

## **WORKER PARTICIPATION AND EMPLOYEE EMPOWERMENT A COMPARATIVE STUDY OF TWO ENTERPRISES IN MALTA<sup>1</sup>**

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### **INTRODUCTION**

A recent European survey on 'New Technology and the Role of Employee Involvement' has found that "The existing pattern of involvement inside enterprises seems to be favouring participation as an agent for efficiency rather than as an agent for redistributing power".<sup>2</sup> That study has noted that management is really 'interested in developing direct forms of participation with individual employees, sidestepping collective participation with employee representatives'. The actual dynamics of any participation strategy are best tested through empirical case studies.

This paper explores the contrasting experiences of different forms of worker participation or employee empowerment operating in two of Malta's leading enterprises: the Drydocks (MDD) and the local subsidiary of SGS Thompson (ST) a French-Italian multinational producing electronic components.

While the two terms, '*participation*' and '*empowerment*' are often used interchangeably, here they denote the different systems of active employee involvement in work related decisions which operate in the two enterprises.

In the first enterprise a worker-elected Council carries the main responsibility for running the state-owned enterprise while a number of Worker Committees—who are also elected directly by workers—are involved in the implementation of Council decisions at Departmental levels alongside professional management. At the second enterprise a number of joint management—worker groups are established by management with the aim of constantly improving productivity and communication between management and workers. In both enterprises, the General Workers' Union actively represents the workers' interests.

It is argued that where employee empowerment schemes are promoted and sponsored by management, as at ST, the perceived aim is that of incorporating workers into managerial concerns rather than at democratising workplace relations. Such schemes, under certain conditions, may indeed contribute towards integrating employees better within the company and

increasing their general level of job satisfaction. Nevertheless, only nominal levels of 'empowerment' or 'power-sharing' are introduced through such schemes.<sup>3</sup>

On the other hand, worker inspired and implemented forms of participation as at MDD tend to be more concerned with extending the traditional arena of collective bargaining than with the managerial goals of productivity, discipline and competitiveness.

This paper, therefore, explores the two different experiences of power sharing schemes on the basis of empirical evidence gathered in the two enterprises in Malta.

It should be noted that though the terms 'participation', 'empowerment' or 'involvement' may equally suggest processes of power-sharing, they are used selectively by the protagonists. 'Participation' usually refers to worker or trade union initiatives while the other two refer to managerial initiatives. The two enterprises were selected and studied both because of important similarities and differences which are summarised below:

**TABLE 1**

Characteristics	Malta Drydocks	SGS Thomson
History:	origins by knights of Malta since 18th century	subsidiary established locally in 1981
ownership	local, state/social (self-managed)	foreign, private multi-national
Market:	highly competitive 98% export-oriented; a major foreign currency earner	highly competitive 100% export-oriented; responsible for 56% of Malta' total manufactured domestic exports.
Work Environment:	physically hard and dangerous high incidence of occupational accidents and mortalities	psychologically and mentally exhausting (emphasis on dust-freedom)
Hours of work:	normal + overtime - 'back-up force'	3 shifts on a continuous 24 hour rotation
Workforce:	highly skilled, stable 'proletarian' orientation, ageing (average age 47 yrs+)	transient, 'instrumental' orientation; young (average age 26yrs)

**TABLE 1 (Contd)**

Characteristics	Malta Drydocks	SGS Thomson
Size:	largest Maltese single enterprise, with 3800 workers (99% males) (cf heavy reduction in labour force) (natural retirement)	largest Maltese private enterprise 1673 workers (51% males)
Product:	service and repair of ships	assembly of micro chips
Technology:	traditional, manual, heavy industry (cf developments taking place)	automated process electronic
Demand:	highly competitive fluctuating market	highly competitive with frequent technological innovations.
Trade Union organisation:	highly militant (98%) GWU membership; representing all worker categories	pragmatic GWU membership (80%) – only shop floor workers are represented
Management Style:	participative, self-managed, weak	traditional, strong automatic, distant
Future Prospects:	declining, yet determined to succeed	uncertain, dependent on parent company
Forms of participation:	Council & Workers Committees elected directly by workers	TQM groups appointed by management

The evidence for this paper is drawn both from extensive research carried out by the WPDC over a 20 year period at MDD, and open ended interviews with management and trade union leaders in the two enterprises. In addition, the information on ST has been based on 'social climate' surveys of worker attitudes to work and technology commissioned periodically by the management of that enterprise.

