

Worker participation - reply to Martin Nicol

In the last edition of the LABOUR BULLETIN, MARTIN NICOL reviewed *Esop's Fables*, a recent publication from the Labour and Economic Research Committee (LERC). JUDY MALLER, writer of *Esop's Fables*, replies.

At the outset, it should be stated that I have no disagreement with Martin Nicol's main argument, namely that strengthening the Living Wage Campaign is the most important immediate objective of the union movement. The key issue is not establishing participative management, but rather developing collective bargaining. However, management has placed participative management on the agenda. This means unions must deal with it, within the context of collective bargaining.

Martin Nicol's criticism of *Esop's Fables* can be summarised in two main points. Firstly, he claims that *Esop's Fables* is not written as a guide

to workers because of its style and language, and because it does not explain why workers should participate. However, *Esop's Fables* was not written with the sole aim of providing concrete advice to trade unions. The intention was to provide information to all involved in the industrial relations field. This information was based on a survey of companies which have introduced a range of participation schemes. The survey showed conclusively that worker participation in the surveyed companies is not widespread, nor meaningful in terms of providing workers with real decision-making powers. The report also

highlights managements' deliberate attempts to bypass unions and create alternative relationships with workers via participation schemes.

Not all publications are written in a way that is accessible to all levels of the labour movement, or as an explicit guide for union action, nor should they be. *Esop's Fables* is certainly

not the last word on the subject and there will be subsequent publications to provide guidance to trade unionists.

Secondly, Nicol attempts to uncover the theoretical assumptions on which *Esop's Fables* is based: this he calls the "new road to socialism via participative management" (p.97). He goes on to provide unions with very concrete advice, namely that they should refuse to own shares, although he says nothing about how unions should respond to management strategies of participation. But respond they must!

Confusing the issue

Nicol appears to confuse participation and share ownership throughout his article. He draws exclusively on the Anglo American share offer to illustrate his rejection of share schemes.



Agreement that Living Wage Campaign is most urgent priority

Graphic: COSATU

But there are many different examples of share schemes. The Anglo scheme is highly specific and cannot be generalised to exemplify all ESOPs, because it involves the "gift" of a very limited number of shares to workers. It is more common for companies to offer workers the option of buying shares on more favourable

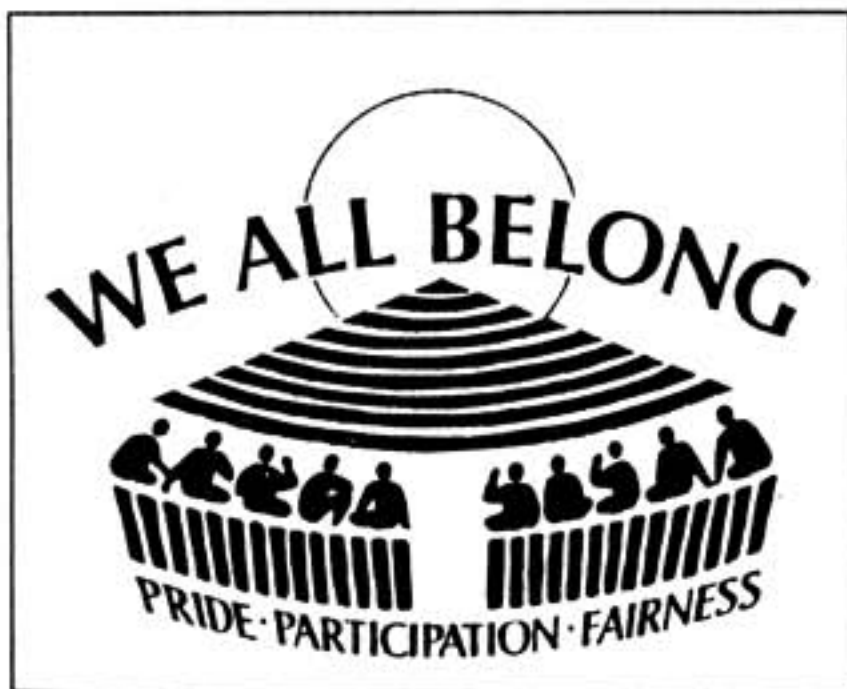
terms. The National Union of Mineworkers has not ruled out the possibility of owning a gold mine through a leveraged buyout by union members according to *Business Day*. Thus NUM's objection to ESOPs is apparently not one of principle, but rather a question of the percentage of shares available to workers.

