CURRENT ISSUES SERIES

Who Gains from Worker Participation?

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This document was digitized in 2013 as part of the Queen's IRC Archive Revitalization Project. Originally published by the IRC Press in 1992.

ISBN: 0-88886-327-6

Printed and bound in Canada
By Love Printing Service Ltd

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

Canadian Cataloguing in Publication Data

Wells, Don, 1946-
Who gains from worker participation?

(Current issues series)
ISBN 0-88886-327-6

1. Management — Employee participation.
2. Trade-unions. I. Queen's University
(Kingston, Ont.). Industrial Relations Centre. II.
Title. III. Series: Current issues series
(Kingston, Ont.).

HD5650.W45 1992 658.3'152 C92-093997-X

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Executive Summary

There is a growing interest in participative management as a way to overcome rigidities in labour-management relations. This implies a higher degree of self-supervision, flatter hierarchies and blurring of the lines dividing workers and managers. In other words, participative management entails a restructuring of the power relation between labour and management. This paper addresses this issue.

- Many unionists see participative management reforms as a potential set of union-busting tactics.
- Many managers feel that participative management is a threat to management rights and works best in the absence of a union.
- Several unionized sites have installed participative management reforms, claiming a `win-win' outcome.
- Of the six sites where reforms were introduced, management was the beneficiary. Moreover, at this time reforms continue at only two sites.
- Managers used reforms to weaken union power and undermine worker solidarity, restructuring employee attitudes to the view that the union is an unnecessary addition to the corporate team.
- Participative management reforms are part of a trend toward non-union industrial relations.

Introduction

In Canada, the US, and elsewhere, market volatility, rapid technological innovation and global competitiveness fundamentally challenge the nature of the industrial relations bargain that has evolved in unionized workplaces since World War IL The challenge at the level of workplace relations is fundamental in two ways. There is a challenge, first, to the job controls such as detailed job descriptions, seniority in the regulation of overtime, layoffs, job transfers and promotions, etc. that workers have built into collective agreements. Today, managers are insisting on more unfettered rights to allocate workers among different jobs, to change the content of jobs, etc. so that they will be able to respond more flexibly and efficiently to rapid shifts in consumer demand, the capacities of technological innovations, etc. Second, there is a challenge to the limited commitment workers have typically been required to make to management's productivity goals. In place of the dictum that it is up to managers to manage and workers to obey, employers are embarking on 'hearts and minds' campaigns to transform workers' typically passive compliance with management direction into more positive employee commitment to productivity goals, especially regarding quality issues.

Participative management implies a higher degree of worker self-supervision, flatter hierarchies and further blurring of the lines dividing workers and managers.

It is in this context that there is a growing interest in 'participative management' as a way to overcome 'rigidities' in labour-management relations. Reforms coming under the rubric of participative management include expansion of job content (job rotation, enlargement, and enrichment), skill enhancement (multi-skilling), more say for employees in workplace decision-making, production based or self-supervised work teams, group problem-solving, gain-sharing and profit-sharing, collaborative styles of supervision, and ongoing communications between employees and management over issues related to work and to the firm's position in relation to its competitors. In any particular workplace, it is likely that only some of these changes will be implemented and perhaps in only parts of the organization. However, in general, participative management implies at least a partial turning away from the traditional Taylorist division of labour, and it implies a higher degree of worker self-supervision, flatter hierarchies and further blurring of the lines dividing workers and managers.

Note: For further discussion of this topic, see Don Wells, earlier paper, *What Kind of Unionism is Consistent with the New Model of Human Resource Management?* (Kingston: Industrial Relations Centre, Queen's University, 1991).

The ultimate rationale which prompts management to initiate these reforms is the sense that participative management may lead to more profits through productivity improvements. At the same time, unions may hope for greater job and organizational security as well as better working conditions, pay and fringe benefits, and a chance for workers to exercise more skill and discretion in the production process. Some unions also hope to play a broader role in decision-making beyond the level of the job in such areas as technological change, workplace and product design, allocation of investment, etc.

Participative management entails a restructuring of the power relation between labour and management.

These goals entail risks for both employers and employees since participative management entails a restructuring of the power relation between labour and management. The concern is whether one will gain power in relation to, and at the expense of, the other. Will managers lose the control they require over labour in the production process? Or will workers lose the kind of counter-control and solidarity they have been able to maintain through their various collective efforts?

Three Views on Participative Management

These kinds of fears have led unions such as the Canadian Autoworkers, Canadian Paperworkers Union, the United Electrical Workers and the Canadian Union of Public Employees to take formal stands against participative management reforms that are deemed to threaten union power. Unions often fear that such innovations will lead to a loss of job controls and other rights codified in collective agreements and a loss of organizational autonomy that is necessary to their role in the workplace. Many unionists see these reforms as a potential set of union-busting tactics.