## PARTICIPATION INSPIRED BY WORKERS – THE CASE OF MALTA DRYDOCKS (MDD)

The Drydocks has traditionally provided the largest concentration of industrial workers in Malta. It has often been publicly called ‘the cradle’ or ‘the backbone’ of the Labour Movement. In spite of drastic reductions to the workforce – through natural wastage – for almost two decades, it still employs almost 3% of the total working population. Its aggregate wages bill accounts for approximately 4% of the total employment income of the economy. As most of the payments for its services are made in foreign currency, the enterprise makes an important contribution to the country’s balance of payments. Furthermore, the Drydocks has traditionally served as the most important source of engineering and industrial skills on the the Island.

Due to their economic importance and social visibility, the Drydocks workers have always played a prominent role in the national political arena. They are popularly regarded as the militant core of the General Workers Union and the Labour Party. It is largely due to their economic, social and political pressures that the system of self-management has been preserved at the Drydocks for the past twenty years.<sup>4</sup> As one influential labour leader explained: ‘This is the only possible way to manage the Drydocks’.

During the first eight years of self-management (1974–1981), despite many handicaps – such as inadequate facilities and limited berthage – the Drydocks improved wages and work conditions while also realising some modest profits. However, since 1981 the enterprise has registered losses and at present can only survive through heavy Government subsidies. By 1996, the Drydocks owes the Government a total of Lm60m (S180m) in outstanding loans.

Sporadic attempts were made by successive governments to change or modify the system due to the financial losses. These were strongly resisted by the mobilised workforce. As a compromise, various economic measures were agreed to, leaving the participation system untouched. The most important agreement was reached in 1989 between the Drydocks Council and the Nationalist Government. The latter agreed to give subsidies totalling Lm65 million (\$195 million) spread over ten years and Lm15 million (\$45 million) in the subsequent 5 years. On its part, the Council agreed among other things, to cut losses by Lm2.7 million (\$7.1 million) a year, to reduce the workforce through an early retirement scheme and to seek advice from foreign experts on how to make the enterprise more efficient and economically viable.<sup>5</sup>

The Drydocks’ Council act as the board of directors deciding on the policies and the paths to enterprise development. The execution of policy is entrusted to team of professional managers employed at the enterprise. The Council has increased the rights and power of employees, especially in the areas of job security and pay, health and safety, and control.<sup>6</sup> Unlike the

traditional trade union representation, the Workers' Council and Workers' Committees endeavour to avoid conflicts with management through shared responsibility and mutual respect. As a result, significant long-term improvements in the relations of production have resulted. There have been no forced redundancies at the Drydocks in the past twenty years and this alone is a tribute to their success.

However, a series of successive recessions in the shipping industry have presented daunting challenges to the Drydocks' policies. They had to diversify clients, raise production levels and maintain high quality standards to repairs and constructions. During the 1980s competition in ship repairs toughened from modernised, subsidised and later privatised ports around the Mediterranean. Ironically, one of the main attractions of Malta Drydocks to its customers is the low-tech but highly toxic service of grit-blasting which, however, is highly profitable. Nevertheless, this was not enough to turn round the financially deteriorating situation. And no realistic observer can be optimistic about the prospects of viability if and when the public funds run out.

Ironically, the question remains as to whether or not Government subsidies serve to appease the most militant, hostile workers, and will eventually kill both their enterprise and workers' participation. Some trade union leaders feel that the Nationalist Government's hidden aim is to blunt the MDD's competitive edge with continued subsidies, to buy off the union, and use workers participation as its own instrument.

The workers' perceptions of the participation system at Malta Drydocks have been explored through a series of surveys carried out by the Workers' Participation Development Centre of the University of Malta.<sup>7</sup>

In general there is a strong support for the system of participation among all the categories of workers. Only between 6% and 9% reject the system. Most workers have high expectations from participation. More than half state consistently that participation is advantageous in all aspects of the work experience.

