

**WORKERS' PARTICIPATION IN MANAGEMENT OF ENTERPRISES
IN THE NETHERLANDS
ACHIEVEMENTS AND PROBLEMS**

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It is known that workers' participation in management of enterprises has the longest tradition in West European countries. Here, after the Second World War, and in particular after 1968, more and more institutionalized forms of workers' participation have been appearing, and the governments of individual countries — depending on which political parties are in power — have been changing and adapting them from one year to another.

It is a fact that, during the last decades, workers in the developed capitalist countries of Western Europe have gained considerable rights in the management of enterprises. In general these rights concern better supply of information to workers by the management about the situation of the enterprise, possibilities for expressing their opinions about the situation of the enterprise, possibilities for expressing their opinions about some of the important matters to be decided upon by management (e.g. introduction of new technology) and the possibility of deciding on certain matters themselves. Moreover, it is also known that in the current economic crisis the ruling powers in these countries are looking for a solution to the crisis firstly by eliminating or limiting some of the workers' dearly-achieved social rights. The austerity measures have first affected all fields of social and cultural life and those who feel them most are workers with the lowest income.

Among other things, the economic crisis entails a fall in trade union membership. There are many reasons for this, of which the most important ones are decreased financial strength and unemployment. In many countries membership of a trade union ceases automatically with the loss of a job. On the other hand, workers are losing confidence in trade union organizations, since the latter are often unsuccessful in negotiating with employers. Allied as they are, to the socialdemocratic parties which hold power in some countries, trade unions cannot be sufficiently critical towards these parties' policies. Their integration in the

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political system somehow limits the possibilities of their struggle for workers' rights.

Most of the existing problems mentioned above are characteristic of the situation today in the Netherlands. However, there are also important specific features which have been strongly influencing the development of workers participation in management in this country. In the Netherlands, one of the most developed countries in the world¹, industrial development took place relatively late which also delayed the formation of a working class and workers' organizations.

Second, in the formation of the workers' movement, religion has played a much more important role than in any other West European country². On the one hand, the worker has been looking for consolation for his life problems in religion and has therefore become passive in relation to social problem on the other, the consequence of the partition between Protestants and Catholics, religious and non-religious, was such that instead of a class struggle, the antagonistic interests of the two main churches prevailed, as well as the conflicts between believers and non-believers. In addition, the confessionally motivated workers' organizations have been slowing down the efforts of the socialist forces fighting for workers' emancipation by collaborating with the employers and emphasizing the need for co-operation between classes and social strata. A model for co-operation between all social forces became the basis for all later socio-economic forces in the country and in the framework of these relations the system of labour relations occupies the most visible place. Consequently, it is understandable that, from the very beginning, workers' participation in the management of the economy was advocated by those forces (government and Christian trade unions) which wanted to avoid, through co-ordination of interests between workers and employers, social (class) conflicts. This is one of the important specific characteristics of the development of the idea of and requirements for workers' participation in this country.

It should be pointed out that, until the beginning of the 1950s, the most important role in the development of the participation at enterprise level in the Netherlands was played by the employers; only in some rare isolated cases did initiatives for the development of participation come from various workers' organizations, and even more rarely, from workers themselves. (This is another important difference between the Netherlands and many other developed capitalist countries where the initiatives were most often expressed by trade unions and other workers' organizations).

Through creation of workers councils, the employers wanted to ensure a faster growth of productivity and more efficient management, but above all so-called industrial peace (avoidance of strikes). In these

¹ According to 1982, data, the per capita income is \$ 7.650 (Eurostat No. 2, Luxemburg, 1984, p. 47).

² In Holland today there are 40% Catholics, 33% Protestants, 3% adherents of other religions and 24% non-declared (Statistisch Zakboek, CBS, Den Haag, 1982).

efforts they were supported by the State, which relatively early became involved in the efforts for the development of participation with the aim of creating an atmosphere of class peace and co-operation. In Holland, the idea and policy of class compromise have materialized in the institutionalized form of the Higher Labour Council (a tripartite advisory national institution, which was formed as early as 1919).

