INDUSTRIAL DEMOCRACY AND EMPLOYEE PARTICIPATION

IN AUSTRALIA
INDUSTRIAL DEMOCRACY AND EMPLOYEE PARTICIPATION

IN AUSTRALIA

John Tlicing

J.T. Mahoney

Being a dissertation submitted in partial fulfillment of the requirements for the degree of Master of Social Sciences (Administration) University of Tasmania.

December, 1987
Thesis
Pol Sci
M. Soc. Sc
MAHONEY
1988
This dissertation contains no material which has been accepted for the award of any other degree or graduate diploma in any tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person except when due reference is made in the text of the dissertation.

J.T. Mahoney
Hobart
December, 1987
ACKNOWLEDGEMENT

Mr. H.R. Hall for his constructive criticism of the structure of the dissertation and for his general supervision of its development.
## CONTENTS

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>2.</td>
<td>DEFINITIONS, FORMS AND LEVELS OF IMPLEMENTATION</td>
<td>6</td>
</tr>
<tr>
<td>2.1</td>
<td>Introduction</td>
<td>6</td>
</tr>
<tr>
<td>2.2</td>
<td>Definitional Considerations</td>
<td>7</td>
</tr>
<tr>
<td>2.3</td>
<td>Forms of Participation</td>
<td>16</td>
</tr>
<tr>
<td>2.3.1</td>
<td>Direct Participation</td>
<td>17</td>
</tr>
<tr>
<td>2.3.2</td>
<td>Indirect Participation</td>
<td>21</td>
</tr>
<tr>
<td>2.4</td>
<td>Integration of Participatory Forms</td>
<td>24</td>
</tr>
<tr>
<td>2.5</td>
<td>Degrees and Levels of Participation</td>
<td>25</td>
</tr>
<tr>
<td>2.6</td>
<td>Conclusions</td>
<td>31</td>
</tr>
<tr>
<td>3.</td>
<td>MODELS OF PARTICIPATION IN OVERSEAS COUNTRIES</td>
<td>33</td>
</tr>
<tr>
<td>3.1</td>
<td>Introduction</td>
<td>33</td>
</tr>
<tr>
<td>3.2</td>
<td>Models of Participation</td>
<td>36</td>
</tr>
<tr>
<td>3.2.1</td>
<td>Joint Consultation - United Kingdom</td>
<td>36</td>
</tr>
<tr>
<td>3.2.2</td>
<td>Co-determination - West Germany</td>
<td>40</td>
</tr>
<tr>
<td>3.2.3</td>
<td>Workers' Management - Yugoslavia</td>
<td>47</td>
</tr>
<tr>
<td>3.3</td>
<td>Conclusions</td>
<td>54</td>
</tr>
<tr>
<td>4.</td>
<td>AN OVERVIEW OF AUSTRALIAN EXPERIENCES</td>
<td>57</td>
</tr>
<tr>
<td>4.1</td>
<td>Introduction</td>
<td>57</td>
</tr>
<tr>
<td>4.2</td>
<td>Developments of the 1970s</td>
<td>57</td>
</tr>
<tr>
<td>4.2.1</td>
<td>The South Australian Experience</td>
<td>60</td>
</tr>
<tr>
<td>4.2.2</td>
<td>Summary of the Activities of the 1970s</td>
<td>63</td>
</tr>
<tr>
<td>4.3</td>
<td>Dissipation of Interest</td>
<td>66</td>
</tr>
<tr>
<td>4.4</td>
<td>A New Era - the 1980s</td>
<td>67</td>
</tr>
<tr>
<td>4.5</td>
<td>Conclusions</td>
<td>76</td>
</tr>
</tbody>
</table>
5. **SPECIFIC APPLICATIONS OF PARTICIPATION IN AUSTRALIA** 78

5.1 Introduction 78

5.2 Joint Consultation 78

5.2.1 Goldsworthy Mining Ltd. 79

5.2.2 Victorian State Transport Authorities 83

5.3 Co-determination 87

5.4 Worker Management 89

5.5 Conclusions 92

6. **FACTORS DETERMINING THE FUTURE** 93

6.1 Introduction 93

6.2 Barriers to Employee Participation 94

6.2.1 Union and Employer Bodies 94

6.2.2 Management and Union Attitudes 97

6.2.3 Special Groups of Workers 99

6.3 Australian Conciliation and Arbitration System 100

6.4 Summary of Lessons 1970-1985 102

6.5 Legislation and Government Options 104

7. **THE WAY AHEAD – CONCLUSIONS** 108

7.1 Introduction 108

7.2 A National Approach 110

7.3 Legislation 111

7.4 The Facilitation of Progress 112

7.5 Likely Forms and Models of Participation 113

BIBLIOGRAPHY
FIGURES

3.1 The system of joint consultation
3.2 The system of co-determination
3.3 The system of worker's management
<table>
<thead>
<tr>
<th></th>
<th>Table Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Definitions of Employee Participation</td>
</tr>
<tr>
<td>2.2</td>
<td>Two dimensional matrix</td>
</tr>
</tbody>
</table>
1. INTRODUCTION

This paper on industrial democracy and employee participation aims at reaching a conclusion on the likely future of these concepts in this country over say, the next decade. An integral part of this aim will be some observations on what might be the most appropriate form(s) which will serve the wide-ranging interests of the protagonists and what strategy options might be available to encourage and facilitate an expansion of participative practices.