However, in the minds of MDD workers, participation is not directly associated with productivity. A widespread opinion is that an increase in production is mainly the management responsibility for it is their duty to secure more work contracts and to improve work organisation. On their parts, 'the workers would surely rise to the occasion'. Most workers (70%) perceive a positive, but indirect contribution of participation to productivity. This comes about through 'a more satisfied workforce' as a result of 'better working conditions and less hardship'. Participation also contributes to productivity through 'improved management-worker relations'. In fact, worker participation seems to have had only a slight impact on the technical factors

of production – mainly through a more efficient capital utilisation. It has been found, for instance, that while an increase in the rate of labour utilisation has been registered at MDD, this was offset by the elimination of night shift work, the introduction of a shorter working week and an increase in overtime allowances. The overall impact of participation on the ‘human factors’ of production is through factors such as an improved motivation to work, and a sense of duty.<sup>8</sup>

One survey has revealed that the Drydocks workers ‘perceive worker participation from the point of view of their own advantages and rights rather than from the point of view of the effectiveness of the system in producing better work performance’.<sup>9</sup>

In many ways, the perceptions of management of worker participation contrast sharply with those of the workers. Although managers also claim to accept the principle of worker participation, they have many reservations about its implementation at MDD. They tend to restrict its relevance to those areas of joint decision-making which traditionally were the subject of collective bargaining. Drydocks managers ‘strongly resist workers’ participation in areas which have traditionally been management prerogatives’.<sup>10</sup>

Another survey has found that 72% of management, in contrast to the other main actors, believe that the Drydocks’ system of worker participation is not operating well enough.<sup>11</sup>

Furthermore, 81% of the managers interviewed have stated that the Workers’ Committees interfere in the execution of their day-to-day duties. Finally a study of the roles of the main groups of actors at the Drydocks have argued that there is increased scope for conflict due to the undefined expectations and overlapping roles of shop stewards, members of worker committees and management.<sup>12</sup>

On the other hand, it should be noted that as a result of the prolonged participative experience at MDD, several members of the Drydocks Council and workers’ committees have by now acquired substantial managerial skills and have also established international connections which enable them to carry out their tasks effectively. Furthermore, a new generation of managers have been gradually emerging within the participative system – their role models are more realistic and they can communicate more effectively with workers than their predecessors. Such factors help to mitigate the uneasy relations between management and workers.

## PARTICIPATION INSPIRED BY MANAGEMENT – EMPOWERMENT AT SGS THOMSON (ST)

ST is a joint Italian-French Multinational Corporation with some 30 plants world-wide. Its research and development centres and diffusion plants (where the micro-wafer is fabricated) are concentrated in Italy, France and the U.S.A. But it is also said to have been the first Western corporation to have invested in a diffusion, hi-tech plant in a foreign country-Singapore in 1986.

Assembly and testing of the more sophisticated electronic micro-chips only takes place in a few plants like France, Malta and Singapore. In fact, the Malta plant is said to be unique in so far as it performs the top range of assembly, whereas simpler devices are assembled in Morocco and Malaysia.

Since its establishment in 1981, the Malta plant has increased its workforce from 34 to 1750 in 1995. In the early 1990's, the plant was hit by the international recession in the electronics industry. This contributed to a temporary reduction of the workforce and some production lines were transferred to Morocco. However, since that time, the plant has fully recovered and even further advanced its market position – due in part to the recent management strategy of 'employee empowerment'.

Over the years, there has been a continual investment in more up-to-date machinery. Up to 1995, capital investment has amounted to Lm96m (S288m). Adopting new processes is essential in the fast-changing electronics industry. The products are sold to ST overseas clients in the Data Processing, Telecommunications and Automotive Industries. Clients also include IBM, Siemesens and Olivetti and many others.

The local plant uses computer aided manufacturing, automated materials handling, computerised inspection and testing, and office automation.

Production at the local ST plant increased significantly – at 30% per year between 1983 and 1989 – outstripping the average annual growth rate of 22% achieved by the company worldwide. In 1995, production at the Malta plant was double that of the previous year. The effect of this rise has been profound in the small local economy. The electronics sector, dominated by ST, overtook both clothing and ship-repairing in Malta's production and export league. In fact, the Maltese economy is now precariously dependent on its continued operations. Its revenue in 1995 amounted to almost 43.4% of Malta's G.D.P. and approximately 56% of total manufactured exports. This increasing and alarming dependence is highlighted in the following figures:

**TABLE 2 ST MALTA – SALES AND EXPORT REVENUE (1986 – 1994)<sup>13</sup>**

Year	Sales Revenue	Percentage of Malta's Total Export Revenue
1986	Lm26 million (\$78m)	13%
1990	Lm53.5 m (\$160.5m)	15%
1995	Lm191 m (\$573m)	56%

### MANAGEMENT' S PRIORITY – TO CONSTANTLY RAISE OUTPUT

The management's top priority is to maximise return on the high technological investment and to remain competitive. The pressure is great. For instance, one section of about 300 workers, 8 supervisors, and twelve engineers, will have to meet a production target of 260,000 micro-chips a day. If one machine breaks down for one hour, lost production amounts to 11,000 devices and a loss of thousands of dollars. Every effort is made to maintain productivity increases at the level of 10 to 15% annually. Management's attempts to introduce forms of worker participation – as will be explained later – must be viewed in this context.

