

WEST EUROPEAN DEVELOPMENTS IN  
INDUSTRIAL DEMOCRACY

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## INNOVATIVE PROCESSES

. One of the most important aspects of crisis and change in industrialized societies in recent years in Western Europe is the change in work place relations resulting from the shift of power away from centralized bargaining structures, and toward the shop floor. Unlike the period just following World War I, this shift of power has survived the impact of economic recession and the rise of unemployment. In fact, the pressures for some form of extension of work place democracy has increased in Italy, Britain, West Germany, and France. At the policy level, this has taken the form of the recent legislation on extending codetermination in West Germany, and the discussion around the Bullock Report in Britain, and the Sudreau Report in France.

. In Italy, the Bullock approach attracted considerable interest at a seminar organized by the Italian Communist Party. The significance of these initiatives may appear uncertain, as they hover between an attempt to build on recent changes, and an attempt to contain them within the existing institutional structure. This is probably a necessary part of any institutional change. A coalition of forces is necessary to bring the change about, and the members of the coalition always have different long term objectives. Once the change is instituted, there will be a new struggle over the way it is to work.

. Recent moves to extend industrial democracy offer an interesting example of an innovation process. They concern changes which are not being introduced from scratch, as were some industrial relations systems in the aftermath of World War II. Nor are they changes which are brought about

in a power vacuum, where the aims of one group can be imposed on other groups. The initiative of innovation is taking place through a bargaining process between the main parties directly affected. Such innovations tend to be social rather than technical, because they directly concern the complex of rules regulating the relations between the main parties.

## INTERNATIONAL COMPARISONS

. Throughout the policy debate on moves to extend worker representation within the enterprise, considerable use has been made of international comparisons as a guide to the kind of change that might be introduced. The Sudreau Committee in France made use of evidence on the working of worker representation abroad, and included descriptions of the systems of worker participation in Sweden, West Germany, and the Netherlands. In Britain, the Bullock Committee of Inquiry made use of studies which it commissioned especially on the experience of worker participation at the board level in other European countries, and members of the Committee visited other European countries.

. This interest in foreign experience by no means has been confined to worker participation. The moves to reorganize the British industrial relations system on more legalistic lines in the late 1960's and early 1970's were heavily influenced by the favorable experience of legally regulated wage agreements in the United States and Australia. Similarly, a good part of the impetus behind the politique contractuelle in France for promoting collective bargaining as a way to regulate work place relations was inspired by the experience of the United States and Britain.

## CATEGORIES OF COMPARISON

. Despite the enthusiasm for international comparisons there has been a certain vagueness as to what they actually demonstrate,

and how they can inform on policy decisions. Comparisons fall in two categories: 1) comparisons of institutional structure, and 2) the isolation of common problems and an examination of how different systems perform in resolving them. The Sudreau Report included descriptions of the institutions of worker participation which could be viewed and possible blueprints which might be adapted. The Commission of Industrial Relations underwrote a descriptive study of the institutions of participation and collective bargaining in different European countries. The Bullock Committee, on the other hand, commissioned two studies of the experience of worker participation at board level, taking a common policy option to see how successful it was in different industrial relations systems.

The first type of comparison, of systems of worker representation and participation at the enterprise level may treat each system as self contained, looking only in a general way at historical factors shaping the early development of institutions, and at the background of collective bargaining at other levels. This was the method of the Commission on Industrial Relations, the Sudreau Reports, and the report of Emery, Thursrud and Trist (1964) for the Norwegian trade unions. Here were a series of institutional blueprints with some analysis of contextual factors which might influence conclusions on the possibility of applying such systems elsewhere.

Such information is useful in policy discussions, but their use is limited. They can illustrate some of the ways in which workers' representation can be organized, the way in which employee influence on the decision making process can be channeled, and the way employee pressures and aspirations can be given shape. They can also indicate the types of problems that can arise, such as excessive social distance

between representatives and their constituency, or lack of response to work group pressures.