The third important specific characteristic of the Dutch system of workers' participation in management is the very visible tendency of centralization. This means that workers' participation is reduced to the representation of trade unions in some advisory institutions at national level, a characteristic which predominated throughout the post-war period, up to the end of the 1960s.

Such a highly centralized system of workers' participation itself implied a very important role for the State in its formation and functioning. The State has not only been instrumental in creating various advisory bodies at national level, but has also in many cases been directly represented in them.

In view of this high level of centralization in the management of the economy, as well as in Dutch society as a whole, trade union organizations have tended to concretize on the development of participation at national level. Only at the end of the 1960s, and particularly of the 1970s, when the »model of harmony« started to decay in conditions of increasing social tension, did the trade unions show interest and in some cases even undertake the initiative for further development of workers' participation. With the introduction of trade union organizations in enterprises, the unions started to shift the focus of their activity from national to enterprise level. If they had earlier considered factory councils as competitors they now tried, with and through these bodies (particularly through their representatives on them), to improve and strengthen the social position of workers. While the employers and the State have from the class point of view, been trying to neutralize workers' participation in management and have been quite successful in these efforts in the recent years, the more progressive trade unions (in the FNV Federation) have started dropping the policy of harmony and »co-responsibility« for the work of any one enterprise and conceiving their own strategy based on the principle of »distance«, thus reorienting themselves from a »consulting« to a negotiating role, and even more often to strikes and other actions, such as occupation of factories. Although these class tension trends had already started to emerge in the more progressive part of the workers movement at the end of the 1960s, they have become clearer only in recent years, i.e., in the period of economic crisis starting in 1973-74. No agreement has therefore been reached at national level in the institutions where workers participate in the management of the economy (the Labour Foundation and Social-Economic Council, joint bodies for employers, trade unions and government) for quite some time, which is a clear indicator of the new trend in Dutch social relations. Workers' participation in management can be observed at several levels: in the enterprise, in individual industrial sectors, at regional, and at national level. Our attention is focused primarily on the enterprise level, which has

become the most important, although we have also studied other levels, since they mutually influence and complement each other.

A high level of *institutionalization* of participation is characteristic of the Netherlands. As early as 1919 participation was regulated at national level and found its expression in laws. However, workers' participation in management has been legally regulated only at higher levels (the lowest level of legal regulation is enterprise level), while the introduction of shopfloor consultation depends primarily on employers' attitudes. For this reason, factory councils did not pay any particular attention to the advisory role of workers on the shopfloor or to the integration of workers into the decision-making process at the workplace until the new law on workers' councils was adopted in 1979. Although this new law established an obligation of shopfloor consultation on the factory council, more attention is still being paid to the decision-making process at the centre of an enterprise and its management bodies. Shopfloor consultation thus does not achieve its objectives.

In our study of the establishment of workers' participation in Holland, we have, however, come to the conclusion that the latest changes in workers' legislation (the 1979 law on factory councils, the 1982 law on participation in small and medium enterprises) have considerably improved workers' position in management of enterprises. In view of the fact that these laws have only recently been enacted their real contribution to the establishment of participation can be analysed in detail and in depth only at the end of this decade. However, on the basis of available data and previous research, the following can be concluded:

- a) that Dutch workers have gained important new rights in the decision-making process;
- b) that they are aware of their rights and realize them in practice;³
- c) and that, besides the trade unions, political parties have also started to pay more attention to management problem in enterprises and to workers' participation and this will most probably have a positive influence on the development of that participation. If we bear in mind the fact that, in several West European countries (e.g. Germany, France, Belgium, Scandinavian countries) factory councils and similar advisory bodies in enterprises are still composed of representatives of workers (employees) and employers, or managers, and that the employer (e. g. director) also often presides over council meetings which reduces to a minimum the possibilities for workers independently forming their own opinions and decisions, then the newly-realized autonomy of the factory council in the Netherlands is a considerable achievement in the field of participation.

