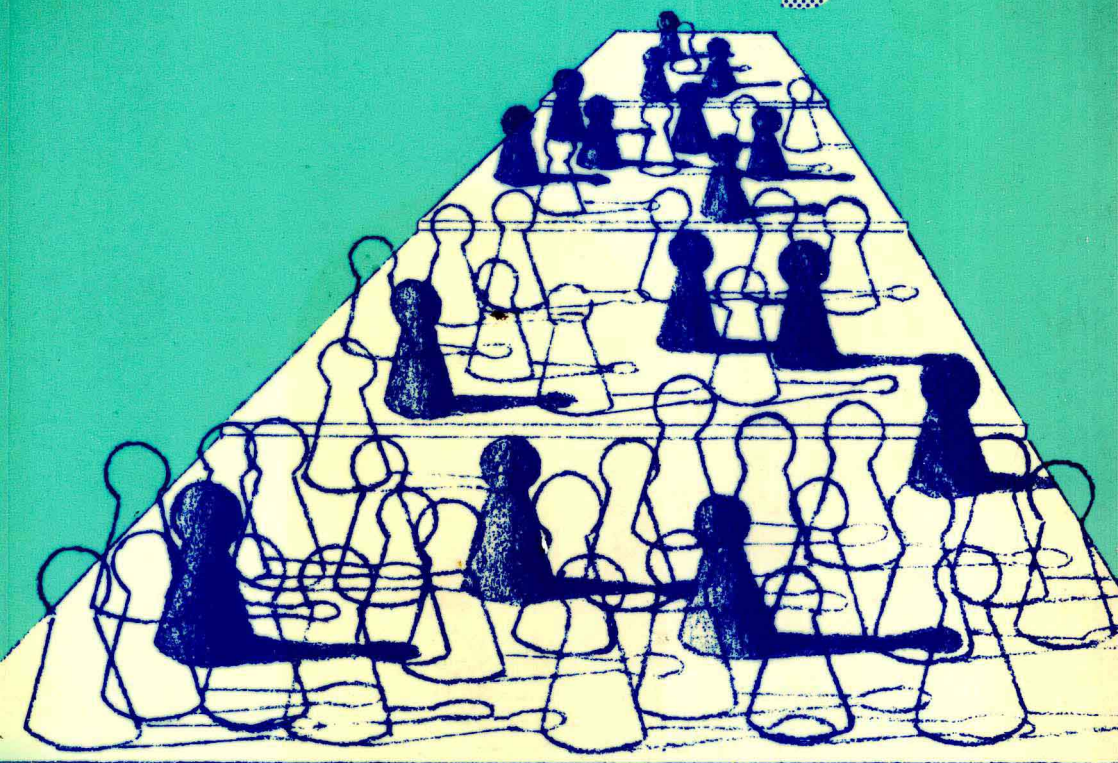


# Workers' participation in decisions within undertakings



International Labour Office Geneva

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## PREFACE

The International Labour Office has long kept track of the question of workers' participation in decisions within undertakings, and has regularly published information on the measures taken in that regard in countries belonging to the Organisation. The International Labour Conference, for its part, has adopted several instruments dealing with particularly important aspects of such participation. A first group included the Right to Organise and Collective Bargaining Convention, 1949, the Collective Agreements Recommendation, 1951, and the Co-operation at the Level of the Undertaking Recommendation, 1952. At that time the word "participation" was not widely used and the then customary terms "negotiation" and "collaboration" were preferred. More recently the Conference adopted the Communications within the Undertaking Recommendation and the Examination of Grievances Recommendation in 1967, and the Workers' Representatives Convention and Recommendation in 1971.<sup>1</sup>

Over the past 15 years the ILO has held three meetings (Geneva, 1967; Belgrade, 1969; Oslo, 1974) on the subject of workers' participation in decisions within undertakings from a world point of view; another such meeting is to be held in the Netherlands in 1981. For the first of those meetings a comparative study was prepared, and published, with extracts from the report on the meeting, in the Labour-Management Relations Series.<sup>2</sup> The present work is a new, updated and consequently rearranged version of that study.

