a representative sample of 1400 respondents in the Adelaide area and sought to avoid the methodological problems mentioned above. The study sought to measure the relationship between job satisfaction, on the one hand, and skill utilisation, influence, variety, pressure and interaction on the other.
Positive relationships were found between job satisfaction, on the one hand, and skill utilisation, variety and influence, on the other. However, the strongest correlation was between job satisfaction and skill utilisation.

O'Brien concludes that this suggests that increasing worker influence will not increase worker satisfaction unless skill utilisation is also improved. Furthermore, as he also points out, other research findings have shown that it is difficult to prove that increased job satisfaction leads to higher productivity. The reason is that there are a number of intervening variables which may enter into the relationship. They include work group norms, matches between skill levels and job requirements, limitations imposed on performance by technology, and quality of supervision.\(^\text{14}\)

Thus, while the general psychological and economic arguments about the positive relationship between worker participation and workers' satisfaction and productivity are plausible, and there is some evidence to support them, they cannot be regarded as having been proven.

ATTITUDES TO PARTICIPATION

Evidence indicates that whether forms of participation giving workers real influence on decisions affecting their work situations develop is largely dependent on the attitudes of management. In order to allow such real forms of participation to develop, management has to take the initiative and relinquish some of its traditional prerogatives.

Unfortunately, if one believes in the benefits of greater participation, evidence also suggests that most managers, in most industrial countries, are opposed to forms of participation, precisely because they entail loss of power and surrendering some of their traditional prerogatives.\(^\text{15}\)

Other reasons for managerial opposition include the fear that adoption of participation represents a threat to their professional competence, as their standards and goals do not normally include the achievement of worker participation.\(^\text{15}\) Managers may also believe that participation is the wrong way to run an organisation, that they will be unable to handle change, or fear union intrusion into management, where unions are a significant feature of the industrial scene.\(^\text{16}\)

Obviously, it is not possible to generalise about the attitudes of all managers, as there are instances where they are receptive to participation, but these seem to be the exception rather than the rule. Thus, it seems no accident that where more formal schemes of participation have become established, giving workers real influence, such schemes have usually been underpinned or introduced by legislation.

Attitudes of unions and individual workers towards participation—may vary. Attitudes of unions differ in different countries. In Scandinavia, they have been in the
foreground of the movement for improved quality of worklife and towards greater industrial democracy. In the United States and Britain, unions have favoured collective bargaining as a means of extending their own influence, and have showed relatively little interest in practice, in other forms of workers participation.17

In Australia, as we shall see in more detail below, unions, until recently, also showed little interest in practice in forms of participation, other than collective bargaining and direct negotiation with employers over wages and conditions. However, in 1977 the Australian Council of Trade Unions did adopt a policy in favour of representative forms of participation, provided such participation occurs through union channels.

Individual employee attitudes towards participation also vary.

There have been many surveys concerning employee attitudes towards participation. Some of the evidence from these surveys is examined below. However, as Lansbury and Spillane argue,18 the surveys fall into three general types: those concerned with participation in general, those concerned with particular forms of participation and those concerned with personal participation in particular situations.

It is, therefore, important to examine the focus of a survey in evaluating conclusion drawn about employee attitudes.

As a generalisation, the evidence seems to show that employees prefer direct forms of participation, which give them more influence over their immediate job situation, such as work redesign or job enrichment, to indirect forms of participation. There is also evidence to show that attitudes to participation vary with age, seniority and levels of skill and education. Generally, it appears that older, more skilled, better educated and more long-serving employees are more favourably inclined toward forms of participation than younger, less skilled and educated employees.19

Overall, however, it seems to be true that workers' first and foremost concern in industrial relations centres on financial rewards and satisfactory working conditions. Partly, this may be due to lack of awareness and education, as the evidence cited above suggests. This view obtains further support from Hespe and Little's finding that those who have experienced participation express a need for greater participation.20

**LEVELS OF PARTICIPATION**

If participation is to be considered as basically involving the decision-making process, it can be seen that a great deal depends on the significance of the decisions, and the point at which workers become involved. For example, there
is a big difference between involvement in the consideration and assessment of options during the preliminary decision-making phase, and involvement in the actual decision-making.

The significance of decision-making can be related to the level at which it occurs in the organisational hierarchy. At one extreme, there might be a situation where workers elect representatives to the governing body of the enterprise who participate in the boardroom, but who are subject to relatively authoritarian management in the daily conduct of the enterprise. As the other extreme - at the task level - workers may not be represented in the governing body of the enterprise, but may participate fully on the shop floor.

We shall examine and assess various forms of participation which have evolved, in relation to the level at which they occur in the organisational hierarchy. We will begin at the micro or task level, and examine conceptually forms of participation at this level. Then we shall briefly review the experience of some of the more advanced European countries. Finally, we shall examine, in more detail, the Australian and New Zealand experience.

**Micro Level Participation**

During the early twentieth century, when Scientific Management was in vogue, the industrial worker was considered in most management circles as an inconvenient appendage to the machine, and was assumed to have fulfilled his decision-making role in accepting the wage offered for the particular job. As an 'economic man' he was regarded as having a calculative approach to work which required no other satisfaction than the monetary reward it brought. The Hawthorne experiments resulted in a new perspective, revealing man as a social being, seeking satisfaction in group situations.

Building on this perspective, behavioural scientists began to give the needs and rights of the worker more recognition. The trend was towards improving the quality of work life, in the hope of achieving a corresponding improvement in problems such as labour turnover and absenteeism. This resulted in approaches such as job enrichment, autonomous work groups and quality circles.

**Job Enrichment**

The early idea of using men as adjuncts to machines led to low productivity, low morale, high absenteeism and high labour turnover. Later managerial thinking resulted in a number of attempts at job redesign. Prominent among the new prescriptions was job enrichment. Based on Herzberg's Two-Factor theory, this method involved expanding the workers' task or job both horizontally and vertically. The most important aspect of this approach lay in vertical expansion, as it is by this means that employees are given greater powers of 'self-planning, organising, directing and controlling of their own jobs'.

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Job enrichment may occur through participation by workers in helping to redesign their own jobs in consultation with their immediate supervisors or those higher in the organisation. Wall cites Vroom's findings that those high in independence and low in authoritarianism are positively satisfied through participative decision-making. Yukl and Latham have hypothesised that, 'participation in goal setting results in greater goal acceptance and commitment for employees with any of the following characteristics:

1. a strong need for achievement;
2. a strong need for independence;
3. high self-esteem;
4. a perceived internal locus of control.

Independence and responsibility does not satisfy all individuals, however. There are those who prefer the security of dependence and high authoritarianism. The presence of independence places stress on the individual to cope and do well in the situation. Here intervention by the personnel manager or staff officer may be necessary in selecting people likely to be able to cope with the responsibilities of enriched jobs.

Autonomous and Semi-Autonomous Work Groups

In some instances, the division of labour has made individual tasks so small that it was just not possible to enrich the individual's job. Experiments in Scandinavia, whose purpose was to reverse the process of the division of labour, led to the idea of the autonomous work group. Such a group is one which is engaged in the cooperative completion of a work task (or a group of tasks), with responsibility for a complete area of work. Generally the task is set by management, or in consultation with management, and it is up to the group to arrange within itself how this will be achieved. Thus, group members may organise and control their work without direct supervision and with fewer constraints on flexibility. It is important to note that groups are formed on the basis of product rather than the specialised function.

