

## Introduction

The aim of this chapter is to help you:

- be clear about how the economic and political changes in Central and Eastern Europe will affect how economic and social decisions are taken in your country.
- consider the possible advantages and difficulties this poses for workers
- discuss the role and priority tasks of trade unions in the new conditions.

It is important to understand the basic ideas behind the market system.

Many of the concepts and structures which are fundamental to the market economy were absent in the communist system.

It is important to realise also that the theory of market economics and the reality of a market society are different things.

## Market Economy

This is an economic system where many economic resources are owned and controlled by *private* individuals and companies. Most economic decisions are taken by private individuals and companies, not determined by the state. Decisions about production and investment depend on whether a "profit" will be made for the owners of the enterprise.

### Profit

Profit is the money retained by the owners of a private enterprise after the product has been sold, and wages and other costs have been paid. In the market system, economic activity takes place with the aim of making profit, and the search for profitability determines basic economic factors such as investment, production, prices and wages. If there is no profit, then in the market system production and employment will not continue. Trade unions mostly accept that the "profit motive" can provide an incentive to development, but have two main reservations about an economic system based solely on profit:

- it leads to inequality. Only those with access to capital can make profit. Those with only labour power to sell are dependent on employers in order to work and live. There is thus a risk of exploitation. So a strong trade union movement and a

framework of laws is needed to protect workers and consumers, and to limit potential excesses of the market system.

- a system based on profit may not meet all human needs and social objectives, such as education for all, equal access to health care, education for all, employment security, decent housing for all and protection of the environment. There is a role for the government in ensuring that these needs are met.

### Investment

Investment is the process of developing, modernising or expanding productive capacity. In the market economy, private individuals will only invest if they expect to make a profit from committing their money. So investment may slow when economic conditions are bad. Normally investors will borrow money to invest, so a working market economy requires a banking and financial system which can make money available to investors. Some investment is financed by selling of shares to the public, and new institutions (a Stock Exchange) are needed for this.

### Competition

The market system is held to be more efficient and better for consumers because it promotes competition. In theory, if many

### Market Economy:

- profits
- investment
- competition

### Command Economy:

- state control
- also social objectives

### Mixed economy:

- privatisation
- the state's role
- employers
- tripartism
- money
- exchange rates
- structural adjustments

enterprises are competing to try to sell a certain product, competition will put pressure on them to keep down prices and improve quality, because they have to compete against other suppliers. This generally works if there are many suppliers, but if there are only one or two big companies (monopolies) they can avoid competition, and operate against the public interest. Trade unions are generally opposed if privatisation just creates private monopolies to replace public ones.

## Command Economy

In the old communist system all economic activity was controlled by the state, through ownership of all enterprises, and central planning mechanisms. All decisions on production, prices and distribution were taken regardless of market conditions. This often meant inefficient production methods, poor quality products, scarcity of goods. It did mean that planners gave priority to objectives other than profit, such as provision of jobs, or maintenance of political control.

## Mixed Economy

Most advanced countries have a "mixed economy" This means that the state controls certain parts of the economy, for example the electricity and water supply, telephone and postal system and perhaps some manufacturing industries, as well as public services such

as education and health. Trade unions in Western Europe generally support the idea of a mixed economy as the best means to balance the dynamic effects of the market system with the need to ensure social justice.

### Privatisation

The trend in recent years in Western countries is for the state to have a reduced role, and in many countries a number of state controlled activities have been "privatised". Often this has been opposed by unions, who feel that some activities (eg electricity, water supply, policing, health care and education) should not be in private hands. In the transition process in Central and Eastern Europe, privatisation will be a key part of the strategy to create a modern dynamic economy.

There are many different ways of privatising, from selling a whole enterprise to a private company, to selling shares to members of the public, or giving away shares to workers and citizens. In the Central and Eastern European countries there are problems with privatisation because few people have savings to buy shares, and many of the enterprises are inefficient and unlikely to be easily modernised or made profitable. So privatisation, while necessary, will encounter a number of problems:

- lack of people with the resources to buy shares. Privatisation will not in itself generate money for modernisation,

especially in those countries where hyperinflation has destroyed savings. Those with money to buy may include the old "nomenklatura", and those with criminal connections. There are no guarantees that new owners will be socially responsible.

- many enterprises will not be attractive to buyers, because the chance of profit from outdated plants will be very low.
- lack of managers with the necessary skills to operate enterprises and take decisions in a decentralised situation.
- large scale loss of jobs and social disruption, because jobs and wage costs will be cut in order to achieve profitability.

Privatisation in itself will not be enough to modernise the economy, and the "shock-therapy" including rapid privatisation may cause large scale social hardship, with very little immediate benefit.

### The State

The national political and administrative structure in a country, and the forces which control it. In most market economies a number of parties compete for power, and the government is chosen through elections. The ruling party then is responsible for the machinery of state, including the Civil Service, army and police.

In market economies the state does not take all the economic decisions, but it still exercises a powerful control over the economy, since it regulates taxes, exchange rates and interest rates, and is a very large employer.

The trend at the moment is for a reduced role for the state in economic affairs, in Western as well as former communist countries. But trade unions feel that there should still be a role for the state, to limit and soften the harsher effects of the market system.

Some of the economic roles the state should play are felt to be:

- providing a legal framework for the operation of the market, such as consumer protection laws, laws to provide basic rights for workers, laws to protect the environment
- providing a framework for trade unions to operate to ensure that workers interests are protected within the economic system
- providing certain basic services essential to life, where private monopoly could lead to exploitation, such as water supply, electricity supply
- providing essential services which cannot be made profitable, such as public transport in rural areas and cities
- providing services which should not be provided through the market, in order to ensure basic social equality and justice, such as health and education.

It is understandable that there is a reaction against the role of the state in the former communist countries, but for the future a balance must be struck which recognises the valuable economic and social role of the public sector in certain areas of the economy.

### Employers

Employers are the controllers of enterprises, who provide jobs for workers. In the mixed economy there will be private sector and public sector employers. In larger private sector companies the owners and the managers will not be the same people. The owners will be "shareholders" who appoint a board to manage the company. In most cases in Western countries, employers combine together to form an "Employers association". It is much easier for unions if they can talk and negotiate with a body representing all the employers in an industry.

Unfortunately in many situations in Central and Eastern Europe it is very unclear who is in control of an enterprise - the old planning mechanisms have broken down, but there has been no privatisation, and the old managers are still in place.

### Tripartitism

A system where government, employers and unions sit together to discuss issues of common concern, and try to develop acceptable strategies to resolve economic problems. Some European countries have well developed systems of tripartite consultation, and unions are heavily involved in such dialogue, and treated as "social partners" in national discussions. But often these structures do not work well in the Central and Eastern European countries:

- the Government is not really keen to promote union influence
- the employers do not have representative structures, and have yet to emerge as a clear interest group
- unions may be divided, and find it difficult to put a united position in tripartite discussions.

