Workplace Democracy for the 21st Century
Towards a New Agenda for Employee Voice and Representation in Canada

A discussion paper authored by Rafael Gomez and Juan Gomez* | June, 2016

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EXECUTIVE SUMMARY:

In this discussion paper, we make the case for a renewed national dialogue on workplace democracy. Though the term may sound better suited to an academic/policy conference from the 1970s, in plain terms workplace democracy actually speaks to an ever-present need: i.e., advancing the fundamental rights of employees to associate freely and to have some say over decisions that affect their lives in the workplace. By expanding employee voice, as a country, we can also generate positive spillovers that enhance job satisfaction, raise productivity and increase civic participation. These benefits improve the lives of workers, increase the bottom lines for firms and enrich society as a whole. These are also ideas, it should be noted, that lie at the heart of industrial relations scholarship going back more than a century and which we draw from in this discussion paper.
1. INTRODUCTION

In contemporary discourse, the term *workplace democracy* — defined here as having a say over one’s working conditions (pay, benefits, and hours) and over the wider set of policies that govern work and employment more generally — is rarely, if ever, discussed.¹ Until recently, it has also, at best, been relegated to the margins of national and provincial policy debates despite the committed efforts of labour activists and worker-based organizations fighting to increase protections and rights for more marginalized workers (Workers Action Centre, 2015).² Nonetheless, over the past decade and a half the issue of enhancing worker voice and increasing worker participation in economic decision-making has been taken up by a new generation of labour economists, employment relations scholars, law professors and even management experts (Slinn and Tucker, 2013; Fay and Wilkinson, 2011; Wilkinson et al., 2014; Pfeffer, 1998).

The major themes of this revived academic scholarship are twofold: First, at the workplace level, employers that offer workers pathways to greater representation and more inclusive managerial decision-making have been found to outperform, over the long run, firms that offer fewer, if any, of these employee-voice channels (Jones et al., 2010; Johnstone and Wilkinson, 2013; Budd, 2004; Budd, Gomez and Meltz, 2004). Second, at the economy-wide level, jurisdictions that actively promote and protect systems of employee voice also outperform less participatory jurisdictions on a host of outcomes such as political stability, voter turnout, civic engagement, employment rates, labour productivity, and adaptability in the face of major macro-economic shocks (Bryson et al., 2014; Traxler et al., 2001; Kenworthy 1995, 2004 and 2008).

Though this recent uptick in academic interest is heartening, some four decades ago the issue of industrial democracy — as it was referred to then — was much more actively debated, and not just by academics but by politicians and the public alike. Indeed, at a Canadian conference hosted in 1970 by the Woodsworth Memorial Foundation on the future of workplace democracy, thinkers from academia, politics, industry, and the labour movement were brought together to debate the

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¹ Workplace democracy includes questions that have a broader implication over the input and participation of those not employed (i.e., the retired and unemployed) — those voices would also be factored into the workplace democracy decision-making processes.

² This may be changing. The federal government in 2013 commissioned respected legal scholar Harry Arthurs to review federal employment standards and published a report entitled Fairness at Work: Federal Labour Standards for the 21st century: http://www.labour.gc.ca/eng/standards_equity/st/pubs_st/fls/page00.shtml. In Ontario, the Liberal government of Kathleen Wynne has initiated a 2015 Changing Workplace Review whose aim is to identify deficiencies in current labour and employment laws with a view to what may be required to deal with the challenges of the 21st century economy. See: http://www.labour.gov.on.ca/english/about/workplace/index.php. A similar review of provincial labour legislation is being planned in Alberta.
meaning and limitations of worker voice and economic participation. It was at that event where Ed Broadbent, who was then a newly elected Member of Parliament for Oshawa (Ontario), argued for a broad approach to workplace democracy seeing it as “any system that ensures that all power — productive, community and parliamentary... be subject to direct or indirect democratic control and... used to develop a civilized society whose benefits and possibilities... are equally available to all” (Broadbent, 1970).

Broadbent was not alone in this regard, as evidenced by a 1976 government of Canada report on labour relations that highlighted the urgent need to constructively engage with an “...emerging workforce.... seeking more creative and meaningful work as well as greater input and involvement in their work lives” (Davies, 1979). And in Britain, not only were books with titles like *The Growth of Industrial Democracy* in popular circulation (Elliot, 1978), but the government itself created the Bullock Committee on Industrial Democracy, which released a high-profile report in 1977 that called for, among other things, universal worker representation on “the shop floor” and on company boards (Elliot, 1978). In short, in the 35-year period that followed World War II, there was a fierce debate on the meaning, merits and implementation of various models of employee voice as opposed to whether workers should have these rights; everything from worker-owned and managed co-operatives to European style “co-determination” to the North American “Wagner Model” of workplace unionism was on the table for discussion. There was also a widely held view, to quote the senior editor of the *Financial Post* at the time that “...democracy does not stop at the factory gate” (Rumball, 1979). So much so that by the end of the 1970s, a consensus had formed that it was simply untenable for employees not to have a say over important workplace decisions and that the modern corporation had to be reorganized away from some kind of neo-feudalistic manor with the CEO as king, managers as barons, and workers as serfs, completely subject to the whims of their overlords and without any say or influence on matters related to their job or enterprise.

In this report we therefore make the case for a renewed national dialogue on workplace democracy. We recognize that to some, the term may indeed sound better suited to an academic/policy conference from the 1970s, but in plain terms, workplace democracy actually speaks to an ever-present need: i.e., advancing the fundamental rights of employees to associate freely, to have some say over business decisions that affect their lives, to respect the expertise that employees develop day in and day out on the job, and importantly to strengthen protections
and extend rights to marginalized and racialized workers, often women, who are bearing the brunt of the shift to low-wage, insecure, part-time, contract and other forms of temporary and precarious work.

This report is divided into three sections. In section, two we set about making a robust call for a renewal of workplace democracy in Canada. Drawing on decades of extensive multidisciplinary Canadian and international scholarship the section lays out the compelling moral, legal, political and economic grounds for strengthening the voice and participation of employees in their places of work; and for those working outside of the traditional workplace (e.g., freelancers, contract workers, home workers, etc.) to have a greater say with employers more generally. In section three we set out a framework for reinvigorating workplace democracy in Canada. While clearly recognizing the continuing importance of traditional collective bargaining as a key pillar of industrial democracy, it nonetheless, opens up, without prejudice, additional policy ideas and concepts to advance and protect the voice of union and non-union workers in Canada. The last section provides some closing thoughts on the subject of workplace democracy and what lies next, assessing both the risks and opportunities in advancing this agenda in a Canadian and international context.
2. WORKPLACE DEMOCRACY: MAKING THE CASE

There has been an encouraging academic resurgence in the concepts of workplace democracy and “employee voice” (Freeman and Rogers, 1999; Freeman, Boxall and Haynes, 2007; Budd, 2004) and their crucial links to conceptions of citizenship (Coutu and Murray, 2010a, 2010b) and political action (Boyte, 2012; Bryson et al., 2013). To be clear, workplace democracy is a relabelling of industrial democracy, a term historically synonymous with economy-wide systems of employee voice and workplace engagement. The term “employee or workplace voice” has come to supplant the use of industrial democracy in employment relations scholarship and can be defined succinctly as a workplace regime where employees are afforded the tools of representative democracy, either through on-the-job input or through a “say” on how the company manages its affairs. Finally, in management scholarship terms such as employee involvement and worker engagement are also used, but again more narrowly still, to denote human resource management tools that elicit valuable worker input in areas of importance to the employer, such as improved product quality and innovation.

We use the terms employee voice and workplace democracy interchangeably in much the same way that political democracy includes different variants (e.g., direct, indirect, proportional). Because the goals of a more engaged and participatory workplace can be achieved through a variety of institutional and workplace structures, we cover a broad spectrum of approaches including: worker-owned-and-operated co-operatives; union-employer collective bargaining; and workplace- based mechanisms such as works councils that provide avenues for meaningful employee input in non-union settings.

Our conception of employee voice and workplace democracy is therefore not limited to managerialist or unionist forms — as found in the influential work *What Do Unions Do?* by Freeman and Medoff (1984). Rather, it is closer to Hirschman’s (1971) original conception of voice, embracing any form of employee or citizenry voice as Hirschman embraced any form of voice in market settings. The institutionalization of two-way communication between employers and employees, which as a by-product reduces transaction and exit costs (Kaufman and Levine, 2000), is why some have characterized workplace voice as a kind of “contractual governance mechanism with mutual benefits” for employers and employees (Willman et al., 2014).

Finally, voice regimes within workplaces can also be accompanied by firm-devised human resource management (HRM) practices. The specific practices that form
part of any given HRM system can be quite diverse, but typically, in the realm of employee voice they involve managerial attempts to motivate and manage workers through a series of workplace practices rather than through systems of command and control (Pfeffer, 1998). Some of these managerial practices are genuine empowerment schemes that afford workers a large degree of autonomy and control while simultaneously taking advantage of “the competitive advantage” housed by “shop-floor” employees. Others, however, are clearly cosmetic and employer-controlled conceptions of employee voice that lack any legitimacy in the eyes of most employees and hence degenerate into forms of employee manipulation (i.e., quality of working life programs) and work intensification (Lewchuk et al., 2001). Note that in either case HRM practices are complements to rather than substitutes for workplace democracy in our conception.

2.1 THREE KEY ASSUMPTIONS ABOUT WORKPLACE DEMOCRACY

In this report, we make three assumptions related to democracy and voice at work. First, as in the earlier workplace democracy literature, we make the prima facie assumption that the political success of a democracy hinges on having a large number of citizens civically engaged in a myriad of activities such as volunteering and voting, despite the low personal pecuniary incentives to do so (Elliot, 1978). Second, we assume that the world of work is most accurately viewed as an unequal bargaining relationship between employers and their employees. This relationship is not unitary but rather plural in the sense it is subject to competing interests among the parties (e.g., the state, workers and employers do not share a singular goal but rather work to further a variety of areas of personal and mutual benefit). The third assumption is that some actor in the system — typically the trade union movement but in its absence some other party — will step in to rebalance the power that is unequally distributed between labour and capital in market economies. This is what gives rise to calls to control and check the influence of market forces by social movements in laissez-faire economies and to calls for state intervention in more statist jurisdictions. The relevance of these three assumptions is spelled out in detail below.
2.1.1 Political Democracy and Having a Meaningful Voice at Work are Inexorably Linked

Broad-based workplace engagement and representation creates active citizens and buffers democracies against non-democratic tendencies such as voter apathy and a feeling that only “outside moneyed interests” are in control of the political process (Rosenfeld, 2014). In economic terms, it does so by raising the net benefits of civic participation, either by reducing the costs of such engagement or by increasing the perceived benefits of pro-civic behaviour. In non-economic terms, when people participate successfully in one arena of life, such as the workplace, they gain political resources and “civic skills” (Kerrisey and Schofer, 2013) allowing them to more easily extend this behaviour to other areas outside of the workplace as well.

This connection between political efficacy and the structure of workplace decision-making was noted in the original industrial citizenship literature (Arthurs, 1967) and explicitly in the political science literature (Elden, 1981), but it also stretches back further to the classical school of economic thought. Both Adam Smith and Karl Marx wrote memorable passages describing the potential effect of working conditions on “revolutionizing” the state of “men’s minds”.

In any of the above permutations, there is a prediction that the socialization provided by democratic workplace structures should impact all forms of social involvement, in or outside of work. It is not surprising then that in countries with low levels of employee participation and unionization, lower democratic participation is the result (Bryson et al., 2013, 2014). This positive cross-national relationship between unionism and voter turnout extends beyond just voting and is present in comparisons of union and non-union voters across broader measures of civic participation, including whether someone attended a public meeting or whether they volunteered for a political party (see Table 1). In each case union members are roughly 30 percent more likely to be civically active than non-members, a relationship that remains significant even after controlling for a host of observable attributes such as gender, occupation and income (Bryson et al., 2013).

3 Marx offers this memorable and often quoted passage in Das Kapital: “Modern Industry, when it has attained to a certain pitch, is capable, by the revolution it effects in the mode of production and in the social conditions of production, of also revolutionizing people’s minds.” And a century earlier Adam Smith in the Wealth of Nations even more clearly elaborates this theme when he states: “But certain inconveniences arise from a commercial spirit. Men’s views are confined, and “when a person’s whole attention is bestowed on the seventeenth part of a pin or the eightieth part of a button, he becomes stupid.”
The fact that workplace representation traditionally has been harnessed through the trade union movement does not preclude transmission via non-union representative systems as well, which is why we generalize the argument here to include all forms of representative voice structures. Works councils, such as those that started in Germany and that are now part of European Union membership, are obvious forms of non-union voice that could generate similar democratic advantages for workers. The advantages stem from the activities that occur inside of these representative workplace structures such as voting for committee members, electing employee leaders and discussing issues of relevance with management.

