

# **Worker Participation in Corporate Decision-Making: Canada's Future?**

**George W. Adams**

ISBN: 0-88886-271-7

Printed and bound in Canada. May 1990

Industrial Relations Centre  
Queen's University  
Kingston, Ontario  
Canada K7L, 3N6

© 1990 Queen's University IRC

**Worker Participation in Corporate  
Decision-Making: Canada's Future?**

Presented at International Bar Association  
Joint Meeting of Committees P and V

Wednesday, 4 October 1989

Strasbourg, France

By George W. Adams, Q.C., Partner,  
Campbell, Godfrey & Lewtas

The author is the senior member of the  
Labour and Employment Law Department at  
Campbell, Godfrey & Lewtas. He is the  
author of a leading labour law text in Canada  
"Canadian Labour Law". Mr. Adams wishes  
to thank Ms. Michele Gordon of Campbell,  
Godfrey & Lewtas for her significant  
assistance in the preparation of this paper.

## TABLE OF CONTENTS

|   |    |
|---|----|
| INTRODUCTION .....                                      | 1  |
| REASONS FOR INTEREST AND WHAT IS TO BE GAINED.....      | 1  |
| OBSTACLES TO INTRODUCING INCREASED WORKER PARTICIPATION |    |
| PERCEPTIONS OF THE LABOUR-MARKET PARTIES .....          | 2  |
| Workers .....   | 2  |
| Unions .....  | 4  |
| Management .....  | 6  |
| Government.....   | 7  |
| COLLECTIVE BARGAINING AND WORKER PARTICIPATION .....    | 7  |
| CANADIAN INITIATIVES.....                               | 8  |
| Businesses .....  | 8  |
| Board Representation .....                              | 14 |
| Government Initiatives.....                             | 16 |
| CONCLUSIONS.....  | 18 |

"Big business is facing its most dramatic and traumatic - transformation of the post-war era. All large companies will eventually be affected by the coming changes whether they want to be or not because they're powered by a series of irreversible forces: rapid technological innovation, intensifying global competition, new employee attitudes. The term "downsizing" is often used to describe the phenomenon, since one of the first symptoms of the transformation is that companies become leaner. But that word is misleading, for it suggests a change in quantity only and not in the quality of organizations. By the time this upheaval is finished, not only will companies be leaner but the way they do things will be different and the roles of managers and managed will be transformed beyond recognition."

Daniel Stoffman,  
Less is More  
Report on Business Magazine  
June 1988, page 90.

## INTRODUCTION

“Industrial democracy” is often described as the *raison d’être* for increased worker participation in corporate decision-making. It is typically associated with broad social objectives and seeks to extend democratic decision-making from the political sphere into the economic sphere through the elimination or restriction of the rights of the dominant industrial hierarchy.<sup>1</sup>

Two distinct meanings of the term have emerged. The first is social participation, which derives from psychological studies and social techniques applied in group dynamics, and the second is workers' control which is a socialist ideology leading to the modification of the power structure in the enterprise.<sup>2</sup>

In labour relations circles industrial democracy is concerned with "the opportunities afforded to labour to share in decisions concerning the process of production."<sup>3</sup> Thus, it incorporates all levels of employee participation in managerial decision-making including collective bargaining, quality circles, autonomous work groups, works councils, and profit-sharing remuneration schemes.

## REASONS FOR INTEREST AND WHAT IS TO BE GAINED

The reasons for interest in industrial democracy in Canada have remained consistent over the last decade; however, the emphasis has changed. Canadian market pressures are forcing industry to adopt technologies emphasizing quality and flexibility. These technologies in turn demand a committed, multi-skilled, flexible and self-regulatory workforce.<sup>4</sup>

There has therefore been an increased managerial interest in implementing employee participation schemes to augment these technological changes. In the early 1980's industrial democracy was seen, by Canadian governments, as a means of encouraging cooperative attitudes and reducing industrial conflict, of attaining a more effective utilization of the human resources within an organization, and of reducing alienation and promoting personal fulfillment and increased job satisfaction.<sup>5</sup>

The international economic recession of the late 1970's and early 1980's exacerbated tensions between employers, trade unions and government officials, forcing them to focus their attention on a number of industrial relations problems. In the forefront were declining productivity, industrial unrest, restrictive work practices and rising wage levels.<sup>6</sup>

---

<sup>1</sup> Jain, Hem C., and Giles, Anthony, Workers' Participation in Western Europe, Implications for North America, Relations Industrielles, Volume 40, No.4, 1985, pg.748.

<sup>2</sup> Hirszowicz, Maria Industrial Sociology: An Introduction, Martin Robertson and Company Ltd., Oxford, England, 1981, pg.235.

<sup>3</sup> Newton, Keith, Employee Involvement in Canada: Theory, Practice and Prospects, Economic Council of Canada, Pacific Rim Labor Policy Conference, Vancouver, British Columbia, Canada, June 25-26, 1987, pg.5.

<sup>4</sup> Ibid., pgs. 28-29

<sup>5</sup> Adams, George W., Industrial Democracy: A Canadian Perspective, Cambridge Lectures 1981, pgs. 282-283.

<sup>6</sup> Giles, Anthony and Jain, Hem C., Workers' Participation in Western Europe, Implications for North America, Relations Industrielles, Volume 40, No.4, 1985, pgs. 747-748.

Further considerations included shifts in the structure of Canadian employment by industry, occupation, age and sex creating a "typical" worker who now demands greater emphasis on job satisfaction and "self-actualization" at work. Finally, the rapidity of technological change and its associated requirement for flexibility within the workplace and an adaptive workforce<sup>7</sup> has hastened the need for a joint labour, management and governmental response.