The four shifts a day system which operates in most ST subsidiaries has proved unworkable in Malta when introduced in 1988. Some 540 operators, or about half the workforce, left. Instead, a three shifts system was established, with union agreement, working around the clock, rotating on a weekly basis. There are also special arrangements for night shift workers during the week-ends. Whilst this might seem to be an improvement on the four shift system, there are still complaints about the hardship involved in working such long, rotating hours. In addition, workers are obliged to work compulsory overtime. The minimum statutory leave is allowed but workers are encouraged not to take more than one or two days leave consecutively and to accept suggested leave.

Most workers (63%) at the local plant are operators with an average age of 26 years and almost half (48.5%) are women. Operators may in time be promoted to technicians – repairing machines, testing and trouble-shooting. Graduate engineers are employed to solve problems that are beyond the competence of technicians and are made responsible for a section's output. Engineers and technicians constitute approximately 25% of the present workforce. Managers are generally promoted by seniority and at present there are only 6 foreign managers at the Malta plant. The management role is strictly that of ensuring that production at the plant is kept at high, competitive levels. They are not involved in the company's strategic decisions. As Christopher Tugendhat has argued: 'A characteristic feature of multinational companies is that their subsidiaries operate under the discipline and



framework of a common global strategy and common global control. Each subsidiary is thus left in the dark as to its future in an insecure and vulnerable position.’<sup>14</sup>

As Henderson has noted, the prospect of high discretion jobs raised by the high technology mode of production – apart from the successful experiences of a few Asian countries – have not been generally realised. ‘The electronics industries ... have remained locked into their position at the cheap labour-intensive, low value added end of the international division of labour.’<sup>15</sup>

It was due to such pressures that at one time, the ST management found itself wedged in-between the unceasing demands from Head Office and an apathetic workforce. Labour’s response was evidenced in excessive turn-over which in the early 1990’s was still high at a level of 17% *per annum*. Pressure for high output targets and long hours of work, together with few opportunities for skill development, job enrichment and job discretion were cited as the main reasons.

The results of a ‘Social Climate Survey’ undertaken by management at ST in November 1991 revealed the reasons for this low level of workplace satisfaction. The working hours (46% dissatisfied); the constraining overall work conditions (58% dissatisfied); inadequate dissemination of information (54%) and poor communications (71%); negative rating given to management (65%); – all indicated a high degree of dissatisfaction at work. Indeed this was quite evident in the high number of disciplinary charges brought against workers – an average of 100 per week. Management complained that the workers’ lack of motivation was also evident in production quality which was below the company’s expectations. At that time, the future of the Malta plant appeared uncertain.

## EMPLOYEE EMPOWERMENT

It was under these circumstances that the management embarked upon its ‘*empowerment strategy*’ aimed at involving the workers more actively in their own workplace. ‘*Empowerment is our path to excellence*’, proclaims a company motto. In the words of one manager, the ultimate aim is to promote ‘*people effectiveness and satisfaction for high performance standards*’. A high powered T.Q.M. Steering Committee was established, made up of 20 persons representing all the categories of employees. It includes the Managing Director, all 7 senior managers and, following a call for applications, representative of technicians, supervisors and operators. A specific manager was assigned the task of promoting and facilitating the process. He perceives his task as being more than just the improvement of output but the ‘total quality of management’. In the company view, ‘excellence’ is achieved through a prolonged process of change involving both ‘management commitment’ and

employee empowerment'. In this way, people can be trusted, become confident and can work without supervision'. One aim is to perform 30% of the production processes through 'self-managing teams' (SMT). Such teams are described as 'work groups that operate with a *defined degree of autonomy* and without a *visible manager*'. There are also intermediary group activities such as Quality Circles (QC), Problem Solving Teams (PST), Process Improvement Teams (PIT), Employee Involvement Teams (EIT) or Task Forces (TF). There are a total of 60 teams and committees, each made up of 10 to 20 persons. A total of 344 employees representing almost a quarter of the workforce attend regular, weekly meetings.

