

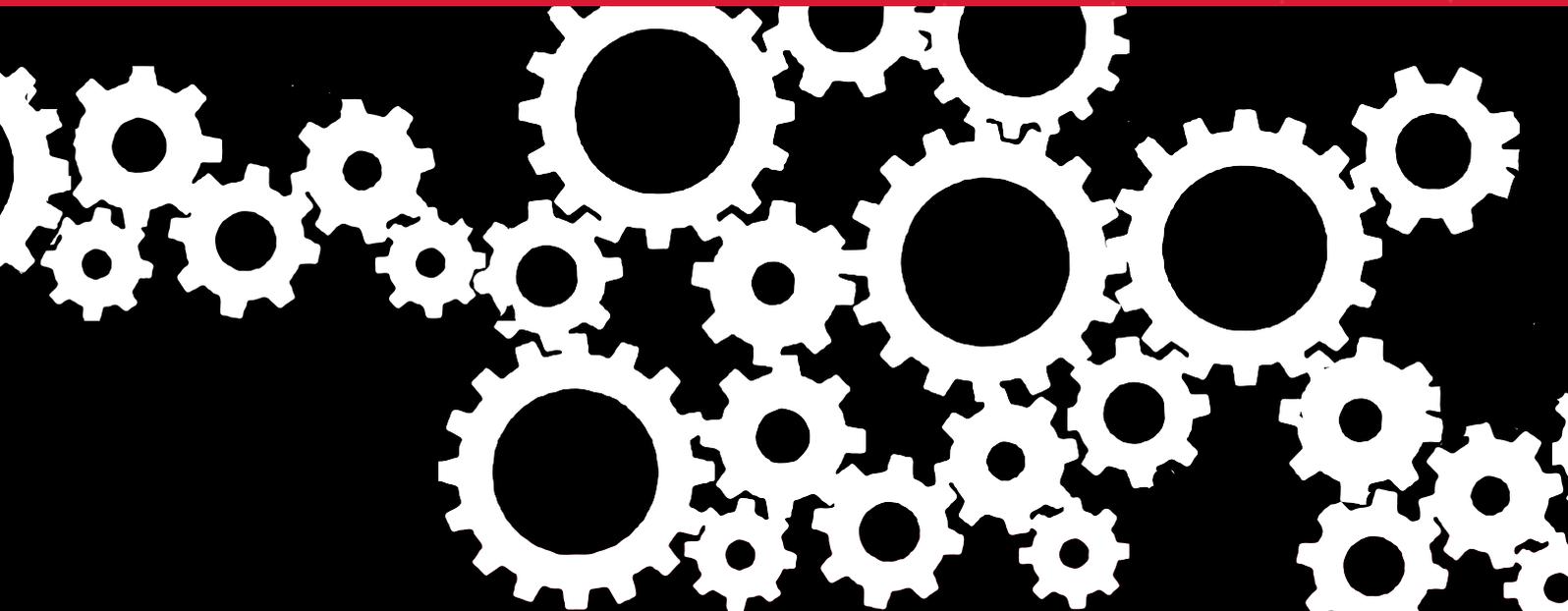


The Jimmy Reid
Foundation

Working Together

A vision for industrial democracy in a
Common Weal economy

SUMMARY REPORT



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Intro

The UK's industrial relations are failing - in a comprehensive measure of industrial democracy Britain ranks 26th of 27 EU countries. Britain has the worst employment rights, collective and individual, in Europe. This failure is not only bad for working people (where endemic low pay and insecurity result from low levels of unionisation) but for employers too (where failure to engage employees in running the business results in lower productivity and poorer industrial relations). If Scotland is to build an economy which is productive, innovative and delivers high-pay jobs, it requires a new model for industrial relations.

This report is the first of two which will explain what a better model would look like and how we would get there. This first report outlines why getting it right matters, why our current performance is unacceptable, what we can learn from elsewhere and what this would look like if translated for Scotland. But we are very well aware that this model, built on consensus and mutuality, must also be mutual and consensual in its creation. So once we are able to discuss with others the vision outlined in this report we will produce a second report on how to create an inclusive and consensual process for making it a reality.