This study must not be regarded as expressing the views of the International Labour Organisation: it is published for information only, with the intention of giving readers an up-to-date picture of the various systems of workers' participation in decision-making.

Three observations need to be made with regard to the scope of the subject. First, as the title indicates, the subject does not include participation at the industrial or national level, in spite of the possible

connection between such arrangements and participation at the level of the undertaking.<sup>3</sup> Secondly, the subject of this study is participation in decisions within undertakings, whether they belong to the private, the mixed or the public sector, whereas the public service is not included. Thirdly, the present study concentrates on institutional machinery for participation, and does not deal with new forms of work organisation that tend to associate the workers with the programming and organisation of their own tasks in factories and offices; this latter kind of participation, which is discussed in other publications,<sup>4</sup> has objectives and characteristics of its own and gives rise in the circles concerned to problems and reactions which are not always identical with those mentioned in the present volume.

This new version has been prepared by Mr. Jacques Monat, of the Labour Law and Labour Relations Branch of the International Labour Office. The above-mentioned three meetings have provided valuable information,<sup>5</sup> as have studies on workers' participation in management by the International Institute for Labour Studies.<sup>6</sup> Lastly, the present work is also based on the steady stream of information reaching the Office through the publications it receives and meetings or missions in which its officials take part.<sup>7</sup> Since, in the field of participation, change is constant and often rapid, readers wishing to be regularly informed of new developments and of measures taken or proposed in various countries are advised to consult the ILO's quarterly *Social and Labour Bulletin*, in which articles on this subject are regularly published.

#### Notes

<sup>1</sup> These instruments can conveniently be consulted in ILO: *International standards and guiding principles, 1944–1973*, Labour-Management Relations Series, No. 44 (Geneva, 1975).

<sup>2</sup> idem: *Participation of workers in decisions within undertakings*, Documents of a technical meeting, Geneva, 20–29 November 1967, Labour-Management Relations Series, No. 33 (Geneva, 1969).

<sup>3</sup> In this connection see idem: *Participation by employers' and workers' organisations in economic and social planning* (Geneva, 1971). It will be recalled that in 1960 the International Labour Conference had adopted the Consultation (Industrial and National Levels) Recommendation (No. 113). See idem: *Consultation at the industrial and national levels*, General survey by the Committee of Experts on the Application of Conventions and Recommendations, Report III (Part 4B), International Labour Conference, 61st Session, 1976.

<sup>4</sup> idem: *New forms of work organisation*, Vol. 1: Denmark, Norway and Sweden, France, Federal Republic of Germany, United Kingdom, United States; Vol. 2: German Democratic Republic, India, Italy, USSR, *Economic costs and benefits* (Geneva, 1979); idem: *Managing and developing new forms of work organisation*, edited by G. Kanawaty, Management Development Series, No. 16 (Geneva, 1980); also International Institute for Labour Studies, Research Series: No. 4: *Alternative forms of work organisation: Improvements of labour conditions and productivity in Western Europe*, by Reinhold Weil (Geneva, 1976); No. 6: *The French approach to the humanisation of work*, by Yves Delamotte (Geneva, 1976); No. 8: *Democracy at work and perspectives on the quality of working life in Scandinavia*, by E. Thorsrud (Geneva, 1976); No. 10: *Group production methods and humanisation of*

work: *The evidence in industrialised countries*, by John L. Burbidge (Geneva, 1976); No. 11: *The quality of working life: Trends in Japan*, by Shin-ichi Takezawa (Geneva, 1976); No. 14: *The attitudes of French and Italian trade unions to the "humanisation of work"*, by Yves Delamotte (Geneva, 1976); No. 15: *Assessing the quality of working life: The US experience*, by Stanley E. Seashore (Geneva, 1976); No. 18: *The organisation of work and industrial relations in the Italian engineering industry*, by Matteo Rollier (Geneva, 1976); No. 33: *Social aspects of work organisation: Implications for social policy and labour relations*, Selected papers and proceedings of an international symposium, Moscow, 15–18 February 1977 (Geneva, 1978); No. 50: *Les aspects sociaux de l'organisation du travail: Un bilan provisoire*, by Yves Delamotte (Geneva, 1979).