According to the degree of autonomy accorded to the group, it may be described as fully autonomous or semi-autonomous. Autonomous and semi-autonomous work groups seek to inject interest and variety into work, to improve social interaction and to give workers the opportunity to identify more meaningfully with a product, service or system. Such work groups may involve decision-making on the following types of issues:

- Individual production procedures and techniques;
- Internal leadership;
- Qualitative goals;
Recruitment;
The internal distribution of tasks;
Group production methods;
Starting and finishing times;
Additional tasks that can be taken on by the group;
External leadership;
Quantitative goals.

According to Gulowsen, a work group is autonomous when the following conditions exist:25

1. The work group can influence the formulation of group goals in terms of:
   (i) What the group shall produce;
   (ii) Production volume;
   (iii) Rewards for effort;
   (iv) Relationships with other parts of the organisational system.

2. The group can control:
   (i) where to work;
   (ii) when to work.

3. Decisions are made by the work group about:
   (i) production methods;
   (ii) the internal distribution of tasks among members;
   (iii) selection, appointment and expulsion of its members;
   (iv) leadership questions relating to internal group regulation;
   (v) leadership questions related to external issues and relationships with management.

The autonomous work group has received a lot of attention principally because of its introduction into automobile manufacturing in Sweden. Saab’s new division for engine assembly was opened in 197226 and Volvo’s completely new automobile assembly plant was opened in 1974.27 Both plants use autonomous work groups. In both cases, serious personnel and industrial relations problems led to the introduction of the new form of work organisation. Volvo’s efforts in reducing high turnover and high absenteeism, resulted in a policy of improving the working environment and enriching jobs. The Kalmar plant was designed so that production could be accomplished by teams. The results of the Kalmar experiment have been mixed. There was a significant improvement in absenteeism and turnover, but the predicted long term cast savings have not appeared.

We have discussed the Volvo experiment in the context of job design in a previous chapter.
The result at Kalmar are in line with the broader evidence about the effectiveness of autonomous work groups, which we examine below.

Extensive research into the use of this form of organisation has been carried out. The research generally seems to indicate that adoption of this form of organisation has led to improved productivity, decreased absenteeism and more positive work attitudes by workers, by providing the latter with greater task variety, more recognition, greater group support and encouragement and more opportunities for growth and development.\textsuperscript{28}

(Insert Table Srivasta et al., O'Brien, p.194.)

However, once again, the methodology and the conclusions drawn from some of these studies has been questioned. O'Brien points out that 'Many variables are varied, pay, training, work organisation, organisational structure, feedback, and one is unable to say which variable or variables is most responsible for observed effects'.\textsuperscript{29}

Some problems have also been found to be associated with the adoption of these forms of organisation. They include the following:

1. Not all tasks lend themselves to group working.

2. First line supervisors often resist changes in traditional work structures, because they feel their positions being undermined. A study by Lansbury and Gilmour\textsuperscript{30} of 1100 supervisors in Australia examined this issue. They concluded that younger supervisors in particular were not favourably disposed towards
participative styles of supervision or changes in their traditional role in the organisation, and that this constituted a significant barrier to moving towards forms of industrial democracy.

3. Not all workers respond positively to these forms of organisation. For example, in the Volvo experiment at Kalmar, a significant minority of employees preferred the traditional assembly line method of assembling cars to the new semi-autonomous work group method introduced at the plant.

4. Group working may require extra training and learning of new skills, adding to costs.

5. Trade unions may be opposed to such forms of organisation because of traditional demarcation lines and boundaries and implications for wage and salary structures.

6. 'Group think' processes may also generate conformity, rather than encourage initiative.

Emery has posed the problem specifically of how group working can be introduced into continuous production industries, such as pulp and paper mills. He notes that semi-autonomous groups were originally introduced into traditional, mass production industries, such as steel, coal mining and textiles, where workers interact on the face-to-face basis, and group contribution to output can be measured in some way. He points out that in continuous production systems based on a different technology, there may be complex management problems, though he argues these can be overcome by a system of 'self-managing groups'. A central feature of the organisation required to support such groups is an integrated information system, employing computers and intensive training in skills like quality control engineering and production planning for the workforce to provide groups with the means and skills to monitor their activities in the absence of any 'old-style' supervisors. He claims success for such a system in experiments in the pulp and paper industry in Norway.

Experiments with semi-autonomous and autonomous work groups have proceeded furthest in Scandinavia, but, even there, some basic problems remain unresolved. For example, where such forms of organisation have been established in one part of a company, there is the question of why they have not spread to others. It is noteworthy that the experiment at the Volvo factory at Kalmar, did not spread to other plants owned by the same company, in spite of the fact that Volvo management has presented the plant as a showpiece of the company, in terms of quality of work life.

Secondly, there is the question of how far the adoption of such forms of working in fact change the basic power structure of organisations. Critics of the Volvo scheme from the trade union movement and academic circles have
argued that, while the Kalmar experiment may have met some of the objectives of socio-technical job re-structuring, it has done nothing to promote real industrial democracy. They argue that traditional scientific management principles still determine the physical tasks to be performed. A computer in Gothenburg, which also co-ordinates the company's traditional assembly line operations in other plants, moves assembly trolleys in and out of each assembly area at a pre-programed speed that matches the Gothenburg line.

The critics claim the effects are that management's authority over the workforce has been increased by dividing the workforce into groups and erecting barriers between them. Moreover, the speed of operations has been increased to the point where workers' autonomy in terms of deciding on breaks and job rotation may become meaningless, team mates have no time to communicate new skills to each other, or to newcomers, and stress is so severe that no-one over 40 can work in the factory.

Quality Circles

First developed in Japan from an American idea, quality circles represent a relatively new approach to employee participation. A quality circle may be defined as a small group of employees doing similar or related work, who meet regularly to identify, analyse and solve product-quality and production problems and to improve general operations. The circle is a relatively autonomous unit - ideally about 10 workers - with attendance being voluntary.

The circle is usually led by a supervisor or by someone chosen from within the circle. The circle has authority to implement agreed changes.

Participants are taught elementary techniques of problem solving, various measurement techniques and quality strategies. Some typical efforts in improving methods of production include reducing defects, scrap levels, reworking of materials and downtime, which are expected to lead to cost reductions as well as to increased productivity.

In addition to the above, the circle focuses on the self-development of workers and the improvement of working conditions. Through this process there develops improvement of worker morale and motivation, stimulation of team work, and recognition of worker achievements.

Suggested solutions to problems are conveyed by circle members to management through a presentation to management.

With management's approval, the suggestion is put into operation. The success of the circle can be measured in terms of quality, casts and attitudes.
Key factors in the quality circle concept are:

- individual representation by members of the circle;
- voluntary membership. This prevents the worker from viewing the concept as just another 'flavour of the month' idea.33
- group process. Members learn to work with others, and through their collective efforts a sense of belonging is established.
- involvement. Members are encouraged to involve themselves in all aspects of the group's tasks.
- supportive management. This includes financial support as well as a willingness by management to devote time and attention to the circle's progress.

The effect of properly planned and introduced quality circles on productivity and cost savings can be considerable.