While the stated objective of empowerment is 'to modify work organisation to support flattening of the hierarchy', the company makes no secret that essentially 'TQM is a way of managing all aspects of a business to achieve the best results for the shareholders as a result of providing superior customer satisfaction and employee motivation, at the lowest achievable cost, through the practice of continuous improvement and defect prevention involving all employees in the corporation'<sup>16</sup>

A Company booklet introducing Quality Circles explains that these are 'means for creating the right atmosphere for common solutions to work problems'. Through them, 'everyone contributes towards competitiveness and the satisfaction of customers with our products'. Such groups meet regularly on a voluntary basis in order to study 'quality improvement and problem solving. Each group is expected to 'present its proposals, to management.'

A systematic attempt is made to involve as many workers as possible. One highly successful scheme has been an 'Employee Suggestion Scheme' which started operating in 1992. Initially there were merely 184 suggestions in all whereas in the first 10 months of 1995 there was a total of 4.7 suggestions per employee submitted by 82% of the workforce. A special company board has been set up to consider each suggestion. Individual replies are sent at home to every employee who submits suggestions and 50% of these are actually accepted. A number of small incentives, like book vouchers or cinema tickets, are offered as well as a more substantial prize for the 'best suggestion' of each quarter. The explicit aim behind this scheme is to foster a 'sense of belonging' among employees as well as to improve output quality and production levels.

In addition to the above initiatives, the empowerment scheme was supplemented by two other inter-related sets of activities: one consisted of an ambitious programme of *continuous training*, intended to reach all categories of employees; the other was a strategy for increasing the employees' awareness of matters related to *occupational health and safety*.

As a result of these initiatives, 88% of all employees have hitherto undergone approximately 50 hours of training. In 1996, the aim is to raise this to an average total of 70 training hours per employee. It is further aimed to provide at least 24 hours of training annually to all employees.

The training courses offered in 1996 cover a wide range of 47 topics grouped under the following main headings:

- Management training
- personal development
- Technical Skills
- Tools and Methodologies
- Security (including Health and Safety)
- Information Technology

Of these, there are at least 10 units dealing with topics directly related to 'empowerment' such as team building, self-managed work groups, leadership skills, TQM and team oriented problem solving. Other units deal with the technical aspects of work such as micro-processors, anti-mixing skills, and CMOS/VLSI design. Certain units, such as an induction programme, workstation certification, Total Productive Maintenance and Autocontrol certification, are intended for all operators. Other units are earmarked specifically for managers, engineers, supervisors, technicians and administration employees.

The topics of health and safety include units on the safe use of chemicals and gases as well as fire-fighting and first aid.

In addition to formal training, the company issues a number of publications in Maltese dealing with specific topics, such as Quality Circles, Personal Hygiene, a regular Newsletter and even a series of comic strips in Maltese in order to get across its messages to employees in an appealing, uncomplicated format. These publications are distributed to all employees, free of charge.

As stated above, there are several indications that such a determined 'empowerment' strategy by management is producing the desired effects.

Significant improvements have been registered on various fronts. Such examples include the following indicators:

(a) *Objective Indicators*

Not only have the activities of the Malta plant doubled in the last 3 years, but the level of defective products in 1995 was 15% of what it was in 1992. The local management is proud of the fact that by comparison with ST plants in Malaysia, Morocco and China, the Malta plant is more competitive – in spite of the higher salaries which prevail here. The same applies to employee turnover. Whereas in the electronics industry in Malta it is generally rated at 18% *per annum* at ST, this has now gone down to 6.02%. Likewise, the average absenteeism rate in Maltese industry is calculated as 10% of the total number of hours worked whereas at ST (Malta) it is 2.08%.

(b) *Subjective Indicators*

The overall impact of empowerment is reflected in the employees' subjective expressions of satisfaction in the latest 'social climate' survey carried out in 1994. The results contrasts sharply with those of 1991 which have been referred to above. Positive levels of employee satisfaction have been recorded on all explored items including: production quality (85%) Training (82%), the company (81%), communication (73%) work (69%) management (69%) and working conditions (69%).

The vast majority of employees (89%) like their jobs and are happy to be working at ST (87%).

It is also relevant to note that 81% of the employees are satisfied with the T.Q.M scheme operating at the Company.

(c) *External Indicators*

There has also been external recognition of the performance achieved at ST both among the general public and from award giving bodies. A sample survey was carried out in November 1994 among members of Malta's general public by an independent market research company in order to explore public perceptions of ST. The survey revealed that 82.6% of respondents would encourage a good friend of theirs to work at ST, because the Company enjoys a good reputation (56.3%), it offers good wages (40.3%), and provides good training (55.3%). The vast majority of respondents do not believe that the company is creating any hazards for other people (91.7%) or its employees (82.6%).

