

THE PALGRAVE HANDBOOK OF WORKERS' PARTICIPATION AT PLANT LEVEL

Edited by Stefan Berger, Ludger Pries, Manfred Wannöffel



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It is with great sadness that we note the untimely death of one of our contributors, Funmi Adewumi, who wrote the chapter on Nigeria. Professor Funmi Adewumi was born 2 September 1960. He had his primary and secondary education in the southwest of Nigeria. He completed his bachelor's degree in Education and History in 1981 from Obafemi Awolowo University, Ile-Ife, Osun State. He completed his master's degree and doctoral degree from the University of Ibadan in 1988. He began his working career at Michael Imoudu Labour Institute, Ilorin, Kwara State, as a research assistant. Later he moved to

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Finally, we would like to express our thanks to all our contributors. Putting this collection together has been a long and arduous process, but we hope that everyone is happy with the end result. We certainly thank our contributors for their patience and their willingness to revise their pieces according to our feedback.

Bochum March 2018 Stefan Berger Ludger Pries Manfred Wannöffel

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LIST OF ABBREVIATIONS

ACFTU All-China Federation of Trade Unions ACTU Australian Council of Trade Unions

ALP Australian Labor Party

AMMA Australian Mines and Metals Association ASO Association of Independent Trade Unions

AWA Australian Workplace Agreement

AWIRS Australian Workplace Industrial Relations Survey

BCA Business Council of Australia
BDA German Employers' Associations
BOAL Basic Organization of Associated Labour
CAI Confederation of Australian Industry
CBWE Central Board for Workers Education

CCP Chinese Communist Party

CDU Christian Democratic Union (Germany)

CEC-CEDA China Enterprise Confederation and China Enterprise Directors

Association

CEE Central and Eastern Europe

CFE-CGC Confédération française de l'encadrement-Confédération générale des

cadres

CFTC Confédération française des travailleurs chrétiens CFTD Confédération française démocratique du travail CGIL Confederazione Generale Italiana del Lavoro

CGT Confédération générale du travail

CISL Italian Confederation of Workers' Unions CLT Consolidação das Leis do Trabalho

ČMKOS Czech-Moravian Confederation of Trade Unions

CPC Communist Party of China

CPSU Communist Party of the Soviet Union
CSP Christian Social Party (Austria)
CSR Corporate Social Responsibility
CUT Central Única dos Trabalhadores
DGB German Trade Union Confederation

ECCHR European Centre for Constitutional and Human Rights

EEC European Economic Community EFA European Framework Agreement

EFQM European Foundation for Quality Management

ENI Ente Nazionale Idrocarburi EPI European Participation Index

ETUC European Trade Union Confederation
ETUI European Trade Union Institute
EWC European Works Council
FDI Foreign Direct Investment

FIOM Federazione Impiegati Operai Metallurgici

FLA Fair Labor Association
FO Force Ouvrière

GDP Gross Domestic Product

GFTU Guangdong Federation of Trade Unions

HAL Hindustan Antibiotics Limited
HRM Human Resource Management
IG Metall Industrie Gewerkschaft Metall
ILC Indian Labor Conference

ILOInternational Labour OrganizationILRFInternational Labor Rights ForumIMFInternational Monetary Fund

IRI Istituto per la ricostruzione industriale

ISO International Organization for Standardization ITUC International Trade Union Confederation

JCC Joint Consultative Council JDC Joint Departmental Council JMC Joint Management Council JPC Joint Production Committee

JWC Joint Works Councils

KDS Christian Democratic Party (Czechia)

KMT Kuomintang Federation

KOK Christian Trade Union (Czechia) KOVO Czech Metalworkers' Federation

KOZ SR Confederation of Trade Unions of the Slovak Republic KSČM Communist Party of Bohemia and Moravia (Czechia)

KUK Confederation of Art and Culture
LMC Labor Management Council
MNC Multinational Corporation
NCB National Coal Board

NGO Non-governmental Organization

NJACWER National Joint Action Campaign for Women's Equal Rights

NKOS Independent Christian Trade Unions of Slovakia

NOLA Networks of Labour Activism
NTUF National Trade Union Federation
NUM National Union of Mineworkers
NUVB National Union of Vehicle Builders