### Money

Money is the fuel of the market system. In the command system, decisions on prices and investment were taken by planners, and targets were set in terms of physical output, not profit. So money and prices were not important in the economic system.

In the market system, the price of goods in the market is the key signal which informs investors and producers about whether they will make profits. So according to market theory, prices must be left to find their own level, without controls. This means that many prices have been freed, and have risen very rapidly. The real value of wages and living standards is falling fast for most people. The idea is that this will increase profits, and market mechanisms will lead to invest-

ment and modernisation. While the government does not control prices directly, it does want to limit inflation.

Market theory says that the only effective way to do this is to limit the amount of money in the economic system. This is done by limiting the issue of money by central banks, by cutting back on government borrowing, and by increasing the "price" of money, or the rate of interest at which money is borrowed.

The problem with this is that it increases costs for borrowers, and deters new investment. This holds up the process of modernisation, but it also cuts the level of demand for goods in the economy, leading to recession and unemployment. The cutting of government borrowing and spending has the same effect - it cuts demand in the economy, slows down economic growth and increases unemployment.

### The exchange rate

The exchange rate is the price at which one currency exchanges with another, for example the number of roubles it takes to buy one US\$. In the old system, exchange rates were fixed. Most trade was within the communist block, and currencies were not convertible with the "hard" currencies of the West. In the market system, currencies are convertible, and the exchange rate of a currency (the price) is an indication of how strong an economy is judged to be on the international market.

For the Central and East European economies, especially the rouble economies, convertibility will mean a very big drop in the value of the currency. In the long run this can help, because it makes exports much cheaper, and easier to sell. In the short run, it means big increases in the prices of all imported goods. This is a particular problem for the modernisation process, as much of the technology needed for modernisation will have to be imported from the West at the moment, and devaluation will make it more

costly. Also, all the barter deals for oil imports from the former Soviet Union have collapsed, and with large devaluations, energy costs for hard currency oil imports will rise substantially.

### Structural Adjustment

Because of the problems outlined above, and the high costs of adjustment, all the CEE economies are in urgent need of international financial assistance from the International Monetary Fund.

The IMF attaches conditions to such loans, in line with the "free market" or "monetarist" approach to economic policy. So governments are forced to pursue certain policies to get access to loans, often at a very high social cost.

The "Structural Adjustment Programmes" normally seek to establish market mechanisms, control inflation and lead to currency convertibility. The main elements of the programme are:

- cuts in government spending and budget deficit
- removal of price controls
- tight restriction of the money supply, through high interest rates.

The main problem is that cutting the budget deficits is exceedingly hard, when no mechanisms yet exist to get state run enterprises to operate within budget constraints. No bankruptcy laws exist, and enterprises can continue to operate at huge losses which must eventually be funded by the government. The alternative to cuts and restricted subsidies is large scale closures, but the political and social costs of this strategy are often unacceptably high.

It is becoming increasingly clear that monetary stabilisation policies and privatisation will not by themselves achieve the necessary process of transformation through market mechanisms alone.

What is needed is an active policy of industrial reconstruction, where resources are targeted to support industries in ways which lead to modernisation of their structure and capital equipment. The alternative will be large scale closures, enormous economic hardship, and political destabilisation of the fragile democratic governments now in power.

The "magic market" or "shock-therapy" solution will prove ineffective and dangerous, and trade unions will need to argue for more careful long-term approaches to transformation which offer better protection to workers' living standards.

## ACTIVITY 1



### Changing Conditions - Union Tasks

#### Aims

To help you:

- consider how changing conditions will affect workers
- identify key tasks for the trade unions

#### Task

Working in a small group, consider the following questions, and prepare a brief report to the whole class:

1. What are the main advantages and problems caused for workers and consumers by the move to a market economic system?

Think about:

- a) the immediate situation
- b) the longer term prospects.

2. What changes do you see in your own workplace and enterprise? What future changes do you expect? What are the obstacles to change and modernisation?

3. What view should your union take about the present economic and social policies of your government?

4. What problems do the unions have in trying to influence government economic and social policies?

5. What is the best way for the union to influence the future economic and social policies of the government?

KEY  
POINTS



*Transition - economic and social problems*

All the Central and East European countries are experiencing similar problems in trying to transform and liberalise their economies. Some of the key difficulties are:

- outdated and unproductive industries, unable to compete in open markets, with poor quality
- collapse of previous markets in the former Soviet Union and COMECON
- need to purchase energy in scarce hard currency
- lack of confidence and attitudes needed for "enterprise" in market conditions
- persistence of old attitudes and nomenklatura in enterprises
- collapse of central planning mechanisms before new structures for the economic system have emerged
- lack of suitable organisations and structures for the working of a market system, including banks and lending institutions, stock markets, employers associations
- problems with privatisation of key industries, because of lack of buyers
- political instability as a result of regional conflicts and need to evolve stable party systems
- poor infrastructure, particularly in transport and telecommunications
- widespread shortages of essential goods, breakdown of distribution systems
- large increases in prices of basic commodities
- inflation and serious loss of buying power of wages
- social problems arising from closures, particularly acute in towns dependent on one industry
- lack of social security systems with the resources to cope with mass unemployment
- mistaken belief that deregulation, privatisation and opening of markets will provide solutions to the immediate problems of adjustment.

## Introduction

Economically, politically and socially, the countries of Central and Eastern Europe are passing through a prolonged period of crisis. The rigid, centralised repressive communist systems have been abandoned, but new systems, structures and attitudes still have to be built. In the long term, the results of change should bring greater liberty and economic progress. In the short-term, immense disruption and economic hardship have to be faced.

In this situation, trade unions in Central and Eastern Europe face two major problems:

- to develop a clear view of their role in the future societies, and to ensure that the new place of trade unions in society is understood and accepted by workers, employers and governments.
- to try to protect workers and retain the support and confidence of members in times of great disruption and hardship.

It must be understood that the "free market" system does not guarantee

security and prosperity for everyone. The rewards given to different sections of society will depend largely on the economic power they have. As individuals workers have very little power - so they need to act together to ensure that they get a fair deal and their interests are respected.

In the future, unions will be needed more than ever, but their role will not be the same as in the previous system. Workers, employers and politicians may not understand this clearly, so discussion and education about the future role of the trade unions is vital.

This section looks at the role of trade unions in the market system. It should help you:

- be clear about the immediate problems and tasks facing the trade unions
- be clear about the role unions must play in the future
- discuss the principles and values that should motivate the trade union movement.

## Trade Unions in Transition

The trade unions in the previous communist system were closely linked to the ruling party, and did not play an independent role, or oppose governments or managements. Wages were set through central planning mechanisms, and by and large there was little collective bargaining.

Without a clear role as the independent voice for the workers, unions were given other functions:

- creating support for the party
- welfare and social security

- holiday and leisure facilities
- some consultation and involvement in management functions.

Workers automatically belonged to the union, and contributions were deducted from pay. Generally workers considered membership as an insurance policy, and their contributions as a kind of tax. The unions were not felt to be democratic or voluntary.

