# FORM AND CONTENT
IN INDUSTRIAL
DEMOCRACY

F.E.EMERY AND EINAR THORSRUD

The phrase industrial democracy has never been harder worked nor more widely used in speeches and in print than at the present time. To some it means profit-sharing, to others worker representation at management level, to others again the re-organization of the production process in order to increase worker participation and sense of involvement.
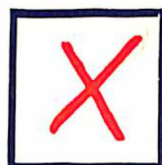
Attempts to promote industrial democracy in practice have tended to emphasize the distribution of real managerial power and have usually involved some form of employee representation at board level. The aim of this volume is to assess the effectiveness of this approach as a means of bringing about democratization of the workplace. It examines various representative systems in operation in Norway, Great Britain, West Germany, and Yugoslavia, and considers to what extent they have achieved their aims. A unique feature of the book is that it illustrates from first-hand experience the difficulty of trying to fulfill, at the same time, the role of an employee representative and the functions of a board member.

The findings of these studies are of central importance to managers, trade unionists, politicians, and social ssi......... hose work compels a new .... of industrial life at a time .... as of democracy are widely
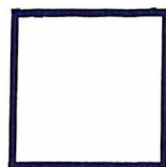
Form and Content

in Industrial Democracy

O * P * S

Organisations, People, Society

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Professor A. B. Cherns

Already published

Form and Content
in Industrial Democracy

SOME EXPERIENCES FROM NORWAY
AND OTHER EUROPEAN COUNTRIES

F. E. EMERY and EINAR THORSRUD
in cooperation with
ERIC TRIST

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Preface

During a course in labour relations at the Technical University of Norway in 1959, the late Minister of Social Affairs, Mr Olav Bruvik, suggested that the problems of industrial democracy might become a central research task for the new Institute for Industrial Social Research in Trondheim. Mr Bruvik repeated this proposal several times before he died and he promoted the idea also before the Trades Union Congress of Norway. The reason for mentioning Mr Bruvik's name is not only that he helped to start the Participation Project, the first phase of which is reported in this volume, but that he represents the best type of leadership in industrial relations.

Industrial relations in Norway are characterized by mutual respect between the two major organizations, the Trades Union Congress and the Norwegian Confederation of Employers. With an increasing degree of objectivity these organizations are able to deal with the critical issues of industry even when conflicting interests are involved. Consequently, it is now possible to investigate on a social scientific basis some fundamental problems of industry. Some of these problems are still tabu for the social sciences in most countries although they are related to the release of large potentials of human resources. Involvement in the solution of such basic issues presents social scientists with considerable stimulus but also with high-level responsibilities.

During the winter of 1962-63 the Institute for Industrial Social Research was invited to undertake research on the problems of 'industrial democracy'. The board of the Institute was fully aware that this might be a unique opportunity, but the risks of getting involved in political issues were at the same time quite obvious. After consultation with the Tavistock Institute of

Human Relations in London, which agreed to cooperate, a research programme was presented. The Trades Union Congress and the Confederation of Employers agreed to sponsor the programme jointly, to share the expenses, and to appoint a joint consultative committee. We are grateful for all the help we have received from the two organizations and the joint committee.

Members of the board of the Trondheim Institute, particularly Mr Harald Throne-Holst and Mr Martin Siem, have rendered invaluable help. The same applies to representatives of management and of employees in five Norwegian companies where we conducted an interview programme and investigated written material on board proceedings.

We should also like to thank the other members of the research group — first and foremost Eric Trist, who took part in all phases of planning and in the interview programme. Knut Lange, Julius Marek, and Hans Marius Blegen have contributed to the analysis and interpretation of research data. The secretarial work done by Jill Sieveking was made more useful by her knowledge of the social sciences. We are indebted to Mr Sven Persson for his help as a language consultant. Among all the colleagues who have suggested improvements in the drafts of this report we should like to mention in particular Harriet Holter and Eric Rhenman.

We should like to stress a point of particular importance in a project of this kind, that none of the organizations or individuals involved has used any sort of pressure to influence decisions which had to be left entirely to the research workers. We are grateful to the many who have helped, but only the authors are responsible for the shortcomings of this report.

<div align="right">F.E. Emery & Einar Thorsrud, 1968</div>

Preface to the English Edition

Preparation of the English edition has been delayed partly by pressure of work associated with the field experiments for Phase B of the Participation Project, and partly by the feeling that the topic was of minor interest in the United Kingdom. By late 1966, however, it was clear that industrial democracy had become a live issue. The Liberal Party and the Trades Union Congress had both made public policies favouring legislation to create greater industrial democracy. Interestingly enough, the British TUC seemed willing to reverse its traditional attitude and to consider employee representation on company boards — the prime focus of this study (Phase A of the project).

Since the publication of this report in 1964 by the University of Oslo Press, the joint research team has been constantly engaged in: (a) field experiments to discern how the conditions for more democratic participation can be realized under the actual operating conditions of economic production; and (b) an extended study of board functioning. The reports of three completed experiments (plus an observational study of 'Spontaneous autonomous industrial work groups') have been circulated as public documents of the two Institutes (the Institute for Industrial Social Research in Trondheim and the Tavistock Institute in London). These first experiments were in the metal fabrication sector and in pulp and paper. Current experiments have extended to chemicals and shipping. The Norwegian effort to create an empirical basis for modifying the country's industrial culture has already inspired parallel efforts in Eire and the United Kingdom. We hope that this interim study may do something to lessen the emphasis on the traditional solution of representative structures.

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Introduction

In this report we are concerned with a limited range of experience relating to only one aspect of 'industrial democracy', namely, the representation of workers on the boards of companies (Phase A of the research project).

It was not primarily for the study of this aspect of industrial democracy that the NAF (the Norwegian Confederation of Employers) and the LO (the TUC of Norway) engaged our help as social scientists; nor is it an aspect with which social science is as yet particularly well equipped to deal. Nevertheless, the step of placing employee representatives directly on the boards of companies (with the full rights of ordinary board members) is such an apparently simple and seductive solution to problems of industrial democracy that all parties agreed that it should be investigated in closer detail. While preparations were being made for the main research task (Phase B - broadly concerned with the conditions for democratization of the workplace),[1] we undertook to analyse experiences of employee representation on boards in various European countries and, more importantly, to collect information on similar experiences in Norway.

In the interpretation of the data our major difficulties have been that:

(a) The concept of industrial democracy is so diffuse that it is difficult to detect just what purposes the election of employees' representatives to boards has been intended to serve. This has made it difficult to decide both what arrangements would

[1] The general outline of the research project is presented in Appendices III, IV, and V.

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constitute genuine alternatives (serving the same purposes) and what measure of success has been achieved.

(b) Different systems of employee representation on the boards of companies have been developed under different historical, economic, and social conditions. Comparisons between the different systems are consequently very difficult to make.

(c) The functions of a board and the role of an ordinary board member have received very little attention from social scientists. This has made it difficult to determine what is involved for the company and the board, as well as for the individual, when the latter takes on the special role of 'employees' representative' on the board.

(d) A systematic study of employee representation on the boards of companies would have required an extensive project in which a great number of different methods might have been applied. In the present circumstances we have limited our study to an analysis of some of the better-documented examples of systems of representation in Europe. In Norway itself we have obtained detailed material from a small number of companies which have accumulated first-hand experience of employee representation. (The approach and methods used in these case-studies are described in Appendices I and II.)

In the face of these difficulties, we have had to make certain general assumptions, the validity of which rests on data other than those collected for this study. We have, however, been careful not to take these assumptions beyond the point at which they would command fairly wide agreement among relevant authorities, and we have avoided using as corroborative evidence any observations or interview material that might raise questions of inaccuracy or distortion.

We believe, then, that the conclusions arrived at in this report can stand without reference to these general assumptions, but that they are more easily understood in the light of them.

The report is presented in the following way:

Chapters 1 and 2 consider the meaning of industrial democracy in the current Norwegian setting. Chapter 1 deals with the views expressed by leaders in politics, trade unions, and business; Chapter 2 presents the views of those who have had first-hand experience as employees' representatives on boards. In both chapters we are concerned with identifying what criteria are put

forward as the objectives of industrial democracy in the Norwegian situation; in both cases we find multiple and discrepant criteria, and lack of agreement about the relative importance of each.

Chapter 3 presents a theoretical model of the range of alternative purposes that employee representation might serve, and of the variety of forms that it might take.

Chapter 4 examines some of the published accounts of experiments in industrial democracy in other European countries, with particular emphasis upon the differences in the aims and models that have been put forward in the name of industrial democracy. These differences appear to be related to national conditions and hence the success or failure of any one experiment is not necessarily relevant to other countries presenting very different conditions.

Chapter 5 explores the situation that arises when an employees' representative becomes a member of a board.

Chapter 6 prepares the ground for analysis of the Norwegian material by analysing the functions of the board of a company and the role of an ordinary board member. We should like to stress at this point that our view of the functions of boards is not derived from data collected in this study. While our study data do, in fact, support this view, it is essentially a theoretical one, and in this chapter we present the theory for discussion. The need for such discussion became evident when the meagre results of schemes of employee representation on boards were examined in the light of the objectives that the schemes were meant to serve.

Chapter 7 seeks to indicate what conclusions can legitimately be drawn from the evidence.

For ease of reference the method of research and analysis is discussed in the appendices, together with additional data regarding the Norwegian cases. In each firm we selected a cluster of interviewees so that the board and the roles of the representative and other board members could be studied from a number of different viewpoints. This gave some control over bias and considerably enhanced the richness of the evidence. Much of the material involved business secrets or personal confidences and hence cannot be exactly reproduced or directly atrributed to a known person. However, we were able in each instance to refer back to the informants and check that our reformulations corresponded with what they had sought to communicate.

Industrial Democracy
in the Norwegian Setting

THE VIEWS OF LEADERS IN POLITICS, TRADE UNIONS, AND BUSINESS

In this and the next chapter we consider what Norwegian leaders and representatives on boards believe about industrial democracy. We do this because we understand that as social scientists our job here is to study the relevance of industrial democracy in present-day Norway. The extent to which our findings have a more general relevance is another question.

Like most concepts that lead men to action, 'industrial democracy' has a hierarchy of meanings. At a very general level, there would probably be wide agreement with the dictionary definition that industrial democracy means a distribution of the social power in industry so that it tends to be shared out among all who are engaged in the work rather than concentrated in the hands of a minority. This level of agreement is certainly not so general as to be meaningless. If power is concentrated in the hands of a minority, then, while it may make a great deal of difference to the majority whether this power is exercised justly and with due consideration for their interests, how it is exercised would not, strictly speaking, exemplify the notion of industrial democracy.

General agreement about democracy, and hence about industrial democracy, is not limited to agreement as to the definition and correct usage of the term. Among those who specialize in the study of institutions, opinions are largely in accord with respect to the social conditions that are, in practice, necessary for a democratic distribution of social power. Quite briefly, the conditions necessary for effective democracy are broadly agreed to be:[1]

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[1] This particular formulation is derived from Karl Mannheim's *Essays on the sociology of culture*, 1956, pp. 177-9.

1. That men are assumed to be equal human beings. If, on the contrary, some are assumed to be of inferior caste or to be second rate, then despite any formal arrangements they will tend to be deprived of effective representation.

2. That all men have such freedom of movement in their daily lives that they may, if they desire, make an autonomous contribution to the life of the community. If, on the contrary, men are extremely restricted by the need to earn a living, by censorship, or in other ways, then no formal arrangements for representation will create an effective democracy.

3. That the leadership is removable by, and responsible to, the many. If the available leadership is, on the contrary, controlled by some political party or machine, or loyal to a narrow social stratum, then elections and the like will not ensure effective democracy.

It is easy to see why, in recent decades, political scientists have had to spell out the differences between real and apparent democracy, and it is clear that parallel distinctions need to be borne in mind in considering industrial democracy.

However, the point of special relevance to our purposes is that general agreement disappears whenever people attempt to make industrial democracy a meaningful concept in a particular social setting. What is in dispute is not only the particular forms of industrial organization that would best embody the general notion of industrial democracy, but also the particular objectives that would be served by such forms. In a society that is deeply committed to the principle of government by the people, the general notion of industrial democracy is likely to be approved as being in line with the democratic ideal. However, the prospect of the practical implementation of industrial democracy must arouse concern about its effects on the pursuit of other ideals. No matter how congruent these ideals may be in theory, they cannot all be pursued to the utmost in practice, and people are not in close agreement about the relative importance of each.

These areas of difference and disagreement become obvious when one reviews the measures taken towards industrial democracy in different societies. It cannot be assumed that discussion of industrial democracy in, for instance, Yugoslavia refers to the same concrete realities as discussion of industrial democracy in

Western Germany. As pointed out above, there is some common ground, but any useful criteria of social relevance must be sought for in the area of the differences.

A first step in our study was therefore an analysis of just what forms and purposes of industrial democratization have been considered relevant to the Norwegian scene. A series of what we take to be key statements by leaders will be presented before we make our own observations.

1. The Prime Minister, Einar Gerhardsen, at a conference on industrial democracy in Oslo on 9 December 1961, said:

> '*It may be useful to make a distinction between economic democracy and industrial democracy. One can use the concept "economic democracy" as a wider concept associated with social economy or the economy of the society, while the concept "industrial democracy" may be defined as a more narrow concept associated with the individual enterprise or workplace.*[1] Given this usage it can certainly be said that the trade union movement in this country has made great achievements for economic as well as for industrial democracy.
>
> Such a form of democracy was put forward in 1945 as an objective in the joint party programme. In the paragraph on economic policy it is initially stated that "the objective of our industry and of all economic activity in the country is to create work for all and increased production so that, through a fair sharing of results, good conditions will be secured for all". Furthermore, the joint programme says that "branch councils should be set up within all sectors of industry and a central joint consultative board, which should give advice to the government on economic, financial, and industrial questions... Within the individual industrial enterprise, consultative production committees with representatives from workers, employers, and staff should be established *to increase interest in, and promote, the most efficient production, good hygiene, and vocational training...*"
>
> Some of the new bodies that have been set up have been working quite well, and it is possible to point to valuable

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[1] Here, as elsewhere in verbatim quotes from speeches and interviews, the italics are ours. The purpose is simply to draw attention to points we consider particularly relevant to the definition of industrial democracy.

positive results of their activities. Others, and I'm sorry to say probably most of them, cannot be given such credit. I think it is important to recognize that these bodies have opened up the possibilities of great achievements in these fields. This does not mean that other and better organizational solutions cannot be found, but it may mean that the *people* who are at present involved in the organizational arrangements do not measure up to the job to be done. In all circumstances one must, in my opinion, give much greater attention to the qualifications and attitudes of those who are going to represent the employers and the employees, and possibly other interests of the society, in such organizational bodies.'

2. Alf Andersen, first secretary of the TUC, at a conference on industrial democracy at Granvolden in December 1960, said:

'Industrial democracy, or a greater degree of co-determination for employees, is becoming a more pressing question...

We must admit that up till now the question has not been discussed enough within the unions. The title of this study conference is "Industrial democracy — where do we stand?" One might just as well add: "What is it that we really want?"

There is no doubt that the trend towards cooperation has been advantageous both for industry and for the two parties included in labour contracts. The idea of cooperation is being developed but it is, of course, to a great degree dependent on the milieu that the individual enterprise is able to create, and on the attitudes of the different sides that are going to take part.

The trade union movement has contributed to the development of the idea of cooperation through extensive educational activity. We have also assisted in the setting-up of the bodies for cooperation that we have today. We have undertaken these activities in line with the clear policy the unions have in relation to production problems and the general question of productivity. The trade union movement has seen these measures as steps in a democratic direction.

Even though the production committees have acquired a poor reputation, I am personally not in doubt that they have played a considerable part in the process of democratization that we are now seeing ... What has happened so far is not enough, however; we must go further. In industry and busi-

ness a true internal democracy has to be created where joint consultation and cooperation give the employees a stronger position than before. The employees must gradually get real co-determination within the individual company. *This must mean that they get greater direct influence on the decisions made by the company both in the economic and in the technical field.*

This is all very good, but how are we to bring it about in practice? As a point of departure for our discussion let us take a look at the political scene...

We see a principal difference between the Labour Party programme of 1954 and that of 1958. I shall not comment further on the reasons for this, but one fact is clear, namely, that we were not yet ready to put into effect the section of the 1954 programme that concerned industrial democracy...

With regard to the production committees, the question of their status has already been discussed at some length, and I have expressed it as my opinion that the committees should remain in their present form. If the influence of the wage-earners in the individual companies is to be increased, this should be achieved through the ordinary channels of the trade unions or through other bodies that might be found useful — boards of trustees, working committees, etc.

I should like to refer to what has been said on these questions in the Swedish report written by Ture Flybo:

"As to the competence of the production committees, it is quite out of the question to allow a consultative body, consisting of workers, staff, and representatives of employers, to have authority to make decisions on issues that are normally management's responsibility. The production committee would then cease to be an advisory body and would become a kind of management instead. Management based on the votes of a body comprising workers, staff, and employers does not seem realistic. As soon as the committee became managerial, the need would arise for a new consultative body.

We cannot overlook a question of considerable interest: namely, whether it is compatible with their primary objective, which is to take care of the economic interests of employees, for the unions to become directly engaged in, and take responsibility for, the tasks of management. So far,

the trade union movement has said no to this question. A change in its position would not be limited to a change in its agreement regarding production committees. It would, in fact, mean a fundamental change in the structure of the trade union movement, entailing quite new objectives and methods of work. Not even a limited responsibility can allow us to disregard the main point at issue."

Even if the board of trustees were given strong constitutional status, we should still have to face the fact that the daily running of the company must be in the hands of management. The question then arises whether it is possible in some other way *to strengthen the influence of the employees in daily management, to create a better relationship between management and employees in respect of all sorts of decisions that have to be made all the time and that are of importance for the company as a small society of its own.'*

3. From a brochure by Åke Anker-Ording on democracy in the enterprise (published by the Iron Metal Workers' Union, 1962) we quote:

'The idea of industrial democracy, or rather of democracy in the enterprise, as we shall call it, has in recent years been included among the objectives of the Norwegian Labour movement. We have talked about it, and something has been achieved. *But the main task remains to be done, that is, the decisive transfer of power and responsibility within the individual enterprise from the private owner to the organized unity of all employees.*

We cherish democracy in political elections, in organizational life, in social politics, in cultural politics, and in economic politics. Why should democracy stop at the gate of the enterprise? It is at the workplace that people spend one-third of their waking life. It was Franklin D. Roosevelt who formulated the well-known slogan that we cannot live half-free and half-slave. It can be said with the same justification that *a society cannot, in the long run, cherish democracy as a leading principle and then deny the introduction of this principle in industry,* which is the foundation of that society.'

4. Olav Nordskog, secretary of the Norwegian Labour Party, in

the meeting on industrial democracy at Granvolden in 1960, stated:

'I asked a chairman of a board: "What do you do in the board meetings?" "We just sign the books", he said. "We follow the law, which demands regular meetings; we don't do anything more." And he added: "We leave it to the director to run the company."

We will not achieve co-determination or industrial democracy through representation on boards of directors or boards of trustees. I should add that the boards of government-owned companies are more active than are those of privately owned companies in the country. Nevertheless I am sure that *representation on the boards of large companies does not lead to industrial democracy. We must go the other way to reach the goal. We must start from below. We must take part in company "mail meetings", the daily staff meetings, that is where things take place. That is where employees ought to take part and share in the guiding of the company.* I believe it is right that *we should continue to have representation on the boards of large industrial enterprises. We ought to do that for reasons of social control.* But we should not put great emphasis on it except for reasons of control. The most important task will have to be pursued along other lines, and here the trade unions will have to take the main responsibility for the introduction of industrial democracy.'

5. Olav Bruvik, Minister of Social Affairs, at the conference at Granvolden in 1960, observed:

'We must first of all get a clear definition of what we mean by "industrial democracy" and what we mean by "economic democracy", so that we know what we are talking about...