But they are silent on certain crucial policy questions like that of predicting the likely behavior of certain institutional forms which might be carried over to a different national environment. Most important, within the national environment, is that some of the functions filled by the participatory systems are already performed by other institutions in the home country. One of the main objections put forward by the British Trades Unions Congress to the introduction of some kind of works council in Britain is that many of the functions they fill in countries like West Germany are handled by shop stewards. One key question left unanswered by such an approach would be how two such overlapping forms of representation would coexist. The second aspect of the problem is that an important institution like a works council would have to relate to the pre-existing institutional environment, which is already meshed with the system of shop steward representation.

The guidance they can give for the method of introducing change is also limited, as most systems have their own methods of responding to changed conditions. Legislation may play a key role in West Germany because the system is itself defined in legal terms, and the bargaining process is adapted to working at this level. In Britain much innovation in industrial relations was introduced in a decentralized way rising from local agreements. In France, the greater substantive orientation of the parties led the Government to try to promote a procedural change - the extension of collective bargaining - by offering substantive advantages as an incentive, as with the politique contractuelle.

The second type of commonly used comparison, which was used as input in the Bullock Committee involves taking an institution,

such as the "worker manager", and looking at the problems of its function in different industrial relations contexts in different societies. For the Bullock Committee, Batstone (1976) looked at the working of worker-director schemes in relation to other directors on the board, to the trade union, and to their constituency, and at the type of decision-making influence they could exert, and at the issues where they disagreed with the rest of the board.

. In this exercise, it was possible to look at variants on the same kind of institution, and to see the extent of tendencies for the board's activities to become an extension of normal collective bargaining. They could suggest reasons as to why such factors might be latent. It was not possible to go much farther than to outline sets of problems which have occurred elsewhere, and which should be considered in devising new policy.

. This method suffers many of the problems of the first. In the absence of a fairly detailed study of the different institutional contexts, and the relative control they confer on the main parties, it is hard to say how worker-directors would perform in another institutional setting. Would an identical proportion of worker-directors with identical formal powers on the board have the same problems of alienation from their constituents when there is a powerful shop floor organization, as when there is not? Or would they become bargaining agents where the union is powerful at the company level? In West Germany, they do not bargain because collective bargaining is so structured that the trade unions as collective organizations are not strong at the company level.

. Comparison requires formulation of a basic set of categories and a framework in terms of which institutions could be compared. This would mean that the nature of the problem would have to be

defined precisely - perhaps too precisely - in order to conserve the kind of agreement between the parties which made it possible to set up a committee of inquiry.

#### ALTERNATIVE ANALYSIS METHODS

. The fundamental process at work underlying the pressures for increased industrial democracy has become visible at certain moments of history, like the closing years of World War I, and again in the late 1960's and early 1970's. Such processes are always inherent in industrial work in capitalist societies. Underlying the process is the fact that the services required of the employee by the employer are necessarily variable, and demand a degree of flexibility which makes impossible the complete specification of the terms of the labor contract at the moment of hiring. Normally, the worker is engaged to do a certain type of work whose content will only be spelled out in detail later by the foreman. Moreover, it is rare that the set of tasks attributed to a work post allows an exhaustive definition. Much depends on the way in which the work force is used to carry out certain tasks. It is often the work mates who teach the job to the new worker. The content of the work post, therefore, is defined by the way in which the workers actually do it. The foreman's authority to allocate new tasks, and to demand flexibility in work practices will thus be partly defined by accepted practices. Because of the importance of such accepted practices relative to formal definitions of tasks, the work group retains a certain control over the knowledge necessary in the work process.

#### BARGAINING AND CONTROL

. This underlies much of the power of the shop steward in many sections of British industry and the potential for industrial democracy for work place bargaining. The overlap between questions of

bargaining and control emerges clearly if we consider one aspect of the "custom and practice" argument used in shop floor bargaining. To argue that a special payment was made the last time a worker performed a particular task, or that a task is not a part of the job an employee is normally paid to do, is to argue on the basis of current work practices. Such an argument has important implications for control of the work place. In insisting on the restrictive definition of the job, the steward at the same time bargains for more money, and challenges managerial authority. Through the system of shop steward bargaining, the work group can sell its cooperation to management, and make what would be a unilateral managerial decision subject to bilateral control.