<sup>5</sup> See ILO and United Nations Development Programme: *Report on the international seminar on workers' participation in decisions within undertakings*, Belgrade, 2–11 December 1969 (Geneva, ILO, 1970), and ILO: *Workers' participation in decisions within undertakings, Oslo symposium*, Summary of discussions of a symposium on workers' participation in decisions within undertakings, Oslo, 20–30 August 1974, Labour-Management Relations Series, No. 48 (Geneva, 1976).

<sup>6</sup> See in particular, International Institute for Labour Studies, Research Series: Workers' participation in management: No. 29: *Workers' participation in management in Israel: Successes and failures*, by Amira Galin and Jay Y. Tabb (Geneva, 1978); No. 30: *Workers' participation in management in Poland*, by Z. Rybicki, M. Blazejczyk, A. Kowalik, M. Trzeciak and J. Wacławek (Geneva, 1978); No. 32: *Workers' participation in management in the Federal Republic of Germany*, by F. Fürstenberg (Geneva, 1978); No. 34: *Workers' participation in management in France*, by L. Greyfié de Bellecombe (Geneva, 1978); No. 35: *Workers' participation in management in Spain*, by Juan N. García-Nieto (Geneva, 1978); No. 58: *Workers' participation in management in Great Britain*, by O. Clarke (Geneva, 1980).

<sup>7</sup> Most of the works, reports and articles consulted are listed in the bibliographies issued by the International Institute for Labour Studies: *Workers' participation in management, Selected bibliography, 1950–1970*, by Annette Marclay (Geneva, 1971); *idem, 1970–1974*, by Roland van Holle and Maryse Gaudier (Geneva, 1975); *idem, 1974–1976*, by Maryse Gaudier (Geneva, 1977); *idem, 1977–1979*, by Maryse Gaudier (Geneva, to be published in 1981).

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## PART I

---

### GENERAL INTRODUCTION

The object of these introductory chapters is to provide the reader with a brief general review of the subject of workers' participation in decisions within undertakings: it is important to convey some impression of the breadth, diversity and complexity of the subject before proceeding to a detailed description of the various procedures for such participation, the several fields in which they may apply and the problems which they raise.



The idea that the workforce should have a share in decisions which affect the operation of the undertaking was variously expressed in some of the social doctrines that emerged in the nineteenth century; but only towards the end of the First World War did it take broad practical shape (apart from collective bargaining and the growth of co-operative enterprises) with the establishment of joint committees, councils, etc., in a number of countries. In Great Britain joint committees were advocated by the Whitley Report of 1916 and set up in municipal undertakings two years later; legislation on works councils was promulgated in Austria (1919), Czechoslovakia (1920) and Germany (1920); factory committees were recognised in Russia by decree of 23 April 1917.

After prospering for some years the movement for institutional forms of participation, except collective bargaining, lost much of its impetus, and the question dropped into the background for a whole decade. Efforts were indeed made in some parts of the world to induce employers to recognise trade unions and negotiate with them,<sup>1</sup> so that they might share in handling problems of immediate concern to the workers; yet in accordance with the ideas of the time, those efforts tended in fact to emphasise the clash of interests between workers and employers rather than the desirability of associating the workforce in settlement of the problems raised by an industrial operation.

However, during and after the Second World War the subject of workers' participation in decisions within undertakings rose to prominence once again. That was the time at which works councils or committees were established or re-established, by law or by agreement, in several European countries.<sup>2</sup> It was also the time when systematic arrangements for joint representation on supervisory boards<sup>3</sup> were introduced in the big West German coal and steel companies.

In the past 15 years or so this renewal of interest in institutions for workers' participation in decisions within undertakings (apart from

collective bargaining) has been particularly pronounced in Europe and in some developing countries.

