

The Israeli Guide for Co-Determination and Corporate Sustainability

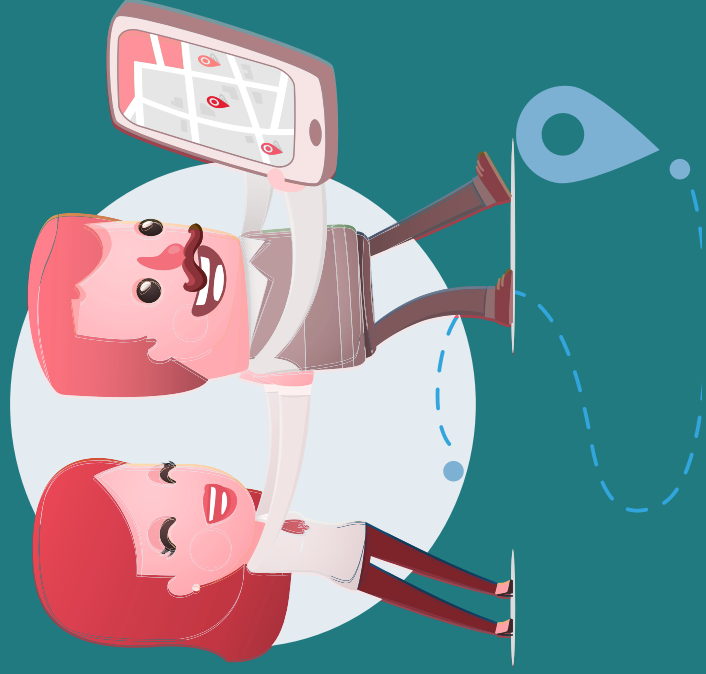
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February 2016



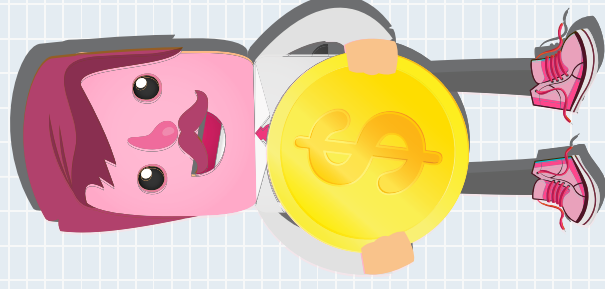
A Roadmap for Employers/Employees to Implement Codetermination



Below is a roadmap for the implementation of codetermination in the workplace. This roadmap can be used for both employers and employees in Israel to promote practices of employee involvement in the workplace. A prerequisite for defining such practices as codetermination practices, is them being collective (relating to all employees or to a group of employees, not only to specific workers) and non-disposable (for example, receiving a bonus in any case of profit rather than as a burst of generosity).

The road map will be divided into 3 categories and will be based on the existence of agreements between management and employees in the following areas:

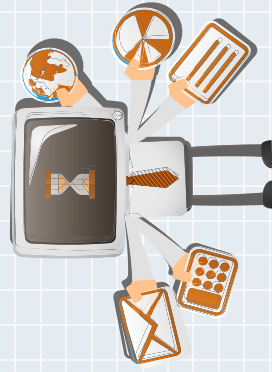
1 • Economic Participation – This category includes mechanisms that enable cooperation between workers' representatives and employers in the economic field, aside from the salary itself and its accompanying social conditions which are determined as part of collective or individual negotiations – i.e., the various financial additions accompanying wages and social benefits:



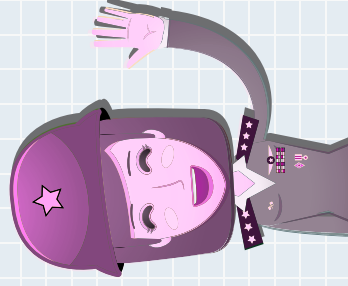
a. Grants – The existence of agreements regarding financial bonuses to employees for excellence at work, rewards for seniority, sufficiency, financial success of the corporation, etc.

b. Welfare of employees – The existence of agreements on issues that contribute to the welfare of employees, including holiday gifts, participation of the employer in funding education facilities for children of employees, vacation days, etc.