For their part, many managers maintain that participative management often works best in the absence of a union and that it is often preferable to introduce such changes in new `greenfield' sites where there is no history of union-based adversarial labour relations. Otherwise, many managers fear that such reforms may lead to a loss of the kind of unilateral decision-making capacity that they feel is all the more necessary in a period of incessant and rapid economic and technological change. Managers fear that participative management in union settings may force a trade-off between a set of rigidities that is more familiar and calculable for another set of rigidities that is unknown and may prove more costly.

Finally, there is a third body of opinion, much of it found in business schools and in the offices of management consultants, which holds that the 'zero sum' (what one loses, the other gains) premise of labour-management relations results in an ideological blindness to what can become a more mutually beneficial and non-antagonistic relationship. Advocates of participative management argue

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that both management and labour can be winners in relation to their market competitors: the resulting `win-win' gains can help to satisfy the needs of both labour process 'partners.'

Assessing Participative Management

The question here is: which perspective on participative management is the more compelling? A recent Economic Council of Canada study, entitled Workplace Innovations in Canada, provides an excellent starting point from which to answer this question. The author, Mansell, identifies instances where more advanced forms of participative management (socio-technical systems) have been applied in unionized workplaces. Mansell argues that these reforms, centred on semi-autonomous workgroups, may have their fullest development where the union and management 'are willing to work towards fundamental change'. Mansell cites the success of these participative management innovations at Shell, Xerox, Eldorado Resources, Inco, Dominion Stores and Willett Foods. Several of these companies have installed such reforms at several sites, all of which are unionized.

By citing cases of what are deemed successful participative management programs in union settings, Mansell provides us with an excellent opportunity to gauge whether or not these reforms are conducive to `win-win' labour-management relations. If the findings prove to confirm the `win-win' view, we can be assured that there is at least a range of cases where mutual gains for management and unions are possible. Furthermore, such a result would call into question the view that contemporary industrial relations are antagonistic in a sense which precludes this kind of cooperation. On the other hand, if the `win-win' position is not sustained in the very cases which are cited on its behalf, then we have the makings of a strong counter-thesis, i.e. we have reason to suspect that it will also not hold up in the wide range of cases of participative management in unionized workplaces that have not been cited. Finally, if the 'zero-sum' view holds, we will be able to identify winners and losers and specify the gains and costs from these innovations.

Results of the Assessment

After detailed examination of the impact of participative management at the firms cited in Mansell's study for the Economic Council of Canada, I have concluded the following: Contrary to supporting the thesis that participative management has produced `win-win' industrial relations, each of the cases (except for Inco, where no participative management reforms could be found) clearly illustrates the 'zero-sum' model. The beneficiary, in each case, was management.

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At most of these workplaces, participative management did not last long, either because management closed the sites and laid off the workers or because the unions were disillusioned and reverted to a more traditional form of adversarial relations. Today, these reforms continue at only two of the workplaces. One is a Shell plant where the technology and interdependence of the production process give the workers an extraordinary degree of control over the labour process and where the company has been able to maintain a remarkable level of job security. In effect, this is clearly an atypical case with little application to most workplaces. At Xerox, the other workplace where participative management is still operative, the union is extremely weak and its role is akin to that of a company union acting as an arm of the personnel department. At Shell and Eldorado, participative management was used to set up non-union sites. At three sites owned by Dominion Stores and two owned by Willet Foods, unions were weakened and in all but one of these cases management shut down the workplaces.

In each case, managers used participative management reforms to undermine the legitimacy, power, autonomy and key functions of the unions. The findings of this study tend to confirm the fears of those unionists who see participative management as a threat to their interests. By the same token, these findings tend to allay the fears of managers who view participative management as a threat to management rights in the production process.

When one considers that these cases were originally cited as examples of the success of participative management at providing mutual benefits for workers and employers in unionized settings, the findings are remarkable. If these are the best examples of 'win-win' participative management in Canada, one may reasonably conclude that the rest of the cases have even less likelihood of producing `win-win' results.

Undermining Union Power

Managers were able to weaken the unions by:

- aligning workers' attitudes to a managerial view of the labour process which left little rationale for unions;
- weakening the links between union representatives and members;
- reducing the effectiveness of collective bargaining; and
- undermining worker solidarity.

Since there were variations in the nature and application of participative management reforms among the workplaces, particular mechanisms used to weaken the unions also varied from workplace to workplace. Thus, some aspects of the following discussion are more directly relevant to weakening unions in some workplaces and less so in others.

Management used participative management to help in the restructuring of workers' attitudes.

First, management used participative management to help in the restructuring of workers' attitudes to the labour process and to management in ways that weakened the appeal of the unions to the workers. Thus, in many cases considerable efforts were made to recruit young, inexperienced and docile workers who, if not anti-union, were likely to oppose adversarial forms of unionism. The screening of new employees included tests, in one case, that were originally developed to test the suitability of applicants who wanted to become members of submarine crews. Managers also gave considerable emphasis to training workers to be sensitive to production costs and to use non-adversarial `negotiating skills' with each other and with their supervisors. More generally, and on an ongoing basis, managers encouraged the workers to think of themselves as members of teams which included their supervisors, and to think in terms of a unity of interests among workers and managers at every level of the firm. This was part of an overall ideology of competitiveness which put 'us' (workers and managers) against 'them' (other teams of workers and managers, sometimes within the same firm and union), thereby redefining the notions of 'us' and 'them' upon which workers' collective identities as workers and unionists are built.