Under the conditions of political and economic change, a new context for the operation of unions has emerged:

- economic decisions are made at

## ACTIVITY 2



## Trade Unions In Transition

### Aims

To help you:

- identify the main problems facing trade unions and workers, at work and in the community
- consider the future role and activities of the unions.

### Task

Working in a small group, consider the following questions, and make a report for the whole course:

1. How will the union in the future be different from the union in the old communist system?
2. Make a list of the main problems facing trade unions at the moment in your country.

Think about:

- the main problems faced by trade union members
- attitudes of workers to unions
- union structures and leadership
- relations between different unions
- relations with employers
- others.

3. What should be the main aims and tasks facing trade unions in the future:

- short term
- long term?

company level, and increasingly by private firms

- companies are not subsidised, or subsidies are being terminated. If they cannot make profits they will be closed
- Western goods are now freely imported to compete with local products. Old secure markets within the "Soviet Block" now no longer exist
- in some countries, inflation has grown to very high levels
- unemployment is rising, and will hit very high levels
- countries lack a social security system able to deal with these problems.

All this means economic and social insecurity for workers, and an enormous task to protect the interests of members.

It is not true that unions are less necessary than in the past. They are needed more than ever to speak for the interests of workers who face serious problems in the process of transition.

Unions need to present a clear and united voice to management, to argue for adequate wages and conditions, and for protection of workers where redundancy is unavoidable.

Unions also need to press governments so that economic and social decisions take into account the impact on working people, and that the process of transition can proceed without unnecessary suffering.

Unions also need to press governments to respect the basic rights of workers to organise freely, as safeguarded in ILO Conventions. Some politicians may say that trade unionism is a relic of the past, and a hindrance to the operation of the free market. Unions need to speak publicly and clearly to say that unions are needed now more than

ever. While private enterprise economies may be more dynamic, and could create better future prosperity, they put power in the hands of owners of wealth, who normally put profit before the interests of their workers. Workers need to organise themselves to have a strong and independent voice.

This also changes the way the unions themselves must operate:

- unions cannot have influence unless they have **power**
- the foundation of union power is strong membership, linked to the economic force of their members. This is based on the **right to strike**, whether strikes are used or not.
- to gain strength, unions must be based firmly on the support and understanding of their members. Unions must be **democratic**, and must work so that members are well informed, and can freely **participate** in decisions. The power of the union is based on the support of the members.



So the key tasks of trade unions in market and mixed economies are to:

1. **Organise** workers, by persuading them to join the union, and pay subscriptions.
2. **Inform and educate** the members so that they understand and support what the union is doing.
3. Create **democratic structures**, so that members are involved, and decide the policies and strategy of the union. Workers in all workplaces must elect local representatives to speak for the workforce.
4. Create **bargaining relationships** with employers, so that they are recognised as the voice of the workers, and are formally accepted as the partner for making agreements with management.

### ACTIVITY 3



#### Why join a union?

##### Aims

To help you:

- think about what workers will want from unions
- practice persuading workers to join your union.

##### Task

1. The class will split into two groups:

- a) union representatives
- b) non-members.

Each group should discuss and make notes on:

##### Group a)

Reasons to join the union, and what the union stands for.

##### Group b)

Objections to the union and questions.

2. The union representatives will sit in small groups with the non-members (5 people per group) and try to persuade them to join the union. One member of the groups should observe, take notes, and report to the class about what happened.
3. The course should draw up a list of the best arguments to persuade members to join, and the objections which will have to be countered.



5. Negotiate **agreements** with employers, to safeguard and improve the workers living standards and conditions of work.

6. Create **public support** and understanding, so that the role of unions in the new societies is accepted.

7. To **press governments** to respect the interests of workers, and to create legal structures that allow unions to operate without unfair restrictions.

### Why join a union?

When union membership is voluntary, it is the responsibility of the union to convince workers that membership is worthwhile. Some of the most important arguments to convince workers to join unions are:

- to protect and improve pay and conditions of work

Unions unite workers with one voice to press for fair pay. Individually workers cannot do this, they have to accept what the employer is offering. By combining together through unions, workers can insist that they are paid fairly. They can make agreements with employers, and see that these are kept to. These agreements can also cover issues like holidays, overtime, sick-pay, pensions and other aspects.

At the moment economic conditions do not permit much progress, and many workers will face reduced living standards and loss of jobs. But this is not the failure of unions, and workers would be in even more difficulties if they had no union to speak for them.

- to protect against unfairness and discrimination

An individual worker does not have the ability to fight injustice at work, for example being sacked unfairly, or abused by supervisors. But a union can represent and speak for members when they are disciplined or

dismissed, and ensure that workers are treated fairly. The union can agree with the management on a procedure to be followed in discipline cases, to make sure all workers get the chance to be properly represented, and to a fair hearing.

Unions also have the job of pushing for equal opportunities for women, and discrimination against minorities.

- to improve working conditions, and protect the environment

Workers face many hazards at work, and conditions are generally very poor in the Central and Eastern European countries. Unions have a responsibility to press for better conditions, to push governments to improve legal standards and to see that relevant laws and standards are applied.

- to give workers a voice in management decisions

Through the union, workers can create a united and strong voice, and press for influence over management decisions. The unions should be separate from management, but still have the right to information, and to be consulted about key decisions. Some countries such as Germany have a legally established system of "Works Councils" to ensure that the workers are informed, and their views are taken into account.

- to save jobs

It is part of the task of the unions to fight to protect workers' jobs, and to ensure that there is adequate security of employment for all. This is especially difficult now during the process of transition, where many older enterprises which are unprofitable are threatened. In the market economy, it is common for part of the workforce to be unemployed, sometimes 5-10% during recessions. This can mean hardship and waste. The union has the job of trying to protect workers from unnecessary job cuts, to press

government to pursue economic policies to create more jobs, and to push for adequate social security provision so that unemployment does not mean absolute poverty.

- union benefits

Unions can also provide benefits for members, such as forms of insurance, and cheap holidays. Under the old system these functions were given top priority, and the functions of unions as a voice for workers were not allowed to develop. In the future, union benefits will be a smaller part of the role of unions. But they still may be an important factor motivating workers to join and stay in the union, so they will still be part of the function of the unions.

- a political voice

Trade unions are not the same as political parties. They try to unite workers regardless of party politics, and they do not try to become the government. Sometimes they are closely linked to political parties, and sometimes they are "non-aligned." But unions still have a voice on important questions affecting workers such as economic policy, social security, labour law, housing, the environment, health and social security. Unions can give workers a voice in political decisions, and a way of putting on pressure to protect their interests.

In many countries, the role of unions in the political life of the country is accepted, and there are structures to bring together unions, employers and government (often called "Tripartite Structures") to consider key issues, and give the unions a chance to influence policy.