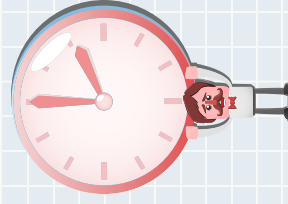
2. Structural-Instrumental Participation – This category includes worker participation arrangements in the fields of “soft” management – i.e., the broad economic sphere and the organization of work and its arrangements:



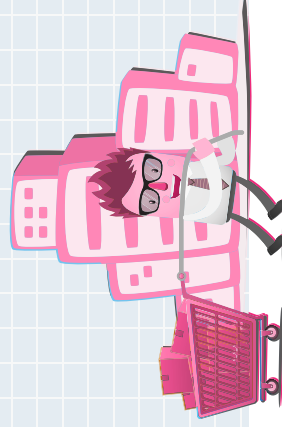
a. Production and productivity – The existence of agreements on labour and productivity standards, as well as premiums and extras for additional work and additional arrangements regarding productivity and efficiency.



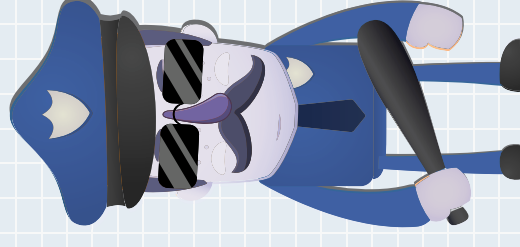
b. Determination of ranks – The existence of agreements regarding the hierarchy of workers employed in various capacities, including the manner of promotion of employees of different ranks, matching the ranks to the positions, etc.



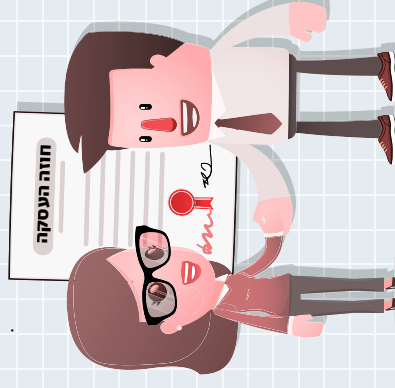
c. Work hours – The existence of agreements on the amount of working hours in the corporation, including the reduction of working hours according to the season, according to the different positions and depending on marital status, etc.



d. Labour mobility - the existence of agreements on the passage of employees between the different facilities of the company, temporarily or permanently.

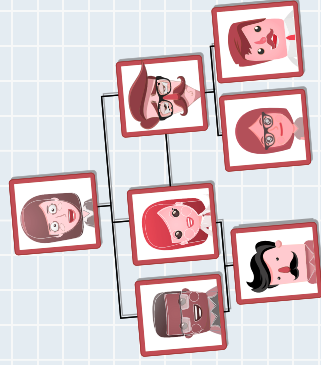


e. Discipline – The existence of agreements on discipline rules and behaviour procedures in the workplace

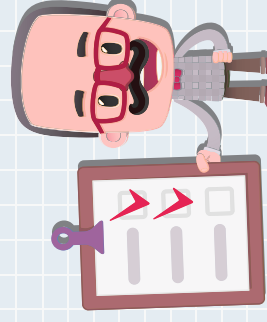


f. Occupational security – The existence of agreements on hiring and firing mechanisms, including joint processes anchoring hearings for workers and imposing sanctions on them.

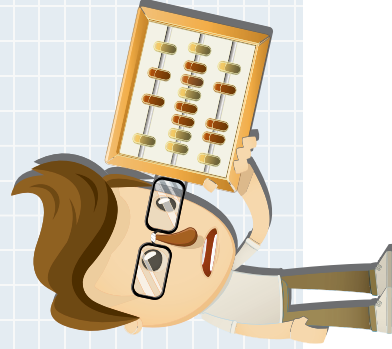
3. Structural-Fundamental Participation – This category includes worker participation arrangements in the fields of deep management evidenced by worker participation in the planning of business operations at the factory/ company and developing the business and management strategies of the company – i.e., the organizational and occupational structure of the workplace, as well as the future business planning of the workplace and its business contacts:



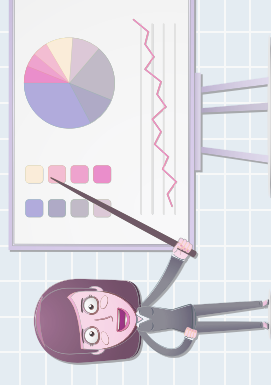
a. Working procedures and organizational structure – The existence of agreements on the working arrangements in the corporation and its organizational structure, including organizational changes, opening and/or closing of departments and reduction/creation of positions in the workplace, the establishment of subsidiaries, etc.



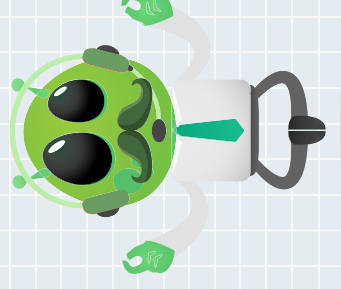
b. Hiring standards – The existence of agreements regarding the quality and quantity of hiring standards in the corporation.