I have gradually reached the conclusion that the company organization is the root of the matter. The company organization we have today is built according to a pattern of old, patriarchal relations. It has only gradually changed as the need for a more complex organization appeared. But we have in general accepted the present type of organization and concentrated on certain strategic points in that pattern, which I will characterize as a pyramid, and said: *there* we want our people in. It is proper, I think, to state the problem in this way: Is this kind of company organization, developed under particular historical

conditions, the right one to achieve industrial democracy? Since there are some misunderstandings, I want to make it quite clear that democratization of the enterprise and a real co-determination are the goals we must attain. There are many reasons why this subject has gradually become a pressing one. One is that the large accumulations of capital in a modern society take the shape of real values held by industrial companies, and there is no reason why the workers should not have real influence over values which capital and labour create together. The question is, how do we set about it? I think we must realize that *industrial democracy is a problem of the workplace. It is democracy in the workplace that we should promote and it must be created in each individual workplace. Help and guidance can be given from the unions and other bodies, but the real process of democratization will never come from outside.* Furthermore, we need sociological research, which has not been sufficiently utilized in regard to this problem.'

6. Director Martin Siem, at a conference on industrial democracy in Oslo on 9 December 1961, said:

'I think we have at least reached some understanding of what industrial democracy is *not*. It seems clear that we are not referring to an organization of industry in which decisions would be made by majority votes within the enterprise. Such a system would be inefficient, and inefficiency would mean the end of industry. *It is my impression that we are in the first place thinking of an organization of industry that will give every employee full opportunity to participate and to develop himself within the limits of his abilities...*

Opportunities for employee participation and development, which should be the aim of industrial democracy, can, in my opinion, be achieved in three ways:

(i) By further development of company organization with the objective of far-reaching decentralization and delegation of authority.

(ii) By further development of production committees. It is clear that we can do much more in this field than we are actually doing today. It has been shown that production committees in different companies vary greatly in efficiency.

Also, it is a good idea to distribute the activities of a production committee throughout the company by means of subcommittees.

(iii) By further development of company organization with respect to opportunities for internal promotion. It seems clear that through promotion from within employees can move towards real co-determination. They come into a decision process at increasingly higher levels and can advance to the top. We know of many examples from other countries where ordinary workers are able to reach the top in the organization, when they have the ability and aptitude. They develop themselves on the job and get opportunities to put into practice their qualities of leadership.'

7. From the outline for a debate on industrial democracy by the 'Aspengren Committee' (1962) we quote:

'...Employees have gradually won a large degree of direct co-determination in vital areas. Regarding wages and working conditions, the supreme ruling of the employers has been exchanged for cooperation, mutual understanding, and a balance of power at the bargaining table... Through parliament and government we have achieved statutory regulation of relations and conditions in important fields, thanks to cooperation between the unions and the political Labour movement...

Before we discuss the practical tasks ahead it seems appropriate to say something about the concrete results already achieved...

The main agreement between the TUC and the Confederation of Employers was first signed in 1935, and today it forms the first part of all collective agreements. It includes central decisions about the rights and responsibilities of the two parties involved over the whole spectrum of labour relations. The main agreement guarantees security against unfair treatment for hundreds of thousands of employees in companies throughout the country. For this reason it has been called the Magna Carta of industry.

The part of the main agreement of particular interest for our purposes is the new formulations included in Paragraph 9 after the 1957 revision. These show that a new idea is gradually winning through. In a protocol signed by the two main

organizations after negotiation the need for strong and active cooperation in industry is underlined. Attention is drawn also to *the importance of the employees' feeling of involvement in company affairs. The protocol stresses this as a necessary condition for efficient production.* Against this background, the parties try to find appropriate forms for the discussion of all mutual problems within the company.

It is in this perspective that we must view the new formulations in Paragraph 9. These say that representatives of the employees must be informed about the company's financial position and production plans. Management is required to discuss with these representatives any proposed changes in the work situation, and at the same time to give information about the consequences of these changes for the company and its employees.

When work conditions and employment are involved, employees have the right to be heard, through their own spokesmen, before action is taken. If management cannot accept their points of view, it must give reasons for this, and notes should be kept of these discussions...'

The brochure then goes on to discuss production committees as one important stage in the attempt to achieve a greater degree of industrial democracy. Later, it is stated:

'...Despite the advances that have been made, there is still no recognized place for the workers in the company constitution...

One of the major objectives in the years to come will be *to give all the interest groups that are directly associated with the enterprise an increased democratic share of responsibility, and a rightful or appropriate share in the decisions of industrial life...'*

8. The president of the Norwegian Association of Manufacturers, S. Walter Rostoft, stated in a lecture given during the autumn of 1962:

'On the question of democracy in relation to companies there are a few points that should be made clear. *First of all, it is misleading to perceive a company of today as a society with a government that has authority over its members.* Such a view is sometimes put forward in the discussion of co-determination.

It is misleading because the first and foremost function of the company is to produce what society needs and not to rule over people. The economic function of the company is its *raison d'être.* In a sociological sense it is, of course, a society or a group, but only as long as it fulfils its economic responsibility. The first duty of management is to achieve high productivity and profit. The welfare of the employees, however important and necessary, must be secondary. *The employees of a company are not members of an institution that exists for their advantage.* They constitute a group that has claims to make on the company, and they are a very important group, but not more important than other groups, such as consumers...

Personally, I believe that the solution of the problem of democracy in the company is to be found in terms of participation and not in terms of "co-employership". A lot has been achieved; much more can be done and must be done. *The right to realize one's abilities in productive work, the right to be accorded consideration, and the right to use one's influence and goodwill are basic in our culture.* Even though management may be sorely tempted, in periods of tough competition, to fall back on the illusion that the authoritarian system, with directives from the few and obedience from the many, is the most reliable principle of organization for achieving a strong and productive firm, such an attitude is in fundamental conflict with our ideals and would result in chronic friction and tension. However, there is growing understanding of the fact that companies that can develop real participation will release forces and resources among their employees that will make these firms stronger and more competitive than companies managed in an authoritarian way.'

9. From the employers' side there has been a natural tendency in the current discussion to concentrate on the role of management under different forms of industrial democracy. Director Aars-Nicolaysen stated at a conference in Oslo in 1961:

'When people talk about representation at board level, the idea is probably to achieve better communication within the company. Let us therefore take a look at management relations in a company, and at the relationship between the managing director and the board. I believe it would be useful for every company in this country to consider and to clarify what is meant by manage-

ment. Is management the managing director? Is it the board and the managing director? Or is it the managing director and some of his colleagues, and, if so, which of them? Personally, I think it is certainly correct to say that the management of a company is bounded by the managing director on one side and the supervisors on the other. It is important to distinguish between the responsibility of management and the responsibility of the board. Management is responsible for internal leadership, whereas the board represents the company externally...

What is the main task of a company manager? Quite simply, to provide the conditions that will enable each subordinate to fulfil his responsibility. I should like to make it quite clear that this also applies, of course, to the supervisors in their relations with the workers. A supervisor should be very sensitive and alert to the opinions of his subordinates about how a job should be tackled. He should first and foremost take into consideration the work experience accumulated in the company...'

10. In the quarterly *Minerva* (No. 3, 1961), reference is made to a lecture by Dr Sjur Lindebraekke. He states that he does not consider the legal approach to be appropriate and he recalls the preliminary law of 1920 on workers' councils in Norway. (This law, which existed up to 1963 but never really came into operation, would have allotted to the councils the same functions that shop stewards have, plus some additional consultative functions.) In the conclusions of this lecture he observes:

The only sure thing about co-determination in the forms in which it has been launched so far — imposed by law — is that it would defeat its own purposes: namely, to promote confidence and cooperation within the enterprise. The basic issue is not the right of co-determination or of representation in itself. We are in reality facing one of the central problems of modern industry: how to strengthen the feeling of cohesiveness between the management of a company and its employees. There is no simple solution to this problem. It is a matter of the interplay of a number of factors that contribute to the atmosphere of satisfaction and fulfilment in work within an enterprise...'

The above statements have been chosen because of the clarity and the scope of the views expressed, and it may be helpful here to summarize some of their major themes:

1. It is clearly recognized that industrial democracy must be considered in the context of existing Norwegian industrial conditions, where there is a framework of broad but tried and secure agreements about labour-management cooperation, arbitration, and conciliation. Not the least of these agreements is one that recognizes the dependent relation between income policies and national productivity.

2. In discussions about the objectives of industrial democracy there is no apparent willingness to sacrifice what has been achieved already in living conditions or labour relations. At the same time, however, there is a generally shared feeling that steps towards industrial democracy should be taken, in order to:

(a) bring Norwegian industrial life into closer accord with the democratic social life that individuals now enjoy;

(b) create conditions for fuller individual commitment, which would lead to increased productivity and efficiency.

There is no indication that people believe that both ends must be served conjointly, although there is some suggestion that it would not be acceptable for one to be achieved at the expense of the other.

3. There is general uncertainty about the organizational forms that would create greater democracy in industry. Different speakers refer to the shortcomings of different schemes for the formal representation of employees, and there appears to be a common belief that industrial democracy in Norway must mean something more than just formal democratic arrangements for elections, representation, decisions by committee, and so on.

4. In several instances there is a suggestion that this 'something more' pertains to the conditions in which individuals carry out their ordinary day-to-day tasks in the workplace; i.e. it is something akin to what the specialists identify as the necessary conditions or requirements of democracy (cf. p. 5).

Employee Representation
and Industrial Democracy

THE VIEWS OF EMPLOYEE REPRESENTATIVES
ON SOME NORWEGIAN BOARDS

In this chapter, we shall concentrate upon the narrower problem of employee representation on boards as one form of industrial democracy. As in the preceding chapter, we shall still be primarily concerned with exploring what this has meant in the current Norwegian setting. For this purpose we have sought the views of individuals who have had direct and recent personal experience of being representatives.

Their experiences might be expected to indicate, more specifically than did the broader statements of the various leaders cited in Chapter 1, in what ways employee representation can advance democracy. Nevertheless, if we are to limit the danger of over-generalizing from the evidence, two points need to be borne in mind during the reading of the views of the representatives:

(a) The five companies where they gained their experience are all wholly or in part financed by state capital. As a Social Democratic government was in power, these companies might be expected to provide a more favourable setting for such experiments than would private companies.

Furthermore, in these conditions the representative may feel that his presence on the board is specially justified in the sense that he represents the government as a major shareholder. In private companies this extra role would not exist.

(b) Because the representatives have accepted a personal commitment to their role one may expect them to have a tendency to err on the side of overestimating what they achieve.

The following excerpts from interviews give a fairly full

picture of what representatives think they have accomplished and what they believe they were supposed to accomplish.

'I don't remember exactly what our main reasons were, but we were in some sort of a nationalized (socialized) enterprise and we felt it would be right to have a representative... At the time quite a bit was written in the newspapers and many speeches were made about this company being in the lead, being a sort of pioneer company... I wanted to do my best, and I felt it was my duty *to speak on behalf of the employees*... It could be to speak for someone who was in trouble... On important matters I would get many requests from people asking me to do something... I had to be careful. I could not take sides. I had to be independent...

Mainly I had to think about social problems, housing, for example. As time went on, there were many personnel problems. In these cases perhaps my most useful contribution was *to supplement and correct information that was brought up in a board meeting*. I felt I had a mission in this respect. There may have been labour conflicts, perhaps illegal ones, and some people may have been unjustly blamed in such cases. Other board members might get a wrong impression of such matters.'

A representative who has been active not only as a board member but also as a participant in many discussions about industrial democracy stated the reasons for representation more explicitly, in terms of principles:

'The major task of the representative — or of any board member — is *to create the right conditions for the best possible production*. Those who represent the workers must see things from the employees' point of view. Also, workers and staff have *a right to be heard*.'

All the board members interviewed mentioned the employees' right to be heard as a reason for employee representation, although it is not always thought that the board meeting is the proper place for them to be heard:

'The value of representation on the board can be regarded in different ways by the workers. When the administration is preparing a case for the board, there is no one to ensure that the workers' viewpoint is given due consideration. The

administrative personnel always have to think about the board's reaction, and if there is no one there to take care of the workers' interests, these may not be sufficiently taken into account.'

This statement expresses the viewpoint of an experienced trade unionist who is used to bargaining. A former shop steward of a younger generation may be more accustomed to working through the administrative channels of the company:

'There could be a personnel problem, e.g. an appointment that someone might find dubious. The simplest thing would be to have a chat with the personnel manager and hear the reasons for the appointment.'

If the explanation given by management is not considered satisfactory, a representative board member will probably feel pressure from the workers and will try to exert pressure on the board:

'As a representative you are aware of the pressure behind you and, of course, you want *to explain clearly how the workers and staff look at things*...But this can be difficult since you also want to cooperate in confidence...

Rather than dissent, you may ask for a decision to be postponed and for further clarification from the administrative director.'

The same representative explained how he would have to use his own discretion and look at the problems in a wider perspective:

'Before, you thought that everything depended upon the worker and his effort — you could sit in bargaining sessions with management and find it difficult to understand them. Obviously, when you get a wider perspective you see what a company consists of, and you understand more...We have many good things to protect in this company, and we are striving to get a viable economic situation in which to develop further.

I believe the board appreciates having *information from the representatives that it might not otherwise get*...'

Another man reported:

'In some cases, my mandate on the board would be restricted

because I knew the attitude of the union from discussions between the personnel department and the shop steward committee — discussions that had brought no results. If I felt that a good case could be made out, I would, of course, pursue the matter at board level.

More specifically, I felt it important to bring up, for example, housing problems, an area where we have continually had difficulties...I wanted to get clear lines of policy on housing and personnel matters...And of course we would bring up all kinds of investments. There might have been a purchase of machinery that we felt was important, or other things that we wanted to discuss from our point of view...

We wanted a long-term plan so that we had something to hold on to and could see how things fitted together. We wanted to hear about prospects for the future.

It may be difficult for a representative of the workers to make himself heard at a board meeting, because the problems can be so complicated; but there is a kind of control in that you are on the board and you get to know everything — you get all the information.

For my part I never felt that I could come to a board meeting with the attitude that I was on equal terms with all the other members. That was quite clear. I lacked the knowledge for that. So in the beginning I had to limit myself to topics I knew something about. Halfway through my time of tenure, I understood the company situation sufficiently to know where the shoe was really pinching. It is good for the workers *to have a representative and to exchange information with him so that as many as possible get to understand company problems from the board's point of view*. But you may never get a representative who is well enough informed to have real influence. And I don't believe you can hold the position for a long period without experiencing some friction with those you represent. If you make no decisions you may be considered too passive, and the union committee will want a more active man. Or you may take decisions with which the committee disagrees.'

The representative quoted above has stressed the educational effect of having been a board member. He has indicated the potential conflicts the representative will meet, and the changes that may follow from such conflicts. Before going further into

this, we should hear other representatives express their opinions on the need for feedback from the board to employees and from employees to the board:

'One ought to have done more about giving information back to employees, and I think I failed a little in this respect. Well, it was a bit difficult. Papers were often marked "for personal information" and obviously there are many things you deal with on the board that can't be made known outside. Another thing is that there may be several different groups of employees that you should report back to. For some representatives this may be easier. There could be cases that had to be handled with care and discussed confidentially, and still it would be very important that people should be kept informed. One had to use one's own judgement and take the responsibility. One must rely on people to be trustworthy.'

Another representative makes it clear that he had to change his mind about giving information back to employees:

'My colleagues felt that they would now, through me, get more information, but I think I have let them down. I have myself, as a union man, felt that I was given too little information. It was very difficult to make contact with the board. I had promised to bring back information, and I did so in the beginning when I knew it would cause no trouble. But it is difficult to judge the value of information. It would be nice to say that all the information was reported back and that everything was open. But if a case has been discussed in great detail and decided upon in a way that is considered fair, there is no point in having yet further discussions about it in a different forum afterwards. Everything can be looked at from different angles, but it is obvious that people may not have enough background knowledge to enable them to make judgements. You cannot expect everyone to have such knowledge.'

An even more difficult situation may be faced by a representative when he feels he is representing the government as well as the employees:

'I may have said on the board that unless I could communicate with the main shareholder I would have to retain my reservations, and this would go into the minutes. And so it would be

understood by the board that it would be wise to have such communication before decisions were taken. However, it might be something that had to be kept confidential, as for instance when millions of kroner were to be raised either by a loan or in the open market.

On the other hand, when you know that the morale of the workers is not good in some part of the company, you can't help bringing this up and attempting to help, so that management and you as a board member can try to improve it. Strictly personal matters do not reach board level. The handling of such matters is delegated to the personnel division or to the company manager. It has happened that I, as a board member, have taken up a particular matter with administrative personnel and have not been able to convince them. I would then bring the matter up at board level.'

The following statement makes it quite clear that a representative may have to balance his right to be heard against the danger of bringing bargaining into the board room:

'Well, I could agree to see a shop steward (in a bargaining situation) but it would be against the basic agreements between the main organizations to do more than that. I would have to explain this. And I think if I did anything else, my own union would tell me to keep out of its business...

I have also told the employees that I represent the company, for example in orientation meetings (according to Paragraph 9 in the main agreement), but it is not a board member's job to be the receptacle for the workers' complaints.

We had an incident when a certain board member was told that he could not take part in bargaining problems at board level. If I had been told that I would have felt that I was less than a full board member and I would have picked up my hat and left. I have never had the feeling that I did not have the full rights of a board member.'

As a last example of the way people perceive the demands for representation as one kind of co-determination, we should like to quote an experienced trade unionist who has also been a board member:

'As a trade union man and a representative on the board, I have seen how very important it is to have a positive attitude

towards the workers, to understand their point of view and to have good relations with them. This *forms the basis for good productivity.*'

This last sentence is only one of many instances where the representation of employees was spoken of as a useful way to improve productivity.

What have been mentioned so far are reasons for representation that the interviewees have felt are fair, logical, and of such a nature that they could be publicly defended. In addition, reasons were given that were not really of such a kind. In some cases it was admitted that representation was a supplementary way in which affairs could be settled informally, although it was not formally the correct way. One representative remarked:

'We can follow up on the board what union and management have agreed upon.'

Another kind of statement was this:

'A major reason why the unions should be represented on boards is *to see what happens there.*'

This statement was made in an interview where a trade union official (who was not a board member) had made it clear that representation on boards was just a supplementary arrangement to the collective bargaining system. Furthermore, he added:

'For the man on the shop floor, it does not mean much that there is a representative on the board. It does not change his daily situation. However we, as trade union men, are interested in having that *extra contact at board level, where we can voice our opinions, be heard, and even influence decisions...*

Our main problems must be handled by the union and, in terms of economic democracy, at government level and at the general political level. Meanwhile, the board provides a useful point of contact. But some very real problems of the workers and the staff cannot be solved at either board or political level. These have to be solved within the company.'

PRELIMINARY CONCLUSIONS

As expected, the interviews with representatives spelt out in greater detail than did the statements cited in Chapter 1 the

purposes that appeared to be served in practice by representation on company boards.

Apart from simply reasserting that representation on boards implemented the employees' right to be heard, i.e. that it was a step to greater democracy, the interviewees pointed to several specific purposes that could be served by representation:

(a) Representation could serve as a control on the way management carried out its personnel functions.

(b) It could restrict the freedom of action of the board to take measures that would be very unpopular with the employees. (This is only hinted at in one of the above excerpts but came out more fully in interview material that will be dealt with later when we assess results.)

(c) By making available to the board the worker's special experience and knowledge, representation could increase the chances of the board's making decisions that took into account the interests of its workers. Thus an employees' representative could help to draw the board's attention to the need for investment in welfare schemes (e.g. housing, pensions).

These are only possibilities, and by no means all of the representatives thought they had realized each of them. The critical questions are, how effective are these forms of influence, and how far, compared with alternative means, do they contribute to the intended aims of democratization? Whether the majority of employees think representation an important step towards industrial democracy is not a pertinent question if the representatives cannot in fact use their role effectively. (We assert this because, as can be seen in Chapter 1, no leaders are seriously thinking of industrial democracy as a ruse to raise morale by creating merely an impression that company affairs are of common interest.)