### Trade union values

Unions have certain tasks and jobs, to look after the interests of their members at work and in the community. They also stand for certain human values and principles. In the market economy, top priority is given to

making money, and human values often take second place to this. So it is very important that unions stand up for certain values, and express them in the way the union works. Some of the things unions stand for are:

- justice and fairness

For all people to be treated fairly, and to enjoy full liberties and human rights. Justice and fairness at work are the particular priorities of unions.

- representation

Unions must speak with authority for all members, and represent their views and

interests. So it is vitally important that as many workers as possible are persuaded to join the union, pay subscriptions and participate in union activities.

- voluntary association

The principle of voluntary association means that workers join together freely, and without compulsion. Union membership is not forced on people. This means that unions have to rely on persuasion and convincing workers that it is in their interests to belong to the union.

- independence and free trade unionism

When we talk of the independence of trade unions, we mean that unions should first and foremost be accountable to their members.

They should be independent of management, of the government, of churches, and not controlled by political parties. They should be financed by the contributions of their members. Senior managers and directors should not be members of the union, since the union must be free to represent the interests of workers, even if this means a conflict of interests with management.

- **equal opportunities**

Against discrimination, sexism and racism.  
For respect for all cultures and communities.  
For equal pay and equal access to training and promotion.

- **democracy and participation**

The right for all to be informed and involved, and to have their views heard and respected. This is essential if democratically made decisions are to be legitimate and accepted by all.

- **accountability and openness**

Leaders at all levels should be chosen through democratic procedures, and should be accountable to those they are elected to serve.

- **unity and strength**

Trade unions try to maximise the strength of the workers' voice by ensuring that they are not divided. This requires much patient work to explain positions, consult workers and win agreement on a commonly accepted position. This does not mean the false unity which can be imposed by a dictator and maintained by force. This unity requires democracy. It also requires that union structures are developed to help create unity, and not to strengthen divisive forces.

### *Trade Union Organisation and Structure*

Trade unions must be democratic. This means that they must have constitutions which are agreed by the majority of the members. The constitution is a written document which will include rules about:

- which body is the **centre of authority** in the organisation - normally the union Congress

- how the **union's leaders are elected**, and the procedures for handling elections and ballots

- the **objectives and functions** of the union, and the areas and industries which are organised by the union

- **membership subscriptions** - how much they are and how they should be paid

- the functions and composition of the different **organs of the union**:

**Executive council** - national leading committee

**Special national committees** - eg. for industries, women

**Regional committees and bodies**

**Local structures** - trade union branches

**Workplace organisation**, and procedures for electing local representatives.

Union constitutions differ. In some countries unions are quite centralised. For example all the income goes to the central body which redistributes it to local structures, and local bodies have limited autonomy. In other countries, the unions work in a more decentralised way. The local structure is called the union, and this affiliates to a National "Federation" of unions.

There are also differences between unions in the pattern of workers organised:

**Industry unions** organise all the workers in one industry, for example steel, construction or railways

**Craft unions** organise only workers with a particular craft or skill, for example painters or electricians. Unskilled workers are normally excluded

**General unions** are big unions covering many types of workers and different industries.

The problem with the "Craft Union" model is that it can lead to fragmentation and divisions between workers, and excludes the unskilled. The "General Union" pattern creates problems where unions lack a clear identity, and can lead to competition and division between unions seeking to organise the same group of workers.

Industry unionism does not create such problems, but it can be very hard to create a clear structure of industry unions from a collection of craft and general unions. Many national trade union movements have set out to create such a situation, though not all have succeeded.

### *United or divided?*

One key difference within the European trade union movements is the extent of unity at the national level. That is whether there is one central body covering all the unions, or more than one.

In Western Europe, Austria, Britain, Ireland, Germany and Norway have one trade union centre. In Sweden and Denmark there are centres for blue collar and white collar workers which collaborate closely.

But in Spain, Portugal, Italy, France, the Netherlands and Belgium there are divided trade union centres competing against each other. This can mean that two rival unions

are organising within the same workplace. Normally there are historical, cultural, religious and political reasons for this, but the general experience is that competing trade union centres divert and weaken the voice of the workers, and are associated with lower rates of trade union membership, and a less effective movement.

Such divisions are often to be seen in Central and Eastern Europe, normally between unions which existed in the previous system, many of which have been transformed, and newer unions, many of which have their origins in movements of political opposition to the previous regimes.

The key tasks for unions are to ensure that a process of transformation can continue, which will result in a democratic but unified trade union movement. This may mean efforts to reconcile deep differences over questions such as the ownership of union assets and the relationship between the trade unions and the government.

Both newer organisations and "reformed structures" can play a part in this process. There are bound to be differences and divisions, but long term the influence and power of the trade union movement will be greater if these differences can be reconciled and unity can be created.

Unlike the old system, this can only be done by agreement, and time and patience will be needed. At this stage it is important that opportunities for contact and communication are maintained.



ACTIVITY  
4



## Trade Union Structure and Democracy

### Aims

To help you:

- discuss how to develop the structure of your union
- identify key points for action

### Task

Working in a small group, consider the following statements. Decide whether you agree or disagree, and explain your point of view to the rest of the class.

1. "It is most important to have a united trade union movement with one national centre. Political differences between unions must be settled."
2. "Trade unions and their structures must be improved to increase membership involvement and participation."
3. "It is no problem to have three or four unions in one factory."
4. "Trade unions in Central and Eastern Europe tend to have high membership, so they have a lot of support from workers."
5. "Elections for union leaders and strike votes should be decided by secret ballots of all members."

## Introduction

In the market system, trade unions unite workers so that they can defend their interests. Workers through their unions can speak with one voice, and have more power and influence. The union can speak for them with the employers, with the government, and with the media and the public.

Unions are voluntary and democratic organisations, and they should not try to force workers to join, or to accept the recommendations of the leadership. Under the old system, union membership was compulsory. Now unions have to work hard to convince workers that membership is worthwhile. They have to consult workers about key decisions, and if necessary hold ballots to decide major policy issues.

Unions have a hard job to explain to workers the role and importance of trade unionism. Many workers still have ideas based on the old way of operating, and they feel that trade unions are part of the past

system. They may feel that unions are there to control them and to tell them what to do.

In the new conditions, unions will be very weak unless they can keep high levels of membership by recruiting workers, and unless the members understand that they have to get involved in the union, and participate in making decisions and carrying them out.

This section will look at how the union relates to its members. It will help you to consider how:

- the union organises and recruits new members
- unions must educate and inform their members
- members can participate in the democratic structures of their unions.

## Organising the union

The work of organising is the work of building the union, and increasing its strength and influence. When membership was compulsory the unions could take the workers for granted, and they did not need to look for new membership. Now the situation is different.

The union must look for new members, and be prepared to convince them of the need to join.

Local organisers must be trained to ensure that as many workers as possible are organised.

The union needs a strategy, backed up by good information material, to ensure that existing members stay in the union, and new members are also recruited.