Some jurisdictions have also emulated Ontario’s long-running use of health and safety workplace committees, and though these are not really part of the industrial landscape in all of North America, there has been a sustained call for an expansion of these institutions to include other workplace-related areas of concern such as ensuring compliance with basic employment standards (Weiler, 1989; Adams, 1991; Storey and Tucker, 2005). Finally, some measure of non-union voice could

| Table 1: Voting and Civic Engagement among Union and Non-Union Respondents in Canada |

<table>
<thead>
<tr>
<th>BY UNION MEMBERSHIP STATUS (%)</th>
<th>Union Member [1]</th>
<th>Non-Union Member [2]</th>
<th>Overall Union Advantage [1, 2]</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. MEASURES OF VOTING BEHAVIOUR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. VOTED IN ANY ELECTION</td>
<td>81.3</td>
<td>69.4</td>
<td>12.0</td>
</tr>
<tr>
<td>2. VOTED IN LAST FEDERAL ELECTION</td>
<td>76.7</td>
<td>64.1</td>
<td>12.8</td>
</tr>
<tr>
<td>3. VOTED IN LAST PROVINCIAL ELECTION</td>
<td>75.2</td>
<td>63.2</td>
<td>11.9</td>
</tr>
<tr>
<td>4. VOTED IN LAST MUNICIPAL ELECTION</td>
<td>60.2</td>
<td>50.6</td>
<td>9.5</td>
</tr>
<tr>
<td>5. VOTED IN ALL ELECTION</td>
<td>56.1</td>
<td>45.9</td>
<td>10.1</td>
</tr>
<tr>
<td>B. MEASURES OF BROADER CIVIC ENGAGEMENT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. SIGNED A PUBLIC PETITION</td>
<td>42.1</td>
<td>25.0</td>
<td>17.0</td>
</tr>
<tr>
<td>7. SEARCHED FOR INFORMATION ON A POLITICAL ISSUE</td>
<td>34.7</td>
<td>22.9</td>
<td>11.7</td>
</tr>
<tr>
<td>8. ATTENDED A PUBLIC MEETING</td>
<td>33.7</td>
<td>18.1</td>
<td>15.5</td>
</tr>
<tr>
<td>9. BOYCOTTED/CHOSE A PRODUCT FOR ETHICAL REASONS</td>
<td>33.4</td>
<td>17.1</td>
<td>16.3</td>
</tr>
<tr>
<td>10. CONTACTED A NEWSPAPER OR A POLITICIAN</td>
<td>19.5</td>
<td>10.5</td>
<td>8.9</td>
</tr>
<tr>
<td>11. PARTICIPATED IN A DEMONSTRATION OR MARCH</td>
<td>10.7</td>
<td>5.3</td>
<td>5.3</td>
</tr>
<tr>
<td>12. VOLUNTEERED FOR A POLITICAL PARTY</td>
<td>4.1</td>
<td>2.5</td>
<td>1.6</td>
</tr>
<tr>
<td>C. PROBABILITY OF ANY CIVIC ENGAGEMENT (AVERAGE)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>18,786</td>
<td>13,126</td>
<td>18,786</td>
</tr>
</tbody>
</table>

Notes: Column [1] excludes all those ineligible to vote. Columns [2] and [3] also exclude all retirees and those out of the labour market.
be provided, however minimally, in the non-statutory sense through employee involvement schemes and grievance procedures (Budd and Colvin, 2007).

If workplace democracy and the health of political democracy go hand-in-hand, then trends from Canada are troubling. Private sector union density has fallen steadily since the early 1980s to a point where fewer than one in five workers are covered by a union (see Figure 1). A look at voter participation in Canada in federal elections since 1945 — notwithstanding the 2015 bump — also shows a similar secular decline (see Figure 2). This is important for several reasons, most notably as it could potentially link declines in voter participation observed not just in Canada, but in many major western democracies over the past two decades to contemporaneous falls in union density (Radcliff, 2001). In a related fashion, the decline in the quality of “democratic governance” that political observers have been noting for some time (Burnham, 1982) is also coincident with union decline and large-scale collective disengagement from formal political participation.⁴

Recent research undertaken by the Samara Institute finds that not only are Canadians not participating in politics as in years past, but very few feel it has any relevance in their day-to-day lives (Samara Institute, 2015). Overall, the repercussions of such disengagement are worrying, to say the least. Without the

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⁴ The rise of populist politics which claims to undo decades of insider political accommodations is one manifestation of this. Another is a lack of respect for parliamentary debate. See Andrew Coyne 2012 “Re-education of David Wilks: a lesson on the decline of parliament” The National Post, May 30, 2012.
strong engagement of Canadians in the political process, the kind of issues that are of highest priority for the majority of people — whether creating good jobs, strengthening social programs, tackling systemic racism, or protecting our natural environment — simply won’t make it onto the agenda.

Figure 2: Voter Turnout in Federal Elections in Canada, 1945-2015


2.1.2 Employment Relations as Balancing Equity, Efficiency and Voice

A second assumption in line with traditional employment relations thinking is that the employment relationship is itself akin to a ‘bargaining problem’ rooted in an inherent conflict of interest between employers and employees (Budd, Gomez and Meltz, 2004: 1). It is assumed, in this framework, that the employment relationship is embedded in an imperfect market and that the employer typically has more bargaining power than individual employees, which is why the latter seeks to use institutions such as employment standards or collective bargaining as a means
to rebalance the employment relationship (Budd, Gomez et Meltz, 2004: 17). According to the mainstream employment relations perspective, the relationship is *pluralistic* in the sense that: “the employment relationship is characterized by a variety of competing interests (higher wages versus lower labour costs, employment security versus flexibility, safe workplace versus high output) — as well as shared interests (productive workers, profitable employers, a healthy economy)” (Budd, Gomez and Meltz, 2004: 7-8). This mainstream (pluralist) school sees laws and institutions, such as unions, as means of helping the imperfect market, rather than interfering with it, and it does so by “levelling the playing field between employers and employees” (Budd, Gomez et Meltz, 2004: 8-9).⁵

In the view of pluralist scholarship, there has to be a balance in the relationship between employer and employee (and to some extent the state as well). The argument, it should be stressed, is not purely normative, but is also predictive arguing that “the employment relationship works best when competing interests are balanced” (Budd, Gomez and Meltz, 2004: 13). This balance is put in relation to democracy and the rights of the worker in the following paragraph:

“To understand the workings of the employment relationship and to create policies and practices that will promote broadly-shared prosperity and long-lasting democratic freedoms, the pluralist paradigm argues that the employment relationship should be modeled as a complex bargaining problem between human agents operating in imperfect markets — one where competing interests need to be balanced in order to ensure not only efficiency, but also fulfillment of workers’ rights.” (Budd, Gomez and Meltz, 2004: 29-30).

What the employee is seeking is some measure of fairness or “equity” while the employer wants “efficiency” (with the ultimate goal of achieving profitability) and the aim of the state is to create institutions that help strike a balance between equity and efficiency. Equity includes both quantitative and qualitative aspects of work and is defined by Barbash (1989: 116-117) as encompassing five elements, which are: “1) having a say at work, 2) due process in the handling of complaints, 3) fair treatment at work, 4) meaningful work, and 5) fair compensation and secure employment.”

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⁵ Modeling the employment relationship as a bargaining problem does not mean that pluralist industrial relations are concerned solely with explicit bargaining situations. Rather, this paradigm is concerned with the full range of employment-related issues, from macro-level policy and labour movement issues to micro-level interactions between employees and supervisors. Modeling the employment relationship as a bargaining problem means that all of these issues are set against a backdrop of stakeholders with competing interests interacting in imperfect rather than competitive markets.
The tension in the employment relationship is therefore over how best to balance off efficiency versus concerns for equity and voice. In Barbash’s (1989: 117) words: “...union agitation is a result, not a cause, of the inequity tensions. The union simply calls attention to the tensions already there. As a result, the elimination of unions does not eliminate tensions. Something needs to be done to alleviate tensions or tension will overwhelm efficiency.” Human labour therefore requires voice, fairness, security and work of consequence to make its maximum contribution to real efficiency. To fail in this regard is to lay the groundwork for the next “great recession” or worse, as Yanis Varoufakis notes, “this is an understanding, without which capitalism’s tendency to generate crises can never be fully grasped (Varoufakis, 2013)”.

As has been documented elsewhere (Jackson, 2013), unions have traditionally not only brought attention to the equity issue but are (by design) attracted to employee voice not just as an end onto itself but also as a means of redressing the inequities that are inherent in industrialism. An independent trade union, however, can be made almost impossible to form under certain legislative environments (i.e., right-to-work laws, communist one-party regimes etc.).

This invokes a third and final related observation about the nature of the employment relationship: namely, that in the absence of a trade union movement, some actor other than a union (either the state or management or third-party activists) will eventually step in and fulfil the role as equity provider and the cost to employers will be the same or even greater (Barbash, 1987: 168-173).

2.1.3 The Law of Equilibrium or “Double Movement” in Labour Markets

The so-called “law of equilibrium in labour markets” that both Jack Barbash and Noah Meltz referred to in their writings on industrial relations (Meltz, 1989; Barbash, 1989) can be seen in the current campaigns for increased minimum wages (Kaufman, 2010), the fight for a living/fair wage (Green, 2013) as well as in activist moves against Wal-Mart and other companies perceived as anti-union and anti-employee rights. This notion of an in-built counterforce in attempts to further market capitalism at the expense of labour rights is also echoed in the work of Karl Polanyi, who argued that “the development of market societies over the past two hundred years has been shaped by a double movement. On one side is the movement of laissez-faire — the efforts by a variety of groups to expand the scope and influence of self-regulating markets. On the other side has been the
movement of protection — the initiatives, again by a wide range of social actors, to insulate the fabric of social life from the destructive impact of unfettered market pressures. What we think of as market societies or “capitalism” are the product of both of these movements; it is an uneasy and fluid hybrid that reflects the shifting balance of power between these contending forces” (Block, 2008).

For Canada’s workers, the “law of equilibrium” and the “double movement” suggests that the status quo of ever-declining work quality and wages requires action and mobilization of the kind highlighted above, and that in practice brought about such gains as universal pension and health-care protections. The country’s political, labour and business leaders need to hear this employer and worker voice through a renewed dialogue on how to best protect the fundamental rights of workers to associate freely and to create highly productive and innovative work environments that optimize the full potential of every economic actor.

Given modern scholarship’s positive view of voice and employee involvement in economic decision-making (e.g., negotiating wages and benefits, being consulted by employers on workforce training and technological investments, etc.) and given the historical tendency to see the rise of counter-movements to free-market economic hegemony, what explains the prolonged absence of progressive policy action in the area of workplace democracy?

The answer, we feel, has more to do with ideology and political timing than the theoretical or empirical merits of employee voice. Although an active source of scholarship for several decades, workplace democracy faded from practical view as the historic post-war compromise between labour, capital and the state broke down in the stagflation period of the late 1970s and early 1980s. Thatcher and Reagan-era reforms emboldened a new radicalized form of stockholder-based capitalism (Curtis, 1999) and precipitated trade union decline throughout the 1980s and early 1990s. It also made the trade union movement itself less interested in advancing these broader worker rights, caught as it was just trying to preserve jobs and maintain representation where it could.

It may be useful, then, before offering new ways in which workplace democracy can be revived in Canada, to chart the historical rise and fall of workplace democracy as a source of active policy debate.

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6 This is a citation to a 1999 four-part documentary called The Mayfair Set: Four Stories about the Rise of Business and the Decline of Political Power. It was produced by the BBC and directed by Adam Curtis. It looks at Britain’s decline as a world power, the invention of asset stripping in the 1970s, and how “junk bond” capitalists shaped the climate of the Thatcher and Reagan years. They key insight here is that the “old world of technocratic” business structures, which provided stable employment prospects for many workers, was first undone by individuals like Jim Slater and James Goldsmith in the UK and Michael Milken in the US looking for greater shareholder returns and later paradoxically by institutions such as large pension funds who were themselves created by the corporate structures that the new breed of corporate raiders aimed at destroying.
2.2 THE GOLDEN AGE OF WORKPLACE DEMOCRACY: 1945-1979

Part of the reason for the confluence of agreement on the need for worker input between the early post-war period and the late 1970s stemmed in part from the unbridled economic growth experienced in the Canadian economy after the Second World War, something that had brought unemployment down to historic lows (the unemployment rate in Canada in 1970, the year of the aforementioned Broadbent quote, was 4.2 percent).

Faced with such strong labour market success, the case for workplace democracy could be made on a compellingly strong ethical and rights-based dimension. Most observers could not conceive of true “political” democracy without extending it into the sphere where we all spend the bulk of our days and hence most of our lives (i.e., the workplace). This was, it should be stressed, a view maintained by a wide swath of liberal and conservative (i.e., non-Marxist) thinkers. Liberal political theorists such as Robert Dahl maintained that “If democracy is justified in governing the state, then it is also justified in governing economic enterprises. What is more, if it cannot be justified in governing economic enterprises, we do not quite see how it can be justified in governing the state” (Dahl, 1985).

It was a perspective shared by Carole Pateman, a more radical participatory democratic scholar to be sure, but still a scholar who also stressed the importance of participating in the resolution of workplace issues, as education for citizenship, without which people would easily lose faith in democracy and its institutions (Pateman, 1970). For these and other commentators the ultimate objective of workplace democracy was not simply achieving a kind of *entente* between capital and labour whereby decisions about spending and production were to some extent shared. Rather, it was nothing less than the association of workers making decisions at the workplace based on full equality, collectively participating in company decision-making and working under management that was itself subject to worker participation and/or oversight (Pateman, 1970).

Added to this moral argument, the rationale for workplace democracy encompassed economic, political and psychosocial elements that suggested other positive grounds noted in contemporary scholarship such as enhanced productivity and innovation (D’Andrea Tyson and Levine, 1990), a more equitable distribution of wealth (Card, 2001), increased civic engagement (Rosenfeld, 2010; Sojourner,
2013; Freeman, 2003; Bryson et al., 2013, 2014) and improvements in the physical and psychological well-being of workers (Guest, 2002). This is important because it leads directly to improved worker well-being, which itself has been linked to better workplace performance (Bryson, Forth and Stokes, 2015), and ultimately to a higher functioning democracy.

While certainly not achieving the fully fledged systems of industrial democracy envisaged by Pateman and others, for over 30 years following the Second World War — i.e., 1945-1979 — political and economic systems across the democratic West accommodated, to varying degrees, the voice of workers. In part, this was a reflection of more activist states that were engaged in strategic economic planning and undertaking targeted industrial policy to support specific sectors of the economy. This post-war accommodation occurred both on matters affecting the workplace but also in broader political and policy issues of concern, such as international trade, immigration, health-care policy, industrial policy and the necessity of an active state in economic decision-making. Even in North America, policies and budgets were often achieved, though admittedly more informally than in Continental Europe (see Appendix 1), via tripartite (labour, government, business) structures and relationships contributing to what Charles. E. Lindblom and Robert Dahl described at the time as “polyarchy”; that is, a state where no one group or stakeholder controlled society and various elites engaged in a productive competition that helped sustain a healthy market democracy (Dahl and Lindblom, 1953).

Indeed, it was not uncommon for provincial and federal budgets to be drafted not in secret but after significant public consultations with many stakeholders including trade unions. This excerpt from Frank Miller, finance minister for the government of Ontario in 1980, shows the degree to which “polyarchy” was seen as routine even by Conservative governments of the day: “Mr. Speaker, before proceeding with my remarks I would like to thank all of the groups I consulted with before preparing this budget. I met with organizations representing all walks of life including small businessmen, consumers, corporations, unions, farmers, teachers and bankers. All of our discussions were constructive and I benefitted from the advice I received. In my opinion, such open dialogue is essential to the formulation of sound policies.” (Ontario Budget 1980)

Again, we should stress that the academics making these claims were not radical scholars that were intent on achieving a worker-controlled paradise, nor were they Soviet-style defenders of state-ownership and control over all means of production. Rather, these were, at the time, fairly conservative thinkers who viewed liberal democracy as vital to ensuring the longevity of Western capitalist economies, and thus would be weakened if democracy itself remained captive to the idea of only voting for elected officials once every four to five years.
It must be noted that what is being referred to here as a “golden era” for workplace democracy was no doubt experienced very differently for certain groups in the labour market such as Indigenous peoples, people of colour and certain new immigrant communities. With this very important qualification, it is from the political and economic environment outlined above that Canada’s middle class emerged; a consequence of a labour movement that was at the table when government formulated policy and that was able to negotiate with employers for better wages and benefits and gain noteworthy enhancements in collective bargaining rights, occupational health and safety protections and mechanisms to deal with workplace grievances. The framework of labour and employment laws and policies that emerged in this early post-war period therefore made a substantial contribution to improving the financial, economic and life-outcomes of workers, not just in Canada but across the western world.

