

## Chapter 2

### *COLLECTIVE BARGAINING, MUTUALITY, AND WORKERS' PARTICIPATION*

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Efforts to advance economic democracy through workers' participation in management have taken two main approaches. One, exemplified by collective bargaining, is adversary in nature; the other, as expressed in autonomous work groups, producers' cooperation and (within limits) co-determination, is mutualistic or consensual. The adversary concept, as used here, is not the polar contrast to the mutualistic. It does not denote a struggle in which one of the parties is to be vanquished and eliminated. Nor does it preclude cooperation among the adversaries. Some writers have referred to it as "antagonistic collaboration." It might, more appropriately, be labeled "competitive collaboration." It is analogous to the political systems of most modern democratic societies inasmuch as it recognizes opposing interests over particular issues but assumes agreement on the underlying legislative and judicial procedures through which conflicts over interests or rights may be peaceably resolved. Although the mutualistic approach is based on the achievement of consensus, it also recognizes individual or group differences. However, it assumes that when issues arise the parties involved will subordinate their differences in a search for a common solution that will maximize the benefits for the total unit.

Let us examine the differences between the two approaches in somewhat more detail.

1. The collective bargaining approach is premised on the principle of collective organization, that employees and managers will participate in management decision-making through formal organizations, typically a trade union or a management unit. Individuals and informal groups who attempt to deviate from the position of representative organizations are discouraged and, in extreme cases, outlawed. The mutualistic approach, in contrast, emphasizes the role of the individual within the enterprise, acting as a member of a team or family. To the extent that functional roles produce "sides" or opposing interests, it seeks to downplay or soften the groupings and to emphasize individual interests in the whole.

2. The collective bargaining approach assumes that the collective organizations of employees and managers are independent of each other to the extent that each feels free to advocate and press for opposing interests in the bargaining process. The management-dominated union and union-intimidated management can hardly engage in genuine collective bargaining. Collective bargaining, historically, has attached considerable importance to the role of "outsiders," particularly on the union side, because the outside link is expected to add appreciable information, expertise, and bargaining power to the local organization. The mutualistic approach de-emphasizes separate and competing groups. It reflects, further, a preference for minimizing the role of "outsiders" in enterprise decision-making. Thus, outside union representatives appointed to boards of directors are often expected to divest themselves of union positions and to act as individuals rather than representatives.

3. The collective bargaining approach attaches great importance to the distribution and exercise of power between unions and management. It is generally assumed that collective bargaining works best when there is an approximate balance of power. If power is

disproportionate, it is assumed that the stronger party will restrain its exercise of power to some degree, that is the union will not press for gains beyond the capacity of the enterprise to survive as an economic unit and the employer will not seek to destroy the union as the workers' representative. The mutualistic approach tends to by-pass the power concept. It assumes that differences in the decision-making process will be resolved by discussion, persuasion, and rational judgment rather than pressure. Since the participants share common interests, there is no reason for one group to seek to overpower the others.

4. The collective bargaining approach accepts overt conflict in the form of strikes and lockouts as a regrettable but often unavoidable last step in the resolution of differences over interests. While alternatives to the work stoppages may be used for certain kinds of issues (e.g., private or public arbitration, labor courts, or a legislative body), the ultimate resort to self-help remains a major component of the system. The mutualistic approach rejects overt conflict. It assumes that all decisions can be made in a peaceful and harmonious way. If conflict breaks out, it is a sign of disorder, of the malfunctioning of the system.

5. Finally, the collective bargaining approach assumes the continuation of a functional division between "management" and "employees." Although the scope of bargaining has grown over the years, union leaders (with some exceptions) have been reluctant to share responsibility for decision-making in areas that do not directly affect pay, fringe benefits, hours of work, manning, contracting out, and other terms and conditions of employment. Nor have they evidenced a will to assume the roles and functions of management. In turn, management has emphasized its "right to manage" and has strongly resisted union demands for a greater voice in determining managerial decisions. The mutualistic approach, on the contrary, has encouraged employee participation in decision-making areas that have traditionally been exclusively management, notably productive efficiency, absenteeism and waste, and investment or plant location policies. It has not only added employees to decision-making units but, in some cases, has given employee representatives managerial roles and altered the duties of management positions. Supervisors are no longer "bosses" but group leaders or coordinators or even only advisors.