For example, Yager indicates that the Lockheed Corporation in the U.S. managed to decrease rejects in one operation from 25-30 per 1000 to less than 6 per 1000 hours. In the first two years of operation, their 15 circles contributed to savings of $2,840,000/-34. Furthermore, improvements in absenteeism, work disruption and tardiness have been demonstrated, along with worker enthusiasm for the scheme. Hutchins suggests that the success of Japanese industry has been due to quality circles, rather than socio-cultural factors.35 However, this seems an extreme view, and other observers have concluded that the whole ethos of Japanese industrial life has contributed to the success of Japanese industry. For example, there is the tradition of lifetime employment in large corporations, consensus decision-making, filtering down through organisations, and use of job rotation to multi-skill workers. We review these matters in more detail in the next chapter.

It would be unwise for any organisation outside Japan to transplant the quality circle concept and expect miracles. The tendency for individualism needs to be changed among workers and replaced with group efforts. Once a suitable attitude is established, with commitment to group processes, the quality circle concept may be implemented after appropriate planning and commitment from management. The pay-offs may be substantial, as quality circles do seem to be a successful method of participation. Some success has been reported with the use of this concept in the United States, where it originated, though interest has tended to wane as the worst effects of the recession of the early 1980's passed.36 In Australia, the concept of quality circles has also been applied on a limited scale with some success. We discuss this below.
Collective Bargaining

Collective bargaining can be defined as a process of fixing terms of employment and settling grievances by group negotiations between unions and employers. To the extent that this process allows employees, through their unions, to influence their wages and working conditions, collective bargaining is obviously a form of workers participation.

Professor John Niland has argued that collective bargaining in its pure form, involves five necessary conditions:

1. Dispute resolution is sought mainly through direct negotiation between management and unions. Third party intervention is permissible only on a voluntary basis, as agreed by the parties.

2. There is substantial uncertainty at the beginning of negotiations as to the final outcome.

3. The parties have a philosophical commitment to direct negotiation and approach the process in good faith.

4. Where disagreements over terms of settlement persists the parties themselves are responsible for resolving impasses at least until the public welfare is threatened.

5. The parties negotiate from reasonably even bases of power, viewed as the ability to determine the terms and conditions of work.

Walton and McKersie have put forward the view that there are broadly two forms of collective bargaining, distributive and integrative bargaining. The function of distributive bargaining is "to resolve pure conflicts of interest". The function of integrative bargaining is to find common or complementary interests between the parties and to solve common problems confronting them.

Thus, collective bargaining may involve elements of conflict and collaboration. An accepted part of the process is the ultimate right of either side to resort to force, in the form of the strike, the lockout, or some other kind of coercive action, to support its demands at the bargaining table.

Since a prerequisite for effective integrative bargaining is trust, and this is often lacking in the relationship between the parties, the distributive approach to bargaining often dominates the process.

Collective bargaining is based on the principle of collective organisation, namely that employees and managers will participate in decision-making about wages and working conditions through formal organisations, typically trade unions and employers' organisations or individual corporations.

The reason why the assumption is generally made that collective bargaining will only work where there is a balance of power between employers and trade unions is that,
otherwise, one side or the other would be tempted to destroy or dictate to the other. In some countries, such as the United States, the Government has established certain ground rules, so that there is an obligation placed on the parties (especially employers) to negotiate in good faith where the other side can demonstrate it is representative of employee interests.

A problem inherent in the process, therefore, is that collective bargaining may not take place at all if the necessary degree of collective organisation is not present. Some workers, too, who are not members of unions, will be unable to be represented in the process where it does take place. Levels of unionisation vary in western countries, but even a country like Australia, which is relatively highly unionised, has only some 50% of its workforce covered. Levels of unionisation in countries like the United States, the United Kingdom, West Germany and Japan are far lower.

It is evident that the process of collective bargaining implies the continuation of a functional division between "management" and "workers". Although the scope of bargaining has expanded over the years in most western societies, union leaders generally in most countries have been reluctant to share the responsibility for decision-making in areas which do not directly affect pay, fringe benefits, working hours and other aspects of working conditions. Nor have they exhibited a will to assume the roles and functions of management. In turn, management has emphasised its right to manage and has strongly resisted union demands for a greater voice in managerial decisions.

However, there is evidence in some advanced industrial nations that unions are increasingly beginning to question traditional management prerogatives and that collective bargaining may, in the future, be used as a means of demanding greater worker participation in managerial decisions. An example is in the area of introduction of technological change, which has had major ramifications for employment in recent years.

The European Experience

Throughout Western Europe, there has been a trend towards greater worker participation, which is long established in some countries. In a number of Western European nations, institutions to facilitate the cooperation of employers and employees in the organisation were established, or regenerated, during the period following the Second World War. Sectional interests were for a time subordinated to the need to repair the economic ruin which then characterised much of Europe. In some countries these initiatives gradually ceased with growing prosperity, but in most cases institutions for participation continued to operate. Interest tended to wane in some countries in the 1960's, but in the early 1970's, the movement gained further momentum and new developments occurred, especially in northern Europe. The-resurgence of interest in participation was
part of the wider concern with industrial democracy in the sense the right of employees to be informed about and influence decisions which affect their working environment. On the extreme left, in some countries, there was also some pressure for a move to workers' control of industry, but this has always been a fringe movement, out of the mainstream of development. The only country to experiment, meaningfully with a system based on workers control, where, in theory, workers both own and control larger industrial enterprises, has been Yugoslavia, within the framework of a Communist economic and political system. Rather than replacing the free-market system with state-owned systems - as advocated by the European Left - most Western European nations have attempted to preserve the free-market system and reform it to accommodate the needs of industrial democracy. Some countries, notably West Germany and the Scandinavian countries, appear to have enjoyed success, both economically and in terms of enhanced quality of working life, with this approach.

We discuss briefly below the experience of two northern European countries, and then examine the Australian and New Zealand position.

West Germany

Worker participation in industrial decision-making has been a goal of the German industrial labour movement and of its political ally, the Social Democratic party, almost since their inception. The struggle to assure worker representatives places on the boards of industrial and other enterprises reached a milestone in mid-1976, when legislation extending the coverage of worker 'Mitbestimmung' or co-determination went into effect. Even so, the legislation was a compromise, as it did not provide full-parity representation for labour with employers. This was mainly due to resistance on the part of business interests. Still, the German labour movement continues to strive for full-parity co-determination, in the belief that social democracy can only be achieved by workers gaining an equal voice with managers and owners of enterprises.

The occupation powers after World War II first introduced employee participation in the coal and steel industries. The new Federal Republic adopted this system by passing a federal law in 1951. An Act of 1952 extended participation to firms with more than 500 employees. A further extension occurred through legislation in 1976. In all cases, employee participation at board level applies to the supervisory board within a two-tiered structure. The supervisory board makes policy for the company and selects the management board. The management board is responsible for the day-to-day running of the company. Companies with less than 2000 employees have no provision for employee participation at the board level. At a shop floor level, works councils, the representative bodies consisting exclusively of company employees, exercise influence in managerial decision-making in most enterprises. The overriding task of the councils is to advise the management board on how to achieve the best
possible cooperation and orderly conditions in the workplace. Works councils enjoy considerable power in terms of co-determination on important shop floor issues, including working hours and conditions, safety issues, methods of remuneration (though collective bargaining on actual wage rates is the province of unions), selection, training and dismissal of personnel and technological change. "Furstenburg has claimed that "the legal rights of works council members in West Germany by far surpass the legal rights of equivalent bodies in other countries".