In an attempt to respond to these changes, many Canadian managers are examining European and Japanese employee participation schemes and experimenting with labour-management committees and workplace design aimed at increasing productivity and improving quality of working life.<sup>8</sup>

## **OBSTACLES TO INTRODUCING INCREASED WORKER PARTICIPATION PERCEPTIONS OF THE LABOUR-MARKET PARTIES**

Workers, trade unions, management and governments, perceive increased worker participation in corporate decision-making quite differently. To workers it can represent a way to reduce alienation, restore some dignity to work life, and increase control over decisions which affect their environment.<sup>9</sup> To trade unions it may represent an opportunity to increase their power over decisions affecting their members. To employers it may represent a key answer to productivity, and quality control problems<sup>10</sup>. It may also constitute a governmental strategy to improve the economy and reduce social tensions<sup>11</sup>. Obviously, these reasons for the interest in increased worker participation of each of the labour-market parties can be threatening to the other parties, with the result that the introduction of industrial democracy initiatives may constitute a source of conflict.<sup>12</sup>

Indeed, an increase in "industrial democracy" is associated with a potential change in the balance of workplace power and proves a source of conflict as the labour-market parties vie for a position of power. In order to better understand such inherent conflict, the perceptions of the labour-market parties, and the basis of those perceptions, are usefully examined.

### **Workers**

The workers' perceptions of participative schemes are probably the most straightforward of all the players. Workers are not so much interested in the processes of indirect participation (trade unions, collective bargaining representation) as in the outcomes of these processes (such as) the general

---

<sup>7</sup> Newton, Keith, Employee Involvement in Canada: Theory, Practice and Prospects, Economic Council of Canada, Pacific Rim Labour Policy Conference, Vancouver, British Columbia, Canada, June 25-26, 1987, pgs. 2-3.

<sup>8</sup> Jain, Hem C., Worker Participation: Lessons from European Experience, Management Review, Volume 69, No.5, May 1980.

<sup>9</sup> Jain, Hem C. and Giles, Anthony, Workers' Participation in Western Europe, Implication for North America, Relations Industrielles, Vol.40, No.4, 1985, pg.771.

<sup>10</sup> Ibid., pg.772

<sup>11</sup> Ibid., pg 772

<sup>12</sup> Ibid., pg 772

protection of their jobs and incomes. From the perspective of the individual worker, the different forms of participation serve his different needs and interests. Effective management will only be possible if these different needs and interests are explicitly recognized<sup>13</sup> in organizational policies and practices.

This hypothesis was supported in an exploratory survey conducted in Vancouver, British Columbia,<sup>14</sup> wherein it was concluded that workers desire input into decisions through which they are personally affected. More influence is desired over personal than administrative decisions and over administrative rather than major policy decisions.<sup>15</sup>

The study then went on to measure the degree of "frustration" that unionized and non-unionized workers had as a result of the input they had into the decision-making process. To measure this, the amount of actual influence they had over decisions was compared with the amount of influence they desired. Unionized workers polled responded that they possessed 'a little' influence over personal decisions and 'no influence' over administrative and major policy decisions. In contrast, non-unionized workers admitted 'a lot of influence' or 'complete control' over personal decisions. As levels of desired participation were thought to be constant over both groups, it appears that unionized workers are more "frustrated" with respect to control over their work environment.<sup>16</sup>

The level of support for co-determination was also measured. Five out of six of the workers interviewed thought worker representatives on boards of directors of companies would be a 'good thing.'<sup>17</sup>

Although this response seems unusually high, it is supported by a 1977 Gallup poll that reported a 71% affirmative response rate when the same language was used.<sup>18</sup> Finally, workers' attitudes towards unions and collective bargaining were polled. The results suggest that those participating were ambivalent towards both unions and current collective bargaining practices.<sup>19</sup>

In conclusion, the study found that:

---

<sup>13</sup> Ibid., pg 776

<sup>14</sup> The survey was conducted by telephone interviews in the spring of 1985 on a representative sample of adults in the greater Vancouver region. The sample was selected using portability sampling techniques, and 335 completed the interview. Interviews were conducted by students at Simon Fraser University: Liz Bell, Fred Berenbaum, Vic Farmer, Ian Foster, David Fraser, Peter Godman, Robert Langmaid, Frank Parker, Anne-Marie Sleepman, and Paul Wilson. We gratefully acknowledge their many hours of work. Some important caveats are in order. First, the issues involved in the questions are complex, so that subtle changes in wording might make large differences in how people respond. To have greater confidence in the inferences drawn from this study, the results of alternative question wording should be examined. Second, the study was conducted by relatively inexperienced student interviewers. Despite their best intentions, they may have biased the selection of respondents. Third, while the survey was designed to be representative of attitudes in the Vancouver region, it may not be generalizable to all of Canada. Finally, surveys can, at best, assess only imperfectly the degree of conviction by which people hold their positions. It is easy to say yes or no to hypothetical questions."

<sup>15</sup> Ibid., pg.136

<sup>16</sup> Ibid., pg.140

<sup>17</sup> Ibid., pg 143

<sup>18</sup> 7-in-10 Approve Worker Reps on Board of Directors. The Gallup Report, Toronto, The Canadian Institute of Public Opinion, 1977.

<sup>19</sup> Richards, John, and Mauser, Gary, and Holmes, Richard, What Do Workers Want? Attitudes Towards Collective Bargaining and Participation in Management, Relations Industrielles, Vol.43, No.1, 1988, pg.146.

1. there is widespread ambivalence towards collective bargaining as currently practiced;
2. an unmet demand exists to participate in management;
3. this unmet demand is as pronounced amount unionized as among non-unionized workers
4. a high level of support exists for co-determination, and the desire for influence at work is independent of attitudes towards union and collective bargaining.<sup>20</sup>

A 1988 study employed to determine trends in employee attitudes supports these conclusions finding that, between 1977 and 1987, there has been a significant decline in how employees rate their company "as a place to work compared to other companies".<sup>21</sup>

The most common reason cited for discontent was that employees felt less informed about what was going on in the organization. Common questions for which employees sought answers were "what are the reasons behind business decisions?"; "reliable information on where the company is headed"; "how my job fits into the total"; and "how can I best improve my job performance."<sup>22</sup>

Workers not given that information felt that management was intentionally being guarded with them. This in turn adversely affected the credibility of the information that they did receive from the company. A lack of communication between management and workers was highlighted when, in 1987, 76% of employees stated that their companies demanded high levels of performance, yet less than 50% admitted that they received the information and support they needed to carry out their duties.<sup>23</sup>

## Unions

Unions across Canada have expressed polar views as to their perceptions of the value of "quality of work life" programmes - a catch phrase for management-initiated enhanced worker participation schemes. Although positive reports have been documented, there has been a proliferation of opposition articles with such titles as "The QWL Con Game", "Quality of Working Life is a Smokescreen?", and "If it's Wonderful for Workers, Why is the Boss so Enthusiastic?"