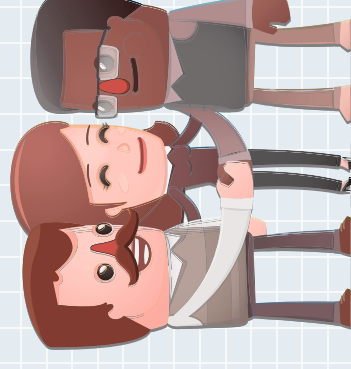
c. Technological changes – The existence of agreements regarding technological changes and production procedures in the corporation.



d. Strategic plans – The existence of agreements regarding the strategic-business plan of the corporation, including growth/reduction of the corporation and its areas of activity, transition to green economy and adaptation to environmental changes, etc.



e. Outsourcing – The existence of agreements regarding the outsourcing of existing functions in the corporation.



f. Agreements with a third party – The existence of agreements about the nature and content of agreements with third parties [such as customers, the regulator, etc.] and their implications on the corporate activity and the employment of its workers.

A Roadmap for Promoting Policies that Encourage the Implementation of Codetermination

1. Renewal of economic negotiations at a sectorial level –

One of the significant characteristics that distinguish between labour relations in Israel and the labour relations systems in most European countries is the level at which the economic negotiations take place. Most of the economic negotiations on wages in Europe take place at a sectorial level, this leads to a decline in the confrontation between the workers and the management, which is common in wage negotiation issues at the factory/company level. The decline in the conflict between the parties in the workplace enables the development of a deep and fundamental trust between them and allows the development of many mechanisms and practices of codetermination at the factory/company level, through factory/company level agreements. Therefore, trade unions, on the one hand, and employers' organizations in the private sector on the other, should strive for the renewal of economic negotiations at a sectorial level, while renewing the Production Councils agreement and striving to implement it at a factory/company level.

2. Broad coverage of collective agreements – The aim should be to cover as many workers as possible in as many sectors as possible in collective agreements. The power, the legitimacy and the information provided by the national levels of the trade union, the employers' associations and the various decision and policy makers, allow the drafting of guidelines for collective negotiations in various workplaces, which will promote the practices of codetermination.

3. Adoption of an index or a “standard” of codetermination – As part of the guidelines for collective negotiation by unions in Israel. This index should accommodate the variety of issues that fall under the domain of fundamental codetermination in this study and become part of the work program and part of the list of demands of the workers' representatives during collective negotiations. In light of the institutional weakness of the field in Israel, the unions have to join forces with the employers' organizations to establish a joint committee that will formulate the index or “standard” of codetermination and oversee its implementation. The index should include different criteria to define such workplaces as practicing codetermination (similar to the criteria listed above in the roadmap for employees/employers). An organization that wishes to meet the standard of an “employee-friendly organization” will have to submit a plan for approval of the committee and the committee will also check how the organization is meeting its obligations. The committee will periodically publish a list of these organizations and a report on the status of codetermination in the Israeli labour market. The establishment of the committee, the index and the agenda for promoting codetermination in the public opinion should be executed using a wide “lobby” which will include, inter alia, initiation of news articles, television news magazines, etc. Of course, the Commission will not have the possibility of imposing formal sanctions (positive or negative), but the “award” or the “penalty” will be the mere publication of the list, having the option to add or remove an organization from the list.

4. Establishing a thorough, organized and accessible body

of knowledge that will develop concrete mechanisms of

codetermination and foster an organizational culture of sharing –

It is apparent that codetermination mechanisms of corporate governance are not a priority for workers in Israel and all the more so – a priority for employers. This situation should not be accepted. The role of unions, as well as various research entities, is to develop this field and deepen the knowledge of these mechanisms, their influence and importance. Such a body of knowledge can be used by all social partners during future collective bargaining. Furthermore, the body of knowledge should instill the social partners with content aimed to assist in fostering an organizational culture where dialogue has a key role in, such as social rights, fundamental concepts of labour relations, the history of labour organizations, the social-democratic approach, etc. These concepts and content should be integrated in business schools, courses for directors, HR management programs and even organizational consulting programs. In addition, workers' representatives should be provided with basic concepts of economics and business. Only familiarity of each party to the labour relations with the professional and ideological discourse of the other, would lead to a fruitful and binding dialogue in the future.