We wish to delay consideration of questions of effectiveness until after the presentation of evidence from non-Norwegian sources, but two features of the remarks quoted should be noted at this point:

(a) There is little evidence of active communication and feedback between the workers and their representative. This, in itself, makes suspect the effectiveness of representation,

particularly since the representatives are not responsible over a longer period to party or programme.

(b) Nine out of the twelve representatives interviewed make some reference to having to take a board or company view of some matters, particularly production.

These points suggest that it may not be easy in practice for representatives to exercise control over the managers in personnel matters, to restrain the board, or to push welfare demands too hard in the face of other company requirements that they may be ill-equipped to judge.

Purposes and Forms of
Employee Representation

SOME HYPOTHESES AND PROBLEMS

Before proceeding to a discussion of non-Norwegian experiences, it is desirable to describe some of the more obvious alternative purposes for which representation may be invoked and the alternative ways in which it may be used.

When this is done, it should be a little easier to relate the examples from other countries to the purposes and forms considered appropriate in Norway.

There are three different ways of looking at the tasks and the possibilities of representation:

1. The employees' representatives may be taken to represent *different levels of employee interests*, e.g. their interests as a social class, their interests as a group of employees, or their interests as employees in a particular workplace.

2. Representation may be weak or strong in the sense that the rights of participation may range from consultation, to participation in decision-making, to having the power of veto upon decisions.

3. Representation may introduce employee influence into the critical areas of technical and business decisions, or such influence may be very limited, for instance to personnel problems and welfare matters.

In the case of representation on boards as we have studied it in some Norwegian firms there is usually no question, at least in theory, about the right of participation in decision-making on any of the matters coming before the board — the representative is presumed to have the full rights of an ordinary board member. In reality, of course, the ability to participate in decision-making

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will depend to a large extent on the quality of the representatives and on their numerical strength. The appointment of representatives to boards leaves wide open, however, the question of the level or levels of interest they are expected to represent. The alternative levels are discussed below.

Level 1: Representation of the interests of employees as a social class — general political interests

Representation of this level of employee interest is largely designed to influence the way a board exercises the power it derives from its control over economic units, rather than to change the basis of that power. Thus in past decades we have seen political representation on boards used by both Nazi and Communist governments in their efforts to bring all sources of social power under political control. Used for democratic purposes, this kind of representation seems better fitted to serve ends relating to political or economic democracy than to industrial democracy, and even then it presupposes that boards cannot or will not be guided in their decisions by the law and the economic requirements of their company. Thus in Occupied Western Germany the AMGOT[1] introduced representatives onto the boards of German industry because it wished thereby to prevent those boards exercising their powers to aid Nazi survivals.

The preferred person for representing this level of interest will naturally be someone who is knowledgeable of, and loyal to, the governing political party. He will not necessarily possess the experience or interests that would lead him to work for democracy within industry, although preference may be given to someone who has industrial experience. A modified form of this level of representation is fairly common in mixed economies. This is the case where a person is put on the board to represent the state as a major shareholder. In such a case the representative is more likely to be someone with experience of the ministry concerned, and less likely to be a political person. In most respects these representatives are no different from others who are placed on boards by strong shareholding groups or creditors. Like these others they can cause difficulties for a board because of their claim to have a special independent franchise, but their role is not related to any question of industrial democracy.

[1] Allied Military Government of Occupied Territories.

Level 2: Representation of the interests of employees as an occupational group

Representation at this level is best fitted for influencing and controlling tendencies by boards to reduce labour costs or investment in welfare. It presupposes that these tendencies cannot be controlled in other, more effective, ways.

As this type of control is basically exercised by trade unions (backed by a legal framework governing safety, hours of work, etc.), the implication is that such representation would be needed only when the unions were relatively weak and ineffectual. This conclusion has been drawn by Clegg (1960) from his study of the persistence of co-determination in West Germany after Occupation ceased. There is also some suggestion that the Italian Fascist government felt it necessary to appoint such representatives to control abuses after it had hamstrung the trade unions.

The main effect of this kind of representation is to strengthen the power of the trade unions *vis-à-vis* the employers. By having a man on the board, the trade unions can be better informed of the bargaining strengths and weaknesses of the employers and they can also make it more difficult for the board to take decisions, for example on wage matters, in the interests of the overall position of the company.

Level 3: Representation of the interests of employees in a particular company

At this level of interest, representation potentially covers a wide range of matters only some of which would normally be dealt with by the local union organization. Of the interests that may not be already covered, the main kinds are:

(a) Interests that the employees bring with them to their employment (the so-called boundary conditions of employment that are explicit or implicit in the labour contract of each individual). Interests of this kind that may not be fully taken care of could be the degree of respect, safety, and comfort that the employee wishes to secure, and his career requirements for security and advancement. Obviously, for effective representation of matters such as these, the representatives would need to be persons knowledgeable of, and committed to, the interests of the employees of the company.

(b) Interests arising on the job itself: immediate problems concerning control over day-to-day work; and longer-term problems such as might occur with the introduction of new product designs or new machines.

The above considerations are by no means exhaustive, but it does seem clear that the level of interest being represented makes a significant difference to the ends that might be served by that representation. We think that these points are still relevant even where representation at more than one level is intended — if only because they can help to indicate who will make the most suitable representatives.

At the first level, representation on boards is at best peripherally related to industrial democracy, although it could play a role in economic democracy.

At the second level, representation seems to be more concerned with those problems of industrial justice with which the trade unions are basically occupied than with industrial democracy.

At the third level, representation seems to be very much concerned with the problems of industrial democracy. It is not easy to determine on general grounds whether representation on the board is the most effective of the possible ways in which varied local interests can be met. The interests listed under (a) above are partly matters that would be covered by the local trade union and they should in any case be dealt with for the board by the personnel division of management. Admittedly, if this division is not to become paternalistic, there should be some form of management-worker consultation. However, consultation might appropriately take place in a joint committee under the chairmanship of a representative of management rather than at board level. Production committees seem to be one of the major means evolved to democratize the handling of interests arising from the work itself (group (b) above). These committees would appear to be appropriate for handling the longer-term problems arising from the work situation. They have the potential advantage of being able to offer representation to all groups of employees, and thus the longer-term issues can be related to the great variety of working conditions that can exist in any one firm. However, such marginal contact and indirect representation as these committees provide are still insufficient for communication and joint decisions about the day-to-day

work. Furthermore, failure to achieve democratic handling of the day-to-day problems seems to undermine the work at higher levels of representation.

In most cases where a representative or consultative system operates in a firm, the evidence seems to be that attention is primarily directed towards the first broad class of problems. These are the problems that concern the personnel division of management. The second class of problems, those relating to policy changes, major technical changes, and the like, seem to present greater difficulty for representation systems. This finding, along with other evidence, leads us to feel that *the crux of the problem lies in the fact that in the day-to-day ongoing work of the enterprise there is too low a level of individual employee participation. Without some higher degree of participation at this direct level, it seems unlikely that enough interest or knowledge could be generated to sustain the sort of difficult and extended effort required to work out policies with regard to major long-term changes. Briefly, what we are suggesting is that two of the necessary conditions for the emergence of a higher level of participation are not present: these are that the individual should have more elbow-room within his job, and, second, greater responsibility for decisions affecting his job.*

Industrial Democracy
in Different Countries

SOME MODELS AND EXPERIENCES

Only under certain conditions may a study of industrial democracy elsewhere be of value to a further understanding of the problem in Norway. We must not restrict ourselves by such rigid definitions of the concepts involved that all practical experiments fall too far short of the purity required to give any decisive evidence. Nor must we be preoccupied with collecting proof of the supremacy of one political and economic system as compared with another. It will be more fruitful if we take into account the historical and social background against which experiments in industrial democracy have taken place in different countries.

YUGOSLAVIA[1]

For Yugoslavia the Second World War was also a Communist-led revolution against an old monarchy in a country with a primitive economy. It was not unnatural for the new military and political order headed by Tito to use the People's Committees, established as a basic unit in the war operations, in the work of reconstructing the country and developing industry when peace came. Following Communist ideas little practised in the USSR, as well as experiences in some Western countries during the 'twenties and 'thirties, the Yugoslavs introduced Workers' Councils as the major unit of management at company level. Having overtly rejected notions of centralized political domination, the Yugoslavs decided to demonstrate that decentralization could work in

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[1] This account was written in 1964. There have been many developments since then, but we feel that these have not really changed the relationship between Workers' Councils and the rank and file of employees.

industry. People's Committees and Workers' Councils became the main building blocks of the new system of self-government.

It is difficult to present an accurate picture of the Yugoslav system of government and industrial organization since changes are continually being made. The law of 1950 laid down the principle of company management by worker communities. The law of 1955 laid the foundation for more complete communal self-government.

Figure 1 gives an outline of the Yugoslav system of company organization as it was set up in 1962.

Figure 1 Yugoslav system of company organization (1962)
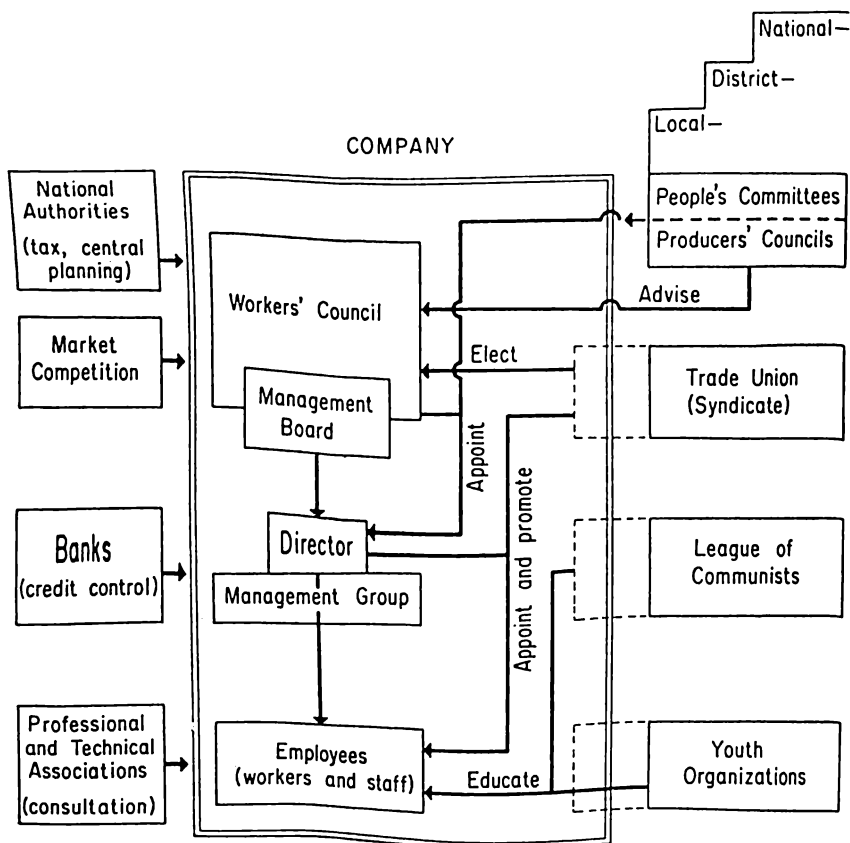
Within the company the Workers' Council is the highest authority. The members, varying in number from fifteen to 120, are elected annually for a maximum of three years by the workers and staff (formerly by the trade union). The Council, together with the local People's Committee, appoints the director. He, together with the management board (comprising three to eleven members), manages the firm under the direction and guidance of the Council, which usually meets monthly. The Council approves plans for production and marketing, makes decisions on wages and the use of profits, and, since 1964, is responsible for the hiring and promotion of employees.

On the fringe of the company are the League of Communists and its Youth Organization, both of which take an active part in educational activities to improve the skills and morale of the workers. The local People's Committee has a Producers' Council which gives advice to the Workers' Council. The director of the company is probably fairly sensitive to this advice since the same People's Committee is responsible for his appointment. The director is also likely to keep in close touch with the local branch of the League of Communists since he knows that the federal and district authorities have their contacts at company level. Critics of the Yugoslav system have pointed out that if the central political authorities should find that the company, with all its representative systems, has not made wise judgements of the situational demands, neither the union nor any other body can stop these central authorities from putting restrictions on the settlement of wages, prices, etc. (see Clegg, 1960, p. 63).

For our purposes, the critical information is that which will tell us how these formal structural arrangements work out in practice. Do they lead to an effective sharing of power in the industrial setting while maintaining the goal of efficient industrial production? Since 1960 the Yugoslavs have shown themselves ready to examine their system of industrial democracy. Their published studies, however, deal with the general characteristics of the system and these, though they may be relevant to certain classes of political decision, do not assist our inquiries. The only studies known to us at the time of writing (1964) that provide concrete details of the functioning of Workers' Councils are those by Kolaja. Following his 1960 paper on Workers' Councils set up in Poland after the political changes of 1956, Kolaja was given permission to conduct field studies of similar bodies in Yugoslavia.

His published data (1961, 1965[1]) refer to the operation of Workers' Councils in two Yugoslav companies.

In the two companies studied by Kolaja, market competition was a very real influence on profits, methods of production, and sales policy. Federal and local authorities and the banks exerted their influence. Federal and local authorities and the banks exerted through taxes and the rate of interest. (Kolaja reports as an example that in 1957 one firm paid 62 per cent of its profits to federal authorities and 8 per cent to local authorities.) When tax is paid the rest of the profit is allocated by the Workers' Council to wage increases, investment, and housing. If the company is running at a loss, as little as 60 per cent of average salaries may be paid. Within these limits there is apparently considerable room for local initiative and decision-taking. Exercise of initiative and decision-making are the prerogative of the Workers' Council and the management board of a company. In so far as

TABLE 1 *Analysis of participation in meetings of the management board*

	Frequency of:		
	Statements	Suggestions	Decisions
Ten members of the management board			
Director	179	17	24
Others from management group	48	22	104
	34	4	26

TABLE 2 *Analysis of participation in meetings of the Workers' Council*

	Frequency of:		
	Statements	Suggestions	Decisions
26 members of the Workers' Council			
Chairman	182	43	9
Director	16	10	38
Others from management group	25	19	66
	41	2	5

Source: Kolaja (1961).

[1] When we were preparing the Norwegian edition of this volume in 1964 we consulted a draft of Kolaja (1965). Passages quoted from this draft have been amended in this English edition to accord with the published text.

these bodies have been constituted to allow workers to share in decision-making, it is important to see how far they actually do so.

Kolaja conducted interviews with employees and attended meetings of the Workers' Council and management board in each firm. By classifying recorded participation at these meetings in a company with roughly 500 employees in 1958, Kolaja found the patterns of influence shown in *Tables 1* and *2*.

These data give some indication of what actually goes on in the meetings, of how influential the ordinary rank-and-file members are as compared with those from the management group. It is bound to be difficult to say that a man who participates is simply making a statement and nothing more. Likewise, it must be difficult to classify a contribution in a meeting as a suggestion or a decision. However, Kolaja's findings seem clear enough. As far as board meetings are concerned, management personnel carry much greater weight in the company than is indicated by the formal organizational pattern. The rank-and-file members may voice their opinions frequently, likewise the engineers, economists, and other management personnel, but it is the director (the manager) who usually makes the decisions.

Defendants of the Yugoslav system might claim that the workers' influence is not significantly reduced just because the director makes the decisions on the management committee, since this body must report to the Workers' Council, which is, after all, the highest authority. But how much do the workers really influence decisions in the Workers' Council? *Table 2* shows the dominant role of the director even at this level. It should be noted that the Council tends to be recruited from those who have the most training and experience, which means that foremen and technicians tend to play a major role in it. Furthermore, most of the production, technical, financial, and marketing matters are prepared and analysed by specialists before the meetings so that it is hard for unbriefed laymen to bring forward new evidence of sufficient weight to change proposals or to veto decisions already made by management.

Kolaja (1965, pp. 45-9) gives a vivid account of a meeting of a Workers' Council in a textile company (termed Factory A), employing 1,600 workers:

'This meeting [17 July 1959] was held in a large room in the accounts office, where more than fifty persons could be easily

seated. It was attended by thirty-seven members; thirteen were on vacation, two were sick, and one was officially on a trip outside Belgrade. All the members of the managerial collegium were present. The director did not attend.

The chairman, a floor supervisor, opened the meeting by reading the agenda, which was as follows: (i) production plan for 1960; (ii) balance sheet for the first half of 1959; (iii) regulations concerning premium payments; (iv) allocation of apartments; (v) miscellaneous. He presented the five points skilfully, and throughout the meeting kept the agenda moving, like an efficient parliamentarian. He seemed to be popular.

The head of the production-technical department gave a ten-minute speech outlining the production plan for 1960. Though the previous plan appeared to be only 80 per cent completed, the new plan expected the total volume of production to increase by 8 per cent, as compared with the current plan. The head's talk included a lot of figures and percentages, but none of the members took down any notes. I got the impression that people did not digest all the figures that were thrown at them. However, there were several questions when he had finished his presentation of the plan. A woman asked: "If the plan is enlarged, will we be able to get enough raw material?" A man asked: "How will the holiday rota be organized?" Another woman asserted that women with children could not work on the night shift which was being planned for the spinning department. These questions were dealt with by other members of the managerial collegium. It was also stated by the managerial group that for the next few years the purchase of new machines could be planned only for the spinning shop.

The third item on the agenda, the introduction of new rules concerning premium payments, elicited a lively reaction. The head of the personnel department opened the discussion by asking members whether or not they had read the outline he had sent them two weeks prior to the meeting. One person complained that he had not had time to look it over. An older man rose to his feet and said that he was against the whole idea of premium payments because the workers did not like them; furthermore, he asked why white-collar employees got more pay than workers. Another man joined him in his criticism of the premium system. The personnel officer did not accept these views: he said that everybody was paid for what he did. The

question at issue was not whether to have a bonus system, but whether the proposed new regulations were satisfactory. There were two further comments by workers and two by other management persons. The young and self-assured head of the production-technical department took the floor and brought the discussion to an end by stating that premium systems were found in both capitalist and socialist societies, that they were necessary in order to maintain quality, and that perhaps there should be a group quality bonus because in the preceding year some products had been returned to the factory on account of their poor quality. It was therefore agreed to set up a committee composed of four specialists to work out further details of the premium system.

The next point on the agenda evoked the most dramatic response. During the discussion on the allocation of accommodation in the new factory-built and -owned apartment house, I noticed that some members of the council took down notes for the first time, and that they really argued the proposals that were put forward.[1] The apartments committee itself had assigned thirty-three units, and had left five to be assigned by the workers' council; a further two were reserved for the director's decision.[2]

The first to raise his voice was the lawyer:[3] "Why was my name dropped from the original list that was previously approved by the workers' council?" The controller, in his role of chairman of the apartments committee, answered that the committee had not been clear about the lawyer's general situation. He was scheduled to get an apartment when the next construction project was completed. Immediately, two

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[1] The same happened in Factory B. There, even the proposed distribution of apartments was voted down, and a new allocation had to be undertaken (minutes of workers' council meeting 22 and 23 July 1959).
[2] ...the enterprise had to be able to offer accommodation when it was competing for specialist staff in a free labour market.
[3] The enterprise had its own lawyer and two physicians. They were not members of the managerial collegium. However, the lawyer was supposed to attend meetings of the workers' council so that legal advice was available if required. I was later informed that he had been expelled from the League of Communists because he belonged to those who supported Stalin rather than Tito. However, he was presumably doing his best to be accepted again. The lawyer often tried to engage me publicly in debate concerning my political views.

other men rose and asked why they had not been considered by the committee. Neither of them was a member of the workers' council. They stood behind the members,[1] who were seated. The head of personnel, who was also on the apartments committee, said that preference had been given according to seniority, where upon another employee blurted out, "But I have been working here for forty years". The controller told him that his position would be considered later; but the worker, a bricklayer employed by the firm, was not satisfied, and kept protesting. At this, a foreman from the weaving shop, who was a council member, said: "If the bricklayer doesn't get an apartment, I am giving up mine. I don't want it."