The survey concluded that the general public perceives ST in a 'very positive light' and as having 'a very good corporate image'.<sup>17</sup> The Company has also received a number of highly prized local and international awards for its performance particularly in the fields of quality production, human resource policy, Health and Safety conditions and Environmental Policy – all areas related to its empowerment programme.

Some recent awards are listed below:

1993 & 1994: Quality leadership – Gold Status Awards (AT&T)

1994: Ford QI Award

1994: Quality Award for Best & Most Improved Back-End Plant

1994 & 1995: CEO Top Award for best Suggestion from all ST Worldwide Sites

1995: Quality in People Award

1995: ECO-Management & Audit Scheme

Validation (EMAS), the first semi conductor Plant in the World to be validated for its environmental Policy

1995: ST employee wins National Award as 'Best Worker of the Year'

Clearly the aims and achievements of empowerment are impressive from management's view point. However, it is questionable whether these can lead actually towards any fundamental changes in the existing power distribution within the enterprise. Indeed it can be argued that as a result of '*empowerment policy*', the workers are simply internalising management's goals. They would not require any formal supervision because they would be carrying out management's wishes independently, on their own initiative. The central corporate policy is to promote empowerment as a means towards employee compliance in pursuit of corporation goals.<sup>18</sup> Such a policy, of course, also carries implications for trade union effectiveness.

## TRADE UNION ROLE

At ST the Metal Workers' Section of the General Workers Union has eight shop-stewards representing operators and technicians on different shifts at the local plant. Its membership includes about 70% of the workforce on the shop-floor. Every three years a collective agreement is hammered out between the union and the local management. During such negotiations, the latter often reminds the union that if it enforces unrealistic demands, the company will close down its Malta subsidiary and shift its production elsewhere. The union feels pressured both by management and the government to ensure the continued production of ST in Malta.

In addition to wages, the major negotiating issues over the past few years have been: the introduction of a three-shift system with compulsory overtime; the introduction of nightshifts for women; and ensuring that no redundancies are enforced but only natural attrition when a production line was shifted to Morocco.

Despite its firm base, the trade union does not really have much control over company developments or processes. Sometimes it had threatened to bring in an industrial engineer to check whether the production quotas are too high.

The trade union leader involved in negotiations does not think the factory can keep going at the present rate because comparative costs are three times higher in Malta than in competing countries. The total wage bill in 1995 amounted to Lm10m (\$30m). This is equivalent to an average weekly wage of Lm110 (\$330) when the national average is Lm60 (\$180). Thus ST employees are considered very well paid by local standards.

The management also points out that labour costs have been increasing by over 12% a year. State induced costs have also risen, such as telephone, electricity, rent, bank charges and import/export freight handling. In addition, compensation to exporting firms for exchange rate fluctuations have also been abolished. "It is therefore difficult to compete not only with the low labour

costs of Morocco and Malaysia, but also with Europe, where labour costs are four times higher but where strategic hi-tech industries get high subsidies. Consequently unit costs even there are often lower than in Malta.’<sup>19</sup>

The logical conclusion which may be drawn from the above evidence suggests that collective bargaining through the established union is circumscribed—due to the local plant’s vulnerability. The main initiatives in employee empowerment introduced ‘from above’, are perceived by the union as neither more nor less than a managerial strategy aimed at persuading the workers to support and espouse managerial goals. Nevertheless, the Union has opted to steer clear of activities to which it is alien and for which it has not been invited. Its option is rather to represent the workers and improve their working conditions as best it can under the circumstances through bargaining successfully on pay and conditions.

## CONCLUSION

Both worker participation and employee empowerment have a spectrum of different forms; from trade union representatives involved in a traditional ‘collective bargaining’ relationship with management to the assumption of full worker responsibility in self-management. In varying degrees, participation is always related to power-sharing. One question which can only be resolved through empirical investigation is whether such power distribution is real or merely a new form of manipulation by management or workers to pursue their traditional objectives.