Nicol links employee share ownership with workers being "consulted about certain company decisions" (p.2). In fact, *Esop's Fables* makes it quite clear that the ownership of a small percentage of shares by workers does not entitle them to any decision-making powers. On the contrary, employee share ownership may create the illusion of participation, but in reality amounts to insignificant ownership with no control. Hence the title of the report *Esop's Fables*. This is demonstrated by the following

quote in the introduction to the report:

"...if share ownership meant the collective ownership of one or two percent of equity by employees, ...it would not involve any effective participation by employees in company affairs." (*Esop's Fables* p.2)

In addition, Nicol's understanding of worker participation is limited to examples such as "worker-managers, worker-supervisors and worker-directors" (p.4). He has not taken into account the vast range of ways in which workers in capitalist economies have carved out opportunities for exercising greater control and decision-making in their workplaces. Full-time shop stewards, autonomous work



Gilbey's participative management logo - what do such schemes really mean for workers?

Graphic: LERC

groups, consultation forums on investment decisions, and co-determination councils are only a few such examples.

If worker participation was limited to a few token worker-elected directors/managers, then it should be rejected, as Nicol does, as a "con" to get workers to work harder and resist

calls to strike action". But the issue is a lot more complex than that.

Different strategies

Our grasp of strategies of worker participation should be based on a theoretical understanding of the relations between capital and labour in the workplace and beyond. Nicol, like many other labour-affiliated intellectuals, contrasts worker participation with strong shopfloor unionism and sees them as mutually exclusive. This results in a "strategy of refusal" when participation is placed on the negotiating table.

Cressey and MacInnes, in their article "*Voting for Ford*" (1980) classify this position as the "incorporationist" approach. Those who, like Nicol, adopt an "incorporationist" approach see worker participation as a strategy employed by capital to incorporate labour into a system of workplace decision-making where the outcome is already loaded against the worker because capital is dominant in capitalist relations of production. Thus, worker participation does not give any effective decision making powers to workers.

This position may be contrasted with what Nicol describes as my position, namely the "new-road-to-socialism-via-participative-management" approach. Such an approach see capital's power in the workplace being progressively eroded by more and more worker participation until eventually labour finds itself in the dominant position. Thus this approach

argues that it is possible for worker participation to lead eventually to fundamental social change and socialism.

Both of these positions have serious limitations. The incorporationist approach denies the possibility of any meaningful changes taking place at the workplace "in the absence of a revolution in the relations of production at the social level" (*Cressey and MacInnes, p. 6*). It draws the conclusion that there can be no meaningful change in the workplace while society is dominated by capital. Only when there is a social revolution which overthrows capitalism, can workers expect meaningful changes at work. This approach is based on the assumption that capital's dominance in the workplace is "essentially non-contradictory rather than a process marked by struggle and crisis" (*ibid*).

The "new road to socialism" approach, as described by Nicol, has the opposite problem, namely that it ignores the social relations of production, which ensure the ongoing dominance of capital, albeit in varying forms. This argument simply equates socialism with job control (*ibid*). It believes that workers can become dominant simply through extending their participation in decision-making at work, and ignores the continued overall domination of capital both in the workplace and in society.

Contradictions in production

Rather than see capital as all-powerful, my own theoretical position is, in fact, that the capitalist labour

process is internally contradictory. As Cressey and MacInnes argue, the labour process under capitalism has a dual nature; not only does capital employ labour to create exchange values (commodities), but labour also "employs" capital by utilising the machinery and equipment and thereby creating use values (*ibid*), although clearly capital retains ownership of the end product. In "giving over" to labour the use of the means of production, capital must ensure a co-operative relationship between them to maximise the social productivity of labour. This means practically that it is not necessarily in capital's interests to control labour through coercion and the domination of technology. Instead, capital may create a flexible working environment to encourage workers to use their own brainpower and creativity. This might in turn raise levels of social productivity by increasing production.

A site of struggle

This strategy provides labour with an equivalent contradiction. On the one hand, labour resists its subordination to capital. On the other hand, labour also has an interest in maintaining the viability of the unit of capital (the company) which is the employer. It is only by selling their labour power to that employer that they can work. If the company goes bankrupt, the workers will have no jobs. Labour's interests are however not to make a unit viable simply in the interests of profitability, but to increase wages or



Participation - a site of struggle

Photo: Afrapix

the production relations surrounding it" (*Ibid*). In other words, it is not just the employer who determines the way work is organised or the conditions of work. By engaging in struggles - including the struggle for increased participation - workers too can shape the organisation and conditions of work.

