EASTERN OF LABOUR PARTICIPATION IN MANAGEMENT AT THE PLANT LEVEL—PRACTICE IN SOME SELECTED COUNTRIES

(A) UNITED KINGDOM

In the United Kingdom, labour participation in management is practiced through Joint Committees set up for this purpose both in public and private sectors. Joint Consultation first became a problem of general importance during World War I and the precision was given to the idea by the Whitley Committee which recommended in 1917 the setting up of a consultative machinery parallel to the negotiating machinery, to promote the common interests of both sides in industry. The Committees set up during this period were, however, swept away by the Great Depression and there was little progress during the inter-war period. The need for greater labour-management cooperation for the successful prosecution of the War revived interest in joint consultation and Joint Production Committees were constituted on a large scale. After the war there was a feeling in some quarters that the committees had served their purpose and many committees were in fact abandoned. But the war-time experience had proved the usefulness of these committees and the National Advisory Council recommended the setting up of joint consultative machinery where it did not already exist, for the regular exchange of views between employers and workers on production questions, it being understood that such machinery would be voluntary and advisory in character. In view of the importance of securing results over a wider area, the Government decided to take complementary steps to stimulate interest of the industry in the matter and the Nationalisation Acts imposed an obligation on the management, except where adequate machinery was already in existence, to seek consultation with the appropriate trade unions with a view to the establishment of machinery for the promotion and encouragement of measures affecting the safety, health and welfare of persons employed in these industries and for the discussion of other matters of mutual interest including efficiency in the operation of industries. Considerable progress has since been made in the establishment of machinery for this purpose.

(iii) Industrial Relations in the Chemical Industries (Report II of the 5th Session of the I.L.O. of the Chemical Industries Committee 1957).
Joint Committees now function in most of the undertakings, employing 50 or more workers. Based on voluntary agreements between the parties, it is rather an 'elaborate and complex' system with a variety of structure, composition and functions. Only the more common features are described here. Most of the firms have a single committee assisted by Sub-Committees for specific functions. In bigger units, in addition to the main committee, there are department committees to deal with the problems at the departmental level and also to secure proper and effective functioning of the Main Committee. The Committee consists of the representatives of employees and workers. Equal representation is not necessary but in any case the number of management representation does not exceed that of workers. Management representatives are nominated by the Chief Executive and workers representatives are elected by them by secret ballot. A minimum of one year's service and 18 years of age are generally prescribed as qualifying conditions both for membership and voting. In some undertakings, only union members are eligible for election as members though voting right is given even to non-members. The practice of dividing the employees into various electoral groups on the basis of department or sex or trade union membership is also not rare. The Chairman of the Committee is generally the representative of management. In some Committees Chairmanship rotates between employers' and workers' representatives, but this practice is now going out of favour. The meetings are generally held during working hours and the members are treated on de-leave and receive their full pay for the time spent. The functions of the committee are strictly advisory and generally include the following:

(i) Improvement in the method of production, efficient use of the maximum number of production hours—economy in the use of materials.

(ii) Questions of training, education, work rules, codes of discipline and other personnel problems.

(iii) Encouragement of suggestions for improvement within the factory.

(iv) Safety, health and welfare of employees.

The Committees are not competent to deal with questions which normally form the subject matter of collective bargaining. This provision applies to nearly all committees. No administrative responsibility has been delegated to the Joint Committees. The scope of the Committees seems to be gradually widening and some committees discuss financial policy, production programme etc.

The success of the committees has been uneven. Even with identical constitutions, committees have worked very well in some units and poorly or not at all in others. There are instances of social problems successfully handled by committees both in public and private industry and the committee has been useful in dealing with awkward social situations with which management may be faced. Another observation has been that the committees have, by and large, thrived best in progressive and prosperous firms. There is, however, a wide acceptance by industry and general public of the need for joint consultation between management and workers.
For a proper understanding of joint consultation in Sweden, it is necessary to briefly refer to a few socio-economic factors. The Socialist Party is in power for the last 30 years but private enterprise dominates the economy and neither the Government nor the party in power think seriously of nationalisation or public ownership. The standard of living is high, the Society is free from acute class antagonism and glaring inequalities of income and there is an atmosphere of 'tolerance and freedom from not only religious but Social bigotry'. Most of the population is literate and trade union movement is strong—about 90% industrial workers being unionised. The people are happy and accustomed to the present conditions and take pride in the fact that they have best of both the worlds, practically all the 'advantages of socialism without expropriation, nationalisation, centralised planning and social conflicts'.