So here we set out a vision of an economy with employees working with employers on the boards of companies, all sharing the aim of improving the business for all. It is a vision of the day-to-day work in companies being managed by cooperative committees of workers and managers working together. It is a vision of an economy where trade unions are strong and workers' rights and levels of pay are high, but where companies are more profitable and industrial disputes are rare. By giving employees back their dignity and by using their expertise to improve businesses, everyone benefits. This vision is part of a wider vision for a Common Weal economy that is being developed across a number of papers and reports from the Reid Foundation.

This model works elsewhere in Europe and we are convinced it is possible to create a Scottish version. Whatever happens, we cannot allow the national failures in industrial relations that we have recently seen in Grangemouth repeated. We cannot have an economy which is built on an expectation of conflict between employers and employees. Instead this must be an economy that puts all of us first, where innovation is matched by job security and productivity is matched with high wages. (All references can be found in main report.)

Summary of model proposed

All workplaces would have collective bargaining recognition of all trade-unions no matter the level of trade-union density. These negotiations would cover pay, conditions, holidays, working-

time agreements, pensions and notice periods. Where possible there would be industry-wide collective bargaining agreements. Issues like maternity, paternity and sick leave and health and safety regulation should be covered by universal employment legislation; it should also cover the minimum requirements for collective bargaining agreement issues. Rights on Dismissal would include rigorous assessment to safeguard from unfair dismissal and if grounds for dismissal are met a 'social compensation plan' should be worked through to give the employee the greatest opportunity of moving into adequate work or training. The standard rights against discrimination should apply with sanctions for employers found to break them. If for whatever reason agreement cannot be found between employers and employees, employees should have the right to withdraw their labour with immediate effect on the basis of a simple majority vote, and have the right to picket.

All workplaces with thirty-five staff or more should set-up a co-operation committee consisting of an equal number of employee and employer representatives. The numbers represented should increase incrementally with the size of the workforce. The co-operation committee should be based have both consultation and co-determination powers, consultation meaning they have the right to information and co-determination meaning they have equal rights of decision to employer representatives. Co-determination powers should include social issues like organisation of hours, holidays, grading and re-grading, employment contract changes (which aren't subject to collective bargaining agreements) and workplace training and surveillance. Consultation powers should include full disclosure of company accounts and executive pay. The deputy chair and chair should be rotational between employee and management representatives. Employee representatives should be given fully-paid facility time for training, which could be co-ordinated by a joint body made up of experienced people from trade-union and management backgrounds. Responsibilities would include consultation with employees and taking employee concerns to the committee.

Board-Level Employee Representation should begin at companies with 35 employees or more. All board representatives, employee and shareholder, should have equal rights and access to information. One employee representative should be delegated by the recognised trade-union, one should be a representative from the Works Council and the rest should be directly elected by all employees. If less than three employee representatives are authorised, they should all be elected directly from the employees. Employee representatives should be given fully-paid facility time for training, which could be co-ordinated by a joint body made up of experienced people from trade-union and management backgrounds. Scottish companies with plants abroad should also allow for their subsidiary plants to have BLER rights. Companies head-quartered outside of Scotland should allow for employee representation at their highest decision-making body stationed in Scotland.

Co-operatives and social enterprises have not been discussed in this paper. They will be discussed in a future paper. A report on employee right to buy options is also forthcoming.

Glossary

- **Trade-Union Density:** The number of employees currently enrolled as members of trade unions as a proportion of overall employees.

- **Collective Bargaining Coverage:** A term referring to the extent to which employees are part of collectively negotiated agreements with their employer(s).
- **Employment Law:** The obligations the state puts on an employer when someone is contractually employed by them.
- **Industrial Democracy:** A term to refer to any kind of democratic employee-participation in company governance, at workplace-level or board-level or both.
- **Plant-level participation (or workplace participation):** The role of employees in company governance at their physical place of work.
- **Board-Level Employee Representation:** The representation of employees in company governance at the management level that is ultimately responsible for the overall company. The extent of this representation and the powers they have vary depending on the country in question.
- **Works Council:** plant-level representation body of employees. Powers vary depending on the country in question.
- **Co-operation Committee:** A plant-level joint-body of employees and management to deal with the day-to-day affairs of the company. The Danish version of a Works Council.
- **Co-Determination:** Where a company governance body cannot take a decision without the mutual agreement of employee and employer representatives. The optimal example is in the German coal and steel industries where board-level representation is evenly split between employee representatives and employer representatives with an independent commonly-agreed chair, but it can also be used to describe a situation where a Works Council has the right to veto a management decision as 'co-determination rights'.
- **Company Governance:** The form of authority in a business or public service of any kind.