OECD Organisation for Economic Co-operation and Development

OPEC Organization of the Petroleum Exporting Countries

OSČMS Trade Union Association of Bohemia, Moravia and Silesia

Spanish Syndicate Organization OSE

OSZSP ČR Trade Union Federation of Healthcare and Social Work Czech Republic

OUR Walmart Organization United for Respect at Walmart

Brazilian Communist Party PCB

PILER Pakistan Institute of Labour Education and Research

PР People's Party (Spain)

PPHIP Pancasila Industrial Relations

Socialist Party Italy **PSI**

PSOE Socialist Workers' Party (Spain)

PTB Brazilian Labour Party RINA Registro Italiano Navale

Russian Communist (Bolshevik) Party RKP Revolutionary Trade Union Movement ROH Rappresentanze Sindacali Aziendali RPA RSU Rappresentanze Sindacali Unitarie Social Accountability International SAI

SCShop Councils SE European Company

Service Employees International Union **SEIU**

Small or Medium Enterprise SME Social Movement Unionism SMU

Société nationale des chemins de fer français **SNCF**

SOE State-Owned Enterprise

SWRC Staff and Workers Representative Committee

TCA Transnational Company Agreement TISCO Tata Iron and Steel Company TUC Trades Union Congress TVE

Township and Village Enterprise

Urgent Appeal System UA United Automobile Workers **UAW**

United Food and Commercial Workers **UFCW**

UIL Union of Italian Workers

USPD Independent Social Democratic Party (Germany) VSOZ General Free Trade Union Association (Slovakia)

WCA Works Constitution Act (Germany, 1952)

WRC Worker Rights Consortium

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CHAPTER 1

Introduction

Stefan Berger, Ludger Pries, and Manfred Wannöffel

Most people in the world spend the greater part of their life at their workplace. Globalization brings employees and workers from all over the world closer together—through direct value chains or indirect competition. Considering the very different regions of the world of labor, there are great varieties of labor regulation and labor conditions. Therefore, it becomes increasingly important to develop an overview of the extent and mechanisms of workers' participation at plant level. It is crucial to understand and analyze the conditions under which people around the world are able to participate in the day-to-day working process and strategic decision making of the companies that employ them. This is still a neglected topic in the area of industrial and labor relations that requires further research, especially from a global perspective. We therefore decided to organize the publication of an original handbook with new material that reflects the global dimension of different modes of workers' participation at plant level.

The scope and organization of this handbook accounts for the international dimension of this topic in developing interdisciplinary perspectives. It is particularly concerned with the analysis of the mechanisms and practice of workers' participation in the definition, control and enforcement of their working and employment conditions as well as their participation in work-related and

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company-strategic decisions. It aims at documenting and comparing different formal regulations and practices of workers' participation at the workplace level in a carefully chosen selection of country case studies from all over the world.

A comprehensive handbook on this theme is important because the empirical findings and conceptual approaches concerning workers' participation at plant level have varied tremendously over time and space. Some researchers have argued that workers' participation has hindered management flexibility and introduced rigidity in times of increasing needs of companies to cope with more volatile and changing economic environments. For others, however, workers' participation has been not only an indispensable precondition for democracy in society but also a way of facilitating workers' integration, motivation and participation in production. Similarly, some scholars have viewed legally regulated workers' participation as standing in stark opposition to any direct, individual and practical participation in work processes. For others, by contrast, new 'Innovative Human Resource Management Strategies' in search of greater involvement of employees should not be seen as contradictory to formal ways of workers' participation and collective representation at plant level. Some also hold that workers' participation and collective representation by unions is contradictory to direct democracy and participation of individuals at the workplace, whereas others argue the opposite: collective representation by unions and alternative mechanisms of direct and indirect participation at the workplace, plant and company levels are not mutually exclusive but reinforcing.