. The ease with which work groups can manipulate the definition of job contents depends on such factors as the scarcity of labor and the management's need for their cooperation in introducing technical change. These factors were especially important during World War I, at the time of the Shop Stewards' Movement, and in the late 1960's, when employers across Europe were faced with growing labor shortages and the need to rationalize production procedures to meet increasing competition. The process at work in job control is a continuous problem for employers. The movement to extend industrial democracy grows out of such pressures.

. The shop floor is not the only level at which workers organize in trying to extend the area of bilateral control. They do so also at the labor market level in bargaining over wage rates and conditions of employment. At higher levels, they exert pressure on decisions subject to unilateral managerial decision making. One might think of the points of contact between areas of unilateral managerial control and the more limited areas of unilateral employee

control as forming a "frontier of control." This may be broad, if the area of overlap between the two is great, and if there is a good deal of joint or bilateral control. For organized groups like trade unions and employers' associations, or enterprise level bodies of workers, they require some form of institutionalization, which implies channeling of issues, subject to joint control, and definition of issues to be handled. There is no single best way to define the issues subject to joint control, because they are interdependent due to their common origin in the productive system. In some cases, there are links between introduction of a technical change and the work organization, with opportunities for adjustments in payment systems. Or the workers' refusal to accept a technical innovation because of its presumed effects on work practices and earnings may block it.

. For the work force to take advantage of such interdependence of decisions on the working of the enterprise, it is important that decisions on changes in work organization be dealt with by the same body as those on new investments. Many "industrial democratic" institutions concede a measure of control to the work force in the extension of the area subject to bilateral decision making in such a way that it is not possible to use a bargaining advantage in one such area to give advantages in other areas.

. One might consider how the division of the "frontier of control" in West Germany or Britain stabilizes the existing division of control, and thus contains pressure which might stem from the shop floor or from the union. In West Germany, the frontier of control is divided into three main parts: 1) control over strategic issues like investment; 2) control over wage rates and conditions at the labor market level and that of social benefits; and 3) determination of plant-based payment

systems. Employee representation is assured at these levels by membership on the supervisory board, by trade union bargaining accompanied by the right to strike, and by the works council, bound by the peace obligation. These are so structured that a bargaining advantage at one level cannot be used to gain advantages at another. The union cannot bring pressure on the works council, nor can the works council refuse to come to agreement with the employer pending the employer's change of a position on such things as investment strategy discussed on the supervisory board. In Britain a very different system shows the division between the system of shop steward bargaining contained by the various grievance procedures, and the degree of recognition accorded in higher level collective agreements and the union outside the enterprise.

. Definitions of institutions in industrial relations and industrial democracy are closely related to the question of the distribution of control between employers and workers. An empirical approach would allow us to take institutions at their face value, to compare works councils and worker director schemes as if they were basically similar. This would come from councils composed of elected employees, or from employees elected as worker representatives to the company board of directors. Then the focus should be shifted to the board's position in the division of control between workers and employers, and particularly to the way the areas of joint control are divided off, and the way certain bargaining strategies are excluded.

#### CONCLUSION

. By stressing the interrelation between individual institutions of worker representation, and the dependence of their behavior on the way they are articulated with the others, we suggest that straightforward imitation cannot be a

process by which one country can influence social change by copying the experiments of others. This interdependence must be considered, and this imposes a form of translation process from one country to another. Following the discussion in Britain between the various groups represented at the policy level gives a picture of the way part of the translation process may take place. The Councils of British Industries have been interested in some kind of works council, in their proposal for a "company council", and for keeping worker representatives away from the day to day management of the company by means of a two-tier board. The Trades Unions Council, on the other hand, has opposed the idea of a works council system for Britain because of its rivalry to the shop steward system, and the alternative focus of loyalty it would offer to their membership. No doubt they were aware of the frequent application of peace obligations to works councils, and the implications this would have for their bargaining strategies.

. Many of those involved in the policy process, in seeking to promote social innovations may believe that it is to some degree possible to learn from the errors and successes of others. But this is not a good description of the process involved in the diffusion of innovative social processes. Foreign experience probably does exert a strong influence at the level of ideas, but straight imitation would require a kind of power vacuum that rarely exists, and certainly has not existed in recent years in Western Europe.

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