So what happened exactly? Why is it that we have to revive a concept that at one point in our collective history was so central to popular and academic debate?

Part of the answer, as we shall see in section 2.3, resides in the conjuncture of a number of relevant historical events, but another element was the problematic nature of the relationship between the particular form that industrial democracy took in North America (and to some extent in Britain too); namely the decentralized workplace Wagner model of union representation and its acquiescence, at least at a leadership level, to accept managerial prerogatives too quickly. This stood in contrast to rank-and-file worker activism. Critics on the more progressive side of the ledger thought unions too easily traded off true workplace power for higher wages during the so-called “golden era.” The golden age of stability in the employment relationship was therefore “tinged” with a narrowing of union objectives to “bread and butter” goals and an erosion of workplace level voice.

2.3 WORKPLACE DEMOCRACY ON THE WANE: 1980-PRESENT

The state of affairs described above, “polyarchy” or Keynesian accommodation as some would call it, clearly did not last. In the end, to the more critical Marxian observers the postwar golden age was just a “brief respite in the clash of rights” between exploited workers and the interest and ultimate power of capital and high
finance (Bowles and Gintis, 1986). Non-Marxian economic observers would point to the economic turbulence brought about by America’s prolonged intervention in the Vietnam War and two Mideast oil crises in the 1970s and early 1980s along with the decline and subsequent collapse of Soviet Communism. All of these events provided fertile ground for the political and ideological counterattack that was to come from a re-energized libertarian-tinged political right, most notably in the Anglosphere (i.e., the United Kingdom, Australia, New Zealand and the United States). Its agenda, embodied in the Reagan and Thatcher revolutions of the U.S. and Britain, included what, by now, are standard issue policy planks for modern conservative and in many cases non-conservative political parties — e.g., low taxes, fiscal austerity, free trade, deregulation and a significant rollback of labour, consumer and environmental protections.

What is important to recognize, however, is that, at the time, the new conservatism (or neo-conservatism as it became known in the U.S. and U.K. in the early 1980s and free-market conservatism elsewhere) provided a fairly radical and compelling “vision” of a more “self-reliant, individualistic and dynamic capitalist future” in which individuals and firms were free from the “coercive tentacles of the state” (Hodgson, 1984). By contrast the “fudge and compromise” of the post-war consensus, which attempted to balance the interests of labour versus capital, “looked outmoded and old-fashioned” (Hodgson, 1984). With Milton Friedman and Friedrich Hayek as inspirations, neo-liberals, as they later became known, held up the primacy of “economic freedom” and directed a considerable amount of hostility towards legislation, government structures, institutional arrangements and social norms that provided the “bedrock” for industrial/workplace democracy.

These Keynesian post-war structures — welfare and income security programs, unemployment insurance, labour laws, corporate and environmental regulations, etc. — were seen by neoliberals and their business supporters as unjustified and damaging interventions in the “free market.” By removing these “labour and product market rigidities” and by embracing “free trade,” firms could become

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9 In more recent times the Marxian analytical framework has provided a focal point for a considerable amount of research into the interactions of relations and forces of production within the capitalist labour process. There is no sense of consensus, from our reading of the “labour process literature,” on the causes and consequences of capitalist work reorganization, but some, such as Harry Braverman, have followed Marx in emphasizing changing technology and systems of production in the determination of the reorganization of work while others, such as David Montgomery, have analyzed the evolution of the relations of production while downplaying the role of technological change. Despite the differences found in the labour process literature, it is difficult to imagine a systematic approach to the study of our present-day “unorganized” world of work and its connection to political-economic developments without the Marxian framework as part of the analytical toolkit.

10 Just as a point of clarification, in the 2000s “neoconservatism” became associated more specifically to the hawkish group of elites (Kristol, Wolfowitz) that came to dominate U.S. foreign policy discussions. Though they shared much of the same faith in the free market as the neoliberals, neoconservatism has a certain connotation today that has obscured this earlier 1980s iteration.
more globally competitive and thereby increase employment, productivity and innovation. For example, firms would now be able to “alter wages” and “hire and fire” more easily in response to changing market demands, and implement new workplace processes and technologies without the legislative, regulatory and structural encumbrances of the past. Furthermore, the fast growing economy and vibrant labour markets that these policies would create would make the concept of industrial democracy redundant (Troy, 1999). In such tight labour markets, individuals could exit and find a better job or freely negotiate with firms over the terms and conditions of their employment from a stronger bargaining position.

One of the most visible manifestations of market impediment and checks on corporate power — collective bargaining and union membership — would receive the particular ire of neoliberal governments in the U.S., Britain and eventually in Canada, too. At breakneck speed, the government of Margaret Thatcher began systematically dismantling key elements of British industrial democracy within months of gaining power in 1979. This entailed jettisoning tripartite consultations and severely restricting the right to picketing and striking, while creating a myriad of legal and procedural obstacles to being a union member and organizing workplace unions. There was also not just a societal-wide antipathy to unionism bubbling up but also an employer drive to roll back a particular form of North American unionism that had emerged in the early post-war period, namely “job-control unionism,” in favour of more flexible and co-operative workplace based employee-management relations (O’Grady, 1995).

Canada, in great measure, would be no exception. The shift towards more labour market flexibility began in earnest, not as many would assume under Brian Mulroney’s Progressive Conservatives or later under Stephen Harper’s Conservatives, but rather in the mid-1990s with the Liberal government of Paul Martin. The Liberals made massive transfer payment cuts to the provinces and made significant changes to the unemployment benefit system whereby social transfers such as employment insurance and social assistance were deeply retrenched and accessibility to these and other social supports made much tougher (Green, 2013; Banting and Myles, 2014). Changes in labour market regulation altered the distribution of risks, costs, benefits, and power in favour of employers and at the expense of employees. This decidedly neoliberal approach continued unabated under the rebranded Conservatives of prime minister Stephen Harper who continued to alter the

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11 Job control unionism refers to the favouring of narrow job description, skepticism of work teams as displacing traditional union representation, a concern with direct channels of employee-management communication in favour of traditional grievance systems etc.
playing field away from organized labour towards management but with a much more concerted and insidious attack on collective bargaining rights (Smith, 2015).

But in many provinces — where the bulk of workers are covered by labour laws — the attack occurred earlier. According to the Canadian Foundation for Labour Rights, since 1982, federal and provincial governments enacted 216 pieces of legislation that restricted, suspended or denied collective bargaining rights for Canadian workers (Canadian Foundation for Labour Rights, 2015). A prime example was the abandonment of the card check system as the legal pathway to workplace certification and unionization (Sran, Lynk, Clancy and Fudge, 2013).

Evidence of the effect that such legislative changes have on traditional union representation actually emanates from occasional variations in provincial legislation (Johnson, 2002). Over the past three decades, British Columbia, Alberta, Saskatchewan, Ontario and Nova Scotia discarded card check systems in favour of mandatory voting, regardless of whether the majority of workers signed union cards or not. This change increased the incidence of employer interference in union organizing, including threats to move or dismantle workplaces, tactics such as limiting interactions between workers and union representatives, and the organizing of anti-union education sessions (Sran, Lynk, and Clancy 2013).

Several Canadian studies on mandatory voting suggest it reduced certification success rates by between 9 and 20 percent (Johnson, 2002; Riddell, 2004). Campolieti et al. (2007) examined Ontario and British Columbia during the period when there were several changes in laws regulating the presence and stringency of election time limits and the availability of expedited unfair labour practice (ULP) hearings. They found that election delays reduced the likelihood of certification success in jurisdictions where stipulated time limits were not binding. Riddell (2004), investigating the experience of British Columbia between 1978 and 1998 (since this was the period during which mandatory voting was introduced in 1984 and then eliminated again in 1993), found that unionization success rates fell by 19 percent after mandatory voting was introduced, and then increased by nearly the same amount when it was eliminated. Similarly, a study of Ontario’s change from a card-check system to mandatory voting in 1995 found that the “introduction of mandatory votes had a highly significant negative effect on the probability of certification” (Slinn, 2004: 259). Given the importance of voting delay and the introduction (or removal) of card-check systems in determining certification successes, Johnson (2004) concluded that 17 to 24 percent of the difference in unionization rates between Canada and the U.S. could be explained by the
widespread use of mandatory votes in the U.S. compared to the less widespread use of such votes in Canada.

These legislative changes, in conjunction with massive job losses in highly unionized sectors like manufacturing and resource extraction, saw private sector union coverage plummet from just under 30 percent in the 1980s to just over 15 percent in 2012 (See Figure 1 above). Interestingly, authors such as Fudge and Glasbeek (1995) took note of these union figures and pointed out that the erosion of worker power and workplace democracy actually began before any major rollbacks to the existing Wagner model took place. In other words, the decline in union power was precipitated by fundamental deficiencies in the Wagner Act model itself, like the default principle of decentralized bargaining and the resulting vulnerability of workplace-based union coverage to practices of organizational and industrial restructuring.

No single narrative of this size is capable of capturing all the currents and countercurrents that occurred from the 1980s to the present. To be sure there were significant Canadian debates, within the labour movement itself, over whether to accept new forms of employee management — such as teamwork and other forms of work organization — and some proactive and largely positive attempts by organized labour to shape workplace change in the 1990s and early 2000s (e.g., the United Steelworker initiative on empowering workers in the new economy). There were other manifestations of this creative “new thinking” in labour such as “the high road” to union growth model (i.e., persuading firms to choose high-involvement job security models in favour of higher labour productivity) championed by academics like Anil Verma and Pradeep Kumar in Canada and by Tom Kochan and Barry Bluestone in the U.S. The latter is the son of Irving Bluestone, the late UAW vice-president who pioneered “quality of work-life” programs (Lewchuk et al., 2001) that started with General Motors in the 1970s and later spread to other sectors of the economy, but faded from view by the late 1990s (Early, 2011).
2.4 WEAKER EMPLOYEE VOICE LEADS TO INCREASED INEQUALITY AND MARGINALIZATION, LOWER PRODUCTIVITY, STRESSED-OUT WORKERS

2.4.1 Less Employee Voice and Increased Inequality

After more than three decades of retrenchment in the scope of workplace democracy, the dream of deregulated labour markets unleashing more productivity, jobs and wage growth has proved illusory. In other words, the theory of free-market liberalism has been left wanting. Instead, the impacts on Canada’s workforce and economy are grim, to say the least. As union density more than doubled from the 1940s to early 1970’s, hourly earnings tripled (Brennan 2014) and economic growth, averaged over the same period before or since, has never been higher.

Yet as unionization declined between 1977 and 2012, hourly earnings stagnated, rising a meagre three per cent (Brennan, 2014), economic growth progressively fell and income inequality increased. In light of the heightened concern about the damaging psychosocial and economic effects of increasing income inequality (Wilkinson and Pickett, 2009; Picketty, 2014) it is useful to revisit unionization’s relationship to this phenomenon (see Figure 3 below).

Consistent with earlier research findings (Card Lemieux, and Riddell, 2004), a recent IMF study finds that the decline in unionization in recent decades has fed the rise in incomes at the top, including in Canada (Jaumotte, Buitron and Osorio, 2015). It notes that while “de-unionization weakens” the earnings and bargaining power for middle-and low-income workers, it “increases the income share of corporate managers’ pay and shareholder returns.” According to the OECD, Canada’s gap was among the fastest growing in the developed world, with the top 1 percent in Canada capturing 37 percent of the overall income growth in the last three decades (OECD, 2015). Only the United States had a more unequal record, with its top 1 percent earning 47 percent of the total income growth over the same period (OECD, 2015).
Along with the hit to the pocketbook, many workers without the benefit of union protection are increasingly bereft of an effective workplace-based mechanism to deal with employment standards violations. For example, an investigation by the *Toronto Star* found that of 15,485 complaints made about employment standards violations in Ontario during 2014, only eight resulted in prosecutions with serious financial penalties (Mojtehedzadeh, 2015). Further stacking the deck against workers was the province’s *Open for Business Act*, passed in 2010, that includes a provision that can force complainants to first approach their employer about possible employment standards violations. While the legislation says exceptions can be made in the case of vulnerable workers, legal aid workers interviewed in the report say the measure in practice discourages the most vulnerable employees (recent immigrants, single parents, etc.) from speaking out, noting that claims have dropped on average almost 5,000 per year since the legislation was enacted. Not surprisingly, individuals
who do decide to make complaints are usually those who are quitting or have been fired or laid off.

The Star report is consistent with the fact that 90 percent of employment-related complaints received by the Canadian federal and provincial employment standards agencies come from former workers. As succinctly put by one of Canada’s leading employment relations scholars: “When the employment relationship is still viable, workers are extremely reluctant to assert their rights or make their voices heard” (Taras, 2007).

This reluctance betrays the vulnerability of many precarious workers (particularly women and racialized workers) that is fundamental to confront in any discussion of voice. This is a focal point of the Workers Action Centre’s submission to Ontario’s Changing Workplace Review (Workers Action Centre, 2015). Still Working at the Edges identifies and offers recommendations to remedy the “growing precariousness of the labour market and to improve legislative protections to support decent wages and working conditions.” This report addresses gaps in employment standard enforcement and the abuse of exemptions to standards, and advocates for enforcing and strengthening rights to equal pay, decent hours and access to other “floor” or minimum standards, and reforms to end exploitative treatment of migrant workers. It also zeroes in on the particular challenges of “voice” for precarious workers when facing employment standard violations. While the report refers to the Ontario context, its lessons are applicable to the country at large and worth quoting at length:

“The system of enforcement largely relies on the most vulnerable workers to detect violations and enforce unpaid wages through individual claims. Yet most workers cannot make claims while they are on the job. Some workers are forced to put up with substandard conditions for years, further entrenching illegal practices. Fraying social programs, such as employment insurance, create barriers to leaving substandard jobs. Employees do have a role in helping the system to detect violations. But we need to adopt new measures of protection to enable them to do so.”

