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**WORKING TOGETHER: AN OVERVIEW OF
WORKER MUTUAL ASSISTANCE ORGANIZATIONS**

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EXECUTIVE SUMMARY

Worker mutual assistance activity is found throughout the developing countries of sub-Saharan Africa and southern Asia. The present review highlights some of the exemplary programs in this area and the great gap between the rhetoric and the reality in the developing countries. By working together with diligence and intelligence, workers can act to improve dramatically their workplaces, their communities and their lives.

Worker mutual assistance is simply ways that workers work together to aid one another in the accomplishment of a task. Workers can assist in the planning, implementation, evaluation or benefits of a program or effort. The topic carries as its central theme, workers making decisions and acting on issues which affect them in ways that redound to the equitable benefit of themselves and their co-workers. The terms "worker participation" and "cooperation" are used synonymously with worker mutual assistance.

The review examines three areas:

- 1) Production cooperatives; where workers have an equitable share in the ownership and decision making of an organization which manufactures goods or provides services.
- 2) Worker participation in management; where workers are given more say in the conduct of their workplaces and their jobs and their advice is systematically solicited for the improvement of organizational effectiveness.
- 3) Worker participation in community development; where workers organizations are brought into the development process either at the deliberative or community action level.

The project has been very modest in terms of its time frame and its funding. The geographical parameters were sub-Saharan Africa and southern Asia. The primary methodology was standard policy research and literature review. A two person team did conduct field visits over five weeks to Kenya, Thailand and India. Additional visits were made to authorities at the International Labor Organization, the International Confederation of Trade Unions and experts in Israel and Japan.

The examination of worker mutual assistance efforts is in line with U.S. foreign aid legislation, policies of AID on labor-manpower and emerging concern for greater emphasis on low cost mechanisms to encourage self-reliance and sustained growth cap-

ability. Worker cooperative efforts also encourage the development of local democratic institutions. Worker participation can be a part of an overall strategy of development. Organized in a particular way, it can be the catalyst that brings alive the material and structural potential of a program. This review does not hold that participation alone can solve development problems but that without it, many other solutions will not work.

The study identified a number of general themes and looked at specific examples: Brief synopses of the major points follow.

Self-reliance: Based on site visits and the literature review, self-reliance in cooperatives, government and industry is sorely lacking. Worker mutual assistance programs seek to utilize local human and natural resources to the maximum extent possible. Developing self-reliance is a function of conscious activity, learning the processes of self-reliant behavior and clear analysis and utilization of local resources.

Productivity: There is considerable evidence on a macro-level and many examples at the micro-level that worker participation can contribute to improved productivity performance. In order to increase productivity, there must be better management of technological, financial and human resources. Each one of these could be enhanced by specific strategies of worker involvement. Caused in large part by the distortions of employment, human resources mismanagement creates a disincentive to productivity improvement. What is called for is a frontal program to improve resource and technological capital productivity, human capital, financial management and the community social environment rather than an overemphasis on direct labor productivity. Management and workers could negotiate agreements so that overall productivity could go up by focusing more attention to other factors than how "hard" workers are working.

As a further effort to improve productivity, the cycle of productivity problems must be analyzed. The central answer is to generate optimal responsibility and problem resolution in the unit of operation closest to the problem itself. Secondly, periodic and organizationally appropriate evaluation mechanisms should be built in so that one knows whether the decisions of the primary group were truly effective. This has been a characteristic of successful worker participation programs in the U.S., Yugoslavia, Israel and Japan.

Capacity Utilization: The underutilization of technological and human capacity in developing countries is enormous. To be tapped, this excess capacity does not require much additional equipment, manpower or capital. To do so, it is a function of market and management. In terms of management some of it is due to exigencies of supply and equipment. However, by adding the eyes and ideas of workers, many problems can be better identified and resolved. Further, industrial disruption and sabotage which hinders productive potential can be diminished.

Capital Leverage: Particularly with cooperatives, little thought has been given to ways to multiply the impact of the capital they have accumulated especially in the savings and credit societies. Leverage can be accomplished both by encouraging cooperative groups to invest in new cooperatives which will lower their operating costs and by member education to those in thrift societies so that their investments could be more wisely spent.

Quality: The Japanese have demonstrated that through extensive worker involvement that the quality of products be dramatically improved in a short period of time. Improved quality will increase the efficiency and desirability of investment in developing nations.

Industrial relations: Many of the countries in the developing world have recognized the importance of greater harmony between employers and employees. Industrial unrest causes greater disruptions in production, frightens away foreign capital, reduces the incentive to expand and destabilizes a country's economic and political situation. By bringing workers into the process either through management and/or ownership, they have a greater stake in the enterprise development and relations can be improved.

Living and Working Conditions: Many worker mutual assistance programs have been used to improve the conditions of work including education, health and safety and community improvement. The workplace and community are linked and improvements in one area will affect the other. For workers, improvements in the quality of working life may be a primary goal of participation.

When examining worker mutual assistance organizations, the cultural issue weaves its way throughout the issue. By its very nature, the participative approach is a culturally adaptive technique. In many cases, broad programs have drawn on local traditions to extend a system of cooperation. While there is no precise formula, culture does play a significant role in this specific character of national systems like in Tanzania, India, and Yugoslavia.

Politics is also a key area which permeates the issues of worker participation. It would be a serious mistake to presume that worker participation is the province of one political ideology. Worker mutual assistance activities have been introduced in economies which are strongly capitalistic, decidedly mixed and devoutly socialist. Further, worker participation has been denied in all three systems as well. It is true, however, that worker participation is a tool used in political debates between competing philosophies in a country. Debates on the rights of workers and the distribution of property can be independent or linked to worker participation.

CHAPTER TWO: PRODUCTION COOPERATIVES

In theory, cooperatives are an ideal form of organization for the development process. They encourage enterprise, self-help, sharing of resources, risk, talent and capital as well as promoting equitable distribution of benefits. Cooperatives can serve to increase borrowing power and introduce economies of scale. They can also shield the poor from the exploitation of middlemen and profiteers. Yet the facts of the matter are that cooperatives in the developing countries have fallen far short of their potential for aiding the poor, increasing productivity, establishing successful businesses or generating employment.

The production cooperative is the primary focus in this review. They constitute the smallest category of cooperatives both in terms of numbers and membership. This is either a cause of or a result of the preponderance of assistance being provided for multi-purpose, marketing, credit and consumer cooperatives by international donors. The current state of information on production cooperatives in Africa and Asia is very poor. However, some data was available on cooperatives in 22 countries in Africa and 9 countries in Asia.

In Kenya, the cooperative movement has grown in size and capability dramatically within the past fifteen years. An institutional infrastructure through the Cooperative Bank, the Cooperative College and concerned apex organizations can support future growth. Within certain areas such as savings and loan societies, coffee production and cotton ginning, the performance is quite good. However, overall many problems remain and since very few cooperatives are self supporting, the Kenyan cooperative movement is far from its potential.

India has the largest cooperative movement in the world. There are extensive facilities and government programs to assist the cooperative sector. Cooperatives are an integral part of the development plan for the nation. Production cooperatives are the stepsister of the cooperative movement. Its growth is stagnant and it is plagued with many problems. There are, however, examples of excellent programs especially in fertilizer production, sugar refining, vegetable processing and dairy products development.

In Thailand, the primary purpose of cooperatives are to serve as common marketing bases. The industrial cooperative sector is practically non-existent. The land settlement cooperatives which provide skills and land to landless peasants are interesting efforts.

In general, cooperatives all too often tend to serve as associations of the relatively more affluent and do not effectively

assist the poor. The management style of the cooperatives generally mirrored the authoritarian and hierarchial rather than the participative. In all cases, there was an overreliance on government to bail the cooperatives out of their problems.

There were two pervasive problems which can be addressed directly. The first is the lack of adequate membership education. When members are kept ignorant or ill informed, there is too great a temptation for mismanagement, embezzlement and favoritism. Fully knowledgeable of the responsibilities of membership and leadership in a cooperative, members will demand honest and effective management. The second tragedy of inadequate member education is the loss of ideas for effective operation on the part of the membership. Too often, the elitist notions about the inadequacies of ordinary workers and the magic of professional education ill serve the development of a cooperative.

The second major issue is the viability of enterprises. If a cooperative enters a field in which it has little chance to succeed, then there should be little surprise when it fails. To the extent possible, potential cooperative enterprises should be taught how to examine their feasibility and in large scale activities comprehensive feasibility studies should be commissioned. If cooperatives continue to be expected to integrate people whose only bond is lack of opportunity and to operate sectors of the economy shunned by intelligent business persons, then they will continue to fail. Cooperatives are not a form of organizational alchemy. A reasonable business opportunity and a willing mix of people could provide the base for a cooperative success.

Recommendations

1. **Membership Education:** The primary need is to develop low cost, effective, widely spread, participatory membership education.
2. **Seminars:** Seminars should be presented on the potentials and pitfalls of production cooperatives and their possible contribution to employment generation.
3. **Information Gathering and Dissemination:** There is a great lack of case studies, action research reports and other materials on activities in the two regions. Current information would be mutually helpful to other countries in the region or internationally.
4. **Feasibility Center and Loan Guarantee Fund:** In order to expand the number of successful cooperatives, a feasibility center which would investigate the possibility of viable cooperative enterprises should be established. Capitalization for new enterprises should be drawn from capital

borrowed against the reserves of the cooperative movement and savings societies. Donors and governments should back the loans to protect the cooperators against disaster.

CHAPTER THREE: WORKER PARTICIPATION IN MANAGEMENT

Worker participation in management occurs when those below the top of the organizational hierarchy take part in the managerial functions of the enterprise. Worker participation can either be when workers have greater input to managerial decisions made above them in the hierarchy or when managerial functions are dispersed more widely to workers lower in the hierarchy. Four dimensions of participations are examined including; ownership, governance, management and terms and conditions of work. The forms of participation examined in the review are;

- 1) employee consultation committees;
- 2) joint management councils;
- 3) worker representation on the board of directors;
- 4) financial participation; and
- 5) quality of work life efforts

While there is broad knowledge of these mechanisms in advanced industrial countries like Sweden, Norway, Germany and Japan, there are also significant efforts in other countries. The U.S. has a considerable number of programs for improved quality of working life and employee involvement. Yugoslavia and Israel have extensive national programs.

What was surprising was the extent of the legislative entitlement in the developing countries of Africa and Asia. The review found programs in the African countries of Benin, Burundi, Congo, Gabon, Kenya, Mali, Mauritania, Mozambique, Tanzania, Zaire, and Zambia despite great difficulties in data collection. Legislated programs were found in Asian countries as well, including Bangladesh, Burma, India, Indonesia, Nepal, Pakistan, Sri Lanka and Thailand. In several other countries there were expressions of new interest and non-legislated examples.

India has been the center of impressively extensive discussion, experimentation and legislation on worker participation in the world. The history of participative machinery goes back as far as 1929 in India and there have been various structures established through the years including Whitley councils, joint management councils and works committees. In 1977, the Indian Constitution was amended to support the participation of workers in the management of industries. Recently, there has been additional discussion on creating a comprehensive national system of participation from the shop floor to the board room. The Indian trade unions are supportive of worker participation

though they vary on the precise details of implementation. Employers have mixed opinions. The Tata Iron and Steel Company has utilized worker participation to generate an impressive level of employee involvement and positive commitment to continuing its record of strong economic performance. There also have been a number of quality of working life experiments in India. Those which were able to enter the organization and avoid the sandtraps of organizational politics were generally successful and sometimes stunningly so.

There is a startling gap between the amount of legislation in developing countries promoting worker participation in enterprise decisions and the actual results. It appears that there is general interest by governments in developing new forms of communication between workers and employers for the purposes of increased productivity, reduced industrial unrest, improved health and safety and national development. Yet, the dismal implementation record would indicate that people do not know how to make the empty structures work. What they need is help not in the designing of one last grand scheme which will work no matter what people do but learning the people-oriented skills which help animate the existing structures chosen by their countries. While far from perfect, worker participation mechanisms have been adopted in many developing countries on their own volition. Going back to a strict interpretation of managerial perogatives does not represent a viable option. The structures stand there waiting to be brought alive and made to work. Effectively utilized, they could contribute greatly to enterprise and national development as well as improve the conditions of work for the workers involved.

Recommendations

1. Action-research: Particular experimental interventions should be conducted which analyze the reasons for success or failure. Of particular importance is the development of shop floor level participatory groups such as quality circles.
2. Technical Assistance: Though local talent should be used as much as possible, there are a large number of talented people in the U.S. from labor, management, academic and consulting circles who could provide technical assistance as needed. They would have to undergo an orientation in order to apply their knowledge to the experience of developing countries. In addition, train-the-trainer programs should be instituted to educate local facilitators in the processes and structures of participation. The aim of the education program is to reach as low into the organizational hierarchy as possible and model participative behaviors.

3. Information Collection and Dissemination: There is very little information presently available on experience with worker participation in management in developing countries, there is a great need for additional data collection and case study development. Seminars should be held with labor, management and government to discuss the realistic possibilities of worker participation. Information especially about experiences in the developing world should be disseminated widely via employers, workers and governmental organizations.

CHAPTER FOUR: PARTICIPATION IN COMMUNITY DEVELOPMENT

Workers are concerned about development decisions. They are concerned as citizens, as trade unionists and as workers. The decisions that are made and the methods of implementation affect them in their workplaces and their communities. The review examined two levels of involvement. The first is the ways that trade unions and other worker organizations take part in the decision making and deliberative parts of development activities. The second major focus is at the micro-level where workers implement socio-economic projects such as trade union cooperatives and other community improvement efforts.

Trade unions in a number of countries have become involved with efforts at rural organization which animates activity at the village level to encourage organization for the rights of poor rural workers. Trade unions also contribute indirectly to rural development through the channeling of funds back to the rural areas from members who work temporarily in the urban unionized setting. Trade unions are seeking alliance between urban and rural workers.

In general, workers and their organizations have not been involved in development decision making. There are some exceptions at the national level, but there were little evidence of any activity at the community or regional levels. This is true for all types of worker organizations. Despite considerable discussion of its importance at the international level, workers and their organizations are still largely excluded from the process.

There have been some interesting examples where workers organizations have set up their own cooperatives. These are designed to strengthen the organizational base of the workers organization and to meet the basic needs of the membership and their families. Most of the cooperatives are consumer oriented. There are examples of unions who have a comprehensive network of housing, consumer and credit cooperatives. In addition, some unions also have vocational training programs, labor societies, insurance and other member services. Both the Asian American Free Labor Institute and the Afro-American Labor Center have helped in these areas.

Unions and other worker organizations have established other socio-economic projects which are designed to improve the life of the community. In Sri Lanka with the help of the Asian American Free Labor Institute, workers on a tea estate have introduced an exceptionally successful program to attack health, education, sanitation and the standard of living problems. The "barefoot doctors" program on the estates yielded great results in the reduction of disease and injuries. The Human Welfare Trust of the India's Textile Labour Association provides funds and encourages a broad variety of community service activities. The Self Employed Womens Association is an example of a very successful self-help project aimed at uplifting women living under dismal conditions.

Recommendations

1. Seminars: The only way to stimulate real involvement of workers organizations in developmental decisions is to provide a setting where labor, government and sometimes management can arrive at an understanding of the useful contributions that each party can make to each other. Seminars should be aimed at stimulating involvement at all levels, including the community level.
2. Case Studies: Though few and far between there are examples of extraordinary programs run by workers organizations which make great contributions to improving the lives of the working poor. These should be studied in depth and widely circulated.
4. Center for Worker-based Socio-Economic Projects: The nature of the experience in current projects shows that the most difficult part of a potential project is the initiative to get things going. There need to be agencies linked to the workers organizations which catalyze and provide technical assistance to worker-based socio-economic projects.

CHAPTER I: INTRODUCTION AND GENERAL OBSERVATIONS

Definition of Worker Mutual Assistance

Worker mutual assistance is a broad term designed to serve as an umbrella for a wide range of activities and attitudes. It carries as its central theme workers making decisions about issues which affect them in ways which redound to the equitable benefit of themselves and their co-workers. In the course of this paper, the phrases "worker participation" and "cooperation" are used as synonymous with worker mutual assistance despite possible nuances in application.

Mutual assistance is simply ways that people work together to aid one another in the accomplishment of a task. They can assist in the planning, implementation, evaluation or benefits of an activity, or any combination of these functions.

One of the most difficult terms to define in this study is "worker". It clearly includes all wage earners. It also includes all members of trade unions. It also includes members of cooperatives who contribute their labor as well as their capital to their cooperative and may receive payment either in-kind or in divided profits. To be adequate, the definition must also include other workers who do not work for wages but contribute their labor in exchange for goods or other consideration. It does not include owners of businesses solely on the basis of capital who do not work in the enterprise. While it does not exclude managers who work in an enterprise, the primary emphasis is on workers below the ranks of top management who generally have not participated in decisions in more traditional work organizations.

The parameters of this review do not include projects where the participant defines him/herself as solely a citizen of a local or national entity. This distinction may be hard to make in some experiences in developing countries where one's role as citizen, worker, spouse or parent may all be intertwined. Though separation of roles is difficult to clearly articulate, for the purposes of this review, a distinction must be drawn which excludes persons who do not represent their role as worker as a primary one. Worker mutual assistance activities are centered around work organizations whereas other citizen participatory activities focuses on community institutions and relationships. The exclusions do not in any way diminish the importance of capital investment or community development activities.

Worker mutual assistance activities then are those which find their base among the people who act or define themselves as workers in or around a work organization and consequently

organize themselves for their mutual self-interest and improvement. The concentration of the review is on examples which generate employment and/or meet basic needs. There are three major areas to be examined in the text of the paper:

- 1) Production cooperatives: Production cooperatives are organizations where workers have an equitable share in the ownership and decision making of an organization which manufactures goods or provides services. It is singled out for particular emphasis because of its theoretical potential for employment generation within a context of equity.
- 2) Worker participation in management: There are various forms of work organization where employees are involved more actively in decision making either in the planning, implementation and/or evaluation stages. Employees are given more say in the conduct of their own jobs and their advice is solicited for the improvement of organizational effectiveness. Its importance here is highlighted by its dual goals of increased efficiency and improved job satisfaction.
- 3) Worker participation in community development: Through a variety of ways workers can have a voice in decisions about the direction of development. Trade unions or other worker/peasant organizations can provide direct input to the construction of the national or local development plans. They can also discuss development objectives in the appropriate deliberative bodies. In a more direct fashion, workers and their trade unions can establish cooperatives, and local self-help efforts which help meet basic needs for food, housing, health care or education. They could also be involved in the implementation and evaluation of development activities directly or indirectly.

Why Look at Worker Mutual Assistance?

The central reason for the conduct of this inquiry is that worker mutual assistance organizations and worker participation is conceptually in line with the emerging thrusts of international development assistance for greater self-help, cost effectiveness and responsiveness. It is consistent with the legislative intent of U.S. foreign assistance legislation. Further in many cases, an argument can be made that such programs can substantially contribute to better meeting the basic goals of the Agency for International Development in promoting equitable growth in less developed countries. Thirdly, and perhaps most importantly, mutual assistance organizational activity may provide an avenue for significant improvement in the attainment of national development goals and improving the lives of the workers involved.

It is usually expensive and often ineffective to provide developmental aid based solely on short term transfer of goods or resources. Without developing the internal self-help capacity for effectively utilizing capital and human resources and for using initial foreign assistance as a springboard for future progress, sorely needed resources can be wasted. A worker mutual assistance effort is based largely on low-cost mechanisms to encourage self-reliance among workers in less developed countries. It seeks to sustain and evolve real growth and development.

Secondly, Title IX of the Foreign Assistance Act specifically calls for "assuring maximum participation in the task of economic development on the part of the people in developing countries, through the encouragement of democratic private and local governmental organizations."¹ The legislation goes on to state that programs should

1. recognize the differing needs, desires, and capacities of the people of the respective developing countries and areas;
2. use the intellectual resources of such countries and areas in conjunction with assistance provided under this Act so as to encourage the development of indigenous institutions that meet their particular requirements for sustained economic and social progress.²

The House of Representatives Committee on Foreign Affairs cited the key role for participation in an effective foreign aid strategy. Excerpts of their report follow:

Over the years, in exercising legislative oversight with respect to the administration of the Foreign Assistance Program, the House Committee on Foreign Affairs has observed that there is a close relationship between popular participation in the process of development, and the effectiveness of that process.

. . .it has become increasingly clear that failure to engage all of the available human resources in the task of development not only acts as a brake on economic growth but also does little to cure the basic causes of social and political instability which pose a constant threat to the gains being achieved on economic fronts.

. . .Unless the people benefit from development efforts, no meaningful progress can result from foreign aid.

¹U.S. Congress, PL.: 87-195, Title IX, Sec. 281(a).

²Ibid., Sec. 281(b).

It is equally true that unless the people contribute to development efforts, no meaningful purpose can result from foreign aid. . .

The great potential for planning and implementation of development activities, contained in the mass of the people of the developing countries is still largely untapped, which slows down the achievement of the objectives of the foreign assistance program.³

In tracing the history of concern with participation in developmental aid, the Cornell University Rural Development Committee noted:

The emerging new approach to development put participation into a more active and complete role. . . The greater concern with the use of labor as an abundant resource, with greater employment generation and with the distribution of benefits, was markedly different from the development theory emphasizing technology and capital formation, which relegated popular participation to a derivative role. This newly evolved approach will be helpful as long as it builds on past experience, organization and participation alone are not sufficient. Development rests on at least three reinforcing foundations: technology, capital and organization.⁴

Participation is part of an overall strategy of development. Organized in a particular way it can be the catalyst which brings alive the material and structural potential. This review does not hold that participation alone can solve development problems but without it, many other solutions will not work.

The other assumption behind examining participation is that it can work well. Uma Lele in reviewing African development for the World Bank concluded that "the neglect of local input has had an unfavorable effect on the performance of the rural development effort."⁵ Her findings went on to say:

³ Cited in David Hapgood, ed. The Role of Popular Participation in Development, Report of a Conference on the Implementation of Title IX of the Foreign Assistance Act (Cambridge: MIT Press, 1969).

⁴ Norman T. Uphoff, John M. Cohen and Arthur A. Goldsmith, Feasibility and Application of Rural Development Participation: A State-of-the Art Paper (Ithica, Rural Development Committee, Center for International Studies, January, 1979), pp. 288-289.

⁵ Uma Lele, The Design of Rural Development: Lessons from Africa (Baltimore: Johns Hopkins Press, 1975), p. 150.

Local participation may mean involvement in planning, including assessment of local needs. Even if local people do not participate in planning, at the very minimum, they should be informed of the plans designed for their areas if they are expected to consent and to cooperate in program implementation. Participation in planning and implementation of programs can develop the self-reliance necessary among rural people for accelerated development.⁶

In development circles, the issue of worker participation has received relatively little attention. Political participation has been studied by many political scientists. Rural development participation is the focus of a major effort at Cornell University under AID sponsorship. Development literature religiously pays lip service to popular participation as important in the planning of developmental activities. The economic distribution and participation in benefits have been analyzed extensively.

However, one aspect of worker participation which has received legislative and programmatic attention is the cooperative movement. There are a number of PVOs which have focused exclusively or significantly on cooperative development. Correspondingly, the internal policy for the Labor-Manpower Area since 1973 addresses the concern from an overall perspective. It states:

It is AID policy to assist, bilaterally and multilaterally, less developed countries in their self-help effort to strengthen the capacities of labor unions, labor ministries and other labor-manpower institutions for enhancing the skills and utilization, employment opportunities, productivity, freedom and welfare of working men and women.⁷

It goes on to state as one of the principles for implementing this policy that:

AID should encourage . . . workers, management and their associations to make a positive contribution at the workplace, public and private, to industrial relations, with stress on means for resolving workers grievances, the idea and practice of negotiations, consultation and collaboration in labor relations, the opening of communications between workers, management and government and improving working conditions. . . .

⁶ Ibid., p. 162.

⁷ USAID, "Policy Determination on Labor-Manpower," PD-52 (TL-24:6), May 2, 1973, p. 1.

The development of strong, independent, responsible and democratic organizations of workers which can . . . perform other useful functions in the improvement of the economic and social life of their members.⁸

It goes on to discuss the need for participation in development decisions by workers by encouraging:

The involvement of working men and women in the development process through their participation in relevant private and governmental activities and institutions.⁹

While noting the significant exceptions of the support by AID of trade union assistance programs and cooperative development programs, the concept of worker participation has never been examined in an overall context. It is very rarely addressed in the literature and does not comprise a major focus at this point.

In sum, the reason for undertaking this review is to better meet established AID goals for self-reliance and the building of strong, local democratic organizations. Further, as the review will demonstrate many of these goals have been articulated by the developing countries themselves and are not now being met in practice. However, in a significant number of instances, mutual assistance organizations have been shown to have a positive impact on national economic development and equitable meeting of basic needs. The task is to determine how the potential can be better realized in worker mutual assistance activities and the countries they serve.

Methodology

The means for generating information on worker mutual assistance programs followed standard policy research procedures. Extensive bibliographic searches and use of the literature provided a base for the research effort. Experts in the U.S. and most PVOs working in the affected regions were polled for their views and experiences. Internal AID and State Department personnel familiar with the issue were interviewed. Field visits were arranged to India, Kenya and Thailand to observe programs first hand and to discuss the views of relevant parties. The countries were selected based on the concentration of programs and literature on the subject. They represented better than average examples of worker mutual assistance organizational activity. Additional visits were made to the International Labor Organization, United Nations Research Institute for Social Development, International Confederation of Free Trade Unions and to experts in Israel and Japan in order to gain further insight on international perspectives, experience and opinions (see Appendix A).

⁹ Ibid., p. 4.

Opinions and observations expressed in the paper are solely those of the author and do not necessarily represent those of USAID or any other agency of the Federal Government.

Limitations of the Study

The review undertaken here is not a complete and final analysis of the possibilities and existing experience in Southern Asia and/or sub-Saharan Africa. Being the first of its kind, it does break new ground in the gathering of information, the analysis of the issue and the generation of recommendations. It is, however, but a first step in the understanding and development of a specific action plan on worker mutual assistance organizations.

The project has been very modest in its time frame and funding. Therefore, additional examples of similar activities in other geographical regions were not examined such as experience in South America. The total field research time was five weeks which did not allow extensive followup, cross checking and analysis in the countries visited. Since the geographical focus is large, iterations in countries which were not visited and are unavailable in international literature or are unpublished may not be covered. The constraints of time forced a decision to visit areas where concentrations of activity had taken place. Literature and opinions expressed in the review are subject to error since extensive corroboration of statements was not possible.

The staff time available to the project was also restricted due to time and funding. Team consultation on developing comprehensive models and analysis was limited. The apparent lack of studies on the process of participation and its outcomes in developing countries provides a further barrier. Since the topic of worker participation has not been dealt with in the context of developing countries as an independent avenue of inquiry, the various impediments represent a structural barrier to complete analysis.

A Primer on Participation in Development

Try as one might like, there is no exact science to participation. There are as many models and rubrics as there are explications and examinations of the phenomenon. Yet the models developed by Cohen and Uphoff at the Cornell University Rural Development Committee provide an excellent framework for future in-depth analysis.¹⁰ Their basic framework is described below to provide a way of thinking about participative systems. Initially, the intent of this project was to examine workers

¹⁰ See John M. Cohen and Norman Uphoff, Rural Development Participation: Concepts for Measuring Participation for Project Design, Implementation and Evaluation (Ithaca: Rural Development Committee, Cornell University, December 15, 1976).

participation in the same way that rural development participation has been reviewed. In this present effort, this was not possible. It would be worthwhile to conduct an in-depth investigation of several worker participation efforts to compare them with rural development efforts. For AID purposes, it would be worthwhile to develop an understanding of worker participation in tandem with rural development efforts to facilitate comparative analysis, field dissemination and analytical clarity. There will, however, be additional dimensions and particular indicators which relate more to enterprise and cooperative activity than to developmental assistance aid.

Cohen and Uphoff describe four kinds of participation. These include:

- 1) Participation in decision making where the general policy and objectives are established and local needs are defined.
- 2) Participation in implementation implies "resource contributions, administration and coordination and program enlistment."¹¹
- 3) Participation in benefits can be classified according to material, social and personal rewards or consequences.
- 4) Participation in evaluation can occur when beneficiaries assess and transmit their assessment of the impact of a program.

These four methods of participation fit into a neat system conceptually though rarely for all four sequentially adopted in reality. On one level, worker participation also addresses the general issues of decision making as it involves workers in developing and commenting on general development plans and when workers sit on the governing boards of enterprises. On another level, it is workers who implement the development plans and worker participation is a way of carrying participation in development further and wider into the affected population.

Cohen and Uphoff provide on page 9, a schematic overview of some of the major elements of a participative system which would be examined in its assessment.¹² In assessing work related participation, attention should be paid to the impact on employment, basic needs, income equity, industrial relations, community development and national growth. Economic performance measures include productivity, profitability, technology use,

¹¹ John M. Cohen and Norman T. Uphoff, "Participation's Place in Rural Development: Seeking Clarity through Specificity," World Development, vol. 8, 1980, p. 220.

¹² Ibid., p. 219.

