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Conference Report

Workers' Participation at Plant Level – An International Comparison: Historical Development, Contemporary Structures, Actor Constellations, Future Options

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The conference took place at Ruhr-University Bochum (RUB). Stefan Berger (Institute for Social Movements at RUB), Ludger Pries (Sociology: Organisation, Migration, Participation at RUB), and Manfred Wannöffel (Office of Cooperation RUB and Industrial Metal Workers' Union) organised the event, which was financed by the Friedrich Ebert Foundation, the Hans Böckler Foundation and Volkswagen (VW).

The aim of the conference was to bring together internationally renowned scholars from the field of industrial relations to discuss an international, historical perspective on the development of worker participation at the plant level. Therewith, the conference shed light on the various facets and modes of worker participation, which is still a neglected and under researched topic in the area of industrial and labour relations. It was divided into three parts. The first section introduced the analytical, theoretical and historical frameworks for understanding worker participation at the plant level in an international comparative perspective. In the second part, scholars presented their insights on the different countries Germany, United Kingdom, Italy, Russia, the United States (US), Mexico, Brazil, Korea, China, India and South Africa. The third section was organised in cooperation with Volkswagen Wolfsburg. It consisted of a joint session with AutoUni Wolfsburg, Volkswagen Management and Works Council and ended with a visit of the Volkswagen plant. The most important insights are presented in this article.

Studying Workers' Participation at Plant Level from an International Comparative Perspective

Right from the start of the conference it became clear that there is no coherent system of worker participation within one country, let alone within a diverse region like Europe. At the beginning of the first section, Stefan Berger presented the great variety of work regimes in Europe. But how can we explain the rise of the multiple models? Berger argued that a multi-factor explanation is necessary to understand the relative success or

failure of models of social partnership in Western Europe. These factors include characteristics of the state but also the political culture and the influence of ideas, values and norms. He illustrated the argument with the reconstruction of historical trajectories before 1945 and during the Cold War (from 1945 to the 1980s). It still seems to be an open question whether Varieties of Capitalism (VOC) (Hall and Soskice 2001)¹ are producing varieties of workers' representation.

This question was also picked up by Russell Lansbury. He used the Varieties of Capitalism (VOC) approach and its differentiation between Liberal and Coordinated Market Economies (LMEs and CMEs) to study the auto industry in seven countries: Germany and Sweden (CMEs), Australia and the United States of America (USA) (LMEs) and the Asian Market Economies (AMEs) of China, Japan, South Korea. The study examined five employment relation issues: work organisation, skill formation, remuneration, staffing, job security and enterprise governance. In general, the study revealed both consistent differences between the LMEs, CMEs and AMEs as well as "within-variety diversity" in relation to employment practices (in particular in AMEs).

Lansbury concluded that workers' collective participation persists where unions retain strong bargaining power, but the influence of Human Resource Management (HRM) increases in both unionised and non-unionised settings. Due to a decline of union representation, a vacuum developed at the workplace level in relation to worker involvement. However, HRM was only able to fill it partially.

A different approach to study worker participation at the plant level was presented by Ludger Pries who agreed that there was a great variety of different forms of direct and indirect worker participation. He presented a novel analytical framework for comparing different forms of worker participation. This framework consists of eight basic dimensions. These dimensions include for example modes of basic regulation for workers' participation, arenas of regulation, shared ideology and cognitive maps, or type of conflict regulation. He highlighted the structural tensions and ambiguities between the different dimensions and exemplified his framework by comparing the People's Republic of China and Germany. In his conclusion, he summarised the opportunities as well as challenges of workers' participation. In terms of opportunities, worker participation could help for instance to channel inter- and intra-group conflicts in the working area, stabilise the development of companies or increase motivation and commitment of workers. On the downside, worker participation could challenge unions and other external collective actors by raising an intra-labour conflict on the question of who controls what or it could stabilise unbalanced distribution of resources. Pries proposed that new dynamics and social mechanisms could help to counterbalance such challenges, for instance new social

1 Peter A. Hall/David Soskice: Varieties of Capitalism. The institutional foundations of comparative advantage, Oxford et al. 2001.

movements or Non-Governmental Organisations (NGOs) could function as external monitors.