12 For more on employment standards and maximizing worker voice in Ontario, see Vosko (2013)
To do this, the report makes several important recommendations:

- To develop “an anonymous and third party complaint program that has as a central goal the remedy of unpaid wages and other entitlements to employees while they are still in the workplace.”
- The strengthening of anti-reprisals protections to support workers who try to enforce their rights.
- Protection for workers from unjust dismissal to give them “the ability to enforce their employment standards act rights by assuring them that they cannot be unjustly fired for doing so.”
- Sectoral bargaining that could improve conditions in precarious sectors.

2.4.2 Less Employee Voice and Lower Productivity

The rolling back of workplace democracy was predicated on the idea that many of the statutes and regulations governing labour relations, including certain collective bargaining provisions, stifled innovation and productivity and made it near impossible to hire and promote the best and brightest. Yet Canada’s experience over past several decades implies otherwise. As demonstrated in Figure 4, labour productivity growth in Canada’s business sector has been in decline since the late 1970s\textsuperscript{13}; exactly the moment in which trade union power in the private sector reached its nadir in Canada. In addition, since 2000, productivity has moved at a snail’s pace (less than 1 percent growth). It is a trend not universally reflected in other developed countries with stronger labour market protection, higher trade union density and more extensive systems of worker representation (i.e., Germany, Denmark, Sweden).

\textsuperscript{13} Taking a look back to the 1970s, Canada impressively was the fifth most efficient economy out of 24 OECD countries. By 2009, it had fallen to 15th (Drummond, 2010).
In fact, a recent study by well-noted German economist Alfred Kleinknecht on this issue highlights how national champions of “structural reforms” in labour markets — e.g., Canada, the U.S. and U.K. — have consistently shown lower rates of labour productivity growth when compared to the countries in so-called “Old Europe”. The so-called “liberalized” countries (U.K., U.S., Canada) especially exhibit trouble competing in more mature industries such as steel manufacturing (Kleinknecht, 2015). A number of potential factors related to labour market policy choices contribute to deteriorating innovation and productivity growth, but among the most notable are easier firing and contracting-out, which make firm-sponsored training less attractive and make employees not apt to contradict their bosses. This lack of critical feedback favours autocratic management styles that make poor use of “shopfloor knowledge” and creates a culture of silence and risk aversion. Simply put, an employee in a precarious state of employment is not inclined to volunteer ideas on making their workplace and employment relationship more efficient (Kleinknecht, 2015).
This was more or less the same conclusion reached a quarter-century ago in a seminal study conducted by Laura D’Andrea Tyson and David Levine. The piece entitled “Participation, Productivity and the Firm’s Environment” was an authoritative review of the literature up to that point. The authors found that employee participation usually had positive, though often small, effects on productivity, sometimes zero but almost never a negative effect and that the size and significance of the effect were contingent on the type of participation involved and other aspects of the firm’s industrial relations environment.

In particular, Tyson and Levine (1990) found that employee participation was more likely to have a positive long-term effect on productivity when i) it involved “shop-floor” decisions (that is, day-to-day workplace operations); ii) it involved substantive decision-making rights rather than a purely consultative arrangement (for example, collective bargaining versus quality circles that are management-led teams whose remit lies only over production/service quality issues) and iii) it occurred in an environment characterized by a high degree of employee commitment and trust between employees and management. A key learning from this research is that workplace democracy when including elements of meaningful worker input in day-to-day decision-making can be a positive contributor to a firm’s productivity.

These findings apply pretty much across all industries and sectors including the much-maligned service sector, particularly industries like retail where it is often assumed low wages and precariousness are inevitable. In a 2010 study that evaluated the impact of so-called high-involvement human resource management (HRM) practices, the authors found that where managers gave employees opportunities to participate, and received appropriate information and feedback from their supervisors, productivity was significantly enhanced. Thus, the authors concluded that “even in settings where employees do simple tasks and are relatively low-skilled, participatory work environments can enhance business performance” (Jones et al., 2010).
More recently, MIT researcher Zeynep Ton demonstrates how retailers, such as Zappos\(^{14}\), Costco and Spain’s Mercadona, that invest in people and democratize decision-making and processes actually drive quality up and costs down, something that car manufacturer Toyota demonstrated some time ago when it overtook North American car makers in the 1980s (Ton 2015, Womack et al., 1991).\(^{15}\) As well, unlike most retailers that centralize merchandise planning and only allow managers to make decisions about product returns and customer complaints, these firms empower their front-line employees to make these decisions. Empowering employees in these ways makes retailers more responsive to local needs and preferences and increases customer satisfaction (Ton, 2015).

The recent evidence and case study examples also reinforce decades-long research in human resource management (HRM) that began with Beer at al., (1984) who saw employee participation as one of the so-called “high performance management practices” that contribute to organizational effectiveness. Later research in the high performance human resource management (HPHRM) literature supported this assumption (e.g., Becker and Huselid, 1998, 1999; Addison et al., 2000, 2003; Guest, 1997; Ichniowski, Shaw, Preussnush, 1997) but compared to other practices such as job design, incentives, and professional development opportunities, employee participation in production and service delivery — particularly through such channels as works councils and joint consultation committees — received relatively less interest in the HRM literature.

In industrial relations (IR), debate and research on worker participation, which was always part of the broader project of industrial democracy, was central to the discipline and included both direct and indirect representative forms. Direct participation refers to employees’ immediate communication, interaction, and co-decision-making with management; indirect participation refers to one or more employees who act in a representative function for other employees in dealings with management including through committees, councils, and unions (Kaufman and Levine, 2000; Taras and Kaufman, 2006).

\(^{14}\) Some private sector firms are already pushing the boundary in terms of worker voice and participation in decision-making. Under the banner of “holacracy,” firms such as Zappos are abandoning traditional hierarchy, not in favour of so-called “flat management” systems but to a “third way” that brings structure and discipline to a peer-to-peer workplace. See: http://www.holacracy.org/

\(^{15}\) This is the so-called “machine that changed the world” effect perfected by Toyota in its car manufacturing plants. Toyota empowered its workers to improve the process and stop the line when issues and errors occurred. This new, lean method required communications to flow in both directions [employees and management] and increased quality while reducing time and costs. The authors, Womack, Jones and Roos, suggested that lean production can be used outside of automobile manufacturing by adapting its principals to traditional mass production of many kinds Roos, Womack, James, P., Jones, Daniel, T. (1991) : The Machine That Changed the World: The Story of Lean Production, Harper Perennial.
In the 1990s and 2000s, an increasing number of IR scholars focused attention on the fact that worker participation — both direct and indirect (mainly through non-union representation at the firm level) — had a fundamental economic value beyond its traditional moral and political basis. These researchers emphasized that from a managerial point of view employee involvement can reduce transaction costs associated with managing the day-to-day operations of the firm, consequently improving productivity (e.g., Colling, 2003; Freeman and Lazaer, 1995; Gollan, 2006, 2010; Kaufman and Taras, 2000; Kaufman and Levine, 2000; Ramsay, 1991; Rogers and Streeck, 1995; Taras and Kaufman, 2006). The first indirect channel operates the activities of representative bodies, which can lead to fewer power differences and inequality between members of an organization, greater information-sharing and more trust in the organization. Such an improved organizational climate will in turn lead to greater organizational effectiveness. Moreover, a positive organizational climate can directly influence non-financial organizational outcomes by simply improving employee welfare and well-being. The second indirect channel works through changes to attitudes and behaviour. Representative bodies’ interventions may correct and prevent opportunistic behaviour by either individual employees or management and this too contributes to better organizational performance.

So why, if the literature on employee participation and worker voice provides such positive effects on firm productivity, don’t we see more of it? Why instead have we seen such a large drop in the one labour market institution — trade unions — that facilitates this participation at the workplace? Why are participatory management practices and ongoing waves of employee-driven innovation more often the exception rather than the rule? The answer is multifaceted but the reasons are related to conditions in product, labour and capital markets that can discourage firms from adopting participatory models.

2.4.3 Why do Some Economies Generate Less Employee Voice than is Desirable or Efficient?

In a clearly laid out answer to this very question, David Levine and George Strauss (1989) showed that a series of factors — stable aggregate demand, low unemployment, wage compression, high firing costs and long investor time
horizons — affect the relative costs of different types of industrial relations systems, including participatory forms of employee voice at work. Because of its importance, we unpack their argument a little further below.

Beginning with **PRODUCT MARKETS**, if a firm makes a long-term commitment to its employees in the form of open-ended contracts or has a union in place that makes the costs of firing without just cause prohibitive, then even during downturns these firms train workers and encourage worker voice and ultimately try to retain workers they have invested in for as long as possible. Contrast this approach with a firm that has no such allegiances to its workers (e.g., the firm mostly uses contractual or temporary labour) and has no union representing workers. When a downturn takes place they either slash wages, lay off workers or use some combination of both. Which firm is better off? The answer depends on the severity and frequency of market volatility.

If recessions are shallow and infrequent, then the long-term commitment policy of the first firm will be more profitable. But if markets are more volatile and recessions deeper and more frequent, then it begins to “pay more” to create short-term labour contracts and avoid unions whenever possible. Since the costs of running participatory schemes increase as the variability of product demand gets higher, public policies that increase this variability (such as deregulation and free-trade deals) will tend to discourage systems of employee voice from forming on their own and/or will encourage union avoidance strategies on the part of management.

The effects of **LABOUR MARKET CONDITIONS** display several facets that either encourage or discourage employee voice and meaningful worker participation. The first is the unemployment rate. Whenever the unemployment rate is low, firms using short-term contracts and non-union labour (i.e., using fear of easy dismissal as the principal motivator) suffer increases in absenteeism, turnover and a possible pooling of poorly motivated workers. By way of contrast, firms using motivational systems based on employee participation, systems of internal labour market promotion and job security benefit. So when average unemployment rates are low for sustained periods of time, unions and indigenous non-union participatory schemes become more attractive ways to motivate and retain workers than more traditional management-only command and control systems.
In Scandinavian countries (Denmark, Sweden, and Norway) governments have attempted to keep unemployment rates low through a mixture of regulation and fiscal/monetary mechanisms. This situation has, according to experts, increased rates of turnover and absenteeism in monotonous, exhausting, and dirty jobs to the point that job redesign and increasing job satisfaction has become vital for every level of employee and occupation, regardless of the “inherent” skill embedded in the job (Levine and Strauss, 1989).

The second facet of the labour market that bears mentioning is the cost of dismissal. At present there is a statutory minimum period in which firms can lay off workers without cause. In lieu of the notice period, employers often provide the time-equivalent in pay. The problem is that although Common Law courts in this country have been quite generous in terms of going beyond the statutory minimums, the workers who can access these Common Law remedies tend to be senior managers and high-paid corporate executives. Most other workers have very little if any time to prepare for a layoff (Field, 2012).

There is therefore a problem for firms that offer more guaranteed jobs either as a motivational policy or as part of union contracts. The tendency for poorly motivated workers to find jobs in more protective environments means that their concentration in the applicant pool of participatory firms increases their recruitment and selection costs relative to the “low-road contractual” firm that uses no such techniques. One can imagine at the macro-wide level if an economy is populated mostly by firms with no job guarantees, the few firms with long-term commitments will have to pay very high screening and monitoring costs in order to ensure that they are attracting the “best” and “most highly motivated”. Alternatively, if the statutory minimums for due notice were increased for every firm in the economy, in line with what Common Law courts have ruled in Canada for upper level employees and executives, then the distribution of any poorly motivated workers would be spread more evenly across all firms, making the efficiency gains of participation policies larger relative to the burden imposed by this small number of shirkers.

Just as the success of worker participation and voice can depend on product and labour market conditions, it can also depend on \textbf{CAPITAL MARKETS}. In capital markets characterised by distant shareholders and impersonal equity holdings, managerial investments in “intangibles” such as employee training or participatory employee voice schemes are much less favoured than firm investments in “tangible” assets such as machinery, technology, factories, etc.
There are three main reasons for this. First, investors may quite legitimately feel that management is simply padding itself with unnecessary frills at the expense of shareholder returns. The second and more disappointing reason is that you cannot “break up” the intangible assets and sell them off in the same way you can the tangible ones. The third problem with capital markets that make it hard for participatory and unionized firms to thrive is that the returns to participation and attachment are realized over the long-term (not in a quarterly fashion). Investors often lack this kind of long-term stake and hence raise the cost of capital for patient/participatory firms. As such, capital market arrangements that increase the proportion of funds raised internally from workers, that lengthen the time horizon for realizing returns on investment or that improve the flow of information between firms and investors will likely result in more employee participation, less union avoidance and greater workplace voice.

There is also a very practical reason related to the adoption of any new idea or system that breaks with traditional conventions and that incurs adoption costs and organizational learning. A firm has to first know about and understand the benefits that can accrue from sharing some decision-making power with employees. Once the benefits are known, the organization still has to learn how to implement a meaningful voice system that can produce the optimal results and/or also learn to work within the confines of any imposed system of voice (union or statutory workplace council). The benefits of this kind of voice are therefore asymmetrically distributed at any point in time in the economy between firms and managers who “get it” and those that “do not”.

There is finally another asymmetry at work here and that is information (often-unknown to upper management) that is lodged within employee experiences and shop-floor knowledge. This so-called asymmetry effect of employee voice is discussed by Freeman and Lazaer (1995) who argue that the existence and historical success of works councils (and other employee voice committees) depend on conveying crucial information from the work floor up to management (Lazonick, 1990). Because of the information asymmetry between management and worker representatives, interactions produced via workplace voice structures offer up alternative points of view and new solutions for hard-to-solve managerial problems. Addison (2005) found that aggregating employee preferences is an important works council function and though this does not provide new information to management per se, it does help management better respond to employee preferences such as desired work hours or benefits.
We know from past surveys that about one-third of Canadian workers say they would like to work longer hours and an equal share (about a third) would like to work fewer. Sharing this kind of information of who wants what at work is a proverbial win-win for employees and employers. Dilger (2002) has shown with his voice approach that the asymmetry effect goes beyond organization and work procedure improvement ideas in that representative voice structures can simply allow workers to better express complaints and problems that frustrate some of the better employees, and thereby help to reduce voluntary employee turnover and low morale.