³ Research has shown for example that more than 80% of workers participate in elections of members of factory councils. There are also data obtained on the basis of surveys, which show that workers, on the one hand, criticize the functioning of factory councils, and consider that their competence is not sufficiently realized, while on the other hand, they state in the same survey, that in future it will be necessary to introduce division of power in the enterprise so that the factory council obtains a central position in the decision-making process (A. Teulings, *Ondernemingsraadpolitiek in Nederland*, Van Gennep, Amsterdam 1981, pp. 213-218).

As far as workers' authorizations are concerned, important new rights have been introduced by the new law in the field of information, advice and decision-making. Although the right to be informed belongs to lower levels of participation (the advisory role and co-decision-making representing higher levels), we believe that it is precisely in this field that important rights have been realized for Dutch workers, given that comprehensive and timely information (in Holland, information concerning the economic situation of the enterprise, which is a step forward in comparison with France, Belgium and Scandinavia where such information is still considered a »business secret«) is an indispensable condition for effective expression of views on certain questions and for envisaging the consequences of individual decisions.

The most important achievement in the field of new factory council rights in the Netherlands is, however, the enlargement of the range of questions on which workers can give recommendations and advice to employers or management. These are: important changes in investment policies, the legal structure of the enterprise, and appointment or dismissal of directors, executives, etc. In this regard also the Netherlands are ahead compared to other West and North-West European countries. The questions on which employers have to consult factory councils in France, Belgium or Germany primarily concern social welfare, while in the Netherlands they concern also economic and business decisions. Also specific to the Netherlands is the fact that, while making decisions, employers are bound by law to consider the recommendations of factory councils. If the employer does not respect this right, the latter can take the matter to the court. It is this possibility, as well as the wide responsibilities of courts for arbitration and settlement in case of conflict situations, which have a positive influence on the practical realization of legal rights and it stems from the law's »preventive function« (employers prefer to respect the law rather than be exposed to external arbitration). On the other hand, intervention by an external body prevents blocking of action in an enterprise which could occur if agreement were being awaited (slow concluding of agreements can affect business performance of an enterprise). The external intervention of higher authorities in fact represents a compromise between the employer and the factory council: since neither of the two parties could have had the last word, they left it to a third »independent« party, i.e. the external authority. This pattern of decision-making by a third party was advocated above all by the trade unions, who believed that it was better to leave the last decision to a court, which is a neutral institution, or to a industrial sector commission in which employers and trade unions are equally represented.

If one studies the participatory mechanisms, and in particular the demand that the employer should follow the recommendations of the factory council, it can be observed that consulting somehow turns into negotiating and that some untypical antagonistic elements become evident in the process of participation. Dutch employers have accepted this antagonistic element in participation with much difficulty, since participatory institutions are usually intended for consulting and not for negotiating.

In an attempt to compare the Dutch model of workers' participation with models or systems of participation in other countries, we have tried to use K. Walker's typology of levels of participation. This author defines six degrees of participation at enterprise level.⁴

1. Enterprise management makes decisions independently, without informing employees.
2. Management makes decisions independently, but employees are informed before the decisions are implemented.
3. Management makes decisions after having listened to employees' opinions.
4. Negotiations are undertaken, but management acts independently in the event of no agreement being reached.
5. Negotiations are undertaken, but no action is taken if agreement has not been reached.
6. Employees make decisions independently.

It is difficult to fit the Dutch case into any of these categories. In a way it is a modified form of the 5th degree. There are negotiations and consultations, but if no agreement is reached, action can be taken only after external arbitration (sector commission or court) has taken place.

The above gradation of participation may lead one to conclude that Dutch workers have achieved, through institutions at enterprise level, a relatively high level of participation. However, when it is considered that participation is graded here only according to one element — the decision-making process — and neglects several other very important conditions and elements (on which Walker elaborates in other element of his classification), a complete picture of the position and establishment of Dutch workers' participation in management is not obtained through this classification.