The Enterprise Councils in Sweden were set up as a result of an agreement between the Employers' Confederation (SAF) on the one hand and the Trade Union Federation (LO) and the Central Organisation of Salaried Employees (TCO), on the other, providing for employing 50 or more workers. The Councils are joint bodies and consist of the representatives of the management, workers and salaried employees. The size of the council varies, according to the number of workers in the concern from 3 to 7 delegates each selected by the workers and the management and from 2 to 3 selected by the salaried employees. The workers' representatives are chosen by elections organised by the local trade union. Only Union members are eligible to contest the election or to vote. This applied to salaried employees also provided 75% of the staff belong to TCO. Minimum qualification for the membership of the Council are 21 years of age and one year of service in the firm. Meetings are held outside working hours but the members attending the meeting are paid to fee, secretarial facilities are provided by the management free of cost.

The main task of the Council is to maximise production and with that end in view, it deals with question concerning the techniques, organisation, planning and development of production and invite suggestion on these matters. Stress is laid on the information which the employees must supply to the committee, concerning both the economic and technical conditions under/which the undertaking is operating and its position in the market. The agreement has clearly laid down that it is the duty of the employer to supply the council with continuous production surveys, including reports of changes undertaken or planned or other more important alterations in operating or working conditions within the enterprise and of new products, new manufacturing or working methods and other technical arrangement in so far as the revealing of them does not cause damage to the employer.

   (ii) Industrial Relations in the Chemical Industries (Report II of the 5th Session of I.L.O. Chemical Industries Committee, 1957.)
The Swedish Agreement gives the Council an important part to play in the maintaining security of employment. Collective bargaining issues are excluded from the purview of the Council but the Council is competent to discuss cases of dismissal, discharge or lay off. The Council has only an advisory status and has no administrative function.

The Councils have worked well and have proved to be an useful channel of communication between management and worker. The potentialities and the limitation of the Councils are recognised both by employer and workers and the responsible organisations have not thought it fit to force the pace of Council formation but have preferred to foster its steady and methodical growth. One of the cardinal principles with the employers and the confederation of Trade Union is to keep the Government intervention out in order to preserve their autonomy. The practice of bipartite negotiations between the employers and highly organised trade unions of educated, well paid workers who have developed a tradition of cooperation rather than one of conflict, is a vital element in the industrial relations system in Sweden. The Councils have so far been tested only in conditions of industrial boom and full employment, what will happen when a slump comes can not be prophesied.
The Belgian economy is essentially industrial in character and has for many years been based on the mining and metallurgical industries. The machinery for Joint Consultation was first set up in 1919 in the basic industries and it achieved some results in the inter war period. But it is only after World War II that joint bodies have been established on progressive scale. Between 1918 and 1945, they were based on agreement between the parties and had no legal status. Their constitution and functioning, therefore, depended on mutual good-will.

The present Works Councils have been set up under the Act of 20 September, 1946 which required the formation of such Councils in all firms, employing 50 or more workers. The law did not deal with the question of standing orders for the Councils and left a good deal of flexibility to the Councils themselves as regards procedure. As at present constituted the Councils are joint bodies and comprise of the Chief executive and one or two delegates nominated by him and a workers' delegation varying from 4 to 18 members depending on the size of the undertaking. The act is also silent on how the Councils would take decisions. The employers' organisations consider that unanimous decisions should be the rule. The Trade Unions Organisations on the other hand consider that such a rule would make the Council ineffective.

The workers' delegates are elected by secret ballot in accordance with the principle of proportional representation. Separate representation, in proportion to numerical strength, is provided for wage earners and salaried employees. All workers have a right to vote but only Union members are eligible for election. The candidates are sponsored by the Union/Staff Associations. A delegate must remain a Union member in good standing even after election, it being open to the sponsoring union to recall him. The term of the Council is four years. This ensures continuity and helps the members to acquire the ability to participate effectively in the working of the Council. As a rule Councils meet in company premises and delegates are paid regular wage rates for the time lost. The Chairman is the management representative and a worker delegate is chosen as Secretary.

The functions of the Council include:

1. expression of opinion on all economic matters, such as arrangements and conditions of working and output,
2. receiving information on productivity and general matters,
3. drawing up of employment rules and supervision of application of industrial and social legislation.

iii) I.L.O. Legislative Series 1957-Belgium-1.
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(iv) supervision of general provisions concerning the social field and establishment of principles regarding classification of occupational skill, dismissal and engagement.

(v) Safety and Hygiene.

(vi) administration of welfare schemes.

(vii) promotion of measures ensuring co-operation.

Questions of wages or similar matters which normally fall within the field of collective bargaining are left out of the purview of Works Council, though in practice some collective bargaining matters do creep in.