Don Wells, a CUPE researcher, in his new book "Soft Cell: QWL Programme and the Productivity Race," documents the anti-QWL sentiment. Wells' main complaint is that QWL undermines the union. This is accomplished by having workers compete against each other in productivity competitions through both individual and work group competitions; by providing openings for management to penalize workers who stand up for their union rights; by introducing supervisory functions into the bargaining unit and undermining the sense of "them" and "us"; and finally, given there is no consensus among union leaders regarding the role that QWL programmes should play in a unionized workplace, by pitting local union leader one against the other.

---

<sup>20</sup> Richards, John and Mauser, Gary and Holmes, Richard, What Do Workers Want? Attitudes Towards Collective Bargaining and Participation in Management, Relations Industrielles, Vol.43, No.1, 1988, pg.147.

<sup>21</sup> Cook Johnson, Gail, and Grey, Ronald J., Trends in Employee Attitudes: Signs of Diminishing Employee Commitment, Canadian Business Review, Spring 1988, pg.20.

<sup>22</sup> Ibid., pg.22

<sup>23</sup> Ibid., pg.23

Wells highlights the goals management seeks to obtain through QWL programmes: (1) controlled delegation of authority to a few workers; (2) improved access to workers' knowledge; (3) the promotion of work-group identity; and (4) the promotion of workers' identification with the product or service they provide. Although these goals may be productive for management, Wells argues that the workers are not reaping proportionate benefits. The controlled delegation of authority gives a few workers a feeling of power but, in reality, the benefit goes to the managers, who succeed in training workers to think like managers and act like managers all at a worker's salary. Further, in attempting to access workers' knowledge, Wells argues that this "management ploy" is a measure instituted to have workers divulge secrets that to this point have given them control over their own work lives. The promotion of work-group identity is viewed as a means of ensuring that unionized workers control other unionized workers. By initiating autonomous work groups he fears that the phenomenon of peer pressure will be used as a control tactic. Finally, management's desire to promote a worker's identification with the product or service provided, is considered an attempt to take advantage of peoples' "work ethic".

However, should QWL initiatives be implemented by management, Wells outlines how these initiatives may be used by unions to their own advantage. This, he states, may be done by conducting educational campaigns, and uniting local union leaders in an effort to ensure that QWL promises are forthcoming. The union should demand that better jobs, job security, and equal power in collective bargaining are secured, and if management does not live up to these promises and commit themselves in the collective agreement, this management refusal should be advertised to warn others of the false promises of QWL.

Reviewing Wells' comments, it seems that the problems he has surrounding QWL programmes lies in their implementation rather than in their concept. The underlying premise of his arguments points to the potential distrust the labour-market parties have for each other. This immediately limits the successfulness of QWL programmes and explains the successes taking place in Canada where QWL programmes have been initiated as "equal partnerships" between management and union.

Although Don Wells' views seem harsh, they reflect the disenchantment with the QWL programmes that exists in union spheres. The reported experience of Continental Can Canada Limited illustrates this negative attitude. Winners of a productivity award, the workers involved in the Continental Can QWL programmes instituted in the start-up of this new plant were reportedly led to believe that this cooperation would not end with increased productivity for management but would continue through contract negotiations. However, management's eagerness to cooperate was said to have dissipated during negotiations and the union was forced to strike. Unfortunately, the perceived lack of give-and-take left the union disinterested in any type of cooperative measures. As one worker stated of QWL,

My personal feeling was that the QWL thing was just a smokescreen.  
The reality is that management here has to answer to the corporation and  
we can't turn our backs on the union.<sup>24</sup>

On a more positive note, a study conducted to investigate potential outcomes for unions involved in joint union-management QWL efforts found that after QWL involvement participants perceived a higher level of union influence in job areas where unions had not traditionally been involved. In traditional job areas,

---

<sup>24</sup>Hambling, Skip, Quality of Working Life is a Smokescreen, Steel Shots, Spring 1986, pg.13.

an interaction between QWL success and union influence was noted, and those who found QWL a success, gave equal credit for the success to both union and management. Those who perceived QWL as unsuccessful, blamed management for this lack of success.<sup>25</sup>

The United Steelworkers of America Canadian Policy Conference of 1987, *Facing Management's New Workplace Strategies*, came down with a very honest and direct approach to the introduction of QWL programmes. They stated that:

Our local unions will be under increasing pressure to reject traditional collective bargaining practice in favour of what will be advertised as "modern" "enlightened" labour relations. Our responsibility as steel workers is to subject all such proposals to painstaking scrutiny to ensure the interests of our members and their union are protected and enhanced.

We must deliver the message clearly if these programmes are revealed as disguised attempts to undermine us, we will ensure that they do not succeed.<sup>26</sup>

They also set out clear and specific terms under which they would participate in QWL programmes.

1. Any programme should be negotiated and form part of the collective agreement.
2. Any jointly established committee should possess real, clearly defined power.
3. If the union is to participate in any way, it must have unlimited access to information, including prior studies.
4. The union, as an entity, should be entitled to pursue goals and strategies just as the company does.
5. There must be equal representation on various decision-making bodies; the union must be able to designate the worker representatives and be entitled to change them if necessary.
6. Participation in QWL programmes should not result in reduced employment.
7. Either party should have the right to terminate the programme with 30 days written notice.<sup>27</sup>

## **Management**

Labour productivity is of key importance to management. Therefore, any scheme which has as one of its goals increased productivity is of interest to management. QWL initiatives fit this bill. However, another guiding concern of management, is control of the enterprise. To the extent that this conflicts with worker participation schemes, management is reluctant to give up control. For this reason, management experimentation with QWL programmes usually include participation experiments which lack a

---

<sup>25</sup>Hacker, James W. and Fields, Mitchell W., Union Involvement in Quality of Work Life Efforts: a Longitudinal Investigation, University of Windsor, published by Personnel Psychology, Spring 1987, Vol.40, No.1, pg.97.