Why good Industrial Relations matter

Industrial relations matter because they have a tremendous effect on the success of a company, the success of the wider economy and the economic and social lives of the individuals that are involved in any business and/or any economy.

Bad industrial relations can contribute to failing companies, poor-performing economies, under-valued and vulnerable employees and interminable conflict between management and workers. Good industrial relations can help to produce successful companies, strong and dynamic economies, innovative and productive employees and positive co-operation between management and workers.

The benefits of positive industrial relations can be summarised as follows:

- **Trade unions.** Unionised workforces have been shown to be 19 per cent more productive than directly-comparable non-unionised workforces. This is because workers have a long-term secure relationship with their employer which means they tend to have a better understanding of their work, they believe in what they are doing and are more loyal to the company and they have more confidence to be able to act in a creative and innovative way. And positive trade union relations mean it is possible to have high trade union density and yet low numbers of days lost to industrial disputes since conflict is resolved at an early stage.
- **Company Governance.** Involving employees in the process of running a company is normal practice in many countries – but not in the UK. There are a range of benefits that come from including employees in governance. The knowledge and expertise of employees is linked directly to management strategies and employees are able to work in a context where they understand the way the company is being run – and why. Making company governance more transparent through industrial democracy enables better and more effective scrutiny of decision-making. Employee governance has been shown to make enterprises much more responsive to issues to do with the communities in which they are based, making them better members of those communities. Employee-driven innovation is greatly strengthened. And when problem-solving is approached from a mutual perspective, greater efficiency is achieved.

The following table shows how the countries with the best industrial democracy compare to those with the worst industrial democracy on a range of measures of performance (explanation of the measure of industrial democracy can be found below):

	Group 1: Countries with strong worker participation rights	Group 2: Countries with weak worker participation rights
Employment rate by gender, age group 20-64, 2009 (% of population 20-64)	72.1	67.4
Gross domestic expenditure on R&D (GERD), 2008 (% of GDP)	2.2	1.4
Greenhouse gas emissions (reduction in baseline between 2003-2008) (Index 1990 = 100)	4.7	4.2
Share of renewables in gross final energy consumption, 2008 (%)	12.3	6.1
Energy intensity of the economy, 2008 (kilogram of oil equivalent per 1000 Euro)	171.2	181.7
Early leavers from education and training, 2009 (% of the population aged 18-24)	14	16.1
Tertiary educational attainment by gender, age group 30- 34, 2009 (% of the population aged 30-34)	36.6	31.1
Population at risk of poverty or exclusion, 2008 (%)	19.1	25.4
GDP per capita in Purchasing Power Standards (EU-27 = 100)	116.5	104.5

Labour Productivity per person employed (EU-27 = 100)	113.9	103.6
Employment rate (total %)	67.6	64.7
Employment rate of older workers (percent)	46.1	44.3
Youth education attainment level - % of the population aged 20 to 24 having completed at least upper secondary education	77.8	75.8
Gross domestic expenditure on R&D (percent of GDP)	2.3	1.4
Index of greenhouse gas emissions and targets - In CO2 equivalents (Actual base year = 100)	92.7	103.3
Gross inland consumption of energy divided by GDP (kilogram of oil equivalent per 1000 Euro)	170	261.7

As we can see, across every single performance indicator, countries with better industrial democracy perform better.

Having the right employment law to enable these benefits to be derived is important. The aim of a Common Weal industrial relations model is to build an environment of mutuality and consensus between employees and employers, but this is much easier if Government involves itself at the level of building the legislative framework that will allow for mutuality and consensus to flourish along with the emergence of worthy unifying goals.

The UK's industrial relations performance

The European Participation Index (EPI) is a multi-dimensional index of industrial relations created by the European Trade Union Institute which takes account of different forms of worker participation to produce a rounded evaluation and point of comparison. It is made up of three main components:

- Plant-level participation: measures the strength of worker participation at the plant level
- Board-level participation: measures the strength of legal rights for worker representation on boards of management
- Collective bargaining participation: measures union influence on company industrial relations policies and on trade union membership density

As can be seen from the table below, the UK comes second-bottom in the EU 27 on these measures of industrial democracy. Only Lithuania performs worse.