Success of co-determination in Germany

Observers have noted that, while there have been some problems in the operation of the system, it has almost certainly contributed to West Germany's post-war economic success in terms of low levels of inflation, low levels of industrial disputes and high levels of growth and competitiveness on world markets. The system was definitely a major factor in easing the problems of technological change in the iron and steel industry and pit closures in the coal industry during the 1960's and 1970's without major industrial disruption. Employee surveys have also revealed a very high level of support for the system. Clearly cultural factors are also at work, not least of which is West Germany's relatively low level of unionisation (40 per cent) and the self-disciplined approach of workers who, in recent years, have consistently accepted real wage increases below the level of inflation.

Sweden

Swedish industrial relations are characterised by the primacy of collective bargaining, supplemented by legislation. A number of Acts provide the legislative framework for co-determination in Sweden. The most important are the law on Employee Representation on Boards and Agencies (1976), the Working Environment Act (1978) and the Co-Determination Act (KSL) (1982).

The 1976 Act gives employees the right to elect representatives to boards of companies with aver 25 employees, and government agencies with over 100 employees. The Act provides for rights of consultation and information about industrial matters, excluding industrial disputes. Other previous legislation had already circumscribed employers' rights to dismiss workers and, in some cases, made dismissal conditional on consultation with unions. Rights of shop stewards to carry out union business without victimisation were also established prior to the 1976 legislation.

The 1978 Act extended the rights of union representatives in the areas of health and safety, including the right of unions to stop production unilaterally, in cases where they consider that there are serious hazards to workers' health or safety.
The 1982 Act gave unions the right to negotiate with employers over co-determination in the workplace, extended the previously existing right to negotiate over wages and conditions. Among other things, the Act imposed an obligation on employers to negotiate with unions, before taking any decisions affecting personnel or job organisation, and to supply information necessary to fully inform unions of managements' position prior to collective bargaining.

However, unlike West Germany, no two-tiered company structure exists under Swedish law, and, in the event of any clash between MBL and company law, the latter prevails.41

In 1983, the newly-elected Swedish Social Democratic Government also enacted significant legislation to establish a number of regionally based, wage earner funds. Unions enjoy majority representation on the boards of management of these funds, which are financed by a 20% tax on net profits above a certain level, and are designed to provide superannuation benefits for the whole workforce.42

Indirectly, this will obviously provide a considerable impetus to industrial democracy in Sweden by enabling unions to exercise control over the investment of substantial funds. This has been seen as providing a form of "economic democracy" to underpin full industrial democracy in time.43

Evaluation of the Swedish system

Forms of workers participation have been developing in Sweden, since 1938, when a Basic Agreement was reached for a collective bargaining framework between unions and management. During this period, the Swedish economy has enjoyed remarkable stability and growth. With the exception of a few years, the level of industrial disputes and inflation has been low, productivity of labour has been high, new technology has been successfully introduced in Swedish industry, with minimum industrial disruption, and export performance has been good. While other historical and socio-cultural factors are clearly at work, including the relatively homogeneous nature of the Swedish population, the country's neutrality in two world wars, and the collectivist and "feminine" values of Swedish society, revealed in Hofstede's study, referred to in an earlier chapter, it seems likely that Sweden's role in the forefront of the Quality of Working Life movement and development towards industrial democracy has contributed considerably to its economic success. A number of observers believe that Sweden, being similar to Australia in population size, extent of industrialisation, democratic nature of its government, and level of education of its labour force, has important lessons for Australia, notwithstanding some obvious differences between the two societies.44
Overview

Harrison suggests there are four common features of employee participation in Western Europe as a whole. 45

1. A growing trend towards employee representation on boards of companies. Though demands for parity representation on company boards are increasing, it has yet to be achieved, except in West Germany.

2. The works council - in its various manifestations - is everywhere an institution to provide employees with influence over work issues important to them below the strategic level of company policy.

3. Widespread recognition that effective employee influence over decision-making depends on provision of adequate information. The rights of trade unions/works councils in this area have been strengthened.

4. A trend towards works councils consisting solely of employee representatives.

Another observer has noted that, notwithstanding a decade of recession and unemployment, in no Western European country which has adopted works councils and forms of co-determination has the trend towards industrial democracy been reversed. 46

Australian developments in workers participation

The Australian context

Until the early 1970's, there was little interest in Australia in the issue of participation. This lack of interest may be explained in several ways. Economic circumstances were not conducive to interest by management, unions, employers, employees or governments. There was full employment, low inflation and strong economic growth.

The industrial relations environment and institutional processes were also antithetical to development of ideas about participation. Industrial relations mechanisms for dealing with disputes and other issues have traditionally been highly centralised in Australia. The net effect of these highly centralised mechanisms is summarised by Lansbury. 47 He argues that the establishment of conciliation and arbitration systems at federal and state levels have had two major effects. Firstly, they bestowed legitimacy and recognition on unions and established and maintained minimum wages and conditions for workers. Secondly, as a quid pro quo for employers, they protected managerial prerogatives, such as the right to hire, fire, promote and demote, and generally to run their businesses as they saw fit. The High Court and industrial tribunals generally treated managerial prerogatives as being beyond their scope of operation by the device of taking a narrow view of what issues constituted 'industrial disputes'.
This phrase appears in Section 51(XXXV) of the Australian Constitution, conferring power on Parliament to make laws for the prevention and settlement of interstate industrial disputes. Pursuant to this, Parliament has legislated to establish machinery for the resolution of such disputes. The limits of the powers to resolve disputes have been defined by High Court interpretations.

The high degree of centralisation of the system discouraged the formation of strong shop floor organisation by unions and collective bargaining between unions and employers.

Conservative governments also held office federally continuously from 1949 to 1972. Such governments were committed to maintenance of the status quo, including the established system of industrial relations.

From the early 1970's, this picture began to change. The level of inflation rose dramatically from an average of 2.5 per cent during the decade 1960-70 to a peak of 15.1 per cent in 1973-5. Although there was a decline in the later 1970's, inflation again reached double digit figures in 1981-2. During this period, unemployment also increased from 2 per cent in the 1960's to 10 per cent in 1983. It subsequently declined slightly, but has hovered around 9 per cent since the peak of the recession of the early 1980's.

A serious problem for Australia during the 1970's and 1980's has been the fact that its inflation rate has exceeded those of its major trading partners.

Another important trend which gathered pace in the 1970's was the increasing momentum of technological change. A consequence of this trend has been an increasing level of industrial disputes as a result of labour displacement.

The growth in inflation and the pace of technological change were major factors prompting interest in new forms of work organisation. The experience of some Western European countries, especially Scandinavia and West Germany, which we have examined above, suggested that greater participation by workers in decision-making could lead to higher productivity, readier acceptance of technological change and improved industrial relations.48

Attitudes and policies of the institutional parties

During the 1970's, management, unions and governments formulated policies on participation, and limited experimentation with different forms of participation began. Following visits by delegations of union officials to northern Europe, the A.C.T.U., representing the Australian union movement, in 1977 adopted a policy in favour of both direct and representative forms of participation, provided such participation took place through union channels.

When the Confederation of Australian Industry (C.A.I.) was formed in 1977, as the employers national counterpart of the A.C.T.U. in industrial matters, it, too, adopted a policy on
employee participation. As Lansbury notes, however, the policy was 'couch[ed] in much vaguer terms than the ACTU policy and tends to emphasise the importance of employer initiatives in consultation with employees'.