<sup>26</sup> Facing Managements New Workplace Strategies, United Steelworkers of America Canadian Policy Conference, May 1987, pg.14.

<sup>27</sup> *Ibid.*, pg.11.

substantial transfer of ultimate power or authority to the workers. This, of course, is in direct conflict with what many unions ultimately want from QWL programmes.

To succeed in implementing a QWL programme there must be significant cooperation on the part of both management and the union. Given the conflicting interests and mistrust, such cooperation has been slow in developing within the Canadian labour relations environment.

### **Government**

Governments shape their policies on the dictates of the private enterprise economy, the balance of political power in society, and the play of electoral politics.<sup>28</sup> For this reason, Canadian governments have generally imposed their will in industrial relations only in exceptional circumstances. Any initiatives instituted have been to encourage and improve economic productivity, to lessen overt labour-management tension, or to reduce industrial conflict.<sup>29</sup> Indirect intervention imposing worker participation in the workplace has over the years been limited to collective bargaining legislation. Recently, however, direct intervention has occurred in recent years in the health and safety area.

In Western Europe, governments generally associated with socialist parties have had a major impact in shaping worker participation developments in industrial relations. However, as Canada follows a more conservative, capitalistic pattern, industrial relations policies which heighten the power of the union beyond the classic collective bargaining model have received less attention.

## **COLLECTIVE BARGAINING AND WORKER PARTICIPATION**

Canadian industrial relations as it now stands is based on the system of employee participation in corporate decision-making known as collective bargaining.

Collective bargaining is a system whereby the management of a firm and a trade union representing the employees of that firm negotiate terms and conditions of employment. Each party to the process is free to agree or disagree. Differences are resolved by strike and lockout. The terms agreed to are encompassed in a collective bargaining agreement which is binding upon the parties for the duration of the agreement. The entrenchment of employee rights and responsibilities in a collective agreement means the resulting balance of power within the workplace is not dependent on the discretion of either party. For this reason, collective bargaining is appealing to unions in that in-roads made on management discretion may not be unilaterally abrogated. This allure of collective bargaining is noticeably missing from QWL programmes as they currently stand.

The economic recession of the early 1980's did much to impact upon labour relations in Canada. In an attempt to avoid plant relocations, or closures, management secured wage and benefit freezes (two-tiered wage structures where newly hired workers were initially paid at lower rates than existing employees),

---

<sup>28</sup> Jain, Hem C. and Giles, Anthony, Workers' Participation in Western Europe, Implication for North America, Relations Industrielles, Vol.40, No.4, 1985, pg.767.

<sup>29</sup> Ibid., pg.767

and relaxation of work rules and job definitions which interfered with productivity.<sup>30</sup> Edward Cohen-Rosenthal, President of ECR Associates, a consulting firm for assisting unions in joint union-management QWL projects, held a panel discussion at an International Conference on Quality of Working Life in Toronto in 1981. Irving Bluestone, retired Vice-President of the United Autoworkers and former director of its General Motors Department, Al Hendricks of the Ford Department of the United Autoworkers, and Stewart Sullivan of the Energy and Chemical Workers of Canada were invited. They commented on the inter-relationship of collective bargaining and industrial democracy. Mr. Hendricks, when asked of the impacts of QWL programmes on collective bargaining, stated that quality of work life came as a result of collective bargaining. "Dignity in the workplace" has always been a goal of union officials and, through negotiations, union officials have negotiated contract benefits and solved problems related to the workplace. Mr. Sullivan echoed the views of Hendricks stating that the "purpose" clause in the constitution of the union, makes reference to the quality of life of union members as one of the reasons for the union's existence. If the union is serious about this purpose, QWL initiatives may well be a way of proving it.

QWL programmes have most definitely had an impact on collective bargaining. When questioned on the impact, Doug Fraser, a former President of the UAW, singled out the area of the grievance procedure. There has been a general reduction in the number of disciplinary lay-offs and discharges imposed by management in QWL settings. The focus in these climates becomes the underlying cause which gave rise to the violation rather than the violation itself. Further, in allowing workers to provide input into productivity standards, a relationship has developed between the parties in which fewer grievances are reported.

Sullivan accurately describes the present overlap and differences between collective bargaining and industrial democracy in Canada.

...generally, the issues of serious controversy remain within the collective bargaining sphere. They may be impacted by the QWL process, in the sense that resolution is easier because the parties want to be problem-solvers. These issues will remain, nevertheless, collective bargaining issues, as contrasted with issues in which the mutual interest of the parties are consonant with each other.<sup>31</sup>

## CANADIAN INITIATIVES

### Businesses

The initiatives taken by Canadian corporations in the area of worker participation since the 1970's have been for the most part necessitated by special circumstances and are primarily aimed at finding immediate solutions to problems within the organization. To this general proposition must be added the recent

---

<sup>30</sup> Jain, Hem C. and Giles, Anthony, Workers' Participation in Western Europe, Implication for North America, Relations Industrielles, Vol.40, No.4, 1985, pg.755.

<sup>31</sup> Cohen-Rosenthal, Edward, The Other Side of the Coin: The Impact of QWL Programs on the Union as an Organization, Labour Studies Journal, Winter, 1984, pg.34.

development of "new design" plants being built and managed with QWL initiatives in mind. Eliciting union cooperation at the outset, these plants have fundamentally changed the nature of the enterprise by altering the reward systems, the structure, the physical layout, the personnel management system and the nature of the job. The successes of these corporations attest to the fact that enhanced productivity and product quality lies in the advancement of workers' roles in the workplace. Some of Canada's leading success stories follow.