The development of workers' participation at plant level has been greatly dependent on the specific cultural context and institutional tradition of the country concerned. Whereas in Western Europe and in Latin America there exists a long tradition of formalized collective workers' participation at plant level, in many English-speaking countries individual and informal forms of participation at the workplace have prevailed. In Asia, Eastern Europe and in Africa a mix of bureaucratic and formalized collective participation could be found in some sectors, while research on other sectors has shown the complete absence of actual workers' participation at plant level. In a global comparative view, the specific forms and patterns of workers' participation at plant level vary significantly: from workers' direct participation and decision making at the team level in many countries all over the world up to the model of cooperatives like Mondragón in Spain, from the German system of co-determination up to the formalized Staff and Workers Representative Councils in China. There is also a broad scope of the dominant functions of workers' participation at plant level. It could channel inter- and intra-group conflicts in the working area; give work a voice and especially protect weaker groups in a given plant; stabilize the development of establishments and companies, triggering long-term perspectives (e.g. innovation, sustainability); increase motivation and commitment of workers at the workplace level; harmonize the conditions of competition by controlling the compliance of legal, legitimate, collective bargaining and tacit norms; control and delimit economic power; and combine economic efficiency with democracy in economic life.

Although many studies on workers' participation in the member states of the European Union have been produced, other important regions of the world have hardly been dealt with at all. This volume comprises the study, documentation and comparison of workers' participation around the world and thereby meets the challenge of offering a global perspective on this research area. Value chains and economic life in general, but also inter-cultural exchange and knowledge as well as the mobility of persons and ideas, increasingly transcend the horizons of nation-states and regions. In the era of knowledge societies, the active participation of workers in organizations is of crucial importance for sustainable and long-term innovation and growth. This volume offers a unique opportunity to learn from the global experiences in workers' participation at plant level.

With regard to Europe, it would have been possible to include many more chapters, but the editors consciously restricted the number of chapters to make space for more non-European case studies, as these comprise countries and areas about which our knowledge is quite restricted—at least in comparison to Europe. Of course, our selection here also depended on who was available to write such a chapter and for which countries there exists enough information to produce a survey article. Hence the case studies selected here should not be seen as a definitive selection but rather as indicative of global trends. They fill in some dots on the global map which still need to be connected in future through more studies on more countries providing more comparative and transnational perspectives.

The volume is organized in four parts. In the first one, the editors offer a more extensive introduction to the volume's topic. First, Stefan Berger opens with a historical view on workers' participation at plant level in a comparative perspective. Berger explores the 'Varieties of Capitalism (VOC)' approach (Hall and Soskice 2001) as an explanatory tool to understand varieties of workers' representation. He argues that a multi-factor explanation is necessary to understand the relative success or failure of models of social partnership. These factors include characteristics of the state but also the political culture and the influence of ideas, values and norms. This he illustrates by reconstructing historical trajectories from the first half of the twentieth century via the era of the Cold War towards the 1980s. He distinguishes between the authoritarian traditions of, for example, formerly fascist Germany, Italy and Spain and the liberal traditions of the US, the UK and Australia as well as the Nordic models. While the idea of a 'social partnership' came to fruition in Western Europe after the Second World War, the varying political cultures, state systems and established norms and values in European societies contributed to different developments of the participation of workers. Before 1945 the traditions of social liberalism and social Catholicism played a greater role than in the second half of the century. Prior to the collapse of the Soviet Union, the ideas of promoting 'capitalism with a human face' and 'social partnership' were more popular in Western Europe than they have been since the 1990s. Interesting ideas of participation and teamwork at plant level have also been developed outside of Europe, for example, in cooperatives, which shall also be discussed in this volume.

In following Berger's historical analysis, Ludger Pries provides a novel analytical framework for comparing different forms of contemporary worker participation at plant level. Even though the twentieth century witnessed a significant growth of social rights, he argues that we are still facing great challenges regarding the implementation and extension of participative democracy at the workplace, especially since the end of the Cold War. Pries demonstrates how globalizing economies have contributed to the need to reconceptualize labor relations and for new institutions beyond the national levels. He also shows how different modes of workers' participation have developed across the world, for example, on the basis of a more direct involvement through teamwork and indirect involvement through councils. This chapter introduces a number of crucial issues, including arenas of collective bargaining, dominant actor groups, labor regulation, sources of power, shared ideology, cognitive maps and different types of conflict resolutions. In comparing the paradigmatic examples of China and Germany, Pries refers to the structural tensions among the key actors in labor relations. Moreover, he compares in some detail a number of European Union member states. In his conclusion, he summarizes the opportunities as well as challenges of workers' participation. In terms of opportunities, workers' participation could help, for instance, to channel inter- and intra-group conflicts in the working area, stabilize the development of companies or increase motivation and commitment of workers. On the downside, workers' participation will challenge unions and other external collective actors by raising an intra-labor conflict on the question of who controls what or could stabilize unbalanced distributions of resources. Pries proposes that new dynamics and social mechanisms might help to counterbalance such challenges. For instance, new social movements or nongovernmental organizations (NGOs) could function as external monitors.