### *Variations in Patterns*

These two basic approaches to worker participation in management are often found functioning separately from each other in "pure" terms. In the United States and Britain, and in other systems flowing from them, the adversary models generally prevails in plants and industries where employees are unionized. In the self-management system of the former Yugoslavia, in the kibbutzim of Israel, and in producers co-operatives of a number of countries, the mutualistic model has been adopted. But there are also examples of systems, particularly in the former category, where the two approaches co-exist in the same industry or enterprise. And there are certain behavioral approaches where the adversary and mutualistic concepts are blended. For example, in Germany collective bargaining occurs mainly outside of the enterprise – at the industry-wide or regional level while a more or less mutualistic approach applies at the enterprise level. The unions in recent years have become much more active at the plant level but the works councils are chosen by all the employees (non-union as well as union), council members must be employees, and they are prohibited by law from calling a strike. A form of bargaining does occur on a variety of employment conditions and rules, but, absent the right to

strike, it is likely to be more discussional than adversarial in character. The supervisory boards include outside representatives for worker as well as shareholders but they, reportedly, do not often interact in a collective bargaining manner.

In Japan the bargaining and mutualistic functions appear to be similarly distributed. The basic wage and hour decisions are essentially determined through a militant adversary approach at the national level (the annual Spring “shunto”) although the agreements are reached on an individual enterprise basis. Other employment and management decisions are made within the enterprises through a largely consensual process. As in Germany, there are some indications that the bargaining approach is assuming more importance in the enterprise, but in comparison with Anglo-American experience, the shift is minor.

In Sweden and Norway the bargaining/mutualism pattern has a somewhat different configuration. Although there is a great deal of consultation and collaboration between management and employee representatives, including employee representation on the company board of directors and a joint plant committee, the dominant rule-making or decision-making process beyond the job level is based on bargaining. The union organization, as distinct from the individual employees, is the focal employee representative and differences between management and labor are resolved through taking “sides.” The recent Swedish law on employee participation in plant decision-making explicitly recognizes management and union interests, but reverses the traditional policy of giving priority to management’s position by letting the union interpretation stand until a labor court has issued an award. At the job level, however, the widespread institution of semi-autonomous work groups has promoted the mutualistic rather than the adversary approach. Decisions about the performance of work are determined in a consensual manner. It is still too early to assess the Swedish “blend”. As the union assumes increasing responsibility for co-determination of managerial policies beyond employment conditions, can the leaders effectively preserve their interest group role or will more adversarial-minded employee representatives arise from below to challenge them? Given the long and impressive record of union-management cooperation in Sweden and the lengthy involvement of Swedish labor leaders in national social and economic planning and implementation, the prospects for success are high. If the mixed pattern does not work effectively, however, it is not likely to do so in other Western democratic societies where cultural conditions are much more heterogeneous and attitudes are much less favourable to collaboration.

Although collective bargaining predominates as an adversary system in the United States and Canada, there have been a minority of situations in which the consensual approach has been linked to the bargaining approach. One well-known example is the Scanlon Plan which sets up committees separate from the collective bargaining contract to receive, discuss and evaluate employee suggestions on how to improve productivity and to reduce waste. Cost savings are distributed to all employees on the basis of an agreed-upon formula. Despite the fact that the Scanlon committees are the result of union-management negotiations, they typically function on a consensual basis rather than as an adversary proceeding. Other examples will be discussed below.

