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Mitbestimmung

Probleme und Perspektiven der empirischen
Forschung
Herausgegeben und eingeleitet von
Hans Diefenbacher und Hans G. Nutzinger

- 359 -

INDUSTRIAL DEMOCRACY, JOB REGULATION AND INTERNAL LABOUR MARKETS

David Marsden*

I. Introduction

The discussion of industrial democracy in West Germany and Great Britain has all too frequently focused on the institutional forms of participation, and thus on the Betriebsrat and its pale reflection in Great Britain in Joint Consultation, or in the particular experiments of a limited number of private and public companies. This is not to decry the value of work on these, but confinement to these is a major obstacle to drawing meaningful comparisons, and thus to framing explanations of the differences between the two countries.

There are many levels at which industrial organization can be democratized, and at most of these the labour movements of the two countries have achieved sometimes major, and sometimes limited advances of joint control or joint regulation. In this paper I shall be particularly concerned with the question of "job control" and regulation of the company's internal labour market.

It can be argued that the West German system of works councils (Betriebsrat) and the British system of shop stewards, despite their superficial dissimilarities, are key elements in the system of job control and regulation of the internal labour market in their respective countries. In many respects these institutions cover similar functions, and comparisons of the development

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of industrial democracy in the two countries should start from these, and then move to the rest of the system.¹ The basic question of this paper is what underlies the very different institutional forms of job regulation in the two countries. Why should shop stewards be such central figures in Great Britain while in Germany, despite a rapid growth in their numbers over the last fifteen to twenty years, and the wildcat strike movements of the late sixties and early seventies, they do not appear to have developed any significant bargaining power? Why has their role not extended further into job and internal labour market regulation? Most of the discussion will be confined to manual workers in industry.

In this paper, I shall not be presenting arguments based on definite research findings, so much as airing some of the research hypotheses underlying a programme of research on internal labour markets in West Germany and Great Britain.²

II. Why has industrial democracy and job regulation taken such different forms in West Germany and Great Britain?

A number of reasons have been put forward at different times for the very different situations in the two countries, and the different powers of shop floor organization. One such argument is that the period of fascism dealt a very serious blow to any form of shop floor organization or shop floor militancy, putting an end to any of the traditions that might have developed during the First World War.³ In Britain, on the other hand, such an

¹ I have argued more fully for this point of view in Marsden, 1978.

² For some months, preliminary research has been carried out by the author at the Sussex European Research Centre in collaboration with the Institute of Manpower Studies in Great Britain, and by Dr. Bernard Keller at the Institut für Angewandte Wirtschaftsforschung in Tübingen. Dr. Dirk Ahner has also been contributing to the discussions.

³ At the time of writing his monograph on shop steward organization in the engineering industries in the First World War in Britain, G.D.H. Cole expressed the hope that someone would write the histories of similar developments he knew of in Germany and France. So far as I can see, this was never done, and documentation is scarce. See G.D.H. Cole, 1923.

elimination of shop floor organization, and of trade union power, never occurred. Indeed, trade union participation in the war effort was a crucial element creating the flexibility and mobilization necessary for the rapid adaptation of the labour force to wartime needs. However, this argument can be overstated. The degree of shop floor involvement appears to have been weaker than in the 1914-18 war, probably because of the decline in shop floor organization brought about by the depressed labour market conditions of the twenties and thirties that affected both countries.

In post-war years it has been argued that the existence of the works council (Betriebsrat) has been a major obstacle to the development of shop floor bargaining. According to this argument, any shop floor pressures in this direction have been contained on the one hand by the employers' refusal to recognize any other bargaining partner in the work place, and on the other by the works councils themselves which were reluctant to see their powers be taken over by another group. In the presence of a system which handles many grievances well, and which already has a well established bargaining relations, many of those on the shop floor would be reluctant to back an untested system with perhaps unpredictable results.