Manfred Wannöffel further specified the particular role of social movement processes of institutionalisation of workers' participation at plant level. He paid particular attention to the role of social conflicts and social practice of conflict solution as a driver for the process of institutionalisation within four different cases including Germany, England, United States of America (USA) and Egypt. Overall, he concluded that despite of significant differences in his examples social movements are increasingly important in supporting conflict resolution strategies at plant level. He pointed out that changes in the regulation and structuring of labour and participation opportunities had always been also connected to social movement mobilisation.

In line with the earlier presentations, the International Labour Organisation (ILO) representative Frank Hoffer also stressed that social partnership is an increasingly rare phenomenon. National, but also international institutional frameworks are needed to implement and stabilise those labour standards. Hoffer pointed out that the ratification of ILO conventions does not automatically mean their adoption and he further highlighted the problems in their actual implementation.

Comparing National Experiences

After having discussed general trends and developments, country studies gave in depth insights into the history, present and future of workers' participation. For the United Kingdom (UK), Peter Ackers described the development of voluntary collective bargaining, statutory forms of worker participation, a dramatic decline in bargaining coverage and union membership and new managerial Employee Involvement (EI) mechanisms. He argued that British social democracy (1945–1979) has failed to create successful politics of production which combines strong trade unions with effective workplace partnership management. Ackers located the reason for this failure in the lack of institutional separation between bargaining and consultation. In addition, managerial mechanisms for EI only gave limited power to the employees. Overall however, workplace participation has never been high on the UK employment agenda and still is not. In Germany, the development was slightly different but work councils face similar problems today. By now, solely a minority of plants has actually established work councils and the minority of employees are represented by them. Rainer Trinczek illustrated recent challenges for work councils, such as increased responsibilities, an increasing workload, and new demands of management, which result in new tasks of co-management of the work councils. In addition, structural changes of the workforce led to changes of the clientele of work councils. He showed that other forms of participation like elected bodies of employee interest representation or elected joint committees became introduced instead of worker councils. However, they were only weak mechanisms for worker participation as they were usually weakly institutionalised and not backed up by law or the mobilising

power of trade unions. Furthermore, Trinczek argued that a further segmentation of participation strategies would take place due to the growth of sectors with no traditions of work councils, such as family-owned plants or plants in the service industry with precarious employment. In contrast to the UK and Germany, Russia took a very different path of development. Elena Gerasimova explained the “buffer”-function of the trade unions during the soviet time when union membership was obligatory for every worker. Unions acted as buffers between the state, the management and the workers. The Labour Code 2001 was the first law to the concept of social partnership. Nevertheless, different stakeholders had no experience with the concept and practices of social partnership. Trade unions in particular did not understand how there could be partnerships and conflicts between the management and the workers at the same time. She argued that co-determination was only a formal procedure without real opportunities to influence the decisions taken by the enterprises. Trade unions in today’s Russia were still not used to represent workers after decades operating under the soviet system. In spite of decreasing memberships, Russian trade unions are still huge: In 2012, 42 industrial trade unions had still a membership about 22,000,000.

The historical developments took again a different path in Italy. Maria del Rossi indicated that from 1919 to 1990, there was no social partnership, the power-sharing conception was missing and the basic belief was the winner-takes-all-approach at the plant level. The triangular protocol from 1993 established industrial relations by setting incentives for cooperation. However, co-decision rights were only defined in the bargaining process of workers’ contract but without a general legal framework. Del Rossi explained the low degree of participation at plant level as a result of a backward company culture, political fragmentation, and the absence of legal frameworks for participation at the plant level.

Although sharing the general trend of weaker participatory mechanisms with other countries, US workers were hit particularly hard by the financial and economic crisis, even though this did not necessarily mean that they lost their jobs. Art Wheaton illustrated with the case of the automobile industry (General Motors and the Ford Motor Company) that the US lost about 43 per cent of auto manufacturing jobs from 2003–2009, but increased jobs by 28 per cent after 2009. He explained this increase in jobs with the significant concession trade unions (International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW)) had to make. These included different cuts in benefits, child care assistance, paid holidays, retirement payments or overtime payment etc. In general, the recent past showed that the dramatic job losses could be stopped and more people are again employed in the auto manufacturing sector but their working and employment conditions got worse.