Table 1: Data for the European Participation Index 2.0 (EPI 2.0) (Vitols, 2010)					
	$(C + (D/2) + ((E+F)/2))/3$	C	D	E	F
Country	EPI 2.0	Plant-Level Participation	BLER	Collective Bargaining Participation	Trade-Union Density
Denmark	0.83	0.68	2	0.8	0.8
Sweden	0.82	0.83	2	0.9	0.78
Finland	0.81	0.62	2	0.9	0.74
Slovenia	0.71	0.42	2	0.96	0.44
Luxembourg	0.68	0.52	2	0.6	0.46
Netherlands	0.67	0.45	2	0.89	0.22
Austria	0.63	0.21	2	0.98	0.35
Germany	0.61	0.41	2	0.64	0.22
Slovakia	0.59	0.43	2	0.35	0.3
Czech Republic	0.5	0.18	2	0.44	0.22
France	0.5	0.5	1	0.93	0.08
Spain	0.5	0.52	1	0.82	0.16
Hungary	0.49	0.26	2	0.25	0.17
Belgium	0.43	0.53	0	0.96	0.55
Malta	0.41	0.14	1	0.56	0.59
Ireland	0.38	0.29	1	0.35	0.35
Poland	0.37	0.35	1	0.35	0.16
Greece	0.37	0.04	1	0.85	0.3
Portugal	0.37	0.05	1	0.94	0.15
Cyprus	0.37	0.37	0	0.75	0.7
Italy	0.31	0.37	0	0.8	0.34
Romania	0.27	0.52	0	0.3	0.3
Estonia	0.23	0.52	0	0.25	0.11
Bulgaria	0.19	0.35	0	0.25	0.2
Latvia	0.18	0.35	0	0.2	0.16
United Kingdom	0.16	0.17	0	0.34	0.28
Lithuania	0.11	0.21	0	0.1	0.14

In another comparator, Board-Level Employee Representation (BLER) is supported in three separate elements of EU Company Law (2001 European Company statute, 2003 European Cooperative Society statute and 2005 Cross-border Merger Directive) and in two separate EU treaties (1989 Community charter for fundamental social rights and Article 153 (f.) 'Treaty on the functioning of the EU'). And yet of the pre-accession EU 15 countries, only Italy, Belgium and the UK do not have any form of BLER rights.

In the previous section we saw that countries with poor industrial democracy have poor performance right across the range of social, environmental and economic indicators. As we see here, the UK is virtually as bad as it gets for industrial democracy in Europe.

What does it look like when you get it right?

To explore what it looks like when you get industrial democracy right, we will look at two case studies of nations with strong industrial democracy (Denmark and Germany) to explore what good industrial relations look like in practice and to identify the legal frameworks in which they exist. This is not to say that industrial relations in either case study are perfect - they are not. But they do demonstrate good practice from which Scotland can learn.

Denmark

Denmark has very strong trade-union density and collective bargaining coverage. Of all employees, 67 per cent are in trade unions and 80 per cent of workplaces are covered by collective bargaining agreements. The basis for this trade-union strength is a clearly established framework that ensures trade unions are integrated into industrial relations from top to bottom: built on a tradition of mutuality between workers and employers which has lasted over a century.

Agreements over pay and conditions are decided industry by industry and more often than not are devolved to the company level. It is obligatory for employers to negotiate with trade unions. Public-sector agreements are between the relevant unions and local, regional and national government. In Denmark health and safety, working-time agreements, pensions, holidays, notice periods and so on are all subject to collective bargaining, and there is minimum requirements for much of this in employment legislation. The right to elect a trade-union representative begins in any workplace with five or more employees - typically, one trade-union representative is elected per 50 employees.

The Danish system is based on the 'September Compromise' of 1899 where a national summit agreed the principles of right to organise for trade unions and the right to manage for employers. However, while much of Danish industrial relations is consensual and negotiated, there are a range of clearly-defined workers rights (see main report for further details).