Any adequate union strategy must go beyond either simple refusal or blanket support for all forms of participation. We need to take advantage of capital's contradictory needs in the workplace so as to benefit workers. Participation may open up space for organised struggles to change the way work is done. It may also provide a vision of how work could be organised differently in a transformed society. Attempts to assert some control over the process of "joint creation" may also change the very structures of participation

improve working conditions.

The contradictory nature of the labour process under capitalism therefore makes it a "joint creation . . . determined by the outcome of various struggles between labour and capital about the form of both technology and

and widen their impact at the workplace. Not only could workers benefit materially from this approach in terms of greater earnings, an improved working environment and greater job control; it could also facilitate the establishment of new structures of

worker participation, which when coupled with fundamental social change beyond the workplace, could transform the social relations of production. It should be emphasised that this transformation is a process which involves acquiring skills and building adequate structures. It is important that this process begins as soon as possible.

Productivity can benefit workers

Both "participation" and "productivity" are more ambiguous concepts than Nicol allows for. He says that: "Productivity" is a word used by managers which means PROFIT while sounding like something useful for workers." (p.4)

This is a simplification which can be very inaccurate, not to mention misleading. We return again to the distinction between use-value and exchange-value. Burawoy (1985) shows that in terms of exchange-value, gains for capital are losses for labour - and vice versa. This underlies the conflict inherent in the labour process under capitalism.

But in terms of use value, this zero-sum equation no longer applies. Productivity increases can benefit workers. An increase in productivity can mean that more goods are produced at the same cost, so prices go down. Burawoy maintains that workers do not understand their world at the level of exchange values, but rather in terms of the actual commodities they can buy with their wages (*ibid*). In this

way, higher productivity levels can benefit both capital (more profits) and labour (their money can buy more goods).

This puts into context the one legitimate criticism that Nicol has of *Esop's Fables*, namely that the advantages of participation to workers are not made clear. In defending this omission, it may be said that it is difficult to outline the benefits in a general way precisely because some participation schemes (including the great majority of South African cases) do not generate genuine benefits for workers and are designed to minimise confrontation through a process of co-optation.

Depends on union response

However, there are some participation schemes that do provide workers with greater job control, greater earnings derived from higher productivity, and more satisfying jobs. But the extent and nature of these benefits depends on the process of 'joint creation' - how labour responds and moulds these schemes to advance their own interests, and expands them to challenge the nature of work and its purpose. The crucial point is not whether participation schemes deceive workers, but rather how workers respond.

It is important to note that, despite Nicol's claim that *Esop's Fables* runs against the trend of refusal adopted by the union movement, COSATU policy on disinvestment favours collective ownership where company

shares are held in trust for the benefit of the community. In addition some affiliate unions have responded with insight and creativity to participation initiatives introduced by management. COSATU unions have correctly rejected the extremely limited ESOPs on offer, but this does not mean that they have rejected the project of workers participation as a whole.

NUMSA, for example, has entered into agreements or relations of co-operation with a number of employers where this is to the advantage of its members. For example, Samcor workers accepted a 24% shareholding in their company accompanied by possible representation on the board.



In the case of Volkswagen, worker participation has possibly gone further than in any other company, with full time shop stewards beginning to participate in joint decision-making on strategic issues.

Citing these examples does not mean advocating any particular model of participation for South African workers. It does mean that greater job control and a greater say in the organisation of production and company finance does have relevance, although it falls far short of what many advocates of workers' control would want.

The fact that many union members

have accepted Anglo American shares demonstrates the inadequacy of the "strategy of refusal". The fact that Samcor workers demanded individual remission of dividend payments demonstrates the complexity of the problem. Nonetheless, it does require unions to "take greater risks than they are currently willing to do" in both the short and long term interests of their members.

The aim of this contribution is to point to the extent to which the participative strategy of capital can have contradictory implications. It presents a challenge to the labour movement to go beyond the "strategy of refusal". ☆

References

- M. Burawoy, 1985: *The Politics of Production*, Verso.
 P. Cressey and J. MacInnes, 1980: "Voting for Ford" in *Capital and Class*, No 11.
 J. Maller, 1988: *Esop's Fables*, LERC.
 M. Nicol, 1989: "Promoting participation in ESOPs" in *SALB*, Vol 13 No 8, Feb 1989

Apology

A misleading subheading appeared in Nicol's review of Maller's book (*Labour Bulletin*, Vol 13.8, Feb 1989, p 98). It stated that the book supports ESOPs. The book does not support ESOPs, nor did Nicol's review claim that it does. We apologise to both writers for any inconvenience caused by this error.