The case of Brazil was strongly influenced by internationalisation and the burden of the military regime. According to José Ricardo Ramalho, internationalisation, in particular in the automotive industry, played a significant role for the development of labour relations and the creation of a modern working class and a trade unionism in Brazil.

However, the military coup of 1964 presented a great setback to an intense trade union movement as the persecution of the trade unions co-occurred with successive administrative interventions and imprisonment of their main leaders. As a consequence, the organisation of political resistance was mainly organised within factories. This movement was self-dominated and could be described as new trade unionism which challenged the dictatorial regime from within the plant. It also served as a catalyst for various other types of social movements, sectors of the churches, human rights activists, socialist intellectuals and dispersed left-wing sectors. With the election of Lula da Silva, a former ABC Metalworkers Union leader, to the Presidency of the Republic in 2002, trade unions had better relationships and open channels of communication with the government. Nevertheless, the decisive factor in the Brazilian system of labour relations were the factory committees, which continued to be associated to the history of political resistance during the Brazilian military dictatorship period. These committees could sometimes also stand in conflict with general trade unions politics. He exemplified the changing relationship between factory committees and trade unions especially after the end of the dictatorship in 1984 with the case of Volkswagen.

A similar development of a potential conflict-relationship between workers organised inside the factories and trade unions could be observed in South Korea. Minsoo Song illustrated that – similarly to other countries – union density in Korea was on its highest in 1999. Since then, a downwards trend on a unionisation rate of about 10 per cent could be observed. The reasons for the union decline include changes in economic structure, decline in mining and manufacturing jobs, changes in labour force, including an increase of women, non-standard workers and furthermore, a fragmentation of labour market. Song reconstructed the development of Labour Management Councils (LMCs), which were first introduced in 1963. He revealed that there was a huge gap between the passed law and the reality. About 10 per cent of the LMCs in non-unionised workplaces are union replacement type of bodies with function akin of those unions. He also found that LMCs are getting stronger in Korea, since they are important institutions due to a low degree of unionisation. But in some cases they are also in conflict with trade unions. LMCs play different roles depending on whether a trade union is present: If a trade union is strong, LMCs are subordinated. If trade unions are weak, LMCs competed with trade unions. If there were no trade unions, LMCs took on function of unions in workers' interest representation.

In contrast to all other countries, developments in China seem to be exceptionally. Bill Taylor argued that in contrast to most countries the central employment relationship in China is one between workers and the state. Independent trade unions do not play a role and the dominant union, the All-China Federation of Trade Unions (ACFTU), continues to be a state union despite some recent reform attempts. Thus, workers have little other options than going to the streets to demand improvements in their working conditions. The rising discontent of workers leads to severe workers unrests which the autocratic state needs to respond to. These struggles intensified since there was a new

generation of workers who were city born, more educated and not interested in returning to rural areas. According to Taylor, there were two approaches to social stability debated: First, the neo-liberal approach, which was based on creating wealth for all by economic growth. Second, another approach was the creation of a welfare state from the top. Worker participation and empowerment at the shop floor did not play a role despite some legal changes such as the introduction of the right to collective agreements. Collective agreements were still irrelevant as even employers were not informed and aware on it. In Chinese history there was no tradition of industrial relations. Such relations would have to be invented from the scratch. But the state did not consider industrial relations as important. Instead the control by law should serve to produce stability. India, the biggest competitor of China within the international economy, has not suffered such a long period of dictatorship. Yet the development of work participation was strongly influenced by the colonial history of India. Pravin Sinha reconstructed the history of workers' participation in three phases: before the British colonisation, the time during colonisation, and after gaining independence in 1947. The time after independence was characterised by the attempts of bringing democracy into the economy. Trade unions should serve to bring democracy to the workplace which was still a process of "two steps forward one step backward".