One of the first corporations to embrace the QWL precepts was Shell Canada. It was in 1974 that they decided to follow a socio-technical model within their plants. This model acknowledges the fact that every organization consists of two major components, the technical system and the "human" side. It was decided by management and the union that an integration of the two systems should take place. Thus, the Sarnia plant was picked as a pilot project. A committee was created to determine in what areas the socio-technical model should be integrated. The areas isolated as needing the most attention were the hierarchical nature of the plant, which contained a multiplicity of management levels that impaired the ability of the workforce to respond to problems that arose, and an improvement in union-management relations.

The Committee compiled an agenda of changes and both management and union officials were approached. It read in part:

In developing a social system within this plant the following were regarded as key criteria to be incorporated. Our policies and practices should reflect the belief:

1. that employees are responsible and trustworthy;
2. that individuals are capable of making proper decisions relating to their sphere of responsibility given the necessary information, training and authority;
3. that groups of individuals can work together effectively as members of a team with minimum supervision;
4. that employees should be permitted to grow, advance and contribute to their fullest potential and capability, and
5. that compensation should be on the basis of knowledge and applicable skills rather than the tasks actually being performed.<sup>32</sup>

This agenda was accepted by management and union representatives and a joint management-union committee was established to accomplish these goals. First, boundaries were wiped out between departments and a single operating department manned by a twenty-person multi-skilled shift team emerged. Each shift team had the capability of running the plant and each person the capability of operating 60% of the facility. Second, the necessity for quality control testing disappeared as this function

---

<sup>32</sup> Halpern, Norman, Teamwork at Shell Canada, Proceedings of the 35th Annual Conference of the Industrial Relations Centre, McGill University, May 6-8, 1987, pg.151.

was incorporated within the shift team. Third, seniority was discarded as a guarantee to advancement. The reward system created was predicated on learning new skills, and for each new skill acquired a wage increase was earned. There are no limits to the number of people who may attain the highest wage level, and currently, over 90% of the employees in the plant are now earning at the highest level.

In tandem with these new initiatives, the management and the union developed a collective agreement premised on the philosophy that rules should be kept to a minimum thereby allowing the workers to determine how their plant should be run. To this effect, the management's rights clause was eliminated from the collective agreement. In response, the union dropped several items, and the agreement went from eighty-five pages to six. This collective agreement has been renewed consistently since 1978.

Work groups also gained access to disciplinary procedures. Grievances were managed first within the framework of the shift team, then the Team Norm Review Board, then the Plant Manager, and finally, if the union was not happy with the outcome, to arbitration. This self-monitoring system seems to have worked as since 1978 only four or five grievances have made it to the Plant Manager level.<sup>33</sup>

The experience of the Ford casting plant in Windsor mirrors Shell's positive response to QWL programmes. The plant was closed down for 10 months in 1980 and when it re-opened in 1981, it was in a precarious financial position. Management and the trade union agreed to proceed by way of QWL initiatives. The results have been remarkable.

Quality has climbed by 40%, measured by the project reject rate. There has not been a grievance arbitration since the inception of QWL, and the few grievances that surface are minor. Plant and eating facilities have been improved, time clocks have been removed, and the absenteeism rate is the lowest of any of Ford's five Windsor plants and the lowest among the corporation's four North American casting plants. At the same time, the balance sheet has gone from a \$5,000,000 loss the year the plan re-opened to a \$55,000,000 profit last year.<sup>34</sup>

Du Pont Canada Inc. is another Canadian company that chose to "slough off its old organizational structure the way a snake sheds its old skin."<sup>35</sup> Du Pont developed a concept called "self-management" which entailed widening the scope of job boundaries. As skills and knowledge were acquired, these boundaries became wider still. As a result of the implementation of this programme, through attrition and early retirement, the workforce was decreased by 700 employees, mostly middle managers.

In their most advanced stage of development, Du Pont eliminated foreman entirely and their job was shared among the "wage roll", the hourly workers. Next in the chain of command are a small number of managers referred to as a "resource". The role of these employees is to help with problems when asked. Above this level there are only three remaining management levels. With respect to quality and customer service, a new policy has also been adopted. Where, under the old system a head office employee would

---

<sup>33</sup> Halpern, Norman, Teamwork at Shell Canada, Proceedings of the 35th Annual Conference of the Industrial Relations Centre, McGill University, May 6-8, 1987.

<sup>34</sup> List, Wilfred, When Workers and Managers Act as a Team, Report on Business Magazine, October 1985, pg.62.

<sup>35</sup>Stoffman, Daniel, Less is More, Report on Business Magazine, June 1988, pg.90.

be sent to correct the problem, now, the person who was responsible for making the product is sent. This involves the employee directly in the business of quality control and customer service, thereby allowing him to understand his job in relation to the "big picture".

By 1987, Du Pont had record earnings of \$90.5 million and its return on equity had increased dramatically. However, those who refuse to believe in the benefits of QWL programmes state that the reasons for the company's recent success is strong markets for its products and the costs savings associated with the reduction in its management ranks. The accuracy of this view as a complete explanation is open to debate. Ted Newall, the company's Chairman believes that the QWL effort has at least allowed his company to "find a way to stay alive in a rapidly changing world."<sup>36</sup>

Finally, to get a nationwide impression of current initiatives in the area of QWL, the Canadian companies that received the 1989 Award of Excellence under the Canada Awards for Business Excellence Programme for improving their organizational effectiveness through better utilization of their human resources are worth a brief review.

The new philosophy emerging in Canadian industry is that:

The competitive edge comes from employees being actively involved in the effort to build quality...Likewise, the people closest to a problem are usually best able to identify and solve it. This means all employees have to be involved in the effort, to ensure that the best solutions are found.<sup>37</sup>

Three characteristics common to the successful companies were isolated by the selection committee: a commitment to quality improvement, a concern for team building and a positive corporate attitude toward continuous improvement. The companies which have introduced aspects of QWL projects in order to attain a commitment to quality improvement will be considered first, and the companies exhibiting the other successful characteristics will then be discussed.