Another council member joined in, expressing surprise that the lawyer, and a woman with a child who had to pay a high rent, should have been by-passed. How did it come about that another woman (a member of the League of Communists and a former chairman of the workers' council) who was single had got an apartment? The controller: "Well, we have to look at the person as a human being." The member: "This means that the mother with a child is not a human being?" The audience laughed.

The meeting became noisier, and the chairman banged his gavel to keep order as he put the matter to the vote. He reminded the meeting that there were 260 applications for forty apartments; thus of necessity some people would have to wait for the next opportunity. There were thirty-two persons in favour of the proposed allocation, one against, and four abstentions.

The first matter under the miscellaneous heading involved the council's approval for five people to go to Germany to purchase new machinery for the spinning shop; the second was a request for an increase in salary by the head of the personnel department. While this latter point was being discussed, the personnel officer left the room. The chairman of the managing board explained that the head of the personnel department had responsibilities which equalled those of the head of the weaving shop, and yet his salary was 5,000 dinars less, or 30,000 dinars at the time. How much more should he get? One voice suggested that he should have 34,000, another proposed 33,000.

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[1] Meetings of the workers' council are open to all employees...

The workers' council voted a 3,000 rise, and the personnel officer returned to the meeting.

Another four applications were handled rather more quickly by the council. It was also decided that fifty-six litres of milk (12·3 gallons) should be supplied daily for those whose work involved them in unhealthy conditions; and that a worker who did not give truthful information to the disciplinary committee and who appealed to the workers' council should not be punished financially (the managing board and the disciplinary committee had suggested a 10 per cent cut in pay) but only sternly reprimanded. Finally, because of the lack of further, more detailed, information, an application for financial help addressed to the enterprise by the communal anti-tuberculosis service was adjourned to the following meeting.'

To return to the question of the degree of influence exerted by the workers, *Table 3* reports Kolaja's data comparing the participation of management and non-management personnel at Workers' Council meetings in the two companies he studied. (The greater participation by non-management personnel in Factory B

TABLE 3 *Participation by management and non-management personnel in Workers' Council meetings*

| | Factory A (17 sessions) | | Factory B (22 sessions) | |
	Management personnel	Non-management personnel	Management personnel	Non-management personnel
Verbal participation	303	156	158	272
Accepted suggestions	49	18	71	47
Rejected suggestions	2	2	0	0

Source: Kolaja (1965, p. 20).

can be partly explained by the fact that the chairman and two other Council members had had an academic education, and, since they represented research, they were classified by Kolaja as non-management.) Kolaja concluded that, although the partici-

pation scores were different for the two factories, the scores for accepted suggestions showed, as might be expected, a preponderance of management proposals in both companies.

Summing up his results, Kolaja (1961, p. 31) states:

'First, compared to the factory in Poland, the Yugoslav factory displayed a more successful pattern of management-worker cooperation in the sharing of decisions in the enterprise. However, there are two major qualifications to be attached: a) The genuine participation in the management on the part of the non-management members of the workers' council was limited mostly to personnel affairs. The real financial and technological problems of management were handled by management with the formal approval of the non-management persons; b) the majority of members of the workers' council were more skilled persons who were foremen or held other lower or middle supervisory positions within the social structure of the factory. In other words, they were expected — due to their position — to have more responsibility and a greater degree of identification with the factory. Note, however, that foremen are pretty close to workers and therefore, through them, opinions and voices of workers could surely have been expressed...

In Yugoslavia and a few other countries, foremen are looked upon rather as part of the work force and might therefore be expected to speak for workers under most conditions.

Secondly, the majority of employees, the semi-skilled or unskilled group, displayed significantly different attitudes as compared to the management personnel and the middle-level group. Although not antagonistic, these attitudes were characterized by a certain lukewarmness and lack of interest in the enterprise. Somehow they seemed to feel that the factory was not "their factory," but rather afforded an opportunity to earn a living which could be exchanged for another and better opportunity as soon as one appeared in the future.'

The positions and relative strengths of the local branches of the League of Communists, the labour unions, and the Youth Organization in relation to company structure are discussed by Kolaja. He provides an interesting documentation and analysis of the 'forceful search for some sort of equilibrium between processes of central planning, central decision-making and national

enforcement, and processes strengthening and developing autonomy of smaller political and economic units. While, for example, in the United States the overall trend has been to increase the role of Federal Government, in Yugoslavia, which started in 1945 with a rather highly centralized and all-embracing system of political and economic controls, the trend, since 1950, has been gradually to reduce the role of Federal Government.'

Kolaja's conclusion is that the Yugoslav Workers' Council legislation has not given the workers more autonomy. The theoretical argument underlying this conclusion is worth making.

The production problems of the enterprise are handled by the management group, which, as a result of decentralization policies in Yugoslavia, has gained more autonomy. Production problems are of course recurrent, since they stem from the day-to-day running of the enterprise. Management's autonomy is therefore readily used.

The service functions, such as training, are handled by the three 'secondary' organizations, namely the labour union, the League of Communists, and the Youth Organization. These organizations are still tied to the central agencies to whom they are responsible, and hence their autonomy is circumscribed. In addition, service problems are not as pressing as production problems, and tend to be subordinated to considerations concerning production. Thus:

'essentially the new workers' council legislation has primarily benefitted management, giving it more freedom and room for initiative. On the other hand workers' labour unions have remained more dependent, not only upon management, but also upon outside centers. On that count workers obtained less independence.'

Kolaja's analysis makes it quite clear that the workers' main influence is exerted through the Workers' Council and not through the unions, which have very little influence. Also, it seems clear that in Yugoslavia as elsewhere there tend to be systematic differences between different levels of employees in respect of their identification with the enterprise, their interest in company affairs, and their satisfaction with pay and working conditions. The most clear division in these respects falls between unskilled

and semi-skilled workers, on the one side, and skilled and white-collar workers and management, on the other. In other words, differences in education and skill and in type of work are more decisive than are the formal arrangements for employee participation through representative bodies.

From the Yugoslav point of view, the institution of Workers' Councils may well have been found valuable in creating a core of industrial culture, shared by managers, white-collar workers, and *skilled workers*, around which peasant recruits could be organized and industrial discipline inculcated.

From the Norwegian point of view, however, it seems important in conclusion to note three major points:

1. The workers as employees of a company can achieve greater rights and responsibilities and greater influence upon decisions either through a strong body of representatives within the management structure or through a strong union. If the representative body is strong, then the union may tend to be correspondingly weaker, as appears to be the case in Yugoslavia.

2. Although the workers in Yugoslav factories have a unique opportunity to acquire information about company affairs, most people do not choose to take advantage of this opportunity. While they participate actively in the settling of personnel problems (which in Norway are dealt with by the union or by the personnel department), their participation in decisions concerning production, finance, and sales is very limited.

3. In practice, the division of labour and the level of insight and skill determine the involvement and the influence of employees in company affairs, whatever representative system they have. Under the Yugoslav system (as in Western countries and in the USSR) the real power at company level remains with management.

WEST GERMANY

Several of the background conditions of the present system of industrial democracy in West Germany are different from those prevailing in Norway. It is important to bear this point in

mind if we are to understand the German experiments with co-determination and to relate their results to the Norwegian situation.

1. Germany has a long tradition of using laws rather than collective bargaining to regulate labour relations. As early as 1891, Workers' Councils were introduced by law. In 1918, under a threat of political revolution, the government enforced new rules for collective bargaining, arbitration, and workers' representation within companies. These legal changes were directed more towards influencing the national political situation than to changing the situation in the workplace itself.

2. German trade unions have been comparatively weak even in periods of strong Socialist influence in national politics. Unlike the situation in Scandinavia and England, early division into, and subsequent rivalries between, Social Democratic, Communist, and religious trade unions had left the unions in a weak position during periods of national and economic crisis. Hitler almost wiped out the unions between 1933 and 1938.

3. The breaking up of cartels and denazification were primary concerns of the Allied authorities during the occupation and reconstruction after the Second World War. The political Labour movement and the unions were too weak at that time to have any decisive influence on the carrying out of these tasks. Managements could not be relied upon to destroy the cartels and hence the British occupation authorities played a major role in introducing co-determination as a political instrument.

In the years 1945-50 German trade union leaders started a large-scale reorganization of their unions under the protection of the Allied occupation authorities. Several of these union leaders had been influenced by British, American, and Scandinavian trade unionism while living as refugees outside Nazi Germany. At the 1949 congress for the reconstitution of the German trade unions it was clearly stated that the experiences of 1918 and 1933 had taught the unions that formal political democracy was not enough to ensure industrial democracy in Germany (Potthoff, Blume & Duvernell, 1962, p. 25).

Democratization by formal representation at company level was the solution advocated by the new unions. Catholic influence

among employers, as well as among employees and the public in general, had prepared the ground for co-determination. *Deutscher Katolikentag* (1949) declared:

> 'co-determination in social, personal and industrial matters is acknowledged for all employees. Co-determination belongs to an order (*Ordnung*) willed by God and must be accepted in the same way as is the right of private ownership' (Potthoff *et al.*, 1962, p. 26).

When a major strike threatened German industry in 1951 during the pressure for co-determination, Chancellor Adenauer intervened. Two major laws of 1951 and 1952 introduced co-determination into German industry. Additional laws followed in 1955 and 1956.

Co-determination in Germany operates at three main levels: those of the Supervisory Board, the Labour Director, and the Works Council, as shown in *Figure 2*. Our description and evaluation will be based mainly on the coal and steel industries, since it is in these industries that co-determination has been most extensive.

1. *Supervisory board* (*Aufsichtsrat*)

In the coal and steel industries, five of the eleven members of the supervisory board are representatives of the employees (in other industries one-third of the board's members are employees). Five members represent the employer, and the so-called 'eleventh man' is appointed from outside, as a neutral member. (In larger concerns there may be fifteen or twenty-one members in all.) A common pattern on the employee side would be one blue-collar and one white-collar worker from inside the company. These two are nominated by the Works Council (see *Figure 2*). Trade unions on central and local levels nominate the third, fourth, and fifth members. The neutral eleventh member is often a civil servant, or an academic specialist in labour law or a similar subject. The three members who are nominated by the trade unions do not necessarily have to be shop stewards or permanent trade union functionaries, but they usually are. Many of the members on the employees' side are also active in national or community politics. Voigt & Weddigen (1962) state that 25 to 30 per cent fall into this category.

Figure 2 The system of co-determination in West Germany
simplified picture of the system in the coal and steel industries)
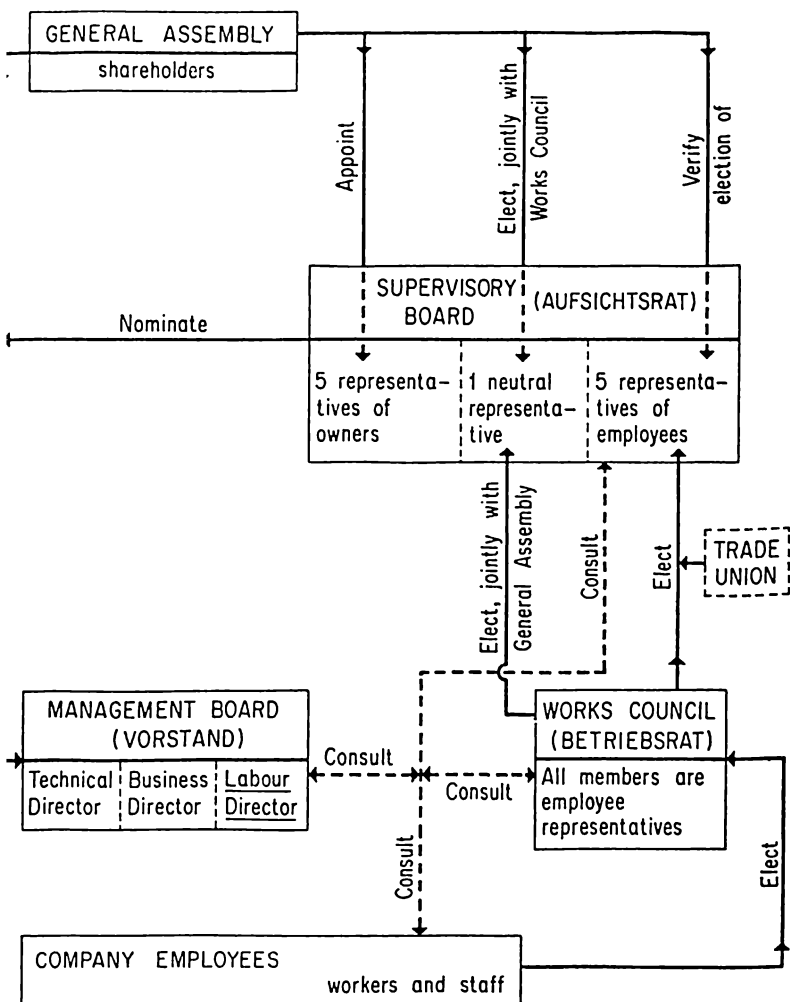
he representatives of the employers on the supervisory board
usually prominent businessmen, lawyers, economists, finance
:ialists, or others with special qualifications for supervising
-to-day management within a company.

he function of the supervisory board is to review all business
:ters and control decisions made by the management board

(*Vorstand*). The supervisory board does not replace the usual shareholders' control, but it can call for a shareholders' meeting and, in special circumstances, can be authorized by the shareholders to exercise veto powers over certain areas of decision normally handled by the management. Usually the supervisory board does not interfere in day-to-day management.

2. *The labour director as a member of the management board* (*Vorstand*)

(This kind of co-determination exists only in coal and steel and in holding companies.)

The labour director is a full member of the management board and is formally equal in status to the other directors. However, whereas the other directors are appointed by the shareholders, the labour director is appointed on a majority vote from both parties in the supervisory board.

Originally the management board had only two other directors apart from the labour director – a technical director and a business director (*Kaufmännisch*). Gradually, many companies have appointed more than three members to their board.

The labour director is almost always a former trade unionist or a man with close union affiliations. According to the law, the board members are jointly responsible for managing the company. The main areas of responsibility of the labour director are wages and salaries, personnel, and social matters.

3. *Works Council* (*Betriebsrat*)

This is a representative body consisting exclusively of company employees. It has a partly consultative function, like Works Councils in Britain and production committees in Scandinavia. However, the German Councils also have functions that in British, American, or Scandinavian firms are usually fulfilled by the trade unions.

The Works Council deals mainly with:

(a) working hours, rest pauses, holiday plans, etc.
(b) vocational training
(c) welfare activities
(d) 'housekeeping', e.g. health and safety practices

(e) piece-rates, premiums, and principles for salaries and wages.

All levels of employees elect their own representatives to the Council. They are elected for two years and may be re-elected as often as desired. These representatives need not be union members. There seems, in fact, to be little formal contact between the local or district union organization and the Council. Close contact is maintained with the labour director.

The overriding task of the Works Council is to advise the management board on how to achieve the best possible cooperation and orderly conditions in the workplace. It is decisive for the Council's power that in the event of disagreement with the board it can appeal to a mediating body. The mediating body has equal representation from each party and an independent chairman. Its decisions are binding on both parties.

Two other bodies should be mentioned for the sake of completeness. There is a Company Assembly, a superior body, which is summoned at least quarterly to hear from the Works Council. Extraordinary assemblies can be called to deal with company crises. The other body is an Economics Committee, comprising representatives of the two parties. Its duty is to advise on economic matters and, in particular, to help to communicate economic information to the employees.

From the Scandinavian point of view it is difficult to understand how the Works Councils can handle labour conditions without trespassing on the domain of the trade unions. It has been argued, particularly among Swedish trade unionists, that such a situation might easily weaken the unions (Landsorganisasjonen, 1961). This might be so where the unions are already strongly established, but co-determination emerged in Germany at a time when the unions were too weak to enforce proper respect for the employees' interests.

Whether trade unionism or co-determination at company level is of more importance for employees is a crucial question, but the German experience does not provide a clear answer. If we look at the recent history of labour relations in West Germany it seems safe to say that trade unions can in fact achieve a strong position at the same time as co-determination at company level is in operation. This does not mean that co-determination in the

German form necessarily helps the trade unions. Opinions within German unions vary considerably. It may be claimed that the rapid economic development, shortage of labour, and pressure for political democratization helped co-determination as well as independently strengthening the unions.

Two recent and extensive scientific surveys (Potthoff *et al.*, 1962; Voigt & Weddigen, 1962) make it possible to make some assessment of the various forms of co-determination. The overall judgements of these surveys are:

(a) During the ten years since the introduction of co-determination into West Germany there has been an unusually high level of industrial peace and a rapid improvement in the wages, working conditions, and welfare of employees. It is not possible to determine how much of this is due to other factors, in particular to economic prosperity. Nevertheless, the majority view of those who have been active in the three institutions is that co-determination has played a significant and valuable part.

(b) Each of the three forms of co-determination has proved to be a workable and stable arrangement. There were initially strong fears — and hopes — that they would conflict with, and disrupt, the traditional arrangements in industry, e.g. the authority of shareholders, management, and trade unions. None of these groups has found its authority undermined, although in all these groups one finds a minority who remain critical of the new forms.

(c) The mass of employees remains relatively indifferent to these institutions. In keeping with this there is some evidence that the new institutions have become one of the paths for personal advancement out of the rank and file.

If we now examine the individual institutions we can get some idea of the specific factors that contribute to this general state of affairs. At the same time it must be remembered that there has been a very real interdependence of the three parts, which is recognized by most participants regardless of the part in which they are personally involved.

The supervisory board has provided a mechanism for appointing and sanctioning the members of the board of management, particularly the labour director. Without this it would be

difficult to avoid falling into one of the two errors of appointing, or at least appearing to appoint, a 'stooge', or of having a labour director who disrupts the work of the management board. By its existence the supervisory board also provides a body of reference, acceptable to both the parties concerned, for conflicts and difficulties that might arise between the labour director and his co-directors. It is not clear from the evidence how much this potential function is used or whether labour directors are successfully pressured into keeping things within the management board. As we shall see later, their communications with the employee representatives on the supervisory board tend to be poor.

The labour director is in no way a tool of the supervisory board. Once he is appointed he is a full member of the management board and, as such, responsible to the supervisory board, but no more so than, for example, the technical director.

Nevertheless, his presence helps the supervisory board to discharge its function. Because of the labour director's background and his special responsibilities, it is much more probable that conflicts over labour costs (direct and indirect) versus investment, for instance, will emerge openly on the management board, and it is more likely that they will be referred to the supervisory board.

The interdependence of the roles of the labour director and the Works Council has first and foremost a historical significance. A strong and capable personnel manager is necessary if a Works Council is to negotiate effectively with management over the wide range of its concerns. A personnel manager, for his part, needs a body that can represent and negotiate the interests of the workers and provide some feedback on his policies. For his purposes this could be a local trade union organization or a Works Council. However, in postwar Germany personnel management was very weak and personnel policies were likely to be regarded with suspicion. The introduction of the labour director was appropriate to this situation. Local trade union organization was traditionally weak in Germany, and to build up union branches would have been a slow and difficult task. Works Councils were an obvious means of filling this gap.

Between the Works Council and the supervisory board the links are more tenuous. The former elects the internal representatives to the supervisory board but does not otherwise control or formally consult with it. The two bodies have little to do with

each other, although the employees' representatives on the supervisory board are in a position to seek informal sanction for their views from Works Council members, just as the employers' representatives can seek advice from shareholders. The Works Council thrashes out its problems with the management board (particularly with the labour director), and these problems come before the supervisory board only in the form that emerges from discussion and argument within the management board. For its part the supervisory board could probably carry out its functions even if there were no Works Council.

Although the three institutions are mutually interdependent each has quite different characteristics and should be examined separately in order to see how it is related to the more general questions of industrial democracy.