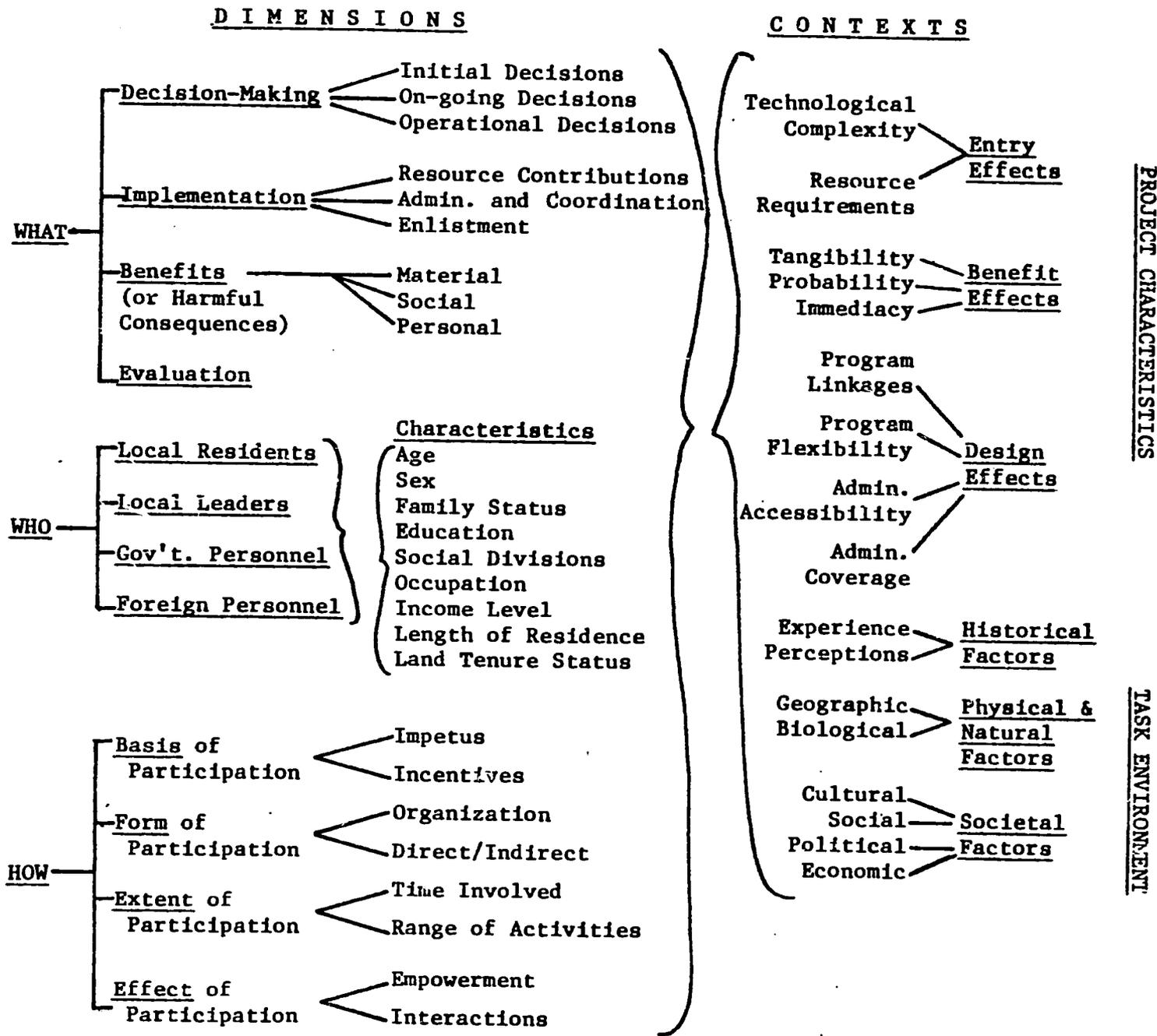


Chart 1: Basic Framework for Describing and Analyzing Rural Development Participation

market penetration, energy use, return on investment and credit liability.

Further, worker participation systems can also be analyzed by their impact on the workplace as a social organization. These include measures of social equity, trade union role, occupational mobility, literacy, health and safety, family and community life, status of women and minorities and personal growth.

When one is conducting a micro-level analysis of worker participation in an enterprise measures such as maintenance, absenteeism, turnover, quality, breakage, timeliness, resource use, innovation, coordination, customer service, worker education, accident rates and grievance loads need to be examined.

The various elements described above provide items for probing various systems. The lack of sufficient case studies and the disparity of the literature make general statements on these characteristics difficult to assert at present.

General Themes

There are a number of themes and concerns which cross the boundaries of the three major forms of worker mutual assistance organizations under study here. In part, some of the concerns are overlapping. Yet together, they represent an assertion that more effective organizations can be established in developing countries. Organizations can both draw productively on the resources of the people in the local areas and provide workers with greater respect and personal growth. Further, by encouraging democratic economic development with concern for the rights of individuals, national development can be enhanced.

Self Reliance

The principle of self-reliance is central to the analysis in this review. The kinds of structures, the process of operation and the method of aid should all contribute to greater self-reliance on the part of local parties in the countries affected. Self-reliance also has another dimension from a resources perspective. Each setting should maximally use the human and physical resources which are available to it locally. This often reduces costs and increases reliability and adaptability. Unfortunately, many aid programs have increased dependence on outside expertise, technology and resources. The goal in worker mutual assistance programs is to do the opposite. Where outside resources can be more beneficial to the local population, they must be fully integrated into the local social and technical modes of operation.

Based on the site visits, self-reliance appears to be not only one of the major problems, it may in fact be the central problem. This is true in cooperatives, industry and government. Rhetoric alone will not produce self-reliance. Developing it is a function of conscious activity, learning the processes of

self-reliant behavior and clear analysis and utilization of local resources.

Productivity

The poor productivity record in most developing countries is not attributable to one factor alone. There is an interacting system which acts to promote poor productivity performance. Productivity is a function of technological, financial and human management. The aim is to get the maximum amount of value for each of the factors in the production equation. The bottom line is increased efficiency and profitability. Different institutions rely more heavily on different factors for an overall productivity picture. For example, the social service department may stress human factors relatively more than a fertilizer manufacturing plant. A bank may stress financial management.

Access to technology which is appropriate, maintainable and effective is a chronic problem in the developing world. The access to the right kind and most effective tools - whether simple or complex - can be the biggest factor in productivity improvement. The utilization of that technology is also very important. If technology lies idle because of lack of trained technicians, spare parts or proper management then technology is underutilized. Poor technology use saps meeting productive potentials in developing countries.

The intelligent management of finances is also an important part of the picture of economic soundness. Even if the plant is very productive, if the money is invested poorly then the over all performance of the organization will suffer. This has been a great problem with many cooperatives which constantly lose out in the face of inflation. The ability to obtain the best return on available assets can make or break an enterprise.

Human capital is also very important. Improving the stock of skills in the workforce can provide a more flexible and sophisticated work setting. The use of labor as a function of production is very critical. Particularly in highly populated countries with scarce access to vital natural resources, it makes good policy sense to use the most prevalent natural resource - people.

In developing countries, there is simultaneously overemployment and under-employment. Because of population pressures and the slow pace of industrial and agricultural growth, unemployment runs very high. In some countries like India and Kenya, unemployment among those with good education and vocational skills also runs very high. Since wage scales are generally low based on lower standards of living and the distortion created by high unemployment, many firms help to alleviate national unemployment by hiring more people than they need. Dr. Nitish De of the Public Enterprise Center for

Continuing Education in New Delhi pointed out some of the negative consequences of such a policy.¹³ Since there are several workers who could do the same job, no one takes responsibility for it by him or herself. There clearly is someone else who is also responsible. Therefore, according to De, though there are more jobs for all, the meaning of work is demeaned for all. No one is particularly important to the process. If they do not do something, someone else should. Unfortunately in too many cases, everyone believes the other person should do it so it does not get done. Management also plans for this to occur and uses its employment policy inadvertently as a disincentive to productivity and effectiveness.

Trade unions are wary of the argument that productivity creates excess capital that can be used to create more meaningful jobs. The lack of precision in manipulating the labor market and the large pool of the qualified unemployed makes accepting a change in job security guarantees for larger productivity gains very difficult to implement with workers.

In government services as well, the legitimate functions of government are buried under over-employment policies. To occupy the bureaucrats, more forms must be filled out. It not only is expensive to the general taxpayer but burdensome to the poor and disadvantaged who must deal with an ineffective civil service.

Yet the problem of over-employment at the micro-level is not a problem whose root or solution must be placed at the feet of workers. In terms of numbers and present operational procedures, there is over-employment at the enterprise level. In reality, the problem is under-employment of the skills and capabilities resident in the existing workforce. Productivity increases can occur in two manners. Either an organization can produce the same with less inputs or it can do more with the same inputs. With the tasks that face developing countries, the latter is the imperative. The impact of threatening present job security in an effort to improve productivity will probably lead to widespread labor unrest and the sabotage of any program. However, there are other options which can be examined. The following categories provide ways to increase productivity in the broad sense without threatening job security. The premise is that there is so much "work" to be done in developing countries that no worker ought to be threatened with the loss of job. Workers ought to be encouraged to do more and to more fully utilize their capacities.

A frontal attack on labor productivity as mentioned above may in fact be counterproductive. While improvement may occur through attrition or voluntary transfer, in developing countries with substantial unemployment, labor productivity should not be the highest or direct goal.

¹³ Interview with study team, January 26, 1981.

Capital productivity should be a major goal of productivity efforts. With very difficult balance of trade situations, high debt loads, low capital and resource bases, the effort to extract the maximum value from physical and technological capital should be paramount. This is particularly true in the area of energy where the costs of imported oil have undermined many economies. Workers can be enjoined in an effort to conserve energy and natural resources - particularly precious metals or in some cases water - to stretch the available resources to the fullest. This does not in any way cost jobs and may in fact save jobs which would be lost. The same is true with technology where workers can assist in selection, maintenance and fuller utilization of machinery.

Another area where productivity can be improved is in the financial area. Many companies realize their greatest profit not from savings on the production process but intelligent management of financial resources. This can be encouraged without adversely affecting employment. This strategy is not strongly linked to participation but represents part of the spectrum of productivity measures.

Another form of capital available to an enterprise is human capital. That is the sum of skills and capabilities available within the enterprise. Since people do change jobs, the bank of human capital is also a factor in the economic possibilities of a national economy. Investments in health and education are means of improving the human capital stock in a country. If there is underutilization of people in the system, another use of idle time may be to increase human capital. In many developing countries, a major contribution for the average worker could probably be realized through improved health care. Some time at work could be used for preventive health care checkups and education. Confidentiality would have to be guaranteed since some workers with family responsibilities would rather work sick than not work at all. Adult education classes at the work site could help alleviate illiteracy and improve the ability to manage an enterprise. Additional skill training in areas of shortage and multi-skilling educational programs can all increase the pool of human capital available to an enterprise. Many works council schemes give education and training a high priority. It is not only a management function to provide the additional health and educational attention but also to determine ways to more effectively utilize the increased capabilities.

A final form of productivity improvement can be realized by improving the environment of the enterprise. Idle time of workers can be used to improve the community. Examples of projects which could be undertaken could be found in community health and sanitation, planned parenthood education, voluntary public works projects and further education for families and community residents. The Pakistani works council is mandated to provide training to children of employees. By improving

conditions in the community and at home, there is a likely impact on the performance of the enterprise.

Four out of the five areas for productivity improvement do not imply any adverse employment impact. Each of them contributes to organizational soundness and the national interest. In particular situations, management and workers would negotiate the distribution of time among them. A base production level could be set and additional time spent on problem solving about the company's efficiency, human capital development or social development projects.

It is unavoidable even in the best of circumstances in a developing country that there will be unproductive time. When machinery in one part of the plant breaks down, it may incapacitate other functions. The lack of secure inventories may also interfere with activities. External matters or weather may impinge on the ability to accomplish a task even if the workers wanted to be occupied. Except for the most simple tasks, organizations with large numbers of workers and/or complicated functions rely on the smooth integration of a large number of parts. It may not be the fault of one section when a problem arises somewhere else in the system. The issue is not blame for the problem. When production snags arise, the opportunity must be taken to determine the nature of the problem and consider ways to make sure it is mitigated in the future. However, if the problem is unavoidable, the time available to workers should be directed towards other economically and socially useful activities.

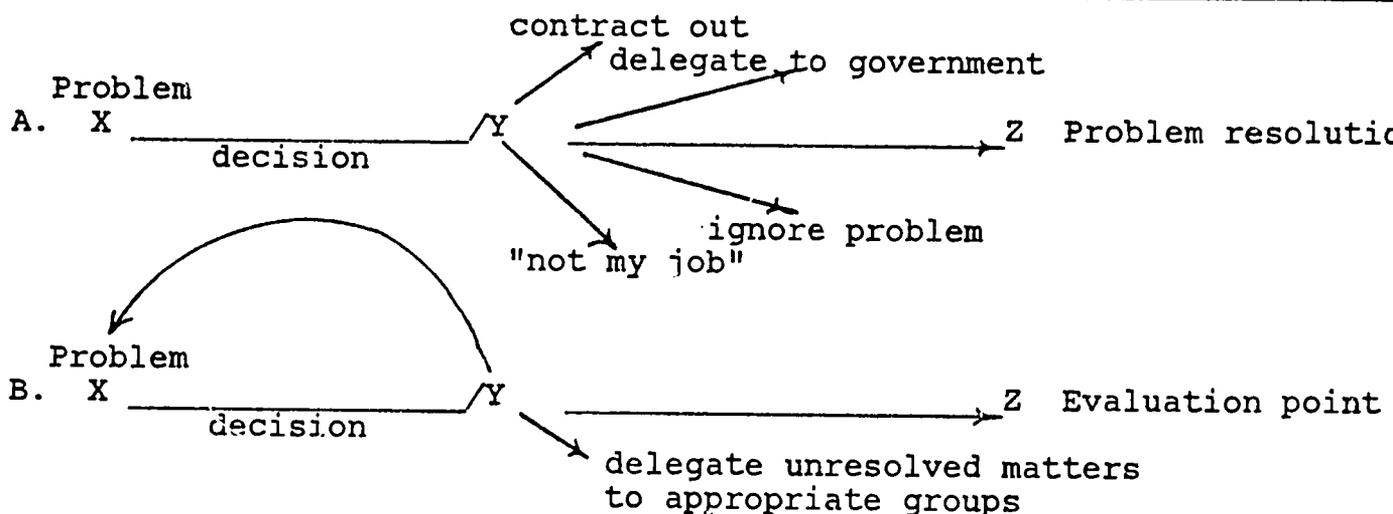
The fundamental issue to bear in mind in considering the relationship of productivity to worker participation is that there is not a singular route to productivity improvement. It involves a series of choices which goes well beyond cracking the whip over "lazy" workers. The solutions likely to have the greatest impact are those which gain the acceptance of the work force and involves them in the planning, implementation and evaluation of the improvement efforts.

The pathology of low-productivity in most countries, but particularly in developing countries, is rooted at the very micro-level process of decision making. While clearly national policies and resource bases are very important, even the best policy and situation gets corroded if local level implementation is ineffective. Rather than simply suggesting major new national policies, attention should be given to improving the processes of decision making at the local levels - as far down as possible. One should be clear that mass education has always represented a micro-approach to problem solving, assuming that individual knowledge can resolve problems without tying up other resources. Small group problem solving can be used in the same way.

Chart 2-A below illustrates the various approaches adopted when decisions need to be made. They impact on the appropriateness

and timeliness of a response which could determine the effectiveness of the resolution to a problem. In developing countries and because of the existence of micro-level overemployment as discussed above, the response of many workers is that the problem does not belong to me. Responsibility for resolution of the problem is shunted to someone else and bounced around in the organization or it is ignored.

CHART 2
DECISION STYLES



In countries with strong governments and especially those with large state controlled industrial and production sectors, as a second option, the problem is referred to government. In this case, economic institutions are extensions of the political apparatus and the problem is referred to a political entity. First, it is not clear that the governmental system is any more equipped to resolve the problem. Second, responsibility for problem solving is externalized. The likelihood is that the problem gets stuck in the bureaucracy or gets resolved on terms outside of the framework of economic efficiency.

A third and prevalent occurrence is for the issue to be ignored in the hope that it will go away. The problem is that when the problem reoccurs, it often has changed its dimensions so that the original problem is compounded and transformed into something new and often more difficult.

Another common approach to problem solving is to contract it out. Little trust is placed in the internal organization to solve the problem and outsiders are hired or asked to solve the issue. Again, there is no guarantee about the competence of the outside group. Further, internal skills are rarely developed to solve the problem the next time it arises. It also may be an expensive approach.

Clearly, all of the options described may in fact work out on occasion to solve the problem. The responsibility may indeed be someone else's who will resolve it better or the government or an outside contractor could make the correct and helpful decision or some problems when ignored do disappear. The issue is that in most cases the problems do not get resolved. The structural barriers and basic dynamics of decision making makes it unlikely that proper decisions will get made. Any analysis of decision making in developing countries will reveal that these basic problems combine to delay or avoid effective decision making.

A final related problem in effective long term decision making is the lack of evaluation systems which check the longer term efficacy of the decisions and provide accurate data for adjustments. Therefore, even expeditiously and seemingly accurate decisions may not be effective after the immediate decision point.

Modern system theory and examples of successful development activities can lead to an answer to these basic problems. By looping decisions back into the decision unit, maximal resolution can occur locally and quickly where communication is least garbled as illustrated in Chart 2B. The Israeli kibbutz, Yugoslavian self-management system and the Japanese quality circle are all examples of generally looped decision making systems where problems are initially fed back into the organization for optimal resolution. The introduction of two elements into local level decision making in developing countries could conceivably have extraordinary aggregate benefits. The first would be encouraging the process of local problem solving through the unit of organization closest to the problem itself. This is a skill which must be taught and tended. The group may not be able to solve all problems, but it will clarify issues and forward only those necessary to other decision makers. Secondly, periodic and organizationally appropriate evaluation mechanisms should be built in so that the group reviews the impact of decisions to determine if they are truly effective. Introducing such approaches would generate greater productivity of human and physical resources at the local level while freeing other resources to be used for education, technical assistance and important decision making about issues which go beyond the control or influence of the primary group.

Though this approach does encourage group activity, it is exactly the opposite of state controlled collective activity which usually discourages local decision making and democratic procedures. It builds self-reliance in a decentralized and more efficient network. It supports commitment by workers thereby reducing alienation. The particular application in each country will vary based on education, level of industrialization, sophistication of the rural sector and cultural settings. Every society has found and needs to refine ways to use the power of group activity.

By getting workers involved in deliberating on a wide variety of tools for increased productivity a better approach can be designed and consensus and authority strengthened. By bringing productivity improvement efforts to the lowest possible part of the organization more stable and effective productivity improvement efforts can be implemented.

Capacity Utilization

The issue of capacity utilization must be discussed as a key problem plaguing cooperatives, industry and government. In India, the utilization of capacity of industries in the public sector has been decreasing according to Raj Krishna, former member of the Planning Commission. It is now liberally estimated at 60%. The Asian Productivity Organization abandoned a study due to the political ramifications of its initial dismal soundings. To be tapped this excess capacity does not require much additional equipment, manpower or capital. To do so, it is a function of two major issues; market and management. Some of that underuse is inevitable given the exigencies of supplies and equipment situations. Yet a large part of that capacity underutilization in terms of physical plant is a result of mismanagement. By adding the eyes and ideas of workers, many problems can be better identified and resolved. Further, industrial disruption and sabotage which drag on productive potential can be diminished. Of course, expanded markets could in some cases increase use of productive capacity, but certainly not in all cases. Means need to be found through increased markets, improved management and greater involvement of workers to increased utilization of present capacity. This may be a low cost strategy to stretch existing aid funds.

A second dimension to underutilized capacity is the human dimension. Even granting poor training and literacy, the utilization rate of people is incredibly poor. Many have skills at all levels of the organization which are being severely underutilized. Examples of companies in the developing world with many suggestions coming from workers of all background demonstrates that there is a lot more than there is being used. Untapped people potential not only ignores new operating possibilities, but undermines the work ethic and the morale of an enterprise.

Capital Leverage

Another key concern based on the review undertaken is capital leverage. Particularly in the cooperative sector, large amounts of capital have been generated through the degree of effectiveness in using that capital is seriously in question. In some countries like Kenya, large amounts of capital have been accumulated through credit unions and cooperative structures. The investment strategies of that capital are not clearly designed to obtain the best return on investment.

In other cases, the problem is the generation of sufficient capital to be able to obtain maximal returns. Therefore, there is a general problem of the aggregation of capital where it can be best invested in the cooperative and national interest. Of course, any aggregation of capital must protect the rights and property of the individual and the cooperative enterprise. For international agencies, it may be worthwhile to examine new mechanisms or training which could make existing monies go further.

A second issue surrounding capital leverage concerns the soundness and impact of particular investments. For example, credit unions disburse large amounts of small loans. Rarely is there member education to discuss the wisest use of that money.

Quality

Quality is an important issue in discussing improvement of the performance of enterprises in a national economy.¹⁵ Quality is important for products used in the domestic market for consumers get short changed when their goods are of an inferior quality. The problem of quality items for export is critical in obtaining and maintaining markets. The lack of adequate quality also can be a cost drag as well as a market deterrant. It may waste vital natural resources. The incidence of breakages, returns and breakdowns in the production process all add to the costs of doing business. If seed production or fertilizer is of poor quality than a whole crop could be lost to the farmer or agricultural cooperative. Workers can be involved actively in making suggestions about quality improvement. The Japanese example demonstrates that a country can go from a quality poor to a high quality situation in a relatively short period of time. By adopting a strong strategy in this area, both domestic and foreign investment could be encouraged.

Industrial Relations

Many of the countries in the developing world have recognized the importance of greater harmony between employers and employees. Industrial unrest causes greater disruptions in production, frightens away foreign investment, reduces the incentive to expand and destabilizes a country's economic and political situation. In India alone, the past few years have seen over 20 million man-days lost due to industrial disputes. While as a percentage of total worktime, it is small, in itself it represents a great challenge.

¹⁵The quality issues have been discussed in a series of papers presented to the International Conference of Quality Control, Proceedings (Tokyo: Union of Japanese Scientists and Engineers, 1978), see Section A5.

Methods of achieving industrial peace vary from country to country. In some cases, authoritarian methods are used to deny trade union rights and to enforce labor peace. In other countries, substitute state-controlled mechanisms are put into place to provide avenues for worker participation but usually within very narrow boundaries. In other situations, workers enjoy greater freedom of association, the right of collective bargaining and an ability to democratically participate in trade union and industrial life.

One premise of this review is to determine what can be done to encourage industrial peace and joint efforts under the conditions of free democratic trade unions and full contribution of the union and employees to the health of the enterprise and the national economy.

Living and Working Conditions

The effort to better the conditions of work for those in the modern and agricultural sectors is a central goal of worker mutual assistance programs. While the primary emphasis from employers and planners is on creating more effective and productive organizations, a corollary goal is improving working conditions in the factories and on the farms. Worker organizations might invert the order. These two goals are not necessarily at odds. In reviewing programs for worker participation, improved health and safety is frequently mentioned as a major goal. In addition, workers are also asked to participate in improving general working conditions. This makes sense because often the people who work at a job know some of the best solutions for making the workplace better without adversely affecting production. The kinds of productivity improvements to be sought through worker mutual assistance organizations are in line with the improvement of working conditions or they will not be sought or implemented by the workers. It is very easy to think of ways to increase production by abusing workers. It takes true intelligence and insight to find the ways to do it while respecting a worker's right to a safe and reasonable working environment.

In addition to changing concrete situations in the workplace, there is a psychological dimension to work as well. While some may argue that job satisfaction means little to those who have little in the way of material goods, this distorts the situation. In the poor countries of South Asia, the mandates of their participation programs contain tremendous concern about human dignity and satisfaction on the job. Worker participation represents both a change in conditions and a change in attitudes. One without the other is empty.

There is a parallel concern for improved life in the workplace and that is for improving life in the community. The same principle of making workers a part of the system rather than a mechanized tool of the system applies to worker participation

in community development. Workers are concerned about the growth and health of their communities. They want to have an input on resolving the housing, food, education and health care problems of their families and neighbors. The ILO World Employment Conference links participation and meeting basic needs by stating, "A basic needs-oriented policy implies the participation of the people in making the decisions which affect them through organizations of their choice."¹⁵

The two worlds of work and community are interlocked. Improved working conditions will impact on the health and stability of the community. New standards will be set. Communities with decent housing, food, sanitation, health care and education will create an environment in which better workplaces are possible. The charge to the Pakistani work councils to teach the children of the workers and the Indian proposed mandate for improving environmental conditions by the worker participation programs show the interrelationship of the two. Efforts to change the situation can in some instances approach the issues from separate directions. Yet, even distinct approaches must understand the relationship and some special efforts should be made to explore the interaction of living and working conditions. It may be that a combined approach is the most effective.

Education

Due consideration should be given to the use of workers' participation as a pedagogical tool for the war on illiteracy. Good adult education practice suggests that adults learn best when their studies are tied into their own experience. By using practical problems at work as a pedagogical tool, basic numerical and reading skills could be taught. By being involved in their "own" enterprises, workers can be taught and can learn entrepreneurial skills. Further, workers examining workplace problems may be urged to study accounting, agriculture, mechanics, marketing and many other topics of immediate and practical interest and importance to national and enterprise development.

Culture

The impact of culture weaves its way through participation issues. It is so important in terms of generating authority and respect that it could very well stand on its own, independent of economic performance. Cultural adaptability does, however, have a strong impact on effectiveness of an enterprise. When management systems are imposed which are at odds with the local values and culture, they will break down as surely as machinery which is inappropriate to the local

¹⁵ As cited in Robert Young, "Worker Mutual Assistance Organizations" (Washington, D.C.: OLAB/DOC/USAID, April 1981), p. I-2.

environment. Participatory management implies utilizing the local culture as a basis for fundamental improvements in performance.

The aim of cultural awareness in management style is to promote flexibility. A culturally adaptive approach does not seek to impose one form of participation in management as the only correct methodology. There is no assumption that participation means everybody has a hand in everything all the time. That would be as inflexible and culturally oblivious as precluding participation without judging the abilities and interests of the workers themselves. Each country and indeed each work place must draw on its own values to use the talents of everyone involved in the enterprise. The difference between the participatory management style and the traditional authoritarian system is that the former encourages adaptations based on local experiences and values and the latter does not.

There are many excellent examples where cultural perspectives have provided a framework for national participative development efforts. In Israel, the kibbutz systems and the programs of the Histadrut utilized mutual assistance programs for impressive gains in national growth, innovations in agriculture and public welfare. In Yugoslavia, the decentralized worker-management system spurred rapid and sustained economic development. In Kenya, the Harambee movement has been the conceptual cornerstone for the present national development program which emphasizes national self-reliance. In Tanzania, the "ujamma" philosophy of group action has animated literacy and health programs which have been generally successful in reaching large numbers of citizens. In India, the Gandhian concepts of self-reliance and trusteeship have not only provided the framework for development efforts but also for extensive discussion of worker participation. In Indonesia, the "Pancasila" national creed has been used to redefine the industrial relations environment with an emphasis on cooperation. A look at advanced countries such as West Germany, Japan and the Scandinavian countries reveals that substantial credit for their economic growth can be attributed to nationally specific employee involvement programs. It appears that successful worker participation programs must take into account the national and local cultural context. When worker participation has been adapted from externally oriented programs such as the British Whitley Councils, their record has been less favorable. Similarly the grafting of Western style cooperatives on a developing economy have generally not been very successful.

A second issue within the question of cultural consonance is the inherent respect that a participative approach accords to local resources and values. Rather than saying this is how it has been done elsewhere and this is how it will have to be done here, a participative project places much greater trust in the wisdom of the local parties. A responsible participative

strategy would include training which provides information on the best practices in other areas. But instead of mandating duplication of other people's experiences, local participants remodel and shape it into a form which has the greatest possibility of success locally. Of course, the local parties may have to invent an entirely new approach better suited to local conditions. A program which uses this approach tells the participants that their views and experiences are respected and will be incorporated where appropriate. Since many developing countries lack capital and have an abundance of people (though admittedly sometimes lacking in specific skills or experience), it would seem to make sense to maximize the contributions of people to the development process. Worker participation poses the possibility of a management style rooted in a people's culture and local resources.

In many traditional cultures, such as with certain African tribes or within certain villages in Asia, community cooperation is a natural and native way of living.¹⁶ When a flood came, everyone helped to pick up the pieces and where a crop failed, food was shared as much as possible. This is probably more prevalent horizontally within classes of people than vertically among groups in a geographic area. The degree of democracy and the ability to adapt to modern problems varies from one culture to another. But the realities of living often encouraged sharing of talents, labor and outcomes for the good of the community. With proper care for the social ecology, modern participating approaches could be meshed with traditional forms of participation for a stronger, more potent motivating force.

Rarely does a country have a culture which describes all behavior and norms in that country. This complicates the situation dramatically. In many cases, the cooperative spirit embodied in worker participation type programs is generated from a minority cultural tradition in the country. This may explain in part the general lack of uniform adoption of participative approaches even in countries with extensive systems like Israel, Yugoslavia, Japan, etc. There is a serious questions about whether it is better to encourage a minority local tradition than it is to introduce a foreign orientation. Similarly, dilemmas about the majority cultural tradition and their support are underscored when they encourage violence, nepotism, sexism, racism, greed or unfair competition. Should not the selection of local cultural values be based on the quality of the values rather than the level of acceptance? Yet the use of a minority

¹⁶ Cultural issues are discussed in Hans D. Siebel and Andreas Massing, Traditional Organizations and Economic Development: Studies of Indigenous Cooperatives in Liberia (New York: Praeger, 1974) and John W. Bennett: Agricultural Cooperatives in the Development Process: Perspectives from Social Sciences (Davis, California: University of California, May, 1979), pp. 5-18.

cultural tradition as a handle may create structural barriers to the full dissemination of an idea.

There is probably no clearcut answer to the cultural issues in the design of worker mutual assistance programs. It is, however, a concern which must be borne in mind in considering the merits and directions of any activity.