2.4.4 Employee Voice and the Health of Workers

As we have just seen, under certain conditions the market system on its own may be systematically biased against employee voice and participation — whether procured internally by means of non-union systems or provided by independent trade unions through collective bargaining. Despite the potential efficiency of traditional collective bargaining and employee voice systems, a combination of product, labour and capital market conditions can all make employee participation unprofitable for the individual firm. Economies can therefore become trapped in “low-road” equilibria (Verma and Taras, 2008) that simultaneously provide workers with less democratic say at work and lower economic performance for firms.

This seems to be the case for Canada at present, which is why contracting out and a weakening of internal labour markets has become the norm rather than the exception. The adverse toll these “flexible” policies are taking on the mental and physical well-being of workers and in turn on levels of engagement and productivity in the workplace are large to say the least. Countless surveys of workers in Canada point to this unfortunate truth. A major survey of workers in Canada conducted in 2011 by Carleton University’s Linda Duxbury and Christopher Higgins at Western University finds that as work demands have risen, flexible work arrangements are rare and career mobility is an issue (Duxbury and Higgins, 2012). Consequently, stress levels are high and life satisfaction has gone down as workers struggle to balance life-work demands, including child and elder care. Fifty-seven percent of respondents reported high levels of stress compared to 44 percent in 1991, while only 25 percent of workers reported high life satisfaction in 2011 versus 45 percent in 1991 (Duxbury and
Absenteeism is also on the rise: the percentage who indicated that they missed work (all causes) increased by 7 percentage points between 2001 and 2011 from 70 to 77 per cent (Duxbury and Higgins, 2012). Much of this increase in absenteeism can be attributed to an increase in the number of people who missed work due to ill health (increased by 17 percentage points over time), challenges with respect to child care (increased by 17 percentage points over time), and an increase in people who missed work due to emotional and mental fatigue (increased by 12 percentage points over time).16

These results are also in line with earlier work by Lewchuk, Clarke, and de Wolff (2008) who, using cross-sectional data from a Canadian population-based questionnaire, modelled the impact of less permanent forms of employment on workers’ health. Their study concludes that employment relationships where future employment is uncertain and where supports are limited are associated with poorer health indicators.

2.5 CHALLENGES FOR WORKPLACE DEMOCRACY REVIVAL: THE RISE OF THE “PRECARIAT”, RACIALIZED WORKERS, AND THE “SHARING ECONOMY”

What needs to be asked, given the evidence presented above, is whether the weakened post-1980s framework of labour laws and regulations is equipped to deal with the structural changes occurring in the economy and labour market. An OECD global index measuring employment protection rules and regulations covering employment and benefits to temporary workers suggests that Canada may be lagging rather than leading. Canada finishes near the bottom of this table, ranking 26th of 28 nations (Mikkonen, J. and Raphael, D., 2010). Coming into sharp focus recently is the massive growth in low-pay and non-standard and often precarious employment such as freelancing, contracting, temping, outsourcing and what is, increasingly, involuntary part-time employment.

Leah Vosko (2005) defines precarious work as “forms of work involving limited social benefits and statutory entitlements, job insecurity, low wages, and high risks of ill health. It is shaped by employment status (i.e., self-employment or wage work), form of employment (i.e., temporary or permanent, part-time or full-time), and dimensions of labour market insecurity as well as social context (such as occupation, industry, and geography), and social location (the

16 Respondents to survey were able to choose more than one reason for absenteeism.
interaction between social relations, such as gender and ‘race’ and political and economic conditions)."

Before discussing the implications and dynamics of the shift to a low-wage economy with increasing precarious work, the matter of social location deserves further elaboration. Block and Galabuzi (2011) have detailed the large income gap between racialized and non-racialized Canadians: racialized Canadians earn less than 82 cents for every dollar non-racialized Canadians earn. As the authors explain in Canada’s Colour Coded Labour Market, this income gap “stems from disparities in the distribution of good paying, more secure jobs. The data show racialized Canadians... experience higher levels of unemployment and earn less income than non-racialized Canadians. The work they’re able to attain is much more likely to be insecure, temporary, and low paying.” Troublingly, racialized women have it even worse. These women are “48 percent more likely to be unemployed than non-racialized men” contributing to the fact that they earn a mere “55.6 percent of the income of non-racialized men.” Another important dimension of social location in precarious work in Canada is the situation of migrant workers. Faraday (2014) has shown how predatory recruiters exploit temporary foreign workers in Canada who are left virtually unprotected by laws and standards.

A recent study from the United Way of Toronto (2013) explored how the shift to a low-wage economy is manifesting itself within the Greater Toronto and Hamilton Area. Among the study’s notable findings:

- At least 20 percent of those working are in precarious forms of employment.
- This type of employment has increased by nearly 50 percent in the last 20 years.
- Another 20 percent are in employment relationships that share at least some of the characteristics of precarious employment. This includes full-time employees who receive a wage but no benefits, workers who may work variable hours, and workers who believe they are unlikely to be employed by the same firm a year from now.
- In the Toronto Census Metropolitan Area (CMA), the number of people who describe their job as temporary has increased by 40 percent since 1997.
- Across Canada, the category of “self-employed without employees” increased almost 45 percent between 1989 and 2007.
• “White people, people born in Canada, and immigrants who have been in Canada for 20 or more years are more likely to be in the secure cluster ... New immigrants are mainly in the precarious cluster.”

• “People from racialized groups are paid less than white people in similar employment relationships.”

Likewise, a recent study from the Metcalf Foundation (2014) also spotlighted some worrying long-term labour market trends:

• **Youth unemployment:** The unemployment rate in Ontario for youth (15- to 24-year-olds) has consistently stood at around two-and-a-half times the unemployment rate for adults (25 years and older) since the late 1990s. It is the recent overall increase in unemployment that has made the youth figures appear especially high, hovering above 16 percent for the last five years.

• **Newcomer unemployment:** For two decades now, newcomers to Canada have been experiencing progressively worse labour market outcomes. Unemployment rates decline the longer one resides in Canada, but during the last recession newcomers bore a substantial part of the unemployment load. Indeed, new entrants to the Canadian labour market (youth and newcomers), while making up around 18.5 percent of the labour force in Ontario, represent double that proportion of the unemployed (36.8 percent).

• **Job outcomes for post-secondary degree holders:** By standardized international measurements, Canada easily ranks first among industrialized countries with the highest proportion of residents aged 25 to 64 years old with a “tertiary” education. But among this advanced group, Canada also garners the dubious distinction of having the highest rates of postsecondary degree holders working in jobs where they earn half the median income or less — the commonly accepted cut-off point for the poverty level.

Some of the drivers of these social and labour market trends were highlighted in a recent *Globe and Mail* article, which noted that “for employers, more flexible staffing allows them to keep a lid on labour costs, improving their margins [though not necessarily their profits] at a time of heightened competition and changing business models. It lets them be nimble in an era of fluctuating demand” (Grant, 2014). Though years in the making (Weil, 2014), this trend is being given a new impetus by technologies that facilitate just-in-time employment. For example, “scheduling software can detect when to staff up as the coffee shop gets busier, or when to reduce hours as the grocery store empties” (Grant, 2014).
While there might be some short-term upsides for employers engaging in precarious employment practices, for countless workers, particularly those already on the margins, it’s a daily grind of constant financial insecurity, living paycheque to paycheque and increasing personal debt. It is reflected in recent surveys of Canadians that show 51 percent would find it difficult to meet their financial obligations if their paycheque were delayed by a single week and over a third, 36 percent feel they’re overwhelmed by debt (Canadian Payroll Association, 2015). The lack of certainty around scheduling, hours and pay make it difficult if not impossible to balance family responsibilities or pursue educational opportunities, let alone qualify for a mortgage.

Moreover, the broader detrimental knock-on effects of such income insecurity and job-related precariousness cannot be overlooked and are (as seen above) now well documented. Hugely disturbing is how these trends affect the most vulnerable in society, including young children, especially in light of what we know about the negative long-term cognitive and physical impacts of poverty and parental work-related stress. A piece by David W. Rothwell and Jennifer Robson in *Policy Options* notes that “22 percent of Canadian children aged 0-4 are growing up in households with zero or negative net worth, what Haveman and Wolf call extreme asset poverty. In other words, over 420,000 young children in Canada are growing up in households that have no financial cushion at all. Families with low or negative net worth have more financial stress and more disruption in their parenting, and they are less able to invest in healthy child development. They live month to month and struggle to cover even a modest unexpected cost. The effects of asset poverty are at least as bad as those of low income; by contrast, the prevalence of low income among all children is substantially lower, at 18 percent for preschool-aged children and 14.5 percent for all children” (Rothwell and Robson, 2015).

Another new dimension in the world of work are start-ups such as *Uber*, which connect so-called “driver partners” to customers via smartphone apps, and other web-based platforms that link buyers and sellers of everything from handmade crafts to home-based tourism rentals. Celebrated by many as the “sharing economy,” commentators such as Konrad Yakabuski talk about the purported upsides of such arrangements, especially for younger workers for whom the “gig and on-demand economy is all they’ve known” and who “prefer its go-getter ethos to the secure but monotonous jobs of their nine-to-five parents” (Yakabuski, 2015). The University of London’s Guy Standing, however,
refers to this class of worker as the “precariat.” Unlike the proletariat who “aspired to stable full-time wage labour”, “the ... precariat aspires to achieve an enriching array of work activities in building occupational freedom.” In exchange, the precariat suffers from chronic income and rights insecurity: “Its essential character is being a supplicant, a beggar, pushed to rely on discretionary and conditional hand-outs from the state and by privatized agencies and charities operating on its behalf.” (Standing, 2014).

To be sure, for some working professionals this newfound “occupational freedom” may indeed be the case (Gomez, Gomez and Gunderson, 2008). Moreover, it should be noted, the sharing economy can generate increased efficiencies and flexibility for workers and employers alike, while also creating new small-scale entrepreneurial opportunities for many individuals. These new arrangements facilitate “a new kind of employment — sometimes called fractional employment — in which people can take on extra work when and if they need it. The key to fractional employment is flexibility for both these companies and their workers” (Mims, 2015).

However, for many it must surely be acknowledged that rather than being the “sharing economy” it’s more like the “shafting economy”. On one level there’s the fact most of the “sharing economy” is owned by Silicon Valley’s biggest players and the sharing platforms they control are in effect a kind of digital real estate where the landlords establish the rents and terms for their use (Kaminska, 2015).

Writing in the Financial Times, Izabella Kaminska notes “the uncomfortable truth is that the sharing economy is a rent-extraction business of the highest middleman order” (Kaminska, 2015). Uber sets the rates its drivers must accept per trip and then takes a cut of these wages (Mims, 2015). A recent piece in the Wall Street Journal notes Uber and other ride-sharing services operate as “remarkably efficient machines for producing near minimum-wage jobs. Uber isn't the Uber for rides — it's the Uber for low-wage jobs” (Mims 2015).

To back up this assertion, the author notes that while the company claims its partners make on average $17 per hour when expenses are deducted, it can be as low as $10 per hour (Mims, 2015). For these and other reasons, many commentators are advocating new regulatory frameworks to regulate these industries. At one end of the continuum is the notion of “socializing Uber,” which would in effect see “cities adopt regulatory codes that only permit
ride-sharing by worker-owned firms. Uber would then seamlessly become a software provider” (Ackerman 2015). Meanwhile, a recent report from the Mowat Centre makes the case for a modern regulatory framework that recognizes that “spillover effects from the sharing economy can affect the public in tangible ways” all the way from consumer protection to health and safety (Johal and Zon, 2015).

What is plainly evident in all of these non-standard employment models is the massive amount of financial and personal risk that is being transferred from capital to labour (i.e., onto individual working men and women). The problem is that most individuals simply lack an adequate safety net, public or private, to deal with the loss of work, and in the absence of a company pension, little ability to save for their retirement17. Likewise, they have little or no voice in setting wages or any other condition of work.

Essentially these models mirror the large contingent of own-account self-employed that were present a century ago in Canada and who worked in short-term limited contractual arrangements. It is here where a new kind of workplace democracy is required that can demand from capital a quid pro quo of sorts. In exchange for flexibility in employment relationships, it must support basic income protection and “strong representation security” through “new forms of collective association” (Standing, 2014). What is more, given the multiple and adverse effects on third parties (individuals, families, communities and the macro-economy) of these employment practices, it is not unreasonable for governments to consider new taxes on businesses to help plug the gaping holes in jurisdictional labour statutes and safety net provisions (i.e., to begin to “cost-in” the negative externalities of the “sharing economy”).

17 For a detailed analysis of the seniors saving crisis in Canada, see: An Analysis of the Economic Circumstances of Canadian Seniors.
3.1 WORKPLACE DEMOCRACY– TIME FOR A REVIVAL?

In the same way that the global economic shocks of the 1970s and early 1980s threatened the old Keynesian accord, the low growth and worsening labour market conditions since the global financial crisis of 2008 are now casting more than a little doubt on the 40-year-old neoliberal playbook for economic success.

Canada has been one of the more active adopters of the neoliberal economic model, the key tenets of which, whether fiscal austerity, low taxes, or deregulation, have been challenged by labour, church, women’s and indigenous groups and other equity seeking groups and activists. But what is new is that also voicing apprehension are institutions such as the IMF, World Bank and many central banks; all once the loudest proponents of free-market economic solutions to labour market problems. Without the same electoral concern as political parties that fear losing the votes of “free-market voters” (or more importantly the money and donations of corporate donors intent on preserving their hard-won legislative gains), these non-state actors now appear worried that the loss of trade union countervailing power, stagnant wages and rising inequality is stifling economic growth and increasing political turbulence.

It is against this backdrop of economic anxiety and distress that one can perhaps see the beginnings of a “re-politicization” of work (Pausch, 2013). This is evident in the coalitions comprised of unions and community activists in Canada, the U.S. and U.K. who are increasingly making a successful case for a living wage. In Canada, governments in Ontario and Alberta are legislating systems for future minimum wage increases, while in the U.S., the state of New York and major urban centres such as Seattle, San Francisco and Los Angeles have enacted living wage requirements on all firms, public and private, operating within their jurisdictions. Building on the momentum of the “Occupy movements” of 2011, traditional mainstream political parties like the Democrats in the U.S. and Labour in Britain are being rocked by populist insurgents such as Bernie Sanders and Jeremy Corbyn. Both are strongly reasserting the need to protect the rights and welfare of workers versus powerful business interests and they are drawing a great deal of popular support along the way.
Notions about workplace democracy are also getting a fresh second look and being revived in Canada and abroad. New movements and organizations are springing up to meet the challenge of building 21st century workplace democracy. One such organization is U.S.-based WorldBlu, an international for-profit consultancy committed to the introduction of workplace democracy across the public, private and non-profit sectors. A key channel for WorldBlu achieving this objective is an international certification standard called “Freedom-Centred Workplace,” which is both a diagnostic of any organizations’ existing system of workplace democracy and an advisory tool to identify where changes and resources need to be applied to better achieve “organizational democracy”. Notably among the companies that have achieved this certification is U.S. firm Zappos, which is known for pushing the boundaries of worker voice and participation in decision-making authority through distributed decision-making and self-organized work teams. As part of its mandate, WorldBlu has established a global network of organizations that includes public, private, non-profit, and educational institutions ranging in size from five to 61,000 employees (WorldBlu 2015) committed to the principles of workplace democracy. From their perspective, “... the core of organizational democracy and political democracy is the same — allowing people to self-govern and determine their own destiny. What is different is the context — one is in the political arena, the other is in the realm of organizations” (WorldBlu, 2015).