However, this argument too can be overstated. Britain may not have had the experience of works councils, but the war effort produced many favourable experiences with "Joint Consultation" which covers many of the non-bargaining aspects of codetermination (Mitbestimmung). However, the growth of shop-floor organization in Britain has gone hand in hand with the decline of Joint Consultation. This point assumes greater force if we remember that the establishment of channels for Joint Consultation is also a method of defining sets of issues that are to be dealt with by consultation and discussion as opposed to those sets of issues that may be dealt with by bargaining. A similar boundary can be found in these functioning of the Works Council, but in West Germany it has been maintained, while in Britain it has given way to an extension of bargaining, particularly over work

organization and related subjects.

A third argument is that in West Germany unions distrust shop floor movements for the same reason that they are distrusted in many other countries. They are capable of being very militant at times of crisis when they are strong, but as soon as the crisis passes, and their strength wanes - e.g. with the rise in unemployment - they are in great danger of being absorbed into the company, and accepting the rationality of its own operations. However, in this argument too there is not a great deal to explain the differences between the different organizations in Britain and West Germany. While the strength of the shop steward organization in certain parts of industry may guard against this danger, this strength is very unevenly spread over different sectors.

A fourth common argument to explain the growth of shop floor bargaining in Great Britain has been the extension of piecework, although there has been some switch back to time work and job evaluation in recent years. According to this argument, the development of pieceworking gives rise to an immensely complicated set of rates and special bonuses which produce a great deal of bargaining every time there is some change in working conditions or in the job specifications. Piecework systems are also extensively applied in W. Germany industry although their administration within the plant is more centralized and subject to the machinery of codetermination. Nevertheless the application of its rules to individual workers or work groups can still generate a lot of pressure on the grievance handling procedures, but it does not appear to have produced the same kind of shop floor organization.

Thus each of these explanations no doubt has a great deal of validity, but none of them seem to account for the whole difference. What I should like to argue in the rest of this paper is that differences in the organization of industrial training - the production and reproduction of labour skills - and the way this is regulated exert a crucial influence on the types of

shop-floor organization and bargaining that have developed in the two countries. In the following paragraphs I shall first outline the nature of the industrial training systems in the two countries, and attempt to bring out the differences in their underlying logic. I shall then examine how these give rise to different systems of job and internal labour market regulation, before then suggesting how these in turn reinforce the training system. I shall conclude with some more general reflections on the labour markets, training and job regulation.

Any such broad sketch requires considerable simplification, and it has to be remembered that there are big differences between industries, particularly in Great Britain, and that all training systems are for ever in a state of flux. It is hoped that as our study progresses, greater allowance can be made for such variations. Finally, I should perhaps add that the argument is that training systems create conditions for the development of certain systems of job regulation, but that changes in other factors, like the four mentioned earlier, can greatly influence the degree of development of the systems of job regulation accompanying them.

III. Industrial training systems and their respective logics in West Germany and Great Britain

Both Britain and Germany rely upon apprenticeships as a method of industrial training to an extent done by no other major EEC country. In both countries in the early seventies more than half of the secondary school leavers under the age of 17 went into apprenticeship type training. There are marked similarities between the two systems, in that both depend heavily upon the cooperation of employers for the practical side, both run for about three years, and often slightly more in Britain, and both involve day release schemes for theoretical training in technical colleges.

There are however two important differences. While German apprenticeship training usually ends in the "Lehrabschlussprüfung" examination, the man's craft papers are given in Britain on com-

pletion of the period of apprenticeship, usually without any rigorous form of examination. As a result, apprenticeship has often been referred to as "time serving" in Britain. This charge is often also made because of what is felt to be the small amount of actual training that goes on during the apprenticeship period.

The second difference is that further training (Weiterbildung) is fairly common in Germany, and usually undertaken on the worker's own initiative, providing opportunities for advancement to the level of foremen (Meister) and even to that of graduated engineers (graduierter Ingenieur). While it would be wrong to exaggerate the proportion of skilled workers who become foremen and especially engineers, such movement is fairly rare in Britain.

It has been suggested that a key element in the German industrial training system is that of "Leistung" or of technical performance.⁴ This would seem to be borne out by the emphasis on the technical side of training, but also in the treatment of transfers between jobs, usually, but not exclusively, within a particular qualification level. In their research, the LEST⁵ found it was common for workers to move around between jobs, and that this was seen as part of the building up of practical experience required by the training process, and for upgrading. It would appear, although it remains to be checked, that the allocation of workers between jobs is a management decision taken through the foreman.