We will first consider the role of the labour director because, whatever its historical value in the building up of the total structure of co-determination, it is not in itself a form of industrial democracy. The labour director is not a representative of any employee group but a full member of the management board and responsible to that board. A special bias was built into selection for the role in order to correct an existing bias of a much more general character. We are referring to the weakness of the trade unions, a bias in the German situation that made it very difficult for German management to adapt to the realities of a democratic society. As this historical situation was corrected one would expect to find the labour director emerging more clearly as a personnel manager and looking less like a natural ally of the employees. This trend can be seen to some extent in the changes that have taken place in the criteria governing the selection of labour directors.

The supervisory board is essentially a representative body. Theoretically, this board could act to search out and pursue shared goals. In practice, it is recognized that the dominant groups represented have conflicting interests. A major job for the board is, therefore, to negotiate compromises that may reflect *the balance of power rather than optimum mutual satisfaction*. The evidence is that each side on the board tends to team up to prepare its case before coming to the meetings. On the workers' side the preparation tends to be less adequate, partly because of lack of energy and knowledge among the employee representatives (about 60 per cent of them have only elementary

education) and partly because of the poor communications between the representatives and the labour director.

Thus the supervisory board is not a place where the employees (through their representatives) share in, and jointly exercise, managerial power, but it is a place where representatives can negotiate on behalf of the employees and the trade unions. There are special advantages for employees in being able to negotiate when they wish with persons close to real industrial power and in having some legal powers of sanction (including, in certain circumstances, a power of veto) that their unions were too weak to obtain. Shareholders and management have not so far found their authority unduly encroached upon by the supervisory boards. This could be either because the different interests are in fact not too much in conflict or because the boards are not able to exercise effective control over management and shareholders. It does seem that the strength of the employers derives in part at least from the fact that they are free in shareholder and management meetings to develop their policies before they have to argue them against different and competing interests. A deterioration in the general economic situation might reveal whether, from the employees' viewpoint, their sanctioning power would be more secure if it resided in powerful independent trade unions.

Works Councils also are concerned with reconciling conflicting interests. Their responsibilities include matters, such as wages and conditions, that would normally be excluded from the domain of comparable Councils in other Western countries. These matters are so central to employee-company relations that they would tend to become the dominant concern. In fact the success of a Works Council is reported to be closely related to: (a) the willingness and ability of the labour director to negotiate difficult matters with the Council and to press his policies at management level; (b) the strength of the union and the closeness of contact between it and the firm. The failure of the Councils to involve or interest the great majority of employees also suggests that they have been mainly concerned with matters arising from the contract of employment rather than with the work itself and its outcome. There may be exceptions to this general picture, but it is difficult to see how a suitable climate for joint participation in work can be created unless the prior problems deriving from conflicting interests can be effectively negotiated in a *separate* place.

Disagreements, misunderstandings, and compromises based only on the relative strengths of the parties are probably inseparable from the negotiation of conflicting interests. However, just as negotiating bodies need to be freed, as far as possible, from the difficult, emotionally charged atmosphere of individual appeals systems, so do efforts at joint management need to be relatively freed from the spirit of negotiation.

The stability and general acceptance of the West German Works Councils after more than ten years of operation suggest that they have developed appropriate and useful functions. We submit that these functions consist primarily of an extension of the field of negotiations that has been served by trade unions. Because of the weakness of the West German trade unions, the Councils have in part served simply as substitutes for them. However, in representing all grades of employees, unionized or not, the Councils have had a potential that goes beyond what one could expect of even a highly developed and well-coordinated shop-steward system. They have also been responsible for matters of local welfare and production that would not necessarily by taken up by unions. From the point of view of industrial democracy, the Councils do not appear to have made any major direct contribution to the actual sharing of the managerial authority that is involved in the 'line of command'. Their contribution lies rather in creating the industrial justice that is a precondition of democracy.

GREAT BRITAIN

Immediately after the Second World War the British Labour government nationalized many large industries (e.g. coal, gas, electricity, transport), thereby creating new opportunities to test out theories of industrial democracy. The trade unions, however, approached the question with a great deal of caution. Their experience of industry, as summed up in the TUC *Interim report on post-war reconstruction* (1944), had led them to the belief that the governing boards of nationalized industries must have a primary overriding responsibility to the public (as represented by parliament) and could not be held accountable for their decisions to any other interests (including those of their employees). In consequence, the British did not experiment with any of the more

extreme forms of employee representation, but confined themselves in the nationalized industries to the following measures:

(a) Ex-trade union members were appointed to all the major boards. It was explicitly stated in respect of these appointments that the men concerned were ordinary board members and not in any sense representatives of outside interests. It was believed that they would strengthen the boards by reason of their 'experience gained in the collective organization of labour'.

(b) Joint consultative machinery was set up. This was primarily charged with matters relating to the 'safety, health and welfare of persons employed'; it was secondarily concerned with 'other matters of mutual efficiency'.

(c) Ex-trade union officials were appointed to personnel roles within management.

None of these measures, not even the first, bears very closely on the problem of representation with which we are concerned. In whatever way the ex-trade unionists may have contributed to the strengthening of the boards it is clear that their presence has made no essential difference to the attitudes of the workers in the nationalized industries or to the role played by the trade unions. The latter have continued to negotiate from their independent position, and to insist that those who are on the boards cannot at the same time hold positions in the higher councils of the unions.

The position is similar with regard to the machinery for joint consultation. Where industry and management have been progressive, as in electricity, joint consultative committees have sometimes emerged as a useful adjunct to existing practices. However, no serious observer of the British nationalized industries has suggested (up to the time of writing) that joint consultation has done more than this.

The meagre results in the British nationalized industries may of course mean no more than that too little was attempted. As noted above, the issues were in a way prejudged.

More can be learnt from a case in private industry where a great deal was attempted — the so-called Glacier Experiment. Like other British engineering firms, Glacier Metals created a 'joint production consultative advisory committee' in the summer of

Figure 3 Joint consultative organization in a British firm

GRADE 3 STAFF
14 geographically defined areas

GRADE 1 STAFF

Elects 3
members to
works committee

GRADE 3 STAFF
COMMITTEE
14 members

Represented at
divisional mgrs' meeting
through personnel mgr.

GRADE 1 STAFF
COMMITTEE
5 members

Each shop
elects, according to
its number, 1 to 3
members of works committee

WORKS
COMMITTEE
27 members

Elects 9
members
to works
council

WORKS COUNCIL
18 appointed or
elected members
plus a chairman
and 2 joint
secretaries

Appoints 8
management
members
to works
council

DIVISIONAL
MANAGERS'
MEETING

PERSONNEL
MANAGER

11 SHOPS

Each shop elects
a shop committee

Represented at
divisional mgrs' meeting
through personnel mgr.

11 SHOP COMMITTEES

Elects one member
to works council

SUPERINTENDENT'S
COMMITTEE

GRADE 2 STAFF COMMITTEE
8 members

GRADE 2 STAFF COMMITTEE
8 geographically defined areas

1941. Unlike most of the others, Glacier elaborated and developed joint consultation during the next twenty years, in close collaboration with social scientists, until there now exists a regular 'parliamentary system'. Although this system has not included representatives on the board, it is valuable for our purposes because it indicates clearly the kinds of matter that require representation and gives some idea of the level at which the different matters need to be taken up.

Examination of the Glacier case will be easier if we consider in turn the two main historical phases, 1941-47 and 1948-50.

In the first phase there was already an elaborate representational structure (see *Figure 3*). A series of scientific studies (reported in Jaques, 1951) showed certain positive features in the situation:

1. The representational committees were active (see *Table 4* and *Figure 4*).

2. The principle of unanimous agreement in the Works Council and other bodies had been found to be workable.

3. The morale of the workers was high (as measured in a series of surveys by the National Institute of Industrial Psychology and the Tavistock Institute of Human Relations). They had a strong sense of security and felt remarkably free to say what they thought without restraint or apparent fear of victimization.

TABLE 4 *Number of policy items settled each year by Works Council*

Year	No. of items
1942	12
1943	9
1944	3
1945	7
1946	12
1947	14
1948	22
1949	31

Source: Jaques (1951, p. 109).

Figure 4 Time spent on Works Council meetings
(*total for each year*)
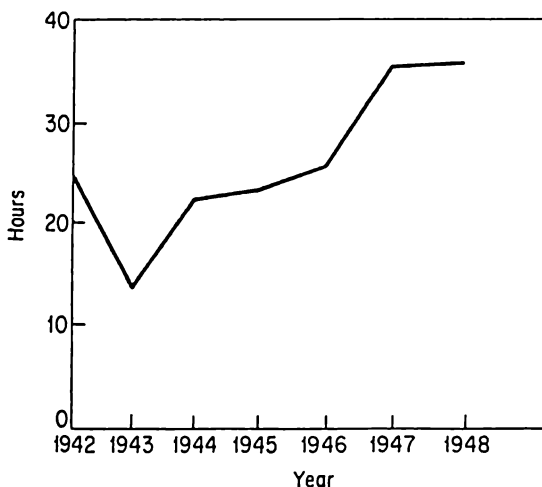
Source: Jaques (1951, p. 110).

However, some difficulties were also revealed:

1. Except in times of crisis the employees were generally un-interested in, or apathetic to, the joint consultative bodies. Apart from personal grievances, which were in any case usually taken up through the appeals system, 'the individual found it difficult to perceive how to use the consultative machinery for taking up more general questions'. The consultative set-up was regarded as an important possession but its existence was taken largely as evidence of 'goodwill higher up' and as a 'mechanism for righting things "just in case" anything went wrong' (Jaques, 1951, p. 132).

2. In periods of relative stability the Works Committee, the connecting link between shop committees and the Works Council, 'to a greater or less degree lost touch with its con-stituents, and became a more or less circumscribed group of individuals — a kind of consultative club — with few apparent influences on it from outside' (ibid., p. 159). Thus, while the Works Committee handled peripheral matters the Council dealt with central matters but in relative isolation from what went on at shop-floor level.

3. The majority of the members of the Works Council felt that its function was advisory and that it was not a joint policy-making body. Moreover, even as an advisory body members felt that the Council was becoming less and less effective, taking longer to accomplish less (ibid., p. 106). An analysis of the Council's proceedings showed that as it took up more central and complex questions it was finding it harder to analyse the matters involved, let alone come to a clear decision (ibid., p. 110).

4. In periods of crisis, e.g. over redundancy, there tended to be a marked increase in interest among the employees and greater communication with their representatives. This was not always with a view to solving problems through the consultative machinery. In one very clear and well-documented case the machinery was used, probably unwittingly, to camouflage the real problem while a solution was found in other ways at another level (Rice, 1951).

5. '—joint consultation had the effect of increasing the sense of loss of authority experienced by the line executives'. The joint consultation structure had been set up without working through the problems of middle management and in the resulting structure these personnel found themselves segregated from the main consultative bodies (see *Figure 3*). As a result, the confusion in line management that already existed owing to the use of so-called functional managers was made worse because top managers by-passed the executive chains and used the consultative channels.

6. Relations with trade unions were felt to be less than adequate. Although in 1942 the trade unions had insisted that all Works Committee members should be union members, no further effective steps had been taken to relate the unions to the consultative structure. The latter was evolving independently of the shop-steward set-up and, when a ballot was held in 1948 on whether to merge the two, it was lost largely because the five unions concerned could not agree to put their case to the employees.

It was the difficulties described above that led to an intensive social scientific study of the factory, and in the second phase of the Glacier Experiment intensive efforts were made to discover

solutions. Most of the steps were taken only after close study and a working through of the findings and proposals with all the parties concerned (scientific assistance was originally provided by the Tavistock Institute and later by professionally trained persons appointed to the staff by the board). Merely from a list of the steps taken it can be seen that many of the difficulties had to do with accidental features of the situation rather than with representation *per se*:

1. The representational structure was changed so that the Works Council became directly representative of the five levels within the firm instead of representing only the bottom and the top. A parallel clarification and strengthening of executive lines of authority resulted in a reduction in the confusion between consultation and executive authority.

2. The Works Council was explicitly established as a legislative body. The managing director accepted that if policy was not worked through with and sanctioned (unanimously) by the Council this would constitute a breakdown in cooperation, and the solution of the particular issue would depend solely upon which section had the most power.

3. Following a successful ballot the shop-steward machinery was meshed in with the Council. Each of the five unions now had one of its shop stewards elected as a representative to the Council.

These measures have done much to clarify the roles and responsibilities of executives and of factory and union representatives. The Works Council also appears to have a clearer and more positive reason for keeping in touch with its constituency than was the case when it was simply an advisory body.

There is, however, no evidence of a change in the attitudes of the rank and file either in respect of the representative structure or in respect of their involvement in the work of the company. In a later published report (Brown, 1960) we still find reference to the persistence of 'the split at the bottom of the Executive System', i.e. between supervisors and workers. The first major report noted that workers and management often welcome consultative systems as much because these reduce the pressure on them to become involved in, and to communicate about, the day-to-day task as because they have any desire to cooperate in

the broader tasks. Brown returns to much the same theme. Concerning the wide discussion in Britain about joint consultation he states:

'I am impressed, for instance, by the oft-repeated view that the purpose of Whitley Committees, Joint Consultative Committees and Representative Committees of all kinds, is to enable workers to make suggestions about work to management. This, indeed, was the basis upon which the Government itself launched its campaigns for joint consultation during the war. Workers have good ideas which must be tapped; workers know things which need correction; they must have channels through which such matters can be aired. All this thinking is subconsciously postulated on a belief in the existence of the "split at the bottom of the Executive System". Why should peripatetic contact between high level managers and representatives achieve so much that daily and hourly contact between operators and their managers cannot do — unless there is a barrier at that level? Why has the immediate manager got to be by-passed in this way? Why cannot this knowledge be tapped through the Executive System?

Our inability to make more progress in overcoming this split throws a heavy burden onto the Representative System. So long as operators feel difficulty about raising problems with managers, these executive matters find their way into the Representative System. This means that we shall continue to get generalized complaints about pay (which may possibly arise out of the failure of the operator-manager relationship to agree about the pay of one individual only), or complaints about ventilation, tooling, etc. (which might readily be solved by an executive discussion), routed via the representative, instead of being dealt with in terms of the first-hand experience of the individual affected. Such complaints gather an unwarranted emotional pressure behind them when routed in this way, and make for difficulty in solving them on a rational basis.

There is a strong tendency to blame representatives for this situation. But I think management must take the responsibility for getting a solution, by making changes in the social structure which will bring about a different manager-subordinate relationship at the bottom of the Executive System.'

In conclusion, it seems that Glacier Metals has evolved an alternative to representation on the board. The managing director, instead of facing a single mixed board containing shareholder and employee representatives, is, in Glacier, confronted with separate bodies each of which is clear about what it represents, and he must try to steer a course that is acceptable to both. The same policy matters come before the workers' representatives on the Council as would come before them if they were on the board. In the former case, however, their role is perfectly clear and in no way compromised.

As the history of Glacier shows, its system works only because it has evolved an effective executive structure. The question is, then, whether such a structure is not also a prerequisite for the success of a system of representation on the board.

The basic findings of the Glacier studies are borne out in the published case-study of the Renold and Coventry Chain Company Ltd (Renold, 1950).

Like Glacier Metals this company is engaged in light engineering, and it has had to deal with much the same economic trends and a similar labour force. It is, however, somewhat larger. In the period reported (1916-49) its work force grew from 2,300 to 5,600. There has been no representation of employees at board level but considerable effort has been expended in creating forms and procedures for joint consultation at lower levels. The key lessons emerging from those thirty years have been summarized by Sir Charles Renold as follows:

1. *The need for the involvement of all levels of management*

As is so commonly the case, joint consultation at Renold's at first involved only top management and the workers. Middle and lower management (including supervisors) felt quite strongly that their authority was being undermined and their functions subverted. This stifled the growth of joint consultation because it is precisely at these levels that the most frequent and continuous contacts occur between management and workers. 'It is on the quality of these contacts that the tone of the works community most directly depends' (ibid., p. 107).

2. *The need for a unified management*

Referring to the early difficulties, Renold stressed that, because all levels of management had to be drawn in, it was essential that there should be a management policy and that this should be shared and understood by all. 'That experience underlined a further lesson. This was the necessity for Management to be at one within itself before it could usefully engage in consultation with the workers... If joint consultation with the workers is to be something more than an evanescent *tour de force*, it must be firmly based on a unified Management' (ibid., p. 107). Judging on the evidence over the thirty years, Renold felt that the pressure towards joint consultation had been a major reason for the creation of better management (ibid., pp. 118-19).

3. *The need for a higher calibre of supervisors*

Renold's found itself under pressure from both sides to raise the standards of supervision. The supervisors the firm originally had were simply not up to the task of dealing with the workers in the new relationship of mutual respect that was presupposed by joint consultation. Higher management personnel found themselves too frequently in the dilemma of having to decide whether to back up a supervisor for decisions that they felt to be intemperate and ill-advised. And the unification of supervisors with the rest of management also required a higher calibre of man. (This finding is not surprising. Studies by Ghiselli and his colleagues have shown that it is quite normal in modern industry for supervisors to be no more intelligent or gifted with initiative on the job than the persons they supervise. In these matters the biggest differences lie between supervisors and the higher levels of management.) Systematic selection, training, and promotion policies gradually resolved these difficulties.

4. *The need for an efficient personnel department and a labour policy*

Once management had accepted that the interests of the workers were subject to joint consultation, it became essential for the firm to have a labour policy and, as Renold states, 'to deal ad hoc with labour relations as a succession of emergencies is not a

policy' (p. 107). The personnel policies were decided by management or agreed by negotiation. A personnel department was created to oversee them and to provide whatever special services were needed to carry them out (e.g. selection, work reviews, and advice about existing policies). Detached in this way from making and negotiating policy, the Renold's personnel department came to be consulted by both sides and was used as a major informal clearing-house for matters that would otherwise have gone in their 'raw' form to the joint consultation committee.

5. *The need for joint consultation to involve real work*

Joint consultation had to be concerned with things that really mattered. The first experiment in joint consultation (undertaken during and after the First World War) centred on welfare matters. After three and a half years it came to grief. According to Renold (p. 109), this was because what was being done in consultation was little more than what management was anxious to do anyway: 'It took no part in any vital decision'. The workers and their representatives felt that the things that really mattered were being decided elsewhere.

6. *The need for trade union involvement in joint consultation*

'Effective consultation only began when the Shop Stewards Committee was accepted as the mouthpiece for the workers *for all purposes*' (ibid., p. 110). The shop stewards were the official trade union representatives but they also agreed to be elected as representatives for all the workers in a department, whether trade unionists or not. This development proved to have very obvious advantages for the success of joint consultation and hence, although a little irregular, was sanctioned by the Amalgamated Engineering Union.

7. *The need for clear recognition of the difference between negotiation and consultation*

As Renold sees it, the joint consultation meetings were largely concerned with what were actually negotiations. '"Negotiation" implies that there are divergent interests to be reconciled' (p.

111), and the failure of the early form of joint consultation came about because 'it did not in any sense negotiate with the management on behalf of the workers' (p. 109). This did not, of course, exclude a good deal of proper consultation with all that that implies in terms of common shared interests.

In assessing the company's experiences with joint consultation, Sir Charles Renold refers to much the same results as were achieved by the Glacier Metal Company: 'A general atmosphere of mutual personal respect between the leaders of the workers and the officials of the management'; 'a reliance on constitutional procedure with a consequential absence of alarms and excursions'; and 'an atmosphere of stability and a general "sense of belonging"' (ibid., pp. 117-18). There is, however, no claim that the rank and file have been effectively interested in the processes of joint consultation, let alone involved in effective consultation on the job: 'A difficulty for which no entirely satisfactory solution has yet been found, is that of getting across to the general rank-and-file the result of the meeting with the Management and an appreciation of the problems under discussion' (p. 111).