Political parties and governments also formulated policies on participation. Labor parties and Labor Governments were first in the field to formulate such policies. The Whitlam Government (1972–5) showed some interest in promoting forms of workers participation, but its only tangible expression was the appointment of a few union officials to the boards of public utilities, such as Telecom.

The South Australian Labor Government of Don Dunstan (1972–9) played a more active role. It established a 'unit for the quality of working life' in the South Australian public service, to raise awareness and encourage public interest. The unit also provided advice in how to install and operate systems of participation and the public service itself was used to experiment with forms of participation. No legislation, however, was passed, and with the defeat of the Labor Government, experimentation with participation was wound down.

In New South Wales the Labor Government of Neville Wran (1976–86) adopted a more ambitious policy of legislating for worker representation on boards of management, on the West German model. However, no attempt was ever made to implement this policy.

Conservative parties and governments also adopted a position on participation. The Federal Liberal–National Government of Halcolm Fraser in 1978, adopted a policy on 'employee involvement'. The policy encouraged employers, employees and unions to engage in forms of participation in the workplace, but stressed that the Government saw its role as purely facilitative, and would in no way legislate to compel any development. As part of its policy, the Fraser Government set up a National Employee Participation Steering Committee, with tripartite Government, employer and union representation, for the purpose of trying to obtain and implement a national strategy for employee participation. Given the differing views of the parties involved, no such strategy was agreed, but the Committee did foster and publish research concerning workplace experimentation. Pot surprisingly, the position of conservative parties and governments were close to those of employers, while those of labor parties and governments were close to unions.

**Workplace developments in the 1970's**

Apart from the experiments in the South Australian public service, referred to above, there were only limited developments in Australia in the private sector.

Some large companies experimented with management-initiated forms of participation, including job enrichment, joint consultation and semi-autonomous work groups. An example of such experimentation has been referred to in
Chapter 14 at two ICI plants. Other large companies involved in experimentation were CRA, Shell, Philips, Leyland and Alcoa. However, generally, management was opposed to forms of participation which would extend union influence.

In the late 1970's, with mounting unemployment and Labor out of office in most states and at the Commonwealth level interest in workers participation waned.

In the early 1980's, however, the situation changed again. Following a serious recession in 1981-2, the economy began to recover in 1983. In 1983, the Fraser Government was also defeated in an election, and replaced by the Hawke Labor Government. The centrepiece of that Government's economic policy has been an Accord with the unions. The Accord has been described as enshrining 'the importance of consultative practices, involving unions, employers and governments at national, industry and workplace levels'.

This foreshadowed a Government policy shift towards a more active role and a stronger commitment to promoting workers' participation. The Hawke Government subsequently commissioned research into the extent and nature of existing forms of participation, and the prospect for their extension in different industries and sectors of the economy. This resulted in a 'green paper' for policy discussion, entitled 'Industrial Democracy and Employee Participation', released in 1986. The options and recommendations outlined in this paper will be reviewed below.

Significant changes in the legal environment of industrial relations also occurred at this time. In a landmark case R. v. Coldham; ex parte Australian Social Welfare Union, (usually called the Commonwealth Youth Support Scheme or CYSS case) the High Court ruled that a much wider view could thenceforth be taken by industrial tribunals of what constituted an 'industrial dispute'. A major implication of this decision was that matters involving managerial prerogative, previously excluded from the scope of the powers of federal tribunals, could now become the subject of industrial awards.

Thus, forms of workplace organisation could now become the subject of bargaining, between unions and management, within the purview of the tribunals. Whereas previously developments in the private sector occurred almost exclusively at the initiative of management, it now became possible for unions to serve logs of claims on employers, including claims affecting forms of work organisation. The Hancock Committee of Enquiry into Australian Industrial Relations Law and Systems, set up by the Hawke Government, and which reported in 1985, also recommended that the Federal Conciliation and Arbitration Act be amended to give the widest possible interpretation to the concept of an industrial dispute. The Government is committed to the implementation of the recommendations of the Hancock Committee of Enquiry.
Industrial tribunals, in their decisions, have also shifted in response to these developments. In a major landmark decision, known as the Job Security Case, the Australian Conciliation and Arbitration Commission, in 1984 for the first time laid down general principles for dealing with redundancy. The Commission imposed on the employer a duty to consult with and provide information to unions and employees in respect of impending decisions which could lead to redundancy. The decision applied initially only to parties bound by the Metal Trades Award, but is being "flowed through" to other federal awards.

The ACTU has also recently strengthened its stance on industrial democracy. In 1985, the 1977 policy was amended, calling on the Government to introduce legislation for the introduction of forms of industrial democracy.

Employers organisations still remain opposed to such government intervention. The CAI's policy remains unchanged, arguing that the focus of employee involvement should be on the individual employee, and it should be left to management and workers in enterprises to work out suitable forms of participation. Other major employer organisations, including the Australian Chamber of Manufacturers, and the Business Council of Australia, have adopted similar policies.

However, one of the options outlined in the Green Paper is legislation, and the Hawke Government has yet to decide its attitude on this issue. Legislation has already been passed by some state governments, requiring consultation between employers, workers and unions on matters of occupational health and safety, and redundancy and technological change. The state government of Victoria has also negotiated a major technological change agreement with the Victorian Trades Hall Council relating to the Victorian public service and statutory corporations. Thus, in the view of some observers, issues such as these may form the vehicles for future developments in workers participation ('issue-based participation').

**Attitudes of individual managers and employees**

The attitude of individual managers and workers to participation may, of course, vary from those expressed by the institutional parties - employers organisations and trade unions. Inevitably, the policies of these organisations tend to represent a compromise of the views of their constituent members. Employers organisations represent a mixture of large and small companies in different industries, whose views on many issues may differ quite markedly. The same point can be made about the ACTU and trade unions.

However, as a generalisation, it seems true of Australia, like other countries, that a majority of individual managers do not favour representative forms of participation, or indeed any forms of participation which will erode their prerogatives—power or control over their employees.
A survey by Spillane has shown that generally Australian executives do not favour giving greater decision-making power to employees or to trade unions. He found however that attitudes of middle managers towards participation were correlated with political affiliations. Liberal voters were generally opposed to greater employee and union participation in management, while Labor voters tended to hold the opposite views. 

Evidence already cited above shows that attitudes of individual Australian workers towards participation vary, especially according to levels of education, seniority and skill.

Interestingly, the evidence from surveys also tends to show that employees do not favour union involvement in participation schemes. As Spillane et al. comment, this probably reflects the view traditionally held by workers about their unions, namely the view that 'the unions' role represents the interests of employees "at a distance" that is to say acting for employees as a group rather than becoming involved in job redesign or daily work reorganisation. 

Union attitudes, on the other hand, tend to favour indirect forms of participation, because unions have an interest in their power, growth and survival as institutions. Therefore, they tend to take the view that they should be the only legitimate channels for participation. This attitude is reflected in the ACTU policy, referred to above.

Recent workplace developments

Job enrichment

Evidence about job enrichment was reviewed in Chapter 14. We also commented further on this technique earlier in this chapter. As pointed out there, while job enrichment schemes have been reported to be successful in many cases, the research foundations of the theory underlying such schemes have been questioned. In particular, the work of Herzberg has come under fire. Nevertheless, survey evidence in Australia indicates that employees in practice generally prefer such schemes to "indirect forms of participation." There have also been reports of the successful use of job enrichment schemes by a number of major firms in Australia, including Philips, Qantas Airways Ltd. and Ford. However, in each case, job enrichment was only a part of a more extensive programme of organisational change introduced by the company, so it is not possible to estimate the contribution of job enrichment to the overall improvements achieved in job satisfaction and productivity.