Some of the main points in such a strategy must be:

- identification of all relevant workplaces which are not organised
- identification in each organised workplace of workers who do not belong to the union
- discussion with non-organised workers to understand their problems and point of view
- identification of special groups, eg young workers and women workers, who may have particular problems and ideas
- preparation of suitable leaflets and information about the union, and the benefits of joining, plus application forms for new members to sign

## ACTIVITY 5



## Unions and their members

### Aims

To help us:

- think about what workers think about trade unions
- discuss how the union ought to relate to its members

### Task

Working in a small group, consider the following statements. Say whether you agree or disagree, and the reasons for your view. Be ready to report back to the course.

- 1) "Most workers don't really understand the new role of trade unions"
- 2) "Workers only belong to unions for the benefits such as cheap holidays and insurance"
- 3) "All workers should be free to join the union of their choice, or no union at all."
- 4) "Many workers don't have the confidence to speak out at union meetings."
- 5) "All major issues in the union should be decided by a vote of the members."
- 6) "The union needs a proper strategy to organise workers and keep them informed."
- 7) "It's not practical to have trade union education programmes for ordinary members."

- training of local union representatives with the skills needed to sell the union, and convince workers to join
- cooperation from management, to encourage union membership, and allow time for organising meetings. It also helps to get a commitment that workers will not be victimised for joining the union.

As indicated, organisers will need training to give them the skills to persuade members to join. Some of the key points for a successful approach are:

- a "person to person" approach is usually most effective
- the union representative must listen to workers objections, and deal with arguments raised against union membership
- the representative must be able to show how the union will help the new members, and can solve some of the problems raised
- often other workers in the same section can help to persuade reluctant people to join.

### Involving the members

There must be local representatives of the union in every workplace to make sure that good contact and communications with members can be maintained. Some of the most important techniques for good communication are:

#### Informal discussions

The union representative can help keep members in touch by talking to them at work and during breaks.

#### regular meetings

The union needs to hold regular short meetings of workers, particularly to discuss grievances and report back from negotiations.

#### bulletins

The union should publish a regular bulletin, and distribute it to members at the workplace. Many western unions now keep computer lists of members, and can send information to their homes.

#### notice boards

The union should negotiate with management to have union notice boards in the workplace.

#### votes and ballots

There should be discussion with members whenever there are elections or important votes. If members have their own vote, they should be informed and given details to help them decide. If delegates are being sent to a conference to represent workers, there should be a discussion about the issues, and where possible the delegate should be mandated on what to say and how to vote at the conference to represent the workers' point of view.

Care should be taken when organising local meetings to make sure that everyone can participate freely. Points to watch are:

- arrange the meeting at a time and place which is convenient for everyone. Make sure women can attend. If possible its best to have meetings at work during breaks or working time.
- try to create an informal atmosphere where people can easily speak
- make sure everyone has enough notice of the meeting.

### Membership Education

Many unions in western Europe now try to make sure that ordinary members get the chance to take part in trade union education. This means that they can gain more confidence, learn more about the union, and perhaps go on to become representatives and leaders.

Any system of education for members must be cheap, simple and practical. Teachers must normally come from the local union leadership. Sessions must be at convenient times during or after work.

Methods must be democratic, and based on discussion. Where possible, group activities like the ones in these materials can be used to encourage discussion. Topics can be selected to meet the needs of the union, and to satisfy the interests of participants.

Discussion groups can be informal and ad hoc, covering one session as the need arises, or they could develop into a more organised activity, normally called "Study Circles"

Study circles are an important feature of unions in Sweden and other countries. A study circle is a group of people who agree to meet regularly for a number of sessions, and to study issues of common interest.

They can be a very useful tool for trade union education, because they are local, informal and cheap to organise. Many IFBWW education projects in developing countries are based on the study circle idea.

*This is what a Swedish union booklet says about study circles:*

#### Study Circles

The study circle allows students to be far more active than in other types of course, partly because study circles are relatively small groups. 5-10 students meet for a 2-3 hour class, usually once a week, which gives the students the opportunity to continue the study circle discussion with their friends at work.

Work in study circles should be carried out on the following principles:

##### •Equality

... the conviction that all people have an equal value. In the study circle no-one is superior to anyone else. We can all contribute to the course from our personal knowledge and experience.

##### •Solidarity

We work together, helping and supporting each other. In the study circle courses, this can mean for example that a talkative person will show consideration and allow others to put forward their point of view.

##### •Democracy

This means we take joint decisions on the way we work in the study circle, and that we take joint responsibility for the decisions we make. Democracy also means we respect one another's opinions."

From "Basic Trade Union Studies" LO Sweden

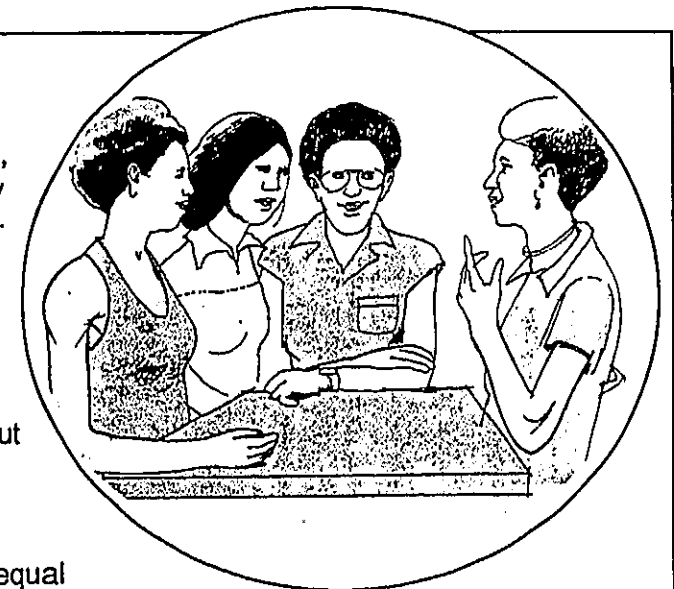


Illustration: Gyula Buwary, Mohammad Ali

ACTIVITY  
6

*Involving members*



**Aims**

To help you:

- consider practical ways to involve and encourage members in the union
- plan how to improve democracy in your trade union.

**Task**

Working in a small group, prepare a report based on the following questions:

- make a list of all the obstacles to effective membership involvement in the affairs of your union
- make suggestions for how these problems and obstacles could be overcome by the union.
- what would be the advantages and practical problems of an initiative to provide more trade union education for rank and file members? How could some of the difficulties be overcome?

## Introduction

A key role of unions is to represent the interests of members at the workplace.

In order to make sure this can be done effectively, unions need:

- local workplace representatives, who are trained and competent
- effective, agreed procedures so that problems can be taken up with management
- rights for representatives, agreed with management, to enable the representatives to work without unfair restrictions.

A strong system of workplace representation is the key to good contact with

members, and the foundation of a strong union.