An important source of confirmation of the findings of these case-studies is a survey done by the National Institute of Industrial Psychology in 1952. This survey involved a nation-wide questionnaire (answered by 751 establishments, each with more than 250 employees) and more intensive interview-based studies of 157 factories. The data clearly showed that joint consultation was unlikely to succeed (i.e. to tackle and contribute to the solution of problems in the firm) if:

(i) middle and lower management were excluded from the process (NIIP, 1952, p. 76, pp. 235-6);
(ii) there was an absence of inter-management consultation (pp. 237-8);
(iii) the personnel department was weak (p. 98);
(iv) the shop stewards and trade unions were ignored (p. 88, p. 211).

In many firms these mistakes had been avoided or corrected. Nevertheless, the record of 'real work done' was generally low in the area of production problems, which is the area most directly associated with the objectives of the firm.

The overall picture indicated that less than one-third of the workers showed interest in joint consultation (ibid., p. 154); and again:

> '...the large numbers of the rank and file of the workers knew little about joint consultation and tended to be apathetic about it unless it happened to be dealing with something of immediate concern to themselves...a very large number of workers tended to regard joint consultation mainly as a means of airing their grievances' (p. 211).

From its own analysis of the evidence, the National Institute of Industrial Psychology concluded:

> 'We would emphasize then, that *the first requirement of joint consultation so far as the worker is concerned, is the development of the consultative relation in the primary working group, between foreman, chargehands and operatives* [our italics] and that, provided the foreman is given adequate training and authority, it is at this level that conditions will be created in which workers will be enabled to resolve their personal problems constructively, to find satisfaction in their work and to increase their motivation, sense of responsibility and the desire to co-operate' (pp. 218-19).

> 'We would not suggest that such consultation should be regarded as a substitute for formal systems at higher levels and over larger groups, but rather as a prerequisite to the achievement of effective results on wider issues' (p. 220).

CONCLUSIONS TO THE EUROPEAN STUDIES

These case-studies have shown a range of alternative solutions to the problem of representing the employees' interests at higher decision-making levels of the firm. Three major forms stand out:

1. *Vicarious representation on the board*

An example in this category would be that an ex-trade unionist on the board may be felt to represent the workers even though he is not formally charged with doing so. He has, however, had experience as a worker and presumably feels much the same way about things as they do.

We have found this form of representation in British nation-alized industries and in the German concept of the labour direc-tor. The British have been quite explicit in ruling that such an ex-trade unionist is first and foremost a member of the board.[1] The benefits, if any, for the workers are expected to come from the fact that the board would be stronger, less likely to antago-nize labour unwittingly, and more skilful in winning the cooper-ation of labour for its own ends. The results in British national-ized industries have not been impressive, but in any case they would be less relevant to the problem of industrial democracy than to the problem of creating progressive management. It is difficult to believe that the German experience with labour directors adds up to anything more — that is, an improvement in management, and hence in industrial relations, by giving greater prominence to the personnel side.

2. *Direct representation on the board*

This model is found in Yugoslavia. In this case the firm's employees have their representatives forming a majority on the governing board. Apart from the representatives' lack of edu-cation in board matters (which is probably a greater problem in Yugoslavia than in most Western countries, but would always exist to some degree), this situation is almost optimal for trying out the effectiveness of employee representation. However, Kolaja's data show that the representation failed to provide any clear and simple solution to the problem of reconciling the immediate pressing concerns of the employees and the economic require-ments of the enterprise. This difficult and persisting problem was apparently no easier to solve just because both sides were directly and jointly represented on the board. In fact, Kolaja's evidence suggests that, quite apart from external government and party pressure, the forces in the situation favoured the representatives throwing their weight behind the economic requirements of the enterprise (e.g. they allowed management to play the dominant

[1] By 1966 there was a move by the British TUC to reconsider representa-tion at board level; see its recommendation to the Royal Commission on Trade Unions and Employers' Associations. In June 1967 the Labour Party's *Working party report on industrial democracy* recommended imme-diate experiments in the public sector with workers' representatives on boards.

role) and attenuating their contacts with the rank and file (representatives tended to be the 'more responsible' skilled and supervising workers and to have much more favourable attitudes towards the firm). Representation also failed to create any special sense of loyalty and commitment on the part of the rank and file. The attitudes at different levels were not markedly different from what one would find in most industrial plants in Western societies.

3. *High-level representation other than on the board*

This type of representation appears in two forms. In one, we find workers' representatives on bodies which, like the Norwegian boards of trustees, act to sanction, and sometimes to appoint, the boards of directors. Some Germans have seen merit in their system of employee representation on supervisory boards. Perhaps the most relevant comment here is that when this scheme was first put forward it aroused concern in management circles because of its threat of control and intervention; after experience with the system, management is relieved to find that its powers have not been effectively constrained.

The second form of high-level representation is that of the Works Council, as adopted by the Germans and by Glacier Metals in England. The work of these Councils impinges so easily on trade union matters that their relation to the unions is critical. At the same time they are able to extend greatly the range of matters that can be negotiated and discussed with management. How far this potential can be realized is another matter. Glacier Metals has striven over the last twenty years to foster the involvement of the Works Council in key policy matters. The lack of management experience on the part of most representatives has been an obvious and persisting barrier, but the most serious difficulty has been the continued 'split at the bottom of the executive chain'. The employees' representatives find it hard to draw their constituents along with them and easy to enter into collusion with a progressive management.

In this brief assessment of European experiences we have deliberately judged the different systems against two rather harsh criteria, namely, whether real managerial power has been distributed, and whether the rank and file of employees have been

drawn effectively into the exercise of this power. The use of these criteria is justifiable because they are usually claimed to be essential to the achievement of industrial democracy, and it is the contribution of the various systems to industrial democracy that is our primary concern. Nevertheless it must be borne in mind that because the systems described do not measure up well on these criteria does not mean that they have not made a valuable contribution to industrial justice and to creating an atmosphere of security and mutual trust within which conflicts can be negotiated and separate interests brought into alignment.

These systems seem to be valued by the workers as at least a gesture in the right direction, even though they might not seem to achieve much. Where Works Councils are actively dealing with issues as they arise, there is a feedback to management such that 'although the resultant feeling may be that we are in continual trouble, the fact is that we never really reach a stage of open hostility and breakdown' (Brown, 1960, p. 211). The Yugoslav system also appears to provide such a feedback in the very difficult situation where many of the employees are new to industry and little able to appreciate the economic limits within which conflicting interests have to be settled.

The Behaviour and Role of
Employee Representatives
on the Boards of Companies

Norwegian industry offers a wide range of experience with joint production committees and the like, but public interest, and our own, was centred upon experiments involving direct employee representation on boards . Here was a very clear and unambiguous attempt to realize industrial democracy. Under an Act passed by the Norwegian Storting (parliament) in 1948, the large industrial concerns owned or part-owned by the government had to appoint an elected workers' representative to the board. There were five of these companies and they collaborated fully in our project, which involved extended interviews with board members and representatives, and an analysis of board minutes.

In this chapter we present those findings that seem to indicate the forces that generally act upon an employees' representative. We have sought to avoid: (a) the kinds of bias that so readily enter into selection from extensive qualitative data, (b) the depiction of behaviour that is idiosyncratic, and (c) anything that, if disclosed, might harm the business interests of the company. Avoidance of bias was the only real difficulty. There were instances, since 1948, of idiosyncratic behaviour but these were easily identified as such. The business interests of the companies were rarely involved in the critical events that highlighted the problems of representing employees at board level. Usually these interests involved company-employee conflicts that were little different from those that plagued their competitors.

In the course of our studies we naturally had to consider the functions of a board of directors. Only by doing that could we start to appreciate the other side of the question of employee representation, namely, whether it was dysfunctional for the company. Our conclusions about board functioning could not be

derived from the limited body of data yielded by five Norwegian companies, each either wholly or partly owned by the government. For these insights (*sic*) we had to turn to the general body of literature. While our notions about board functions are crucial to our conclusions they did not determine our observations. We have, therefore, presented the generalizations from our observations first and only then, in the following chapter, have we discussed the theoretical framework — a framework that we think is properly grounded in international experience and that seems to make sense of the Norwegian cases.

The relevant data from the Norwegian firms can best be mustered by means of posing, and trying to answer, two main questions.

1. *Who has put the representative on the board and to whom is he responsible?*

In all the firms studied it was the owners who put the representatives on the board, at least formally. When a company was owned completely by the government, the government appointed the board member; otherwise a joint body representing the owners made the appointment. However, in no case was an appointment made before the trade unions had been consulted.

When a worker or a representative of workers became a board member in any of the firms we studied, it was always because the trade union wanted him to do so. As it was expressed by one workers' representative:

'The union had asked to be represented because we anticipated that it might otherwise be a typical Oslo board,[1] and when representation was accepted, it was probably felt that we ought to choose someone who had some position in the union, and I had at the time.'

When a white-collar worker becomes a representative, it is not quite as simple as that. As one of the salaried employees said:

'Well, to be a representative of salaried employees, when there are so many different organizations and different interests, is

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[1] We failed to get this reference explained. It probably refers to the practice of recruiting to boards the odd tame, ex-union, ex-Labour Party man.

bound to be difficult, as you yourself are used to being attached to one particular organization. So, obviously, you are facing some difficulties.'

In this case it is not at all clear whom he is going to represent, although it is quite clear that different groups would like to be represented from different points of view. The same representative adds:

'The main thing is to take part in board meetings and try to voice the point of view of the employees. I tried to do this, but it was difficult because they hold such widely different views on many matters. Furthermore, you soon find that the employees' point of view can't be reconciled with the view held by those who lead the company.'

A trade union leader may also be something more than a trade union representative when he is on the board:

'I am appointed by the government, and I must look after government interests.'

It should be noted that in this case the government is a major shareholder and hence the role difficulty here is not that of representing an employee group but a more general one of whether the delegation from the shareholders is to the board as a group or differentially to the individual members. A board chairman will usually press for the former position, but in the case of large institutional investors this is not easy to maintain.

Whatever the procedure may be, in the firms we studied it is quite clearly the unions that have the major influence upon the selection of workers' representatives to boards. This does not necessarily give the representative himself or the board any definite idea of who is going to be represented; nor does it define what kinds of interests or values the representative is going to protect or promote.

When a member comes on the board as a representative of employees or the union this means that one particular interest group outside the company has been admitted to its board. The logical consequence would be that other interest groups (e.g. shareholders, consumers, suppliers) would demand representation and the board would become a forum for negotiations. A policy that could form the basis for company negotiations with other

interests would thus have to be worked out in some other forum — or alternatively no policy would be searched out and worked out, and top-level decisions in the company would tend to become a matter of opportunistic compromises between the interested parties. This would be a threat to the company as such, endangering its ability to maintain optimum job security, a favourable position in the market, etc. It is interesting to note that Raufoss (one of the five companies studied — see Appendix I) was described, by most of its board members, as having been in just this situation during the period of its transition from being a munitions factory under the Department of Defence to being a competitive light engineering company. It is symptomatic that a representative of the Department of Defence was at one time quite appropriate as a member of the firm's board but, with the transition, his presence raised serious problems with regard to competitive bidding for Department contracts. The presence of such a representative made it difficult for the management to bring matters like pricing to the board for policy discussion and decision. (The company is now competitive with other companies for Ministry of Defence and NATO contracts.)

One would expect a board to fill a vacancy with someone who was able to supplement its members' abilities and thus improve its performance of its functions. This was not what happened when employee representatives came onto the boards in the companies we studied, although there might have been informal contact between the company and the 'owner' regarding the selection of one among certain possible candidates. When we asked board members what sort of people they would like to have on their boards when the time came for some new appointments to be made, all of them indicated a preference for people with wide industrial and commercial experience, who could contribute to the economic security and growth of the company and to constructive policy formulations. Only in firms where a personnel policy was lacking, or was seen to be unsatisfactory, were arguments put forward for having trade union or employee representatives on the board, to make it more qualified to do its job. When the case for such representation was made in terms of its possible function of keeping employees and workers informed, it was pointed out that the required information should in fact come through management channels.

2. *How does the board shape the role of the representative?*

The chairman and other board members meet the new member with respect, but also, as might be expected, with a certain reservation. In some cases the chairman stated straight away, and quite explicitly, the terms according to which he expected the representative to act as a board member:

> 'In the first meeting I was told what kinds of matters we would be dealing with on the board. They would be mainly the larger matters, not personnel ones...It was a bit difficult to be faced so soon with major decisions that had to be made in the interests of the company.'

In other cases nothing was said, but gradually the representative was given a sense of the role that he would be allowed to play:

> 'Nothing was said to me in the first meeting except that the chairman welcomed me as board member...He showed confidence in me from the start. The board might discuss matters in which I could not, as a worker, be unbiased, but the chairman would say: "It's OK, Mr N.N. will not talk outside the board."...The way you do a job like this depends so much on what kind of person you are. Some people will jump at it, whatever it is. Some are more careful. I prefer the latter approach, to wait and see how things develop.'

Even though a representative feels that he is met with friendliness, he knows that the board as such has not expressed any desire to have him appointed. All the other board members have a different background from his:

> 'At first I thought that coming from the shop floor would mean that I would just be sitting there, meeting the others who had a completely different background. I was a bit afraid of this — that it would be difficult to understand things and make myself heard...And I must say I often felt that it was a difficult task to be on the board having to make decisions that made you go right against what you were there to represent — you had to look at things from the company's point of view. There could be situations where you had the body of workers on one side; but then you had to look after the interests of the company, and these could often lie in the opposite direction...'

There will naturally be an initial period in which the new representative on the board will wait and see, and will take a neutral position as far as is possible, although he has been told — or knows without being told — that he cannot act as the representative of a particular outside group. As one chairman said:

'I told them [the representatives] very plainly, the first time I saw them on the board, that now they are board members and have to act as such. They are not trade union men.'

All the board representatives who held formal positions in the trade unions, in which they would be in a bargaining position with the company, resigned from their union office:

'I was a chairman in our union when I came on the board and I saw immediately that I had to give up that job.'

'They [as members of the board of the company] had their organization and I had mine. When I became a board member I left my union position.'

It is of interest that these men arrived individually at a conclusion that is drawn as a matter of principle by the British trade unions. These and similar statements came from all the representatives. But this does not mean that there was no contact with the unions. Raufoss (a government- owned ex-munitions plant) was the firm where there was the most frequent and the closest contact between the unions and the representatives on the board, and this was largely informal. As it was explained by a trade union official:

'He [the representative] will most often come to me when new projects come up on the board. There will often be many aspects that I know better than he does...But we discuss things objectively. I never say to him, "This is the way it's going to be". He must be free. New aspects of the problems may come up on the board that neither of us is aware of.'

In another company, where a former top official from the central trade union was a member of the board, a local trade union officer explained:

'We have little contact before or after board meetings. All we do have is through the trade union man who has been on the

board, but even with him it is very slight. He is here for so short a time. The main contact has actually been about pensions and the arrangements for medical care.'

In fact, people who were in top positions in the unions said:

'We don't think it is so important, and in some cases it is actually a disadvantage, to be too closely related to the problems of the shop. A man who comes from the company itself will tend to look at everything from that company's point of view. He will not have a broad enough outlook on the problems that the board has to face.'

In the two companies where the representatives did not come from within the company, but from union headquarters, they fairly quickly accepted their role as board members. They tended to see no problem in their relation to the union. The time they needed before they took an active part as board members was largely a matter of how well qualified they felt to take part:

'I preferred to wait and see. Then naturally it was particularly social problems, pensions, housing, etc., where I felt most qualified to take part...

Gradually I took part in all sorts of discussions, but especially over problems that had to do with working conditions and relations with employees. Of course I had to see everything in relation to the company as a whole. I found it particularly important to take up pension problems.'

One of the representatives expressed the view that it would have been 'easier' for him if he had not been alone as a representative on the board. At Raufoss, where there are in fact two representatives, it appeared to take some time before they sorted out some role confusion:

'I think that we had some confusion here in the early 'fifties among representatives on the board. In some cases it [the representation] was used as a sort of extra channel from the trade union to the board, and it was not easy to stop this...He [the chairman] had to make it quite clear to them, that on the board they were board members.'

When the representative indicated that it would be 'easier' if he were not alone, he probably meant easier in the sense that he

would not have to change from being a trade union representative to being a board member. It is interesting to note that it is only in the firm where there are two employee representatives, namely in Raufoss, that we find a regular turnover in representatives. One board member explained the attraction of the scheme thus:

'To come on the board means for a worker a way up and out.'

So it is that the introduction of a representative onto the board takes place in such a way that he finds himself under pressure to become a 'regular' board member. He cannot at the same time be a trade union official. Nor is he allowed to be a representative who can take up personnel problems regarding particular employees. Such problems are referred to the personnel department or to the managers.

All the board members were agreed on these principles, and the representatives generally observed them. They did not always find it easy to do so, and this was understood and appreciated by other board members. When conflict situations arose between the company and its employees or their union, it seemed to be *not* as board members but as trade unionists that the representatives had their difficulties.

Several references were made in our interviews to occasions when representatives had been told explicitly that some board problem would have to be discussed when they were not present. There were other occasions when the representative had been present, but had himself realized quite clearly that he could not take part in certain decisions; and in yet other instances he had been told explicitly that he could not participate in discussion or decision-making but that he could be present because the board trusted him not to pass information to anyone outside. This did not happen only to representatives of workers or staff. The same principle was applied to board members who held a position in an organization that was selling to or buying from the company.

The resultant forces in the situation we have explored tend to push the representative into the role of an ordinary board member. On balance it is easier for him to avoid playing the part of a representative than to play it. Furthermore, his constituents seem less active in pressing for allegiance to their interests than are the other members of the board in asserting its requirements. Examining the evidence of those who have occupied this role,

we find that they have generally changed their outlook towards that of a board member and have tended to find participation easier the further they have developed this outlook.[1]

Because the balance of forces favours them, the other board members usually find that they can keep to a tolerable minimum the activities of representatives on behalf of outside interest groups. This they do by excluding the element of negotiation, and by discouraging or ruling out-of-order efforts to bring up the problems of individual workers or other matters that are within the personnel function of management; or at least by minimizing the leakage of relevant information to outside bodies.

[1] This kind of role conflict has received a lot of attention from social scientists. The position of the employee representative can be represented as in (a) below. Such a structure is inherently unstable (see Heider, 1959). By attenuating his trade union relation (b) the representative gets out of this double bind. The other solution would be to fight the board.
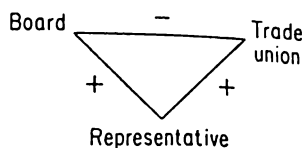
(a)
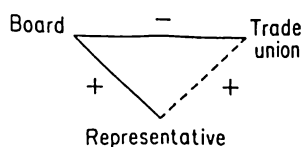
(b)

The Functions of Boards and the
Role of Board Members

The evidence presented in the preceding chapter is not by itself conclusive. It might still be argued that, despite the difficulties of the representative's role and the failure of these five firms to solve them, it should be possible to discover ways in which the representative could serve his electorate, for instance, by:

(a) Using his presence at board meetings to communicate employees' views and requests to the board and feeding back relevant information to the employees.

(b) Using his rights as a full voting member of the board to influence its decisions in a way favourable to the special interests of the employees.

However, boards have their own functions and will not in practice be able or willing to accept all communications that people (even management) might wish to make to them. Similarly, the concern of boards with the overall position of their companies (indeed, their responsibility for this) will make them unwilling to tolerate what they feel to be excessive emphasis on just one aspect of that position.

Boards differ greatly from one another, whether one looks at their behaviour (the things they consider and decide upon) or at their structural arrangements (composition, relation to shareholders, relations with management). The variety of models, and particularly the historical shifts in structural arrangements that have accompanied the decline in family ownership and management, have made it difficult for social scientists and lawyers to grasp the persisting functions of boards. Perhaps the most serious mistake made in this connection has been that of equating

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management and board interests, either by regarding management as a simple extension of the board (as tends to be done in economic theory) or by regarding management as the fullest embodiment of the company (as in modern writings about 'management trusteeship'). More recently, theoreticians have been prepared to start from the notion that management and the board each have their own special functions (see Mason, 1959, and Donaldson, 1963). The many differences between boards become less perplexing and in fact understandable if one proceeds in this way, and, in particular, if it is recognized that the differences in function are related to the shape that company capital may take at any given time. On the one hand this capital has a general form in which it is at least potentially capable of commanding a wide variety of resources, techniques, etc. for the production of different kinds of goods or services for different markets. At the same time some, at least, of the company capital is invested in concrete forms such as land, buildings, plant, labour, sales outlets, etc., which are geared to particular products for particular markets. These two aspects coexist regardless of whether the capital is state-owned or private. However, the relationship between them varies greatly as a company has more or less opportunity, or more or less freedom, to shift its investment or to benefit from interest rates. Variations in these conditions will tend to affect the relations between management and board.