In Western Europe interest in the subject has been reflected in various ways: the Commission of the European Communities has organised research and made proposals; special committees have been set up to consider various aspects of participation in, for instance, Finland, France, the Federal Republic of Germany, the Netherlands, Norway, Sweden and the United Kingdom; in Denmark and Norway the national agreements on co-operation in the undertaking have been revised. The legislation on works committees or councils has been amended or supplemented in Austria, Belgium, France, the Federal Republic of Germany, Luxembourg, the Netherlands and Spain; workforce representation on the supervisory boards of companies has been developed by way of legislation in Austria and the Federal Republic of Germany, and such representation has been introduced, also by legislation, on boards of directors in the private sector in Denmark, Luxembourg, Norway and Sweden; important Bills have been brought before parliament, or have been prepared, in Denmark, the Netherlands and the United Kingdom. In Greece the Constitution which came into force in 1975 expressly states that general statutory conditions of employment may be supplemented by collective agreements freely entered into. In Norway the right of participation was the subject of a constitutional amendment in 1980. In Portugal the Constitution of 1976 proclaims the right to bargain collectively and the workers' right to set up workers' committees and co-ordinating committees for the defence of their interests in undertakings: these bodies, which have power to supervise management, are now governed by a law issued in September 1979. In Spain the Constitution adopted in 1978 provides that the right to bargain collectively shall be guaranteed by law and that the public authorities shall effectively promote the various kinds of participation within the undertaking.

In Yugoslavia, which has established since 1950 an elaborate system of self-management, worker participation in the solution of problems at the level of the undertaking is a major objective of the system and a series of constitutional and legislative reforms were introduced in the latter part of the 1970s.

In the USSR and other planned economy countries of Eastern Europe the economic reforms introduced since 1965 have contributed to the development of participation by workers and their representatives in management and to a broadening of the scope of works agreements. (Previously, apart from a few tasks which were left to the works trade union committees, it had been management policy to insist on the sole responsibility of the manager of the undertaking.) This development was expressed particularly in the new labour codes that were adopted in

several of the countries in question; and the right of participation is embodied today in the constitutions of Czechoslovakia, the German Democratic Republic, Poland and Romania, as well as in the basic principles of labour legislation in the USSR and its federated republics.

In Australia the Federal Government set up in June 1978 a tripartite committee of experts to advise on participation because it wished workers and employers to work out their own arrangements. A few months before, the congress of the Australian Council of Trade Unions had adopted a detailed industrial democracy policy. The committee's work has already led to the publication of a tripartite statement on participation.<sup>4</sup>

In Japan various publications, studies and experiments bear witness to the interest aroused by the question of worker participation in decisions within the undertaking.

In Canada and the United States observers of the system of collective bargaining at company or plant level which is generally practised in those countries have often emphasised the degree of participation and industrial democracy which the system engenders.<sup>5</sup> Collective bargaining at the level of the undertaking or establishment has developed in several other industrial market economy countries, particularly Italy, Japan, the United Kingdom and Sweden, where a law adopted in 1976 confers special importance upon it.

In the developing countries collective bargaining, usually and mainly at the level of the undertaking or establishment, has in most cases been developed and improved as the unions have grown stronger and the workers' level of education has risen. Decisions have been taken, requiring workers to be represented in various ways on management bodies, in Africa (Algeria, Angola, Benin, the Congo, Egypt, Madagascar, Mali, Mozambique, Somalia and Tanzania), Latin America (Peru and Venezuela), Southern Asia (India, Pakistan and Sri Lanka) and the Middle East (Iraq, Syria and Democratic Yemen). This representation is mostly in public undertakings. It often stems from a more or less far-reaching policy of socialisation or self-management (particularly in Algeria and Peru). Moreover, various measures—mostly legislative—have been taken to establish, provide for or recommend the establishment of works committees or councils in Africa (Burundi, Gabon, Mauritania, Mauritius, Somalia, the Sudan, Swaziland, Tanzania, Tunisia and Zambia), in Southern and Eastern Asia (Burma, India, the Republic of Korea, Nepal, Pakistan, Sri Lanka and Thailand), in the Middle East (Bahrain, Iraq, Oman, the Syrian Arab Republic), and also in Jamaica, Panama and Uruguay in the Americas. High-level committees have recently considered the problems and prospects of workers' participation in India and Jamaica. In the Philippines the President of the Republic wrote to the Secretary of Labour and to the presidents of the employers'

and workers' confederations on 1 May 1978, instructing them "to devise machinery to promote systematically and on a sustained basis improved labour-management co-operation within undertakings". This machinery "should focus on matters of common interest to employers and workers which are not usually dealt with through collective bargaining". In Ecuador the Constitution which was adopted by referendum in 1978 stated that workers' participation in management through share ownership would be promoted by the State. In India a recent constitutional amendment requires measures—legislative or other—to be taken with a view to ensuring workers' participation in management.

