
TAKING A CLOSER LOOK AT WORKERS' CONTROL

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It is undeniable that worker possession of the means of production will only be achieved after a revolution that dismantles the bourgeois state and boots out the present owners. However, notwithstanding this, can workplace reforms under present conditions facilitate the achievement of this primary goal of the revolution, and can they be the object of immediate demands by workers?

Such reforms or advances include changes in management methods and work organisation that give workers at least some say over the production process, the development of better job design and the establishment of worker owned and managed enterprises.

The main concern of radicals is that these are just a con to get more work out of people and to make them feel they have a stake in the system. On the other hand the introduction of these changes can be seen as a response by capitalists to the fact that advances in the productive forces require a more motivated and able workforce. This could be one of the ways in which capitalism creates the conditions for its own supersession - a central tenet of Marxism. The system is giving workers some of the skill and abilities needed to take over, and attempts by capitalists to motivate workers could backfire on them by awakening the slumbering mass.

Somewhere in all this we have to find part of the answer to the problem of linking the revolutionary objective of taking over the means of production with struggle in the here and now. To date radicals have been totally hopeless in this area. They have generally ended up in the bog of trade unionism.

In this paper I will only come to tentative conclusions. The issues will need to be subject to protracted study and discussion before we can come up with a useful analysis and guide to action.

However, before coming to conclusions, tentative or otherwise, an overview of what we are talking about is in order. I will start by looking at the range of management and work practices within capitalist firms that, for want of a better term, can be called industrial democracy. I will then look at worker cooperatives.

Industrial Democracy

Industrial democracy is essentially about rank-and-file workers within a capitalist firm playing some part in decisionmaking. It can take the form of co-management where representatives of the workers (or union officials) sit on the managing bodies of the enterprise. This is big in a number of countries including Germany. It can also take the form of workers having a say in how their work is done and its reorganisation on more human lines.

Co-management would appear to be of marginal interest. It mainly involves union officials 'representing' workers and is generally confined to traditional trade union issues. So we will dwell no further on it.

Direct worker involvement is of far greater interest. Curiously most developments in this area are driven more by the actions of management than the prompting of workers. There are a number of much discussed 'management innovations' that have an industrial democracy flavour about them. Bosses are finding that increasing productivity requires workers to think about their work and to take an interest in it. Programs have been developed whereby teams of workers are given greater responsibility for determining how the work is to be performed and for ensuring the quality of the final product. This generally involves flattening the management structure, including the elimination of the first layer of supervision (ie foremen) and partially breaking down the division of labour by giving the individual worker a greater range of skills and allowing them to make decisions as a group on certain matters.

I do not know how widespread these developments are because I am not well read in the relevant management literature. However, there are a number of highly publicised cases that I am aware of. One that has caused something of a stir is Semco in Brazil. The boss, Ricardo Semler, is a major figure in Brazil and last year he published *Maverick!* a book that tells the story of the change in his company's work culture.¹ Other prominent examples are Johnsonville Sausage and NUMMI. These are examined in turn.

Semco

Semler inherited Semco from his father in the early 1980s. The company is a medium sized company producing a range of products including marine pumps,

¹ Ricardo Semler, *Maverick!*, Century, London, 1993.

digital scanners, commercial dishwashers, truck filters and mixing equipment for everything from bubble gum to rocket fuel.

He was dissatisfied with the way the firm operated. In particular he wanted to tap people's enthusiasm and abilities, and eliminate bureaucracy and red tape. The changes he introduced to achieve this transformation can be summarised as follows.

- Workers have access to the company books and certain big decisions, such as buying another company or moving location, are often subject to a vote.
- In each business unit there is a committee comprising non-management members. Initially these simply looked at working conditions and facilities. Then they began to spontaneously spawn various groups that looked at such matters as the redesign of products and the formulation of marketing plans. These groups are made up of shop operatives, technicians and management and their decisions do not need approval further up the line.
- Teams produce the complete product. Nearly all workers have mastered several jobs. Jobs that were considered particularly dead-end have been eliminated. Consequently there are no receptionists, secretaries or personal assistants. With the development of these teams a lot of middle management has been eliminated.
- Subordinates interview and approve the appointment of their immediate boss. This is followed by six monthly evaluations. Team members also hire and fire their own members.
- There is a degree of flexibility in hours of work. Workers no longer have to clock on and off or undergo security checks.
- While Semco does not guarantee employment, workers who have been there for more than three years can only be laid off as a last resort and ex-Semco employees are given preference for vacancies. The company also helps employees set up their own businesses as sub-contractors.
- Workers receive 23 per cent of the profits of their division. How the money is distributed is decided at the work area, although invariably it is shared equally.