Semi-autonomous work groups and quality circles

According to Lansbury: "Some of the most notable advances in employee participation in Australia have occurred at the shop-floor or workplace level" (in the form of semi-autonomous work groups).
Some large organisations which have reported successful experiments with this concept include ICI, Philips, CSR, Mitsubishi and Ford. In the public sector, a highly successful example of the application of semi-autonomous work groups has been reported in the Queensland Motor Vehicle Registration Branch, a part of the Queensland Public Service. We have discussed this case in detail in Chapter 14. The Western Australian Government Railways has also experimented with the concept, with promising results, in the work done by track maintenance gangs.62

We consider below the experiences of Westrail and Ford (Australia).

**Westrail**

In the West Australian Government Railways (Westrail) an experiment was conducted in terms of the operations of track maintenance gangs employed by the organisation's Civil Engineering Branch in a country district. Workers involved in track maintenance had always worked in so-called "caretaker gangs" of between 2 and 12 members.

However, details of jobs to be done, including nature and location of tasks, and estimated completion times were centrally prepared by a District Inspector, on a fortnightly basis. Work gangs were allowed very little say in task allocations, and setting of goals, and the system was essentially controlled, directed and co-ordinated by the Inspectors.

A survey of attitudes and needs of trackstaff carried out by management in 1979 revealed problems of motivation and involvement by workers. They complained they were not adequately advised of their progress (only disciplined for failure). They wanted more say in how the work was to be done, and wanted to be told of progress in terms of positive as well as negative outcomes.

The work system was modified, in 1980, so as to allow workers more autonomy in the work to be done, and give them better feedback about their progress. Each group member was given the opportunity to contribute to the setting of a fortnightly schedule for his gang, and to be given group performance feedback. Following group discussions, a gang representative would list tasks for ten working days on a programme form. The jobs, which had usually been previously approved by the Inspector, would then be discussed by the Inspector with the group. The form contained provision for the group to indicate assessed daily performance against each listed task. The District Office became responsible for preparing, on a fortnightly basis, a graph, showing the percentage of programmed tasks completed.

Another feature of the new work system was a method of assigning priorities to scheduled tasks. Events such as washaways and derailments beyond the control of the group were given top priority, and could alter work programmes.
An attempt was also made to introduce a more participative system of hiring and assigning of new recruits to work groups. While not directly involved in the hiring process, groups were given the opportunity to express their satisfaction or otherwise with new members assigned to them. To assist in this process, information was fed back to groups about members' attendance patterns.

There was evidence that, as a result, groups were becoming more cohesive and more committed to the work. New recruits who did not perform to the norms were encouraged by some groups to leave. Gangs also advised District Management that they were observing "prospective employees", did not wish particular individuals to join their groups, or were prepared to remain understaffed until suitable new recruits could be found.

The results in terms of absenteeism, accidents and staff turnover were also promising. There was a reduction in all these measures of dissatisfaction with the work.

As a result of the experiment, the senior management of Westrail agreed to extension of the system of giving maintenance workers more say in planning and controlling their work on a semi-autonomous group basis, to other districts in the organisation.

The new, extended system began operating in June, 1982, with successful results, and led to pressure from other groups of workers to adopt the same system of work.

The new system of work was stated to be subject to ongoing evaluation on a joint basis by Westrail management and the West Australian Institute of Technology (now Curtin University of Technology). The authors of the study conclude that the experiment has already shown how adoption of semi-autonomous work groups in suitable organisations can produce greater employee commitment to work, leading to improved productivity and greater job satisfaction.

Ford Australia

Ford Australia has also introduced a scheme embodying aspects of semi-autonomous work groups, combined with quality circles. Ford has called its programme "employee involvement" (EI). The EI programme was originally introduced in Ford's US plants in 1979 as a result of an agreement between the company and the United Auto Workers Unions, as a joint approach to reviving the US motor vehicle industry, following extensive layoffs and plant shutdowns.

The EI programme began on a pilot basis in the company's Sydney assembly plant, early in 1983, and has spread to all the company's manufacturing facilities and administrative areas. The company has enlisted the full co-operation of the major union, the Vehicle Builders Employees Federation (VBEF), though another union, which was originally involved, the Amalgamated Metals, Foundries and Shipwrights Union (AMFSU) - withdrew from the programme in 1985.
Each production area or administrative unit (e.g. the Broadmeadows Plastics plant or the Product Engineering Office) has a steering committee, comprised equally of management and union representatives. The committees are jointly chaired by the area head, and an elected non-managerial representative, usually a union representative. The Federal Secretary of the VBEF and the company's Director of Employee Relations act as joint chairmen of the EI process.

The Committee is supported by one or more Steering Committees, provide extensive training for group leaders and groups and act as consultants to the groups.

EI groups are formed in two ways. Either trained group leaders seek volunteers from among their workmates to join a group, or a group forms around a project of common interest, such as formation of a credit union, development of a training programme or review of a purchasing system.

Key aspects in the development of the groups have included the following features:

1. they are voluntary;
2. they enjoy a high degree of autonomy in their working;
3. they emphasise joint management, employee and union co-operation;
4. they exist within a supporting structure conducive to change;
5. they have management commitment;
6. extensive training is provided, including English language classes, multi-lingual notices and interpreters for non-English-speaking workers. The company has also laid heavy emphasis upon training programmes for supervisors, to encourage positive attitude change towards the new system and to avoid hostile responses, based on fears of erosion of their power and positions.

There is also a written agreement between Ford and participating unions that groups do not discuss industrial relations matters, leaving them to be dealt with through formal trade union avenues. In mid 1987, some 270 groups, consisting of an average of 10 members per group, were operating throughout the company.

The group process is dynamic and fluid. Some groups are ongoing - others dissolve after achieving specific objectives. Many groups have begun by focussing on 'hygiene factors' like improving basic aspects of working conditions e.g. a new tap, better lighting. They have then progressed to consider better ways of getting jobs done. The philosophy behind the scheme has been to improve work relationships, to make work more satisfying and meaningful, and to increase employee skill utilisation.63
Elements of 'quality circles' have also been built into the EI process i.e. the groups, inter-alia, may discuss and make recommendations to management on productivity improvement, quality control and job safety.

As the company and the VBEF have put it, in a joint publication describing their EI experience:

The focus of EI is quite clearly employee participation and to assist this process, group activity has been encouraged and developed in all areas. The Joint Steering Committees have provided a model where employees from the shop floor to union management meet together to share in the task of the implementation of the EI process in each local area. This concept of shared responsibility and shared effort is a fundamental part of the change. The group process which goes with EI, and the encouragement to participate and contribute, each according to his or her ability, also represent considerable changes.64

The achievements attributed to EI include better quality products, improved safety, improved ideas for equipment usage and work layout, better physical working conditions, reduced industrial conflict and better employee morale and satisfaction.65

During the first two years of the operation of the EI programme, Ford Australia also posted greatly improved financial results and attained the position of market leader in respect of its market share of new vehicle sales.