5. Strengthening the autonomy of the local employee representatives (workers committees)

– And to examine the possibility of updating the status of legislation regarding workers committees (which does not exist in Israel apart from the Law for Organizing Work Supervision). In many European countries, especially in Germany, it is customary that the worker committees (often called the Workers Councils) are an autonomous entity in relation to the trade unions. In Israel, the workers committees act as an extension and under the authority of the representing union, legally mandated in the collective agreements. This dependence of workers committees on the unions leads to an inevitable involvement of the unions in cooperation processes between workers and employers and often can inhibit processes in this direction. Although in some cases the workers committees may play a negative role in labour relations, after all, its structural position is highly important. The workers committees are basically the only answer to the structural advantage the employers have, usually due to their economic strength, the mechanisms and external consultants at their disposal and their vast experience in labour relations. More autonomy to workers committees will suit the diverse and changing needs of employees and give a boost to conduct extensive activities in the local level, with no risk to the status of the collective agreements.

6. Expanding the areas of activity of the workers committees – The workers committees, backed by the trade unions, should expand their areas of operation and not function primarily as an arm of collective bargaining or of preventing harmful initiatives of the managements. The workers committees should highlight the many issues related to labour relations, which in Israel are often pushed aside – vocational training, integration of disabled people in the labour market, youth employment, quality of work life and much more. For this purpose, it is possible to demand specialized hours in the framework of collective bargaining in order to engage these issues.

7. Unionizing workers and strengthening employer organizations

– In light of the centrality of the workers committees in the practices of codetermination in Israel, the growing trend of organizing as many workers as possible in trade unions should be encouraged. At the same time, employer organizations such as the Manufacturers Association and others must be strengthened. In other words, precisely when the umbrella organizations are being eroded (in part due to globalization processes), the existing entities should be supported as having a leading role in public representation and as entities conducting a dialogue among each other.

8. Employee representation in boards of directors – The conservation of the power of the workers committees as a central player does not mean they should be the only body through which the workers are making their voices heard. More methods should be encouraged, without necessarily harming the power of the workers committees. The representation of workers on the board of state companies and public companies in the private sector should continue to be strengthened – whether through legislative action, by political pressure or by the media. Other voices of employees, in addition to the workers committees and not instead of them, can provide a perspective broader than purely conflict relations - they can add an additional point of view of the workers, who also transcend their particularistic interests and adopt the perspective of the entire company. It may be also decided that the Joint Committees (such as safety, culture, food, etc.) will be composed of employee representatives who are both members and non-members of the committee. To ensure that the appointment of non-members shall not constitute an instrument of the managements to plant “straw men” on their behalf, non-members should be elected by all employees (as is now happening in the elections of employee representatives on the board of state companies).

9. Joint consultation – Although the ruling in Israel recognizes joint consultation and informing, it is easy to dissolve. To strengthen it, the trade unions and workers committees should not only receive information from the managements, but should serve as an address for managements for extracting information and consultation. In other words, the tables must be turned. The unions should strive to initiate a public debate. To do so it must possess independent knowledge that can be shared with employers through advice on how they should organize the work process and maintain/nurture the employees. For this purpose, it should adopt the “Good Work Index”, held in Germany at the initiative of the DGB. The aim is to raise awareness of the quality of work and leverage it to encourage a public debate and even political influence. The survey consists of questions about the load and pressure of work, income and job security, the possibility to influence in the workplace, skills and personal development, corporate culture, the work schedule, the emotional experiences at work (conflict with clients, a lack of respect, etc.), the physical terms, the intensity, work done from home and not paid for, extra benefits such as pension and health insurance and job development prospects. Employee representatives can use the survey to suggest improvements during collective negotiations. The survey also constitutes a tool during the public debate on questions of great social importance such as raising the retirement age.

10. Formulating a clear policy regarding climate changes and acting on this issue – For example, by promoting activities in the workplace, advice to government on policy issues, cooperation with environmental organizations on issues related to the labour market and promoting training courses for employees in the organization. Such activity is not only a moral duty of the unions as representatives of employees affected by climate changes, but also can be helpful in the short term to unions and the employees they represent. Representatives of workers can ensure a just transition to a green economy in which the state will help industries and workers threatened by climate changes. The focus should begin with carbon-intensive sectors, but as the experience in other countries shows, worker representatives in all sectors can contribute in environmental issues. For example, the labour movement could require assistance in promoting new green vocational training programs among workers in industries threatened by the transition to a green economy. In addition, engagement in climate change can also create new alliances and increase the legitimacy of Israeli labour unions. The Israeli Government should consult worker representatives on environmental policies and the courts should recognize that labour unions represent workers in and outside the workplace and that they care about their wellbeing and not only their pay check.