Johnsonville Sausage

The *Harvard Business Review* of November-December 1990 has an article by the boss of Johnsonville Sausage, Ralph Stayer, entitled 'How I learned to let my workers lead'. Johnsonville Sausage was a rather vulnerable medium size company supplying a regional market. Stayer felt that workers lacked commitment and were thoughtless and careless. He saw the solution in having workers 'owning' their work.

Teams have taken over functions that had previously been performed by managers. They make all the decisions about schedules, performance standards, assignments, budgets, quality measures, capital improvements. They also do their own selection and training.

Hierarchical layers were reduced from six to three. Managers were renamed 'coordinators' and told to build problem solving capacity in others rather than solve problems for them.

A risky strategic decision on whether to take on a large new order was put to the vote. However, it is not clear to what extent this really represented the surrender of power by management given that they were unlikely to have taken the order on unless they were sure of a high level of worker commitment. The large yes vote was an indicator of that commitment.

NUMMI

The New United Motor Manufacturing Inc (NUMMI) in Fremont, California is a GM-Toyota joint venture that has introduced management methods that are considered rather innovative.² Its most distinctive features are (1) the introduction of teams of workers that do their own time and motion studies and process improvements, rather than leaving it to industrial engineers, (2) the elimination of the first layer of supervision, (3) the simplification of job classifications and (4) the rotation of tasks.

The plant was established in 1986 on the site of what had previously been a GM assembly plant. Most workers were hired from the old workforce. The United Auto Workers Union is still the recognised sole bargaining agent and normal wages and benefits apply.

² This section relies on Paul Adler's 'Time-and-Motion Regained', *Harvard Business Review*, January-February 1993.

There are 350 production teams, each composed of five to seven people plus a leader. Four teams comprise a group which is lead by a group leader, the first layer of management.

The job classification system has been simplified.

GM-Fremont had 18 skilled trades classifications, NUMMI has two. GM-Fremont had 80 hourly pay rates, at NUMMI all production workers get the same hourly rate - currently \$17.85 - regardless of their jobs, except team leaders get an extra 60 cents. There are no seniority-, performance- or merit-based bonuses. Important as money is, equity is more important in reducing tensions and resentments. (Adler, pp. 102-3)

There has been an end to petty bossing and efforts made to reduce 'them and us' feelings between shop-floor workers and management. Teams have been given their own account for purchasing such items as new gloves and work mats. Management staff no longer have their own car park and everyone wears the same uniform. Workers have been promised that lay offs will only occur if the company is in peril.

The declared purpose of management hierarchy is to support production teams with problem-solving expertise.

at NUMMI, middle management layers are layers of expertise, not of rights to command, and if middle managers have authority, it is the authority of experience, mastery, and the capacity to coach.[quote?]

There has been a massive improvement in productivity. What had been the worst GM factory in the US became the best. People work harder and smarter. Absenteeism has dropped from 20-25 percent to 3-4 percent. Participation in the suggestion program has increased from 26 percent in 1986 to 92 percent in 1991. In that year workers made 10,000 suggestions, of which more than 80 percent were implemented.

Adler contends that the power of workers and the union local is still considerable. In some ways it has increased because the NUMMI system depends on retaining their trust and cooperation.

While workers see the new system as much better than the old, no one is rushing to work on Sundays. They are still shop floor operatives engaged in routine tasks with no role in the choice or the design of the technology or product.

Worker Cooperatives

Worker cooperatives are another area where capitalist ways of doing things can begin to be challenged. Most are small scale. The prominent exception is the large complex at Mondragon in the Basque region of Spain. In Australia, the best example would be Dynavac a Melbourne pump producer. In the USA you have the various ply-wood producing cooperatives.

Cooperatives have a number of key organisational features. Workers are the owners. They have the ultimate say rather than outside shareholders. Generally this is on the basis of one person one vote in the governance of the enterprise. Workers are also the recipients of residual income (ie profits).

In some cases there may be a minority of non-owning workers (employees). These meet short term increases in labour requirements or provide specialised expertise where it is only available from outsiders with no commitment to the cooperative.

A cooperative could allow some capitalist ownership where it is non-controlling. This could involve borrowing from the finance market, issuing non-voting shares to outsiders or hiring plant and equipment.

Mondragon³

The Mondragon complex in the Basque region of Spain would appear to be the only case where largescale industrial enterprises are run as producer cooperatives.

The Economist (April 1 1989) reported that in 1988 the Mondragon group had sales of US\$1.8 billion, a workforce of 22 000 and output equal to 4 percent of the Basque region's GDP.