Most day-to-day industrial relations in work take place through the co-operation committee, made up half of employees and half of managers and supervisors. The committee consists of an equal number of management and worker representatives. Of all the companies which should have a co-operation committee (they have to be set-up in any company employing over thirty-five people), 70 per cent do. These committees have access to all the key information available to the company and they are expected to discuss issues at the earliest possible stage (i.e. before they are presented as a done deal). However, coordinating committees do not negotiate on terms and conditions - that responsibility is for the trade unions.

Employees in Danish Companies with thirty-five or more members of staff are entitled (though not obliged - employees must vote to enact the right) to representation on management boards. Employee representation is equal to half that of management, and should be no less than two representatives. This, usually, equals one-third of the management board as a whole. Employee representatives have the same rights and are entitled to the same information as shareholder representatives - but have no rights over industrial disputes between trade union and employer. Of all companies in Denmark, 55 per cent have BLER, rising to 65 per cent of companies with more than 500 employees. These rights extend to Danish companies operating in foreign locations.

In Denmark, the main trade-union federation has produced its own pamphlet on Employee-Driven Innovation (EDI) such is the importance placed on it by Danish workers. The preface makes it clear EDI is a central part of their "business and research strategy" as building a highly innovative workforce in a globalised world market is one central part of why the Danish workforce is highly competitive despite high-pay and high trade-union density.

Germany

German company governance is based on a two-tier structure with a supervisory board and a board of executives. The executives run the company day-to-day. The executive board has to report to the supervisory board which has veto powers. In companies with 500 or more employees, BLER rights apply for the supervisory board. One-third are made up of employee representatives for companies with 500-2000 staff, but with companies over 2000 the ratio between employee and shareholder representatives is 50/50. Shareholder representatives still have the casting vote, as the chair is always from the shareholder side. One of the employee representatives in BLER is a management representative who is elected through their own senior management committee. There is also BLER space allocated specifically for trade-union representatives. Election of the rest of employee representatives is organised via elections involving all company staff. Employee and shareholder representatives are entitled to exactly the same rights. Voting is by a two-thirds majority. After the fallout from the financial crisis, in 2009 the supervisory boards were given rights over executive remuneration including pay and bonuses as well as being able to set a maximum level for variable remuneration, and to issue share plans.

There was considerable resistance from German employers to co-determination when it was first introduced in 1951, with employers attempting to find ways round the law. But the benefits of co-determination to productivity and creating a holistic work culture have, especially since the financial crisis in 2008, began to outweigh the negatives and there has been notably less effort on the part of employers federations to undermine the legislation.

Whilst the supervisory board deals with management-level decisions for employees, workplace decisions are dealt with by the Works Council. Under the Works Constitution Act a Works Council can be set-up in any workplace with five or more employees. Works Councils, therefore, are the right of all workers in Germany except in the case of the very smallest workplaces. Works Council's, unlike the co-operation committees in Denmark, are made up entirely of employees. The size of each WC is dependent on the size of the workplace, with one Works Council representative for a workplace of five-20 up to 15 Works Council representatives for a workplace of 1,000-1,500. Whatever sex is in a minority in the workforce must be represented in proportion to its presence in the workforce on all Works Councils with more than one member. A Works Council is entitled to 'participation rights' and 'co-determination rights'; the strength of their rights determined by the type of issue at stake. So there are issues where the employer should inform and consult the Works Council to get their viewpoint (participation rights), and there are issues where the employer must get the agreement of the Works Council for a decision to be taken (co-determination rights). Works Councils have the right to be informed of all relevant information with regards the finances of the company, and if any changes are to be made they should be consulted before the changes are implemented and their feedback should be taken into account. Since 2008, Works Councils also must be consulted on the intentions of any investors in the company and inform them of the impact of any takeover or potential takeover on the company in advance. In recent years there have been efforts by trade unions to tie Works Council into state employment programmes so that if a job loss does happen the person losing their job moves seamlessly into a "specially aimed training measures" to regain employment. The result has been so successful that sometimes up to 50 per cent of employees who lose their jobs would find employment elsewhere through this process. If conflicts arise between the WC and the employer in any field where co-determination rights are applicable, they can be decided by arbitration through the Labour Court.