If the German skill system might be said to be based upon the level of qualification or technical competence attained, the British one might be said to be based upon "job territories". A job territory can be defined as the set of tasks falling within the exclusive competence of a particular group of workers,

⁴ See for example one account of the German system compared with France in Maurice, Sellier, Silvestre, 1978

⁵ Laboratoire d'Economie et Sociologie du Travail, CNRS, Aix-en-Provence.

which also forms the complete set of tasks they will normally undertake. Even though the apprenticeship should provide the skilled worker with the basic technical competence to undertake these tasks, the main emphasis is on the quasi-legal right this gives him to employment on them. In this respect technical competence can be seen to be a necessary, but not a sufficient, condition.

Accompanying the system of job territories is a good deal of inflexibility in task allocation, and a much smaller amount of transfer between tasks. The reason for this is not hard to see. When skill is based upon a level of technical competence, it is unlikely to be threatened, and indeed may even be enhanced, by the added experience brought by movement between tasks. On the other hand, the infringement of a craftsman's job territory by an unqualified person threatens this control over the set of tasks contained within this. This inflexibility can also extend to limited technical changes. Small changes may well not reduce the company's demand for the services of its current skilled labour force, and so would create little difficulty if skill were defined by competence. However, the same small change could provoke rather bigger problems if it threatened one subset of tasks within a particular job territory. The threat is magnified in the latter case because when the total set of tasks to be accomplished in a factory is divided up into a number of job territories, redeployment of those losing part of theirs is obviously much harder.

While a high level of technical competence or well developed job territories may be the property of only a section of the workforce, it can be argued that the prestige and greater bargaining power of such groups established organization models for other less skilled sections of the labour force. The continuity of the qualification hierarchy in West Germany, and the possibilities of undertaking training at various stages in one's working life with its opportunities for upgrading even for the semi-skilled is one illustration. The same can be said for Britain where the apprenticeship as a condition for access to most craft jobs creates an

effective obstacle to the upward mobility of unskilled and semi-skilled workers, inducing them to adopt similarly defensive attitudes to the structure of their jobs, and providing them with an organizational model.

The force of this can be seen in the problems people have who have been on government training courses as part of the Manpower Services Commission employment programmes in finding jobs afterwards. One factor that works against them is that frequently they were unemployed before undertaking the training, and this, with the lack of relevant practical experience, may have led potential employers to be cautious. But at least as important has been the refusal in many cases of apprentice-trained craftsmen to accept them as equivalent. According to some reports, they have only been allowed to do craft work while the employer was unable to find a proper craftsman for his vacancy.

This raises another difference which is that the origins of the British craft apprenticeship system lay as much in the restriction of numbers entering a particular occupation as in transmitting technical competence.⁶ The greater importance of large-scale capitalism in German economic development, and its role in the restructuring of the German industrial training system may go some way to explaining the difference of emphasis, particularly as many large companies had to step in with their own training schools to make up the inadequacy of the supply from the "Handwerk" small firm sector.

It could be objected that the wave of rationalization of work organization, which gave rise, among other things, to many of the productivity agreements of the later sixties, has radically affected the position of skilled workers. In Britain since the early seventies there has been a sharp decline in the number of school leavers entering apprenticeships.⁷ How far this affects

⁶For an interesting historical account of this, see S. and B. Webb, 1902.

⁷Another factor in this has been the raising of the school-leaving age.

the picture it is hard to say. One possible indicator can be derived from the behaviour of skill differentials in the British engineering industry. In a recent study by the author it was found that although skill differentials had declined substantially for skilled workers engaged in production and process tasks, and that their position appeared to be converging with that of the semi-skilled, there had been no decline in the relative earnings of craftsmen engaged in maintenance work, and even those engaged in the toolroom whose relative pay fell back in the early seventies, has recovered somewhat in the last two or three years.⁸

If one can apply the same indicator to Germany, the great stability of skill differentials in recent years would suggest that despite some rationalization and reports of crisis in the industrial training system,⁹ the market, and bargaining power of skilled workers do not appear to have been substantially eroded.