This unit will help you to:

- get a clear idea of the jobs of a workplace representative
- understand the rights and facilities representatives will need
- think about how to organise trade union education for local representatives
- consider procedures needed for handling of local grievances and problems
- consider ways in which union representatives can get involved in management decision-making

## The role of workplace union representatives:

### 1) Choosing union workplace representatives

The union representative speaks for a group of local union members. They must be prepared to support their representative, and must have confidence in him/her. So it is natural that the representative must be elected by the trade union members directly concerned.

There should also be the possibility for the members to replace the representative if they are not satisfied, and for regular re-elections.

Only the trade union members in the group concerned should vote in the election. Non-members should not have the right to vote, nor should the management. The number of representatives, and the groups each one covers should be decided by the union, not the management.

The union should encourage a balanced pattern of representation, for example to make sure that enough women are chosen to be representatives.

Some unions have rules to say that a member must have been in the union for a minimum time (eg a year) before standing for election.

Steps must be taken to make sure that every member knows who their union representative is, and how he/she can be contacted.

### 2) The jobs of the union workplace representative

The duties of a representative will vary depending on union rules and local conditions, but there are a number of common duties:

#### Keeping in close touch with members:

- ✓ Regularly informing workers and listening to their problems.

## ACTIVITY 7



## The role of workplace union representatives

### Aims

To help us:

- consider the job of the workplace union representative
- think about the facilities and support local representatives will need

### Tasks

Working in a small group, consider the following questions, and prepare a report for the class summarising your group's views:

- 1) How should local union representatives be chosen and replaced?
- 2) Make a list of the jobs and responsibilities of the local union representative
- 3) Where does the strength and authority of local union representatives come from?
- 4) How should local union representatives be trained?
- 5) What facilities and help will local representatives need to do an effective job?



Establishing confidence and leadership.

✓ Calling meetings of members when decisions have to be taken. Reporting back on action that has been taken. Encouraging workers to come to union meetings.

✓ Distributing union material and information.

#### Recruiting new members for the union:

✓ Identifying which workers are members and non-members

✓ Looking out for new workers

✓ Approaching and persuading non-members to join the union. Distributing union recruitment material.

#### Taking up workers' problems

✓ Listening to workers problems, and advising them what to do

✓ Investigating problems and gathering facts and evidence

✓ Getting members support for union action on a problem

✓ Taking up problems in discussions with supervisors and managers

✓ Knowing agreements and laws which establish workers' rights

✓ Reporting back to members about progress made with their problems.

#### Working as part of the union:

✓ Cooperating with other workplace representatives

✓ Attending union meetings

✓ Studying union information

✓ Attending union training courses

✓ Keeping to union policy and abiding by democratic decisions of the union.

#### 3) Responsibility and accountability

Remember that union workplace representatives have a duty to lead and guide members. For example some members may want to disregard union policy, or act in a way which is against the interests of other groups of workers. You need to establish confidence and trust so that members will listen to you and respect your views. You cannot dictate to them, or threaten to resign every time there is a difference of view.

Remember also that representatives are workers as well. As workers, they have responsibility to management to do their jobs. But as representatives, they are accountable to their members, and should not be instructed or pressurised by management. Many countries have laws to prevent victimisation of union representatives by employers.

#### 4) Training

Representatives will need training to help them do their job. Some vital points about this are:

- The training should be controlled by the union, not by the management. The representative has to be trained to be an independent representative of workers' interests.

- The union should select and train appropriate trainers. These should normally be experienced union representatives and workers' leaders, not academics.

- Training courses should where possible be run locally, so that the maximum numbers can be trained.

- Participants should have the right to attend courses in working hours without loss of earnings.

- Training should be practical not theoretical, and use participative methods. That way, representatives will get more confidence and practical skills.

- Unions need to develop basic materials to ensure that the local courses deal effectively with priority subjects.

#### 5) Facilities

The job of the union representative is not easy, and it is not fair to expect someone to do it without help. It is normal for the union to negotiate an agreement with management to provide basic facilities, and many countries have laws which set out minimum facilities for elected workplace representatives of recognised unions.

Some of the basic facilities needed will be:

#### Time off from work

To attend meetings, training courses, and for discussions and investigations. This could be a fixed number of hours, or to be agreed

locally. Normally there will need to be a procedure to get authorisation for the representative to leave work.

#### Somewhere to work

A room or quiet place for meetings and discussions with members. Somewhere to store papers safely.

#### Equipment

Access to basic tools such as telephone, typewriter, photocopier, fax, computers

#### Notice Board

Reserved for use by the union, without control by management.

#### Information

Lists of workers, including new workers. Information about company policy, health and safety and financial issues.

#### Dues collection

Time to collect union subscriptions, or facilities for management to do this from workers' wages.

ACTIVITY  
8

## Procedures for handling grievances

## Aims

To help you:

- understand the need for agreed procedures to handle workers' problems and grievances
- get an idea of the main points to include in an agreed grievance procedure
- to be clear about the steps an union representative must take to deal with a problem.

## Task

Working in a small group, consider the following questions and make a report.

- 1) Give reasons why unions need agreed procedures to raise problems with management.
- 2) Make a list of the main items to include in a written grievance procedure.
- 3) Choose an example of a real grievance taken up by the union with local management:
  - what was the grievance about
  - what did the union do?
  - what was the result?
  - were any mistakes made?

How could the union have done better?
- 4) Make a list of "Do's and Don'ts" to advise workplace representatives who are taking up grievances.

## Procedures for handling grievances

A grievance procedure is designed to avoid some of these problems.

Its main features are:

## 1) Grievance procedures

Some of the problems you can face when you try to take up problems with management are:

- management refuse to talk to you
- you get no satisfactory answer, even after long delays
- the people you are complaining to have no authority to take decisions or give you an answer
- the management won't let the worker with the problem be represented by the union
- the management refuse to give way.

- it is written down, and agreed between the union and management
- it has a number of "stages" or levels. If there is no agreement at one level, then the problem can be passed to the next level
- it gives the union the right to be represented at every stage of the procedure
- there are time limits to prevent delays
- the top levels of the procedure allow for discussions with senior management.

An example might be:

A GRIEVANCE  
PROCEDURE

**Stage 1** Member and/or representative raises problem with supervisor

*If no agreement within 7 days*

**Stage 2** Representative raises problem with Department Manager

*If no agreement within 2 weeks*

**Stage 3** Union Regional Official meets Enterprise Director

*If no agreement within 4 weeks*

**Stage 4** Matter discussed on national Negotiating Body for the Industry

Most procedure agreements include a clause saying that the union will not take any kind of strike or industrial action until the procedure is exhausted. For that reason it is important to avoid procedures which have long time limits or too many stages. They may be used to delay and hold the union back.

When procedures are exhausted, some agreements allow for external arbitration or conciliation on the dispute. This can help, but it may be best not to include it in the procedure as a compulsory stage. It could be used when both sides agree to it.

## 2) Guidelines for Workplace representatives - handling disputes

### Systematic approach:

It is important that workplace representatives are systematic and careful when handling grievances.