Politics

Fierce battles over worker participation are sometimes fought over political lines. Proponents of worker participation are often classed with leftist elements in the society. This characterization is generally unfair. Participation in workplace decisions has been introduced in economies which are strongly capitalistic, decidedly mixed and devoutly socialist. Further, worker participation has been denied in all three systems as well. In Japan, the United States and West Germany the orientation is firmly capitalistic and workers are involved in extensive schemes of participation. In Israel, India, and Sri Lanka are examples of worker participation in mixed economies. Yugoslavia, Tanzania and Burma are examples of worker participation in socialist countries. The precise forms of worker participation may vary somewhat depending on the political philosophy of the nation.

It is also true that sometimes worker participation is a tool used in political debates between competing philosophies in a country. This may explain in part the lack of effective implementation and the extent of the rhetoric. Debates on the rights of workers and distribution of property can be independent or linked to worker participation.

However, it would be a serious mistake to presume that worker participation belongs solely to one ideology. The approach provided herein is rigidly practical which seeks to determine the economic and social results of improved participation systems within the context of the chosen national socio-political system. No system can work well without the participation and backing of workers and therefore various worker participation initiatives have arisen in all kinds of societies.

The introduction of democratic reforms in the workplace can mirror increased democracy in the political system. However, serious care should be taken in providing assistance to respect the local political realities.

Process vs. Structure

Throughout the countries visited and the literature reviewed there seems to be a common focus on the structures of participation without an attendant concern with the process of participation. While certain structures can promote a better

process, no structure in and of itself guarantees it. The experience in the developing world is testimony to that fact. Though there are many formal systems of participation - notably works councils - their impact is generally very minimal. While there may be many cooperatives in name, the principle of the cooperative process where the members are involved in the running of the cooperative is sorely lacking. The research done by local and international organizations, academics and research institutions is most exclusively focused on the structures of participation and the macro-measures of the outcomes. There are almost no anthropological, behavioral or psychological studies of the "how" of participation. While studies of organizational dynamics are common in the advanced industrial countries, there are practically none in the developing world. In accomplishing a task, it is worth knowing what you are doing and how to do it. There has been a copying of the structure of workers participation from the West, yet the "how to do it" has been largely ignored. Further, the particulars of organizational and human dynamics may be different in different regions, countries or sub-cultures. Structures can create the opportunities for things to get done, it is people and their tools which do them.

Summary

Worker mutual assistance organizations are those which find their base among people who define themselves or act as workers and consequently organize themselves for their mutual self-interest and improvement. This paper examines three major areas: production cooperatives, worker participation in management decisions and worker participation in community level decisions.

Worker mutual assistance represents an extension of general concern for participation in development and finds support within the legislative and programmatic underpinnings of U.S. developmental assistance programs.

As a body of activity, worker mutual assistance programs place a high priority on self-reliance, decentralization, productivity improvement, efficient use of capital, physical and human resources, cultural respect, and amelioration of the conditions of work and community life.

CHAPTER II: PRODUCTION COOPERATIVES

In theory, cooperatives are an ideal form of organization for the development process. They encourage enterprise, self-help, sharing of resources, risk, talent and capital, and equitable distribution of benefits. It is far simpler to administer a limited number of modest sized cooperatives than to deal with large numbers of individual enterprises and farmers. Other reasons for supporting cooperatives have been to increase borrowing power and potential economies of scale. This section analyzes the theoretical possibilities of cooperatives, identifies some of their shortcomings and discusses some possible remedies.

The International Cooperative Alliance provides a basic definition for general cooperative activity. It states:¹

Cooperative Principles

Voluntary Association and Open Membership

1. Membership of a cooperative society shall be voluntary and available without artificial restriction or any social, political, racial or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership.

Democratic Control

2. Cooperative Societies are democratic organisations. Their affairs shall be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies should enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration should be conducted on a democratic basis in a suitable form.

Limited Interest on Capital

3. Share capital shall only receive a strictly limited rate of interest, if any.

¹This is the central tenant of the International Cooperative Alliance adopted by its members and printed on the inside cover of all periodicals.

Equitable division of surplus

4. The economic results arising out of the operations of the society belong to the members of that society and shall be distributed in such a manner as would avoid one member gaining at the expense of others.

This may be done by decision of the members as follows:

- (a) By provision for development of the business of the Cooperative;
- (b) By provision of common services; or,
- (c) By distribution among the members in proportion to their transactions with the society

Cooperative Education

5. All cooperative societies shall make provision for education of their members, officers, and employees and of the general public, in the principles and techniques of Cooperative, both economic and democratic.

Cooperating among Cooperatives

6. All cooperative organisations, in order to best serve the interests of their members and communities shall actively cooperate in every practical way with other cooperatives at local, national and international levels.

A production cooperative follows the same principles but it is involved in the making of goods and services. This is distinguished from consumer or marketing cooperatives. The production cooperatives are also titled "industrial cooperatives" and "work cooperatives." In this paper, production both can be located in the urban or rural sectors via manufacture or farming. Precise statistics are blurred due to the fact that some cooperatives are really joint stock companies or associations of private entrepreneurs.

U.S. Policy

It has been U.S. policy to support cooperative development.² The Foreign Assistance Act of 1961 directed AID "to encourage the development and use of cooperatives, credit unions and savings and loan associations." The Mutual Development and Assistance Act of 1973 earmarked funds for cooperative development efforts and section 123 of the International Development and Assistance Act of 1978 advocated expanded overseas cooperative

²The Credit Union National Association has prepared a legislative history of support for cooperatives, mimeographed, 2/80.

activity. In noting the positive possibilities of cooperatives, Young has stated:³

AID's average annual allocations of \$25 million for cooperatives reflect their "universal appeal as an instrument of poverty alleviation...." Reasons for such substantial support for cooperatives stem from the presumed consistency between their impact and the "New Directions" objectives of AID: self-help, employment generation, economic and decision-making participation, equity, decentralization, and growth. Numerous shining examples exist to support contentions regarding the potential impressive productivity, employment and distributive benefits from cooperation.

International Support

There is substantial international support for cooperative development. The International Cooperative Alliance (ICA) represents almost 400 million people in 65 countries. In 1978, the total dollar from over among ICA member countries amounted to \$383,869,240,000. As such, cooperatives are surely an important global economic institution. The Second General Conference of UNIDO in 1975 strongly supported cooperative efforts with particular reference to industrial cooperatives. The Lima Declaration advocated:⁴

Encouragement and support of small, medium scale and rural industries and industries which fulfill the basic needs of the population and which contribute to the integration of different sectors of the economy; and to this end, due attention should also be given to industrial cooperatives as means of mobilizing the local, human, natural and financial resources for the achievement of national objectives of economic growth and social development.

The International Labor Office also has keen interest in the development of cooperatives and a separate branch is devoted to them. The Scandinavian countries have been very active in providing assistance to cooperatives in developing countries. Among other countries supporting international cooperation are West Germany and Israel.

Yet, production cooperatives have received the least attention of any of the forms of cooperatives. This is either

³Robert Young, op. cit. p. III-1.

⁴Bodham Trampczynski, The Role of Industrial Co-operatives in the Advancement of National Goals of Economic and Social Development (Vienna: United Nations Industrial Development Organization, October, 1977), pp. 1 and 2.

caused by or a result of their statistical position internationally. In 1976, they comprised only 6.22% of all cooperative societies worldwide and 1.65% of cooperative members.⁵ In Africa, the savings and credit societies have been the most prevalent and have received substantial and important American help. There are very few industrial cooperatives in Africa. In Asia, consumer and marketing cooperatives have gotten the most international help. In India, where there are a tremendous number of cooperatives, the industrial cooperative grouping is considered separately administratively and treated less seriously. The Scandinavian assistance programs have stressed the development of multi-purpose cooperatives while American assistance has been more focused on single purpose programs in housing, credit, consumer and marketing efforts. The ILO program has limited efforts directed towards production and is much more aimed towards cooperative trade promotion.

International Cooperative Activities

There is a substantial production cooperative movement throughout the world. The International Committee of Workers' Cooperative, Productive and Artisanal Societies provided the following regional breakdown in 1978:⁶

CHART 3
REGIONAL BREAKDOWN OF INDUSTRIAL COOPERATIVES, 1978

<u>Region</u>	<u>Societies</u>	<u>%</u>	<u>Members</u>	<u>%</u>	<u>Turnover per Member in Dollars (in Thousands)</u>	<u>%</u>
Asia	29,764	70.85	3,083,184	55.95	600,011	5.89
Africa	1,298	3.09	94,536	1.72	34,079	.33
America	358	.85	23,535	.43	94,486	.93
Europe	<u>10,593</u>	25.21	<u>2,308,883</u>	41.90	<u>9,466,964</u>	92.85
Total	40,103		5,510,038		10,195,540	

The above figures do not include agricultural production cooperatives.

⁵ Cooperative League of the USA, Facts and Figures - 1979 (Washington, D.C.: CLUSA, 1979), p. 33.

⁶ International Committee of Workers' Cooperative Productive and Artisanal Societies (ICWCPAS), Industrial Cooperation in the World: Facts and News (Rome: ICWPAS, 1978), p. 46.

Cooperatives are a respectable minority tradition for enterprise organization in a large number of countries. However, industrial cooperatives generally make up the next to smallest sector of cooperative organizations.⁷

CHART 4
COOPERATIVE SOCIETIES, 1978

	<u>Societies</u>	<u>Percentage of Whole</u>	<u>Individual Members</u>	<u>Percentage of Whole</u>
Agricultural	259,702	35.95	64,847,570	18.71
Consumer	62,630	8.67	129,943,990	37.49
Credit	241,611	33.45	117,562,025	33.92
Fishery	17,257	2.39	2,116,103	0.61
Housing	62,662	8.68	13,035,954	3.76
Industrial	44,953	6.22	5,709,852	1.65
Miscellaneous	33,535	4.64	13,376,329	3.86
Total	722,350	100.00	346,591,823	100.00

The cooperative movement is very strong in the United States.⁸ The Cooperative League of the USA estimates that there are over 48 million members of cooperatives in the U.S. which makes it the third largest cooperative movement in the world. In the United States, the agricultural and credit union sectors are the largest. There are almost 40 million members of credit unions and 6 million members of farmer related cooperatives. (The figures are not cumulative due to substantial overlap). In the Fortune 500, cooperatives have placed seven enterprises, four including Farmland Industries (#91) Associated Milk Producers, Agway and Land of Lakes are all above the top 200. Cooperatives in the U.S. have made substantial contribu-

The quantitative situation in terms of industrial cooperatives in the United States is quite different.⁹ There are 18 plywood factories in Oregon and Washington, 400 handicrafts cooperatives and an asbestos plant in Vermont which stand out as examples. Their limited number does not necessarily correlate with their success on a micro-level. The plywood factories had higher productivity than traditionally managed firms with the cooperatives producing 170 ft/labor hour as opposed to 130 ft/labor hour. This lack of experience in industrial cooperation is mirrored in U.S. cooperative assistance programs which rarely assist in the production cooperation sector.

The cooperative movement is also very strong in Europe with an emphasis on consumer activities. In Italy, however, there are 8,752 industrial productive cooperatives, 602 building cooperatives and 758 service cooperatives where they produce glass works, carpets, cork, pewter, mosaics, ceramics, tableclothes, industrial machinery and many other items.¹⁰ Most of the industrial cooperatives seem to be concentrated in the Eastern European countries. There is little production activity in the Scandinavian countries despite strong cooperative movements in other sectors.

One of the most important and interesting cooperative programs in the world is found in the Basque country of Spain.¹¹ The Mondragon cooperative network provides a unique example with possible applications to developing countries. Started in 1956 by the determination of a local Catholic priest, workers have pooled their money, invested and produced so wisely that there are now more than 80 different cooperatives employing almost 17,000 people with hundreds of millions of dollars worth in sales.¹² The largest producer of refrigerators in Spain is a

⁹Michael Schaaf, Cooperatives at the Crossroads: The Potential for a Major New Economic and Social Role (Washington, D.C.: Exploratory Project for Economic Alternatives, 1977), pp. 39-42.

¹⁰ICWPAS, op. cit., p. 43.

¹¹There are several very interesting articles on Mondragon summarized in Daniel Zwerdling, Workplace Democracy (New York: Harper Colophon Books, 1978), pp. 154-159. Also see Ana Gutierrez Johnson and William Foote Whyte, "The Mondragon System of Worker Production Cooperatives," Industrial and Labor Relations Review, Vol. 31, No. 1, October 1977. There is a real problem with statistics on Mondragon where varying sources differ on the precise numbers though all portray the same general situation.

¹²Marie-Anne Saive, "Mondragon: An Experiment with Co-operative Development in the Industrial Sector," Annals of Public and Cooperative Economy, September, 1980, p. 241.

Mondragon cooperative and they are major producers of machine tools and other durable and consumer goods. Mondragon also supports a fishing cooperative, an agricultural cooperative and several retail stores. The major institution, however, is the cooperative bank, Caja Laboral Popular with over 50 branch offices and 200,000 members. The bank is the capital source for the development of new enterprises.

The magic of Mondragon is the combination of hard business sense with a fundamental commitment to equity and employment growth. A business starts with a group of people who want to work together. They must help in financing the venture out of their own resources to be supplemented largely by bank and some federal funding sources. They pay for a manager to be trained for two years who researches potential businesses to determine their feasibility while learning through apprenticeship the essentials of proper management. In other words, the workers find a potentially profitable business, not the traditional opposite way of employment generation where the business comes first. If the first effort fails, then the members go back to the feasibility stage to find an enterprise which will be successful. This remarkable innovation accounts for the tremendous rate of success of the Mondragon cooperatives.

All of the enterprises have the same management set up. All workers must buy shares in the enterprise. The bank will finance their shares at low rates for those who cannot afford it. Their stock ownership entitles them to vote on the board of directors who then selects the management team. Workers are paid a wage with a limited ratio between the highest and lowest pay scales. There are also bonuses based on the impressive profits of the firms. These funds are primarily used as the capital base for expansion and modernization. Fifteen to twenty percent is set aside as a reserve fund for the cooperative. Seventy percent goes to the workers based on a formula computed on hours worked and pay scales. Workers are allowed to take out 80% of their accumulated funds plus interest whenever they leave the firm and the remainder at retirement. This also provides a capital base for borrowing power for the individual worker's needs. The remaining 10-15% of profits goes for social purposes to support education and welfare programs in the community. Again, the system has managed to balance profit sharing, accumulation of investment capital and social needs.

The key elements of the Mondragon system are extensive schemes for capital leverage, concern for sustainable employment generation, high productivity, emphasis on technical and managerial education, participation in management, equity involvement of workers and social commitment to the community.

One review of the Mondragon system summarized:¹³

¹³Ibid., p. 244.

Lastly, one result of the experiment has been the stabilization of levels of employment and the prevention of flights of capital, since it involves the accumulation of local savings to facilitate establishment of new enterprises locally. The Mondragon method facilitates the development of a relatively poor region and offers an alternative model, based on regional cooperation for a regional economy.

Another example of extensive cooperative development is found in Israel where production and service cooperatives make up substantial and important parts of the national economy.¹⁴ The success of the kibbutz and moshav cooperatives have been well publicized in the areas of agricultural production. Not as well known is their extension into manufacturing and industrial operations.

The cooperative movement and labor-managed sectors run through the rest of the economy. Over 16% of the industrial domestic product comes from firms owned by the trade union federation. Over 25% of the construction in Israel is conducted by Solel Boneh, a cooperatively owned construction firm. The entire passenger transportation system is a part of the labor-managed economy as is the second largest bank, Bank Hapoalim. The major health care delivery system is also built into the trade union structure and is based on a cooperative model.

As of 1972, there were an additional 87 producer cooperatives employing about three thousand workers in wood and metal working, printing, construction materials, bakeries, cinemas, laundries, garages, port services and cleaning.¹⁵

Israelis have been active internationally with mixed success in promoting agricultural and production cooperatives in the developing world. They also provide training through the Ministry of Foreign Affairs, the Israeli Institute of Productivity and the International Institute for Development, Cooperation and Labour Studies for trade unionists and cooperators in all parts of the world.

Singapore has followed in the Israeli footsteps with impressive successes in the cooperative and labor managed field. The Singapore National Trade Union Congress (SNTUC) has developed a series of trade union sponsored cooperatives which have resulted in impressive financial, management and employment records. The SNTUC has developed the most popular insurance company in the nation though only started less than ten years ago. They have opened cooperatives in transport with taxis, minibuses and shuttle buses. Other cooperative branches are in dental care, travel services, books and supermarkets. There

¹⁴ ICWPAS, op. cit., p. 57.

¹⁵ CLUSA, op. cit.

is also a very successful shoemakers cooperative in Singapore which represents a model industrial cooperative by both producing goods and training shoemakers.

COOPERATIVES IN AFRICA

There is not much up to date information on the cooperative movement in Africa. Some material is collected by the International Cooperative Alliance and the International Labor Organization. The reliability, comprehensiveness and currency of that data is open to question. The ICA estimates the general cooperative membership as of 1976 in the countries contained within the study as being:16

CHART 5
COOPERATIVE MEMBERSHIP IN AFRICA

Gambia	70,224
Ghana	183,400
Kenya	776,223
Mauritius	31,031
Nigeria	302,506
Tanzania	640,463
Uganda	980,076
Zambia	50,123

Source: International Cooperative Alliance

In terms of industrial cooperatives, the available figures were as follows:

CHART 6
INDUSTRIAL COOPERATIVES IN AFRICA

	Total Number of Societies 1976	Total Number of Members 1976	Total Turnovers in Thousands of \$'s 1976
Ghana	-	2,500	-
Kenya	6	292	61
Mauritius	14	1,518	-
Nigeria	1,066	88,202	32,409
Tanzania	48	2,238	-
Uganda	12	486	-
Zambia	160	1,836	1,609

¹⁶ ILO, op. cit.

In general, it appears that credit unions have the greatest numerical success. Much of the training conducted by foreign aid programs focuses on marketing and multi-purpose cooperatives in addition to the credit unions. The following information and that in the appendix is generally drawn from the directory of cooperative activity conducted by the ILO ten years ago. Updates were searched in their files but no comprehensive review has been conducted in the interim. Therefore, the figures presented may have changed in either direction since their original collection. Major descriptions are presented below. Appendix B has a more complete listing of reported activity in sub-Saharan Africa.

Kenya

The field visit to Kenya and a discussion with a number of leaders in the cooperative movement led to considerable optimism about the future. While there are many very serious problems, Kenya has one of the largest and more developed cooperative movements in Africa. Like most African cooperative movements, the cooperatives were originally based in joint marketing efforts. Recently, two developments have occurred which could conceivably lay the groundwork for more production-oriented activities. The first is the expansion of marketing cooperatives into multi-purpose cooperative ventures. The second is the phenomenal growth of savings and credit societies. There was great interest in finding ways to use the cooperative movement as a way to create employment especially in the rural sector. Based on earlier developments, observers see a new stage centered on production, handicraft, and housing cooperatives.

In general, one could not label the Kenyan cooperative movement a success in terms of self-reliance or durability of enterprises. Over 50% of cooperatives registered with the Ministry of Cooperatives are dormant. Very few cooperatives make a profit or even break even. Cooperatives are accused of being launching pads for politicians more than effectively run economic and social institutions. There is a lack of adequate management talent and despite prodigious efforts to provide quality education, many successfully trained students skip to the private sectors where salaries are higher. There are both valid reasons for these problems and examples of programs which have worked.

Successful cooperatives are found in the coffee and cotton industries. In both cases, cooperatives have also developed their own processing capabilities. A few ranches organized cooperatively have worked well. Small livestock cooperatives have also been credited with a degree of success. There are also promising programs in the milk industry and in some women's beekeeping and handicrafts cooperatives. Other examples are fishermen's cooperatives, a bakery, several small building cooperatives, a tailoring cooperative and a cooperative cashew nut factory. In general, there are very few industrial production cooperatives in Kenya.

One example of a cooperative based on self-reliance principles was provided by Tom Giddings of Technoserve.¹⁷ A group of 189 workers bought a coffee farm from the former European owner. The cooperative is run by a management committee. They held their wages to 80KS a month for five years and used the excess to pay off the balance of the loan they had to take out for the initial purchase. They then gave each member 500KS to improve their house. They bought up a livestock farm and ran it independently. The committee found that it was having difficulties managing the expanded operation and Technoserve was assisting them in improving management practices and member education. The fact of their interest in self-reliance and their willingness to seek technical help to maintain the range and improve it was regarded as a very positive approach.

The problems facing the cooperative movement are many. In some cases, short term success outdistanced management skills and the cooperative fell on its face. Too rapid introduction has been a problem. In other cases, the lack of timely credit or access to a market have provided barriers. Lack of management skills was consistently mentioned as a major problem area. In some cases, crooked staffs have pilfered money from the cooperative.

The Ministry of Cooperative Development administers the governmental liaison with the 1500 active cooperatives of which a third are savings and loan societies. Its belief is that cooperatives development is one of the "most effective ways to reach the ordinary people: as an organization for uplifting the lives of the poor."¹⁸ The Ministry is aware of problems of reliance on government subsidies to the cooperatives and expresses a wish to move cooperatives into greater self-reliance. At present, the rapid growth of cooperatives has allowed the Ministry to switch primary focus from promotion to assistance. The Ministry supports more member education. Permanent Secretary Mtula said, "The more the members are educated, the more they criticize and this is healthy."¹⁹ One of the key roles for the Ministry is promotion of education for members and management. Functional literacy programs have been encouraged. Its basic functions, however, are to distribute subsidies, to register cooperatives and to arbitrate disputes within cooperatives.

The center for cooperative education in Kenya is at the excellent facilities of the Cooperative College of Kenya founded in 1967. Prior to 1973, courses were offered through the Kenyan Institute of Administration. At present, there are on campus, regional and correspondence courses offered. Instructional

¹⁷ Interview on January 15, 1981.

¹⁸ Interview with Permanent Secretary Mtula, January 19, 1981.

¹⁹ Ibid.

programs are presented to all levels of cooperative activity.²³ Since opening, over 14,000 students have been trained on campus. The central curriculum trains staff for cooperatives in administration, bookkeeping and management with certification at various levels. There are also certified courses in cooperative banking management, coffee factory management, and cooperative insurance. On campus, courses are 2-3 weeks, followed by six months in the field. Generally, basic education is accomplished through regional, correspondence and radio programs. Correspondence can take 7-14 years. Over 6,200 students have taken this extended education program. Advanced level courses are held at the 65 acre college campus where the present capacity is 220 students in residence. There are plans to triple that capacity. Facilities include a library and resource room as well as a language laboratory, a printing press, and a radio production center. Special programs are run for committee members of local cooperatives in Swahili. These courses are less formal and use more discussion and role playing, particularly considering problems of literacy. Over 4,000 committee members have been trained since opening.

The teaching staff of the Cooperative College members over 30 with 120 staff overall. The teaching staff is divided into departments of Accountancy, Law, Management and Education Media Services. The Cooperative College provides an excellent base for the existing and future trained staff and leadership of the cooperative movement in Kenya. For some technical students, there are real problems of long term commitment to employment within the movement.

The Cooperative Bank is another linchpin in the cooperative setup in Kenya. Started in 1968, with a quarter million KS mainly from outside donors, the current assets of the Bank are about 40 million Kenyan Shillings. They serve as the primary lender and bank for rural agricultural cooperatives. The first priority of the Bank is to provide loans to agricultural production cooperatives to insure timely payments for seed, fertilizer and transport. They also provide the training to the banking sections of local cooperative societies. Field officers of the Cooperative Bank assess the loan application and assist in generating technical assistance. The current loan fees are set at a 9% interest rate. The default rate on loans is only 1-2%. The program is only for small farmers in the cooperatives since large farmers use the commercial banks. Mr. Kumbui, President of the Cooperative Bank, believes that the availability of funds has increased agricultural productivity greatly and provides aid to rural farmers who could not get assistance from conventional banks.²¹ Assistance which would aid the bank includes providing experts in feasibility studies and augmenting technical training of bank officials.

²⁰ Cooperative College of Kenya-Annual Report, 1979.

²¹ Interview with Mr. Kimbui, January 19, 1981.

The role of the savings and credit societies in Kenya provides an interesting example of success and possibility for the future. In a span of less than ten years, the number of savings and credit societies have gone from 80 to over 500 with assets of over 700 million Kenyan Shillings (approximately \$100 million). The primary location of the savings and credit societies are in urban areas with almost all being tied to work-place savings schemes. They are strongly supported by the Central Organization of Trade Unions in Kenya. The average loan is 2500KS (approximately \$330) and the default rate is negligible since payroll deductions are used for repayments. A member can borrow up to three times of accrued savings. The society must hold back five percent of total assets as a reserve fund. The popularity of the system is so great that the maximum amount of allowable loans are paid out at most any given time. In a study conducted by Technoserve, it was found that reported use was 70-75% into land or shelter improvement or purchase, 10-15% for school fees, 7-8% for health care and the remainder for wedding and other purposes. The Kenyan Union of Savings and Credit Cooperatives requested assistance in determining ways to make better investments decisions and to expand education to credit union members. The key element of the credit union society is that it is a large source of locally generated capital which might be more wisely invested to insure an adequate return for the member and to provide new jobs via industrial and agricultural growth. At present, attention has been centered on managing the rapid growth and not on the maximum utilization of the funds for social or financial purposes.

In sum, the Kenyan cooperative movement has much to commend it. It has grown in size and capability dramatically over the past fifteen years. An institutional infrastructure is in place and has developed some experience. A part of the credit is due to the assistance of American and Nordic advisors.²² Within certain areas, performance is very good. Yet, many problems remain and the Kenyan cooperative movement is far from its potential.

COOPERATIVES IN ASIA

Asia has the largest number of societies and the largest number of cooperative members in the world. This is also true for industrial cooperatives where 56% of all industrial cooperative members and 70% of all industrial cooperative societies are concentrated. Disturbingly, Asian industrial cooperatives

²² See recent review of Cooperative College of Kenya by Agricultural Cooperative Development International 3/81 and Department of Cooperative Development, "Comprehensive Study of Cooperative Training and Manpower Needs in Kenya," Revised plan for Cooperative Development in Kenya with Nordic Assistance (Nairobi: 1974). The Credit Union National Association of the U.S. also has a full-time staff person assisting in Kenya.

have only 6% of the financial turnover.²³ The overwhelming number of societies are found in India as the charts below illustrates:²⁴

CHART 7
ASIAN INDUSTRIAL COOPERATIVES

Asia^a

	Total Number of Societies 1976	Total Number of Members 1976	Total Turnovers in Thousands of \$'s 1976
Bangladesh	7,335	919,360	23,725
India	20,630	1,976,088	415,255
Indonesia	3,356	230,118	-
Pakistan	1,694	113,458	-
Phillipines	46	1,698	-
Sri Lanka	1,172	144,890	10,641
Thailand	152	53,674	6,556

^aFigures provided by National Apex Organizations

In the countries contained within this study, the general figures for membership in cooperatives in 1976 according to the International Cooperative Alliance were:²⁵

CHART 8
ASIAN COOPERATIVE MEMBERSHIP

Bangladesh	4,499,875
India	71,829,238
Indonesia	8,492,197
Malaysia	1,343,401
Pakistan	1,631,965
Sri Lanka	2,225,330
Thailand	1,211,569

Additional country descriptions are found in Appendix B.

²³ICWPAS, op. cit., p. 46.

²⁴Ibid., p. 74.

²⁵CLUSA, p. 32.

Bangladesh

There is an extensive industrial cooperative setup in Bangladesh. The experience is concentrated in weaving and handicrafts. There are 3200 primary weaving societies which covered 75% of the total handloom output of Bangladesh. Weaving cooperatives have been established in the area since 1940. In one review of the industry, the following problems were identified which are indicative of issues in other sectors:²⁶

- 1) inadequate supply or exorbitant price of yarn, dye, and chemicals;
- 2) lack of credit facilities for working capital;
- 3) lack of organized marketing system;
- 4) absence of storage and easy advance facility;
- 5) non-availability of servicing and technical assistance;
- 6) dearth of modern acceptable designs and uses of handloom cloth.

The handicrafts industry is also quite large though the exact proportion in terms of the number of societies is unclear. It is coordinated through the Bangladesh Handicrafts Co-operative Federation (KARIKA). The crafts covered include brass and metal, cane and bamboo, horn and shell workmanship, embroidered quilts, basketry, clay products, and jute.

The National Fishermen's Co-operative Society is composed of 371 primary societies. There are also a number of spice production cooperatives mainly centered on production for the domestic market.

India

In absolute numbers, India has the largest cooperative movement in the world. Its scope is extraordinarily broad and the supporting facilities extensive. Most of the activities are run on a state basis and there is great variation in performance among the various states. An extensive cooperative banking system and network of training centers provide assistance to the development of cooperatives. The general literature on cooperatives is so voluminous that it is impossible to summarize it adequately in a few pages.

²⁶Faizur Rahman Khan, Report (Dacca: National Seminar on the Development of Weavers Co-operative Societies in Bangladesh, June, 1972), p. 5.

One of the things that is special about the Indian cooperative movement is its standing as an integral part of the development philosophy of the country. The Sixth Five Year Plan includes in the rural development plan that the government will "promote cooperative organisations which can help provide the needed services and insulate the rural poor from exploitation in the marketing of their products."²⁷ While there are authorities who subscribe to a more capitalistic or socialist approach, cooperatives in India have always been viewed as an alternative path which brings decentralized democracy and equity into the economy. Cooperatives are also a major instrument in employment creation and assistance to the rural poor. According to V.S. Char of the Planning Commission, cooperatives are "encouraged to limit the exploitation by the middle class."²⁸ Like most things in India, there are numerous examples of exceptional programs in the cooperative movement. Yet there remains a prevailing scepticism about the efficacy and adequacy of the cooperative movement as a whole to meet the goals set out for it. The productivity performance has been very bad overall. However, unlike some other countries where cooperatives are a tangential activity, in India they are a social, economic and political force to be reckoned with. Their history in India goes back well before independence to the Cooperative Societies Act of 1914. In modern India, the cooperative movement was recognized in the first Five Year Plan. Due to the tremendous scope of the Indian cooperative movement attention is centered here on a small segment of it, the industrial and agro-based cooperative sector.