H.E. Vannatter Limited is a family owned business in south-western Ontario that supplies dies and machined and finished parts to automobile manufacturers. The prevailing attitude in this industry in the 1970's was to build the items as quickly as possible and throw out those that did not meet the specifications. However, the 1980's brought increased competition and quality requirements rose dramatically. To communicate this dramatic change in orientation to the employees, Vannatter introduced a new management style and philosophy to encourage employees to maximize quality, customer satisfaction and product value. Vannatter sent employees to seminars on the importance of quality, put customer ratings on the shop floor, and began sending employees out on customer complaints. This all-inclusive management philosophy raised Vannatter to "sole supplier" in the industry for certain products.

Camco Inc., a Canadian manufacturing company was also faced with production of products of sub-standard quality. At one point their reject rate reached 42% as everyone in the organization tried desperately to get the products past the quality inspectors so productivity would not be slowed. A quality problem existed but other than the quality inspectors, no one else had an incentive to remedy the problem.

---

<sup>36</sup>Stoffman, Daniel, Less is More. Report on Business Magazine, June 1988, pg.99.

<sup>37</sup>Luce, Sally, Building Quality Through People. Conference Board of Canada.

Management at Camco finally realized that in order to correct the situation cooperation would have to be elicited from the entire 1,100 employee workforce. Quality circles of eight to ten employees were created and they were trained in problem solving and scientific methods. By allowing these quality circles to meet during work hours and address and overcome quality problems, management, by employing their suggestions was able to emphasize the importance of quality levels and pass this goal on to the workers on the shop floor. Currently 24% of Camco's workforce is involved in quality circles and the reject rate has dropped to 10% while production per employee has increased 30%.

The Journey's End Motel Corporation has based its success on its top-down emphasis on quality. "Each week Journey's End managers get down on their hands and knees in 15% of their motel rooms to check under the beds and look behind the toilets."<sup>38</sup> It is this commitment to quality that is passed from the managers to the employees.

Other award-winning companies have succeeded through attempts to build an effective team. These efforts incorporate two-way communication within the organization, employee involvement in problem solving, mutual education between levels and departments, and on-going development of all employees.<sup>39</sup>

Fishery Products International Limited, a fish-processing company in St. John's, Newfoundland, learned first-hand the benefits of effective communication. This company was created in 1984 as a last-ditch effort of the Federal government to save the fishing industry. The first priority of the new management team was to increase communications between the company and the employees. Victor Young, the Chief Executive Officer began this effort by actually touring the 19 plants and speaking with the employees. He then created a company newspaper to inform workers about events and activities. This was the first time that workers had been informed about the product, the markets and the financial statements of the company. Suggestion boxes were also used to generate ideas from workers as to how to better conduct operations. Finally, the company named a union representative to the company's board of directors in order to provide an additional channel of communication. Through this exchange of ideas, the quality of working life has improved for workers as parking lots have been paved, safety officers hired and washrooms installed. Moreover, Fishing Products International has improved both yield and quality and is now the only North American fish company whose product is readily available in Japanese supermarkets.

General Electric Canada in Bromont, Quebec, has also done much to prove that employee participation schemes may be successful in the Canadian environment. The Bromont plant was created in 1983 as a socio-technical experiment. Bromont employees are involved in decision-making through autonomous work groups, employee committees and multi-skilling. Productivity in the plant has increased since 1983 and there has been an associated rise in employment. This productivity improvement is as a result of improvements implemented from employees' suggestions as, through multi-skilling, employees now have a detailed understanding of the whole production process and are able to implement improvements throughout. The compensation system is based on knowledge and employees are encouraged to participate in committees. This participation, on average, consumes 35% of an employee's day but the cost savings generated by these meetings more than compensates for the time spent. The committees also deal with issues that have been historically the domain of management. All hiring is done by committees

---

<sup>38</sup> Ibid., pg.14

<sup>39</sup> Ibid., pg.16

and there is a newly formed committee encompassing both managers and employees that has been set up to look into the present compensation system.

Lamford Forest Products has also employed two-way communication strategies. In fact, there are production workers on the board of directors. Although this is an innovative move in the Canadian workplace, through the cooperation of management and labour, it has proved successful. Part of its success is that Lamford management has taken the initiative to educate both the employees and the members of its board to ensure that their participation is meaningful.

To facilitate the educational process, the company has instituted a battery of programs. The "three-part form" is used by workers to record ideas, concerns, suggestions, criticisms or complaints. This form goes to the immediate supervisor and to the management group that must respond in writing within seven days. Further, they have general meetings of employees and work unit levels. Within their environment, Lamford has accepted the challenge of educating their work force in order that implemented changes will be beneficial to all. It is the successful fulfilment of this challenge that has returned them to a competitive position.

Employee participation may also be achieved by encouraging employees to reach their potential through the concept of promoting from within.

Journey's End Motel Corporation epitomizes this organizational structure. Eighty-five per cent of their management positions have been filled by internal candidates. This creates an atmosphere of "team spirit" which is, in part, responsible for Journey's End almost zero turnover rate in the last ten years.

Journey's End has taken one such step in the creation of a centre to train new managers. The majority of the students at the training centre come from the ranks of Journey's End staff, including front-desk clerks, night auditors and housekeeping staff. The training centre provides a way for employees to participate in the rapid growth of the company, by upgrading their skills to assume new responsibilities. Indeed, more than one former maid has gone to become manager of a Journey's End site.<sup>40</sup>

The tangible effect of this program has been a greater employee sense of belonging, an almost zero turnover rate and the ability to ensure that as the chain expands, there will be a consistent attention to quality and adherence to the Journey's End values.

Although the companies outlined have increased their quality levels, productivity, commitment to employee development and response to changing technologies, it must be realized that the Canadian business environment is currently in a state of flux and continued commitment is needed by both parties to maintain their current positions.

As stated by the companies, "there is no end to the process. The successful company has only a few precious moments when it can relax and enjoy the fruits of its labour. But even as that

---

<sup>40</sup> Ibid., pg.24

fleeting moment is being savoured, quality standards are rising ever higher, other effective teams are being forged, other changes are influencing the business and social environments."<sup>41</sup>

### **Board Representation**

To introduce the concept of worker representation on company boards, an investigation of the European experience may prove instructive.