*Some of the most important points to watch are:*

### KEY POINTS

#### Problem

- ✓ Get the facts
- ✓ Interview members and witnesses
  - what happened?
  - when?
  - who was involved?
  - where did it happen?
  - why did it happen?
- ✓ Decide if the problem is a grievance against management.
- ✓ Decide if you can handle it or should refer it to the union committee.

#### Investigate

- ✓ Check the agreements - what rights do workers have?
- ✓ See if any legal rights apply
- ✓ Are there any previous cases which could help?
- ✓ What does the union policy say?
- ✓ What do the members feel about it?

#### Plan

- ✓ What should the union aim for?
- ✓ How should the problem be taken up with management?
- ✓ How should the members be involved?
- ✓ What pressure and arguments should be used?

### KEY POINTS

## Handling members with problems

It is important to handle members with problems carefully.

- Find a quiet place to talk.
- Try to calm them down if excited.
- Get the facts systematically. Use the questions above
- Make notes
- Tell the member what you propose to do
- Say you will do your best, but don't make promises
- Arrange to report back to the members concerned and keep them informed.

ACTIVITY  
9

## Workers Participation

## Aims

To help you:

- consider the arguments concerning workers' participation in management decisions
- look at different ways the union could expand its influence over how enterprises are run

## Task

Working in a small group, consider the following questions and report to the class:

1.) What are the advantages and disadvantages of greater worker and trade union involvement in the running of enterprises. Look at it from the point of view of:

- a) workers
- b) trade unions
- c) management
- d) government

2.) Make a list of suggestions for ways in which union influence over management decisions can be developed.

## Workers' Participation

Collective bargaining can ensure that the workers' interests are represented when it comes to wages, conditions, discipline and grievances. But what about the way the company is managed and overall planning of production? Should unions have influence over this?

While it is the responsibility of the management to take decisions about the running of the enterprise, many decisions relating to planning and company strategy have a big influence over workers' lives.

Think about decisions concerning:

- new investment and company expansion
- closures and redundancies
- design of new processes and equipment
- purchasing of chemicals and health and safety.

Most unions would like to have more influence over the way companies are managed, and look for ways to extend their involvement and influence.

Some of the rights they seek are:

- disclosure of information about company plans
- rights to be consulted about key changes
- establishment of regular channels for consultation.

These rights exist in many West European countries. In some cases they are set out in laws. In other cases they have been developed in agreements between unions and companies. In all cases the rights have been won after years of pressure from unions.

Some systems of worker participation in management are based firmly on the unions, and the local workers' delegates are also the union representatives. In other cases participation schemes are based on elections of representatives by all the workers, not just union members. Some examples of workers' participation schemes in Europe are:

## Germany

- Works councils are elected by the workforce in all companies with more than 5 workers. This is required by law.
- Works councils have rights to information, and to be consulted about job design, social questions, economic and financial questions affecting the company, and health and safety and other matters.
- Employers are legally bound to inform the works council in advance about changes and plans affecting workers.
- Health and safety laws also lay down the need for joint safety committees in each workplace.

## Italy

- Employees are entitled to elect a works council. This consists of worker representatives only, and they have the duty of developing plant level bargaining about relevant local issues, including grievances, work organisation and health and safety.
- Companies are obliged to disclose information on investment and production plans, new technology, employment prospects.
- There is no law compelling joint councils with management, but some of these exist by agreement.

## Denmark

- A national agreement between unions and employers allows for setting up of cooperation committees, which are drawn from management and employees.

- Laws exist for formation of health and safety committees at all but the smallest workplaces.
- By law, employees are allowed to elect two members of the company board.

Similar patterns exist in many European countries, and there has been much discussion about including rights to workers' participation in European Community law as well.

From the union point of view, such developments represent a logical extension of the union role. In most cases the rights have been established after many years of pressure.

It is most important that such schemes are built on the basis of strong union organisation and effective collective bargaining. Otherwise they can be used by management to bypass the union, and deal directly with employees. This can undermine unity, and increase the influence of the employer.



## Introduction

Trade Unions exist to advance and protect the interests of members. The most important way they can do this is to work to achieve good pay levels and conditions of work.

In the market economy systems, most decisions about pay and conditions of work are made by the employers, not by the Government. So the unions have to talk to employers to influence pay and conditions of work.

The government may still have a key role in this process:

- in most countries the government is still the biggest single employer.
- governments may set legal minimum standards for workers' rights and conditions. Many countries have a legal minimum wage, for example.
- governments sometimes try to influence wage increases, to limit inflation.

So-called "incomes policies" are now less common than they used to be. Now unemployment is allowed to rise in order to keep wages down.

So in the majority of cases, wages and conditions will be set by an 'agreement' between workers and management.

*Collective Bargaining* is the process by which these agreements are made. It is most important that agreements are made through a union to cover workers as a group (collective) and not individual agreements with separate workers:

- an individual worker normally has no power. The employer can always find another worker, and so he can press and intimidate individual workers who are not organised. The so called "free-market" bargaining relationship between employers and individuals is not free for the worker, because the balance is not equal.
- for an individual worker to refuse to accept the employer's offer would have no impact. If all workers are organised, and can refuse together to accept the terms offered will have real force. The strike weapon does not have to be used, but the possibility of strike action give organised workers some power to deal with the employer, and bargain on equal terms.

## Types of Agreement

### 1. Written and unwritten

The most important agreements will always be written down, and normally signed by the representatives of the employer and the union. But some agreements rely on unwritten understandings about what should happen, based on past experience. The union may have to insist that these unwritten precedents and understandings are observed in the same way as formal written agreements. Some agreements may be contained in the minutes of meetings between the unions and management.

### 2. National and Local

Agreements vary. Some cover all the workers in an industry, others may just apply to one site or factory. Some may just relate to one company.

In many cases workers would be covered by different types of agreement, for example:

- a basic national agreement covering the fundamental issues
- a local agreement adding extra details, and possibly improvements on the national framework.

Unions often debate whether national, company or local agreements are best. All have advantages:

- **national agreements** cover the whole industry. They can help to equalise pay and conditions throughout the country, and can help protect less well organised groups of workers.
- **company agreements** are sometimes preferred by larger employers, who do not want to be affected by what other companies do.

On the other hand, many employers would prefer to leave the detailed work of negotiating to an employers' association. Also they may prefer national agreements if they stop other companies from competing by paying lower wages.

- **local agreements** may help stronger sections of workers to press ahead, and get better conditions.

These improvements could push up the level of pay in the industry, and eventually push up the overall level in the national agreement.

On the other hand decentralised bargaining could be bad for poorly organised workers or those in economically depressed areas. And the union needs an effective system of local representatives to bargain locally with the employers.

In most conditions, unions prefer an effective system of national agreements, with the flexibility to conduct local agreements where this is helpful to the union. This means that the unions need to talk to appropriate bargaining partners at national level.

Problems will arise where there is no effective employers' association to act as a bargaining partner, and where employers prefer to insist on local negotiations as a way of weakening the unions.