In the Israeli kibbutzim and some producers’ co-operatives it is not uncommon for “hired workers” to be employed side by side with the “owner-workers.” The wages and conditions of the “hired workers” may be determined through national collective bargaining while those of the

“owner-workers” are determined through local consensual procedures. Although ideologically disturbing, and the subject of lengthy debate within the kibbutz movement, this blend has proved to be operational for a number of decades. Israel also provides examples of union-owned enterprises (e.g., Koor, the large industrial company owned and run by the Histadrut) in which bargaining over employment terms takes place between a union-appointed management board and a union representing the employees of the company.

### *The Walton-McKersie Analysis*

These mixed patterns suggest the desirability of a brief examination of Richard Walton and William McKersie’s classic book, *A Behavioral Theory of Labor Negotiations* (1965). In this work the collective bargaining process is analysed in terms of four processes, two of which contain a number of the characteristics that I have included in the bargaining and mutualistic approaches. One sub-process, which they call distributive bargaining, is essentially adversarial in nature. They describe it in game-theory terms as a fixed-sum game in which the gains of one side represent a loss to the other. Distributive bargaining occurs principally over pay issues although it can apply to all the other issues in collective agreements. A second sub-process, integrative bargaining, is problem- rather than issue-oriented; it is described as a variable-sum game in which both parties can achieve gains. Hence it is mutualistic in spirit rather than adversary. According to Walton and McKersie, this type of negotiation applies mainly to non-money subjects, particularly matters of job security.

In practice, Walton and McKersie observe, the bargaining agenda is often comprised of mixed items. The mixed item has both distributive and integrative potential and its outcome will depend upon “the orientation of the negotiators and their tactical approach to the agenda item” (p. 128). Since the two “pure” sub-processes generally conflict, the negotiators find themselves in repeated dilemmas in bargaining over a mixed agenda. The consequence is that each party seeks to obtain a “decent share” while preventing the other party from gaining “the lion’s share of the game” (p. 183).

The significant feature of their analysis when applied to the subject of worker participation in management is that it assumes a continuing division of interests between management and the employees, the existence of “sides”, a concern over power. Even the integrative sub-process is defined in terms of the gains to be achieved by each side rather than commonality of interest. The underlying relationship patterns which Walton and McKersie introduced in their other two sub-processes (the attitudinal structuring model and the intraorganisational bargaining model) lend further support to this interpretation. Cooperation between management and unions within a collective bargaining framework is seen to be different than mutualism.

### *The American Experience*

I turn now to a more detailed analysis of the American system of collective bargaining. Collective bargaining in the United States has functioned for the most part as an adversarial system both in regard to the establishment of the principal rules (embodied in highly detailed contracts) and the grievance procedure for the interpretation and implementation of the contractual provisions. Although many managements and unions have conducted their mutual

affairs within a climate of trust and friendliness, they have been careful to assert and maintain their separate identities. The parties have moved on a relatively limited scale in a mutualistic direction through the establishment of joint labor-management cooperation committees or programs, designed usually for special purposes. Perhaps the earliest of these dealt with apprenticeship training in the building trades. More recently joint programs have been developed to deal with health and safety, including problems of alcoholism and drug abuse, with community charitable drives, energy saving, equal employment opportunity for minorities and women, the administration of retirement and other benefit funds, and recreational activities. In industries that have had difficulty in competing successfully with foreign companies (pottery and dresses, as examples) or with alternative domestic industries (e.g., glass or railroads) unions and employers have co-operated in lobbying for protective laws or regulations or in developing advertising and promotional campaigns.

The record of cooperation in the areas of productive efficiency, cost reduction, and the elimination of waste has been slight. A study by the National Commission on Productivity and Work Quality in 1975 concluded that although "There is nothing in the American system of industrial relations that precludes the use of joint labor-management committees to increase productivity," they "have made comparatively little progress" over half a century (p. 43). Prior to the Second World War the principal examples were found in railroads, textiles, clothing and the Tennessee Valley Authority (a governmental agency for electric power, flood control and related functions). During the War, several thousand joint labor-management productivity plant committees were established with Government backing and guidance and many yielded fairly good results, but virtually all of these committees disappeared after the War ended.