This paper has explored the experiences of two different forms of worker participation in two of Malta’s leading enterprises. Clearly, the promoters of participation, whether management or the workers themselves aim at establishing different participative forms and pursue different objectives. For this reason, although both are concerned with the problems of production and working conditions, they tend to give these matters different priorities. At the Drydocks, the highest priority is given to securing the workers’ direct interests through a participative framework. At the same time, the resultant cooperative atmosphere also has some positive effects on production. Due to the economic downturn in the ship-repair industry, the worker elected council has been applying its newly acquired managerial skills to securing new markets, introducing more efficient technology, developing new ‘products’ and raising production levels. In doing this, however, they appear to have considerably alienated professional management. Moreover, internal conflicts persist due to overlapping roles such as those between the workers’ committees management and union shop stewards. In this context, management has not yet overcome its identity crisis. Nor has it developed a new integrated role in the participative context. While power has shifted significantly towards the workers as a collective, it appears that this shift has

not been accompanied by an equivalent increase in the subjective awareness of the responsibilities of power among shop-floor workers. This failure, together with the 'militancy' of the Drydocks' workers, partly explains why in Malta the system of self-management has remained fossilised at the Drydocks and why successive Maltese governments have been reluctant to extend it to other parts of Malta's economy.

However, the solution to the economic problems of Malta Drydocks must also be conceived as synergistic with the development of the whole Maltese economy and society.

As the Maltese economy has recently been going through a period of expansion, fuelled by touristic, public and consumer spending, working at the Drydocks has become increasingly uncompetitive and unattractive to prospective workers in Malta's contemporary labour market.<sup>19</sup> It has become difficult to recruit and to keep apprentices at the Drydocks with all its physical dangers, hardships and uncompetitive wages.

On the other hand, the management at ST is making a determined and systematic attempt – through '*employee empowerment*' – to address the workers as subjective individuals so as to elicit from them responses which are consonant with managerial objectives. It has been stated that employee empowerment aims to reduce to a minimum any need for visible control over the workforce. It is the individual employees themselves who would exercise '*auto-control*'.

This argument is reminiscent of Foucault's depiction of the changes which have taken place over the years in the exercise of power.<sup>20</sup> He has argued that in the past, power was visibly displayed and exercised through its manifestation, while the people as the objects of power, remained obscure. On the contrary, power now is itself invisible and achieves its effects by making its objects visible. Similarly at ST the individual employees are systematically studied through the various '*empowerment groups*' '*social climate surveys*' '*suggestion boxes*', etc – and are all subjected to the '*disciplinary gaze*' of the Company which serves to control them.

In this process, as a bye-product, the individual employees become detached from each other and their solidarity is replaced by individualisation on the basis of norms which they themselves help to establish through empowerment groups (such as quality circles etc.) The emergent norms, of course, are more difficult to react against than those imposed directly by management. As a result, the employees cannot remain hostile or even neutral to managerial goals but are forced to become 'involved' in them.<sup>21</sup> This form of subjectification is clearly inconsistent with objective 'power sharing' which is a pre-requisite for 'empowerment' or 'participation'.

As Barbara Cruikshank has recently argued, "Strategies of empowerment, self-help, and democratic participation – are also practical

techniques for the subjection of individuals'.<sup>22</sup> This is because the social solidarity bonds among employees are destroyed by the stress laid on their *individual* 'empowerment'.

This further suggests that when employee participation or empowerment are channeled through a workers' collective—such as a trade union—the workers' solidarity can be better preserved and this can act as a countervailing power in their dealings with management. Short of this, the workers can become individualised and the trade unions marginalized. There is some recent international evidence suggesting that under certain circumstances, when trade unions and management join forces in the implementation process of employee empowerment or participation programmes, their effectiveness is enhanced.<sup>23</sup>

Cooperation with management in such programmes, however, does not come easy for the unions whose role is traditionally defined in adversarial terms. As Harrison and Laplante have recently argued, "Unions ... are trying to modify their action from a defensive position aimed at protecting their members, to a proactive position aimed at conciliating the firm's economic interests and safeguarding their institutional autonomy"<sup>24</sup>

A new and more effective approach to participation/empowerment is required, one which harnesses *both* management and worker initiatives. Such an approach could evolve through a cooperative education programmes administered through the assistance of union friendly, independent researchers and educators who are equally committed both to the principles of workplace democratisation and trade union renewal<sup>25</sup> as well as to the requirements of enterprise efficiency, competitiveness and viability.

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## **Notes**

1. This paper is a sequel to an earlier paper by the present author and Yana Mintoff-Bland Ph.D. entitled *Workers Participation, Technology and Production*. That paper was submitted to the International Industrial Relations Association—Study Group 4 in 1992. Special thanks are due to the managements of the two enterprises studied—including the MDD Council—and to the respective Sections of the G.W.U. for their assistance.