More recently, however, both sales and market share have slipped. To some extent, of course, these results are accounted for by exceptionally difficult and competitive conditions in the car industry as a whole. While these financial results have, no doubt, been a source of some disappointment to management and the company, it is fair to point out that the EI programme was quite deliberately introduced for the main purpose of improving the quality of work life, and, as a matter of policy, there was never any attempt to measure employee involvement gains through cost-benefit analysis.66

Ford also still remains the only motor manufacturer in Australia to remain consistently profitable in recent years.

**Co-determination**

Forms of co-determination have been rare in Australia. The best known example is Fletcher Jones and Staff Pty. Ltd. The company is a major clothing manufacturer and has factories and shops throughout Australia. The company has a dual board structure. Workers at Fletcher Jones own two-thirds of the company's shares. They have the right to vote for representatives on the central board of directors.

The company has a number of subsidiaries, each of which has a junior board of directors, elected for two years. Equal numbers of directors are elected by employees and nominated
by management. The junior boards meet monthly to help decide retail sales targets, hear appeals from employees regarding promotion and make recommendations to the Central Board of Directors.

The central board does not have to implement any recommendations, but must give reasons if it rejects them. Moreover, management nominates all the directors who must then be approved by the shareholders.

Critics have accused Fletcher Jones of practising paternalism and giving employees little real power, because the central board can veto the recommendations of the junior boards. However, employees appear to generally support the system, and the company has operated successfully over a long period of time. Special features of the firm include the philanthropy of its founder, who introduced the system and the location of the firm's main factory in a small Victorian country town.

Collective Bargaining

There are few situations in Australia where such 'pure' collective bargaining in the sense defined above by Niland is practised. The influence and coverage of conciliation and arbitration systems has generally meant that one or more of Niland's prerequisite conditions has been breached. For particular historical reasons, pure collective bargaining is or has been practised only in certain Australian industries, such as mining in Broken Hill, the pulp and paper industry, the newspaper industry and on the waterfront. More typically, however, negotiation between the parties takes place within the framework of the conciliation and arbitration systems, and its outcome may be partly or wholly determined by a third party. Thus, collective bargaining in the strict sense could not be considered a major form of worker participation in Australia, but forms of negotiation within the conciliation and arbitration system could be so considered. The extent of such negotiations had greatly increased by the late 1970's.

Some recent developments have accelerated this trend. They include the adoption by the Conciliation and Arbitration Commission in 1986 of a two-tiered wage fixation system. This means that, while wage increases are awarded nationally to all workers covered by awards in the first tier under indexation guidelines by the Conciliation and Arbitration Commission, there is scope for direct negotiation between employers and unions for increases for individual groups of employees in the second tier.

The High Court of Australia has also recently ruled that superannuation is an industrial issue with which the Australian Conciliation and Arbitration Commission has jurisdiction to deal. The Commission, in turn, ruled that it would be prepared to incorporate agreements between unions and employers about superannuation into industrial awards.
Thus, the scope for direct negotiation between employers and unions about all forms of remuneration and benefits has been considerably broadened, and aspects of traditional managerial prerogative, previously excluded from the scope of tribunal authority, have been opened up to bargaining between the parties in the same manner.

The Future

In practice, to date there have been few developments in the direction of a major trend towards greater participation in most sectors of Australian industry. Research recently commissioned by the Federal Government drew somewhat cautious conclusions about the current situation. The Green Paper on Industrial Democracy and Employee Participation concluded that there was 'little evidence of widespread application of employee participation and only a few examples of genuine worker influence on major decision-making'.\(^{70}\) In particular, it found that there was a 'reluctance by management to share decision-making power and to recognise employee participation as a legitimate industrial relations issue'.\(^{71}\)

A number of other barriers to participation was identified:

1. Opportunities for greater involvement tend to be restricted to skilled, male unionised employees, working a standard working week. In particular, research carried out for the Green Paper revealed an increasing proportion of outworkers and subcontractors in the workforce. While this may appear to reflect a growing trend towards self-employment, Cummings argues that it really reveals disguised employment at sub-standard wages and conditions as such workers are largely excluded from the formal industrial relations systems. Outworkers, in particular, are often migrant women who cannot find other forms of employment. Their opportunities for influencing their work are minimal.\(^{72}\)

In relation to migrant workers generally, a recent survey shows such workers are also disproportionately concentrated in labour-intensive areas, most likely to be affected by technological change. However, they are least well-equipped to participate in decisions affecting their future, by virtue of poor knowledge of English, and lack of understanding of unions and industrial relations processes.\(^{73}\)

2. The number and structure of unions makes participation more difficult. There are some 320 unions in Australia, and multi-unionism exists in many workplaces. The craft basis of many Australian unions creates demarcation barriers. The lack of strong shop-floor organisation, and the centralised structure of unions also makes participation with union involvement more difficult.

3. ‘Both employers and employees lack resources, and there is a need for both to have information and engage in training for participation to succeed.'
4. There is a wide range of legislation and regulations enforcing traditional work practices in some industries e.g. the food industry.

5. A high degree of foreign ownership makes it difficult for employees to influence central policy-making by companies, although, on the other hand, some multi-national organisations have been found to be more likely to introduce innovative work and personnel practices than Australian companies.

Attitudes of employers, unions and workers are also still polarised on the issue of whether participation is desirable and what forms it should take.

On the other hand, the policy paper observes that the following favourable features exist in the present climate for a sustained expansion of employee participation:

1. The Hawke Government is strongly committed to the objective of promoting greater participation, and is prepared to devote substantial resources to achieve this end;

2. there are powerful economic pressures on organisations to achieve greater efficiency and effectiveness;

3. there is broader recognition by peak union and employer organisations of the central role of participation in increasing productivity;

4. employers and unions now have more experience with participation than in the 1970's, and there is greater commitment by unions to participation;

5. there is a more pragmatic approach to the implementation of forms of participation i.e. terminology is less of an obstacle than previously;

6. there is greater acceptance of the need for attitudinal and structural changes in work organisations;

7. there has been a growth in jointly introduced initiatives in participation through negotiated agreements. Such initiatives have occurred particularly in the public sector, in some state government departments and instrumentalities. Examples are agreements negotiated between the Trades Hall Council of Victoria on redundancy and technological change and health and safety with the Victorian Government and the State Electricity Commission of Victoria. Such agreements have subsequently been extended into the private sector and underpinned by health and safety legislation. Some other examples of private sector joint management union initiatives such as that at Ford, have been referred to above;

8. reforms, supporting participation, have been recommended in respect of the industrial relations systems and structures and labour market programmes by recent enquiries, which have been endorsed by the Hawke Government;
9. Issues, such as occupational health and safety, redundancy and technological change and equal employment opportunity have emerged as major vehicles for participative approaches.74

The policy discussion paper outlines three broad options for Government action:

1. legislative intervention;

2. stimulating programmes by financial intervention and assistance;

3. encouragement of progress by greater provision of information, resources and training.

The paper suggests that these options are not necessarily mutually exclusive and some combination of them is seen as preferable.

Thus, overall, the Australian environment appears more favourable for the development of forms of worker participation that it has ever previously been.

Perhaps the most likely scenario for future developments in Australia is that the Federal Government will offer various financial incentives to employers experimenting with meaningful forms of workers participation, and will fund programmes for educating workers in the skills needed for effective participation.

Issue-based forms of participation are likely also to increase, and market pressures may well be the most persuasive force acting on employers to re-consider their traditional opposition to real forms of power-sharing with their employees. The impetus for such a change could be the drive to re-structure Australian manufacturing industry, and to make it more export-orientated in the 1990's. There are already signs of this occurring, for example, in the motor vehicle manufacturing industry.