The products marketed by the National Federation of Industrial Cooperatives include knitwear and hosiery, handloom products, readymade garments, leatherware, handicraft items, wood carvings, coir products, handmade carpets, tea, glass frames and sporting goods. Weaving is the largest sector of the industrial cooperatives with 10,514 primary societies. At present, 30% of all weavers are organized into cooperatives and the government's goal is 60%. Cooperatives also produce sugar, fertilizer, milk, and manufacture items from umbrellas to diesel engines. There are also a number of building and construction cooperatives. However, the main emphasis in India is providing the mechanisms to assist cottage and small scale productive activities in rural areas.

M. J. Shah, president of the National Federation of Industrial Cooperatives has provided a perspective on the industrial cooperative philosophy in India:

A large section of Indian population is comprised of artisans, industrial workers, small industrial producers, etc. in both rural and urban areas who among

²⁷As cited in Young, op. cit., p. III-5.

²⁸Interview with V. S. Char, January 29, 1981.

others constitute the weaker sections of the community. Further, viewed in the context of a heavy backlog of unemployment and underemployment, growing heavier from year to year, there is no alternative except to depend on resources which could be mobilised by common people, which are very limited. Only a self-generating economy can enable us to solve these and many other problems that confront us. Our best hopes lie in the promotion of cottage and small industries as they are less capital intensive and more employment oriented.²⁹

At the national level there are over 22,000 industrial cooperatives registered but of these 51% are dormant. Industrial societies in India are formed by artisans, craftsmen, industrial workers and mechanics. They are normally organized by traditional artisans who carry on their work in their homes with the help of their family members. Sometimes these are societies working under a master craftsman. There is a real problem in the cooperative movement of sympathiser members who may be master craftsmen, politicians, or other entrepreneurs. Sometimes they take over the cooperative and dominate the activities of the membership. They were originally included to give more clout to the cooperative and to obtain the skills of the master tradesman but in practice, the impositions have outweighed the benefits. As of 1976, the membership in primary societies were 1,126,853.³⁰ This figure represents a decline from activities over the past decade. Membership peaked in the early 1970's with a half million more members though a much larger number of dormancies. According to the National Federation of Industrial Cooperatives, the primary reason for the decline was "the continued high percentage of dormancies which resulted in lower level services rendered to their constituents."³¹ Therefore, not only were there 500 less dormant societies in 1975 compared with 1965 but also there was a drop off inside the cooperatives due to an inability to provide sufficient employment. The leaner industrial cooperative movement is, however, much stronger in terms of sales and production value than it was a decade ago. Sales represented Rs. 5080 lakhs, in 1975-76.³²

Major problems facing industrial cooperatives fall into five categories: organizational, financial, technical, supply and marketing and managerial. "As regards organisational problems many of the industrial cooperatives lack infrastructure

²⁹M. J. Shah, "Progress and Problems of Industrial Cooperatives in India" (New Delhi: National Federation of Industrial Cooperatives, 1978), p. 3.

³⁰Ibid., annex 1.1.

³¹Ibid., p. 11.

³²Ibid., annex 1.1.

facilities and favourable locational factors."³³ Also, many of the members come from classes of society unused to exercising control over their own lives and to demonstrating leadership in organizations which cross class or caste lines.

Finance is a major problem despite the existence of massive government programs: "It has been observed that stepmotherly attitude of the financing institutions, both cooperative and others, towards industrial cooperatives continues to be a matter of concern to planners, administrators and members alike."³⁴

Particularly in the village industries, access to technical improvement and vocational training is very limited. The maintenance of common facilities is very poor. "This results in low production and poor quality of the goods produced in addition to higher cost."³⁵ Access to adequate and quality supplies remains a major obstacle for industrial cooperatives. Marketing assistance is provided through the apex organizations but remains a serious problem overall due to the large number of suppliers and confusion on marketing outlets and techniques.

Management problems are chronic. "The majority of the industrial cooperatives do not have full time paid managers and many of these workers are not adequately trained to discharge their responsibilities in a satisfactory manner."³⁶ Lack of training among management committee members is also a serious impediment.

Administratively, the industrial cooperative sector is maintained separately from the rest of the cooperative movement under the Commerce Ministry and does not receive the same level of governmental support. There are many problems which face industrial cooperatives which a combination of better know-how, greater emphasis, and access to markets might go a long way to help solve.

There are number of examples of very successful programs in India which bear mentioning. The Indian Farmers Fertiliser Cooperative (IFFCO) was conceived as an idea in the mid sixties.³⁷

³³ Ibid., p. 13.

³⁴ Ibid., p. 14.

³⁵ Ibid., p. 15.

³⁶ Ibid., p. 17.

³⁷ See D. H. Thomas, "The IFFCO Story: A Unique Example of International Collaboration Among Co-operatives and Governments' (Rome: Food and Agriculture Organization, 1972) and, Raj Navrain Gupta, "The Unique Co-operative with and Enviabale Record of Achievement: The Success Story of IFFCO," Cooperative News Digest, August 1979, pp. 145-147.

There was convergence of need for high quality fertilizers by the cooperatives in India and the development of the technology in the United States. Together, they explored the possibilities of developing a fertilizer production capability in India to be controlled by a cooperative structure. It involved the successful collaboration of government to government and cooperative to cooperative relations. The share capital of Rs.68.75 crore was shared by the Government of India and the cooperative movement. A million dollar donation from American cooperatives was arranged. There are over 26,000 cooperative societies taking part from practically the entire country. During 1977-78, the plant earned a net profit of Rs.36.6 crores.³⁸ The operation of the plant during the same year was 88% of capacity in ammonia, 77% in urea and 138% in NPK. All of the levels of production figures are significantly above the Indian average. IFFCO has provided training programs to local societies on how to best use the fertilizer. The precise impact on the Indian economy is hard to measure, but it must deserve some credit for the tremendous increase in agricultural production in India in recent years.

Another success story is found in the sugar industries particularly in the state of Maharashtra. Over a period of twenty years, the introduction of 170 cooperative sugar processing plants³⁹ has reached the point where cooperatives produce 56% of the crushed sugar cane. All reports on this industry is that it is very effective and has resulted in higher earnings for small sugar cane farmers and producers. In the cooperative spinning mills there are 85 cooperative production operations.⁴⁰ They operate at 75.32% utilization of capacity. Other food processing cooperatives have been established in fruits and vegetables (33), oilseeds (345), poultry (1,218), and fishing (6,324).⁴¹

The National Dairy Development Board (NDDB) organized under a cooperative structure of small dairy farms has yielded a success of enormous proportions in increasing income and introducing new techniques. They have been credited for widespread introduction of artificial insemination techniques which has increased milk production dramatically. Also, their collection and quality control has been of a consistently high quality. Dairy Cooperative Societies at the local level buy milk from all producers and make payments to the owner of the cow within twelve hours based on the fat content of the milk. The milk is passed to the regional milk union for processing.

³⁸ Gupta, op. cit., p. 146.

²⁹ Govind K. Sharma, Rural Cooperatives and Coop Agro-Industries In India (Bangkok, ILO, June, 1979), p. 4.

⁴⁰ Ibid.

⁴¹ Ibid., pp. 4-7.

At the national level there is the NDDB and the Indian Dairy Corporation which assists in marketing, training and research. With over 25,000 primary supply cooperatives with a membership of 2 million, they produced milk products of Rs.1.61 billion in market value in 1976-77.

According to the World Bank, a major lender to the program, as of 1976, "there are at present 28 major cooperative dairy unions operating under NDDB direction and new patterns for milk movement are evolving rapidly. These cooperative milk producers own about 800,000 improved cows and buffalo and supply some 2.8 million liters of milk per day to organized milk markets."⁴²

In sum, the cooperative movement in India is very large. It has been able to manage some large scale successes which demonstrates the possibilities of cooperative efforts. Yet the prevailing assessment is that the cooperative movement has not been able to generate consistent success. This may be due in part to the enormous size and complexity of India where problems of credit, management, technology, marketing and the like cannot be resolved in the matter of a few years. It may also stem from the giant size of the whole system which has tended to breed bureaucracy. No simple explanation will do in describing the situation in India.

Sri Lanka

The cooperative movement in Sri Lanka is heavily influenced by the government. Officers in cooperatives are paid civil servants as part of the Department of Cooperative Development. There is extensive cooperative development in the agricultural sector. Many of the cooperatives are multi-purpose. The Sandalanka Multi-Purpose Cooperative Society represents one of the largest of this type with over 8,000 members. "With regard to the coconut industry, the Society manufactures dessicated coconut in two mills, cures sopra in four kilns; produces coconut oil, both edible and industrial; manufactures fibre; utilizes by-products for the manufacture of carbon black from fibre dust, which is a new venture and produces charcoal from coconut shells. Textiles are made, both by hand and by power looms, and these are dyed and printed. Additionally, there are consumer activities, baking, the operation of a cinema, the running of a Montessori school and a strawboard factory, a printing press and a timer sawmill.⁴³ This is clearly an example of a very successful cooperative.

⁴² South Asia Projects Department, India National Dairy Project: Staff Appraisal Report (Washington, D.C.: World Bnk, May 26, 1978).

⁴³ NCC/ILO/SIDA, Workshop Report: National Workshop on Strengthening of Industrial Co-operative Trade Relations, Colombo, Sri Lanka (Bangkok, ILO, October, 1979), p. 54.

In the mid seventies, the Sri Lanka Co-operative Industries Union conducted a survey of industrial cooperation and arrived at an estimate of 1200 societies.⁴⁴ They were involved in the following activities in descending order; textiles, carpentry, building and construction, coconut, metals and light engineering, clay, food and beverage, beedi, rattan and bamboo, paper, fertilizer and others. When questioned about major problems, the answers varied according to province.⁴⁵ In the Kandy province, the major problems were absenteeism, poor working conditions and transport in that order. In areas of lesser cooperative concentration, issues of identifying demand, marketing and materials was more prevalent.

In the agricultural areas, the cooperatives produce rubber, vegetables and spices.

Thailand

The primary purpose of cooperatives in Thailand are to serve as common marketing bases. Most activity is done through the Cooperative Promotion Department. The distribution and growth patterns of Thai cooperatives are demonstrated on the chart below:⁴⁶

CHART 9
THAI COOPERATIVES

	<u>73</u>	<u>75</u>	<u>77</u>	<u>79</u>
Agricultural	771	555	664	823
Land Settlement	303	77	55	100
Coop Stores	91	118	154	182
Thrift and Credit	134	147	229	292
Service (housing, handicraft, water, etc.)	<u>41</u>	<u>45</u>	<u>93</u>	<u>128</u>
TOTAL	1,313	942	1,195	1,525

Source: Cooperatives Promotion Department, Ministry of Agriculture and Cooperatives in Thailand (Bangkok, 1979).

⁴⁴ Sri Lanka Cooperative Industries Union, "Progress Report," (Colombo: Cooperative Management Services Center, August, 1975), p. 2.

⁴⁵ Ibid., Appendix C.

⁴⁶ Young, op. cit., p. III-6

In the service cooperative area there are 29 handicrafts cooperatives, 3 housing cooperatives, an electricity cooperative, a water supply cooperative, 16 taxi driver cooperatives and 69 truck drivers cooperatives.⁴⁷

Despite this increase in the number of service cooperatives, the business volume has decreased from 70.7 million Baht in 1973 to 10 million Baht in 1979 largely due to the effect of an earlier housing cooperative inflating the total. Their assets are not very great. The success rate for service cooperatives are not very high.

Young has noted some of the major problems facing the Thai cooperatives:⁴⁸

Although Thai cooperatives have grown significantly in number (see table above), difficulties similar to those found in many countries undercut their longevity. The Deputy Prime Minister has apparently reported that in one review of cooperatives 790 of the 800 examined had failed. Among the problems facing cooperatives are management, inadequate member understanding about both the means through which cooperatives function and their prerequisites for success, shortages of trained personnel, inadequate operating funds, and uncertainty about government policies affecting cooperatives. The exit of trained and experienced staff from the cooperative movement to the profit-oriented private sector further compounds the coops' problems.

Of particular interest is a scheme with heavy government subsidy to provide land and training for landless peasants. The land settlement cooperatives numbered 86 in 1978 assisting 56,579 households. The cooperatives not only provide training and land but also generate significant income through sales of their products. The Cooperative Promotion Department supplies these centers with a fresh water supply, roads, health centers, and schools in order to build an integrated development approach. Again, the land settlement cooperatives have met with mixed success.

The Thai Cooperative Promotion Department is supported by a significant number of foreign assistance grant programs. They are therefore able to generate an extensive education program. Each year there is an annual meeting and training sessions with directors of cooperatives and separate district level meetings are held. Each year about 5-6000 cooperative leaders go through training programs at the Training Center. There are nine mobile units equipped with audio-visual equipment which visit the local cooperatives to conduct member education program and to distribute

⁴⁷Ibid., p. 46.

⁴⁸Young, op. cit.

literature on cooperative activities. Yet the Department also feels that there remains a great deal of membership and management education which remains to be done.

DISCUSSION OF PRODUCTION COOPERATIVES

Cooperatives and the Poor

There is a ready assumption made that cooperatives are linked to meeting the needs of the poor. This was expressed directly in interviews with government and cooperatives officials in Kenya and in India. In other areas, cooperatives have been a major administrative mechanism used during land reform programs to redistribute land to the poor. On the face of it, the proposition makes sense since cooperatives provide leverage to the disadvantaged by pooling talents, land, machinery, capital and marketing. In many cases, small landholders have gone into debt and seen their holdings taken away from them. In some cases, small handicrafts producers may not be able to provide the quantity, diversity or transport availability when operating alone. In some cases, cooperatives have been promoted to avoid moneylenders and unscrupulous middlemen who charge exorbitant rates and often cheat the poor. For all of these reasons and more, including an ideological attachment in some quarters to collective activity as a means for class struggle, the cooperative structure has been promoted in developing countries.

Though there are exceptions, the sad reality is that cooperatives have not served effectively to assist the poor. Often they are collections of already relatively affluent producers. They take advantage of special privileges afforded the cooperative in terms of credit and marketing.

In many cases, the poor themselves are reluctant to join into these cooperative enterprises. In Tanzania, there was strong opposition to being moved into the ujamma villages. Many observers have noted fierce individualistic tendencies in both Africa and Asia. People just do not want to risk the little that they have. There are centuries of distrust built into the social and political fabric of most communities. Sharing must often occur within subgroups.

The governmental role is also very important, for in many ways a cooperative is a thinly veiled organ of social and political control. Government cooperative aid officers may be viewed in the same light as the military, police or tax collector. By grouping people and allowing easier administrative maneuvering along with group pressure, social control is easier. This fact does not escape the poor. Laidlaw argues that it is the system of bureaucratizing cooperatives in the

Third World which contributes to their ineffectiveness in meeting the needs of the poor.⁴⁹

Gunnar Myrdal has observed in Asia that cooperatives can have the opposite of their expressed effect by creating greater inequality.

Unfortunately, the notion that cooperation will have an equalizing effect is bound to turn out to be an illusion. While land reform and tenancy legislation are, at least in their intent, devices for producing fundamental alterations in the property rights and economic obligations, the 'cooperative' approach fails to incorporate a frontal attack on the existing inegalitarian power structure. Indeed, it aims at improving conditions without disturbing that structure and represents, in fact, an evasion of the equality issue. If, as is ordinarily the case, only the higher strata in the village can avail themselves of the advantages offered by the cooperative institutions and profit from government subsidies given for their development - the net effect is to create more, not less, inequality. This will hold true even when the announced purpose is to aid the disadvantaged strata.⁵⁰

This opinion was buttressed in a 1974 report by the United Nations Research Institute for Social Development which said:⁵¹

It is widely assumed that all members of the rural community will be helped by the cooperative, particularly the weaker members who. . . would have little opportunity to take part in the modernization process.

Unfortunately, this hypothesis was not supported by the research findings. Instead, in nearly every country studied it was found that cooperatives tended to benefit least the weaker members of the community, and to benefit most the better-off members who were in a position to take full advantage of the opportunities and resources provided by the cooperatives. . . .

. . . one of the basic conclusions. . . is that in social settings characterized by considerable wealth, power and

⁴⁹Alexander Laidlaw, "Third World Cooperatives, Government and the Poor," The New Harbinger, Fall, 1978.

⁵⁰Gunnar Myrdal, Asian Drama (New York: Pantheon, 1968), p. 1335.

⁵¹United Nations Research Institute for Social Development, Research Notes, No. 4, Geneva, June, 1974.

status (conditions which were widely found), rural cooperatives tend to maintain or increase these inequalities.

Uma Lele of the World Bank contents that the structure of the cooperative itself undermines meeting the goals established for it in theory. Since cooperatives distribute benefits based on the nature of the inputs, the distributive effect of cooperatives with variable inputs and shareholding is in question. Further, some evidence indicates that in the agricultural sector, aggregate improvements in productivity are not accomplished through a cooperative versus a small farmer approach. Raj Krishna confirmed this phenomenon in India. There is also no inherent guarantee that the employees of cooperatives will be any more trustworthy in marketing, weighing, grading and pricing than those in the private sector. Nor is there much protection in practice from elites dominating the cooperative.

"Inefficiencies arise partly from administrative mismanagement resulting from poor quality, the inadequate training and the little practical management experience of the personnel usually employed by the cooperative."⁵² Lele also questions employment generation for the poor by saying that substitution of machinery in cooperatives and overcapitalization may in fact diminish employment if there are not far greater gains in output or diversification. In general, Lele argues that there is inadequate attention in the development of cooperatives to the real costs of assisting the poor and the actual constraints in the environment for effective alleviation of poverty conditions.

There is a danger in overtargeting aid to the poor through cooperatives by excessive rules and restraints. Nicholas Mahoney of the University of Birmingham in the U.K. describes an example of counter productive targeting:⁵³

In the Punjab State of India, the industrial worker-productive cooperative development programme made funds available to newly formed cooperatives. In order to insure that the funds were used only by poor, unemployed workers, and in order to secure the funds themselves, certain controls and regulations were put into effect. However, well-intentioned regulations entailed severe control over the borrowing limits of the cooperatives, so severe in fact that many new cooperatives were rendered unviable while established cooperatives were prevented from expanding. Thus, the cooperatives rapidly

⁵²Uma Lele, "Cooperatives and the Poor: A Comparative Perspective," World Development, vol. 9, 1981, p. 62.

⁵³Nicholas Mahoney, "The Success and Failure of Industrial Worker - Productive Cooperatives in Developing Countries" (Rome: International Cooperative Alliance, 1978), p. 4.

re-established - at some cost - the unemployment that they were originally designed to eliminate.

There are clearly two sides to the poverty debate on cooperatives. Yet, even critics who assert that cooperatives do not aid the poor rarely argue that they cannot. Supporters never contend that they adequately serve this purpose. Given that the major aid interventions are aimed at elite groups other than the poor, there should be little wonder at the outcome. Government expenditures provide subsidies for bureaucrats and bankers more so than the members of the cooperatives. Training programs are aimed at creating an elite corps of trained managers without building the capabilities of the membership to control and guide the managers and accountants. Many credit mechanisms are for the benefit of the banks not the members. In order to remedy the situation, efforts need to be directed at empowering the poor in the cooperatives so that they have the skills to not rely on questionable external aid and to contend effectively with political forces in the environment as a unified cooperative.

Employment

Since unemployment is such a pervasive problem in the countries surveyed, work structure (e.g., cooperatives) should be analyzed on whether it generates work - more jobs with real contributions to the economy.

Theoretically, all cooperatives can contribute to employment generation and national income. Without markets, cooperatives will shrivel and employment will not be maintained or generated. Hence, the contribution of marketing cooperatives. Savings and credit societies create jobs for their employees and generate capital for employment. Consumer cooperatives also have employees. But, the worker production cooperatives is highlighted here due to its direct link to an output of goods of value for the community. It can be a major direct vehicle for employment generation and improving national income.

However, available data on production cooperatives show that outside of India, there is not at present significant employment in this sector. Even in India, the data demonstrate a level of organization but not necessarily significant new employment generation. Yet, production cooperatives can represent such an employment generating force if a decision is made to encourage workers to create their own employment opportunities within a cooperative framework. In the modern sector, the traditional assumption is for workers to wait for someone else to create the job opportunity and then arrange to be hired into the firm. Even with prodigious efforts, this cannot be an adequate answer to unemployment in most developing countries. Schemes should be created which encourage group self-help for employment generation. The Zambian youth activities is a good example of this concept. The attitude of

the Mondragon system towards employment generation may be very instructive. By starting with the people who want to work together and then finding the appropriate businesses then many social problems could be avoided. In this employment area as well, cooperative reality falls far short of its theoretical potential.

Management Style

One of the curious and unfortunate characteristics of the cooperative movement is that it tends to adopt the management styles used in bureaucratic, privately controlled enterprises. There is little experience with the management style described in the next chapter where workers participate in management decisions. While there may be equity distribution in the cooperatives, they often retain blind faith in traditional professional managers. Shareholder power is shared while managerial power is reserved for an elite. It is unclear whether the conditions of work and the respect of employees is any better in cooperatives than in more conventional enterprises or government agencies. Nor is it clear that professional, bureaucratic management as practiced would be better than solid participatory systems. The cooperative framework provides a perfect setting for greater extension of democracy at work concerns. Cooperatives should strongly investigate and systematically introduce participatory management techniques. The incentive of equity returns combined with the sophisticated human dynamics of participation should combine quite effectively and productively. Experimentation with quality circles and primary level worker participation could be encouraged. Many of the recommendations on workers participation in management applies to cooperatives as well.

PROBLEM AREAS

There are clearly many problems faced by production cooperatives. Some of the major problem areas are discussed below and additional recommendations for future activity follows.

Self-Reliance

The primary problem of the cooperative movement in the developing world is the lack of self-reliance. It is easy to criticize this failure and much more difficult to create the environment and impart the skills which will create more self-reliant organizations. A cooperative spirit requires struggling together to maximize the resources and opportunities available. Since in few cases are all the elements optimal, incremental changes must be attempted and expected. Cooperatives and their members need to address how can they do what they are doing better at every point of their operations. Self-analysis and help may not be enough in certain situations and outside assistance may be necessary, but the demand for outside aid needs to be reduced. There should be a definite time table and guideposts for accomplishing self-reliance in financial and

managerial terms. Members and employees of cooperatives need to be trained in the techniques of self-reliant organizational behavior and improved techniques of operation.

Membership Education

The most significant gap in cooperative activities is the lack of membership education.⁵⁴ When members are kept ignorant or ill informed, there is too great a temptation for mismanagement, embezzlement and favoritism. Fully knowledgeable of the responsibilities of membership and leadership in a cooperative, the members will demand honest and effective management. If a choice had to be made between management training and member education, the first effort should go to member education. This is particularly true since frequently manager trainees skip over to the private sector soon after training. Lack of management training is a constant refrain as a problem area. It reflects an unfortunate obsession with professionalism at the expense of broad education. It fosters an elitism at odds with the values of cooperation.

The second tragedy of the lack of member education is the loss of contributions for improved efficiency and marketing ideas which could come from the membership. Though literacy education is helpful and could be promoted through the cooperative structure, other more practical forms of knowledge do not necessarily require these formal skills. One should not confuse unschooled with unintelligent. With a minimal amount of training using simple techniques or audio-visual aids, workers of all backgrounds could make contributions to improving the effectiveness of the cooperative and understand better their roles within the group.

Management Education

To urge better member education is not to undersell the importance of managerial and entrepreneurial education. Nor does it take away the need for education for committee members. There is clearly a need for better administrative skills, improved accounting procedures, greater understanding of marketing techniques and so forth. Also very important are vocational training centers in the agricultural and industrial areas. National and regional centers for education should be encouraged and expanded. Yet the access to management and vocational skills should be as diffuse as possible. Knowledge is power and power overly concentrated can lead to abuses.

⁵⁴This same point is underscored by Swedish cooperative leaders in the Co-operation Manual prepared by the ILO, p. 109.

Marketing

Some of the other major problems relating to cooperatives have to do with adequate access to markets so that their goods can be sold. This involves not only access to buyers but adequate transportation and storage facilities, particularly for perishable goods. Industrial countries could set up display centers where quality goods produced in developing countries could be marketed.

Capital

Cooperatives also face major capitalization and cash flow problems. Often there are insufficient reserves to finance development or to cover lapses in the processing of funds from banks. The lack of timely cash flow can disrupt access to fertilizer, seeds, transport and other key ingredients in agricultural production. Access to capital for new technology, additional land, livestock or other materials can often be difficult for cooperatives and this has led to the development of cooperative banks in many countries. The cooperative banks, however, should be open to different sorts of investments other than exclusively agricultural - despite its importance - such as loans to transport cooperatives for vehicles, to fishermen's coops for storage facilities and boats and to industrial cooperatives for machinery and raw materials.

Governmental Role

The attachment to government is a double edged sword. On one hand, it provides the cash and some assistance which is very important to the development of many cooperatives. On the other hand, many cooperatives are saddled with strangling bureaucracy, demand for bribes, political pressure and restraints on trade. On a more fundamental level, too much government involvement smothers the cooperative spirit. It breeds reliance on an external party. It discourages the membership taking responsibility for the success or failure of their cooperative. According to M.K. Puri of the International Cooperative Alliance, "the tendency is to ask more and more from government whether the need it or not."⁵⁵ When cooperatives become conduits for government handouts and means of social control over the poor, then they turn abruptly away from their potential for building self-reliant development. Cooperatives should seek the absolute minimum necessary for governmental sources.

Private Sector Competition

Competition from the private sector which undercuts the market can also be a problem. In Kenya, when cooperative stores were established, the local vendors banded together to undercut the market until the cooperative was driven out of business. The

⁵⁵ Interview with M.K. Puri, January 29, 1981.

problem of cartels and monopolistic practices in addition to common problems of corruption in marketing and law enforcement often adds up to great difficulties for cooperatives. Yet, healthy and honest competition among cooperatives or with the private sector can induce better service.

Viability

If a cooperative enters a field in which it has no chance to succeed, then there should be little surprise when it fails. While exceptions can survive, without adequate business planning beforehand to understand the nature of the market, the price structures, the costs of operation, the availability of skills, resources and machinery and similar items, the difficulties of effective performance are multiplied. To the maximum extent possible, potential cooperative enterprises should be taught how to examine their feasibility and in larger scale activities comprehensive feasibility studies should be commissioned. When cooperatives become substitute social service agencies, the added costs should be underwritten and expectations of comparable performance with less encumbered enterprises should be toned down.

Mahoney's study of industrial cooperatives in developing countries points out the importance of understanding the structure of the labor market before expecting employment impacts. For example, in areas with high migrant population, permanent cooperatives designed to aid the unemployed will have little impact. Also, he says:

industrial cooperatives are more likely to be effective in alleviating unemployment when they are promoted in industries where the workforce is skilled or semi-skilled than in industries where it is unskilled. Where unemployment is high, industries paying unskilled labour tend to pay minimum, near subsistence wages; skilled workers though tend to be paid a little above this level. A cooperative composed of the unskilled will not be able to pay its members much above the norm without being uncompetitive; member savings and capital accumulation by the cooperative will therefore difficult.⁵⁶

Organization and interpersonal factors are very important to the feasibility of a cooperative project according to Mahoney.

The appropriateness of an industry in terms of suitable technology and available skills, materials, and capital, etc. is of course fundamental and has been considered in many other studies. However, organizational factors are also important. The industry has to be organized in such a way that new cooperative producers have an opportunity to compete with those firms already established.

⁵⁶ Mahoney, op. cit., p. 5.

Industries dominated by manufacturing or trading monopolies provide few such opportunities."⁵⁷

His studies also confirms the fundamental importance of interpersonal bonds.

Clearly trust is not something which can be built in by planners, although certain situations have been found to provide more favorable ground than others for the formation of cooperatives. For example, members of cooperatives who have previously worked together in private enterprise show greater solidarity and mutual trust than those who came from diverse working backgrounds.⁵⁸

If cooperatives continue to be expected to integrate people whose only bond is the lack of opportunity and to operate sectors of the economy shunned by intelligent business persons, then they will continue to fail. Cooperatives are not a form of organizational alchemy. Often a cooperative failure is a business - not an organizational - failure for private entrepreneurs might also have failed under the same conditions. A reasonable business opportunity with a willing mix of people could provide a base for great success.

FURTHER RECOMMENDATIONS

Membership Education

For existing cooperatives, the primary need is to develop low cost, effective, widely spread membership education. The education package should be optimally participatory to mirror the kinds of participatory behaviors expected from the membership. Education should include full explanation of the rights and responsibilities and the means of appeal and recourse for derogation of responsibilities. The roles of the leadership and staff of the cooperative should be explained including mechanisms to check possible abuses. The membership should be taught the various ways that they can make a contribution to improving efficiency and self-reliance of the cooperative and what benefits will accrue to the member in that case. It would be preferable if training also resulted in concrete learning exercises which improved the actual performance of the cooperatives. It is recommended that assistance to cooperatives be based on demonstrated periodic educational programs for the membership.

USAID can assist in the development of flexible teaching outlines and programs to explain key factors of cooperative membership which could be developed primarily by national apex organizations. In some cases, the availability of appropriate

⁵⁷ Ibid., p. 2.

⁵⁸ Ibid., p. 3.

audio-visual tools would be useful. In addition, AID could assist in train-the-trainer programs to encourage the broadest diffusion of member training.