In Canada, Unifor, the country’s largest private sector union, is backing a freelancers union for workers in the media and communications industry. Working outside of the traditional framework of union-employer collective bargaining, the union provides its members access to discounted insurance rates, press credentials, and advocacy in the case of disputes with a contractor. It’s seen as a way of dealing with the isolation that can accompany freelance work and provides a voice for these workers at a provincial and national level (Canadian Freelance Union, 2015). Ultimately, this initiative aims to offer protections and benefits that are synonymous with unionized jobs to freelance communications workers (Canadian Freelance Union, 2015).

Interestingly, in the U.S., there are early signs that unions are making some inroads into the sharing economy. Airbnb, a web-based platform that allows people to list, find, and rent lodgings, is endorsing the Service Employees International Union’s (SEIU) national fight for a living wage and encouraging vendors who
provide services to homeowners on the Airbnb platform to pay their staff at least $15 per hour (Dwoskin, 2016). Under an agreement reached with the SEIU, the platform will also direct Airbnb hosts to cleaners who have been given a seal of approval from SEIU (Dwoskin, 2016). The cleaners will be trained, certified and provide green home-cleaning services to Airbnb hosts (Dwoskin, 2016). At the same time, Uber drivers in a number of American jurisdictions are initiating unionization drives. One such initiative in Seattle is being spearheaded by local drivers and the Teamsters, and has already delivered one major victory with its city council giving Uber drivers the right to unionize (Brown and Corday, 2016).

And just as the 1960s and 1970s witnessed a flourishing of multidisciplinary scholarship on the subject of industrial democracy, a new wave of writers is once again making a compelling moral, legal, sociopolitical and economic case for strengthening the voice of workers. Of note in a Canadian context is the strong legal-based scholarship that considers workplace democracy as a human right (Arthurs, 2001). When viewed through the lens of Canadian and international human rights jurisprudence, the actions of governments in unilaterally imposing the conditions of work instead of engaging in good-faith negotiations with public sector employees and taking a neutral and passive stance in the face of active employer blockage of organizing attempts of unions point up serious shortcomings in Canada’s commitment to protecting the fundamental rights of workers (Adams, 2008).

3.2 TOWARDS A NEW CANADIAN AGENDA FOR WORKPLACE DEMOCRACY

The time has surely come for a rebooting of workplace democracy in Canada. It is no exaggeration to say it is critical to the long-term health of our economy, society and political system. The challenges we face today as a nation are no less daunting than those facing our forebears in the period after the Great Depression and the Second World War. The voice of workers in the workplace and in society was critical in helping shape the widely shared prosperity of that era and the institutional arrangements that supported it. Canadian workers want and are demanding that kind of voice both in the workplace and society.

The evidence, accumulated from surveys conducted in the U.S. and Canada over the past 20 years, is in fact rather clear: there is an underlying representation “gap” that manifests itself in the proportion of non-union workers who say they
wish to be unionized and those who actually have access to union representation (Campolieti et al., 2007). South of the border, the gap is larger than in Canada. Close to 40 percent of workers in the U.S. (38.6 percent) state that they desire union representation. In Canada, that number is also 40 percent (39.9 percent) but the relevant statistic here is the “implied union density” figure given this unmet desire, as opposed to the actual union membership figures. If added to the proportion of non-union workers desiring union representation, provides a “what if” figure of union representation; i.e., the union membership rate that would exist if there were no barriers placed in front of workers wanting to organize.

As depicted in Figure 5, in the U.S., given that only 10 percent of the overall workforce is represented by a union, that potential union density rate is roughly 30 percentage points greater than actual observed union density, while in Canada, even with its higher union membership rates of close to 30 percent, total unmet demand is still 10 percentage points higher than what is observed currently. Clearly both economies are falling short of meeting this underlying desire for union representation (Figure 5).18

18 A note should be made about the limits of conceptualizing a “demand” for unionism given that it is not a “normal” good per se, but rather even in economic terms better described as “experience good” (Gomez and Gunderson, 2004) or could in non-economic terms be described as “dialogical” implying that its value and meaning are dependent on social practice and active construction (Offe, 1985).
Even more curious are the responses workers give when asked directly about a range of workplace representation schemes that do not explicitly invoke the term “union” but in some cases are direct descriptions of what unions do. Here the demand for “non-union” representation is even higher. As seen in Figure 6 below, both Canadian and American workers are much more inclined to say “yes” to forms of worker representation that are not in any explicit way linked to traditional organized labour. This includes i) the willingness of workers in both countries to participate in an employee organization that discusses workplace issues with management (73 percent and 77 percent respectively in Canada and the U.S. either definitely or probably willing); the interest in joining an organization that either ii) engages in collective bargaining on behalf of employees over wages and benefits (43 percent and 52 respectively in Canada and the U.S. definitely or probably interested) or iii) represents employees who file grievances against their superiors/managers (49 percent and 54 percent respectively in Canada and the U.S. definitely or probably interested in such an organization).

There are several ways to interpret the greater desire for alternative (i.e., non-union) forms of collective representation — e.g., the influence of sustained attacks on organized labour since the 1980s or perhaps a reticence on the part
of many workers to entertain traditional unionism and its association with large bureaucratic structures — but regardless, it speaks to the desire for more (not less) voice at work than what is currently being expressed in the actual union representation data.

**Figure 6: Desire for Union and Non-Union Forms of Representation, Canada and U.S.**

![Bar chart showing preferences for different types of workplace representation]

Source: Authors’ calculations based on Lipset-Meltz (2004) survey data.

Given the evidence of latent worker demand for voice, it is clear that we can still make that same leap of progress that was made 70 years ago when we established the Wagner model, by reinvigorating the traditional institutions of workplace democracy like collective bargaining. Similarly, we also need to consider alternative models and approaches to providing a strong voice to workers in non-standard employment relationships. Finally, it is a voice we must ensure is heard and responded to, as it once was in the halls of this nation’s parliaments and political debates.
3.3 FIRST PRINCIPLES FOR A WORKPLACE DEMOCRACY “REBOOT”

Revitalizing Canadian workplace democracy is an essential and critical first step to addressing the big economic, social, political and public health related challenges we face as a nation. As this paper highlights, issues from sagging productivity to widespread voter disengagement are the result of an economy too often treating workers as variable (rather than as fixed) costs of doing business and devoid of any meaningful voice in their workplace. This belief in the commodification of labour and the benefits that accrue from following pure market generated outcomes is subject to a persuasive critique made more than a half-century ago by Karl Polanyi. Polanyi understood that social forces mobilize to push back against the scourge of unbridled market forces when they threaten human dignity, as indeed they did during the industrial revolution. In his work he noted the so-called “fictitious foundation of the market economy” whereby a system of self-regulating markets requires state action to produce and maintain economic and social order (Block, 2008). So despite the power imbalance between employers and workers (and the emergence of a “market society” where economic forces become dis-embedded from society and labour is treated as a mere input), the tendency of self-regulating markets to fail and to erode workers’ rights gives opponents of laissez-faire the chance to win changes and help protect society from the imbalances of power and instability generated by the unfettered market (Block, 2008).

Simply put, even for those whose primary aim is to maximize economic growth and efficiency, a state of affairs in which labour is shut out from both major and minor economic decisions is not sustainable. Employees must come to be regarded as important partners and players in the economy and its workplaces. As such, decision-making within any organization, public or private, should be seen as “the confluence of upward and downward pressures rather than the military model of all orders coming from on high” (Rumball, 1979). Ideally, such a pluralistic framework allows for a “bottom-up” component that allows workers, free from coercion of any type, to make decisions about which structures best give them voice, respecting the fact that no one-size fits all. This is augmented by the critical “top-down” elements of government policy and legislation such as:

- Protecting workers against arbitrary and unfair dismissal;
- Guaranteeing full transparency and access to all information affecting interests of workers;
• Securing rights for workers to freely establish organizations/associations (statutory or non-statutory) to represent their concerns;

• Providing workers with an opportunity to initiate input and ideas on all issues affecting their employment through effective management-worker consultative systems. An example of such a system is the German works council that is now common in Europe. Typically, works councils, which include management representation, provide a forum for the expression of employee interests in the workplace. They do this in three critical areas: information (e.g., providing employees with information on financial and economic issues), consultation (e.g., engaging with employees on business decisions that may impact the workforce, such as introduction of new technology) and approval authority, which in some European jurisdictions can cover such areas as health and policies, job classifications and workplace training.

There should also be an understanding that these first principles are not built on sand but rather on a solid foundation of research in what was known in the 1960s and 70s as industrial democracy and which as a corollary set out the concept of industrial citizenship. This conception of citizenship, we should note, was built on four main “assets” that bear upon the well-being of democracy both inside the workplace and in broader society. In the “Golden Age” of post-war growth (1945-1965) these assets were embodied in a legal framework that in Anglo-Saxon economies encouraged unionization and collective bargaining. They included (Arthurs, 1967; McCallum, 2010):

• Protection against arbitrary treatment by employers;

• Protection against economic insecurity and the risks of losing one’s working capacity;

• Participation in local regulation of labour (negotiation of collective agreements);

• Broader social participation in state regulation of work (for the labour movement).

Although industrial citizenship, much like industrial democracy, has faded from practical view, in light of the 2008 global financial crisis it is time to revive these ideas in order to chart a coherent and more inclusive path forward for our national economy.

Finally, there is no sugar-coating what was also observed more than 40 years ago, that the “whole point about industrial democracy is... a modification to a greater or lesser degree of the orthodox authority structure: namely one where decision-making is the ‘prerogative’ of management in which workers play no
part.” (Sanderson, 1979). Bringing back workplace democracy as a focal point for economic and social policy in this country is likely to be fought by some in the private sector and may even be received with some skepticism by organized labour (perhaps fearful of an erosion of collective bargaining through watered-down provisions for worker voice and manipulation by employers). But with all parties keeping an open mind, we can perhaps begin to knit together a new architecture of workplace democracy that recognizes present-day economic and labour market realities.

What follow then are 10 high-level proposals and ideas to launch this vital discussion.

### 3.3.1 Establishing Federal-Provincial Council for the Promotion of Workplace Democracy and Productivity

The federal government could take a leadership role in bringing together its provincial and territorial partners, along with industry, labour, the co-operative/non-profit sectors and human resources professionals to advance employee voice and productivity in the workplace. This could be facilitated through the creation of a national council that would leverage the existing financial and human resources of partners in such ways as:

- Serving as a table or forum for a renewed “social dialogue” on critical labour and economic issues with all stakeholders;
- Acting as a clearinghouse for workplace best-practices and innovations from all sectors;
- Developing voluntary national standards and criteria defining “democratic workplaces”;
- Supporting capacity building among partners in all areas of industrial democracy (e.g., collective bargaining, conflict resolution, democratic work processes);
- Implementing a national framework or strategy to advance workplace democracy and productivity.

As a first order of business, the council could undertake a comprehensive review and consultation on workplace democracy and ways of transforming and making it relevant to a 21st century Canada. The review could draw on Canadian and international experts and serve as a vehicle to engage with Canada’s workforce both unionized and non-unionized.

Recently, the Government of Scotland commissioned a report, “Working Together: Progressive Workplace Policies in Scotland”, which could serve as a model for
such a review in Canada. The Scottish review looked at workplace policies and practices in the public and private sectors in Scotland, with a focus on:

- “Opportunities for innovation that would enhance productivity, workplace development, and labour market security and resilience;
- What constitutes good practice, the principles that underpin it, the benefits it delivers, and how it might be more widely supported, adopted and secured;
- Opportunities to promote collective bargaining, workplace democracy, diversity and equality, including specifically the participation of women.” (Government of Scotland, 2014).

Of course, all this does not preclude the federal government along with the provinces and territories undertaking similar or broader reviews individually on legislation with their respective jurisdictions. However, there is an obvious value in encouraging the creation of a level playing field of legislation, policies and standards for workers and businesses in Canada, which could be facilitated through the council or other existing federal-provincial forums.

3.3.2 Strengthening and Revitalizing “Wagner Model” of Collective Bargaining in Public and Private Sectors

Wagner-style statutes that establish the right to collective bargaining on majority employee support for a trade union are of course the dominant model of employee representation in Canada and the basis of labour relations legislation in all of Canada’s jurisdictions.

As outlined previously, the model has produced significant benefits for workers, the economy and our democratic and civic institutions. However, its ability to be a key component of workplace democracy in Canada has been undermined in a number of ways, including the move away from card-based certification towards mandatory voting and active and unfair employer interference in the organizing process. And even when workers achieve certification, there’s the issue both in Canada and to a greater extent in the United States, that the percentage of first agreements negotiated (without third-party arbitration) can be quite low (Kochan, 2007). Although a number of variables could be at play, research points to unfair labour practices (i.e., employer bad-faith bargaining) playing a major role. All of which begs the question of whether

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19 Given Canada’s diversity, in addition to women, it would be important to include the participation of aboriginal people, of workers of colour and of workers with disabilities.
workers truly have the right to association and free collective bargaining if it is being systematically undermined in this fashion.

With this in mind, there are number of reforms that could be considered as a means of once more making workplace unionism a vital piece of workplace democracy in Canada.

• Restoring card-based certification procedures;
• Directing federal and provincial labour boards to exercise their existing remedial powers to eliminate incentives for unfair employer interference and wrong-doing in certification drives (Slinn, 2008);
• Utilizing internet, electronic or telephone-based voting procedures as a way of lowering administrative costs and potentially supporting enhanced freedom of choice as a consequence of being able to vote away from the worksite and having one’s confidentiality protected (Slinn and Herbert, 2010);
• Mandatory first contract arbitration could be a mechanism by which to encourage parties to achieve collective agreements in newly certified bargaining units (Johnson, 2010);
• Mandating the offering of certain collective bargaining provisions to contract employees.