Thus despite recent changes, it would seem that the apprenticeship based training system still provide the elite groups of skilled workers and so are likely to continue to exert a great deal of influence on the organization of manual work in both countries.

IV. How does the training system reinforce that of job regulation?

It is not possible to show that the functioning of one institution causes another to take a particular structure, but I do suggest that they are closely related, and that although it might be logically possible for them to function in a different institutional context, it would be unlikely.

In the previous section, it could be seen that the training system exerted a major influence on the structure of jobs, and in particular on the nature of the boundaries between them. At the beginning of this paper, it was suggested that shop floor bargain-

⁸David Marsden, 1979

⁹See for example Mendius et al, 1976

ing, albeit supported by higher levels of bargaining outside the company, was the dominant feature of job regulation among manual workers in many sectors of British industry.

A system based on demarcation between job territories is likely to give rise to a good deal of litigation over the execution of individual tasks, and to the strictness or looseness with which they are defined. Defining a job territory in terms of a set of tasks is going to mean that the new demands made on the work force by changes in the company's product or its production technology are likely to be translated into the same language. Thus, one might think of job territories in a dynamic as well as a static sense. If the static aspect itself can give rise to a good deal of litigation, the dynamic aspect is even more likely to do so. As the company's demand for labour adjusts to other changes, it becomes important whether new needs are defined as new tasks, or parts of old ones, and this depends on the strictness of definition that workers or management can enforce on the old ones. Management would obviously favour the broad definition which does not recognize the new and the old tasks as distinct, and so requiring no new bargaining over rates. On the other hand, the workers would naturally want to stress the novelty of the changed conditions recognizing the opportunity for improving pay.

It is very difficult for any centralized system of bargaining to pick up such issues, so it is inevitable that when the rate of change of job contents, along with the demand for labour, increases, there should be a shift of bargaining down to this level, and a change in the balance between the official and the lay union organization. At the same time, there is growing pressure on managerial authority at this level.

In contrast, basing skill upon levels of technical competence, leaves greater scope for management control of job allocation, but it does give rise to a different form of regulation. Crucial decisions affecting the interests of the work force will arise in ensuring a sufficient flow of workers through the skill levels,

and in ensuring that increased labour demand at certain levels is translated into vacancies and not just spread between the existing work force at that level. Moreover, if one way for individual workers to move up through the system of wage and qualification groups is by undertaking training on their own initiative, it is important that the completion of this does not lead to the employment of trained workers in a lower than appropriate group. Of course, labour mobility is always a solution if there is only one employer seeking to do this, but the same cost and competitive pressures encouraging one to do this apply to many, so some kind of regulation is necessary.

This is provided by codetermination which regulates the time lag between finishing further training and upgrading. Superficially this might seem tame, but it does extend the control of the work force, albeit partially, over the definition of vacancies, which is often regarded as an area of undivided managerial prerogative. The classification of workers in different wage groups more generally is also subject to codetermination, as is job evaluation and other questions, but I have chosen this one because it is at the centre of the regulation of training and qualification in the work place.

The system would appear to give less opportunity for the development of the kind of shop floor regulation that has developed among British manual workers partly because of greater flexibility in job allocation, and partly because training is linked to an externally validated technical competence.

As a final reflection in this part, it is interesting to note that in one of our first internal labour market case studies in a bank, we found a system much closer to the German than the British manual one. General training, achieved while working for the bank through a system of exams regulated by the whole banking sector, provides most of the higher ranking training. This is coupled with a great deal of flexibility in the allocation of duties within grades, and a high degree of managerial control over both this and the organization of career progression. For

a sector which has been growing steadily over the last 20 years, and one experiencing a fair degree of technical change with computerization and "plastic money", there has been little development of "office-floor" organization despite a big growth in union membership. But the job structures leave little opportunity for that kind of bargaining.

V. How does the system of job regulation reinforce training?

If the training system is a major determinant of that of job regulation, the latter can also reinforce the former, and can affect its future evolution.