New Zealand

The situation in New Zealand in relation to workers' participation has many parallels with that in Australia. The reality of the New Zealand industrial relations system is the adversary nature of the relationship of the parties, employers and trade unions.

As is the case in Australia also, the formal system of dispute regulation and settlement is founded upon the presumption that "conflict and confrontation is the focal point" (of industrial relations).75 The system embodies elements of collective bargaining, but is ultimately dominated by the process of compulsory arbitration.

In 1973, the Industrial Relations Act, which governs the system of Industrial regulation, was amended, to provide, though s.233, for a mechanism for the establishment of works
committees on a voluntary basis, to promote harmony in industrial relations and the welfare, safety and health of workers.

While this provision may appear, on its face, to represent a departure from the traditional assumption of an adversarial relationship between employers and unions, in practice, it has been judged to have been almost totally ineffective. Barriers to success of works councils and other forms of workers participation have been identified as the negative attitudes of employers and unions, and legal limitations on any real advances towards industrial democracy, or even meaningful forms of joint consultation.

During the 1970's, a number of schemes of workers participation were attempted in New Zealand industry. According to a Department of Labour survey in 1972, one New Zealand firm in eight claimed to be involved in some form of participation. The main types of participation identified were joint consultation (42%) and profit-sharing and employee shareholding schemes (26%). Ominously, it was reported that in the vast majority of cases, where such schemes had been introduced, there had been little or no prior consultation or negotiation with employees or unions.

A later survey by the Department of Labour in 1976 revealed that most of the schemes had been failures. Reasons for failure were identified under two main headings, problems in attempting to initiate schemes, and problems arising after implementation of schemes.

Under the first heading, there were problems in deciding:

1. which forms of workers participation should be adopted;

2. which areas should be the subject of joint-decision-making;

3. the method of arbitration to be used where one party disagreed with the other.

Under the second heading, the following three main types of difficulties were encountered:

1. Managers refused to relinquish their traditional prerogatives in running their companies. Managerial opposition to real power-sharing or even consultation with workers and unions has been particularly strong, as another survey by Hines revealed. According to Hines' results, 69% of companies surveyed never held conferences with employees to inform them of relevant company information, such as changes in plans, objectives or profits, and 93% of New Zealand managers believed that matters of company policy were the sole responsibility of management.

2. Unions showed an equal disinclination to give up control over the running of what they considered to be their own affairs.
3. Many of the schemes were only implemented as a means of cutting costs, increasing production and encouraging a more docile and co-operative workforce. Most schemes failed to genuinely consider the well-being of the employee or to recognize the unique contribution (s)he could make to the production process.

Smith, in a survey of participation in New Zealand in 1978, reached similar conclusions. In his view, many organisations claiming to practise participation, in fact systematically excluded unions from the process. They also paid only lip service to participation, with management retaining control over all key decision-making processes.

However, responsibility for the failure of worker participation schemes to get off the ground has not rested only with management and unions. Research by Hines has concluded that a large proportion of the New Zealand workplace - perhaps as large as 50% - has no desire to participate in managerial decision-making in the workplace. He suggests that much of the workforce has been conditioned into preferring a passive to an active psychological state.

While New Zealand workers have strong affiliation needs to be with others, interact with them and be accepted by them, this does not generally extend to sharing responsibility with them. Indeed, according to Hines, workers are so resistant to sharing responsibility that they may actually change jobs to avoid this.

These findings clearly indicate that much more widespread education among the workforce, perhaps even a change in the whole culture of New Zealand society, will be needed, before any groundswell of grass-roots support in favour of participation can develop.

While it may appear that the small size of New Zealand enterprises would be a facilitating factor towards encouraging participation, yet all the evidence indicates that the whole ethos of employer-employee relations over a long period has militated against such a development.

Like Australia, but to an even greater extent, New Zealand stands at the cross-roads of change. The process of re-structuring of the New Zealand economy has begun in the 1980's. In order to enable a satisfactory completion of this process to occur, many changes must take place at the enterprise level, including transformation of traditional attitudes to participation. As is the case with Australia, greater integration into the world economy will ultimately force New Zealand employers, unions and workers in a closer partnership.

In the first instance, evidence indicates that it is managers who need to change their values and attitudes. According to McLennan, Inkson et al, there are some early signs of changes in the traditional managerial profile in New Zealand. However, there are many obstacles still to be overcome, if New Zealand is to successfully enter the post-industrial era.
Trade unions and individual workers, too, need to change their traditional values and attitudes, to be ready to enter into real forms of participation in the right spirit, when the opportunity is offered to them.

CONCLUSION

Participation is a growing issue. There is pressure for more participation in many aspects of our lives and pressure for participation at work is particularly strong. Concepts of worker participation are both ambiguous and ideologically contentious. They are also subject to a wide variety of interpretations, ranging from the view that workers should take a more responsible attitude to their work, to the view that they should totally control the organisation.

Participation places heavy demands on all those involved. Management needs more communication skills, and more training in consultation, and techniques of persuasion and explanation. Management needs to be taught and practised less as a technical skill, and more as a human skill.

Unions, too will have to re-think their roles to some extent and perhaps concentrate more on education and training in the skills and techniques of participation, for both their officials and their members. There is also a need for attitude change among wide sections of employees.

In view of the changes required in attitudes, skills and abilities, participation is likely to spread only gradually from shop floor levels upwards and from board levels, downwards. In both cases, the process will be slow.

It is clear that the road to successful participation is not short, nor does it have a foreseeable end. Participation is an evolving process, responsive to the changing social, economic and political environment in which it occurs.

SUMMARY

In this chapter, we introduced you to a number of concepts of workers' participation. We discussed definitional problems of participation, and indicated that, one of the problems in the debate over participation is that the concept means different things to different people. We drew a distinction between workers participation, involving giving employees some influence over decision-making as a practical matter, and industrial democracy, involving the ultimate objective of control over management as an ideological matter.

We discussed the arguments in favour of participation, and pointed out that, while there are plausible economic and psychological arguments, none has been conclusively proven, nor, in the nature of things, is it likely that they can be proven.
We pointed out that participation may occur at a number of different levels, and in a number of different forms, ranging from the shop-floor level of the individual enterprise, to the level of the society as a whole. We examined evidence about forms of participation at the enterprise level, and discussed some advantages and disadvantages of each of the forms of participation identified.

We then examined participation at societal level in Germany and Sweden. We argued that, in both countries, a high level of relatively formal, and legislatively underpinned, forms of participation have operated successfully, but we cautioned that cultural factors have been important in explaining that success in both cases.

We discussed developments in Australia. We argued that while the industrial relations context and the attitudes of unions, employers and workers have, until recently, been antithetical to adoption of meaningful forms of participation, there are important signs of change. We referred particularly to the significance of changes in the attitudes of industrial tribunals towards issues which have traditionally been regarded as employers' prerogatives, shifts in governmental thinking, and an economically changing environment all of which are impacting upon the attitudes of employers, unions and workers.

Finally, we discussed the New Zealand situation, and indicated that, in that country, there are many common factors with Australia governing attitudes to, and development of, forms of participation. We identified in particular managerial hostility to relinquishing traditional prerogatives as an obstacle to participation, but also the existence of other barriers. We suggested that there is some early evidence of change, but it is not as well-advanced as in the case of Australia.
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