To this discussion one must also add the necessity of jettisoning, in many non-manufacturing work settings, existing allegiances to traditional collective bargaining distinctions between employees and supervisors and mandatory and non-mandatory subjects of bargaining (Warrian, 2001). Many contemporary work systems, often supported by information technology, decentralize greater authority to teams, team leaders, and front-line workers making traditional distinctions between supervisors and employees obsolete (Kochan, 2011). As well, in sectors such as health care, teams of union-represented employees must be engaged “with managers, doctors, and staff professionals in discussions of service quality, performance improvement, deployment of electronic medical records technologies, and other workplace and organizational issues. In order for intelligent recommendations to be made on these topics, significant organizational information on costs, competitive strategies, investment plans, and budgets need to be shared and discussed as part of the collective bargaining process” (Kochan, 2011).
3.3.3 Allowing Minority Unionization or ‘thinner representation’ models

The majority/exclusive “all or nothing approach” of the Wagner model of course leaves many non-union workers who would like to join unions without representation. As such, some have advocated allowing for minority unions with limited rights, such as being able to compel employers to provide information on matters impacting workers and requirements to consult with employees on operational and human resources related issues. There are many international examples of minority unionism in practice but in a Canadian context there are at least three that have been proposed by scholars over the last two decades.

One of the earliest comes from UBC Professor Mark Thompson who published a paper in 1995 with many of the same elements as a more recent and more often cited proposal from Doorey (2013), but with several crucial differences including the fact that Thompson was writing prior to the Health Services SCC decision (Health Services and Support Facilities Subsector Bargaining Association v. British Columbia, 2007, SCR 391). The basic structure of Thompson’s (1995) model would be three levels of “graduated representation” initiated by workers. The first basic level would be the right to be informed about employer actions on specific subjects without any requirement that the employer consult on these subjects. The second level of representation would be consultation with employees or their representatives on subjects that in a European context would be typically addressed by works councils, e.g., layoffs, technological change, training, promotions and transfers, and health and safety, etc. At the second level, compensation would also be subject to consultation. Employers would retain the right to act unilaterally, but would be required to discuss these matters with an employee committee. The third and final level of representation, which would build on the two previous systems, would add requirements that joint employee-employer committees agree to certain management actions, such as dismissals for cause, major changes in work schedules and economic matters prior to any employer actions.

According to Thompson (2015:3), “Employees could obtain any of these levels of representation by free vote on rather generous terms, i.e., a minority of perhaps one-third for the first level, 40 per cent for the second level and a majority for the third. Employee rights to choose among these models would be guaranteed by law. Choices would be valid for a fixed period of time, perhaps as short as two years and as long as four or five years.
An administrative body, the labour relations board or a similar agency would determine the appropriate unit for representation and administer elections.”

A variation on this concept comes from David Doorey who puts forward a proposal called “Graduated Freedom of Association” (GFA). Under that proposal, a new “thin” model of freedom of association would serve as an alternative to the “thicker” Wagner model. The GFA provides a “minimum bundle of rights and freedoms protected by the Charter without having to opt for a majority union as bargaining agent” (Doorey, 2012). Although imposing “few new substantive obligations on employers,” it would help, according to Doorey, in addressing “the large representation gap for employees who want a collective voice at work but cannot realistically acquire it under today’s labour relations statutes” (Doorey, 2012).

Finally, Adams (2015), who once advocated the abandonment of the Wagner model (Adams, 1995), has now proffered a detailed minority unionization model for Canada that would keep the current majoritarian model as is, but would add the idea of the “most representative union”. In Adams’ words, the option of certifying an exclusive agent via a majoritarian procedure would continue to exist but:

“...it would no longer be the only form of certification available to workers. In an appropriate bargaining unit, the most representative union (or coalition of unions) with, perhaps, 30 percent support and a minimum membership to make it credible, could be certified by the labour law authority in each Canadian jurisdiction as primary bargaining agent with all of the rights and duties of exclusive agents but it would not be the exclusive agent. Consistent with ILO norms, in enterprises with certified most representative unions, minority unions would have the legal rights to speak for their own members, represent the grievances of their members and the right to organize legal strikes. Collective agreements would have to allow minority unions to exercise those rights but only within the terms of the agreement (and the law). Thus, for example, minority unions would have to respect the requirements of the grievance system laid out in the negotiated collective agreement and, should the minority association set out to organize a strike, the requirements in both the agreement and the law would have to be honoured. (Adams, 2015: 17-18)
According to Adams (2015), with the new duties of certifying and regulating (and perhaps promoting) minority unions, provincial labour boards would recapture their central role and thereby reduce the need for costly Supreme Court challenges. Adams (2015) goes on to speculate that one of the likely results of this system, which both practitioners and law theorists would welcome, is the return to “authority” of the labour relations boards and the quieting of freedom of association legislation. Citing Burkett (2013), Adams documents how labour boards have been losing their central role in labour relations due to increased activism by both legislatures and the courts thus, in the view of Burkett and others, destabilizing the system.

A fair question to ask about these so-called minority unionism models is whether this represents a sensible adaptation to changing times or whether accepting worse labour market conditions is a new normal. It is clearly a question activists and advocates ask as they look to improve income supports for the working poor. Are we just paving the way for continued erosion of decent work or is it a pathway for improvement?

In our judgment, we feel that it is the latter given that unionization, under majority exclusive representation, represents the “outlier” in terms of global models of representation and there are far more examples of so-called “thin” representation in existence (Adams, 2008). But we should be clear: in no way should any reforms be structured so as to open up the possibility for further eroding collective bargaining through insidious so-called “right to work” legislation, which has been used to devastating effect in the United States and mimicked by certain governments or parties aspiring to government in Canada (Jackson, 2013).

3.3.4 Expanding Sector-Based and Multi-Union/Employer Collective Bargaining

In addition to the Wagner model, consideration must be given to expanding the scope of sector-based and multi-union/employer systems of collective bargaining whereby multiple employers and/or representative associations negotiate with worker representatives at centralized bargaining tables. Within these models, there is also what is known as collective bargaining extension by which the terms of collective agreements are applied to employers and employees (unionized or non-unionized) who are not original parties to an
agreement, in a given industry, occupation, or region. This is achieved via legislative provisions or ministerial decrees. Important to stress is that this type of bargaining does not preclude negotiation of worksite specific issues between unions, including some degree of flexibility with respect to wages and benefits.

Although quite common in Europe, these approaches are not entirely foreign to Canada where they have been successfully applied in the construction and arts industries. For example, in Ontario, collective bargaining in the industrial, commercial and institutional sector of the construction industry is conducted on a single-trade (e.g., electrician, iron worker), province-wide basis under provisions of the Labour Relations Act. Under the single-trade bargaining model, employers coordinate bargaining with trades unions on a multi-trade basis through CLRAs — Construction Labour Relations Associations. Larger and more complex industrial and commercial projects requiring more sophisticated skills are generally performed by the building trades unions (Rose, 2014). The existence of a provincial agreement thus makes it easier to convince workers to join the union, as they can ensure employers are bound by the level of wages and benefits set out in the provincial agreement. It should be noted, however, that there is a large non-union construction sector where these provincial agreements do not necessarily apply.

The model’s origins in Ontario’s construction industry date back to the 1970s, when the bargaining structures industry underwent a major transformation due to a major increase in strike activity and to higher wage settlements (Rose, 2014). Policy-makers in Ontario and other parts of Canada believed centralized bargaining would lead to industrial relations stability and thus introduced legislation to promote stronger employer associations and centralized bargaining (Rose, 2014).

Today, sector-wide systems of representation could be of value to temping, contract, freelance workers and self-employed contractors who move from employer to employer within a particular industry sector. These workers would undoubtedly benefit from a base set of portable protections and benefits negotiated centrally, regardless of whether their employment was directly with an employer or indirectly via a temporary agency or subcontractor.20

20 As research from the Workers Action Centre highlights, temp agency workers work months, sometimes years, alongside co-workers doing the same job but for less pay, fewer or no benefits, little protection against violation of their employment rights and no protection against termination. Temp workers typically earn 40% less than their co-workers hired directly by the company. See: http://www.workersactioncentre.org/updates/new-bill-pushes-government-for-better-protections-of-temp-agency-workers/
Such benefits and protections could include portable pensions, sector-specific minimum wage rates, training grants and extended medical and dental benefits.

Historically, these types of bargaining models have been credited with promoting increased stability in collective bargaining relationships. A clear advantage of these systems is that they help to create a platform to address not just wage and benefit setting, but common issues such as workforce training and industry productivity. This allows for the development of strategic responses “that cover all organizations and types of workers in a sector or industry” (The Scottish Government, 2014). Moreover, it optimizes “efficiencies in the consultation and negotiation process and establishes a level playing field that marginalizes firms seeking an advantage through “undercutting” the competition — either by paying lower wages and offering poorer terms and conditions or poaching skilled workers from those who invest in workforce training” (The Scottish Government, 2014).

Beyond strict bargaining, there are a number of made-in-Canada examples of sectoral co-operation between management and labour (fostered often with government support) in the form of national sector councils (Gunderson and Sharpe, 1998) and more recently and locally in the creation of the hospitality workers training centre (HWTC) in Toronto, which now operates as its own non-profit, but was originally created as a partnership between the Hospitality Workers’ union (UNITE HERE Local 75) and major hotels in Toronto and modeled on the Culinary Training Academy of Las Vegas. What is common to these latter forms of centralized dialogue is that this approach offers workers the benefits of union representation as they transfer from job to job, while at the same time providing employers with access to a reliable group of skilled workers.

3.3.5 Legislating for the Possibility of Employee-Management Workplace Councils

Another approach towards workplace representation is advancing the idea of a “made-in-Canada” version of German-style workplace councils. In their basic form, these are bodies elected by all non-managerial employees and entitled to meet with management in establishments and firms operating above a certain size (these range from 20 to 50 employees in most cases). Typically, under this framework, work councils are apprised of and consulted with on all matters impacting employees and can participate to some degree in management
decisions (Knudsen & Markey, 2001; Wood & Mahabir, 2001; Rogers and Streeck, 1995).

Work councils are a mainstay of workplace democracy in many European jurisdictions where they are integrated into larger labour relations systems covering collective bargaining and in countries such as Germany are part of the co-determination model (i.e., worker representation on company boards of directors). As such, they are seen as a complement to collective bargaining and not a replacement.\(^{21}\)

In Canada, work councils could build on the experience of existing statutory health and safety committees and could be expanded along the lines suggested by Adams (2008) to “...codetermine specified critical aspects of work such as training, employment equity, technological change, job sharing and the terms of plant shutdowns and to co-operate with management in improving the efficiency and competitiveness of the enterprise”\(^{22}\).

Though, in principle, any workplace council legislation would not mandate the particular duties of the committee, as a starting point for their introduction in Canada, employee-management workplace councils could be established in all non-union workplaces to promote compliance with existing employment standards and to deal with innovation and productivity issues, giving employees and managers a forum for developing and implementing solutions and strategies to improve employee welfare and firm performance. This would lower business-sector opposition and showcase the forum as a win-win for employees and employers alike.

Such an elected committee would be valuable for firms seeking to compete at the high end of customer and product markets, where it could be used for management information sharing, for appeals from on-the-ground participatory bodies (when an employee team and their supervisor disagree) and for higher-level strategic decision-making. It would also be of use to marginalized and workers fearful of dismissal to have a committee of fellow workers standing behind them. Conversely, it would be opposed in settings (and hence by firms) that are not competing on innovation but on low-cost imitation. However, in

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\(^{21}\) In non-union companies one could constrain these employment relations committees to everything but compensation matters (recognizing that this is a big advantage to being part of a union). In unionized workplaces, there would likewise be a clause that the committee would only deal with matters not covered by the collective agreement, unless that agreement permitted such discussions.

\(^{22}\) These are items Canadian union Unifor has bargained in many collective agreements. Employers pay a certain dollar figure per hour of labour (say 2 to 3 cents) that is used to send workers to training. Unifor also has women’s advocates in many workplaces.
the latter case, it would be the job of “third actors” (government or industry associations) to point to the weight of academic evidence demonstrating that even in settings where employees do simple tasks and are relatively low-skilled, participatory work environments can (and do) enhance business performance (Jones et al., 2010; Osterman, 2000). Of relevance here is the case of Swedish retail workers and the state of their employment relations, which stands in marked contrast to most North American workers in this sector (see Appendix).

Significantly, such workplace councils would also provide a legislated framework by which marginalized and precarious workers could provide input, without fear or intimidation, on issues that influence their day-to-day work lives. As a recent report by the Poverty and Employment Precarity in Southern Ontario (PEPSO) notes, such issues include irregular work schedules and lack of access to employment-related training (PEPSO Research Group 2015).

3.3.6 Promoting and Advancing Worker Co-operatives

Although by no means a new organizational form, worker co-operatives that are effectively jointly owned and democratically controlled enterprises are receiving renewed attention because of their resilience in not merely weathering the 2008 crisis, but being able to thrive and grow (Birchal, Hammond Ketilson, 2009).

Perhaps less known is their global heft. The annual World Co-operative Monitor from 2014 surveyed more than 2,000 of the largest co-ops (member and worker) worldwide and reported their total combined turnover (revenue and expenses) as about $2.2 trillion (equivalent to the world’s seventh-largest economy) in a wide range of sectors such as agriculture, retail, banking and insurance (World Co-operative Monitor 2014). Presently, there are close to 400 worker co-operatives in Canada employing more than 15,000 people, with revenues upwards of $500 million (Hough and Wilson and Corcoran, 2010). Overall, the period between 1985 and 2010 has seen a steady growth of the worker co-op sector in all regions of Canada, including the formation of the Canadian Worker Co-operative Federation, which has enhanced the networking and support for the sector (Hough and Wilson and Corcoran, 2010). Nonetheless, the number of worker co-operatives in Canada on a per capita basis is comparatively low when compared to Western Europe and the U.S. (Canadian Worker Co-operative Federation 2012).
Governments at all levels could play a role in promoting worker co-operatives, which arguably achieve the highest degree of workplace democracy and a variety of well-documented benefits both for workers and surrounding communities. This could be achieved in collaboration with the co-op sector through support for capacity building and facilitating access to credit and other financial supports to help co-ops start up and grow. Quebec’s Chantier de l’economie sociale, is a good example of a forum that brings together the main stakeholders in the province’s social economy in order to create the right public policies and conditions to support a more democratic, sustainable co-operative-based economy. A key role of the organization is the sharing of best practices and the facilitation of collaboration among its members in the co-op sector and broader social economy (Chantier de l’economie sociale, 2016).