The introduction or development of some institutional arrangements for participation (particularly workers' representation on the boards of directors or supervisory boards of private companies) has generally been opposed in management circles, and does not have the support of all the world's trade union movements (see Chapter 3). However, the above instances suffice to indicate the extent of the interest presently taken in the problem of workers' participation in many countries. They show also that the term "participation" may cover very different situations, and it is therefore necessary to state the meaning or meanings of the term as clearly as possible. In that connection reference may be made to the report of a technical meeting on rights of trade union representatives and participation of workers in decisions within undertakings, which was held in Geneva in 1967:

... The meeting considered ... whether it was possible to arrive at an internationally agreed definition of the term "participation", in order to elucidate what was meant by "participation of workers in decisions within undertakings". It found that it was not possible to arrive at such a definition, as the term "participation" was interpreted differently by different categories of people in different countries and at different times ... However, ... the expression "participation of workers in decisions within undertakings" allowed a comparison of the influence of workers on the preparation, making and follow-up of decisions taken at the undertaking level in various matters (such as ... wages and conditions of work, ... discipline and employment, vocational training, ... technological change and organisation of production, as well as their social consequences, investment and planning, etc.) [by] methods as different as joint consultation and communications, collective bargaining, representation of workers [on] managerial [bodies] and workers' self-management. ... The meeting emphasised that the expression "participation of workers in decisions within undertakings" was distinct from and therefore wider than the concept of workers' participation in management.<sup>6</sup>

It should also be borne in mind throughout perusal of the present study that the same or similar terms may cover widely different realities, according to the place. For instance, a "works council"<sup>7</sup> in Austria or the Federal Republic of Germany is not identical with a "works council"<sup>8</sup> in Belgium or a "works committee"<sup>9</sup> in France, for one thing because in Austria and the Federal Republic of Germany the council is composed of workforce representatives only. Joint consultation committees in Japan

are different too, since there the personnel are generally represented only by trade union delegates and the committee's functions may vary from one establishment to another. Nor does the term "collective bargaining" necessarily imply an identical process in different countries, for example it may take place at various levels.

## Notes

<sup>1</sup> The Wagner Act in the United States (1935), the Matignon Agreements in France (1936), the Saltsjöbaden Agreement in Sweden (1938).

<sup>2</sup> Joint production committees were set up during the war in several English-speaking countries. In addition, relevant legislation was adopted in Western Germany in 1946 and 1952, as well as in Austria in 1947, Belgium in 1948, Bulgaria in 1947, Czechoslovakia in 1945, Finland in 1946, France in 1945, Poland in 1945 and Spain in 1947; and national agreements were concluded in Denmark in 1947, Norway in 1945 and Sweden in 1946. See ILO: *Co-operation in industry*, Studies and reports, New series, No. 26 (Geneva, 1951).

<sup>3</sup> The supervisory board of a company is responsible for appointing, supervising and if necessary dismissing the members of the board of management, and in addition must give its approval before decisions of major importance to the company can be taken.

<sup>4</sup> National Employee Participation Steering Committee: *Employee participation: A broad view* (Canberra, Australian Government Publishing Service, 1979).

<sup>5</sup> See, for instance, John P. Windmuller (ed.): "Industrial democracy and industrial relations", in *Annals of the American Academy of Political and Social Sciences* (Philadelphia), May 1977.

<sup>6</sup> ILO: *Participation of workers in decisions within undertakings*, Documents of a technical meeting (Geneva, 20–29 November 1967), Labour-Management Relations Series, No. 33, op. cit., p. 153, paras. 40–43.

<sup>7</sup> *Betriebsrat*.

<sup>8</sup> *Conseil d'entreprise*.

<sup>9</sup> *Comité d'entreprise*.