Since the War several notable examples of cooperation have occurred in such diverse industries as meatpacking, steel, and longshore. The first (the Armour Automation Committee), involving the shutdown and relocation of a dozen obsolete plants, provided workers with relocation seniority rights, moving expenses, and retraining opportunities. A second was the Human Relations Committee set up by the United Steelworkers of America and the major steel companies after a costly 116-day strike in 1959 to conduct studies and build up mutual understanding of complex problems involving wage incentives, seniority, medical care, and job classifications. A third example was the so-called mechanization and modernization agreement for the West Coast longshore industry in which restrictive or outdated work rules were given up by the union in return for substantial income and employment guarantees. Other cases include the Scanlon Plans, referred to earlier, but these have been confined to a few hundred enterprises, mostly employing under 500 employees. A recent survey in an Illinois city of 150,000 population revealed five unionized enterprises with joint productivity committees, three with waste reduction programs and seven with plans to reduce absenteeism or turnover.

In recent decades the federal government launched a national campaign to increase productivity through labor-management cooperation committees, linking to productivity the idea of improvement in the quality of working life as an incentive for union cooperation. However, American unions have traditionally regarded the increase of productivity as a function and responsibility of management; as a rule they have become actively involved in productivity increase programs only to protect threatened job interests, particularly where an enterprise or industry is facing extinction. Productivity bargaining has been limited, and typically has involved a trade-off between restrictive union work rules and economic benefits for the

employees. A number of promising programs were developed, including a community-wide effort in the then depressed city of Jamestown, New York; an industry-wide plant-level program in basic steel; national joint committees in the retail food and trucking industries, and a variety of enterprise projects in coal mining, auto manufacture, and fabricated metal companies.

It is interesting to note that most of the American experimentation with job enlargement and enrichment and with semi-autonomous work groups has taken place on the initiative of management in non-unionised establishments or with non-union employee groups in otherwise unionised enterprises. The development on a small scale of self-management establishments has also occurred outside of the collective bargaining orbit.

Why has the American collective bargaining system produced so few programs of a mutualistic or quasi mutualistic nature? The National Commission on Productivity and Work Quality (1975) study concluded that the answer lies in two main facts: (1) the adversary system has worked “reasonably well, and in most situations the parties, through mutual accommodation, are able to achieve satisfactory relations”; (2) “differences of interest between management and union officials and sometimes between the latter and their rank and file” (p. 44).

It is important to note that the adversary approach is theoretically capable of dealing with virtually all of the issues and problems that are dealt with by the mutualistic approach. Although the unions have tended to confine their efforts to the control or regulation of job-related matters, they have gradually widened their conception of what is job-related, including subcontracting and the consequences of plant relocation decisions. Professional and quasi-professional unions, like teachers and social workers, have contended that collective bargaining encompasses the entire scope of their professional lives.

Perhaps the chief restraint on the scope of collective bargaining arises from role differences. Basically they centre on either (1) the reluctance of proprietary or professional management groups to share their decision functions with workers or unions, or (2) the unwillingness of union leaders to risk their leadership role by participating in a management structure which might produce decisions to which the rank and file might object.

Other factors inhibiting mutuality have been the skepticism of the Carter and Reagan administrations regarding the workability of the joint committee approach in the productivity area and, more importantly, the widening gap between organised labor and big business as a result of the bitter struggle during the past few years, over the unions’ proposed revisions of the basic labor law. The defeat of the labor law reform campaign, the minimal success of labor in achieving other legislative goals, and the frustrations of the unions in their Southern organizing campaigns have produced a climate that is not conducive to union-management cooperation. Recessions and the persistence of high levels of unemployment in recent decades have also discouraged union participation in productivity programs that might reduce job opportunities for their members and, in any event, might have dislocating effects.