A typology of participation should thus be made on the basis of other factors, namely:

- a) objects of participation (economic and social);
- b) areas of decision-making (advisory, management or executive);
- c) levels of decision-making (workshop, enterprise, sector, the economy as a whole);
- d) mutual relations and interlinkage between these levels,
- e) establishment of participation in society as a whole (not only in the economy, but also in the non-economic sector, and in the public sector as well as the private one);
- f) direct and indirect participation.

As far as the first criterion is concerned, the *object of participation* in the Netherlands is the management and decision-making process. Although participation exists to a certain extent in profit distribution (a percentage of profit is distributed among the employees at the end of each year), it is not fully extended to this field as is the case in other countries.

We have already pointed out that, in the Dutch case, the object of participation is extended to economic as well as social areas of decision-

⁴ K. Walker, *Workers' Participation in Management, Problems, Practice and Prospects*, ILO, Geneva 1974, p. 8.

-making, although it should be noted that, as to the former area, the question is that of possibilities of consultation and not of decision-making or co-decision-making. Apart from economic and social fields, participation also embraces technology and the organization of work. Workers may be informed by factory councils of all questions concerning these areas and may express their opinions and recommendations. In addition, in the decision making process itself, workers also have besides the above mentioned rights, that of co-decision-making. When social questions are under discussion and in some rare cases, aspects of work organization and the introduction of new technology, workers can, through their representatives on management bodies, participate in the process of full decision-making, since those representatives take part more or less equally in the adoption of certain decisions.

In any analysis of the actual competence of factory councils, the question often arises as to what this competence really means for workers: to what extent are they actually able to influence any change in their social position or position in the production process.

The changes which have been brought about by law can be illustrated by the following example. Until recently an employer had the right to close down an enterprise or one of its branches at any moment and to put before the employees a »fait accompli«. However, the new law binds the employer not only to inform the employees »in time« about planned changes of this kind, but to look for a solution together with the factory council and the trade union (they may try to avoid closing down the factory, or if this is not possible, to make a plan for progressive dismissal of employees, for retraining early retirement, half-time employment, etc.).

Several levels of decision-making can be identified in the Netherlands, bearing in mind that there are considerable differences between these levels. In recent years, the most important level is that of enterprise. The lowest level is shopfloor consultation, but it has already been pointed out that no significant result have been achieved at this level since participation has not been institutionalized here. It can be established only if the employer agrees.

Workers' participation at sector and regional levels is poorly developed, and it is therefore not possible to speak of a complex network of mechanisms of participation. It is true, that in the Netherlands attempts have been made from the very beginning to establish and institutionalize participation at all levels, and that this has given birth to some regulations and laws. However, participation at the middle level (sector, region), which was primarily fought for by the trade unions, has failed to become firmly established or to develop in the direction foreseen by the unions. There are today two centers of activity and initiative in the development and establishment of participation: the more important one is at enterprise level, the second at national level.

One of the elements of our typology is the mutual relationship (interdependence) and interlinkages among the levels of participation. We believe that the interdependence of all the levels is very important for faster development of participation, but in the case of the Dutch system there is still no certain degree of integration of these levels as a

whole. Trade unions are, however, making efforts precisely in this direction. For some years now, attempts have been made to integrate some elements of participatory activity within the framework of the enterprise; next, ideas have been put forward institutionalizing and formalizing shopfloor consultation and — particularly important — shopfloor integration in the factory council. (It has been proposed that shopfloor consultation take the form of an assembly of employees at shopfloor level which would then send its representatives to the factory council and similar bodies).

This feature is however, not specific only to the Netherlands but is also evident in most other developed West European countries.