2. *Participation in Change—New Technology and the Role of Employee Involvement*, European Foundation, Dublin 1990

3. Kochan et al have recently presented international empirical evidence confirming the view that when HRM/TQM techniques are introduced 'as a part of a larger transformation of work, incorporating the interests of employees in strategic decision-making' and 'in partnership between management and union', they are more likely to be effective than simply as a limited



set of technical engineering changes. T.A. Kochan et al: "Total Quality Management and Human Resource Systems: An International Comparison" *The International Journal of Human Resource Management* Vol. 6:2, May 1995 pp. 201-222

4. E.L. Zammit: *A Colonial Inheritance*, Malta University Press 1984

5. Some amendments were made to this agreement in 1993, incorporating parts of the Malta Shipbuilding Company into MDD and establishing a joint economic committee under the Ministry of Finance with advisory functions.

6. There are six full-time medics employed at the Drydocks. Nevertheless serious criticism was made of the Health and Safety system operating at Malta Drydocks in the official report of a Court of Inquiry which followed a tragic explosion on board a tanker which was undergoing repairs there: Nine workers lost their lives in the accident and others were grievously injured.

7. Two surveys of different aspects of work and participation at Malta Drydocks were carried out in 1973 and repeated in 1982. A third survey of council members' perceptions was undertaken in 1983 and a fourth survey of management's perceptions was made in 1985. A fifth survey comparing the perceptions of management, worker committees and union stewards was made in 1988.

8. E.L. Zammit and J. Portelli: 'Worker Participation at Malta Drydocks' *Public Enterprise Journal* Vol. 4(2) 1983 p. 73-81

9. V. Smole-Grobovsek: 'More or Less Participation' in *Public Enterprise Journal* Vol. 6(3) 1986 pp. 247-257

10. *Ibid.* p. 257

11. Survey of Management, Council, Worker Committees and Shop Stewards at Malta Drydocks. WPDC, University of Malta, mimeograph 1988

12. G. Kester: Worker Representatives vs Worker Representatives *Working Paper Series No. 31*, Institute of Social Studies, The Hague and WPDC, University of Malta 1986.

13. Information provided by Company: cf. SGS Public Relations Dept. January 1991. The 1991 export figure is slightly overestimated because it includes the value of imported, semi-finished products.

14. Hickman C.R. & M.A. Silva *The Future 500*, London, Unwin, 1989, p. 99

15. J. Henderson: *The globalisation of High Technology Production*, London and New York: Routledge 1991 p. 164

16. SGS Thomson: *Total Quality Management* October 1995

17. SGS Thomson Micro-Electronics: "News from Malta" February 1995, p. 8-9.

18. Guest D.A., 'Human Resource Management and Industrial Relations' in *Journal of Management Studies*. Vol. 24 (5) 1987, pp. 503-21.

19. By 1992, Malta was ranked in the 30th place in the international Human Development Index reflecting significant 'quality of life' Achievements in longevity, income per capita, calorific intake and education. *Human Development Report 1992*. U.N.D.P. Oxford University Press 1992, p. 19. See also Ministry for Economic Services (Malta), *Economic Statistics Review*: April-September 1995. p. 7

20. Michael Foucault, *Discipline and Punish*. Penguin Books, Harmondsworth, 1977, p. 185-194.

21. Recently Paul Thompson and Stephen Ackroyd have argued that "Despite a non-union environment, and the extraordinary lengths gone to by the company to make teams discipline themselves and to disbar any alternative sources of cultural influence, there was considerable evidence of (worker) resistance and counter planning". in "All Quiet on the Workplace Front?" *Sociology* Vol. 29 (4), November 1995, p. 615-634.

22. Barbara Cruikshank, 'Revolutions within Self-Government and Self-Esteem' *Economy and Society* Vol. 22 (3) August 1993, p. 327-344.

23. Denis Harrison and Norman Laplante, "TQM, Trade Unions and Cooperation: Case Studies in Quebec Manufacturing Plants". *Economic and Industrial Democracy*. Vol. 17 (1) February 1996, pp. 99-129.

24. Harrison and Laplante *op. cit.*, 1996, p. 124. See also: Kochan et al, *op. cit.*, 1995.

25. For an elaboration of the arguments urging trade unions to re-take the initiative in issues of worker participation in coordination with universities and research centres see: G. Kester, H. Pinaud et al. *Trade Unions and Democratic Participation in Europe*. Aldershot (U.K.); Avebury, 1996.