Manfred Wannöffel subsequently emphasizes the particular role of social movement processes concerning the institutionalization of workers' participation at plant level. He pays particular attention to the role of social conflicts and the social practice of conflict solution as a driver for the process of institutionalization within three different cases including Germany, England and the US, thereby drawing upon the methodological framework set by Anthony Giddens in his structuration theory. At the core of Giddens' theory lies his thesis that structure and social action mutually mediate and constitute each other. As structure acts to influence and shape certain actions, it is exactly those actions that re-shape the fundamental principles of structure. With that theory in mind, the chapter tries to find an answer to the question if and to what extent social movements can actually set in motion legal adjustments and how those legal adjustments eventually achieve social implementation. Overall, Wannöffel concludes that, despite significant national differences, social movements are increasingly important in supporting conflict resolution strategies at plant level. He points to the changes in the regulation and structuring of labor and participation opportunities, which have always been connected to deep social conflicts and social movement mobilization.

The second part of the volume is dedicated to classic theoretical and historical perspectives on workers' participation. It concentrates on an analysis of

seminal authors and crucial texts on workers' participation and highlights the distinct traditions of theorizing workers' participation at plant level and providing arguments in favor of such participation. Over the course of more than a century, many 'classic' writings on workers' participation at plant level are reviewed to familiarize the reader with a canon of such texts before delving into the empirical observations on how workers' participation at plant level functioned in different countries around the world. In three chapters the conceptual grounds of workers' participation at plant level are summarized in a historical perspective. First, Kevin Morgan deals with the writings of Beatrice and Sidney Webb who laid the ground for the idea of participation and selfgovernment in their social theory. The Webbs traced back the concepts of participation, self-government and democracy in the economy up to the medieval guilds and their socialist thinkers and to philosophical concepts of a 'democracy of producers'. In the second chapter, Nils Goldschmidt and Matthias Störring introduce Gustav Schmoller and the German Historical School of Economics whose thinking included important ideas about workers' participation at plant level. Schmoller and his associate perceived in workers' participation an important element of social reform that would avoid the socialist revolution and allow capitalism to thrive. In the third chapter, Ludger Pries and Russell Lansbury present the idea of works councils as a crucial social institution of labor regulation and participation as developed by scholars like Friedrich Fürstenberg who approached works councils as boundary-spanning institutions.

The following four chapters of part two offer insights into specific historical experiences of workers' participation at plant level. Thomas Haipeter presents Western European experiences of employees' participation tracing back the origins of this concept. He discusses varying definitions and meanings of participation and summarizes some classical comparative studies of participation up to current developments. György Széll presents the special case of Yugoslavia where workers' participation within the Socialist Federal Republic was a central pillar of the overall economic and societal model as such. James Phillips summarizes the British experiences of nationalization, mainly of the coal and mining industry, and its impact on workers' participation. The following chapter of this second part is dedicated to the unique experience of Mondragon, a cooperative experiment that is working more or less successfully in the Basque region. Joseba Azkarraga and George Cheney show how Mondragon could develop and survive as a conglomerate of cooperatives in global capitalism. In the final chapter of this second part, Jeroen Merk and Sabrina Zajak highlight how at the beginning of the twenty-first century transnational social movement interventions at the shop floor are of increasing importance for labor regulation. They use the example of the so-called urgent appeal system of the Clean Clothes Campaign to identify the conditions under which cross-border activist networks can present an alternative path for workers' participation through transnational channels, which becomes relevant in particular for production sites of global supply chains in the Global South. They show that the effective transnationalization of workers' voice thought social movement networks depend on knowledge and ability of workers to access such networks, enough resources and capacity of networks to mobilize, and a combination of criteria which help to explain the responsivity of the targets. They argue that while on occasion such transnational interventions can be very helpful to get workers' demands meet in cases of labor disputes, they have very limited impact on the long-term institutionalization of workers' participation at plant level.