### *Experience With Collective Bargaining in Other Countries*

In Britain, Canada and Australia, the adversary approach has generally predominated as in the United States and cooperative or mutualistic programs have been the exception. Both in

Britain and Canada the wartime joint production consultative and advisory committees programs were continued after World War II, in contrast to America, but despite some interesting success stories, the general impetus gradually faded away and joint consultation was supplanted by the adversary climate of shop stewardism and collective bargaining. Joint committees of any kind have been rare in Australia's private sector although an industrial democracy movement, mainly implemented in public agencies, was initiated by the Government of South Australia and a small number of private firms were persuaded to experiment with consultative committees, job or work redesign, and semi-autonomous work groups.

As noted above, the experience of several west and central European countries, particularly Germany, the Netherlands, Norway and Sweden has differed significantly from the Anglo-American experience. Very strong collective bargaining systems, operating on adversary principles, have expanded the scope of union participation in the determination of employment conditions, including subjects that traditionally have been regarded as exclusively in the managerial domain, such as plant shutdowns and relocation. The expansion has been mainly the result of increased union involvement in the affairs of establishments in contrast to prior concentration on industry and area bargaining. It has been encouraged in some cases by legislative enactment. Programs of a mutualistic or consensual character, such as worker directors and works councils, have grown, mainly through the adoption of legislation and, somewhat ironically, often despite strong employer resistance.

How does one explain the difference between the two sets of industrial relations systems? In part they seem to be a function of relative union and management power in the society as a whole. Co-determination came into effect in the coal and steel industries of West Germany as a substitute for nationalization in an effort to prevent certain German employers from reviving their former Nazi ties or developing similar relationships in the future. The continuing opposition of many German employers to the Co-determination Act is indicative that the mutualistic approach does not come only from voluntarism but may be imposed by the exercise of political power. In Sweden much of the expansion in worker participation in management at plant level has likewise come about through the exercise of political rather than bargaining power. Future employee share ownership ideas, which are ultimately mutualistic in philosophy, will also be determined in the political arena.

On the other hand, the extensive Scandinavian programs in semi-autonomous work groups and work redesign have been the product of voluntaristic labor-management cooperation. A shared perception of underlying problems (e.g., excess absenteeism, labor turnover, and worker dissatisfaction with their jobs) combined with a joint willingness to experiment with the redesign of the workplace and the decision-making process on work performance appear to have generated these mutualistic programs.

Why the shared perceptions and willingness to experiment with respect to these problems have emerged on such a large scale in Scandinavia and on such a limited scale in North America is an intriguing question that appears to take us into an intricate network of historical, social, and political phenomena.

In the United States and Canada, unionism is a minority, although powerful, institution whose spread evokes strong resistance from numerous employers. Many white collar employees

retain negative attitudes towards collective bargaining and they represent a growing proportion of the labor force. Employers have become increasingly sophisticated in the development of human resource programs designed to win employee allegiance and to improve employee morale. The labor force is fragmented along ethnic, racial, educational, and sexual lines, and class consciousness or cohesion is weak. As a result of these and other factors, the unions are on the defensive, and neither they nor the great body of employers are disposed toward a collaborative or mutualistic approach. In the political arena, power is sufficiently distributed so that legislative changes desired by either side are difficult to enact.

In Scandinavia, on the other hand, unionization and collective bargaining are virtually all-encompassing. Unions and managements have collaborated on a harmonious basis since the late 1930s, and labor's political influence is very great. A relatively small homogeneous population and a common body of social and economic values have also contributed to a climate of mutualism.

The conclusion to be drawn from this very brief analysis is that, because of its inherently adversary nature collective bargaining in private enterprise systems can lead to or function concurrently with mutualistic programs at various enterprise levels only if supported by a sufficient supply of political as well as economic power and, particularly, if motivated by a shared set of beliefs and values among the management and union parties. Where the values are not shared and significant power is held by a group hostile to the idea of mutuality, the adversary system will prevail.

In any event, the collective bargaining approach is inherently self-limiting in terms of worker participation in management because the resistance of managers will usually increase as traditional managerial functions are invaded and because as union leaders assume more responsibilities, intra-party dilemmas and conflicts are created that endanger the organizational position of union leaders and even the survival of the organization. This does not preclude a widening of the scope of collective bargaining, especially where job interests are involved. Europe provides many examples and North America a smaller but growing number of union actions to codetermine the shutdown or relocation of a plant or major division. Usually the involvement in the American cases comes after the main decision has been made and the parties deal jointly with the consequences of the move for the employees. But there is a mounting union concern with an earlier involvement in the decision process, especially in smaller communities with limited alternative job opportunities.