At one extreme, where capital is tied to a single market by government stature or by the historical involvement of a family with a certain product, the board may, in effect, have no real function to perform. At the other extreme, where there are speculative takeover operations, the function of management may be relatively nullified.

These are very general points, but then we are less concerned with explaining the observable variations than with examining the general characteristics of boards that will influence what an employee's representative can do. The relevant implications appear to be as follows:

1. *The board tends to be functionally distinct from the management.* Even if the board is made up of persons drawn from management, the assumption is that as members of the board they have certain special responsibilities over and above those they carry as managers. Varying degrees of difference can be observed

between boards and their managements. Some companies have very weak boards in the sense that they practically rubber-stamp management's proposals; others have very strong boards. Nor does this difference seem to be simply a matter of human failing, because some companies appear to be well served by a weak board whereas others seem to flourish because of a strong board. As we have suggested above, companies may in different circumstances have different needs for the functions served by boards.

2. The primary function of the board is to conserve and ensure the growth of the company capital per se.
This means that the board of a company is charged with seeing that the capital of that company is being *wisely* used. The obvious criterion here is the return being earned on the capital, but the wisdom lies in judging the relation between present usage and alternative possibilities, past usage and present, present and future usage. The decisions about these matters are very much constrained by the particular material form that the capital assumes — the technology and skills of the enterprise, and the state of the markets that serve it and are served by it. The return that is earned or may be earned depends to a large extent on these material factors; nevertheless, these factors and their manipulation are but some of the conditions governing the conservation and growth of the company capital. No matter how closely a board concerns itself with any single factor it does not fulfil its primary function if it fails to take into account *all* those that are known to be relevant. This primary function may even require the board to seek liquidation of the company in its present form.[1]

In so far as capital implies access to and control over social resources,[2] the board of a company will find itself confronted by

[1] It is important to note that this function seems to be required in any modern industrial society (see Mason, 1959, for relevant discussions of the question as it emerges in the United States, the United Kingdom, and the Soviet Union). In the earlier centralized forms of Soviet industry board functions tended to be located in the central ministries, with consequent difficulties for managers. More recently, some of the board's functions have been located closer to the firm (see Granick, 1954).
[2] As Cavins observed in his *Law and the social sciences* (1935), property is essentially a triadic relation: 'A owns B against C where C represents all other individuals...' (p. 59). Tawney, the social historian of nineteenth-century England, observed the psychological temptation to see property

social and political forces that limit its freedom with respect to what it can do with this capital and how it can seek to conserve or develop it. These constraints can touch upon just about every condition that is relevant to the conservation and development of capital (e.g. patent laws, import-export regulations, consumer protection laws, weights and measures, standards regulation, insurance, safety, labour conditions, pollution).

3. *A board will tend to insist that its members, as members, shall be primarily concerned with the function of the board, i.e. the conservation and growth of the company capital. Their presence on the board is justified only in so far as their competence contributes to achieving optimal conditions of security and growth for company capital.*

These conditions include such general factors as an efficient management, the market that the company is in or moving towards, and alliances with other capital or borrowing of capital. The board function, however, is not exercised in a social vacuum. In certain circumstances the board might be concerned with the political and social conditions that give it the freedom to decide these matters.

4. *The board is the only body that is properly placed to make these decisions. Management is primarily concerned with the efficient operation of the concrete resources at its disposal and with the efficient exploitation of the markets that the firm is thus equipped to enter.*

The optimum conditions for achieving these ends do not necessarily correspond with the conditions that are optimal for the conservation of capital. Thus the same capital might be more secure or might grow more rapidly if it were redirected into a different region or industry, even though this entailed writing off some current investments and existing capabilities. Similarly, it might be better to introduce much more capital, because it was available at a low cost, even though the level of efficiency in utilization would be lowered as a result.

In the cases we have explored it seems that management, when it has influence at board level, will tend to defend its autonomy against board members who are not part of management.

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as an A-X relation in which property is related to the owner in the same way as a creation is related to a creator. See also Hallowell (1954).

On the other hand, management will, because of laws and regulations, and because risks and accountability are involved, tend to secure board agreement in crucial decisions, i.e. decisions regarding capital conservation and growth. This procedure will tend to clarify the major tasks of management and of board members and their corresponding roles in decision-making. Lack of clarification and role confusion are likely to appear when the board is largely an extension of top management, e.g. when a majority of board members are top executives. However, if the firm is widely diversified in its products and markets, a board of managers will tend to be very conscious of 'investment questions' and less likely to confuse its management and board roles. Conversely, a family firm may experience confusion if the family is not only dominating the board but also scattered through management. Such confusion will tend to be even more profound if the family has a historical commitment to a particular concrete set of productive capabilities.

5. *A board will seek to possess the skills that are critical to decisions about the security and growth of its capital — unless, as in some technical matters, there is little risk, and hence little personal judgement is involved, and, in addition, the required technical abilities are present within the management.*
If the management is for one reason or another deficient in some of the required skills, then the board may be unable to delegate responsibilities in these areas. On the other hand, if the board is deficient in some of the skills it requires, the management may abrogate to itself powers that should be exercised by the board. In cases where the board's potential freedom to shift its capital is severely circumscribed (as, for instance, in public utilities) there is little difference between the concrete form of the capital and its general form, and hence little difference between what the board must do and what management must do. In such cases, management will be well equipped to make most of the decisions required for the conservation and growth of capital.

6. *Until the board clarifies and agrees upon its own interests in a situation there is no basis for negotiating a company policy that will effectively relate company interests (i.e. interests flowing from the requirements of capital as capital) and other interests (such as those of other companies, labour, consumers, government).*

It is therefore necessary that members of the board act together to explore and clarify the interests of the company, and do not act on the board as representatives of any other group to which they may belong. In so far as they do act as representatives of some outside group, they are in effect forcing negotiations about company policy before there is a proper basis for such a policy, and, to the extent that they successfully follow this line, the resultant policy is a reflection less of the requirements of the company than of those of the outside group. This is generally true, regardless of the particular outside bodies concerned, whether employees, trade unions, or shareholders.[1]

7. *If the board's function is as stated above, then the shareholders stand in a special relation to the board. The relation is one of delegation of powers and responsibility from the shareholders to the board. With all other groups the relation to the board is essentially one of negotiating their separate interests.*
The relation between the shareholders and the board, like that between the board and management, may vary considerably, depending upon variations in the delegation of power and responsibility and upon problems of the abrogation of power.

From the above it would seem that a board has functions and responsibilities that make it difficult for it to accept as members people who represent outside interests, even though these interests are related to its own. This situation may not, however, constitute any great obstacle to the pursuit of industrial democracy, for two good reasons:

(a) The general arrangements for economic democracy, and the strength of the trade unions, can make it mandatory for boards to relate their company interests to the social interests and welfare of their employees.

(b) The decisions that relate most closely to the interests of the workers may be made at a lower level than the board, at the various levels of management.

[1] This is a constant source of confusion to students of board functioning. They are impressed by the widely divergent interests that a board must take into account and fail to see that what uniquely defines board decision-making is the convergent structure that arises (hopefully) from considering these influences in terms of conserving and expanding the capital of the particular company.

Conclusions

The examination of the Norwegian firms brings into sharper focus some of the issues that emerged from the study of experiences in other European countries. In particular, there is a clear distinction between areas involving negotiation and reconciliation between different but related sources of power (as when trade unions exercise their power in negotiations for the interests of employees), and areas that seem to involve the sharing of power.

A necessary condition for the continued sharing of power is that there must be agreement on means and goals that are reconcilable with each other. If in the extreme case the power is used for contradictory and mutually defeating purposes, then the basis for sharing will almost certainly be disrupted. Effective sharing does, of course, require more than the absence of contradictory ends or means; it would seem to require that the various ends and the various means be mutually supportive. Moreover, if the sharing of any source of social power is not to be disruptive of other parts of the society, then it must go hand in hand with the sharing of responsibility.

When we look at the behaviour of employee representatives on Norwegian boards, it becomes clear that although they share legally in the power of the board they find it very difficult to see how to use that power in ways that are in accord with the usual board purposes and at the same time make a direct impact on the working life of their constituents. The power of the board relates to, and is appropriately used for, the economic prosperity of the firm. Most of the known and obvious ways of furthering employees' interests at board level involve an increase in labour costs, with no guarantee that this will be offset by economic gain for the company, or they involve interference in the mana-

gerial execution of board policy which a board will be naturally reluctant to permit. The possibilities for jointly furthering the interests of the employees and the company seem to be more in the power-field of the manager than at board level. In consequence, the representative finds himself in a position where he can do only one of the following:

(a) He can work along with the rest of the board, hoping that increased prosperity for the firm will result in greater job security and increased rewards for the employees. In this way there can be a genuine sharing in the power of the board, but this will be due to the member's personal abilities and does not depend upon his being a representative of the employees. The responsibility that the representative assumes when he acts in this way is a responsibility to the board.

(b) On issues that concern employee interests the representative can, in line with the preceding alternative, act as a member of the board who happens to have some information about the temper of the workers and so forth, which might help the board to decide on its strategies. If, however, he decides to stick to his role as employees' representative, he will find himself negotiating for the greater fulfilment of their interests against the interests represented by the rest of the board. This attitude could not be pushed far without involving, explicitly or implicitly, the power of the employees *vis-à-vis* the company.

Quite apart from any other consideration the critical point for our analysis is that such employees' power is independent of, and external to, the board's power. It arises from the qualities and needs that the workers bring with them to the job and, unlike the power of the board, it is not intrinsic to the organization of production. Thus, when this sort of behaviour occurs on boards, it has very little to do with democratic participation in the powers of the board, but a great deal to do with the trade unions' efforts for industrial justice. The representative who exercises his powers as a board member in this way is at the same time asserting that his primary responsibility, at least on these matters, is to an external group, not to the board.

Over and above either of these lines of action the representative may, for example, take it upon himself to seek redress for an injustice that seems to have been done to an individual by the

way policy has been executed. In this sort of case a representative is not ordinarily seeking to do more than work with the board to prevent the misuse of its powers. However, these matters are generally delegated to management and are not the sort of thing that a board feels it can usefully work on. In practice, representatives tend to learn that such matters lie outside their role on the board.

Thus we are suggesting that in the designing of these representative systems there has been a failure to distinguish clearly between the industrial power that is exercised by boards and management, in which employees wish to share, and the power that is exercised by employees (e.g. to withhold labour), which they seek to use more effectively. When people talk about industrial democracy they are usually referring to the sharing of managerial power, but when they come to the practice of industrial democracy they tend to assume that steps to increase the effective application of their independent power (and hence their ability to get what they define as a fair deal) will automatically lead to a greater sharing of managerial power (and presumably responsibility). In the cases we have examined there is no evidence that this happens.

If this distinction is kept firmly in mind it is possible to sum up fairly succinctly the lessons emerging from the above examples, and at the same time to avoid some of the prevailing confusion:

(a) There seems to be a case for *extending the area of negotiation* within the firm. Works Councils and the like are potentially capable of handling a large number of problems as they arise in the concrete work setting. These problems might otherwise remain unresolved and create bad relations, or they might be translated into some other more difficult problem so that they could be handled by the existing trade union organization.

The general experience is that these benefits of representational systems can be realized if they are matched by an effective management.

In general, management must recognize that the success of an enterprise depends upon how it works as a socio-technical system, not simply as a technical system with replaceable individuals added to fit.[1] In particular, management needs to

[1] This has been formulated as the principle of joint-optimization. Briefly, this states that the objectives of an enterprise are unlikely to be best met by

have a personnel system that keeps it informed of the needs and conditions of its employees and makes it possible for management to exercise some initiative in these matters and thus demonstrate its sincerity and goodwill. Furthermore, management requires an effective appeals system. Without this the work of the representative (cum negotiating) system will be too easily disturbed and distorted by individual cases.

(b) In so far as industrial democracy means more than extended negotiations and consultations, there is a need for the transfer of some real managerial power to the employees. It is difficult indeed to see how this sharing can be started at the top — at board level. If democratic participation is to become a reality, it seems inevitable that it must be started at a level where a large proportion of employees are *both able and willing to participate*.[1]

The problem of creating industrial democracy seems in fact to be inseparable from the problem of 'the split at the bottom of the executive chain', which has plagued all attempts to create effective representational systems. Fortunately, this 'split' does not seem to present an insoluble problem. Holter's recent survey of the attitudes of Norwegian workers (see Appendix VI)[2] confirms the findings obtained in other comparable democratic societies, namely, that the majority of the lower grades of industrial workers (a) feel that they could cope with more responsibility in their daily work, and (b) want more such responsibility. Industrial experiments in the United States, the United Kingdom, and India (in engineering, coal-mining, and textiles) have shown that the democratic sharing of managerial power at this level can be stable and effective because it furthers the ends of both employees and managements.[3]

In these last remarks we would seem to have forgotten the skilled workers and functionaries. This is because the evidence

[1] See Appendix VI and, more generally, Tannenbaum (1966).
[2] Full details of the findings are presented in Holter (1965).
[3] Reviewed in Emery (1967).

optimizing conditions for either the social system or the technical system at the expense of the other. The best fit between the two systems, and the best performance, are likely to involve less than the best possible conditions for both systems.

suggests that 'the split at the bottom' is not only a problem involving the employees at the bottom but also a major factor constraining any development of democratic work relations for these other levels.[1]

[1] See p. 64 above for an identical conclusion in the survey done by the National Institute of Industrial Psychology in 1952.

Approach and methods of Phase A
of the Participation Project

The study of employee representation on boards in Norwegian industry raised a number of research problems. On the whole little research is done in this field. One might also fear that the political aspects of a research project of this kind would make it difficult for people with first-hand experience to express their opinions openly to the research workers. In fact problems of this nature did not arise. In no case were we denied information that we asked for — even though some of the information had to be treated confidentially, e.g. reports and minutes from board meetings. When we received information on matters in respect to which personal or political points of view were likely to be introduced, we were quite free to check the information with people who held different views. Indeed, we were encouraged to do so.

An extensive statistical survey of attitudes to employee representation on company boards did not recommend itself as a realistic alternative, since only a handful of Norwegian companies have introduced such a system. And those that have tried the sytem differ in many respects. If we had found that it seemed likely that a large number of employees had experienced real contact with what goes on at board level, a survey of opinions among employees might have been of interest. However, experience of this kind was not found to any significant extent in the companies we studied. A survey of attitudes towards increased employee participation on a general level was made by another social scientist, Harriet Holter, with whom we cooperated.

To carry out a systematic sociological analysis of the main institutions relevant to a discussion of industrial democracy in Norway would have been a large research task. In any case such

an analysis would have thrown little light upon the effects of representation on boards or on similar bodies, since these forms of representation are not yet well-established institutions. Nor would it have given much insight into the long-term problems with which our project is concerned, namely, the conditions making for increased personal participation in the concrete work setting. Some important institutional factors emerged from our survey of experiences in other countries. And another Norwegian research group (at the Institute for Social Research in Oslo) has been studying the institutional aspects of the problems of industrial democracy as they appear in production committees and similar bodies.

Our approach, which was worked out in consultation with a joint committee representative of employers and trade unions, is typical of action research. While preparing for the main phase of our research project we sought to achieve clarification of the problem area by undertaking a study, reported in this volume, of some Norwegian companies which had first-hand experience of having employee representatives on their boards. The four principal companies were:

Norsk Hydro-Elektrisk Kvaelstrofaktieselskab
Norsk Jernverk A/S
Årdal og Sunndal Verk A/S
Raufoss Ammunisjonsfabrikker.

At a fifth firm, Norges Kooperative Landsforening, which had previously had employee representatives on its board, we carried out a more limited study. We also interviewed people on the board of the national water and electricity company.

All the companies mentioned above are partly or wholly owned by the state. They are, in fact, the main state-owned companies outside the public utility sector. The government is not much involved in the manufacturing sector although there has been a Labour government in Norway since 1935, except for the period of the Second World War. The nearest we could come to a private company with employees' representatives on its board was Norsk Hydro, where the government owns nearly half the shares.

In the four companies where our main studies were done we interviewed a number of people who had personal experience as board members.

Approach and methods of Phase A
of the Participation Project

The study of employee representation on boards in Norwegian industry raised a number of research problems. On the whole little research is done in this field. One might also fear that the political aspects of a research project of this kind would make it difficult for people with first-hand experience to express their opinions openly to the research workers. In fact problems of this nature did not arise. In no case were we denied information that we asked for — even though some of the information had to be treated confidentially, e.g. reports and minutes from board meetings. When we received information on matters in respect to which personal or political points of view were likely to be introduced, we were quite free to check the information with people who held different views. Indeed, we were encouraged to do so.

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In the four companies where our main studies were done we interviewed a number of people who had personal experience as board members.

On the owner-management side we interviewed two or three people who had leading roles on the board, and these always included the managing director. When we felt that more interviews were necessary either with the same people or with others who had played influential roles in the work of the board, we supplemented our interview data until we felt sure that we had satisfactory coverage. In addition to the interviews, we had access in all the firms to written material regarding the formal aspects of board activities and employee representation.

On the employee side also we concentrated our interviews on a few persons whose experiences it seemed fruitful to discuss with some thoroughness, in preference to covering a larger number of people whose knowledge of the subject was more peripheral. We restricted our sample to people who had personal and fairly recent experiences as a basis for their opinions. In all the companies, we interviewed in addition shop stewards and trade union leaders, who had been in close touch with the system for employee representation. Only at Raufoss were there two employee representatives, one from the workers and one from the staff, and only in this firm was there a regular rotation of these two representatives. We were therefore able to carry out a more extensive and systematic study in this company than in the three other companies.

Thirty people were interviewed one or more times about employee representation. In all the interviews with people on the owner-management side two or three members of the research team were present. Notes were made during the interviews and reports written up afterwards. Interviews with employees' representatives were recorded on tape and typewritten afterwards. A series of additional interviews took place with people in trade unions or in government who had been in close touch with the systems of board representation in these companies. These interviews were meant to check and supplement our data and they were not conducted according to the same plan as the other interviews. The interview plan follows as Appendix II.

Plan of interview - Phase A

1. *Introduction*
Explanation of the research project and the objectives of the interviews.
Stress confidential character and no publication of results without consent from people involved.
Reference to joint committee LO/NAF.

2. *Before appointment*
(Can you tell me what happened when you became a board member?)
(a) Who suggested or nominated you?
(b) What union or associations were behind the nomination?
(c) What sort of election and formal appointment was arranged?
(d) What did you know before your appointment about the work and the role of a board member?
(e) What previous experience turned out to be valuable?

3. *Introduction to the board*
(a) Did you get informal information beforehand about how to proceed?
(b) What formal preparation did you get?
(c) What sort of introduction did you get when you first met on the board?
(d) How long did it take before you felt confident with the tasks of a board member?
(e) What opinion of the task did you gradually acquire?
How different were the views you held before and after you had become better acquainted with the situation? Try to remember special issues on which you changed your mind as you gained experience.

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4. *What does it mean to be a board member?*
(a) What did you actually do before, during, and after board meetings?
(b) What sort of preparations did you make? (reading of documents, contacts with whom before meetings)
(c) What contacts did you have with the chairman or managing director before meetings?
(d) What contacts with the union before meetings?