Over the years they have manufactured products as varied as furniture, kitchen equipment, machine tools, microchips and electronic components, and engaged in printing, shipbuilding and metal smelting. Through its biggest member, FAGOR, it is Spain's largest producer of white goods.

³ This section draws mainly on W. F and K. K. Whyte, *Making Mondragon*, ILR Press, New York, 1991

It also has hybrid consumer/producer cooperatives, a social security cooperative and a bank that is the biggest in the Basque province. It runs educational institutions up to college level, and has its own industrial research organisation.

Each member has one vote in the election of a governing council. The council determines management policies and programs, and selects the manager for a four year term and appoints his/her immediate subordinates.

There are also social councils whose function has been described as representing the interests of members in their role as workers rather than owners. It tends to deal with such matters as health and safety, social security and systems of compensation.

Neither members nor outsiders own stock in any Mondragon cooperative. Members pay an entrance fee and subsequent contributions to a capital fund. At least 10 percent of profits are set aside for educational, cultural or charitable purposes. A percentage determined by the governing council is put into a reserve fund. Members' shares of profits are put into their capital accounts each year and interest on this is paid regularly. With few exceptions, the practice has been to only give members access to their capital accounts after they leave the cooperative. In bad times members may have to make added capital contributions. This may take the form of drawing on their capital accounts.

Cooperatives are frequently organised into groups that centralise some of the control and management and pool profits and losses. The group takes responsibility for coordination and provides personnel, legal, accounting and others services to the constituent organisations.

There is a cooperative, Alecop, in which most of the members are students at the Polytechnic. Students work four hours a day in the plant and attend classes for another four hours. One third of the members of the governing council is elected by the permanent staff, one third by the student members and another third by the cooperatives supplied by Alecop.

The cooperative bank - the Caja Laboral Popular - sees its main role as financing the creation and expansion of worker cooperatives and other cooperative organisations. Cooperatives have to conduct all their banking with the Caja and the Caja has the right to audit them once every four years. The bank has an entrepreneurial division that helps to create cooperatives and provides consulting services and emergency assistance to existing cooperatives.

While the cooperatives put some thought into developing advanced forms of management and work organisation, they do not appear to be better in this regard than the more 'enlightened' private corporations. The main value of Mondragon would appear to be in showing how it is possible for cooperatives to operate in large scale modern industry.

Rebellion or collaboration?

The question we have to address is whether industrial democracy and worker cooperatives foster rebellion against the present system or collaboration with it.

As we have shown a lot of industrial democracy is driven by the boss's desire to increase labour productivity. So is it just a con, an attempt to fool workers into identifying with the boss's interests, and so work more diligently? The answer is both yes and no. Ultimately of course workers' interests lie in expropriating the capitalists and carrying out a far more fundamental transformation of work and ownership. Nevertheless, in a narrow immediate sense workers can have an interest in the change if it makes their work more congenial and more secure. Given this you cannot really try and sell the idea to workers that it is just a con.

Is it co-opting workers and steering them away from struggle that would otherwise occur? Well it certainly would not divert anyone from revolutionary struggle at the moment - there are far more important reasons why nothing is happening in that respect. Furthermore, the crumbs of workplace change may possibly rouse people from their slumber and lead them to seek more than what bosses want to give out. Moreover it can give them confidence they didn't previously have; and it can make a 'mass question' out of the nature of work.

Would the effort to make a worker cooperative successful lead to a narrow focus at the expense of wider political concerns? In other words would it steer people from the main game, namely bitter struggle with the bourgeoisie? May be. But then again cooperatives could possibly be a hotbed of struggle over how people are going to work together and over preventing a minority taking effective control. Obviously worker cooperatives should never be seen as an ultimate objective. They still involve market relations, and these breed exploitation, and economic crisis and stagnation.

Unions have always had mixed or hostile feelings towards industrial democracy and worker cooperatives. Possibly there is a legitimate concern that industrial democracy can be a ruse to keep the union out of things, and worker cooperatives

can potentially breakdown worker solidarity if members become fixated on the survival of their particular enterprise at the expense of worker interests as a whole. However, it is difficult to distinguish these concerns from the unions' desire to keep *workers* out of decisions and have the officials calling the shots. On many matters workers should not need outside union officials to talk on their behalf. They should be able to do it themselves.

By way of conclusion, perhaps industrial democracy and worker cooperatives reflect a real world dilemma. On the one hand change requires rebellion and defiance against those who would exploit us and squeeze our lives into little boxes. On the other hand it requires the development of an experience based understanding of how to run things ourselves. To put it more graphically, rebellion by surly but stupid slaves is not the basis of radical change.