The logic of this restructuring of employee attitudes toward a more unitary view of employer and employee interests and goals challenged the raison d'etre of unions as collectively organized representatives of particular labour interests that (to varying degrees) contradict those of their employers. Unions are in this view an unnecessary addition to the corporate team.

Second, managers used participative management to weaken the ties between union representatives and their constituents in the workplace. In most cases, considerable efforts were made to deal with grievances informally within the teams or between individual workers and their supervisors. This meant that, in effect, the formal grievance procedure was circumvented. Since the handling of grievances is one of the main functions of union stewards, the use of more informal conflict resolution mechanisms tends to make the steward redundant. And, since the stewards were the front-line representatives of the unions in these firms, this weakened the key links tying the members to the union as an organization. Use of informal conflict resolution procedures, especially in work teams, has also been a key feature of union avoidance in other plants which have been organized around the same programs of participative management.

At the same time, these cases also show that there has been a tendency within participative management for more senior union leaders to have a greater role in union-management committees at higher levels. This cooptation tends to weaken the ties between union leaders and members since the union leaders spend more time with management and correspondingly less with the members. While there is no evidence that union leaders enjoyed major managerial prerogatives in any area of policy-making in these firms, members often tended to see their leaders as being a part of management. At the same time, management was able to build up parallel and often superior lines of communication with workers through team meetings dominated by team supervisors, communication meetings to inform workers about the status of competing firms, etc. Thus the links between managers and workers often became stronger than ties between union leaders and members.

Management weakened the effectiveness of unions in the collective bargaining process.

Third, management weakened the effectiveness of unions in the collective bargaining process. In many cases there was a policy of paying wage and fringe benefits that were equal to or better than those paid in comparable workplaces. For example, in one case of collective bargaining, management rejected the union wage demand and countered with an offer that exceeded it. More generally, there was a tendency to create greater unevenness in pay across a bargaining unit by using individual and group reward systems such as payment for suggestions, payment related to group productivity, etc. There was a blurring of collective bargaining goals in cases where participative management and job insecurity promoted common collective bargaining goals between management and the union. At Xerox, for example, the workers and the union became part of a competitive job-bidding process which pitted the union locals against each other. As a result, the union leaders willingly agreed to lower wages as part of an effort to win jobs away from other locals of the same union.

More generally, there was a tendency to negotiate collective agreements which are only a few pages in length. Instead of the union using detailed contract language to defend the interests of their members, managers negotiated directly with workers on an ongoing individual or group basis, usually through the teams. As a result, the contract and the formal, union-centred collective bargaining process were marginalized.

Participative management weakened worker solidarity.

Fourth, participative management weakened worker solidarity. In place of collective efforts across the bargaining unit and at the level of the union as a whole, these case studies demonstrate an increase in competition between workers, as has been indicated by the example of competition between union locals for jobs. The increased competition was also found at the workgroup level where teams on opposite shifts or in other departments tried to outdo each other in productivity races. This led to several instances where workers helped managers fire workers who had not been able to keep up with production standards set by the teams. In one case, for example, workers recommended the firing of a worker who proved unable to maintain group production norms after he recovered from a heart attack. The participative management programs also tended to create multi-tier wage and benefit payment systems so that part of the workforce had a second class status. This also applied to job security: a relatively privileged core of workers with more job security tended to be less inhibited about making labour-saving suggestions in the team meetings. The consequences of their suggestions were borne mainly by peripheral workers with less job security, such as those on contract. In such cases, the basis of common interest on which solidarity is premised tended to fracture.

Participative management reforms are, in general, part of a trend toward non-union industrial relations in Canada and the US.

Conclusion

Contrary to the thesis that participative management works well in unionized workplaces and is the basis of a new form of `win-win' industrial relations, examination of those cases which were supposed to support this thesis has shown that the 'zero-sum' dimensions of industrial relations remain and that managers have made gains in power at the expense of the unions involved. These findings are consistent with the view that participative management reforms are, in general, part of a trend toward non-union industrial relations in Canada and the US.

Ironically, the language of 'partnership' in relations between labour and management has been used to promote reforms of this kind. References are often made to examples of partnerships between unions and employers, especially in the Nordic countries, Germany and Austria. However, labour-management partnerships in such countries have been sustained by an alliance of strong and centralized labour bodies with social democratic governments. In both the US and Canada, the labour movements are now weaker than at any time since the Second World War, especially in the private sector, and national governments are decidedly unsympathetic to a policy of strengthening labour as a precondition for partnerships at the national and sectoral levels. For these reasons, there is little likelihood that participative management at the workplace level in Canada and the US can produce outcomes similar to the partnership between labour and management in Sweden or Germany.

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