Another focus for membership education should be within the savings and credit societies. This was suggested by several parties in Kenya. There are a great deal of resources generated by and loaned by the credit unions. The utility of those investments is at present unmeasured but open to serious question. Members of savings and credit societies already exhibit a range of choices including land purchases, home building, health care and education as major items. Membership education through the savings and credit societies centered on major items and purposes already expressed by the membership may assist in better utilization of funds for housing, health care and education. An additional area where education could be provided would be to inform members of savings and credit societies how money could be pooled with other members to create new businesses and employment. This would be an elementary business management workshop. By doing this, membership education can be a way to increase the utility of loans and the generation of more employment.

Seminars

Because production cooperatives have not received the same kinds of attention that other forms of cooperatives have in many developing countries, it may be worthwhile to assemble a presentation on the potentials and pitfalls of production cooperatives for use in countries which request it. Special focus might be on specific topic areas such as dairy products, handicrafts and agricultural processing. In Kenya, the Cooperative Bank discussed such possibilities in maize milling and vegetable canning. The development of building and construction cooperatives were also discussed in Kenya.

Training programs via seminars should be accomplished in cooperation with national apex bodies for cooperatives and with the appropriate Ministries. Local training facilities such as the Cooperative College of Kenya should be considered for sites. Additional seminars may be useful to compare experience with industrial and production cooperative experience within and between geographical regions.

Case Studies

There is a dearth of good materials describing production cooperative efforts. Both examples of successful and unsuccessful programs should be examined in great depth to determine the reasons for their success or failure. This was suggested by the International Cooperative Alliance regional office in New Delhi.

Action Research Projects

Given the general lack of success, more stringent efforts must be made to develop a research base to determine how assistance funds can best be utilized. Of particular importance is determining the variables that lead to self-reliant production cooperative organizations.

Information Dissemination

The currency and availability of information on production cooperatives is seriously deficient. The results of case studies and bibliographies should be made available to AID missions and national apex organizations for dissemination to interested parties in developing countries.

Cooperative Loan Guarantee Fund

As suggested by Robert Young, since some of the cooperative banks have a substantial reserve fund, this sum of money provides a basis for creating a revolving fund to investigate and capitalize new production cooperative opportunities. As part of a diversified investment strategy, in order to protect the soundness of the investments in the bank, some funds could be diverted towards financing the development of wholly new enterprises. Like with the Caja Laboral Popular in Spain, with an up front equity investment by the potential cooperatives, feasibility studies can be made about enterprises which would have a high probability of success in the local environment. Criteria in addition to economic possibility should include contribution to the community, cooperative and national interest, generation of employment and aid to the poor. Such good risk firms could be capitalized by the reserve funds with the expectation that the Bank would be paid back at the rate of its average return on investment plus costs of the feasibility study which could be amortized over a reasonable period of years.

It is further suggested that since the funds would be drawn against the savings of cooperators and cooperatives, that USAID or the national Government, guarantee these loans under the condition of strict criteria for economic viability of funded projects. Start up money would also be needed to begin investigations of business possibilities. In Kenya, an effort was made to create a new supply business for agricultural cooperatives. It did not succeed due to overly rapid startup, the lack of a sufficient feasibility study, the lack of support of the individual cooperatives and poor management training. Proper planning may have alleviated this situation. Still, supply cooperatives may be prime targets for feasibility studies.

The impact of such a program would encourage new development without the large expenditures of outside aid money. It would encourage employment and the development of sound cooperative

structures. As the fund grew, it would have a multiplier effect. Clearly, this nucleus of an idea would have to be explored in much greater detail if there is sufficient interest in its concept.

In addition to working with central banks for cooperatives, the loan guarantee concept can be applied to the utilization of assets of savings and credit societies and of large cooperative enterprises. Similar requirements can be made for rigorous feasibility studies and should be linked to adequate managerial, leadership and membership training.

Feasibility Center for Production Cooperatives

As a corollary to the previous proposal is the establishment of centers for the conduct of feasibility studies for the development of new cooperative enterprises. There may be a certain cost effectiveness in establishing a few central centers rather than leaving everything to bids on every occasion. The Feasibility Center may be initially capitalized for start up but should move quickly towards self sufficiency either on a fee for service proposition or by taking a percentage of the earnings of enterprises which it assists. The latter approach would provide an additional incentive to conduct the most successful and accurate studies. While preferable, such centers are not necessarily linked to a loan guarantee scheme. The centers might be staffed by multi-disciplinary teams of experts in economics, marketing, human behavior, cooperative administration, law, accounting, industrial and agricultural engineering and other appropriate fields. If future cooperative enterprises are to have a greater likelihood of survival, such feasibility centers are absolutely essential.

One of the major factors affecting feasibility has to do with inadequate attention to research and development which larger firms can afford. Feasibility centers should conduct participatory research on new technology, methods and market structures which could be disseminated to affiliated cooperatives. This kind of feasibility research would in all likelihood have to be financed by outside donors though the agenda and management of the program should be set by the cooperatives themselves.

Infrastructure

While this recommendation has been made previously to help cooperatives and other local development efforts it bears repeating. Particularly for production cooperatives, appropriate startup technology may be necessary along with training in its use and maintenance. Access to transport, decent road systems, power, water, storage facilities and other similar terms are often very necessary for effective enterprise development whether organized as a cooperative or not.

CHAPTER III
WORKER PARTICIPATION IN MANAGEMENT

Worker participation in management represents a diverse set of activities and expectations in different countries. Despite its various forms it has a common orientation which can be defined quite simply. It "occurs when those below the top of an enterprise hierarchy take part in the managerial functions of the enterprise."¹ Worker participation can either be when workers have greater input into managerial decisions made above them in the hierarchy or when managerial functions are dispersed more widely to workers lower in the hierarchy.

Kenneth Walker while at the International Institute for Labor Studies, categorized worker participation along four dimensions.²

1. Ownership - Employees actually own stock in the corporation with rights and responsibilities of owners. Examples in this category include cooperatives and employee stock ownership plans.
2. Governance - Employees take part directly or by representation in the functions of the board of directors including oversight, acquisition, policy setting, investment policy and the delegation of general management tasks. This form of participation is often called co-determination.
3. Management - Employees are involved in deciding the means by which broad policy and objectives of the organization are conducted. Sometimes this involves changes in supervision. Examples of this form of worker participation include work councils, autonomous work groups and general labor-management committees.
4. Terms and Conditions - Employees are involved in the decisions about the way in which their specific work assignments are to be implemented and their input is solicited on conditions in their immediate work setting.

¹Kenneth Walker, "Workers' Participation in Management - Problems, Practice and Prospects," (Geneva: International Institute for Labor Studies, 1979), p. 9.

²Kenneth Walker, "Towards the Participatory Enterprise: A European Trend." Annals AAPSS, 431, May 1977.

Common misconceptions about worker participation assume that activities along one dimension necessarily implies activities in others. Ownership may be kept separate from management issues. Representation at the Board level does not imply necessarily that workers are involved in changing their day to day conditions of work. Further, there is no necessary linear progression between any of the categories. While there may be progressions along certain dimensions, these work out better in theory than practice. Different countries have emphasized different approaches.

While participation can stretch over a large range of activities ranging from simply talking to workers to complete ownership, this section only examines a few of the participative approaches which are more clearly articulated and commonly discussed in developing countries. The chart below was developed at the Asian Labor Education Center at the University of the Phillipines.³

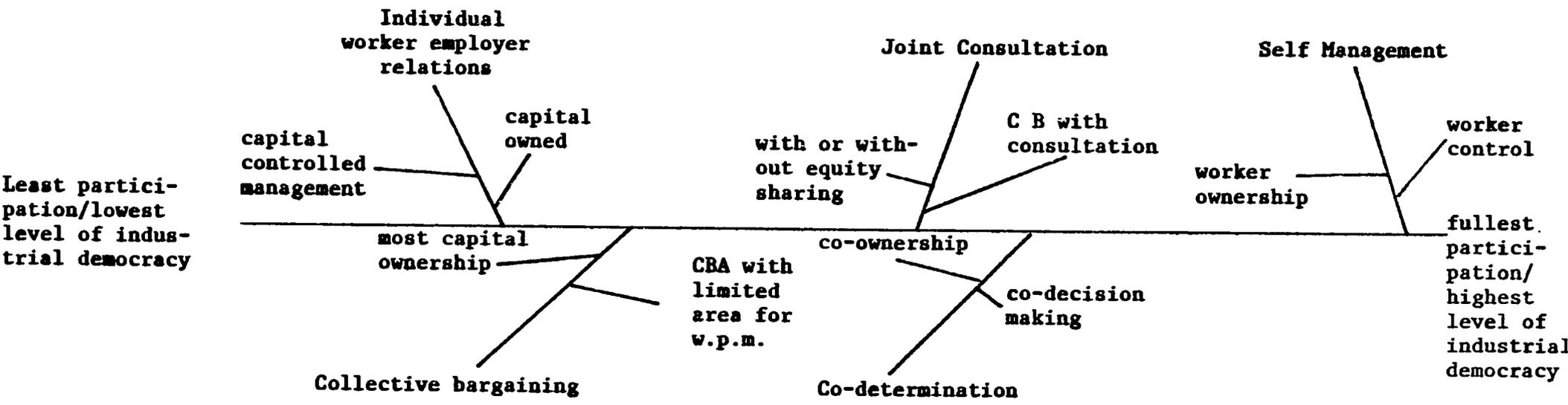
One of the most important forms of worker participation in any country is the exercise of independent collective bargaining through free trade unions. The right of free collective bargaining is a necessary condition for effective use of other forms of worker participation. Collective bargaining is not discussed separately here because of its extensive treatment in other reviews.

The following kinds of worker participation are highlighted in this review:

- 1) Employee consultation committees: Productivity committees, worker committees, and work councils are a few of the names for employee-management committees which are advisory to management on one or a number of issues.
- 2) Joint management councils: In some instances workers are represented on bodies which establish actual management procedures and have decision making authority.
- 3) Worker representatives on boards of directors: In some companies, workers participate in the governance of the enterprise and help set broad policy.
- 4) Financial participation: Employee stock ownership and profit-sharing plans generate employee equity

³As quoted by M.A.Dia, F.M. Bacungan and J.C. Gatchalian, "Industrial Democracy in the Phillipines," in Industrial Democracy in Asia (Bangkok: Friedrich Eibert Stiftung, 1980), p. 260.

CHART 10: WORKER PARTICIPATION IN DECISION MAKING



ownership and may increase participation in the enterprise.

- 5) Quality of work life efforts: In a number of cases, efforts are made at the shop floor level to improve the work environment often through team work and multi-skilling. The programs are initiated by/or are overseen by labor-management committees at various levels of the enterprise.

International Experience

There is a substantial international record of worker participation in decision making stretching from collective bargaining to the board room. As collective bargaining represents an important form of worker participation in decision making, the generally strong role of trade unions in most advanced industrial societies provides an important avenue for worker input to national, enterprise, and shop level decision making.

In the United States, there is also considerable experience with newer forms of worker participation.⁴ The General Motors Company has committed itself to a company wide program of "quality of work life" improvement and has cooperated actively with the United Automobile Workers Union and the International Union of Electrical Workers. There have been impressive success stories where production quality, and industrial relations climates have improved dramatically while absenteeism and grievances have dropped significantly. The Tarrytown General Motors experience provides an excellent case study.⁵ In the automobile industry, Ford and Chrysler have now instituted new worker participation programs. The President of UAW sits on the Board of Chrysler. The major U.S. steel companies are instituting an agreement with the United Steelworkers of America to set up "participation teams" at the shop level to encourage improvement of working conditions and to make the American steel industry more effective and competitive.

The American Telephone and Telegraph Company has negotiated a joint committee with the Communications Workers of America to establish a joint quality of work life program. In other unionized industries like the newspaper industry, woodworking, building

⁴See Edward Cohen-Rosenthal, "Involvement of U.S. Unions in Quality of Work Life Programs," Quality of Working Life: The Canadian Scene. (Vol. 3, No. 3, 1980).

⁵See Robert Guest, "Quality of Work Life - Learning from Tarrytown." Harvard Business Review, July - August, 1979, pp. 76-87.

trades and the railroads there have been significant programs launched successfully to involve workers more fully in promoting improved performance and job satisfaction.

In the non-union sector, companies like IBM, Digital, Polaroid, Donnely Mirrors, Proctor and Gamble and General Foods have all instituted extensive participative management programs. It has almost become standard fare in management training circles to find ways that employees can be better involved in improving management activities. Even the Defense Department has large efforts in all of the service branches. Admittedly, while there are major and significant efforts underway, the vast majority of American industry has not adopted more involving, less hierarchial management styles.

In Europe, several approaches have been examined extensively.⁶ Works councils are mandated by law in West Germany, Holland, Denmark, Sweden, Norway, Spain, Luxembourg, Austria, France, and Belgium. There has been substantial discussion of a more integrated approach to worker representation within the European Economic Community.

In West Germany, the principle of co-determination has led to worker-directors on the boards of directors of major corporations. Ranging from 1/3 to 1/2 of the board members, they represent the interest of workers in major decisions such as investments, expansion and new products. This innovation was encouraged by the Allied forces after the second World War.

In Sweden, to back up legislative entitlements, extensive education programs have been launched to help workers better participate in industrial democracy programs from the shop floor to the board room. In several European countries such as Sweden and Germany, the labor-managed sector of the economy is significantly large.

Quality of work life programs have received wide approval in countries like Norway and Holland with interesting programs in the maritime, banking and electronics industry.⁷ Both France and the United Kingdom are among other countries which have special organizations supported by government funds to spread workplace humanization efforts. Located in Dublin, the EEC has established the European Foundation for the Improvement of Living and Working Conditions.

⁶ See Benjamin Roberts (ed.) Towards Industrial Democracy: Europe, Japan and the United States (Montclair, New Jersey: Allanheld Ossmun; 1979).

⁷ Ibid.

In Japan, there is an extensive system of worker participation in workplace decisions.⁸ The Japanese company trade union structure encourages consultation and comment on the part of trade unions and workers. In over 70% of large firms there are joint consultation committees where unions and management meet to discuss production and working condition issues as well as the general state of the business. The precise parameters of the committees are described in collective bargaining agreements. There are also joint consultation arrangements in 25 general industrial categories. At the worksite level, autonomous work groups designed to help correct problems at the workplace have been instituted at 63.5% of the unionized establishments with over 100 employees. Of particular interest is the Japanese use of the quality circle as a means for improving production, quality, energy conservation and worker satisfaction.⁹ Quality circles are groups of 5-15 workers who meet with their supervisors for an hour each week to consider ways to improve the effectiveness of their immediate work area. The program marries training in statistical quality control with an understanding of the principles of worker involvement. It was popularized in the fifties by Dr. Edward Deming, an American quality control expert. In large companies over 90% of workers are voluntarily organized into quality circles. This system of participation has been credited with aiding the tremendously improved quality of Japanese goods and the excellent economic position of Japan. Much has been made of the culture of Japan as a contributor to their success. While this is an important consideration, probably more important is the commitment to lifetime employment for many Japanese workers, the broad training of management and the extensive application of general principles of small group dynamics.

There have been several other nations who have instituted widespread programs of worker participation. For example, in Yugoslavia a system of worker-managed enterprises has been credited with promoting great strides in national development. Yugoslavia is the mecca of the self-management community.¹⁰ Since it is a system that has married economic incentive and collective responsibility, a significant number of developing countries have looked towards it as a model -- not the least of all is the recent interest expressed by the Peoples Republic of China. In Yugoslavia, the workers of the company own its shares,

⁸ Ibid

⁹ See Kaor Ishikawa QC Circle Koryo (Tokyo: Japan Union of Scientists and Engineers, 1980), also Ishikawa, ed. QC Circle Activities (Tokyo: JUSE, 1958).

¹⁰ See Paul Blumberg. Industrial Democracy: The Sociology of Participation (New York: Schocken Books, 1968).

vote on management and the board of directors and take part in improving the operations of the organization. Self-management is found in both public and "private" sector organizations. Danial Zwerdling describes the process:

"The 'supreme authority' in each enterprise is the entire workforce, which votes by referendum on crucial issues such as merging with other firms, relocating plants and distributing the income. From month to month, according to self-management laws, the workers formulate policies including the prices of products, production and financial plans and workplace policies through their elected worker's councils. The workers' council in each firm is generally dominated by the blue collar production workers. The workers also exercises indirect control over the day-to-day management of the enterprise, since the management board and plant directors are elected by the workers' council and subject to recall at any time."¹¹

The recent evolution of the system has been even greater decentralization within large plants where the participatory process is repeated by working units within the factory operation. The system is far from perfect but it has undeniably made a considerable contribution to the equitable and efficient growth of the country.

In Israel, there have been a number of socio-technical experiments to improve the quality of working life. More significantly, since the trade union - Histadrut - owns a large part of the economy, workers sit on boards of directors in labor-owned enterprises. The trade union also has a department which encourages productivity councils and local level participation in improving economic performance.¹² There are over 650 joint councils covering 300,000 workers. This system has been credited by the Histadrut with a real increase in productivity of 50% since their introduction.

As a general rule, the evaluations of worker participation programs by those involved in them are positive.¹³ The major criticism is that they have not gone far enough or do not affect enough workers. Yet in reviews internationally and in the United States, there is no evidence that worker participation has

¹¹Daniel Zwerdling, Workplace Democracy (New York: Harper Colophon Books, 1980), p. 160.

¹²Interview with Naphtali Ben Moshe, Chief, Industrial Democracy Unit, Histadrut, January 12, 1981.

¹³Walker, 1979, op. cit., p. 24.

adversely affected productivity at a macro level.¹⁴ When problems occur they are rarely because of poor economic performance but as a result of organizational politics. At the plant level, the rate of gain in productivity performance has varied considerably depending on the particular program. Although causality is not scientifically determined, the per capita growth rate of 8% per annum in Yugoslavia, 8.6% in Japan and 7.5% in Israel from 1952-1964 (compared with 2% in the U.S.) would show that broad participation may be an effective stimulus to national growth.¹⁵ In terms of job satisfaction, there have been many reports of positive results in this area.¹⁶ As one measure, workers directly involved in a participation project almost never ask to go back to their old ways of working. One of the greatest and most widespread benefits of worker participation has been the flexibility to respond to new product demands and work situations. Worldwatch Institute concluded in a review of this topic:

The higher productivity, cooperative labor-management relations and better work life associated with worker participation argue strongly for new forms of management and ownership. . .the participatory structures now being built into Western economies and to some extent into those of other societies, should be around for a longtime. The ways of work are changing and new opportunities are emerging to more fully develop human potential and to apply human capabilities to the challenging problems of the future.¹⁷

Trade Unions and Worker Participation

The pursuit of greater industrial democracy has been a goal of trade unionists in all parts of the world. The International Confederation of Free Trade Unions has said:

¹⁴ See Karl Frieden, Workplace Democracy and Productivity. (Washington, D.C.: National Center for Economic Alternatives, 1980).

¹⁵ Jaroslav Vanek, The Economics of Workers Management: A Yugoslav Case Study (New York: Allen and Unwin, 1972), p. 46.

¹⁶ Walker, op. cit., p. 27.

¹⁷ Bruce Stokes, "Worker Participation - Productivity and The Quality of Work Life" (Washington, D.C.: Worldwatch Institute, December, 1978), p. 42.

Trade Unions all over the world are striving for greater industrial democracy and it is their common aim to enlarge the control that working people can exercise at their place of work. Workers are today no longer content with being treated as mere factors in production, as assembly line 'fodder' and it is their determined will to be accorded the basic dignity of human labour and to be accepted as responsible and mature adults. The demand for greater industrial democracy is of course not a new one but part of what trade unions have always sought to achieve. In different countries, trade unions may draw up their priorities differently and use different words to express what they want. The basic goal is however the same - to give working people a much more extensive say in the decisions which govern their everyday life.¹⁸

The interaction of worker participation and trade union activity is very important to discuss. One of the major impediments to effective implementation of industrial democracy programs in the developing world is the weak position of trade unions. Desperately understaffed, unions in developing countries have a difficult time staying on top of regular collective bargaining, lobbying for stronger labor laws, enforcing existing privileges and organizing new membership. The expectation that they can allocate scarce resources to training and monitoring of local level worker participation programs may be more than they can handle. Further, in many developing countries, the strong links between the ruling political faction and the trade union organization raises serious questions about the independence and integrity of the union vis-a-vis protecting workers and encouraging innovative activity.

There is no question that in some countries, government sponsored worker participation schemes are used as a way to undermine unions. In those cases, genuine unions have vigorously opposed "worker participation" programs. By establishing an alternative structure, the government sponsored approach may encourage confusion and undercut the interest of workers in joining a larger union federation. It also may undermine the grievance procedure defined in the collective bargaining agreement. In many countries such as India, there are many competing unions, often with different attachments to political parties. Effective representation of workers interest without a designated representative may be very difficult.

On the other hand, in some countries like Thailand, worker participation has protected union organizing activity. Union activists have been elected to statutory committees where they cannot be easily dismissed for criticism of management. The

¹⁸ International Confederation of the Free Trade Unions. Industrial Democracy (Brussels: ICFTU, 1975), p. 1.

structure of participation may teach workers the benefits of organization and the union can provide the strength to make the structure work for the workers. The union could organize through the leaders of the legislated machinery. In addition, the union by actively playing a role in a program can help strengthen the economic picture of the company and bargain a fair share of the benefits back to the workers. This can contribute to enterprise and national level development. In addition to helping individual workers, unions can also be seen as interested in promoting fair national development and not simply represent an avenue for negative criticism. In some cases, cooperation may accomplish more than confrontive techniques.

Worker participation programs which respect the rights of unions should be encouraged and those which undermine the legitimate role of free and democratic unions should be opposed. In some countries, the unions provide the lists of persons for the voting on members of the workers committees. In some countries, the committees are excluded from discussing collective bargaining issues. Unions need assistance with training and staff to effectively educate their members and leaders and to monitor the process against unwarranted intrusions on legitimate trade union activity.

WORKER PARTICIPATION IN AFRICA

In Africa, there are a number of countries which have statutory mechanisms for worker participation. Though there are no thoroughgoing reviews of the experience in these countries either on a macro or micro scale, the general reports are that implementation is very spotty and the laws are often ignored. A general and comprehensive review of African activity would be very helpful to further understanding.

Benin

According to the Benin Labour Code adopted September 28, 1967, workers have a right to be consulted in enterprises with more than twenty employees (30 in the case of agriculture). Workers elect representatives to a system of "staff delegates" who are consulted on matters of employment, health and safety, grievances and welfare services. They are also asked to "make suggestions to the employer with a view to making the undertaking more efficient and increasing output."¹⁹

¹⁹ J.B. Hounongbe, "Workers Participation in Decisions with --Undertakings in Dahomey," (Geneva: ILO, 1974), p. 1.

In the state owned enterprises, representatives of workers are elected to the boards of directors. They do not in any case constitute a majority of members of the board. Since 1976, the maximum number of representatives have been set at 5 workers. The Ministry of Civil Service has conducted training programs for staff delegates.

Burundi

According to Ministerial Ordinance No. 110/144 of November 24, 1970, Burundi has a system of workers councils which operate at the worksite.²⁰ They cover all enterprises of 30 or more employees. Members of the committee are selected by secret ballot for one year terms. However, the union can provide the list of candidates. There are six to twelve members of the council depending on the size of the firm. The purpose of the council is to review matters of wages, implementation of labor laws, suggest improvements of the work organization and improve health and safety.

Congo

The Congo has had works councils by legislation since April, 1956.²¹ These laws have been updated periodically through the years. There are generally 3 to 12 worker delegates to the works councils elected by the workforce. The committee is chaired by the management. The law applies to all workplaces in the private and parastatal sectors with more than 25 employees. The latest revision was May 18, 1973 which described a system of codetermination, codecision and core-sponsibility. Management is responsible for educating the workers about the mission and problems of the enterprise. Decisions are made through a series of committees in the enterprise. The approach assumes that by working solutions out together that responsibility for successes and failures will also be shared among all parties.

Gabon

Gabon is another country with legislated employee representation through workplace committees. In Gabon, industries with more than 50 employees are affected as well as the public sector. The purpose of the "comites permanents de concertation economique et social" is to "give advise about the general organization of work, productivity, improving the quality of

²⁰ International Labour Office. La participation des travailleurs aux decisions dans l'entreprise (Geneva: ILO, 1981), p. 159.

²¹ Marcel Bourlard, Les representants du personnel dans les entreprises congolaises (Paris: Editions Mouton & Cie, 1967).

workmanship, improving health and safety, utilizing facilities, introducing innovations and new machinery, effectively and rationally utilizing the human resources of an enterprise. . .²² They are also involved in continuing education and management of social programs at the worksite. The number of worker representatives varies according to the number of workers at the company or agency.

Kenya

Kenya does not have significant activity in the area of workers participation in management. However, there are a number of voluntary works councils estimated in about 20% of large companies such as British American Tobacco which carry out consultative functions. In discussions with the Ministry of Labor, it became clear that there is no knowledge of the extent of works councils development in Kenya, what functions they are designed to provide and how effectively they meet their chosen tasks. There is also no knowledge about the potential interest of employers, unions or government in the improvement or spread of works councils. This is a possible area for research and discussion recommended by the Ministry of Labor.²³

There has been substantial discussion but little action on the issue of financial participation. Both the President and Vice President of Kenya have urged expanded employee stock ownership. President Moi has said that he is encouraging voluntary corporate programs to expand employee stock ownership but will introduce legislation if the voluntary approach does not work. There also was interest in stock ownership by COTU, the Kenyan trade union federation. Mr. Adamba, the Deputy Minister of Labor said; "When you sell shares to workers, they feel part and parcel of the firm. They receive direct benefit from its success."²⁴ Examples are found in British Tobacco Industries and the Upland Bacon Factory.

In terms of more extensive forms of worker participation, there were mixed reviews. The Employer Federation is on record against employee representation on boards of directors. The Ministry of Labor does not wish to pursue the matter beyond works councils and stock ownership. Juma Boy, president of COTU is in favor of worker representation from top to bottom. He claims that it "will remove doubts and industrial

²²Journal Officiel de la Republique Gabonaise, 6 Mai, 1976
Ordonnance n° 29/76.

²³Interview with study team, January 20, 1981.

²⁴Ibid.

unrest."²⁵ He prefers a legislated mandate for worker representation with particularly a voice in all para-statal enterprises. Mr. Boy was not concerned about parity in representation at this time.

Mali

According to the law of April 11, 1969, workers are represented on the administrative councils of all public sector enterprises.²⁶ In Mali, this includes practically all large enterprises. Out of a committee of twelve, there are two representatives of workers. The committee which meets at least twice a year approves the annual production plan of the company, the investment portfolio, the budget and sets general management policy. Workers are also represented on the management council where four of their representatives sit. The management council must be consulted on organizational problems, improving operational effectiveness and other matters of operating importance. They must be kept informed about the progress of the company and its financial situation. In reality, the actual existence and effectiveness of the workings of the committees varies greatly from company to company.

Mauritania

In Mauritania, the law of July 11, 1974 established consultation committees for enterprises with 250 or more employees.²⁷ There are between three to five worker representatives elected from a list of candidates from different levels of the organization. Workers representatives are nominated by the national workers organizations. Members serve for a period of two years. They are to meet at least every three months.

The primary tasks of the committee are to work with the management to improve conditions of work, increase productivity, and expand the enterprise. Each year the committee receives a report from the chief executive of the enterprise about social welfare concerns in the firm including sports, education, cultural activities and housing.

²⁵ Interview with study team, January 20, 1981.

²⁶ ILO, op. cit., p. 121.

²⁷ Ibid., p. 145.

Mozambique

The law No. 17/77 of April, 1977 establishes a management system for Mozambique.²⁸ It includes a management cadre, a management council and workers assemblies. The workers' assembly elects at least two members of the overall management team. These representatives are part of the management council plus a member of the trade union organization, who reviews the overall plans for operation and improvement. This group meets at least monthly. Workers' assemblies composed of all workers in the smaller plants and delegates in larger or more spread out operations meet at least twice a year to discuss their concerns about the management of the enterprise and its personnel policies. A review of the management activities is to be undertaken prior to the meetings of the worker assemblies. In larger enterprises, sectoral groups of workers who work in the same function are brought together at least four times a year to review local management practices and procedures.

Tanzania

While the socialist philosophy of Tanzania's President Nyerere has been credited with the push for worker representation in management decision, in fact the history of workers committees in Tanzania goes back further than that. In 1958, before independence, there were 188 workers committees in Tanganyika of which 64 were in the public services.²⁹ The Security of Employment Act of 1964 established that workers committees should be set up in every business where more than a few union members were employed. Among other duties of these committees were a responsibility "to discuss with the employer, at regular intervals and at least every three months, means of promoting efficiency and productivity, and to consider and advise the employer on safety and welfare arrangements for persons employed in the business."³⁰ They were also involved in disciplinary activities and labor inspection tours. Worker representatives to the committees are protected from dismissal without the concurrence of the Labour Ministry.

In February 1970, the President of Tanzania issued a circular on workers participation in management which called for establishment of workers councils in all prastatal

²⁸ Ibid., p. 122.

²⁹ B. C. Roberts, "Labour in the Tropical Countries" (Geneva, ILO, 1958), p. 385.

³⁰ Erik Smith, "Workers participation in management in Tanzania" (Dar Es Salaam: International Conference on Adult Education and Development, 1976), p. 1.

enterprises with more than ten employees. These were to include all of the members of the workers committees established under the 1965 law plus additional workers until there were 75% employee representation on the committee. The other 25% were representatives of the management and the local branch of the party at the enterprise. They were to look at and advise on "wages policy, marketing, planning, productivity, workers education, the budget and the quality and quantity of production."³¹ Their advice went to the general manager who also received advice from an executive committee with no more than one third workers.

In 1975, this system was amended to provide greater links with the trade union organization. The worker committees have been replaced by "field branches" of NUTA, the national trade union organization, which meet every month and have the same general responsibilities as worker committees. The precise membership on the committees follows a complicated legal arrangement which can be overridden by local collective bargaining agreements.