The Councils have an advisory status but in respect of employment rules and social service, they exercise administrative powers also. The Belgium Law requires that the management should supply the works councils with full information on the financial results of the business.

The Councils have been at least a moderate success. It is, however, interesting to note that the proportion of successful Councils is greater among those organised on a voluntary basis before the passage of the Act. Most employers' and workers' declare that they favour the principle of Joint consultation despite their frequent criticism of the present system. An important conclusion to which the Indian Study Group arrived after a spot study of Works Councils in 1957 was that "Worker participation in Management could be successful only as a supplement to a well established system of collective bargaining, without strong and co-operative trade unions, schemes for participation would probably remain merely paper schemes".

1. Report, p.47.
Ordinance of 25 February, 1945 modified by the Law of 26 May, 1946 is the fundamental text describing the form and limits of labour participation in management in France. Rejecting the idea of a real worker participation in the economic aspects of management, the French Assembly allowed only for consultative powers in this realm. Some measures for collaboration between the employers and the employees were imposed upon the State by the actual situation which prevailed at the end of the War and the Act only legalised that fait accompli.

The Act provides for the establishment of Works Committees in all non-state organisations employing 50 or more workers. In practice, it has been observed in undertakings employing more than 100 workers and in a number of establishments employing between 50 and 100 workers, it has been generally ignored. The Committees are joint bodies and include the Chief Executive or his representative and a delegation from the staff varying in number from 2 to 11 according to the size of the establishment. The delegates are elected by secret ballot in accordance with the principle of proportional representation, separately for workers and salaried employees. The candidates are sponsored by the Trade Unions or staff Associations as the case may be. There is also a provision for substitute delegates who attend meetings in an advisory capacity. Each recognised Union may also send an advisor to attend the meeting. The committee members are allowed full pay up to 20 hours a month plus time spent on meetings.

The Committees have advisory as well as administrative functions. In the former sphere their functions include cooperation with the management in the improvement of conditions of workers and living, examination of suggestions for increasing production and productivity and recommending rewards for valuable ones and expression of opinion relating to the general organisation of the undertaking. The Law makes it obligatory for the management to consult the Committee on questions concerning the organisation, management and general running of the undertaking. The final decision in all these matters rests with the management and the

* Production or management committees had been set up spontaneously in a number of factories at the time of the Liberation in 1945. Their powers, constitution, and working were not governed by any uniform rules, but one common theme ran through all these efforts, workers were not going to accept the old position that "its is the exclusive right of employers to manage."
Committee cannot resist it. The information concerning the general position of the undertaking, the nature and volume of production, orders in hand, sales and plans to improve the efficiency of the establishment etc. must be given to the Works Committees. Committee members are also entitled to receive the same documents which are sent to the share-holders. The Committee has the further right to nominate the members to attend the meeting of the Boards of Directors in an advisory capacity.

The Committees' administrative functions relate to Social, Provident Fund and mutual aid schemes, Canteens, Consumers' co operatives, housing allotments, nurseries, holding camps, medical services, sports etc.
In Germany Labour Participation in Management is known as co-determination which rests mainly on two legislative enactments, viz., Co-determination Act, 1951 and Works Constitution Act, 1952. The first organ of Labour Participation is the Works Council which had been set up under the Act of 1952 in all private undertakings employing 20 or more workers. The Works Councils are not Joint bodies — they consist only of employees' representatives elected by secret ballot, their number varying from 3 to 35 according to the size of the undertaking. Both wage-earners and salaried employees are represented on the Council in proportion to their numerical strength. The term of the Council is two years. Council meetings are held during working hours. The employers and the Works Committees are to meet once each month for a common discussion and are enjoined to deal with differences in an earnest desire to reach agreement. The general duties of the Works Council are defined as:

(i) To propose measures to the employer for the benefit of the concern and the employees;
(ii) To see that the existing laws, regulations, collective agreements and factory agreements beneficial to the employees are being carried out.
(iii) To hear grievances from employees, and if they appear justified to work for their redress through negotiation with the employer.
(iv) To promote the integration in the establishment of severely disabled persons and other persons in special need of protection.

The jurisdiction of the Works Council largely extends to social matters and personnel matters, and in regard to both these the Council has a right of co-decision. The social matters are, the beginning and end of daily working hours, the place and time of payment of wages and salaries, the arrangement of holding rosters, arrangement for technical training, the administration of welfare measures, question of order in the establishment and the conduct of employees etc. In staff matters, such as recruitment

2) Industrial Relations in the Chemical Industries (Report II of the 5th Session of the I.L.O. Chemical Industries Committee, 1957).