This form of representation is much more common to Western Europe than Canada. The trend in European countries is to legislate board seats to employee representatives. For example, West Germany extended "parity" representation on boards for companies employing more than 2000 workers under the Codetermination Act 1976. Sweden granted minority representation on an experimental basis in 1972, and these provisions became permanent in 1976. The Netherlands granted works councils the opportunity to nominate candidates for supervisory boards giving councils a veto over appointments, and Denmark enacted legislation providing for the election of two worker representatives to boards if a majority of employees agreed. Norway and Austria also enacted similar legislation.<sup>42</sup>

Presently, the European community is fashioning plans for the creation of a single market by the projected date of 1992. Although the proposed social aspects of the program started innocuously, they have developed into the boldest and most controversial of the E.C. Commission's proposals.

The goal of the Commission is to ensure that the "economic benefits of 1992 are matched by the social benefits."<sup>43</sup> To this end, the Commission has offered its member states a choice in determining worker participation through adoption of a company statute. Directives were issued on May 30 and July 12 of this year, outlining the basic charter of social rights and the proposed E.C. company statute, respectively. Companies within the community were given three models of worker participation from which to choose. The first model is based on the West German system of co-determination, where workers sit on supervisory boards and shape floor operations through work councils. The second is a system of workers' committees similar to those in Italy, France and Belgium wherein collective bargaining is used to set goals and wages for the company. Third would be a less structured system established through collective bargaining.<sup>44</sup>

These social reforms have generated controversy from European employers. Some employers view these changes as a direct threat to their ability to manage effectively while labour views the issue as vital to ensuring their rights in the wake of the many economic reforms that will be implemented to achieve the single market community. North Americans will be watching these developments very carefully.<sup>45</sup> As Eric Batstone has pointed out:

---

<sup>41</sup> Ibid., pg.35

<sup>42</sup>Jain, Hem C. and Giles, Anthony, Workers' Participation in Western Europe, Implication for North America, Relations Industrielles, Vol.40, No.4, 1985, pgs.750-751.

<sup>43</sup>Keith M. Rockwell, Europe Wrestles with the Social Impact of Market Unity, Journal of Commerce, as quoted in The Toronto Star, September 11, 1989, pg.B1.

<sup>44</sup> Ibid., pg.B2

<sup>45</sup> Ibid., pg.752

"Existing European laws on worker representation at board level are complex compromises between very different ideals and philosophies. They generally recognize a democratic right for workers to be involved in major company strategies, but at the same time limit this right. They recognize that workers should be able to influence the board, but that ability is constrained. They recognize that workers should receive information and understand company strategies, but, again, the dissemination of information is restricted. Underlying these contradictions are those relating to the extent to which shareholder and worker interests are common or at variance with each other. The result is a system of worker representation at apparently key levels within the company which can scarcely be called democratic in any meaningful way."<sup>46</sup>

The thought of union representation on boards in Canada has received an antagonistic response from both management and trade unions.

In 1981, Canada Post Corporation, a Canadian Crown corporation responsible for postal services, appointed two worker representatives to its nine-person board. The initiative was an unprecedented move for a Canadian corporation of this size, i.e. 60,000 employees. The approach had been recommended by a committee set up to advise the Government on the transition of postal services from a government department to a Crown corporation. The Letter Carriers' Union of Canada (LCUC) was in favour of the idea but the Canadian Union of Postal Workers (CUPW) made it clear that it was not in support of that position.<sup>47</sup> Neither appointee had a direct union-employer relationship at Canada Post. However, in 1984, this situation, was changed when Bob McGarry, the LCUC's president, was appointed to the board. This was seen by the more militant CUPW as a government move to co-opt the LCUC in that CUPW views any attempt at collaboration between employers and unions as undermining the interests of union members.<sup>48</sup> Increasingly, as Canada Post needed to act contrary to the wishes of its trade unions in order to reduce its deficit, the involvement of union representatives on the board became acrimonious. This precarious board situation existed at Canada Post until April of 1987 when the last union member on the board was removed after accusing Canada Post of withholding information on a new business plan - a business plan calling for self-sufficiency within a short timeframe. Bob McGarry, the then head of LCUC, stated that he had been waiting to be terminated following the filing of his lawsuit in the Supreme Court concerning this accusation.<sup>49</sup>

This singular Canadian experiment, therefore, failed. The institution of union representatives on a board of directors is a difficult isolated initiative in a labour relations context dominated by adversarial collective bargaining attitudes. These difficulties are also reflected in the skeptical assessment of

---

<sup>46</sup>Batstone, Eric, Industrial Democracy and Worker Representation at Board Level, op.cit., pp.14-15.; see also, Ray Lovridge, What is Participation? A Review of the Literature and Some Methodological Problems, British Journal of Industrial Relations, vol. 17, no. 3, December 1979, pp. 308-310.

<sup>47</sup>Canada Post, Canadian Association of Labour Media, November 9, 1981, pg. 28-30.

<sup>48</sup>List, Wilfred, Appointment may invite Postal Battle. The Globe and Mail, Monday, May 14, 1984, pg. 138.

<sup>49</sup>Labour Leader Dumped from Post Office Board, The Star, April 2, 1987.

Canadian Auto Workers' President Bob White of the Chrysler Corporation's experiment with union representation on its board of directors,

"I've watched the Chrysler experiment and I'm not impressed. It won't do much good to put one labour member on the Board. It's a nice token, but you've got to have the representation to have the votes. If you don't have the votes, you're not going to change much."<sup>50</sup>

### **Government Initiatives**

Although quality of working life programmes and health and safety committees have not been strongly linked in the past, there is growing evidence that these two concepts are closely related. Occupational health and safety experts now argue that occupational health and safety issues cannot be effectively addressed in the abstract and the content and the nature of jobs and the extent of employee participation are all factors affecting the health of workers.