Further, Tanzania has moved to provide greater worker representation on the boards of directors. Since 1975, a slow implementation of a law to place more internal representatives on the board of directors has taken place. The law states that 40% must be from the labor and management of the enterprise and 60% from the larger political community.

The International Labor Office financed an experimental quality of work life program in Tanzania. Six enterprises were selected to participate. Successful programs were recorded in a fishnet factory and a trucking and forwarding concern. In both cases, all levels of management and the trade union were involved and supportive. Workers developed a variety of skills as opposed to the singular task system which had been in place. Also, more group work was arranged. In the fishnet factory, efforts were undertaken to increase preventative maintenance and shift quality control to the workers. The results in this case, yielded a production rate of 17% above target as opposed to 9% below at the start of the project. Absenteeism dropped from 8.9% to 1.9%. The higher output, resulted in generally higher wages due to the incentive system already in place. In the forwarding and trucking firm, mechanics trained their helpers in their craft and carpenters developed a team work approach which resulted in increased productivity, customer satisfaction and utilization of equipment and vehicles, therefore, lowering operating costs. "As a result of better planning, work ran smoother and absenteeism diminished from 16.6% to 8% by the end of 1979. The safety record improved

³¹ Ibid., p. 3.

drastically as well. Training on the job increased leading to wage increases of 15-20%."32

In other cases, things did not go so smoothly. For example, in a foreign owned firm despite very positive results in one section, there was no diffusion to the rest of the economy. The ILO attributes this in part to the large cultural gap between foreign and local managers and workers. In three other cases, the projects never got going due to the problems of managerial decision making blocks and an entrenched bureaucratic belief that team work is impossible.

Despite the limited success in Tanzania, the fact that there was any success is unique both in its attempt and its realization in Africa. In Tanzania, there is commitment to the concept of worker participation despite difficulties in actual implementation.

Zaire

In Zaire, the "delegation des travailleurs" is a system of worker input established by law in May, 1964 and modified in 1967 and 1970. In enterprises with more than 20 employees, worker representatives are elected to a group with whom the employer must discuss wages, hours and working conditions. The group is also responsible for education, health and safety and social welfare programs. Since the registered trade unions are the only ones able to put up a list for the delegates, it is essentially a broad form of local trade union organization.

Zambia

Since 1971, works councils have been mandated in Zambia for enterprises employing more than 100 employees. There are between two and ten worker representatives on the works council depending on the size of the organization. Representatives serve for two years. The purpose of the works council is to encourage labor-management cooperation, improve working conditions and encourage productivity. The works council is an elected body in unionized workplaces, the unions have the sole right to nominate individuals for the positions. The works council must be consulted in writing on all major management matters including investments, personnel policy, economic plans, health and safety, education and training, the canteen and housing. In cases of personnel matters, if there is a dispute between the two parties, a commission of inquiry is established with one person from management, one from labor and one mediator. In all matters, the President of the Republic is empowered to waive any section of the law.

32 George Kanawaty and Einar Thorsrud, "Field Experiences in New Forms of Work Organisation" (Geneva: ILO, 1981), pp. 19 and 20.

WORKER PARTICIPATION IN ASIA

Due to the efforts of the Friedrich-Ebert Stiftung, information on Asia is much more complex than in Africa. They have conducted a number of studies and conferences on the subject. It may be worth noting some of the experience in other Asian and Pacific nations before exploring in more detail the programs in the developing nations of the region. In both Australia and New Zealand, there are a growing number of experiments in shop floor worker participation and spirited national discussions among the trade unions, employers and government. There is strong disagreement divided along political lines about labor representation on the boards of directors of corporations. Japan has been singled out as a tremendous success story in terms of shop floor participation where quality circles have been credited with contributing to the great strides in Japanese industrial and economic development. Through the Japanese company trade union structure, there is a great deal of joint consultation and cooperation on the company and industrial level. In Singapore, which has been another incredible Asian success story, the process of national tri-partite consultation has been used very successfully. At the local level, works councils are not very widespread despite an agreement signed in 1965 between employers and trade unions calling for the establishment of joint productivity consultative councils in companies with more than fifty employees.³³ Overall, there is significant Asian experience with worker participation at all levels of industrial governance and stages of development.

Bangladesh

The official policy of the Government of the People's Republic of Bangladesh is in favor of worker participation. In the Labour Policy announced by Mr. Reazuddin Ahmed, Minister for Labour and Social Welfare on March 1, 1980, it stated:

"In order to create a greater sense of responsibility among the workers, the Government will encourage effective participation of workers (to be nominated at various levels by the collective bargaining agents) in such matters as a) application of labour laws, b) improvement of working environment and safety, c) adoption of welfare programs for the workers, d) fulfillment of production programs for the workers, e) reduction of production cost and wastage and f) education and training of workers.³⁴

³³ Friedrich Ebert Stiftung, op. cit., pp. 293-311.

³⁴ Reazuddin Ahmed, "Labour Policy: Government of the People's Republic of Bangladesh" (Dacca: March 1, 1980), p. 4.

Worker participation in Bangladesh began before independence. While East Pakistan, the labor policy of 1955 emphasized joint consultative committees in local enterprises. There had been some Whitley type works councils introduced by the British prior to 1948 and dating back to colonial labour laws in 1929.

At present, almost all large industry is nationalized. There have been a variety of suggestions of ways to involve workers in management. The labor law established in 1969 set up works councils in every enterprise with 50 or more employees. They are charged with promoting good industrial relations, improved health and safety and greater job satisfaction. An ILO analysis of their effectiveness concluded in 1973 that they were very ineffective largely due to poor education and training, reluctance of management to share authority, suspicion of trade unions and vagueness of their jurisdiction. In 1972, a new labor policy was promoted for public sector enterprises with a management board including worker representatives and a management council with equal numbers of managers and workers to work on day-to-day problems. Due to internal political problems, this policy has not been implemented to date.

Trade unionists in Bangladesh are wary of the workers participation programs since they fear that it may replace collective bargaining. Due to the lack of adequate mechanisms to resolve union related disputes, rivalries are difficult to mediate in order to arrive at consensus worker opinions in a worksite council. Many industrialists are opposed to the concept in fear that encumbrances at the workplace will scare away capital investment. Despite these serious concerns, there is a history and an interest in Bangladesh on the topic. In a country with many very serious basic problems, worker participation is viewed simultaneously as a way to tap productive resources and a threat to economic development. Yet, one team of Bangladesh commentators provide a humanistic perspective.

There is widespread recognition that an individual worker who is a human being should not only be consulted but ought to be given an active part to play in the place where he works in a manner which satisfies the deepest root of human desires - the recognition of the dignity of man.³⁵

Burma

There is a system of elected workers participation in Burma according to the Revolutionary Council Law of 1964. A "Basic Peoples Council" is elected in each workplace with more than 10 workers. There are larger councils of workers representatives

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C. P. Thakur, "Toward Industrial Democracy in Asia: The Indian Case;" in Friedrich Ebert Stiftung, op. cit., p. 88.

in the township and higher levels which draw on members of the Basic People's Councils and the local revolutionary committee.

India

In the developing world, there is no probably nation which has discussed worker participation in management decisions more than India. There are literally thousands of articles which describe what has been done or what should be done. India has examples of tremendous success stories of the benefits of worker participation. There also are many examples of grand schemes which were barely implemented or implemented poorly.

There is a long history of worker participation programs in India. It goes back to Whitley Councils and consultation committees developed under British colonial labor laws of 1929. The Gandhian concept of trusteeship of property had been translated both by some trade unionists and industrialists as a mandate for cooperation, consultation and respect for workers and the community.

The Royal Commission on Labour in India recommended in 1931 that works committees be set up at the plant and industry level for consultation and the resolution of disputes. Under section 3 of the Industrial Disputes Act of 1947, employers with more than 100 employees were required to set up a works committee with equal representation from labor and management. The committee's charge was to "promote measures for securing and preserving unity and a good relationship between the employers and the workmen. . ."36 In a review of the works committees, the National Commission on Labour in 1969 concluded:

In the evidence before us, State Governments have expressed the view that the advisory nature of the recommendations, vagueness regarding their exact scope and functions, interunion rivalries, union opposition, and reluctance of employers to utilize such media have resolved Works Committees ineffective.37

The next major effort in India was a push for Joint Management Councils. The Industrial Policy Resolution of April, 1956 stated; "In a socialist democracy, labor is a partner in the common task of development and should participate in it with enthusiasm. There should be joint consultation, and workers and technicians should wherever possible, be associated progressively in management."38 The Study Group on Workers

³⁶ Ibid.

³⁷ Ibid., p. 161.

³⁸ Ibid., p. 103.

Participation recommended in 1958 that a voluntary system of joint management councils concentrating on the shop floor be instituted. The Study Group emphasized the important role of the trade unions and the prerequisite of good industrial relations. It was its "view that the scope of the joint management council should be a) more effective communication, b) collaboration in the improvement of conditions of living and working, c) collaboration in raising productivity, d) encouragement of workers to give more and better suggestions and e) assistance in labour law and contract administration."³⁹ Again, this mechanism met with limited success. After initial enthusiasm, later judgements considered it ineffective.

Another version of a similar theme are joint productivity councils promoted by the National Productivity Council. There are forty nine such councils throughout the country with equal representation between labor, management and government. They focus on training, analysis and communication of productivity problems at the local level. These are usually municipal or regional tripartite efforts.

During the emergency of 1975-1977, there was an extensive push for further work participative structures. A directive of October, 1975 said that all units with more than 500 employees would be assisted by the State government with setting up councils. Within a period of over two years, 2,013 councils were established covering over 3 million workers.⁴⁰ One unique feature was training for middle management in the implementation of the schemes.

In India, workers are represented at the corporate board level in some instances. One worker representative was to be appointed to each banking board according to legislation passed when the banks were nationalized. Other examples are found at Tata Iron and Steel, Hindustan Steel, National Coal Development Corporation and the Bombay Port Commission. In 1978, the Export Committee on Companies and Monopolies and Restrictive Trade Practices Acts recommended mandatory worker representation in companies with more than a thousand employees. They also encouraged training for worker directors. In addition, the Constitution was amended in January, 1977 to support "participation of workers in management of industries." It read:

The State shall take steps, by suitable legislation or in any other way to secure the participation of workers

³⁹ Ibid., p. 161.

⁴⁰ Ibid., p. 103.

in the management of undertakings, establishments or other organizations engaged in any industry.⁴¹

When the Janata Party took power after the emergency, they also supported worker participation with an emphasis on equity participation. The 20 point program under which the Congress I party returned to power included strong promises on worker participation.

At present, there is significant discussion of enlarging and rationalizing the worker participation programs. The Draft Five Year Plan 1978-1983 stated:

Planned economic growth can be ensured only with the understanding cooperation of the workmen leading to maintenance and promotion of industrial harmony...the need to provide for participation of workers in the management of undertakings has been recognized and it is proposed to formulate a comprehensive scheme to provide for participation of workers in decision making and management at different levels, viz. shop-floor, plant level and corporate level.⁴²

A special committee on Worker Participation in Management and Equity was established. Their report in 1979 "recognized that there is a) need for introducing schemes of participative management through flexible legislative enactment; b) that there should be no distinction between private, public and co-operative sectors in this matter; c) that a three tiered structure for participation at the corporate, plant and shop-floor levels should be adopted with provisions for a further tier at work centre level in large organizations; d) that there should be parity in representation of employers and workers in participative forums at shop and plant levels, including representation on supervisory and middle management categories; and e) that the representatives should be elected by secret ballot."⁴³

Some of the functions envisaged under this new proposal include at the shop level discussion of, "material economy, errors in documents, operational problems, wastage control, hazards, safety problems, quality improvement, monthly target and production schedules, review of utilization of critical machines, cost reduction programmes, technological innovation

⁴¹ Constitution of the Government of India, amendment, January, 1977.

⁴² Draft Sixth Five Year Plan: 1978-83, Revised, p. 279.

⁴³ Thakur, op. cit., p. 104.

in the shop, formulation and implementation of work system design, group working, multiple skills development and welfare measures particularly to the shop."⁴⁴

At the plant level, the committees would consider operational issues including many factors in productivity improvement, economic and financial matters, personnel issues, welfare concerns, and environmental matters. Corporate level participation would include any and all issues normally considered at the Board of Directors level of an organization.

At present, the debate is still bogged down in arguments over the precise nature of the legislation and especially on how trade union representatives should be elected. What is clear, however, is that there is a serious concern in India for implementing a more comprehensive program which stretches participation of workers from the bottom to the top.

a) Attitudes of Indian Trade Unions

The Indian National Trade Union Congress (INTUC) strongly supports worker participation in management. INTUC is the largest union group in India with 2.4 million members. In a statement by the President of INTUC released on December 30, 1980, it read:

The main thrust behind the principle of labour participation in management would be to give everyone in the organisation and undertaking a sense of unfettered involvement in it, and a means to identify himself with the work. . . .

Participative process has several dimensions. It can be at the corporate levels, or it may be in the form of a consultative process, and finally as a system of determining co-targets of production at the shop-floor level. The beginning phase of participative process in a democratic set-up is really a consultative process. It must promote and evolve a lasting basis with tangible benefits to the workers and society at large. Such participation will alone bring about democratization of the process of management and ensure appropriate motivation for raising the levels of productivity and improving the performance of the enterprise. . . .

It is time that we make a bold move in giving concrete image to the objective of participative management to usher in a new culture of community cooperative interests

⁴⁴ Ministry of Labour, Report of the Committee on Participation in Management and Equity, (New Delhi: Government of India, 1978), pp. 9 and 10.

rather than that of age old conflict between labour and management.⁴⁵

In an interview with R.L. Thakar, Secretary of INTUC, he stressed the support of the federation for worker participation at all levels. He said that "participation implies responsibility" and that Indian workers would be willing to accept that challenge.

The Hind Mazdoor Sabha (HMS), the third largest nation in India with over a million members, is also supportive of worker participation. In their 1980 May Day Manifesto they called for "workers' participation in industry at all levels on the basis of absolute equality with the employers, for ensuring social responsibility and effective social audit." Dr. Shanti Patel, General Secretary of HMS urged simultaneous action at the board level and the shop-floor. He believes "if real democracy is to emerge, it is very necessary that there needs to be democracy in all economic spheres."⁴⁶ Patel writes about certain prerequisites for effective worker participation in management:

The basic problem in India is that the unions are not recognised under any uniform all India legislation. As there is no recognised bargaining agent, real participation does not come forth from the unions. The first prerequisite of effective participation would therefore be to give recognition to a union for a certain duration applying an appropriate method of recognition. The recognized union or its members elected by the workers should be represented on the Works Council on Joint Management Committees or such other bodies and not just directly elected worker's representatives...Secondly, the scope of the joint bodies will have to be wider but such as not to come in the way of the normal functioning of unions and hence matters like wages will have to be put out of the purview of these bodies. Thirdly, attitudinal change in management is a must. Genuine acceptance of unionism, recognition to a majority union, faith in democratic set up and participative spirit are essential. Fourthly, the Government policy regarding participation should be clearly specified. There should be sufficient guarantee of job security and sharing in the benefits of productivity and production. All information without exception should be shared. Fifthly, there should be education and training schemes for enhancing the abilities of the worker

⁴⁵ Indian National Trade Congress, "Participative Management," mimeo, December 30, 1980.

⁴⁶ Interview with study team, January 23, 1981.

participants. The present defects and deficiencies will have to be eliminated.⁴⁷

The National Labor Organization which was established by Mahatma Gandhi in 1917 also supports worker participation. They provide training for unionists involved in management decisions.

There is currently intense debate at the national level about the method of selection of representatives for the works committees. Some unions prefer elected representatives and others appointed. The final result may be a mixture depending on the level of operation. In sum, Indian trade unions on the whole are very supportive of worker participation programs.

b) An Example of Worker Participation

Perhaps the best example of labor-management cooperation in India is found at the Tata Iron and Steel Company. This site was visited by Robert Young, USAID. He observed:

Tata Iron and Steel Company ('TISCO') is a good example of worker participation and widely respected by the union, academic, public and private sectors. The 'TISCO' represents the fruits of a long term effort to develop constructive industrial relations. From the founding of the enterprise in 1903, human and community relations have played important roles in the firm's decisions. In 1912, management began providing information to workers so that they might better understand company operations and decisions. In 1944 labor began to participate in the process of grievance handling. In 1956 labor began to participate, with scepticism on their behalf as well as management's, in consultations in a wide range of decisions, with 1974 being another milestone marking still closer labor-management collaboration. Today both labor and management are convinced that participation pays dividends in both productivity and industrial tranquility.⁴⁸

In a publication distributed by TATA Steel, it states:

Industrial democracy as a logical corollary to political democracy is no longer an abstract concept. The idea that workers are appendages to machines or mere "hands" engaged in production has become outmoded. It is now recognized that they are human beings seeking fulfillment in the

⁴⁷ Shanti Patel, Valedictory Address, Programme on Participative Management and Trade Union Policy (Hyderabad: Administrative Staff College of India, December, 1980), p. 7.

⁴⁸ Young, op. cit., p. II-4.

three dimensional world of feeling, thinking and acting. The principle has come to be accepted that both management and employees should have the opportunity to influence and contribute to the thinking and functioning of industry. This spirit of co-operation and of working together in the fulfillment of a common purpose is necessary to ensure harmonious industrial relations - as distinct from mere peaceful industrial relations - and the healthy growth of industry.⁴⁹

The present system of cooperation grows out of a longer progressive, humanistic management at the company as mentioned above. In 1956, an agreement was reached between the company and the union. There is a three tiered set of joint councils. At the bottom is the Joint Departmental Councils with one for each normal sized department though larger ones may be broken up and smaller ones combined. They consist of 4-10 representatives from both sides. The departmental level council meets once a month for 2-2½ hours and 80% of each side represents a quorum. Members serve a two year term. Minutes of the meetings are widely distributed among the employees. Above them are the Joint Works Councils with twelve members from both sides which is an operational oversight group. There is a parallel Joint Town and Medical Council with 28 members equally divided which deals with health, town management and education. In addition, there are other special joint committees spun off to deal with particular topic areas. At the top of the ladder is a Joint Consultative Council of Management. Management has also established a coordinating secretariat to assist the many Joint Department Councils. Each year there is an annual meeting of all the councils where progress and problems are discussed, awards are handed out and any employee can ask the top management any question. In implementing the program there was an intensive education effort which continues to the present.

The results of the program have been impressive. Between 1957 and 1972, there have been over 14,000 suggestions made. Of these, over 70% have been accepted and 5% were pending. "A subject wide classification of the suggestions, showed that out of 14,104 suggestions, those relating to different aspects of productivity, such as economy, elimination of waste, and reduction of cost, elimination of defective work and improvement of quality methods, layout, processes and procedures, the upkeep and care of machinery, tools and instruments and improvement of working conditions numbered 6,977 or 48.75%. Of the remaining suggestions, 2,399 or 17.01% related to safety, 2,109 or 14.95%

⁴⁹Tata Iron and Steel Company, "Working Together: Closer Association of Employees with Management in TATA Steel," (Jamshedpur: TISCO, 1973), p. 2.

to welfare, 143 or 1.01% to discipline and the balance to miscellaneous subjects."⁵⁰ The percentage regarding productivity has increased over the years. The TISCO claims that their long record of industrial peace is also a result of their efforts. They save both by the problems which are corrected and the problems which never occur. The bottom line at Tata is that of increased worker participation, industrial relations improved, production was enhanced and the conditions of the work lives of the employees benefited measurably.

c) Quality of work life experiments

India has also been the site of a number of quality of work life experiments. In the early 1950's, one of the seminal works in industrial psychology and participative behavior was conducted in the textile mills in Ahmedabad by Professor A.K. Rice of the Tavistock Institute. Despite its initial success, the lack of diffusion and impact of inertia has kept the program isolated since that time in the several shops selected. Almost 30 years later they are still called the experimental sheds. This may be metaphor for the lack of diffusion of successful worker participation programs in India.

Under the sponsorship of the International Labor Office, several quality work life experiments were undertaken. There have also been a number of other efforts under the auspices of the National Labour Institute and other Indian organizations. In the ILO sponsored project with the National Productivity Council, like the program in Tanzania, there were mixed results.⁵¹ In a chemical and fertilizer company, a participative approach was used in dealing with key problems of production, maintenance planning, training and organizational structure. By integrating the various levels, better output was attained. The previous level of output was 250 metric tons/month on average. The rated capacity was 300 metric tons. The final result was output of 360 metric tons/month. By better coordination, they have consistently performed better than the target. Another project was conducted in a large post office where workers took greater responsibility for work distribution, leave policy, public complaints, transfers and physical layout. In addition, the customer service was rearranged for multiple tasks to be handled at one station. This introduced more task variety and improved customer service.

In one case, promising developments were stopped when the plant was destroyed by fire. And in three other cases, the program never got off the ground due to opposition from managers or union leaders.

⁵⁰ Ibid., p. 16.

⁵¹ See Kanewaty, et. al., op. cit.

Dr. Nitish De when at the National Labour Institute instituted a set of interesting experiments in various sectors.⁵² In the Bharat Heavy Electricals, Ltd. a project in Hardwar resulted in increased training, multi-skilling and group work. The group redesigned the process of work organization of a complicated and expensive piece of apparatus. They completed their yearly target for production six months ahead of schedule and were able to adapt to a changeover to a new product line much more quickly and easily. Other experiments were held in a forge plant, a heavy boiler plant, a small post office, an income tax department and a machine tool company. In each case, there were improvements in productivity. The difficulties arose in varying degrees within the social system of the organizations involved. The basic lesson in India is that quality of work life programs can work but getting them started is very difficult. In addition, maintenance of effort and diffusion require special attention.

Indonesia

There are some forms of worker participation in Indonesia. In 1960, works councils or "dewan perusahaan" were formulated at state-run enterprises at the national or regional levels. Members of the works councils included managers, workers/farmers and other experts. The two purposes of the councils were: "1) to act as an advisory body to manage the planning, implementation and coordination of activities; and 2) to assist management in expediting or increasing the production of the company."⁵³ However, the works councils were discontinued after the 1965 Communist coup attempt since they were suspected of promoting communist influences.

The principle of worker participation is now placed within the national philosophy of Pancasila Labor Relations. Pancasila is composed of five elements: 1) a belief in God, 2) humanity, 3) unity in Indonesia, 4) democracy and 5) social justice. Based on these national principles, the Hubungan Perburuhan Pancasila code was developed by labor, management and government in 1974. According to one commentator, "principally, Pancasila labour relations involves the principles of harmony, mutual help, partnership and joint responsibility as well as self-introspection for all parties concerned. It is evident therefore that in Pancasila labour relations, industrial

⁵² See Nitish R. De, "India Country Description" in New Forms of Work Organisation: Volume 2 (Geneva: ILO, 1979), pp. 27-60.

⁵³ Sukarno, "Toward Industrial Democracy in Asia: The Indonesian Case," in Friedrich Ebert Stiftung, op. cit., p. 128.

democracy gets full support."⁵⁴ The primary mechanisms are encouraging tripartite bodies at the national and regional levels and bipartite bodies at the company level. While progress has been made at the national and regional levels, not much has been done at the local levels. A second element is to encourage the spread of collective labor agreements in as many companies as possible.

Malaysia

In Malaysia, there are a number of informal joint consultation bodies throughout the country. In 1975, a code of conduct for industrial harmony agreed to by labor and management emphasized the importance of the communication process. Employers are urged to set up joint consultation arrangements. In the newspaper industry, joint consultation is established through collective agreement. The primary role of the committee is as an advisory and problem solving group. Committees examine issues such as safety, work environment, wastage, and market research. Trade unionists are on some boards of directors but generally by political appointment and not through a deliberate process of broad worker participation. In the public sector, the situation is somewhat different where joint councils at the department level is compulsory, though their effectiveness is not highly rated. The other way that workers are involved in management is through emerging trade union owned enterprises.

Nepal

Though struggling with the process of development, Nepal does have some forms of worker participation. Under the Nepal Factory Act of 1959, enterprises with more than a hundred employees have works committees. These are almost exclusively public sector enterprises. Ravi Sharma, director of the Department of Labour in Nepal has stated that the development of industrial democracy in Nepal is very weak. He says, "This is attributed among other things to the traditional attitude of management who regard workers as inferior in status, ignorant of their rights and duties and paid to work, not think."⁵⁵

The provisions of the 1959 act read:

His Majesty's Government, in case of any factory where more than a hundred workers are being employed may issue an order to form a committee in accordance with the

⁵⁴Ibid., p. 130.

⁵⁵Ravi D. Sharma, "Industrial Democracy in Nepal," in Friedrich Ebert Stiftung, op. cit., p. 177.

procedures prescribed by means of a general or special order, in which the employers and the workers are equally represented. The number of members of the committee shall not exceed twenty. . . . It shall be the duty of the committee to encourage friendly and amicable relationships between the employers and the workers. The committee shall not turn down matters of mutual benefit and welfare for both the owners and the workers and make efforts to remove mutual differences between them.⁵⁶

In practice the committees have not functioned effectively or actively. With weak trade union organization and strongly hierarchal (and often foreign) management, the Act has not been effectively implemented.

In an insightful look at the issue of worker participation which may be applicable to many developing countries, the Labour Director has said:

Although the principle of industrial democracy has gained acceptance in the labour administrative machinery of this country, the implementation and actual practices of this principle has not been free of difficulties and debate. The fundamental problem of industrial democracy is essentially a problem of cooperation between and participation of employers and workers at various levels of the productive system. Unless there exists harmonious relations and whole hearted cooperation, this objective remains beyond realization. Thus, it is essential to motivate workers to put efforts towards continuous increases in production. This may be possible only when they are also asked to present their views on how the undertaking can become more efficient and profitable and assured that they will get an equitable share of increased production. But some managements do not realize the importance of this human approach and as a consequence the workers feel that they are not treated as human beings. This situation brings the atmosphere of uncertainty to the workers, causing them to depart from co-operation with their employers.⁵⁷

Pakistan

Pakistan, like other south Asian countries, has had extensive discussion and legislative attempts at worker participation. Raja Kahn, Director of Labour Welfare in Punjab Lahore describes the reasons: "Government in developing countries sees co-determination as a means for replacing conflicts by co-operation and

⁵⁶ Ibid., p. 182.

⁵⁷ Ibid., p. 185.

of bringing together labour and management in a joint effort to step up production, to industrialize more rapidly and to enlist popular support for economic development."⁵⁸ In addition to an extensive labor policy encouraging collective bargaining, Pakistan does have other instruments of worker representation.

Works councils were established under the Industrial Relations Ordinance of 1969. Every enterprise with more than 50 employees must have a works council. Its purposes are:

- a) to endeavor to maintain continuous sympathy and understanding between the employer and workmen;
- b) to promote settlement of differences through bilateral negotiation;
- c) to promote security of employment for the workmen and conditions of safety, health and job satisfaction in their work;
- d) to encourage vocational training within the establishment;
- e) to take measures for facilitating good and harmonious working conditions in the establishment, to provide educational facilities for children of workmen in secretarial and accounting procedures and to promote their absorption in these departments of the establishment, and
- f) to discuss other matters of mutual interest with a view to promoting better labour-management relations.⁵⁹

In addition, workers participate in the management of the factory through "management committees" where labor and management are equally represented. It is in this group that personnel policies, working conditions, and welfare programs are discussed. At the company level in enterprises with more than 50 employees, there is a joint management board where worker representatives comprise up to 30% of the membership. This group develops methods for improved productivity and efficiency, grouping and transfer of workers, pay scales and conditions for outside contracted employees. In Pakistan, there is a penalty of up to a year in prison for abridging the laws on worker representation.

⁵⁸Raja I. Khan, "Industrial Democracy in Pakistan," in Friedrich Ebert Stiftung, op. cit., p. 223.

⁵⁹Ibid., p. 239.

The general assessment of the success of the Pakistani program is that it has not worked out very well in practice due to the opposition of employers, lack of government enforcement, the diversion of trade unions to other issues and inadequate training.

Phillipines

Despite general support for the concept of trade unions in the Phillipines, there is little in the way of worker participation in decisions. While 7.5% of the labor force is unionized, only about 1.57% of the entire work force is covered by collective bargaining agreements.

There have been reported cases of joint consultation such as labor-management co-operation committees set up at the Phillipine Pigment and Resin Corporation, the United Drug Laboratories and other companies. At the Manila Cordage Company, a collective bargaining agreement provides for the setting up of joint labor committees 'which will study matters of mutual concern and make necessary recommendations to the company'. At a certain stage the Ministry of Labour was purportedly launching pilot projects to test the feasibility of instituting works councils in selected companies.⁶⁰

There has been some discussion among labor and management of the concept recently. Several bills have been introduced in the Parliament for financial participation schemes and a worker representative on the board of directors. President Marcos has recently issued a Letter of Instruction 689 which may encourage future activity. In a directive to the Ministry of Labor and the employers and trade union federation, Marcos stated:

You are hereby directed to devise a scheme which would promote systematically and on a sustained basis the establishment of an adequate machinery for positive cooperation between labor and management at appropriate levels of the enterprise. Such machinery should focus on matters of common interest to workers and employers, but are not usually the subject of collective bargaining. The purpose is to broaden the base of labor-management cooperation and make them true partners in the pursuit of justice-based development.⁶¹

⁶⁰M. A. Dia, et. al., op. cit., p. 260.

⁶¹Ibid., p. 282.

Sri Lanka

Sri Lanka has a very extensive system of worker participation in management. There are elaborate mechanisms for its promotion, but the exact impact of these structures is unclear.

Joint consultation and workers committees were established in private sector companies such as Lever Brothers (Ceylon), Ceylon Tobacco Company, Shaw Wallace and Hedges, and Richard Pierris and Co. They were also undertaken in the Ceylon Government Railway, the Ceylon Transport Board and the Port Corporation. Committees were assisted by the Department of Labour who supplied model constitutions and provided advisory services to employers. Via collective agreement, the Central Bank of Sri Lanka agreed to consider the establishment of consultative machinery between labor and management to examine recruitment, promotions and improvement in the organization, working procedures and welfare of the staff.