The approach adopted relies on a search of the extant literature including research findings and reviews, theoretical analyses, documented experiences and comments and observations by a wide range of writers on the subject. From these sources a background of historical and current expectations, attitudes and activities is built up to provide the basis for the conclusions which this paper aims to make.

Worker alienation in industry has been debated since Karl Marx wrote of the plight of workers under industrial capitalism. Alienation exists and can be identified when "workers are unable to control their immediate work processes, to develop a sense of purpose and function which connects their job to the overall organisation of production, to belong to integrated industrial communities and when they fail to become involved in the activity of work as a mode of personal self-expression".¹ Alienation

is characterised by powerlessness, meaningless, isolation and self-
estrangement.²

The concept of alienation is still of importance throughout the
world today and seems to be reduced significantly by the introduction of
participative practices directly involving the worker. There is an
impressive array of research findings which show consistently that
satisfaction in work is enhanced by a genuine increase in workers'
decision-making power.³ Since the days of the industrial revolution few
ideas have persisted and been pursued from a multitude of directions as
some form of democracy in the arena of industrial labour. Clearly, the
concept is one of long standing and there are a number of compelling
reasons why it should be addressed by contemporary society.

In general, the case for industrial democracy and worker
participation rests on a number of arguments which may be classified as the
political, moral and economic arguments. The political argument relates to
the need to extend democracy from the political to the industrial arena and
this can be achieved by allowing workers to have a greater say in decision
making at work.⁴

² Ibid

³ Paul Blumberg, Industrial Democracy: The Sociology of Participation
(London: Constable, 1968) pp.124-128. Note: Table 1 summarises the
findings of such researchers as Levin, Bavelas, Coch and French, Lawrence
and Smith and Vroom.

⁴ R.O. Clarke, D.J. Fatchett and B.C. Roberts, Workers' Participation
in Management in Britain (London: Heinemann, 1972) p.11.
The moral argument is about the need to provide for the personal development and satisfaction of individual workers. The several tenets of democracy, viz., freedom of expression, access to information, participation and equality, must be the prerogative of everyone if we are to have a truly democratic society. These principles must extend into every facet of life, not least of all, the workplace. Efforts to improve the quality of worklife must be regarded as a social issue because it impacts on the lives of such a large proportion of the population. The moral argument is of such fundamental importance and has such far reaching implications for society that the case for industrial democracy and participation conceivably could be justified on this ground alone.

Finally, the economic argument relates to the belief that participation will improve productivity and industrial relations. One of the prime reasons advanced is that participation fosters a more co-operative attitude between workers and management which raises productivity by reducing industrial stoppages. It can be argued that this concept of using participation to improve productivity looks upon the worker as a special kind of factor of production and whose special characteristics must be taken into account if effectiveness is to be maximised. This contrasts with the view that democracy is a right of the worker.

---

5 M.P. Robson, Worker Participation in the United Kingdom (Bradford: M.C.B. Publications, 1982) p.27.

The continuing debate suggests that there are some basic human problems of industrial organisation for which various concepts of industrial democracy and participation are seen as possible solutions. In essence, the debate indicates that the fundamental concerns relate to the sharing of power between workers and management; effective co-operation between all members of an enterprise in the interests of efficiency and effectiveness and/or industrial harmony; and the personal fulfillment of the members of the enterprise. There is adequate justification for the debate to be continued and intensified in this country. Certainly, in recent years there has been renewed interest in the subject brought about largely by the need for improved competitiveness and efficiency and by the demands of a better educated and organised workforce for greater involvement in those aspects which impact upon their worklife. The relevance of this paper is thus will established.

The subject is approached by firstly examining in Chapter 2 definitions, forms and levels of implementation of participation. Understanding the concepts involved is of greater importance than lengthy definitional debates but clarification of the meanings of the terms "industrial democracy" and "employee participation" does facilitate further discussion. Along with these considerations the chapter also examines the primary forms of participation and whether there is any relationship between the form of participation practised and the level within the enterprise at which this occurs.

Chapter 3 analyses three models of participation in use in overseas countries as this provides a useful insight into the areas of

---

Ibid.
development, implementation and effectiveness of such schemes and to ascertain what lessons these hold for the development of participatory schemes in Australia. Three European schemes have been selected, viz., joint consultation, co-determination and worker management, as they represent quite a broad spectrum of participatory processes.

Contemporary Australian developments are examined in Chapter 4 to determine the form, content and thrust of the activities undertaken, the current state of progress including the attitudes of the principal parties and whether there has been any shift in direction and/or emphasis since the early 1970's. Chapter 5 then provides information about specific Australian experiences with the European models of participation dealt with in Chapter 3 together with the effectiveness of these models in the Australian industrial environment.

It seems that the way ahead in Australia will be predicated on the basis of factors such as the attitudes and actions of governments, employers and unions; the experiences of the last decade or so and the barriers to an expansion of democracy in the workplace. Chapter 6 examines these factors to determine the likely future of the democratisation of work and the strategy options available to encourage and facilitate an expansion of participatory practices.