In 2011, only 10 per cent of all eligible workplaces had a works council but they covered 44 per cent of all employees. In workplaces with more than 500 employees, 88 per cent had works councils.

However, while works councils are prevalent and work effectively, Germany does not have a good record on trade union density with a lower rate of union membership even than the UK. And yet although there is lower trade union membership there is a greater degree of collective bargaining coverage at 61 per cent of workplaces covered. Collective bargaining normally takes place at industry level, which creates a clear division of responsibility between company issues which are dealt with by co-determination boards and Works Council's and industry issues which are negotiated between trade-unions and employers federations.

German industrial relations in many ways surpasses Denmark in terms of the integration of workers into the process of decision-making at plant level and board-level, if not in practise then certainly in legislative terms. The recent financial crisis put it to the test, but there was considerably fewer redundancies in German companies than others. That isn't just down to co-determination, wider macroeconomic factors like the fact that Germany is a strong export economy that creates high-paid, secure jobs is important too, but the examples given above prove that the strength of employee participation played its part. Germany is one of the most dynamic and productive economies in the world and is looked upon as virtuous by many Scottish industry leaders: why not in industrial democracy too?

A Common Weal Industrial Democracy Strategy

The following is an outline of the sort of measures that could be implemented in Scotland and the sort of culture shift that is required to build industrial democracy into Scottish industrial relations. The proposals are not meant to be an exact prescription. They are suggestions to make explicit the sort of change that is required in Scotland. Employment law is not a devolved matter, and therefore constitutional change in the form of devolving employment law to Scotland or independence would be required if a 'Scottish solution' to industrial relations is to be found.

Trade-Union and Employment law

A Common Weal industrial democracy strategy must start from the foundation of strong trade unions, and a Scottish legislative framework must be built in order to support this. Allowing all workers the right to trade-union recognition no matter what percentage of trade-union density in the workplace should be the starting point. Employers should have to negotiate with recognised trade unions to come to collective bargaining agreements over pay, conditions, holidays, working-time agreements, pensions and notice periods. Sectoral collective bargaining coverage in Denmark is often devolved to the company level because of the strength of trade-union to employer negotiation, but further fragmentation of bargaining agreements in Scotland would not be advisable. Industry-wide agreements would be the most suitable. Issues like maternity, paternity and sick leave and health and safety regulation should be covered by universal Employment legislation. There is a case for a debate on dismissal rights – though it should be noted that in the absence of generous Nordic welfare entitlement the 'flexicurity' model of easy dismissal but strong financial support is not directly applicable in Scotland. A process in which employers have to exhaust all other options before dismissing an employer should have to be met, and before the employee is dismissed a 'social-compensation plan' like in Germany should be fully worked through so that the employer helps the employee with training and finding new work. Employees should be entitled to minimum one to six months notice depending on the length of time they've worked at the company. All employers should have to pay maternity and paternity leave, with

small and medium sized businesses able to pick up tax breaks to make up for lost income. The standard rights against all forms of discrimination should apply. There should be a clear division of responsibility as the trade unions deal with collective bargaining issues that are employee-only issues and the Works Council and BLER deal with issues that are both employer and employee issues. If for whatever reason agreement cannot be found between employers and employees a strong, independent arbitration route should be available. In the rare occasions where this route fails, employees should have the right to withdraw their labour with immediate effect on the basis of a simple majority vote, and have the right to picket.

Domestic employment law must conform with the International Labour Organisation conventions and the European Convention on Human Rights.

Plant-level co-operation

We propose a combination of the Danish Co-operation Committee and the German Works Council. The element of co-operation between employee and employer over the issues affecting the day-to-day running of the workplace has the added advantage of placing both into regular engagement with one another, whereas the German Works Council is employee-only with management decisions passing through the Works Council before being turned into action. The latter has the advantage of being a space for employees to deliberate freely, but the co-operation model has the advantage of being a thorough-going pedagogy between employer and employee, meaning that they have to collectively come to shared solutions (discussed further below). This helps to build trust. Therefore given the fact that this would be a major shift for Scottish industrial relations, we think the shared committee would be advantageous. However, we believe it is important that the co-operation committee model from Denmark has the powers of the German model, i.e. the ability of the employee representatives on the committee to be able to have co-determination rights on certain decisions. right to have co-determination powers over organisation of hours, holidays, grading and re-grading, employment contract changes (which aren't subject to collective bargaining agreements) and workplace training and surveillance are vital, like in Germany. On economic issues, they should have full consultation rights including full disclosure of company accounts and executive pay.