An interesting system in Sri Lanka are minute books or "panchayats" where worker representatives write down their complaints in books maintained by the superintendents and then the superintendent writes his reply to the concern.

At the Ceylon Leather Products Corporation, there has been an advisory committee since 1956 to deal with the effective use of existing machinery and to devise rational arrangements of the work process and working hours issues. "It is said that this advisory committee has demonstrated the valuable contribution joint consultation can make toward management-employee relations and especially the useful contribution which employees can make toward solving many of the problems arising in the workings of the corporation."⁶²

Joint management councils have been recommended since 1964. The Royal Commission on Industrial Disputes reported: "We recommend in the first instance the setting up of a Joint Management Council consisting of representatives of the management and workers at the level of the undertaking."⁶³

In the public sector, the degree of worker participation is extensive. Based on government policy, advisory committees were to be set up in all departments and some State corporations. Members were elected by secret ballot. The committees were charged with the following functions:

⁶²R. Thiagarajah, "Promotion of Industrial Democracy in Sri Lanka," in Friedrich Ebert Stiftung, op. cit., p. 234.

⁶³Ibid., p. 327.

1. To draw attention to acts of neglect of duty, undue delay in the attendance to public business, wastage of public funds, frauds or other malpractices in the institution covered;

2. to advise and design to improve the efficiency and effectiveness of the institution's organization in order to speed up the institution's business in the running of the office and eliminating loss and wastage.⁶⁴

Further, employees councils established in public corporations objectives included "ensuring the proper functioning of the enterprise, suggesting such changes in the methods of work and production as will raise the level of productivity of the enterprise and conduct, where necessary, inquiries into the running of the enterprise and make recommendations to management."⁶⁵ The Corporation is required to consult with the councils on all matters related to production, efficiency, and conditions of work. The councils are to receive prior notice of any changes. Disputes between the councils and the Corporation were to be resolved by the Minister, though management's decisions would remain in force until overturned by the Minister. The record of implementation, though, is not good since only 21 of the 125 State Corporations have established these mechanisms.

Some union leaders have been appointed to the boards of directors of larger corporations by the government but this represents mere political selections rather than a comprehensive system of worker representation at the board level.

There has been substantial discussion in Sri Lanka of taking the matter further. There are bills currently in the Parliament which would make the employees councils more widespread and make them mandatory in the public corporations. The three goals of the expanded system would be "to promote and maintain the effective participation of employees, to secure the mutual cooperation of the employees and the employers in achieving industrial peace and greater efficiency and productivity in the undertaking" and direct action on health and safety concerns. Previously, there had been discussions of expanding the Whitley Council concept and encouraging greater profit-sharing. Neither proposal progressed beyond the discussion stages. It is unclear whether the present debate will result in new forms of worker presentation. What is clear is that Sri Lanka is experienced and very interested in the concept of worker participation.

⁶⁴Ibid., p. 326.

⁶⁵Ibid., p. 327.

Thailand

In Thailand, there is a rudimentary trade union system and a long tradition of paternalistic management. However, there is legislative support for employees committees. Section 45 of the Labor Relations Act of 1975 provides for employees committees in enterprises of more than 50 employees though the creation of the committees is not compulsory. The committees meet at least every three months to discuss the general conditions of the enterprise. There are from 5 to 21 members of the committee depending on the size of the enterprise. The term office is for three years and members cannot be dismissed except by extraordinary action as a protection against management retaliation. In some other industries, there are joint consultation committees.

A survey of about 50 enterprises has shown that the system of worker's participation through employee committees brings benefits to the undertakings as well as to the employees. It promotes better understanding, better cooperation, better communication and solves problems that might occur between the employer and his employees or even among employees themselves. The employer gets to know the needs and problems of the employees. Misunderstandings and grievances can be easily cleared. It promotes good labour relations, labour education and worker's welfare.⁶⁶

There are also examples of joint consultation committees and worker councils in some larger enterprises. Some other industries have established consultative bodies to deal with productivity and other internal issues.

In general, the concept of workers participation is not widespread in Thailand despite the structural possibilities of the employees council system.

Conclusion

There is a startling gap between the amount of legislation in developing countries promoting worker participation in enterprise decision making and the actual results. It appears that there is a general interest by governments in developing forms of communication between workers and employers for the purposes of increased productivity, reduced industrial unrest, improved health and safety and national development. Curiously, when one system is judged to fail the solution invariably invoked is not to repeal the system or create an alternative approach, but rather to create a new structure with a new name but very similar purposes and composition.

⁶⁶ Phaisith Phipatanakul, "Industrial Democracy in Thailand," in Fredrich Ebert Stiftung, op. cit., p. 367.

If the record of all the various forms of employee participative structures is similarly poor when actually implemented, what evidence is there that the structure of participation is what matters? Some have argued that the lack of legislative mandates or the restrictions of powers makes the groups meaningless and therefore ineffective. Yet the evidence is that statutory and sweeping programs have often failed and that limited efforts which are voluntary have on occasion exceeded expectations. This is not to argue against broad entitlements - but the entitlement does not guarantee success. Since participation is a people process, it is the people who can make it successful. The efforts to improve the performance of worker participation programs should focus on improving the people skills of workers and managers.

The two solutions most likely to resolve the problems are rarely pursued. The first and most important is the availability of training and technical assistance. People clearly do not know how to make the empty structures work. Since they do not appear to work automatically, then they need help. Secondly, the fundamental mistrust between labor and management needs to be bridged. Yet little has been done to get the organizations of employers and employees to promote worker participation activities instead of the government and to develop common understandings of realistic goals and methods. This does not overlook the reality that there may be sincere and fundamental differences between the two parties. But, both parties must be made aware of areas of possible cooperation and the zones of divergence. Worker participation in management remains a significant vehicle for improving the conditions of work and the national economy in developing countries. While it is not the only aspect of a solution, it does carry important elements for overall strategies. No program can succeed without the involvement of the working population and worker participation encourages this. No country can succeed economically unless it improves its productivity. While there is no guarantee of dramatic turnaround, there is no evidence that worker participation hurts productivity and enough evidence to intimate that it can and does improve it. Further, democratic institution building cannot rest on political institutions alone and worker participation builds the skills in democracy and extends it into the economic arena.

Dr. Eric Trist of the University of Pennsylvania has raised a fundamental issue for the management of development. He says:

It would be tragic if in industrializing the less developed countries adopt the authoritarian management styles from which the advanced countries are beginning to break loose. It would retard development of their productivity, increase their comparative economic disadvantage, and all too rapidly create alienated workers likely to cause severe political

political problems. Their best strategy would be to "century skip" - to ignore nineteenth century models of industrial organization and the dehumanizing values embodied in them and experiment in ways suitable to conditions of the Third World, with new forms of organization that gives first importance to the quality of life in the workplace.⁶⁷

In as much as the industrialized countries are moving away from their authoritarian management styles, there is no reason to saddle the developing world with that increasingly outmoded management style. While very far from perfect, worker participative mechanisms have been adopted in many developing countries on their own volition. Going back to an elitist view of managerial prerogatives does not represent a viable option. The structures stand there waiting to be brought alive and made to work.

RECOMMENDATIONS

There are a series of possible activities which AID could sponsor directly or in conjunction with multi-lateral assistance efforts to support the effective consideration and implementation of worker participation programs. One note of caution is necessary at the beginning. Since worker participation represents a political, as well as economic, decision, care must be taken not to interfere in the internal political affairs of other nations. AID can help the various organizations in the country clarify their own positions. If the particular response is in line with AID objectives, then AID can be of assistance in the implementation of the strategies and methods chosen by the local parties.

Case Studies

There is an insufficient amount of documentation about the successes and failures of worker participation in management programs in the developing world. Studies should be presented within specific categories such as works councils, productivity committees, joint management councils, quality of working life efforts, financial participation and board level representation. Separate categories will discourage misconceptions about the impact of one category being unfairly associated with another strategy whether positively or negatively. However, given the situation that successful programs are in the minority, a cross-national study of successful programs and their characteristics would be very helpful in identifying characteristics of success and promoting their diffusion. Of course, better information about what goes awry would be helpful to point out potential pitfalls. In addition, short case studies which are comparative

⁶⁷ Cited in M.A. Dia, et. al., op. cit., p. 272.

within a country, region or internationally should be prepared.

Seminars

Tripartite seminars should be held in countries which request them on topics of special interest. These could include any of the special categories of worker participation in management programs. Case study material as well as other published documentation could provide a basis for the discussions. Discussion should be centered on developing consensus among labor, management and government for activity in the country or region.

In specific, seminars were recommended by local parties in Kenya on financial participation and works councils. In India, seminars were recommended which brought American practitioners of worker participation in contact with Indian concerned parties. In Thailand, a general seminar on the topic was recommended by the central trade union organizations.

Action Research Projects

Particular experimental interventions should be contemplated in the areas of worker participation. A carefully designed research program which analyzes the reasons for success or failure would be invaluable in understanding how better programs could be encouraged. It is recommended that the initial emphasis of action-research be on unit and shop-floor level activities. One of the options is to determine the applicability of quality circle programs in developing countries. Among the countries visited, India and Kenya would be the most likely candidates for such experimentation.

Education and Training

One of the key issues identified by most observers is the desperate need for effective education and training for all parties - labor, management and government. As a cost effective measure, the primary emphasis should be on providing assistance to train-the-trainer programs and developing training capacities in requesting countries. General aid on curriculum development on worker participation could be provided. Further, appropriate audio-visual aids usable at the shop-floor worker level as well as other levels of the work organizational hierarchy should be developed. In certain instances, technical assistance should be provided directly in the provision of education and training assistance.

Technical Assistance

Though local talent should be used as much as possible, there are a large number of people in management, labor,

academic and consulting circles in the United States who could provide technical assistance as needed to the development of plans and programs. An orientation program would have to be developed for outside consultants so that such aid could be best translated to the needs of the requesting countries.

Information Dissemination

There is a considerable lack of materials in the developing world about experience in other developing countries. There is also a lack of materials about programs in the advanced industrial countries. Priority should be given to the dissemination of material about activities in the developing world including case studies and other published material arising out of this and similar projects. The bibliography attached to this report would provide useful information to interested parties in developing countries. In addition, experience in the advanced countries should also be made available to those in the developing countries. Despite the impressive amount of programs in the United States, the impression is given that American companies and unions are not supportive of worker participation. This impression is far from true and needs to be corrected. In addition, experiences in Japan and Europe are often not available to those examining the question. A request for information on the Japanese experience was made in India by the Ministry of Labor.

CHAPTER IV
WORKER PARTICIPATION IN COMMUNITY DEVELOPMENT

Workers are concerned about development decisions. They are concerned as citizens about the health and direction of the growth of their country. They are concerned as trade unionists since developmental positions impacts on the ability to create a free and democratic trade union movement. And they are concerned as workers, whose jobs and job prospects may be affected by the results of deliberations on development. Recognizing the multiplicity of interests involved, this section looks at a variety of approaches for worker participation in the development process. The primary though not exclusive focus of this section is on trade unions. This does not dismiss the importance of other peasant and worker organizations.

The initial review is on trade unions and other worker organizations as part of the decision making and deliberative parts of developmental activities. At the national, regional and local levels, workers and trade unions can be involved in the developing of development plans. Unfortunately, there is not much experience and understanding of this area.

A second major focus is at the micro-level, where trade unions and other worker organizations are involved in socio-economic projects which actually implement programs to assist the poor, to improve the living conditions of workers and to encourage national development. The two major vehicles examined here are cooperatives and self-help institutions run by trade unions to improve food, shelter, health care, education and employment and community development projects run by workers either through trade unions or other worker organizations.

These programmatic thrusts have been endorsed by trade unionists in developing countries. According to a statement adopted by the ICFTU-ARO at the Second Asian Labor Summit in February, 1979:¹

Trade unions in developing countries will be unable to play the dynamic and creative role they can and ought to play in their societies, unless they widen their horizons and enlarge the scope of their social, political and economic concerns. Among the steps which might be undertaken to achieve this aim, we might list the following:

¹ICFTU/ARO, Free Trade Unions in Asia on Measures for Dynamic Development Efforts (New Delhi: ICFTU/ARO, 1979), pp. 21 and 22.

Among the enterprises which trade unions might usefully enter are co-operative enterprises in the fields of workers' banks, insurance, consumer wholesale and retail enterprises, workers' housing, creches and kindergartens, vocational training or retraining and the like.

Most developing countries are overwhelmingly agricultural societies. As a consequence, the great majority of the working population are in rural occupations. This means that unless trade unions in these countries break out of their narrow urban base and reach out to embrace the working populations in the rural sector, within their representational scope, they are bound to remain minority movements in their societies.

Trade unions in the developing countries can achieve this, if they embark on socio-economic projects which aim at the productive organization of rural workers and the rural poor. Integrated rural development projects are in fact best undertaken under trade union inspiration as government-sponsored projects tend to aim at serving the interests of the rural rich rather than the rural poor.

Trade Unions as Broader Institutions

Unions are not simply economic institutions. While one of the major responsibilities of trade union organization is to win fair wages, benefits and working conditions and to incorporate due process into the workplace, the agenda does not stop there. In industrialized countries, strong trade unions have exercised this responsibility in a variety of ways. In the United States, the AFL-CIO has a Department of Community Services which works with local community service programs so that trade unionists can help those who are less fortunate, who have disabilities or who are struck by disaster. Unions are paying more attention to issues of general education, cultural enrichment, and redressing the effects of discrimination.² American unions have been very active in neighborhood, community, municipal and regional development programs. European unions have also extensively addressed the social, psychological, recreational and other quality of life issues for their members.

Yet in developing countries, there is not the economic base to provide for these needs in the society at large. While the distribution of benefits are grossly unequal in terms of income, the inequalities are even more profound when it comes to health, education and other matters of general well being. The need for unions to be involved in these community development issues in developing countries is even more pressing. The general

²See Austin H. Perlow, What have you done for me lately? (New York: Rutledge Books, 1979).

indifference of governments to unions and workers compound the problem and impels self-help approaches. According to Cesare Polani of the International Labor Office "the philosophy of trade unions in Asia is that unless we do it no one will do it for us. Unless we create employment, no one will do it for us; unless we exercise control over prices, no one will do it for us; unless we provide health care, no one will do it for us and so on."³

According to V. S. Mathur, Asian Regional Secretary of the ICFTU,

It is obvious that the trade unions will not be able to discharge their full responsibilities and answer purposes simply by dealing with the wages and conditions of employment of the working people. They must take into consideration the needs and requirements of the membership as reflected by the various facets of their lives, e.g., the needs of workers as the head of a family, as a citizen of country and as a member of the local community.⁴

For trade unions, the agenda for action must be very broad, yet paradoxically, they have far less resources than their compatriots in industrial countries. The tug between the desire to do something and the limitations of resources and environment provides a key to understanding the considerable gap between the rhetoric and the reality. The few examples of programs which work highlights the possibilities and simultaneously creates the frustration at not being able to do more.

Trade Unions and Rural Organizations

In discussion with trade unionists in developing countries and with specialists in development there is a divergence of opinion on the role of trade unions. To many development experts, trade unions represent an elite in society and therefore are dismissed as irrelevant to an attack on poverty. Further, those concerned with rural development have branded trade unions as an urban modern sector phenomenon and therefore of lower priority. However, trade union leaders do not agree with the analysis and see themselves as part of a national movement of workers to improve the conditions for all workers -- rural or urban. There are elements of truth in both propositions. On a relative basis, trade union members are better off economically than the average citizen. The modern sector has been much more open to organization and its fragility (as evidenced by the

³ Interview on January 7, 1981.

⁴ V. S. Mathur, Changing Role of Trade Unions in Developing Countries (New Delhi: ICFTU/ARO, 1976), p. 12.

susceptibility to disruption) provides great leverage in order to obtain benefits for workers. Yet there is a paradox involved in that trade unions would have to be unsuccessful in order to be "relevant" to the concerns of developmental experts. The logic of development is to help the poorest of the poor. To be relevant to developmental efforts, unions would have to be very ineffective. Since union membership is not based on birth or initial wealth, trade unions represent a model for organization which has been somewhat successful in helping citizens rise out of poverty. Further, better off does not mean well off. Wages are still very low in developing countries as is access to benefits and safe and healthy working conditions. To argue between poor and very poor is an unfortunate and misguided choice.

The distinction between trade unions and rural workers also is overdrawn. Many workers who live in the rural areas come to work for periods of time in the organized sector but their funds go back to the villages. In other cases, one member of the family may go to work in the city in order to support those left behind. In both Kenya and India, the use of credit union funds generated in the modern sector were used extensively to assist with financing agricultural activity in the rural areas or to purchase and improve land and housing in the villages. One example of the link was described by the Secretary of the Bombay Dockworkers Union who makes trips to the rural areas to seek ways to help out members. He reports that members came from miles around to discuss how he can help out in their villages.

Both the International Labor Organization and the International Confederation of Free Trade Unions are actively supporting trade union activities in rural organization. The effectiveness and scope of these activities must be placed in perspective of other problems urgently facing trade unions and the minor success that government intervention has had in resolving problems of the rural poor. The ILO Asian Conference

called for a switch of resources from the urban to the rural sector to provide essential services to the rural poor and to step up employment and population programmes. The conference stressed the importance of participation of rural workers in rural development through their own freely chosen organisations. The best of political will is likely to prove fruitless unless the understanding and support of the mass of people concerned is secured. This implies that the rural workers must have the opportunity to participate fully in the planning and implementation of development activities fully in the planning and implementation of development activities as opposed to being merely mobilised for it."⁵

⁵ Press release from International Labor Office, December 11, 1980.

The ICFTU Asian Regional Organization has initiated specific projects to aid the rural poor. In reviewing that experience, they touch on the basic rationale by stating:⁶

There is much greater mutuality of interests between the industrial and rural workers than what appears on the surface. Firstly, the industrial workers still have their roots in the villages and return to the villages after their work is done in the cities. Secondly, they have the responsibility for supporting their kith and kin in the rural areas and often are forced to go to the cities mainly for the purpose of earning sufficient incomes to maintain their relatives back home in the villages. They also need each other organizationally. While in the prevailing socio-economic situation in the villages, the relationship with trade unions of the industrial workers can be a source of strength to rural organizations in breaking out from the stranglehold of rural elites and they can, through the industrial workers' organisations, voice their grievances and attract attention for their cause in the cities where the seat of power resides. The industrial workers organisations need the association of rural workers' organisations to give greater authenticity and credibility to the combined labour movement as spokesman of all the working people. . . Industrial trade unions further indeed can play a big role in building up organisations in the countryside. They have already taken some initiatives and have been persistently pressing the importance of rural organisation at national and international forums. There are no agencies or institutions with greater experience in the field of organisation than rural trade unions.

The ICFTU has acted in this area by supporting field projects. In India, the Organization of the Rural Poor (ORP) Project has taken place in Ghazipur in the State of Uttar Pradesh. The project is working on organizing villagers in 33 villages within the Ghazipur area. They have been quite successful in the initial 20 villages with about 50% organization and increasing their level of organization in newer sites. "In addition to providing farm inputs and organizing craft activities, ORP performs advisory and 'pressure group' sources for members in areas such as the distribution of commercial land, representation of member's interests at higher administrative levels, checking fraudulent loan practices and

⁶ ICFTU/ARO, Organisation of the rural poor, (New Delhi: ICFTU/ARO, 1980), pp. v and vi.

obtaining loans for members."⁷ The local villages each set up their own committees to manage the projects.

The Indian National Trade Union Congress (INTUC) is also very interested in the issue of rural worker organization. They have a significant grant from the ICFTU to work in this area. They have proposed a Workers Alliance for a Crusade Against Unemployment and Poverty where the unions would set up training centers in rural areas. Older workers who placed money into a provident fund would serve as instructors for younger workers in practical skills. The older workers would receive free food and lodging in return for the teaching services. This would provide skills to the young, employ and sustain older workers and generate new jobs. Most of this program could be sustained by the use of current governmental schemes for employment promotion and skills training.

Another example of this collaboration was provided by Dr. Nitish De in describing an effort of the trade union organization in the coal mines, the Tomba Godhan Union, to assist the integration and preservation of tribal cultures in areas surrounding the coal mines. The unions have worked together with the tribal spokesmen to generate meaningful ways to use the revenues they receive from concessions on their land which respects their interests in cultural and economic integrity.

The interests of rural workers are not served by attacks on trade unions generally. The division of workers only serves to reinforce the interests of the truly powerful and wealthy elites. Further, improvements in the lot of the rural working class need not be made at the expense of the urban working class. The objective is to improve the standard for all to a level of decent conditions, not to take away from those who already have very little.

In sum, trade unions in the urban modern sector and those workers organizations in the rural sectors have sought ways to work together. Though their environments are different, they share many of the same concerns. The key is not to argue over turf but to make real changes.

Workers Involvement in Developmental Decisions

There is a tremendous difference between the rhetoric and the reality of the participation of trade unions and other workers organizations in development planning and decision-making. The International Labor Office and regional and international trade union secretariats have routinely called for the full involvement of trade unions in the development process.

⁷ ILO, Asian Regional Conference: Problems of Rural Workers in Asia and the Pacific (Geneva: ILO, 1980), p. 79.

This has also been recognized by AID in its Policy Determination on Labor-Manpower (5/73):8

Free responsible trade unions. . . can have an important role in the process of modernization and the social and economic development of the less developed countries. For example, by acting as forums for the exchange of information and instruments for attitudinal change on vital development issues, such as bringing to the fore difficult questions of social welfare and equitable distribution of income, seeking to improve the conditions under which the commitment of labor to industry takes place, and helping advance population and family planning goals, labor unions may strengthen the forces in a society which are impelling it to modernize.

The major reasons suggested for labor input are to build a broader consensus to the nation, to seek wider input, to insure fair labor standards, to promote equitable distribution of funds, and to involve a potential major vehicle for developmental activities. These pragmatic reasons are combined with a general concern that the beneficiaries of development take part in making the decisions which affect their lives. If one wants the outcomes of development to lead to greater democracy, the process of decisions must correspondingly build the skills of and the commitment to democracy.

Yet the reality of worker participation in national, regional or community discussions of development by trade unions and worker organizations is extremely limited. The most widespread practice is an indirect fashion. When trade union are linked to a particular political party, they have access to discussions about development through the party structure. Similarly, in a number of countries, trade union leaders have also been elected to parliamentary positions. This is true both in Kenya and India. Yet their participation in the parliamentary bodies was not directly due to their positions in the trade unions. Nepal is an exception where a seat in the legislature was reserved expressly for a representative of the national trade union organization. The explicit involvement of the Tanzanian trade union organization in the development process is directly linked to party activities.

There are many examples, where trade unions sit on national level bodies which consider labor policies.⁹ In India, there has been a periodic use of a National Labour Conference to bring

⁸As cited in Young, op. cit. p. IV-1.

⁹See Freidrich Ebert Stiftung, Industrial Democracy in Asia (Bangkok: Friedrich Ebert Stiftung, 1980).

together government, employers and the trade unions to discuss major issues in the labor policy arena. The unions are also appointed to numerous advisory commissions. In Indonesia, unions are represented on national committees for dispute settlement, the wage board and worker education programs. In Nepal, there is a National Labour Advisory Board. Pakistan also has periodic national tri-partite conferences to discuss labor issues. In Sri Lanka, the consultation with labor on socio-economic matters is described as ad-hoc. In Thailand, unions sit on a National Labour Development Advisory Board and wage and compensation national committees.

The situation of worker representation in these kind of decisions becomes even more remote when it deals with other worker organizations than trade unions. In some cases, peasant organizations are represented in the decision making process but their appearance is rare and far from systematic. These groups of workers also tend to be taken into account. The systematic ignorance (or exclusion) of worker representatives of any sort leads to scepticism about the real intents and beneficiaries of many programs. While political, tribal and business interests are well represented, the worker is not often brought into the process.

The limited nature and sporadic meetings at the national level with trade union leaders and other worker organizations does not lead to a conclusion that workers opinions are being considered nor are their organizations well integrated into developmental efforts. What occurs is on an ad-hoc basis usually related to political affiliations. There was no case encountered in the literature or on the visits that indicated that the situation was any better at the local or regional levels where trade union and rural worker organization is often weaker than national federations. If the sentiments of Juma Boy, president of the Central Organisation of Trade Unions in Kenya are representative, trade unions want to participate more fully in these important developmental decisions. He called for trade union representation at every level of the development process - national, provincial and local.¹⁰

In countries where a few jobs represents considerable power, the appointment process becomes very political. Trade unionists recognize that involvement would increase their political clout and allow them to recommend allies for positions on these commissions. Other politicians wish to keep the perogatives under their own thumbs and seek to keep the power of the trade unions in check. The solution to a political problem must mean establishing an understanding and a consensus among all of the parties involved.

¹⁰ Interview with study team on January 20, 1981.

Some have argued against the expansion of participation as an unnecessary impediment to speedy introduction of necessary projects. Clearly, there are examples where too many procedures have interfered with an apparently desirable goal. Yet precipitous belief in the validity of one's own assumptions have time and time again proved to be fatal. The authority of decisions are enhanced the greater the consensus on their formulation. Yet more important than the structures of generating input is improving the quality of input. By improving the quality of the input provided in the development process, speed can be increased with time and practice. Participation need not be synonymous with delay given that the parties can plan for the minimal time disruptions and that it truly avoids costly delays and problems in the future. Therefore the quality of the workers participation is far more important than the number of structural boards or hurdles.

If expanded worker participation in development did take place, the assumption that a few more appointees will be able to do an adequate job is naive. There needs to be training for labor members of the developmental bodies so that they can know more about the dynamics of the process and how they can best make a contribution. In addition, simple methods to insure that rank-and-file opinions are expressed can be taught. While input from beneficiaries is important, the input must be formulated (or interpreted) in a way that will effectively impact those who hear it and use it. Whether on the formal deliberative bodies or not, workers representatives can be trained in the methods of researching and presenting the opinions of their memberships so that their message is received and acted upon.

Trade Unions and Cooperatives

The issue of trade unions and cooperatives has been one of particular scrutiny by the International Labor Office under a grant from DANIDA. They have held seminars and discussions in the Carribean, Africa, Asia and Europe. The Asian American Free Labor Institute and the African American Labor Center under AID sponsorship have provided considerable financial and technical assistance to the development of cooperatives in their respective regions.

The major reasons for trade union involvement in their own cooperatives are to:

- 1) Provide additional services to existing or potential members and their families;
- 2) Assist in stabilizing and reducing the price of essential commodities;

- 3) Build loyalty among trade union membership;
- 4) Meet basic needs of the membership;
- 5) Generate income for the trade union;
- 6) Generate employment for those who work in the cooperatives; and
- 7) Respond to the mission of the trade union to deal with wider concerns than those cloistered in the workplace.

The premier example of successful Asian trade union cooperative development by trade unions in Asia has been the Singapore National Trade Union Congress's thriving activities in transport, insurance, travel, books, and supermarkets, among others. In this case, the affiliated trade unions make up the cooperatives not individual members.

Dr. Go Keng Swee of Singapore has noted some very important criteria for union based cooperatives:¹¹

- 1) The first principle is that a co-operative must be fully competitive with private enterprise. It cannot expect privileged treatment by the government. We want sturdy co-operative units and extension of preferences to the movement will result in weak economic structures and not robust growth. The labour movement must find the money itself without any financial assistance from the Government.
- 2) The second principle, which derives logically from the first, is that the labour unions should engage in co-operative enterprises in those fields in which it has a natural built-up advantage. In so doing, it would be easier for co-operatives to compete successfully with private enterprise.
- 3) The third principle is that the highest standard of integrity must be established and maintained. This would imply, in our state of development, that there must be one central authority which supervises co-operative enterprises launched by trade unions and will have the power to take remedial action where weaknesses in this respect are detected. Such authority, I believe, rightly belongs with the NTUC.

¹¹As quoted in C. V. Devan Nair, "Common Interests and Relations Between Trade Unions and Co-operatives and the Role of Government," in ILO Asian Regional Seminar on Trade Unions and Cooperatives - October 1980 (Geneva: ILO, 1972), p. 98.

4) The fourth principle is that the cooperative must have effective management. Whatever type of cooperative you decide to establish, whether it fails or whether it succeeds depends as much on one factor alone as on all the others combined. And this is the factor of management. If you have good, keen, effective management then any kind of co-operatives that you establish will succeed. On the other hand, if you have lazy, fumbling, ignorant, indecisive kind of management, even the most promising project will fall apart in your hands.

The ICFTU/ARO has noted: "Trade Unions in some parts of Asia have undertaken, and are increasingly undertaking, remarkable cooperative activities for meeting consumer needs, for credit facilities, for housing as well as for medical and health needs."¹² Examples of such activities abound. In India, there are a number of very interesting programs being run by unions to assist their memberships. A few of these were visited in the course of the field research. The INTUC has received a grant to catalogue the various programs going on in the country regardless of union affiliation and to create an information and collaboration network among them. The present estimate is that there are over 300 such projects. Mr. Thakar mentioned a trade union cooperative in Assam run by the Plantation Workers Union which has produced a large supply of umbrella and tea implements.