3.3.7 Encouraging Non-Statutory and Non-Union Employee Voice Models

It also bears mentioning the myriad of voluntary and non-statutory employee voice models that can and do coexist outside of the statutory framework of labour relations in Canada. In the private sector, companies in Canada are free to establish non-union labour relations approaches (something explicitly banned in the U.S. under Section 8 2(a) of the National Labour Relations Act). An example recently in the news is WestJet, which saw its pilots reject certifying as a union and (implicitly) vote to continue under the umbrella of the company’s own non-union labour relations model.

As Roy Adams points out, these are not always “sham” unions either. There are a number of examples of successful independent non-statutory associations of employees, such as in the Canadian university sector, that “bargain” with their employer. Nonetheless, a major challenge in Canada is to foster in the private sector a culture with regard to employee representation much like the one that has existed historically in the university sector.

That said, surveys (see Figure 6) indicate many employees prefer informal non-statutory collective representation to certified exclusive agency. Therefore, there could be a case for encouraging employers to voluntarily recognize and bargain in good faith with representatives freely chosen by the relevant employees whether statutory or non-statutory in nature.
In addition, and as noted in a recent authoritative study of Non-Union Employee Representation (NER) systems by Gollan, Kaufman, Taras and Wilkinson (2015), employee representation schemes that were either mandated or set up by an employer were deemed to be of second order significance and/or lacked legitimacy in some quarters of the industrial relations discipline. Likewise, in the human resource literature, an overriding concern has been on the bottom-line impact of such schemes and how they link up to the broader high-performance paradigm. The editors quite rightly point to the real intrinsic value of providing voice to workers (free from any associated efficiency benefits) and how workplaces should still be viewed, by implication, as the crucibles of industrial democracy. The other perspective of course (and that is also given short shrift by the editors) is the view held among many traditional labour studies scholars that NER is everywhere and always a trade union substitute. This is indeed one of the motives behind some employer NER designs — the editors acknowledge as much — but equal precedence can be found for seeing NER systems as platforms for employee engagement and eventual trade union representation.

As the editors maintain in a final summation of the implications of NER: “The concept of employee voice and practice of a non-union form of employee representation has experienced a renewal ... in the last thirty years due to a confluence of factors such as union decline, rise of high-performance work practices, and desire of employers and employees for a more co-operative and less strife-prone relationship. Present-day NER is certainly practised in a more managerially sophisticated and advanced form than a century ago; the animating ideas and distinctive challenges have long roots however ... and go back a century and more” (Gollan et al., 2014 p. 34).

When combined with the historic pressure that workers have brought from “below”, through organizing and union pressure, there is some hope then for the unrepresented worker, and this report is hopefully charting a way forward in an exploration of traditional and alternative employee representation systems. Of course, this does not ignore the reality that workplace democracy, whether traditional or alternative, is not always conferred from above by employers. In many instances, it is the result of bottom-up organizing and collective action by workers.
3.3.8 Spreading the Knowledge and Encouraging “Voluntary” Adoption

Just as many well-known legal experts in labour law are unaware of the peculiar Canadian allowance for voluntary non-union workplace representation structures, there is lacking in Canada generally, knowledge about the characteristics of successful employee participation and voice plans. If these were more widespread, firms that never considered such plans may be disposed to offer them, and those introducing employee voice schemes would make fewer mistakes.

Perhaps, then, just as there is a role for federal and provincial governments in subsidizing and disseminating scientific research, there is a role for it in subsidizing basic workplace research and sharing the results through publications and conferences.

Critical in helping disseminate this knowledge is reinstating the Workplace Employee Survey (WES) that was discontinued in 2006. At present, Canada has no detailed periodic survey instrument designed to obtain representative information on the employment relations activities and behaviour of firms and the reactions and feelings of employees to such practices. This stands in sharp contrast to other major leading economies such as Australia and Britain, which (in the case of Britain) has been producing the Workplace Employment Relations Survey (WERS) — formerly known as the Workplace Industrial Relations Survey (WIRS) — since 1980.23

Some of the information and research questions that would be produced by this kind of survey include:

- how workplaces are managed and organized
- individual and collective representation at work
- trade union recognition and membership
- dispute resolution and fair treatment at work
- family-friendly policies and employment equality, selection and recruitment
- how learning and training activities are undertaken
- adoption of high involvement management practices
- the extent of non-standard employment

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23 The WERS is a national survey of people at work in Britain. It is the flagship survey of employment relations in Britain. It collects data from employers, employee representatives and employees in a representative sample of workplaces. WERS has been undertaken six times: 1980, 1984, 1990, 1998, 2004 and 2011.
• the extent to which it is precarious with vulnerable workers
• preferences for different types of voice and models of workplace democracy

These are all questions that could be useful in measuring the overall economy-wide effectiveness and compliance with various employment standard legislative reforms and long-standing policies such as health and safety and minimum wage legislation.

Some of this government-led research could also take the shape of pilots across the public, private and non-profit sectors that could potentially bring innovative approaches to workplace democracy. Re-establishing the federal funding for sectoral-councils is one possibility for delivering on this objective; though reconstituting them for the purposes of sharing useful information would have to take account of the record of the original councils, which were mixed (Gunderson, 2011).

It is also important to stress the need to include employers and workers in this process. Progressive employers need to be a part of the dialogue and act as real-world examples that supplement this kind of research. Workplace democracy does not happen by accident. How and why do these socially responsible employers commit to business models that incorporate employee voice are key questions that could be spotlighted in case-study type research. Similarly, the perspectives of workers in these business models would also be of value in understanding the benefits of such systems.

In this regard, the benefits of employee voice should not only be the purview of HR programs but a component of study in business school programs. Managers at all levels and across the business spectrum need to understand the importance of employee voice and learn the myriad of ways to foster it in the workplace (even if it appears more expensive in the short term).

3.3.9 Creating the Right Macro-economic Environment

Equally important, though not a major focus of this paper, one cannot overlook the impact of broader and macro-economic policies in either encouraging or discouraging employee voice. For example, macro-economic fiscal and monetary policies that maintain high employment rates and steady aggregate
demand enhance participatory workplaces versus workplaces that rely on the threat of dismissal, which of course thrive during times of high unemployment.

In addition, policies granting partial employment insurance for partial layoffs (i.e., job sharing) and experimenting with guaranteed minimum income models would give workers the ability to credibly “exit” bad jobs and thereby place greater pressure on “bad employers” to up their game or face chronic shortages of labour. This would also effectively eliminate the implicit “subsidy” that employers with sound workplace practices pay — through increased taxes, greater employment insurance premiums and higher state social support payments — to firms that lay off easily and offer precarious contracts to workers. Such policies would encourage long-term employee-employer relationships and support workplaces that are already unionized and/or offering employee voice and representation systems.

### 3.3.10 The Role of Management

The ninth point above brings us to our final observation: the need to highlight the role of management and the employer in this process. Progressive employer associations, such as B Corp. and Living Wage UK (and eventually Canada) need to be a part of the dialogue as well if only (and crucially) to act as real-world examples that supplement the research and theory canvassed here. Treating employees fairly and empowering those workers leads to better outcomes for both the employees and the firm, but it does not happen by accident.

How and why do these socially responsible employers commit to business models that incorporate employee voice whereas most firms do not? This important question does not boil down to a simple question of costs and benefits and therefore requires much more research.

However, as a start, what if business schools taught the benefits of employee voice not only in their HR programs but also in their accounting and strategy courses as well? The dynamics of human participation in the production process are far more complicated than a simple input into the final product or service. Managers, at all levels and across the business spectrum, need to understand the importance of employee voice to the long-term viability of an organization and learn the myriad of ways to foster it in the workplace.
4. CONCLUSION

In this report, we argued that workplace democracy — a term historically synonymous with meaningful systems of employee voice and workplace engagement and defined here as any workplace regime where employees are afforded the tools of representative democracy through either on-the-job input and/or through a “say” on how the company manages its affairs — should be seen as a vital idea in need of “rebooting” for the 21st century Canadian workplace.

In unionized workplaces, there is the undeniable addition to industrial democracy of a legally protected independent trade union and collective agreement that is not easy to dislodge by managerial “whims”. The fact that workplace representation traditionally has been harnessed through the trade union movement, however, does not mean that it cannot be transmitted via statutory and voluntary representative systems as well, which is why we generalize in this report to include all forms of representative voice structures.

Works councils, such as those that started in Germany and are now part of European Union membership, are obvious non-union forms of employee voice that could generate similar broad-based civic and economic advantages for workers. Interestingly, they are already part of the industrial landscape in North America given that many jurisdictions have emulated Ontario’s long-running use of health and safety workplace committees, even if up to now an expansion of these institutions to include other workplace-related areas of concern such as wages and other workplace rules has not emerged (Storey and Tucker, 2005).

Finally, it should be acknowledged that some measure of voice could be provided, however minimally, through voluntarily employer-provided high-commitment devices such as non-union grievance procedures (Budd and Colvin, 2007). Non-union, no-voice workplaces (Bryson, Gomez and Willman, 2006; Pendleton and Robinson, 2010), on the other hand, offer little in the way of these sorts of voice or social pressure channels but they do create opportunities for pecuniary advancement via promotion or managerial roles. However, directing one’s personal effort exclusively within the firm, as opposed to leveraging civic skills that are translatable outside of the workplace, makes workers lacking any experience with voice (through unions or otherwise) much less likely to engage civically as well.
The main insight presented in this report is that workplace engagement of any kind raises the productivity of the workplace and increases civic engagement and political participation among workers. The greater the breadth and depth of employee involvement practices, the higher are the levels of organizational commitment and job satisfaction. Therefore, the greater the number of firms adopting employee voice systems, taken together, the higher is the economic prosperity, employee satisfaction and civic engagement of these jurisdictions.

We hope that many of the ideas and concepts discussed in this paper will spark an engaged and open dialogue with all of the key players in Canada’s labour relations systems. Finding a new pathway for a 21st century workplace democracy will not be easy. For Canada’s workers, particularly those already on the margins, the status-quo of ever-declining work quality, social protections and wages requires urgent action of the kind that brought about universal pensions and Medicare protections. The country’s political, labour and business leaders need to hear their voice, through a renewed dialogue on how to best protect the fundamental rights of workers to associate freely and to create highly productive, safe and innovative work environments that optimize their full potential, which respect and uphold their rights and provide a decent living.
APPENDIX
Worker Representation on the Ground: Learning from the Case of the Swedish Retail Sector

Examining how a high degree of union density plays out over worker influence and outcomes in one sector of the economy (e.g., retail) can be illustrative of the effect that extensive collective bargaining coverage has on employee outcomes.

In Canada, just 12 per cent of retail workers are unionized, compared with 60 per cent in Sweden (Coulter, 2014). Not surprisingly, in Sweden retail work is considered a “good job” and employment is referred to not as “work” but as “working life” to emphasize “that paid work is one part of people’s broader existences and that workers are real people with families with bodies that get sick, with goals and aspirations and rights to their own time and to a decent quality of life” (Coulter as quoted in Freeman, 2015). It should be noted that Norway, Denmark and Finland share many of the same characteristics of the Swedish model and are therefore often referred to as Nordic model countries (Finland is not a Scandinavian country hence the Nordic tag).

The Nordic model of labour relations developed in the early 20th century, at a time of labour unrest, mass migrations and great poverty as compared to continental European living standards. It was at this moment that business leaders and labour unions began to work together on mutually beneficial agreements that avoided recognition strikes and other forms of work disruption. This is known as the central collective agreement of 1906 — the so-called “December compromise” in Sweden. Over time, employers have found that delegating larger responsibility to workers is beneficial and enhances their productivity at work.

Most Swedish-based employers have never tried to fight trade unions. As a result, unions concentrate their efforts on giving employees better employment conditions and avoid infringing in employers’ decision-making processes. This also has meant a fairly “light-touch” regulatory environment pervades Swedish labour law (employment law covering non-union workplaces, as we know it in Canada is virtually non-existent in Sweden). Statutory employment law protections, with cumbersome carve-outs and exemptions are non-existent in Sweden since collective agreements cover nearly 90 percent of the workforce and shape employer-employee relations.
However, what happens in cases where employers resist unionization and try to avoid collective bargaining?

“The Scandinavian way of trade union action is that if you find an employer without a collective agreement you try to blockade that employer, and if you do that, there are other trade unions that could issue secondary action, so-called sympathy actions towards that employer.” (Brigitta Nystrom as quoted in Freeman, 2015).

Having said this, the relations between firms and labour in Sweden is generally more co-operative and collaborative, and the distinctions between employees and managers less apparent than in the rest of the world. That is partly responsible for higher levels of job satisfaction, even in industries such as retail, which North Americans might consider a “low-wage ghetto” (Andersson et al., 2011).

In Canada and the United States, governments have had to place a floor on the lowest amount employees can be paid, but the Scandinavian country has no minimum wage law. Unions and employers’ associations instead negotiate wages, and, unlike in North America, there are no sectors in Sweden that fall into the definition of low-wage work, where earnings are below two-thirds of the national gross median hourly earnings. This explains why retail sector jobs are not “dead-end” opportunities in Sweden.

A recent study by Anderson et al. (2001) found retail workers in Sweden were as highly satisfied with their tasks as workers in so-called “creative class” occupations. They also generally liked their managers and colleagues, as well as being highly committed to the success of their employers and satisfied with pay, training efforts and opportunities for advancement. “The overall results show that the sector is actively engaged in the general tenets of Swedish working-life, characterized by cooperation, distributed responsibility and fair treatment,” the study said. Andersson and his colleagues concluded that the Swedish case suggests that the retail sector does not have to be associated with impoverishing working conditions, nor do retailers have to adopt a “lean and mean” strategy to be competitive.

Is Sweden’s success in representation and workplace democracy, even in sectors such as retail, easily exportable? Probably not in its entirety. Nonetheless, the ways in which it is able to make service sector employment better in terms of employee voice and outcomes needs to be looked at closely in Canada, especially in light of the growing proportion of Canadian workers in these types of occupations.
REFERENCES


Canadian Freelance Union Website. http://canadianfreelanceunion.ca/index.php/site/home


A Comparative Study of Institutions, Change, and Performance