In Sweden, researchers from the University of Stockholm found that workers in autonomous work groups experienced less stress than their co-workers in departments without autonomous groups. These lower stress levels existed despite the added responsibility given to those workers in the autonomous groups. Norwegian legislation is also clear in advocating QWL programmes as an aid to improving the overall health of workers. It calls for continued improvements in the work environment and provides a legal basis to raise demands beyond the minimum standards.

Although not referred to as works councils, the mandatory occupational health and safety committees created in Canada during the 1970s and 1980s share many similarities to the works councils of Europe. The purpose of these committees is to oversee safety regulations and jointly develop and monitor safety and health policy at the enterprise level. The intent of the legislation is that decision-making within the committees be cooperative rather than adversarial. Dispute resolution devices are available to these committees and if labour and management disagree about their interpretation of a government regulation, they may ask government safety officers to resolve the issue. Canadian legislation also permits individual employees the right to refuse to engage in unsafe work. Disciplinary penalties will only be forthcoming if workers use this right in a frivolous or irresponsible manner. As Professors Morley Gunderson and Katherine Swinton point out, these rights "automatically gave workers a legislative right to participate in management of the workplace..."<sup>51</sup> Although employers feared that the right to refuse work believed to be unsafe would be abused by workers, after reviewing its operation in Ontario from 1976 to 1980, Gunderson and Swinton concluded that the data "do not support employer fears about widespread abuse by either individuals or unions."<sup>52</sup> In fact, due to the perceived success of joint health and safety committees, Bill 208, an amendment to the Occupational Health and Safety Act, introduced for First Reading in the Legislative Assembly on January 24, 1989, calls for greater worker participation in the workplace. Although employer opposition to the Bill is mounting, if the Bill is passed, employees' rights

---

<sup>50</sup> Gates, Bruce, Will Unions find place in Company Boardrooms, The Financial Post, November 30, 1985.

<sup>51</sup> Gunderson, M. and Swinton, K., Collective Bargaining and Asbestos Dangers at the Workplace (Toronto), Royal Commission on matters of health and safety arising from the use of asbestos in Ontario, December, 1981, Study No. 1, p. 6

<sup>52</sup> Ibid., pg.7

will be broadened. The definition of grounds upon which a worker may invoke his or her right of refusal to work will be extended to include any work activity that the worker has reason to believe may endanger either himself or a fellow worker. Those individuals able to invoke a work stoppage will also be broadened beyond government officials to include worker representative members of the joint health and safety committees. Finally, convictions under the new Bill will carry increased fines, raising potential liability from \$25,000 to \$500,000.

Another somewhat muted example of a statutory works council or committee in Canada has been instituted by the federal government. When an employer subject to federal labour jurisdiction plans to shut down a plant or lay-off groups of 50 or more employees in a four week period, a joint labour-management committee must be established. The function of the committee is to "develop an adjustment program to eliminate the necessity for the termination of employment which minimizes the impact of such termination on the redundant employees and to assist those employees in obtaining other employment."<sup>53</sup> The legislation provides for binding arbitration subject only to appeal or review by the Federal Court<sup>54</sup> should disputes reach an impasse.

The focal point for comparison, when comparing work councils worldwide, is West Germany. Although a comparison of Canada's initiatives, still in their infancy, with those of the maturing councils of West Germany is an intellectual hurdle, advantages and disadvantages of the Canadian system do become apparent. One advantage to the Canadian model is that unions designate their own representatives to the statutorily required committees. In Europe, the committees have identities and authorities separate from the union but the committees have much more comprehensive jurisdiction. This has led the union to believe that the committee is an independent body with which it must compete. Second, Canadian committees allow the unions to better represent their members. Although safety, training, technological change, and pension management are important to union members, when compared to wage increases and immediate job security, these issues usually take a back seat. Therefore, while these issues are usually traded in collective bargaining situations, health and safety committees allow the union to continue to pursue these benefits in a less confrontational situation.

One of the major disadvantages of the Canadian committees is that their collaborative nature may be out of tune with adversarial free collective bargaining. Indeed, many unions fear that statutory committees make unions and collective bargaining appear redundant. However, there are those who believe that such councils or committees may be an encouragement to unionization and collective bargaining rather than a deterrent. As non-union employees experience the benefit of these committees, they may seek collective action on a broader range of issues turning them toward trade unions.<sup>55</sup>

---

<sup>53</sup> Bill C-78, Section 60.13(1), Labour Adjustment Benefits Act, Ottawa, Labour Canada, 1982

<sup>54</sup> Labour Adjustment Benefits Act, section 31(1).

<sup>55</sup> Adams, Roy J., Should Works Councils be used as Industrial Relation Policy, Monthly Labour Review, July 1985, pp. 25 to 29.

## CONCLUSIONS

Although Canadian workers, trade unions, management and governments all have differing perceptions, goals and long-term plans regarding the viability and introduction of increased worker participation in corporate decision-making, these differences may be considerably narrowed as Canada is required to face future economic conditions. Currently, such successful initiatives have been limited to either "green-field sites" or sites under the threat of closure or plant relocation. These circumstances have provided the catalyst for unions and management to begin to cooperate as collective bargaining turns from a matter of tradition to a matter of survival.

With world-wide trade increasing and the advent of the US/Canada Free Trade Agreement, Canadian businesses and trade unions will have to be more innovative for Canadian products and services to compete. This will lead to an increased dependence on state-of-the-art technology, and a workforce able and willing to implement and maintain it. Quality and workplace fairness will become everyone's responsibility. Increased worker participation in corporate decision-making is the most comprehensive labour relations approach consistent with these strategies. Therefore, it is not so much the views that are currently held by the parties concerning industrial democracy that will shape the direction of the Canadian industrial relations system, but rather it is a question of how and when a rapidly changing competitive environment will reshape the Canadian labour-market parties and their institutions.



Industrial Relations Centre (IRC)  
Queen's University  
Kingston, ON K7L 3N6  
[irc.queensu.ca](http://irc.queensu.ca)



SCHOOL OF  
**Policy Studies**  
QUEEN'S UNIVERSITY