### *The Public Enterprise*

Before concluding this discussion, a brief note on the public sector seems fitting. The question of collective bargaining and worker participation in public management would appear on the surface to be different from that in the private sector. For one thing, private ownership interests are not involved and profitability is not ordinarily a test of performance. Market forces affect the supply and cost of labor but not the price of most governmental services. Political factors play a major role in determining who fills the management role and how decisions are made. Given these conditions, one might expect a much higher level of mutualism in the public sector than in the private sector and a lower level of adversary relations. Yet the experience of most of the countries previously referred to does not support this expectation. It is true that for

decades the Whitley Council system gave British public agencies a mutualistic aura not shared by the private sector. However, during the turbulent economic period following Britain's nationalization of industry (coal, transport, steel, etc.) there has been a great deal of militant collective bargaining, and other parts of the public sector (education, firefighting, police) have reflected a similar pattern. In Scandinavia and Japan the adversary approach has, if anything, been more prevalent than the mutualistic in the public sector. And in North America the single, most dramatic development of the 1990s has been the rise of militant public sector unionism and collective bargaining.

What can we infer from this experience? It reaffirms the proposition that public ownership, per se, as distinct from employee ownership, has little bearing on the issue of worker participation in management. To protect their job interests, workers turn to unions and comparable associations in public employment as they do in private employment. Similarly, public management shares many of the attitudes of private management in carrying out managerial responsibilities and in interacting with employees. Where mutualistic approaches have been adopted in the public service, they can usually be traced to the ideology of an individual or group, much as in the case of the private sector. The effectiveness of such approaches appears not to differ in any noticeable way.

### *Prospects for the Future*

In recent decades, worker participation in management has expanded in varying degrees, in different forms, and at different levels. In Western Europe both collective bargaining and mutualism have expanded dramatically and workers' participation in management seems destined to advance. In Britain and North America, the adversary system of collective bargaining has predominated. Mutualistic schemes have been in the small minority. The attitudinal climate has not been conducive to consensus thinking in industrial relations. Currently, if anything, the conditions for mutualism in the Angle-American world are less favorable than they were two decades ago. But there are pressures for change emanating from the changing character of the labor force, new psychological concepts among professional management, and persistingly serious national economic problems of unemployment, productivity, inflation and foreign trade. These could conceivably change attitudes and standards. I do not expect any quantum jumps in the foreseeable future because collective bargaining seems to be a self-limiting process in respect to decision-making.

A central question remains: how much involvement in the management process can union leaders achieve and maintain in a collective bargaining system without radically transforming the character of the system. In the United States, the scope of union influence on management decisions at establishment level has grown only slightly. The principal areas of increased union involvement have been the so-called fringe benefits or supplemental wage payments (such as private retirement and health and welfare plans), contracting out of work, and occupational health and safety. In general, unions have not attempted to influence management decisions on production engineering, plant location, what products to produce, investment policy, sales, prices and other non-personnel matters. In some of the Western European countries, particularly Sweden and Germany, union participation in management decision-making has been more broadly conceived. Management is expected to supply employee representatives with

information on virtually every aspect of the enterprise and to consult, if not actually bargain, with union officials on a wide array of production and investment decisions.

That the American concept of worker participation in management is more limited than its potential seems to be indicated by European experience. That broader European concepts may fall short of realisation without a shift from collective bargaining to a more mutualistic system based on a radical transformation of industrial government also seems indicated. How far the concepts of worker directors and employee stock ownership are carried appears to depend on the distribution of political power and the enactment of facilitating legislation. How far the concepts of autonomous work groups and self-management are carried appears to depend on local management and union initiatives.

## REFERENCES

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