V. R. Hoshing of the Rashtriya Mazdoor Sangh described the network of cooperatives sponsored by his union. Their consumer cooperatives deal directly with farmers and pass the savings on to the consumer. The farmer also benefits by higher prices. Being a very large union, he estimates that 10% of Bombay will utilize the union sponsored stores. In the outlets in the mills, the employer runs the stores and the union provides the materials. Each mill also has its own cooperative savings society. The most impressive accomplishment in the cooperative area has been with housing. With incredible shortages and exorbitant rates, housing is a very real problem for workers. In its early efforts, the union bought a building and sold the units to the workers at a lower than market rate. Presently, the union has contracted with a building construction company to provide low and moderate income housing. The aim now is to produce 5-10,000 units of housing each year. The union has hired its own architect to make sure that the quality of the project is high. While normal prices run at Rs.150 sq. ft. the union charges only Rs.90 sq. ft. which is a substantial reduction. According to the union's president, Hoshing, the overall aim is union involvement with both the social and economic life of the member. The union has promoted an extensive program of education, sports and cultural activities. The union also provides the

¹²Mathur, op. cit., p. 13.

facilities and the instructors to teach vocational skills to members and their families.

On the Bombay docks is another example of a multi-faceted cooperative approach linked to concerns for a strong union and effective socio-economic assistance to the membership. Housed at the union headquarters is a credit union, an extensive consumer cooperative and one of two labor societies which finds work for the members. They also have promoted several housing cooperative societies where members can buy their own apartments with low interest loans provided by the union. There are outlets of the cooperative store in two of the housing coops. According to Monohar Kotwal, Secretary of the union, there are very clear reasons for their support of these activities. "The member must consider the union as vital to his life."¹³ This results in a network of services and which complement a strong collective bargaining position. The union helps out back in the rural villages which is home for more than 60% of the members. In Bombay, the union has encouraged self-employment and training programs by buying sewing machines and teaching members and their families new skills. There is also a very pragmatic organizational reason for the union to support the extra services. One cannot obtain a loan from the credit union or use the store unless the union dues are paid in full. This is, of course, of enormous help in maintaining the union.

At the Hind Mazdoor Sabha, another example was recounted. Dr. Shanti Patel, General Secretary, described the cooperative conglomerate run by the cart pullers union. They provide a labor society for handling baggage, a cooperative store, a credit union, an insurance program, a post office, library service, several cooperative housing projects, and a vocational training program, including sewing classes for women. The scope of this project demonstrates that cooperative programs can be started with great success for union members on the very low part of the wage scale. Often, a union leader would say that the major problem is the poverty of the union or the status of the workers. The cart pullers show that the most needed commodity is richness of imagination and determination.

In Malaysia, the National Union of Plantation Workers have set up a limited company and in a joint enterprise with the government established a textile mill which employs 2,000 workers. A mini-supermarket was also set up in Kuala Lumpur. The union of government employees, CEUPACS have fostered housing cooperatives. Various unions have come together to set up a Workers Bank of Malaysia.

The Federation of Free Farmers, the biggest national organization of peasants in the Phillipines, established

¹² Interview with study team, January 22, 1981.

in 1966, a national cooperative, called the Free Farmers Cooperative, Inc. (FFCI) to improve the farmers economic position. It has engaged in the purchase and distribution of fertilizer and agricultural chemicals, crop marketing, operation of tractor pools, and the establishment and operation of a rice mill, extension of crop loans and setting up of irrigation systems. Educational programmes, including technical courses for the operation and maintenance of machinery for rice mills and irrigation systems have also been undertaken. . . .

Another large trade union, the National Congress of Unions in the Sugar Industry of Phillipines (NACUSIP) has also embarked on cooperative ventures. In almost every area in the country where NACUSIP affiliates are operating, NACUSIP and its affiliates own, operate and administer commodity stores and credit unions, principally to serve their membership. In selected sugar-producing areas, NACUSIP and her affiliates own and manage, among other things, a bakery, a garment project (free school for dress making and tailoring) a fishing industry project, a pig dispersal and fattening project, a cottage industry project (shell-craft and ceramics), tailoring, barber shop, low cost workers housing and a sandal and step in project.¹⁴

In other parts of Asia, there are other examples of ways in which trade unions set up cooperatives both to serve current members and to recruit new members. The Asian American Free Labor Institute has helped a considerable amount of national labor movements develop cooperatives both by providing expertise and in some cases, seed money. Programs have been held in Indonesia, Malaysia, Phillipines, Fiji, Bangladesh, Thailand and Sri Lanka among others. In interviews with officials of the Labor Congress of Thailand, the thrift shops on the railroads and in some urban centers do very well and provide a very positive image for the union.

There is not a great deal of experience in Africa in terms of cooperatives run by trade unions. In Kenya, savings and credit societies are very popular in the unionized work places. The AALC has a cooperative officer assigned to help projects utilized by unions. There was an attempt to set up consumer societies with the assistance of the Israelis but this failed. In the Cameroon, the Agricultural Workers Union have set up four consumer cooperative stores on the plantations. Credit unions are also popular. In Nigeria, the trade unions have encouraged food cooperatives in addition to credit societies. In Madagascar, the trade unions have established a few pro-

¹⁴C. V. Devain Nair, Asian Labour and the Dynamics of Change (New Delhi: IFCFTU/ARO, 1977), p. 29.

production cooperatives, consumer outlet stores and a fishing cooperative. In Zaire, the National Workers Union has established fishing cooperatives, as well as agricultural activities. In Zambia, the national trade union federation has bought up land and is starting to develop a ranch cooperative. In the Sudan, several cooperatives have been set up by truck drivers and laborers. Railways workers in the Sudan have established small cooperatives for consumer goods and this is also common in the major cities. In Tanzania, the National Union of Tanganyikan Workers (NUTA) has financed the development of a number of cooperatives including consumer cooperatives, artisans cooperatives and a shoemaking cooperative which makes the sandals used by most workers.¹⁵

Other Worker Organizations

Formal trade unions are not the only organizations of workers who have an impact on community decision making and implement socio-economic projects. There are also organizations of farmers, peasants and tenants which form worker mutual assistance organizations. There has been a great growth in peasant organizational activity in Asia. In addition, there have been other examples of worker organizational activity among young workers and among community organizations. Such organization makes the third type of worker organizations in addition to cooperatives and trade unions. The ILO has examined some of these programs and characteristics.

The other main group of organisations catering to rural workers consists of organisations of self-employed rural workers such as tenants, sharecroppers and smallholders. A variety of forms of these is found in Asian countries. Organisational structures are sometimes similar to those of centralised trade unions, but more frequently they take the form of loose federations of autonomous units, some of which may also be trade unions, co-operatives or community organisations. These organisations perform a wide range of services for their members. They may be purely economic, providing direct services to promote farmers' interests in marketing, the supply of credit, agricultural inputs, etc. and representing their commercial interests with the authorities concerned; of a professional nature, giving assistance in legal or taxation problems, or pressure groups to improve the terms of tenancy and sharecropping or secure more fundamental land reforms. The Federation of Free Farmers (FFF) in the Philippines is an example of an organisation of this type. The majority of members of the FFF are agricultural tenants, small landowners who till the land themselves, saltmakers, poultry and livestock raisers,

¹⁵ ILO, "Report of the DANIDA/ILO. Follow-up Mission on Trade Unions and Co-operatives in Africa, 29 March - 30 April, 1975," (Geneva: ILO, 1975), p. 17.

fishpond labourers, fishermen and prospective farmers. However, it also organises agricultural labourers such as those employed on plantations, and its constitution empowers it to organise all labourers employed in the production, transportation or milling of any agricultural, forestry mining products and all transport employees. Those who have tenants or employees in connection with any agricultural or fishing enterprises are disqualified from membership. The FFF has concentrated its efforts on organising and educating farmers in their rights and obligations under existing laws, and on improving productivity. It also extends legal aid to members and performs social welfare services. As a result of experience and following actual exposure to peasant poverty and exploitation, and violent resistance from landlords, the FFF also engaged in activities of a more radical nature during the period 1969-72. Over-centralisation has been one of its major weaknesses. As a result local units took to the Central Office for the solution of their most trivial problems. Legal aid, which has been described as one of the principal services the FFF performs for its members, has also encouraged dependency attitudes.¹⁶

In Bangladesh, the Total Village Development Program has also organized the rural poor workers to better their conditions and seek common action.¹⁷

Young villagers in Comilla District have organized themselves in clubs in order to mobilise rural resources and undertake multifarious development activities under the motto of "self-reliance, self-criticism, self-respect, self-purification, discipline, diligence and respect for manual labour." Each club carries on its economic activities (production, marketing, savings and investment) through a cooperative. Other activities include education, public health, construction of public works, family planning and village defense. One of the major activities of the youth clubs is to organise the rural poor and provide work for them.

Another excellent example of a worker mutual assistance organization which also represents community action is the Sarvodaya Shramadana movement in Sri Lanka. The name itself means "the awakening of all in society by the mutual sharing of one's time, thought and energy."¹⁸ Started in 1956 by a high

¹⁶ ILO, Report III for the Asian Regional Conference: Problems of Rural Workers (Manila, ILO, 1980), p. 74.

¹⁷ Ibid.

¹⁸ Denis Goulet, "Development as Liberation: Policy Lessons from Case Studies," World Development, Vol. 7, 1979, p. 559.

school teacher in Colombo. Sarvodaya now encompasses over a million members. Denis Goulet of the Overseas Development Council has examined the movement and pointed to its great contribution to improved conditions of life in Sri Lanka and its potential as a model for other development efforts. Sarvodaya finds its very base in the culture and self reliance of its people.

The movement now reaches approximately 1 million Sri Lankans (in a total population of 14 million) in almost 1,000 villages. Its programmes embrace all phases of village life (although it is now also beginning to exert its influence in urban centres) ranging from child care to youth education to job creation, community organization, farmer's clubs, community kitchens, new patterns of involvement by monks in social problems and international linkages to build up solidarity.

In its early years, Sarvodaya launched village actions by dispatching student volunteers to open work camps in which labour was shared to build or repair access roads, to dig wells and sanitary facilities, and to perform other needed tasks. The main emphasis was placed, however, on revitalizing human motivations and social inter-relationships of collaboration. Thus physical labour at the work camps became a springboard for bringing villagers together to analyse their conditions (the problem), the structural reasons why their bad conditions had proven so recalcitrant to attempted solutions (the reason), the basis for thinking alternative approaches might work (share your labour and your thoughts as you have at the work camp and things will start getting done!), and the accessibility of designing a concrete plan of action in job creation, crop improvement, uplift of women, activation of youthful leaders, etc.

Constant education in a multiplicity of modes - all of them allying concrete action to intellectual and artistic learning - rapidly created a new 'critical mass' of human beings competent and confident to tackle difficult tasks.¹⁹

The problems of worker organization are tremendous. Even though the laws governing trade union organization are often a hindrance, the situation for other worker organizations are often much worse for the laws designed for urban trade unions are often inappropriately applied to them. Further, they are removed from the power centers in the society and either are ignored or represent a great threat. At home, because of caste and cultural differences, workers are often divided among themselves and lack the skills and training to develop cohesive and effective organizations. As organizations of the poor, they are very poor themselves and lack the means to carry their struggle further.

¹⁹ Ibid.

In addition, the groups are susceptible to cooptation from government authorities or, on the opposite extreme, brutal repression.

Even the educational system provides a barrier to workers organization in rural areas as noted by the International Labor Organization.

The education system, paradoxically, also often creates barriers to the development of participatory organisations of rural workers. Firstly, the potential of the formal education system to create an awareness of the capacity of the rural poor to improve their lives themselves, through organised initiatives of their own, is nowhere realised. Nor is there any imparting of knowledge of the simple mechanics of participatory organisations, of the skills that are required to run it, or of the need for unity among all workers, whether urban or rural, to achieve their common aims and objectives. Secondly, most curricula bear little relation to the conditions of rural life; educated rural youth leave the village permanently for urban life and a culture of dependency is created in which the "illiterate" villagers depend upon the "literate" urban elites for advice, guidance and initiative in rural development and rural organisation.²⁰

The nature of rural worker organizations is often very different in character than urban trade unions and the road they have to hoe is often much more difficult. They also can use great assistance in improving organizational efforts and finding ways to provide other socio-economic assistance to their members and potential members.

Housing Cooperatives

The issue of housing and union oriented topics arises time and again. Outside of savings and credit societies, housing cooperatives seem to be the most popular type of cooperative among union leaders in both Africa and Asia. Because of the high cost of developing housing versus the cost of spreading other forms of cooperatives, they should be examined most closely.

The housing situation in most developing countries is abysmal. The lack of adequate sanitation in most areas and the lack of adequate living space is endemic. In a tour of the housing areas outside of central Nairobi, the study team observed the miserable living conditions and were informed of the high rents for the meagre accomodation of a single small room, dirt

²⁰ ILO, Asian Regional Conference, op. cit., p. 82.

floor, mud walls, no sturdy roof and the lack of adequate drinking water and sewage control.

There appears to be another dimension to the issue of housing which speaks to the pride of workers. The ability to own one's own house or to be able to own within a larger cooperative generates great interest. It reduces the feeling of dependency on the landlord, the employer and external parties for the basic needs of a worker. Even a small apartment or plot of land carries great attraction as is evidenced by the very large number of land purchases as a proportion of credit union loans and the frequency that housing cooperatives were brought up in conversation with trade union leaders.

The trade unions in both India and Kenya have come up with very imaginative proposals for the development of cooperative workers housing. In each case, it is important to note that a high premium is placed on quality housing instead of larger number of units at lesser quality. In Kenya, several years of discussion and very high level maneuvering have been invested in the housing schemes. The AALC has been very helpful in facilitating the development of a sound proposal. The basic funds for the housing are to come from a part of the social security funds collected from workers' wages. The worker's housing payment would repay into this trust. In India, the Bombay Mill Workers, as discussed above, have contracted with their own building company to build quality units. One should recognize that putting up buildings in a developing country is not just a matter of sufficient money for the construction and a wish. Many political bridges must be crossed. The union often has access to the political strings which can make housing construction more possible and less expensive.

The issue of allocation of resources from development donors is a very difficult one. There may be passionate belief in the donor agencies that food assistance and health care are of more pressing urgency than racing at a high cost to keep up with housing demands. However, adequate shelter is also a basic need. The cooperative framework which leverages capital sources generated through social security or credit union funds may be a cost effective method for supporting the strong desire for increased housing in both quantity and quality. These cooperative examples will put pressure on the private housing market to moderate prices and increase the competition in terms of the quality of housing. While outside donors can provide information on the relative benefits of various kinds of expenditures such as housing versus food production or enterprise creation, the final decision on how to allocate their own energies must be up to the union or workers organization itself.

Other Socio-Economic Projects

Unions have also been involved in other activities of socio-economic concern. While socio-economic projects do include the cooperatives discussed above, they range through a variety of self-help initiatives that all have as their primary intent the improvement of the community life of workers. Some of these have been supported by groups like AAFLI and AALC. In India, AAFLI has helped set up recreational facilities for migrant women workers employed under harsh condition in Veraval in Gujerat, India.

Another AAFLI supported project in Sri Lanka demonstrates further possibilities in utilizing trade unions as an effective vehicle for improving living conditions. The Ceylon Workers Congress had sought ways to assist the Indian Tamils working on the tea plantations. After a study showed that the "tea estate dwellers had neither the skills, nor the resources, nor the cohesive community structure that would enable them"²¹ to make use of existing government services, a bold plan for multi-dimensional community development was devised.

Community development workers at the Drayton and Bogawotte estates surveyed the workers about their most important needs. The four issues which emerged as priorities were health care, income, community sanitation and education. Committees were established in each of the areas.

The "barefoot doctors" program was the initial and most glaring success. The Tamil workers had a death rate double that of the average Sri Lankan and suffered from worms, anemia, scabies, respiratory infections, tuberculosis and nutritional deficiencies. Forty eight volunteers went through an extensive training program on preventive medicine, first aid and personal hygiene. They learned how to keep effective patient records and conduct elementary first aid training. Another set of health care volunteers became day care attendants and provided better cleanliness and nutritional attention to the children. They also promoted inoculation programs - which were resisted when outsiders urged them. The results were extraordinary. Hygiene and nutritionally related diseases were practically eliminated. They were able to provide better medical care out in the fields and even stopped several suicides -- an all too frequent occurrence on the estates. The paramedics also served as a link to the regular medical community to assist with problems beyond their reach.

²¹ AAFLI, Teamworkers in Sri Lanka: A Trade Union Approach to Community Development (Washington, D.C.: AAFLI, 1981), p. 2.

Carrying their motto of "initiative, resourcefulness, self-reliance and self-confidence" to other areas, new successes were registered. Attendance at the children's school increased by 60%. Adult training was instituted with a focus on literacy in English, Tamil and Sinhala as well as arithmetic. Vocational classes were started in embroidering (and the products offered for sale). In order to increase self-reliance and income, cooperative vegetable gardens were started with enough yield to bring in a substantial amount of money. The sanitation committee organized crews to assist with weekly cleanings.

The results in these few plantations in towns in the northern mountains of Sri Lanka went beyond improved education, health and income. The people on the estates also gained new dignity and belief that they can shape their own future. It provides a model which is being disseminated in Sri Lanka and should be examined seriously elsewhere.

In the Rift Valley of Kenya, the African American Labor Center is assisting COTU in a project working with sisal plantation workers. Underwritten with help from the Catholic Relief Service, the initial phase centers on a food and nutrition project where for 5KS the family gets 100KS in food. They have also started an incentive savings club among the union members working on the plantation. It is another attempt to demonstrate how unions can assist with the gamut of members' concerns.

One of the great proponents of union involvement in socio-economic projects was Mahatma Gandhi. Gandhi believed strongly in social justice. Believing wealth should be distributed more fairly and respectfully, he established the Textile Labour Association in 1917 and consequently the National Labour Organization (NLO). Central to Gandhian thought was a union which encouraged workers to act cooperatively with employers and rejected the values of violent confrontation. More could be won, according to Gandhi, by strong non-violent collective action. In meeting the needs of workers, the concept of need was not meant to solely mean expanding levels of consumption.

The heir to the Gandhian trade union vision today is A. N. Buch, president of the TLA and the NLO. He shares the viewpoint that the union is for the development of the whole person. His union teaches workers both how to earn and how to spend. Buch is in favor of greater industrial democracy but workplace concerns must not sit in isolation from other issues. For example, he has spawned a "Human Welfare Trust" which provides help to many people in need such as women and children in distress and handicapped people. The trust is to support technical training, adult education, publication of materials which promote the community welfare, medical relief especially to those in the scheduled classes, maintenance and repair of wells, organizing

of creches and health centers, encouragement and expansion of the consumers movement and other similar projects. The diversity and unique nature of the activities involved in this trust are illustrated by the following selection from its objectives:²²

5) to extend assistance to persons pursuing moral and spiritual, economic and social uplift of the society and renovation of Temples, mosques and shrines of any community, irrespective of caste, creed, etc. . .

8) to provide aid in cash and kind of social workers who have dedicated their life to the service of common men and to ailing social and political workers without party discrimination. . .

11) to feed and nourish birds, beasts and other animals who are dearer to human beings. . .

13) specially assist unorganised to organise, to become self-reliant and self-conscious in Gandhian lines.

16) to work programmes of increasing production, productivity, raise efficiency of common men and women which may bring peace and prosperity to the nation.

These are funds voluntarily collected from employers and employees for this unique conglomeration of purposes united only by the notion of the whole person being served by the union structure. In an interview, Buch emphasized the spiritual dimension of the worker and the necessity to contribute to the community good. At the same time, at the economic and organizational level, his union has set out to create consumer cooperatives in the mills, establish family assistance programs, set up savings and credit societies, build over 200 housing societies, introduce a modest insurance program, train worker representatives on the management committees, and set up a library and trade union research institute. Education is very important to the TLA with plans to spend Rs.5 million on a school for employees in the mills. They have introduced classes in sewing, typing, stenography and electrical implements repair. In addition, the TLA has launched a Youth Employment Service (YES) which encourages self-employment projects and motivates young workers toward blue collar type positions. Buch represents an activist approach to a union married with a deep and broad concern for the quality of life - spiritually and physically.

²²A. N. Buch, "Human Welfare Trust," (Ahmedabad: Textile Workers Association, 1981), pp. 4 and 5.

Socio-economic Projects for Women Workers

If you take almost any category among workers, within that category, women are generally the most oppressed. They are paid less and receive less attention to their working conditions. In addition, as part of strong male dominated societies in most parts of the world, they must also take care of a family on a very meagre income. The interaction of economic and cultural conditions creates tremendous problems for working women.

One of the most promising manifestations of self-help anywhere in the world is found in the Self-Employed Women's Association (SEWA) in Ahmedabad, India. Formed in 1972, as part of the Textile Labour Association, SEWA has worked with women who earn their meagre subsistence from cottage industries like cigarette rolling, soap making, or spinning cotton as well as day labor on construction sites carrying goods in baskets on their heads or as ragpickers or waste paper and cotton scrap collectors. SEWA is also now working with small-scale street vegetable vendors. SEWA has helped to short circuit some of the major contributors to poverty among these women. The money lenders whose 10% rate of interest per day (and often more) gouged the women who needed to borrow money to get the yarn for weaving or the materials for soap making. The cooperative bank started by SEWA now has over 13,000 depositors and a value of Rs. 300,000. Since the women were largely illiterate, their pictures are pasted onto their passbooks. The bank lends money at 12% per annum and gives 6% interest on savings. Some government programs allow certain loans to be made at 4%. SEWA organizers help the women fill out the necessary paperwork for the loans. The repayment rate on the loans are 99.9%.

SEWA also provides other services including legal aid to workers. This helps limit the exploitation of workers by their employers and the local government. Since child care is so important in order to be able to work, SEWA provides a creche at a cost of Rs.15 per month. Another major emphasis is on maternal and child health care through a clinic maintained by the Association.

Another major area of concern for SEWA is building new skills among their workers. Classes are offered on a variety of skills including soap making, hand block printing, basket weaving and sewing. At the end of training, the class constitutes a production cooperative unit.

SEWA believes that it is important to create market opportunities for the products of its members and promotes that through the sale of finished materials from the training classes. They also work to get products marketed in government contracts and to other preferred sources.

The concept of leadership was constantly brought up as crucial to the success of cooperatives, generally. Frequently credited for the success of SEWA is Ela Bhatt. Yet her notion of leadership did not coincide with one of a strong but benign dictator implicit in the many calls for strong leadership. She asserts that "I am strong because of them. Among the grass roots, there are many leaders."²³ Coming from a higher caste, Ela Bhatt recognizes the differences. She says: "We are like two sisters (referring to the other women in the organization), one knows the problems, the other how to articulate."²⁴ She emphasizes the importance of staying in contact with the members and of true listening. To expect that material rewards will flow to the leader of the poor is out of character. Since SEWA itself is an outgrowth of the Gandhian tradition, her comments are consistent when she says: "We have to do our work and not wait for the fruits of our labor. If you want the love of the people, it is measured by the willingness to sacrifice."²⁵

Bhatt is very committed to the idea of separate women's organizations which is at odds with the president of the Textile Labour Association. She feels that the very presence of men limits the participation of at least some women. For many of the women in SEWA, the ability to be together and discuss issues beyond those of nurturer/provider enables the woman's self concept to rise. The women begin to see values in their own work in a society which gives most value to men's activities. Thirdly, a women's organization provides a strong meeting point for integration and dealing with the larger male-dominated community. Since 23-36% of the women are the sole providers for their families, it is important to earn economic and social respect from their work.

When questioned about the future, Ms. Bhatt anticipated primarily a struggle for fair wages, Yet at the same time, she viewed participation in national decision making issues affecting working women as an equally high priority. Further efforts to develop cooperatives are envisioned (i.e., bamboo workers, milk producers). Another important goal is increasing the income of the working women and to improve working conditions. Ms. Bhatt hoped that someday there would be better legislative provisions to protect these workers. In sum, she asserts there must be more ways to create work which results in a sufficient income and decent working conditions. The concern for working women

²³ Interview with author, January 30, 1981.

²⁴ Ibid.

²⁵ Ibid.

should encompass all of the issues of the family and the community. Inputs from working women should reach from the most local level to the highest rungs of national life.

There have been some other efforts to create working women's organizations in Africa and Asia. Though extremely important, they were not reviewed in depth in the study. There is a similar organization to SEWA in Madras and it has been proposed to disseminate the SEWA model more widely. It is unclear how the SEWA success will transplant elsewhere though worth the effort to find out. In Kenya, World Education helped establish a bakery cooperatively run by women with modest success. The Mandalayo crafts cooperative is also in Kenya and has performed modestly well.

There is some resistance to discrimination on the basis of sex for the development of a cooperative. Yet the nature of social reality in most settings would insure that women would be subjugated in mixed groups. The impact on income, population, literacy and self-concept all commend continued use of separate cooperatives and socio-economic projects for women unless there can be guarantees that they will be treated equally and fairly in groups including men.

CONCLUSION

As in the other two major areas discussed in this review, worker participation in community decisions is pregnant with possibility. If utilized well, it can open the doors to communication with workers and their representatives so that developmental plans more accurately represent the broad consensus of the nation. The inbuilt biases of the trade union movement on behalf of workers in both urban and rural sectors can help to generate a more equitable approach to developmental decisions. There may also be other worker/peasant organizations capable of filling this role. Some of the projects described in the socio-economic and cooperative development sectors are exciting samples which can be disseminated more widely. They provide low cost, effective ways to meet the basic needs of working people.

RECOMMENDATIONS

Seminars

Particularly in the area of trade union and worker involvement in the development process, there is a great need for the expansion of seminars on either a government-labor basis or in a tripartite forum also including employers. Clearly, there have been some such discussions sponsored by ICFTU, ILO, AALC and AAFLI. That fact, in face of the necessity for voluntary and agreeable understanding only says that there is a base to build on for more effective future gatherings. The only way

to encourage worker participation in the development process is to create workshops where an understanding of useful contributions from each party can emerge which best fits their own national context. A goal of the seminars would be to explain the various ways in which workers have assisted the development process, an outline of some ways that they could make future contributions and the development of consensus statements on parameters and methodologies for increased representation in the development process, particularly at the community/local level.

Additional seminars would be helpful with selected groups of practitioners and possible beneficiaries on worker cooperatives, women's cooperatives, housing developments, and other socio-economic projects. It should be mentioned that both AALC and AAFLI have conducted excellent seminars in this area and their work should be encouraged and expanded.

Development specialists in AID, and multi-lateral organizations, should be better informed on the actual and potential contribution of worker organizations to development.

Case Studies

At present, a case study is being prepared on the SEWA program by having a researcher spend six months examining the program on-site. This effort should be expanded to other exemplary programs in the socio-economic, housing, rural organization and participation in development areas. In particular, there should be a compendium of case studies developed for the trade union based cooperatives which outlines the areas of activities and the methodologies for implementing cooperative programs.

Action-Research

Several trade union based and other rural worker cooperative activities should be established and evaluated carefully as they proceed through their various stages of development. Attention should be given to the relationship between cooperative development and the health and welfare of the trade union or work organization. Action-research concerns in terms of cooperative self-reliance and management style apply here as well.

Information Dissemination

There should be broad access to information on worker participation in development, including the results of case studies, action research projects and reports on seminars. These should be distributed through field offices of AID and PVOs with particular emphasis on AALC and AAFLI.

Education and Training Programs

Trade union and worker representatives who are to serve on or monitor developmental activities should have special training to orient them to development concerns, language and methodologies. Methods of surveying and representing the interests of the general membership should also be discussed. In trade union run enterprises, there needs to be access to effective managerial training for those who will administer the program with additional instruction on how to interface with the trade union movement. Extended courses on worker initiatives in community development could train teams of workers who would assist in their own regions.

Center for Worker-Based Socio-economic Projects

The diversity of the experience in worker sponsored activities shows that one of the most necessary ingredients is the initiative to get something going. In most cases at present, the initiative is provided by one leader. The positive impact of the Israeli Afro-Asian Institute in catalyzing activity points up the possibility and the need for additional efforts to promote, analyze and evaluate worker based socio-economic projects whether cooperatives or community development. Such a feasibility center could help worker organizations think through the ways in which they would approach projects so that there is a maximal possibility of success.

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A variety of search strategies were used to obtain the fullest possible range of references on the research and comment on worker mutual assistance organizations and worker participation programs. A computer search was made of all relevant bibliographies within the State Department. These included but were not limited to the following systems: LIBCON, Comprehensive Dissertation Abstracts, ABI/INFORM, PAIS INTERNATIONAL, AGRICOLA, SOCIAL SCISEARCH and LABORDOC. In addition, computer searches were made of AID internal documents including policy papers, project descriptions and evaluations. Several computer searches were conducted of literature at the International Labor Office. As another mechanism, every organization contacted about the project, including all PVOs somewhat involved in the topic area, were asked about relevant literature. Other bibliographies on the subject were reviewed and are listed in a separate category.

The guidelines for the literature search were any published material in English or French written in the last fifteen years. Some classic studies are included as well. The emphasis was on regionally specific rather than general literature.

Items are presented in alphabetical order by author within general categories. The categories were selected to correspond with major emphases of the review. Wherever possible, an AID reference number is included for handy reference.

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African American Labor Center
Asian American Free Labor Institute
CARE
Church World Service
Cooperative League Fund
Cooperation in Development
Credit Union National Association
Economic Development Bureau
Foundation for Cooperative Housing
Institute for Cultural Affairs
International Human Assistance Programs
Partnership for Productivity, Inc.
Private Agencies Collaborating Together, Inc.
Technoserve
International Labor Office
Library of Congress
Association for Self-Management
Howard University School of Business
American University Economics Department
Cornell University Rural Participation Committee
Cornell University Labor-Managed Systems Program
University of Michigan Labor Studies Center
University of Oregon Labor Studies Center
International Sociological Society
International Council on Adult Education
New School for Democratic Management
Worldwatch Institute
AT International
The Development Gap

American Histadrut Cultural Exchange Institute
The World Bank
Project on Managing Decentralization, University of California-Berkeley
Institute for Local Self-Reliance
Institute for Alternative Futures
American Productivity Center
National Technical Information Service
General Motors Corporation
Volunteer Development Corps
World Education
International Cooperative Alliance
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