This means that these matters can only be regulated by agreement between the Works Council and the Management.
regarding transfer and dismissal, the Works Council has a right of consultation.

As regards Economic matters, the Council has a right of co-decision only in the event of proposal alterations in the undertaking which may involve substantial disadvantages for the staff, such as reduction or cessation of operations, removal of the whole or important departments of the undertaking, amalgamation with other undertakings, important changes in the purpose of the undertaking and similar cases.

For Economic matters, the Act requires the establishment of Economic Committees in all enterprises having more than 100 employees. The Economic Committees are Joint Bodies consisting of 4 to 8 members including at least one member of the Works Council. Half the numbers are nominated by the Works Council and the other half by the management. The Economic Committee is entitled to be informed on the economic affairs of the undertaking. Economic affairs include:

(a) production and working methods;
(b) the production programme;
(c) the economic condition of the undertaking;
(d) production and sales conditions;
(e) other economic matters which fundamentally affect the interests of the employees of the undertaking.

In bigger undertakings, there is a great variety of Joint Committees, composed of an equal number of representatives to deal with specific matters.

Whereas the Works Council system does not give genuine 'co-management rights to labour in the economic operation of the undertaking, true co-determination has been introduced in two branches of the industry, namely Iron and Steel, and Coal. The Co-determination Act, 1951 provides that the supervisory Boards of all public companies in the said industries, employing more than 1000 workers, must consist of 5 representatives of employees and five of share-holders and one of independent member who is elected by the other ten. Two of the employees representatives one nominated by the Works Council in consultation with Trade Unions and the remaining Three by the Trade Unions in consultation with Works Committees and in neither case can the nomination be challenged. The employees representation have exactly the same right as those of the share-holders.

The Act further provides that the Board of Managing Directors must include a labour director whose appointment or dismissal requires the consent of the majority of workers' representatives of the supervisory Boards and who has the same right as the other Directors. In practice, there are usually three members of the Board of Management, the Commercial or business director, the technical director and the labour director. Personnel matters are generally dealt with by the Labour Directors.
Germany is evolving a new form of industrial relations somewhere between the traditional relations under a system of private property and those under complete Socialisation. The new system has been conditioned by the historical developments in that country. One of the main reasons for the emergence of co-determination was the vivid memories retained by the workers of the part played by 'big business' in financing the Nazi party. The granting of rights of codetermination to workers seemed to be the best way of preventing the 'Captains of industry from financing political crime and liquidating democracy'. The compulsive need for rebuilding the economy, the traditional devotion of the German worker to his undertakings and his phenomenal will to work also contributed to the evolution and working of co-determination.

It is difficult to express any definite opinion regarding the efficacy of this new system. The Study Group was of the Opinion that "on the whole it has worked". The fears generally expressed that workers' representation on the Board of Management will weaken the trade union organisation and that the worker-director will be constantly faced with the problem of double loyalty, have not been borne out by the German experiment.

In the first place the Supervisory and Management Boards have proved to be viable institutions. The supervisory Boards have not split into two sides on every issue. There has not been constant voting and frequent recourse to arbitration by the eleventh man. Voting has been rare and when it has been used cross-voting has been the rule. Labour Directors have not used their powers to support the interests of labour to the obvious detriment of the firm, nor to assist the metalworkers' and miners' unions in wage negotiations.

There is also no evidence that co-determination has destroyed the strength of loyalty of the German Unions. On balance Works Councils may have done more to strengthen the Unions than to undermine them. There is no doubt that codetermination has been tried during a period of unsurpassed economic prosperity whether it will be able to stand the stress of more difficult times, or whether it is capable of extension to entirely a different economic and political setting, it is too early yet to say. For the first time in German history, the goal of a United Trade Union movement has been achieved.
The Yugoslav system, variously described as auto-management, self-management for self-government is unique in the sense that the workers themselves constitute the management and there is no question of consultation or sharing of powers with some other party. The Law* conferring these rights on the workers proclaim that the "factories, mines, communications, transport, trade, agricultural, forest, public utility and other state economic enterprises as the people's property shall be managed by the working collectives on behalf of the Social Community within the framework of the State Economic Plan".

The objective is to group the workers into autonomous units according to the technological requirements of the production process with responsibility both for production and management and themselves deciding how the income from production is to be apportioned. The working collectives manage these enterprises through Workers' Councils and Management Boards.