5. *Relations with fellow employees*
(a) What kinds of questions or requests came from fellow employees? How often?
(b) Did you take initiative in making contact yourself? How often?
(c) Formal contacts with the union?
(d) Informal contacts with the union?
(e) Over what kinds of matters or issues was there much contact? (Did you actively seek to find out what people expected of you or did you rather wait to see what came up?)
Did you have any rules or principles to follow regarding your contact with fellow employees?

6. *Examples of conflict situations*
Were there situations when you as a representative found yourself pressed between two parties?

7. *How is a representative on the board regarded?*
(a) How did you react when you first heard that your name was suggested?
(b) What difficulties were involved? (special treatment, etc.)
(c) How did/does your family react to your being on the board?
(d) Who has the higher status, the board member (representative) or the chief shop steward?

8. *Opinion on different board matters*
(a) What kinds of matters were particularly interesting?
(b) In what matters were you most active?
(c) In what matters did you not take part?
(d) What were the most difficult matters? (Difficult in what way?)
(e) What matters were not so nice to deal with? (In what way?)

(f) Did you vote on any matters on the board?
(g) Were there any dissents? Did you dissent?

9. *Functions of the board and roles of members*
(a) What are the functions of the board?
(b) What special roles did different members play?
(c) What are the differences between the role of employee representatives and the role of other board members?

10. *Qualifications of board members*
(a) What are the major qualifications of a good representative?
(b) What are the major qualifications of an ordinary member?

11. *What experience and training do representatives need?*

12. *What is your opinion on the future of the system?*

13. *Would you be willing to serve as representative again in the future?*

The Participation Project:
frame of reference and preliminary
research plan (November 1962)

1. *Initiation of project, coordination of scientific and practical considerations.* The background to the initiation of the Participation Project in the autumn of 1962 is an increasing interest within Norwegian industry in social science research as a possible aid in the solution of important problems concerning personal participation and organizational relations. The Institute for Industrial Social Research (Technical University, Trondheim) felt able to undertake this project because there was available a substantial body of scientific knowledge and skill relevant to problems of participation in industry.

The project is from the beginning related to the question of 'industrial democracy' as this is perceived and practised in industry. An analysis of existing arrangements and experiments in industrial democracy and of the experiences of those involved will form a basis for longer-term experiments and investigations. The Institute and the representatives of employers (via the Norwegian Confederation of Employers) and of employees (via the Trades Union Congress of Norway) agree that this more immediate research contribution must be planned and carried out in such a way that it will serve as a basis for more fundamental research and for long-term development work in industry.

A coordination committee with representatives from the two main organizations in industry will function as a consultative body with these objectives in view. The same committee will help to appraise the relevance of the research results for present Norwegian conditions and will help to make the results of the research work known and used within important areas of Norwegian industry in a way beneficial to all the parties concerned.

2. Our present formulation of *the general objective* for experiments and research in 'industrial democracy' may be summarized in the following statement of the problem: *Under what conditions can more rights and responsibilities be achieved for the individual in the workplace?* As far as we have been able to determine, the traditional notions of industrial democracy all refer to one or other aspect of the problem as we have stated it.

3. *Current concern with the problem of 'industrial democracy'* is not related only to the belief that improvements in this field are desirable from a human point of view. There is also the notion that possible improvements in this sphere may release among men in their work productive resources of great importance for the further development of the economy, and hence for a continued rise in standards of living. It may turn out, however, that industrial democracy and higher productivity do not go hand in hand. Nevertheless, they cannot be treated as unrelated, and therefore it seems realistic to take as axiomatic that a higher level of industrial democracy will not be pursued at the expense of what has already been achieved in economic life or in a way that will threaten the material basis of the present trend in living standards.

4. *The meaning of the term 'industrial democracy'* seems to be related to two different aspects of the problem (as formulated in (2) above):

(a) formal representation
(b) the conditions in which the person participates in his tasks at the workplace.

(a) The *formal representation* of employees and their interests within the framework of management has sometimes functioned to supplement trade union activities on behalf of employees. In some countries, the representation has sometimes functioned as a substitute for trade union activities.

Formal representation has mainly taken the form of consultative and information-giving bodies such as production committees, etc. Less frequently, the representation has carried with it powers of veto on certain classes of managerial decision. In a few cases, as in the system of co-determination in German

industry, it has involved an actual right to participate in the decision-making bodies of industry.

Formal representation was from the beginning strongly associated with political objectives. Gradually other considerations have played a larger role — considerations that relate more to the problems of organizational life. The assumption has been that all levels of an organization, through representation, have something to contribute to the achievement of company objectives. And it has been taken for granted that management and employees have a need, which might be met through representative bodies, to become more aware of each other's opinions and attitudes.

(b) *Personal participation* in production tasks can be seen as more or less democratic depending upon the degree of independence, in terms of rights and responsibilities, that the individual has in relation to his own work. In practice, attempts to increase democracy in this sense have taken the form of improvements in information, human relations training for supervisors, etc. Only lately have there been more serious attempts to tackle this problem directly by means of 'job enlargement' and the creation of relatively autonomous work groups.

Attempts of this kind have been made under the assumption that the individual, through increased personal participation, is likely to become involved in his tasks and to feel that he is engaged in work that enhances his personal worth, and hence is also more likely to display initiative and creativity.

Labour law and collective bargaining between employers and employees may be considered as an independent and third aspect of industrial democracy. However, on the basis of developments in Norway during the last thirty years, it seems more natural to consider labour law and collective bargaining between the main organizations as relatively stable industrial conditions achieved within the political democracy. This does not mean that labour law and collective bargaining are not prerequisites for industrial democracy, nor that in the long run this framework will remain uninfluenced by possible changes in representative systems or in personal participation in the workplace.

5. *The relationship between the different aspects of industrial democracy.* The different aspects have historical origins which are

partly distinct and can be viewed in different ways. The pressure for formal representation has largely tended to change with variations in the relative political strengths of employers and employees. Claims for representation seem to have been accepted particularly during national crises, e.g. during and immediately after the two world wars. To a lesser degree, an increased centralization has likewise increased the demands for bodies with informative, consultative, and coordinative functions. On the other hand, the attempt to increase personal participation in the day-to-day activity of the workplace has been largely a reaction to technological development with its consequences of increased specialization and narrowing of jobs.

6. It seems to be a general experience that, unless the individual has a certain level of responsibility for, and involvement in, his day-to-day tasks in the workplace, representative systems will tend to serve simply to supplement the conflict-resolving activities of trade unions and collective bargaining. Only if there is a prevailing belief in the value of the work can we expect representative systems to be used to advance joint interests. Sometimes, under special conditions, such as war or national crisis, this sense of the value of the work may develop and with it the growth of joint interests; but this does not often happen in normal conditions, where the usual assumption is that wages and amenities are *a compensation* for work. However, a feeling of participation and of joint interests seems to be a possibility in normal civil conditions when employees are given adequate control over their immediate work conditions.

7. *The work plan for the project during the first year* will include work along two lines:

(a) *Formal representation.* It seems desirable to collect existing experiences from other countries as well as from Norway. The material from other countries will largely consist of a critical analysis of reported studies. The Norwegian experiences will be studied in four to six Norwegian enterprises. At this stage our Institute will not carry out intensive fieldwork covering such forms of representation as production committees, etc. We will, however, cooperate with other Norwegian researchers who are particularly interested in this, and with institutions that have

already gathered information in this field. For our part we shall concentrate on case-studies of advanced forms of representation (i.e. representation on decision-making bodies of enterprises) as we find them in these Norwegian companies.

(b) *Conditions for personal participation.* The study of these conditions will require controlled experiments carried out in actual enterprises. We will start with pilot experiments in two or three enterprises that are willing to participate in long-term developmental work. These enterprises ought already to have had varied experiences with different forms of participation and organizational relationships. They ought to have developed sound relations between the management, and the employees and their organizations. Against this background we will help to carry out and control experiments with the aim of determining the maximum degree of personal participation that is commensurate with the technical and economic necessities of the enterprise. These experiments will probably involve us in such problems as enlargement of jobs, development of autonomous work groups, changes in supervision, in training, and in recruitment. A considerable body of sound scientific work has already been done on these problems but we can expect to be continuously engaged on expanding the theoretical basis.

We shall attempt to finish work within the first of the abovementioned areas during one year. We expect the work in the second area to go on over several years. However, if the field experiments get off to an early start it should be possible to appraise their progress by the summer of 1964.

Regarding Phase B of the project
(December 1962)

The Norwegian Confederation of Employers (NAF) and the Trades Union Congress of Norway (LO) have each set up committees to study problems of industrial democracy. Both organizations decided that some of these problems require social scientific research and the Trondheim Institute was asked to undertake this.

The NAF and LO committees have appointed representatives to a joint committee on research. This committee coordinates their interests in social scientific research and provides the necessary communication and contact with the research team.

In its first two meetings, the coordination committee agreed that the interests of the two organizations would be met by a two-pronged research programme:

Phase A — A study of existing Norwegian and other European experiences with mechanisms that allow formally for employee representation at top-management level. Knowledge of formal mechanisms for industrial democracy will be extended to productivity committees by the research concurrently being carried on by Dr Sverre Lysgaard for the Productivity Council.

Phase B — A study of the roots of industrial democracy in the conditions for personal participation in the workplace.

The joint committee and the research team are agreed that the second line of research, the study of personal participation, is of basic interest. On existing evidence, it appears that the manner in which employees participate in the work-life of their companies is critical for the use they make of formal mechanisms for representation and consultation, and also for their attitudes of

apathy or constructive interest, of dissatisfaction or satisfaction.

The bulk of the scientific evidence suggests that the more the individual is enabled to exercise control over his task, and to relate his efforts to those of his fellows, the more likely is he to accept a positive commitment. This positive commitment shows in a number of ways, not the least of which is the release of that personal initiative and creativity which constitute the basis of a democratic climate.

However, there is no simple technique that can be applied in all industrial conditions to bring about these changes. Thus, while job enlargement has proved effective in some conditions, it would be inappropriate in others; the development of autonomous work groups has been effective in some conditions, but likewise would be ineffective in others; in some cases increased skills may be essential, but in others no such changes may be called for. The important point is that the kinds of change required are likely to be related to the kind of technology involved.

With this in mind, the joint committee considered the different sectors of industry, and decided that a start should be made in two sectors — metal-manufacturing, and pulp and paper. These were considered to be strategic sectors for the national interests of LO and NAF.

The next problem is to find within each sector a suitable plant for study.

If this line of research is to be fruitful, it will be necessary not only to look at existing experience, but also to modify experimentally the conditions of personal participation and to measure resulting changes in such things as satisfaction/dissatisfaction, apathy/constructive interest, communication level, productivity, and stability.

It is important that experiments along these lines should be conducted in such a way that:

(a) managements and employees who agree to carry out experimental modifications of existing practices are fully informed at all stages of what is going on, and at all times feel free to insist on changes in or cessation of the experiments; furthermore, there should be no communication of findings without their approval;

(b) any emergent lessons can be readily evaluated by the interested parties;

(c) there will be a willingness to learn from these lessons not only on the part of the company directly concerned with experimenting but also on the part of the industry as a whole.

In order that there shall be a widespread willingness to learn from any emergent lessons, it is essential that the relevant leaders in management and trade unions:

(a) are informed beforehand of what is being undertaken;

(b) agree beforehand on what changes in the workplace would be relevant to their notions of industrial democracy;

(c) agree that the plants within which the experiments are carried out are not so unusual as to render the results untenable elsewhere.

There may well be several ways in which these preconditions could be met. We suggest that a straightforward solution would be to present our proposals for research into personal participation to managements and trade union leaders in the chosen industrial sectors, requesting them to consider criteria of improvement in industrial democracy and to select a short-list of plants that they would regard as satisfactorily representative of their industry. They should feel that these are plants that are fairly representative with respect to factors that are difficult to vary, e.g. technology, labour force, capital, and, to some extent, market, even though they are not necessarily representative with respect to matters that it is up to management and labour to change.

We should expect to find within the short-list one plant that is willing to cooperate and that has in the past shown an ability to handle its management-labour relations in a progressive fashion. It would then be up to us to establish, with the management and employees of that plant, the conditions for experimentation that would best secure and protect their interests. All such arrangements, whether at plant level or sector level, would be matters on which we would have to secure the approval of the NAF/LO joint committee, since these organizations are sponsoring and financing the research on behalf of national interests and would therefore have to assure themselves that those wider interests were not being sacrificed for strictly local ones.

When agreement had been reached by the joint committee on

this general policy, short-lists of potential research plants were set up and preliminary contacts with the managements and unions of the companies were established by the research team. During the spring of 1963 one experimental plant was chosen in metal-manufacturing and one in pulp and paper. The joint committee confirmed the choice and accepted the major hypotheses concerning job design that were presented by the research team and that would be basic in Phase B of the project (see Appendix V).

Some hypotheses about the ways in which tasks may be more effectively put together to make jobs

(a) *Optimum variety of tasks within the job.* Too much variety can be inefficient for training and production as well as frustrating for the worker. However, too little can be conducive to boredom or fatigue. The optimum amount would be that which allows the operator to take a rest from the high level of attention or effort in a demanding activity while working at another and, conversely, allows him to stretch himself and his capacities after a period of routine activity.

(b) *A meaningful pattern of tasks that gives to each job the semblance of a single overall task.* The tasks should be such that, although involving different levels of attention, degrees of effort, or kinds of skill, they are interdependent. That is, carrying out one task makes it easier to get on with the next or gives a better end-result to the overall task. Given such a pattern, the worker can help to find a method of working suitable to his requirements and can more easily relate his job to those of others.

(c) *Optimum length of work cycle.* Too short a cycle means too much finishing and starting; too long a cycle makes it difficult to build up a rhythm of work.

(d) *Some scope for setting standards of quantity and quality of production and a suitable feedback of knowledge of results.* Minimum standards generally have to be set by management to determine whether a worker is sufficiently trained, skilled, or careful to hold the job. Workers are more likely to accept responsibility for higher standards if they have some freedom in setting them and are more likely to learn from the job if there is feedback.

They can neither effectively set standards nor learn if there is not a quick enough feedback of knowledge of results.

(e) *The inclusion in the job of some of the auxiliary and preparatory tasks.* The worker cannot and will not accept responsibility for matters outside his control. In so far as the preceding criteria are met, then the inclusion of such 'boundary tasks' will extend the scope of the worker's responsibility for and involvement in the job.

(f) *The tasks included in the job should entail some degree of care, skill, knowledge, or effort that is worthy of respect in the community.*

(g) *The job should make some perceivable contribution to the utility of the product for the consumer.*

(h) *Provision for 'interlocking' tasks, job rotation, or physical proximity where there is a necessary interdependence of jobs.* At a minimum this helps to sustain communication and to create mutual understanding between workers whose tasks are interdependent, and thus lessens friction, recriminations, and 'scapegoating'. At best this procedure will help to create work groups that enforce standards of cooperation and mutual help.

(i) *Provision for interlocking tasks, job rotation, or physical proximity where the individual jobs entail a relatively high degree of stress.*

(j) *Provision for interlocking tasks, job rotation, or physical proximity where the individual jobs do not make an obvious perceivable contribution to the utility of the end-product.*

(k) *Where a number of jobs are linked together by interlocking tasks or job rotation they should as a group:*

(i) have some semblance of an overall task which makes a contribution to the utility of the product;

(ii) have some scope for setting standards and receiving knowledge of results;

(iii) have some control over the 'boundary tasks'.

(l) *Provision of channels of communication so that the minimum requirements of the workers can be fed into the design of new jobs at an early stage.*

(m) *Provision of channels of promotion to foreman rank, which are sanctioned by the workers.*

The above hypotheses are merely intended as an illustration of the sorts of matters we would wish to keep in mind in studying the chosen factories.

It will be noted that these hypotheses are concerned with a limited number of general psychological requirements:

(1) the need for the content of a job be reasonably demanding of the worker in terms other than sheer endurance, and yet to provide a minimum of variety (not necessarily novelty);

(2) the need for being able to learn on the job and to go on learning; again it is a question of neither too much nor too little;

(3) the need for some minimal area of decision-making that the individual can call his own;

(4) the need for some minimal degree of social support and recognition in the workplace;

(5) the need for the individual to be able to relate what he does and what he produces to his social life;

(6) the need to feel that the job leads to some sort of desirable future.

These requirements are not confined to operators on the factory floor, nor is it possible to meet them in the same way in all work settings or for all kinds of people.

Employees' attitudes towards increased participation in decision-making[1]

A study regarding sex roles in industry has furnished us with some data on the attitudes of employees to the possibility of increased participation in company matters.

This questionnaire investigation was undertaken in 1962 among 1,128 workers and staff members of lower rank and covered seventeen enterprises in the Oslo area. (Ten of these are manufacturing companies with 100 to 400 employees, six are large insurance companies, and one is a large manufacturing firm.) We are grateful for permission to report some of the main results.

Harriet Holter drew the general conclusion

'that we have here an expression of a general and uncommitted — but quite extensive — belief that there ought to be more "industrial democracy" in the enterprise. *Table I* indicates that the desire for personal participation is directed towards *increased participation in decisions regarding own work and own conditions* — more than half of the employees express such an interest. There are on the other hand comparatively few — 16 per cent of the workers and 11 per cent of the functionaries — who would *themselves* like to participate more in company matters as a whole.'

Holter has divided her data into three groups depending on what kind of participation the employees are interested in: (1) those who are uninterested, (2) those who are 'autonomy-oriented' and want increased participation in decisions regarding

[1] Some data from a study undertaken by Harriet Holter, Institute for Social Research, Oslo, in 1962, and since published in *Human Relations*, 1965, **18**, 297-321. Part of the investigation was published in *Tidsskrift for Samfunnsforskning*, 1964, No. 1.

TABLE I *Do you personally think that you are sufficiently involved in decisions made in your workplace or would you like to participate more?*

	Workers	Functionaries
	%	%
Have no personal interest in increased participation	22	20
Would like to participate more in decisions directly related to my own work and my own working conditions	56	67
Would like to participate more in decisions regarding company matters in general[1]	16	11
No answer, etc.	5	2
	99	100
Number of answers	591	397

[1] Including respondents who would like to participate more in decisions both regarding their own work and regarding company matters in general.

TABLE II *Do you think that employees in general are sufficiently involved in decisions regarding the company as a whole?*

	Workers	Functionaries
	%	%
Yes, I think it is sufficient as it is	17	37
No, I think they ought to participate more	78	59
No answer, etc.	5	3
	100	99
Number of answers	591	397

their own work; and (3) those who are 'influence-oriented' and want to participate in decisions regarding the company as a whole. On this basis the author presented *Table III*.

Finally, we should like to cite *Table IV*, which shows how many there are who feel that they would be able to carry out more difficult work than they are doing at present.

TABLE III *Percentages that would like independent work; that would accept a higher position; that would like to make changes; that are interested in concrete problems of the enterprise as such.*

	Workers			Functionaries		
	Uninterested	*Autonomy-oriented*	*Influence-oriented*	*Uninterested*	*Autonomy-oriented*	*Influence-oriented*
	%	%	%	%	%	%
Would like quite independent work	34	45	60	31	44	70
Would like to accept a higher position	48	66	79	60	84	89
Would like changes in work conditions	22	26	38	5	8	14
Are interested in concrete problem areas	51	67	86	48	77	100

TABLE IV *Do you think that you would be able to perform more difficult work than you have done today?*

	Workers	Functionaries
	%	%
Yes, absolutely	47	54
Perhaps	47	43
No, probably not	5	3
No answer, etc.	2	1
	101	101
Numbers of answers	591	397

Without going into a further discussion of the study undertaken by Harriet Holter, there seems to be a firm basis for stating that the data show a quite clear indication of needs and possibilities for increased participation on the part of employees, particularly in the sphere of their own daily work. The study also gives some

idea of which categories of employees would be most likely to accept increased participation. This point is important for further research and development in the whole area of employee participation. The study seems to confirm that a very real problem of industrial democracy is what has been called 'the split at the bottom of the executive chain'. Finally, we feel that the study has corroborated our major postulate that conditions for personal participation must be improved before we can expect general involvement in employee participation among a great number of the rank and file.

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