In Britain a great deal is, at times, made of demarcation, or "who does what" disputes, but it should be clear that in many instances these are critical cases in the regulation of job territories. Very often, these are not just irrational reactions, but part of the process through which job territories are maintained, or adapted in the face of changing conditions. In a less dramatic way, the daily working of "custom and practice" serves this purpose.

In a similar fashion perhaps, the qualification groups form the basis of the wage groups built into collective bargaining at the industry-regional level, so that this constitutes the language in which new skills have to be expressed. Other levels of codetermination, too, offer channels through which newly emerging skills can be integrated with the existing system of training, and of course, they also offer a defence against the arbitrary downgrading of existing skills.

Further, in both countries, the organization of training is subject of joint control.

VI. Conclusion

Job control is an important component of industrial democracy, and in this paper I have sought, by means of short comparison between a rather oversimplified account of the system of indus-

trial training and job regulation, to suggest an alternative approach to explaining why the latter should be based in one country on shop floor activists and their organizations in one country but in the other on a much more centralized and formal set of institutions.

I have tried to argue that the organization of certain key groups can affect the way jobs are defined down through the hierarchy, and thus how they can affect the working of a company's internal labour market, through the extension of the system of job regulation developed around them.

Job structures in Germany have not, and are unlikely in their present form, to give rise to the same form of job regulation as in Britain (and vice versa). As a result, the position of the works council has been much less forcibly contested by the shop floor, and so has not gone the same way as Joint Consultation in Britain.

Finally, I would again beg your forbearance for this presentation of some of the hypotheses developing in the course of our research on the structure and functioning of internal labour markets in the two countries, and hope that the inevitable simplifications do not appear too absurd to those who have given more thought to some of the issues touched upon.

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INDUSTRIELLE DEMOKRATIE, ARBEITSORDNUNG UND UNTERNEHMENSINTERNE ARBEITSMÄRKTE (Zusammenfassung)

Der Beitrag greift verschiedene Aspekte der Entwicklung industrieller Demokratie in England auf und konfrontiert sie mit der deutschen Mitbestimmungsdiskussion. Das englische System ist durch ein stark dezentralisiertes und auch partikularistisches "shop steward bargaining" gekennzeichnet, die Hauptaktionsfelder der englischen Gewerkschaften unterscheiden sich von den der deutschen Gewerkschaften. Insbesondere untersucht der Beitrag die unterschiedlichen beruflichen Ausbildungssysteme in beiden Ländern und deren Konsequenzen für die unternehmensinternen Arbeitsmärkte.

Sowohl der Institution des Betriebsrats als auch der "shop stewards" kommen bezüglich der Entwicklung industrieller Demokratie Schlüsselstellungen zu. Aus einer ganzen Reihe von Gründen kommt "shop floor bargaining" in Deutschland nicht die Bedeutung zu, die es in England hat: Es kam zu einem historischen Bruch, da der Nationalsozialismus jede Form der Organisation auf dieser Ebene unterbunden hatte. Sowohl Betriebsräte als auch Gewerkschaften waren und sind daran interessiert, Verhandlungen mit der Arbeitgeberseite niemandem sonst zu überlassen. Der Beitrag stellt die These auf, das auch das unterschiedliche berufliche Ausbildungssystem Verhandlungen über Arbeitsbeziehungen, jede Form der Kontrolle und auch unternehmensinterne Arbeitsmärkte entscheidend beeinflusst. Die Frage, wie strikt tätigkeitsspezifische Abgrenzungen von Berufen gehandhabt werden - "job territories" in England - spielt bei der Einschätzung der oben angesprochenen Zusammenhänge ebenfalls eine wichtige Rolle.

Summary

This paper discusses different aspects of the development of industrial democracy in England, in relation to the German discussion on codetermination. The English system can be characterized by a large decentralization and even particularistic shop steward bargaining. The different systems of industrial training in both countries and their consequences for internal labour markets are analysed. The West German system of works councils and the British system of shop stewards are regarded as key elements in the system of job control and regulation of internal labour market in the respective countries, other important factors being the different systems of industrial training and the question of delineation of job territories.

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