**Workers' Council.**

The workers' council is the highest organ representing the workers' collective. But a workers' council can not directly conduct every day business affairs. It makes collectively general decisions, outside its sessions it has no rights. The Council consists of 15 to 120 members, depending upon the size and composition of the enterprise. The term of the Council is one year (There is a proposal to extend it to two years). The Councils are elected by the collective directly in all undertakings with 30 or more workers. The entire collective forms a single electoral body and all those who have reached the age of 18 are eligible to vote. All the voters are also eligible for election. In enterprises of workers less than 30 persons, all employees automatically constitute the Council. The lists of candidates are sponsored by Trade Union Units or by individual groups of workers and employees. The administrative and technical staff may not constitute more than one-quarter of the total Council. In large undertakings, the workers' Council are set up at the Department or work shop level. This is to enable as many members of the work collective as possible to take part in the management of the undertakings. Meetings are held once

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* This law was promulgated by the Decree of the Presidium of the People's Assembly of the Federal People's Republic of Yugoslavia No. 1448 of July 2, 1950.
every six weeks, but the rules generally provide for more frequent meetings. Meetings are usually held outside working hours.

The Workers' Council approves the basic plans and accounts of the enterprise; pronounces on matters concerning the management of the enterprise and the fulfilment of the economic plan; distributes that part of the earnings, which is left at the disposal of the enterprise and the working of the collective; issues of standing orders of the enterprise; elects, relieves and replaces the Managing Board of the enterprise or the individual members thereof; examines the report on the work of the Managing Board and approves or disapproves its activities and considers the individual measures of the Managing Board and passes decisions thereon. In short, its main functions are those of a legislative body. Since January, 1958, it has also been responsible for the undertaking's personnel policy. In addition, it gives the final decision on individual disputes. Except in cases for which its intervention is required by Law, the Council may delegate its powers for a particular matter to another organ in the undertaking. Recently it has become the practice of the Council to set up Standing Committees to deal with particular problems.

Management Board.

The Management Board is a lower authority in workers' self-government. It is in general the executive organ of the workers' council, but at the same time it possesses independent rights, duties and responsibilities.

The Management Board is made up of from 3 to 11 members including the Director who is an ex-officio member. The Board is elected by secret ballot of the workers' council at its first session. Only one-third of the Board is renewed annually and no person is eligible for election more than twice in succession. The members of the Board enjoy security of tenure in the sense that while serving on management organs, they cannot be dismissed nor transferred without their own agreement. The Board meets often than the Council and weekly meetings seem to be the rule, particularly in larger undertakings. The functions of the Board may be grouped under three main headings: (i) The Board presents reports to the Workers' Council on the management of the undertaking and prepares proposals on matters that lie within the competence of the Council, (ii) in execution of the general policy laid down by the Council the Board has duties specified in the legislation and in the by-laws of the undertaking; it takes the necessary measures to put the decisions of the Council in effect and may in general consider any questions concerning the day-to-day management of the undertaking, (iii) The Board supervises the work of the Director of the undertaking and his subordinates.

Members of the Board on the Council are not entitled to any tangible advantage in relation to their functions. The duties of the members are unpaid and they are usually expected to give up part of their leisure time.

Many western critics are unwilling to admit that the system has merits or more than superficial merits; the Yugoslavs,
however, claim that it has worked exceedingly well. The most
important result achieved has been to push the process of
development in the direction of the democratization of the entire
social and economic life of the community. The decision to give
the workers of each undertaking the right to apportion the
results of their production and management has provided the
workers management system with a material incentive influencing
the whole economic side of the undertaking. The experience in
economy also indicates that the system is viable and that it has
influenced positively the development of the Yugoslav society.

This system has grown out of the peculiar situations
prevailing in Post War Yugoslavia. The end of the war left many
of the normal organs of the national economy disrupted or
destroyed and the vacuum had to be rapidly filled. This was done
under the guidance of a strong disciplined party, which hardened
by years of harsh fighting was not afraid of bold action. First
the Russian Model was adopted and the industries from which owners
were expelled or expropriated were taken over by the state and run by
a Central Bureacracy. In 1948 came a break with Russia and a
remodelling of the methods which were to be adopted for attaining
the declared objectives of democracy and socialism. To quote
Kardely, a leading theorist of the Party, "However much the old
system was necessary, it represented at the same time a permanent
danger of becoming bureaucratized, a danger of suppression and
restriction of the Socialist initiative of the working masses,
a danger of bureaucratic particularism, both phenomenon being
different manifestations of a single process, in one work it
contained the danger of preserving and enlarging state capitalistic
elements in our social economic system". There were thus three
direct reasons for the introduction of workers' self-government
(a) the need to create a new basis for the further successful
development of the national economy and the community as a whole,
(b) the desire to avoid bureaucratic tendencies, (c) the
realisation of the ideal of workers' management i.e. realisation
of industrial democracy and accordingly the withering away of state
functions in the economy.