

INCENTIVES FOR WORKERS FROM MOTOR VEHICLE ASSEMBLERS: POINTERS FROM EMPIRICAL EVIDENCE

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People respond to incentives. This is a principle of modern economics that is drilled into the heads of the undergrad economics students. Be that as it may, in this paper we examine the incentives that are actually given to workers by employers in the global automobile industry as against what they are supposed to offer for obtaining commitment maximizing labour relations. We observe that there is neither coherence nor consistency in the package of incentives that are offered in the real world. We argue that it is impossible to give a consistent set of incentives due to the contradictory goals of the employers. Implicit in the workers' taking of whatever substandard incentives that are given them and in their compliance with the arbitrary and highhanded labour control mechanisms of management is the fear of losing job in depressed labour markets almost everywhere, which have tilted the balance of power away from labour towards capital.

1. INTRODUCTION

How labour relations are influenced by the micro level industrial restructuring in terms of lean production (which can be considered as part and parcel of the supply sided economics of neoliberalism) that has occurred to cope with increasing new competitive pressures to bring out high quality products at competitive prices, as brought in by the neoliberal forces of liberalization, privatization and globalization, has been a heavily researched area. The ideologues of lean production have created a lot of hype about the materialization of high-road or commendable labour relations in terms of worker empowerment, workers development through training, employment security, performance based pay systems, consultative decision making, labour rights recognition as human rights recognition, etc., while the critics have debunked the possibility of such improved, high road labour relations.

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In this milieu, what follows is an account of the incentives that are actually given to workers in the global auto industry by reviewing the differentiated picture of labour relations in relation to each of the five sets of labour aspects, viz., work organization and worker participation, skill formation and development, remuneration and compensation, job security and staffing arrangements, and enterprise governance and labour-management relations. Kochan *et al.* (1997), followed by Charron and Stewart (eds., 2003) were the notable scholars who had documented the diversity in labour relations in this industry. We draw on these pioneering writers and others as follows.

2. INCENTIVES IN GLOBAL AUTOMOBILE INDUSTRY

2.1 Work Organisation and Worker Participation

There has been a great variety of experiments with team work, employee participation in problem solving and productivity improvements, quality circles and the use of TQM (Total Quality Management). However, diffusion of these practices remains uneven. For example, the Japanese and Korean plants are the most advanced in terms of multiskilling whereas plants in the USA and Canada remain the most specialized in their work systems. Interestingly, those assembly plants with the most multiskilled work systems also exhibited the lowest number of hours per vehicle, which is the indicator for productivity.

In USA, Britain, Canada and Australia where there is the strongest tradition of job control by unions, some of the most profound departures from traditional work practices are observed. This is particularly the case where a new greenfield plant or worksite is established or when major technological changes are introduced. In some situations, management has involved the unions and the employees in decisions about the introduction of workplace change, while in others a unilateral approach has been taken. In some Canadian plants there has been strong resistance to management initiatives in the area of work redesign by the Canadian Auto Workers union on the basis that these were particularly of an anti-union strategy. Research indicates that the greatest commitment to change tends to occur where employees and their unions are involved at appropriate points in the decision-making process.

In settings where new union-management partnerships have been created, there has also been considerable work reform. However, in the non Japanese-owned plants in North America, innovation in work organization practices is only partially diffused and often remains fragile. This is the case in Britain and Australia, although recent years have witnessed significant reforms in Australia with strong union and government support. Similarly, in Brazil, there has been a breakthrough in union-management relations at Mercedes Benz with an agreement on the introduction of team work and group technology.

In countries such as Sweden and Germany, the industrial-union movement has been sufficiently strong, particularly the metal workers, to influence the direction and pace of change. The famous system of codetermination in Germany has provided a channel for participation by employees through works councils. In Sweden, there has been a long tradition of experimentation with group work and participative approaches to work design so much so that researchers talk about the "Swedish model of work organization". In both the countries there is a trend toward more decentralized forms of organization; systems of work organization have been developed which rely on a highly skilled workforce involved in decision making at the plant level. In fact, researchers have pointed to greater employee influence and autonomy in Sweden and Germany than in Japanese plants. As Streb and Gellert (2011) point out, car manufacturers in these countries "are increasingly under pressure from international competition to reduce costs and improve quality. Consequently, the industry is currently setting more rigorous task performance standards, especially for workers on the production line. Jobs are analysed in terms of their value creation and streamlined according to the core value-creating tasks. Workers are then trained to perform according to a strictly laid out work design. This includes fixed workstations, within which assigned production line tasks have to be performed, fixed cycle times for each station, and single-step clocked jobs. The basic idea is to increase quality by making tasks and job training easier." The adverse impacts of this work regimen on workers is sought to be overcome, in countries such as Germany and Sweden, through job rotation (multi-functional behaviour) which lies at the heart of the team work process: "Production line rotation can be defined as an alternating system that schedules the deployment of employees in an organization work setting within a defined range of workstations or tasks. By switching workstations and tasks several times per day, or even per hour, physical overexertion with all its short-term and long-term health effects can be avoided, as can technical flaws due to repetitive and tedious tasks. The basic assumption is that rotation is beneficial with regard to variety, experience, the varying of physical strain, and job flexibility" (*ibid.*, p.145).

In France, where union density is low, the state took a leading role in fostering experiments with worker participation from the late 1960s onwards, which promote the expression of employee views. However, the process of work reform has been haphazard, at best. In Italy, the unions were super active in the 1980s promoting group-based work organization, but the employers preferred weaker forms of employee involvement such as quality circles. However, in the case of Fiat, there are a number of new initiatives being taken, especially in greenfield sites such as Melfi, which