The third part of the companion offers country studies. Each of them follows a structure to sketch out historical grounds and developments and analyze the current situation of workers' participation in general and especially at plant level.

Russell Lansbury from the University of Sydney uses the 'favorable conjectures model' by Poole et al. (1986) to analyze how institutional forces have influenced forms of workers' participation in Australia over time. He shows how recent changes in the Australian industrial relations system and the decline of the union movement have weakened and hindered labor market institutions and the development of formal systems of workers' participations.

José Ricardo Ramalho (Federal University of Rio de Janeiro) examines the political experience of shop floor workers' participation by looking at the example of Volkswagen, especially in the context of globalization and concomitant processes of flexibilization.

Bill Taylor (City University of Hong Kong) examines the organizational structure of workplaces and its destruction in the context of early post-Mao reform and the attempts of the state to control workplace relations through macro-level regulatory instruments as well as the counter-worker responses.

Jan Drahokoupil and Marta Kahancová review the formation of workers' participation and its current regulation and practice in Czechia and Slovakia. They introduce the historical development and main features of the Czech and Slovak economies, labor markets and industrial relation systems and analyze trade unions and works councils as the most important manifestations of workers' participation. They reveal how the different forms of participation remain more or less insignificant due to a decline in union membership and power struggles between the different institutions of participation used by the management to limit workers' influence.

Udo Rehfeldt analyzes the historical development and present state of the system of workers' participation in France which is determined by decreasing unionization rates and struggles of trade unions to maintain their power positions within companies. He concludes that although the French model based on mistrust and conflict is no longer appropriate, it has not experienced a necessary replacement oriented at social dialogue and consensus yet.

Ludger Pries presents historical factors explaining the foundation and stabilization of the system of participation and co-determination and the dual structure of collective bargaining and workers' direct participation in Germany. He integrates current structures and different types of participation in the broader context of the German labor regulation system and also examines how this system has coped with recent economic and societal developments.

Pravin Sinha from the Indian Industrial Relations Association shows how the Indian concept of collective bargaining has been influenced by the British colonial government and how labor laws have developed. In addition, he analyzes India's attempts to create an environment for the active engagement of workers in business matters.

Michele Ford and George Martin Sirait look at the development of workers' participation at the enterprise level in Indonesia, especially over the last 15 years.

Volker Telljohann (IRES Emilia-Romagna, Bologna) presents the development and current structure of the Italian economy, especially in the context of the economic and financial crisis. He shows that the Italian industrial relations are hardly based on institutionalized rights of participation due to a general skepticism towards participation and how the implementation of EU directives has contributed to the establishment of a general framework for information and consultation of employees.

Albrecht Rothacher examines the Japanese labor-management consultation system and the role and power of unions by particularly focusing on the development of the last 40 years.

Jungwoo Kim and Minsu Song (Korean Labor Institute) examine the specific features and the transition processes of South Korean labor-management councils (LMCs) in non-unionized workplaces.

Graciela Bensusán and Willebaldo Gómez Zuppa (Autonomous Metropolitan University Xochimilco) deal with the segmented structure of the Mexican labor market and the dimensions and characteristics of the system of participation.

Funmi Adewumi (Elizade University) examines how the concept of industrial democracy, that is, the involvement of employees in the daily decision-making processes, has gained increasing attention in African countries such as Nigeria. After introducing the characteristics of the Nigerian economy and institutional and legal framework of workers' participation, evidence from the field concerning workers' participation is given. Although there is a labor policy promoting workers' participation in management, it is exposed that participation remains limited and restricted.

Elena Gerasimova from the Center for Economic and Social Rights in Moscow gives an overview of the development of the Russian system of workers' participation and later focuses on the current model particularly characterized by the role of workers' participation in the negotiations and conclusion of collective agreements.

Holm-Detlev Köhler (University of Oviedo) uses a multivariate approach to analyze direct and indirect types of workers' participation in Spain, the institutional and normative framework as well as the development and main characteristics of the Spanish economy, labor movement and corporate governance system.

Edward Webster, Themba Masondo and Christine Bischoff (University of the Witwatersrand) examine the attempt to transfer the German system of codetermination to the South African industrial relations system by using a case study of a Volkswagen plant. They show how instead of German-inspired