There also exist in the Netherlands more direct forms of workers' participation: these are found in cooperative, in »enterprises which are favorable to man and his environment«⁵ and in some private enterprises where workers have wider responsibilities, although in the latter these forms are less developed compared to the co-operatives. These forms of direct participation which often approach forms of workers' self-management, are not institutionalized⁶, and therefore don't belong to the legally regulated system participation. Ten years ago, such enterprises represented only an isolated initiative on the Dutch socio-political scene, but have in the meantime grown into an organized movement which is gaining wider social importance.

While for the co-operatives it can be said that they have a certain historical tradition, the new self-managed enterprises are an expression of the crisis of contemporary society, at the economical level as well as at wider cultural and ideological ones. History shows that ideas of workers' democracy emerge precisely during such crises: it is in such situations that workers most often look — spontaneously or through their organizations — for a way out in the forms of direct worker-management of enterprises or of society as a whole. (For example, experiences in Russia, Germany, Great Britain, Italy and other countries at the end of the First World War.)

One of the characteristics of the present movement of self-managed enterprises in the Netherlands and other West European countries is that they bring together representatives from different social strata (not only workers). In addition, this movement is co-ordinated and is receiving support from other newer social movements, such as those of ecologists, feminists, supporters of alternative technology, etc. The important thing is that the members of these movements favour structural changes in the existing system of social values. This attitude usually takes two forms: on the one hand supporters of self-managed co-operatives or enterprises see in them micro-cells of a new alternative society (socialism), and on the other, a belief that real democratization presupposes radical change of ownership relations, and other relations as well. Attempts are being made in these enterprises to give work a different

⁵ The MEMO organization, comprising, 1.100 small self-managed enterprises.

⁶ I. e. they have not been integrated in the existing legal-normative framework, but are rather the result of initiatives and activities outside this framework.

character and meaning, and democratic forms of management are complemented by improvements in job content in order to achieve creativity in the work process.

It has been observed that management in small alternative enterprises is direct and democratic (all the employees decide about everything), while in large enterprises of this type, primarily in co-operatives, there are several problems in this regard: management is indirect, through representatives in the management bodies, while more attention is paid to democratization at the top and not at the base of the enterprise. A change in ownership relations in such enterprises (collective ownership or co-ownership), is therefore in itself not yet a sufficient precondition for radical changes in the workers' position in the decision-making and management processes. We have come to the conclusion that there is very often a direct correlation between the size of the enterprise and the degree of workers' involvement in management. The following »rule« can in fact be deducted: the smaller the enterprise the more direct the management and, particularly important, the more qualitative is workers' participation in it, or workers' self-management. As a rule, the workers in small co-operatives take a very direct and meaningful part in discussions and also in decision-making on practically all important questions, including various economic and financial aspects of business policy. On the other hand, in larger co-operative enterprises this type of participation is becoming increasingly indirect. It is our impression that supporters of these new forms of social organization of production units (co-operatives and the so-called new self-management enterprises) have not succeeded in finding satisfactory systems or solutions which would allow successful implementation of the declared democratic concept in more complex and more technological units. No satisfactory institutional solution has been found which would enable vertical integration of the main constitutional segments of new enterprises.

The importance of the still small number of self-management oases inside the capitalist economy lies in the fact that they show that they can, though still on a rather limited scale, develop within a capitalist socio-economic system. In addition, they are also very often economically successful. All this contributes to breaking the prejudice that work organizations cannot be economically profitable.

Under the present conditions of economic and social crisis in the Netherlands, enterprises which have adopted progressive forms of management or even »self-management« even receive government support.⁷ On the other hand, Dutch progressive socio-political forces which have been underestimating and rejecting the co-operative movement as reformist or even as an instrument of the existing order, have started to pay it more attention in recent years. Although their long-term objective is »democratic management«, and »self-management« under the conditions of social property, they believe that it is precisely the production co-ope-

⁷ Government financing of experimental research or the introduction of progressive forms of management into enterprises, financing of the Foundation for Self-management and the like.

ratives that represent the most important »alternative« democratic form of management of production units within the framework of the existing socio-economic system.