### 3. "Pay and Conditions" and "Procedure" Agreements

Some agreements cover matters relating to employment conditions, eg. pay and holidays. Others cover "procedural questions" such as how workers' grievances are discussed between unions and management, and how management must act if they wish to discipline or dismiss a worker. The most important procedure agreement for the union is the "Recognition Agreement" by which the union is recognised by the employer as the agent to represent workers collectively.

### 4. How long do agreements last?

This differs depending on the country and the type of agreement. It is common to renegotiate pay agreements every year, and other types of agreement only when the union or management wish to propose a change. In some agreements there is a clause setting out the period of notice that either side must give if they wish to withdraw from the agreement.

In some countries (eg the USA), agreements or contracts are for a fixed period of years, and the whole agreement is renegotiated when the contract expires. It is common in such cases that strikes are not allowed during the period of contract, only when it runs out. Unions normally prefer to avoid such restrictions if they can.

### 5. How are agreements enforced?

The most common problem is that some employers do not stick to the agreement, for example by paying less than the agreed rate. In such cases it is the job of the local workplace representative of the union to monitor that agreements are being applied, and take up cases as grievances if the agreement is broken.

Normally this means using the grievance procedure to resolve the problem by talking to management.

In many countries, collective agreements are not treated as legally enforceable agreements, and the negotiating procedure, backed up by the possibility of membership action, is the only channel for enforcement.

In other countries, agreements are treated as legally binding contracts, and it is possible to take court action to enforce the agreement.

Both employers and unions often oppose the excessive use of law in industrial relations:

- it can make conflicts deeper and bitter than they would otherwise be, and means it takes longer to settle problems
- it can be very expensive, when legal costs are calculated.

Unions are often particularly unhappy about excessive legal regulation and court actions:

- employers have more money to pay lawyers
- judges are often more sympathetic to the employer's point of view.

In some countries the unions feel that having legally enforceable agreements helps put pressure on the employer, even if court action is not used.

In any case the most important point for unions is that they need an effective system of local representatives, plus effective membership support, if they are to ensure that agreements are properly observed by employers.

KEY  
POINTS

### Content of Collective Agreements

#### Terms and Conditions

Pay  
Payment systems  
Hours of work  
Holidays  
Overtime and overtime pay  
Bonus payments  
Shifts and shift pay  
Sick pay  
Special leave  
Maternity pay  
Trade union education leave  
Meal allowances  
Transport allowances  
Working conditions  
Parental leave

#### Procedures

Union recognition  
Negotiating procedure  
Discipline procedure  
Grievance procedure  
Health and safety procedures  
Workers' participation  
Trade union meeting rights  
Shop stewards rights  
Equal opportunities  
Redundancy procedures  
Introducing change at work  
Rights to information

### ACTIVITY 10



### Collective agreements

#### Aims

To help you:

- consider what items should be included in your collective agreement
- understand the differences between agreements about procedures and those concerning terms and conditions of employment.

#### Tasks

- 1) Working in a small group, make a list of all the items that you would like to see covered in your collective agreement with the employer.
- 2) Identify which items on your list concern:
  - terms and conditions of work
  - procedures for industrial relations
- 3) Discuss the following issues, and prepare a brief statement of your views:
  - i) Should the union be seeking to establish national industrial collective agreements? What are the advantages and disadvantages of this?
  - ii) Does the union have a responsibility to stop members from breaking agreements?
  - iii) What should happen if management is breaking a collective agreement?
  - iv) What can the union do to ensure that proper employers' structures exist, so that national industry agreements can be negotiated?

## Procedure Agreements

As we have seen, procedure agreements set out how discussions between unions and management are handled. Some of these may set out national rules for handling discussions and disputes. Others may relate to just one workplace or company.

In any case it is vital that local union representatives and managers have clear agreed guidelines about what to do if there is a disagreement or problem.

The advantages for the union of clear written procedures are:

- *less unnecessary conflict* - problems can be sorted out on an agreed basis before they cause serious grievances.
- *trade union involvement* - the procedures can lay down that unions ought to be consulted and involved before certain management decisions are taken. This can help ensure the trade union aim of "change by agreement".
- *more problems solved locally* - good procedures will ensure that the majority of difficulties get solved within the workplace, without putting too much pressure on the union officials and national level.
- *getting things done* - a good procedure ensures that the union representative can quickly talk to managers who are able to make decisions, and not waste time in discussions with those with no authority.

Procedure agreements will normally have the following features:

**Stages**, from local level to regional and national level. The problem passes to the next stage only if agreement cannot be reached. The agreement should say who is

involved on the union and management side at each stage. Unions will want to ensure that managers with real authority are included.

**Time limits**, to prevent unnecessary delay by management. There should be limits to the number of stages also, as this can lead to delay.

**Union involvement**, at every stage including when members first raise a complaint.

**Conciliation or arbitration** if the procedure is exhausted without agreement. This means a third party is asked to give an opinion on the problem. *Arbitration* normally means that the opinion is binding on both parties. Some countries have an official government sponsored arbitration service. Industrial law in some countries insists on a conciliation stage before a strike can be legally held.

## Discipline Procedures

Under the communist system, workers expected to have a job for life. They were kept in work even if they were inefficient, and it was rare for workers to be dismissed. In the market system, no-one can expect a job for life. Those who are considered to be inefficient may be dismissed. Those who break company rules will be disciplined and may lose their jobs. In these circumstances it is most important that procedures exist to ensure fair treatment, and that the union is able to represent and defend workers facing disciplinary action.

It is common to have separate written procedures to be used when management want to discipline or dismiss a worker. In such cases unions will want to see the following safeguards for workers:

- the procedure should be written, and all workers should be informed about it.

- workers should be given verbal warnings before official disciplinary action is taken, to start with on an informal basis. This may be disregarded for serious offences.

- two formal warnings should normally be given before dismissal is considered.

- the worker should have the opportunity to be represented by the union at every stage of the procedure.

- all cases should be fully investigated before a decision is taken.

- the procedure should specify which managers are able to discipline workers, and the punishments each is allowed to use.

- there should be a right of appeal against all decisions including dismissal.

- workers should be given advice and help to improve their work.

- after a period without offences, an individual's discipline record should be wiped clean.

- workers should not be disciplined for outside offences which have nothing to do with their work.

In addition to written procedures, most legal systems in Western Europe give workers some legal protection from unfair dismissal, and the right to appeal to an official tribunal if they feel the employer has not respected their legal rights as workers.

ACTIVITY  
11

*Discipline at Work*



**Aims**

To help us:

- be clear about how to help workers facing discipline
- improve procedures for handling discipline cases.

**Task**

Working in a small group:

- 1) Describe some examples of what has happened at your work when someone is disciplined. Describe what happened, what the union did, what the management did and the result.

Say whether you think the result was acceptable from the union point of view.

- 2) How could the procedure for handling discipline cases be improved at your work?

- 3) What can the national union do to ensure that disciplined workers are treated fairly?