Co-determination rights of course works both ways, with management representatives able to veto employee representative proposals. The aim is to encourage consensus. Co-operation Committees should be mandatory for workplaces of 35 or more employees in all sectors (including those with headquarters outside of Scotland). The number of representatives should increase incrementally with the size of the workforce, with an equal number on the management and employee side. Two for 35-50, three for 51-100, and so on. The deputy chair and chair should be rotational between employee and management representatives. Management and Employee representatives would be legally obliged to bring all relevant information to the committee. The Works Constitution Act in Germany is an addition, rather than part of, Company Law in Germany. We would propose something similar to integrate the co-operation committee as a mandatory part of company governance, which we would perhaps call the 'Industrial Democracy Act'.

Board-level Employee Representation (BLER)

BLER should begin at companies with 35 employees or more. The number of board representatives vary from country to country; we would argue that the debate over number of board members should start at one-third. One employee representative should be delegated by the recognised trade-union, one should be a representative from the Works Council and the rest should be directly elected by all employees. Scottish companies with plants abroad should also allow for their subsidiary plants

to have BLER rights. Companies headquartered outside of Scotland should allow for employee representation at their highest decision-making body stationed in Scotland. In legislative terms, this could be part of the same 'Industrial Democracy Act' as the co-operation committee.

A cultural transition

Scotland and the UK as a whole, unlike Denmark, does not have a history and tradition of co-operative industrial relations, and therefore it will require training, education and the goodwill of those on all sides to encourage the sort of transition that is required to move from a conflict model, where vested interests are pitted against one another, to a co-operation model where common interests are sought out and built upon. The latter model needs a whole new way of thinking to make industrial relations work.

'Positional' negotiation (where each side takes a default position of defending starting positions) is the norm in UK negotiating practice but is inefficient. The alternative - separating the people from the problem - allows a focus on interests rather than position. Taking a task-focussed approach moves this a step further by suggesting that the focus should be on what it is that both sides are trying to achieve.

The task-focussed approach is about those conducting the discussions having enough freedom and authority to explore avenues that might previously have been closed off, in an effort to get to common agreements, where both parties have sufficient benefit to make progress desirable and to get the job done. This form of working is not restricted to set piece negotiation but should rather form the basis of how the different constituents of company governance should interact. By making changes to the way industrial relations operate to a more co-operative, problem solving culture it will be possible to develop a dynamic collaborative approach to achieving the aspirations of business and unions, to the benefit of private enterprise, public services and the communities that rely on the products, employment and services provided.

There is also a wide range of management thinking that emphasises the benefit of getting stakeholders to think in terms of 'encompassing organisations' rather than 'narrow organisations' Further consideration of the sorts of cultural changes to be made can be found in the main report.

Conclusion

The case for reform of industrial relations and industrial democracy in Scotland is strong. This report has shown that there are great benefits to the individual, to the enterprise and to the wider economy of achieving positive industrial relations. It has also shown that virtually any system (in line with an advanced European nation) other than the one we have would be an improvement with the UK's performance measurably woeful. It has shown that whether it is a successful small economy like Denmark or a successful large economy like Germany, it is absolutely possible to create an industrial democracy model which is both participative, effective and consensual. It has then outlined what that model might look like if developed in a Scottish context and explained some of the cultural transitions that would be necessary to achieve this.

The aim is to escape the British tradition of seeing industrial relations either as a process of trade unions 'beating' management or management 'beating' trade unions. Ultimately, if Scotland is to

be economically successful and is to create a better-paying, more innovative, more productive and more successful economy, this new approach to industrial democracy is essential.

We are adamant that this should not and need not be a proposal which either side – employer or employee – should feel to be a threat. A national process of bringing sides together to explore and agree a route forward should be the first step. It is our belief that real progress can be achieved quickly.

The potential benefits to all of achieving this are so great and the impact of failure so serious (as we have seen at Grangemouth), it is time this was seen as an urgent issue in Scottish political and economic debate.



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