The answer to the questions of what the future trends are in workers' participation in the Netherlands, and what kind of influence the transformation in social cells (worker participation in management) will have on overall social relations, must be sought by examining participation from the point of view of wider socio-economic relations and processes. Given that all these institutions are relatively young, it is impossible to judge and evaluate them fully. Assessments of their potential importance for changes in the position of the working class rest largely upon assumptions.

Whether participation means the eventual liberation of work, or at least one step towards it, depends on which social forces will succeed in destroying for their own benefit the existing institutionalized balance between employers and employees. There are some indications that the phenomenon of sharpening class antagonisms which started in the 1970s will continue and become more acute. There are tendencies that consultations with the employers turn into negotiations; it is no longer agreement on general aims and objectives which is sought, but agreements on those matters which are not the object of conflict between the two classes; widespread and very stable co-operation between entrepreneurial and trade union organizations, and the government as a third party, has changed into co-operation on an *ad hoc* basis. Striving to attain their goals, trade unions have been showing increasing readiness to come into conflict with employers and government. In comparison with previous years, there is much less »industrial peace«: the frequency of strikes is increasing as well as the number of enterprises and workers on strike. Conflicts can be also observed in those sectors which had practically never known them before — police departments, ministries, postal services and other public sector institutions. Further strengthening of radical attitudes and demands can be expected. New radical groups and organizations are emerging, and radical feelings are also growing in some sections of the traditional left.

Objective as well as subjective assumptions are tending to favour the development of more energetic demands for more democratic relations in the work process. Events will show whether this possibility will remain unused or whether it will bring some serious changes in the area of workers' participation in management. It is our belief that, in the long term, some of the phenomena observed during recent years in the direction of democratization of social relations in the production process will become a permanent path for emancipating and democratic forces in the Netherlands.

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*RADNIČKA PARTICIPACIJA U UPRAVLJANJU PREDUZEĆIMA
U HOLANDIJI*

Dostignuća i problemi

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Re z i m e

Participacija radnika u Holandiji (slično kao u drugim zapadno-evropskim zemljama) dobila je značajnije razmere posle drugog svetskog rata, donošenjem zakona o fabričkim savetima, premda su pre toga već bile uvedene ustanove participacije na nacionalnom nivou u kojima učestvuju vlada, predstavnici sindikata i poslodavaca. Upravo taj tripartitan sistem i značaj koji je dat centralnom nacionalnom nivou odlučivanja u tom sistemu, specičnost je radničkog učešća u upravljanju preduzećima u Holandiji.

Participacija radnika u upravljanju odvija se na više nivoa: u preduzeću, grani, regionu i na globalnom nivou. Poslednjih godina najznačajniji je nivo participacije radnika preduzeća, dok je ranije to bio nacionalni nivo. Participacija radnika u upravljanju privredom na nivou

grane i regiona slabo je razvijena i stoga ne možemo govoriti o celovitoj mreži mehanizma participacije.

U novije vreme holandski sindikati sve veću pažnju posvećuju participaciji u javnom sektoru, koja u pogledu ovlašćenja radnika u procesu odlučivanja dosta kasni za privatnim sektorom.

Pored postojećih institucionalizovanih oblika participacije u toj zemlji postoje i oblici neposrednije participacije radnika u upravljanju, koji se ostvaruju u zadružnim asocijacijama, u »preduzećima koja su naklonjena čoveku i njegovoj sredini« i, takođe, u pojedinim preduzećima sa proširenim kompetencijama radnika, mada su u ovim poslednjim ti oblici manje razvijeni u poređenju sa kooperativama. Dok su pre desetak godina takva preduzeća sa neposrednijim načinom upravljanja predstavljala izolovanu inicijativu na holandskoj društveno-političkoj sceni, ona su u međuvremenu prerasla u organizovan pokret, koji dobija širi društveni značaj.