The last presentation dealt with the role of shop steward committees in South Africa. Edward Webster explained that shop stewards had a dual function: Whilst engaging in collective bargaining, shop stewards also participated in joint problem-solving and owned therefore a dual function. In the early 1990s, to separate these two functions of shop stewards, joint forums were found in factories, where information sharing, consultation and joint decision-making between management and workers took place. These forums were complemented by collective bargaining outside the factory. The joint forums were renamed into workplace forums with the introduction of the new Labour Relations Act of 1995. This law compelled employers to cooperate with workers giving workplace forums a similar role as the German work councils. However, the success of those forums was low. Webster indicated that trade unions saw them as an attempt for union substitution and by 1999, only six organisations established them. Facing this, the National Union of Metalworkers of South Africa (NUMSA) introduced the concept of strategic engagement as an alternative to the workplace forums. Strategic engagement enabled unions to prevent unilateral structuring of the workplace by management and at the same time it finds areas of co-operation with management. By the introduction of strategic engagement, NUMSA decided to engage with employers based on the unions' agenda and independence for transforming and democratising the workplace. Trade unions can therefore find areas for co-operation with management. Interestingly, despite the unions' attitude towards the workplace forums, Webster showed that a significant increase in workplace forums took place (40 per cent of the NUMSA workplaces in 2011). Thus, the sustainability of strategic engagement in contrast to workplace forums remained uncertain.

Engaging Practitioners: Discussions with Management and Worker Representatives at Volkswagen (VW)

The last day of the conference took place at Volkswagen AutoUni Wolfsburg. After a brief introduction of the structure, courses and tasks of the Auto-university, a joint session between Volkswagen Management and Works Council and the conference participants was organised.

Horst Neumann, Member of the Board of Management of Volkswagen AG, Human Resources and Organisation, explained the importance of co-determination for the success of the Volkswagen company. 97 per cent of Volkswagen workers are organised and co-determination was extensive. This is the result of the historical development of the company during and after the war period and the fact that since 1960, the federal state of Lower Saxony holds 20 per cent of VW shares. Work councils mainly fulfil two tasks: First, they control management, their abuse of power, or incompetence of management. This is a big advantage compared to external control (corporate governance) which only takes place after problems became apparent. Worker representatives can communicate problems bottom-up right when they appear. This is directly linked to the second function of work councils, working as a bottom-up but also top-down transmission belt between management and workers. Overall, Neumann indicates that one can consider worker participation at Volkswagen as a double duality. First, there was a duality in co-determination at the level of work councils and at the level of the supervisory board. Second, there was a duality of co-determination between work councils, which care about factory internal concerns and trade unions, which engage in negotiating collective agreements. According to Neumann, it is important that all four parts effectively complement each other. Neumann also stressed that co-determination is vitally crucial for the companies' success.

Bernd Osterloh, Chairman of the Central Works Council and of the Group Works Council, agreed that co-determination is a core part of VW's corporate culture. He added that the power of trade unions and workers alone is not enough to explain the extent and degree of co-determination at Volkswagen, but that it is also necessary to have the support of management and a favourable corporate culture. Osterloh then elaborated on Volkswagen's international strategy for work councils. Accepting and supporting forms of co-determination in plants in different countries is an important part of that strategy. The work councils in Wolfsburg aim at a close cooperative relationship with work councils in other plants as well as with trade unions. Work councils from different plants and countries are organised and represented by the world work council which formulates recommendations for the union representatives in the supervisory board. Osterloh also talked about country specific differences in the establishment of co-determination. Some countries do not have a tradition or experience with co-determination and thus take much more confrontational approaches. In such cases, international support is difficult

as work councils have to be built from below. Volkswagen work council representatives then engage in awareness raising, educational work and information sharing.

Frank Patta (VW Work Council) and Wolfgang Fueter (Director of the concern staff international) gave concrete examples of everyday practices and challenges of organising cooperation among work councils at different locations. Both stressed the importance of continuous communication, trust building and mutual learning. The conference ended on Friday afternoon with a visit of the Volkswagen plant.

In sum, the conference gave in depth analytical insights on historical developments, theories, laws and practices of worker participation in different countries. While it became clear that a huge variety of different forms of worker participation exist across countries, industries and plants, three general tendencies could be identified:

1. Systems of worker participation are shaped by path dependencies, reflecting long country specific historical developments which are sometimes hard to change.
2. Complementary and harmonious relations between trade unions and work councils cannot be taken for granted. In several countries, trade unions are sceptical or even oppose plant level forms of worker organisation.
3. Several presentations showed that the establishment of worker participation from the top (for example by the state or corporatist structures) is not very successful. Instead, it has to be constructed bottom-up from below by the workers themselves.

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