



Organising disintermediation. A strategy for unions to survive?

by Ilaria Armaroli

That of digital disintermediation is a thesis enjoying a growing consensus. Owing to the widespread use of the Internet (today, over 40 per cent of world's population is connected) and the subsequent development of digital labour platforms, disintermediation is assumed to challenge the traditional belief in the place-bound nature of work, by allowing clients based anywhere to outsource processes and services to individuals from anywhere (Graham, M., et al., "Digital labour and development: impacts of global digital labour platforms and the gig economy on worker livelihoods", in *ETUI Transfer*, 2017, 23 (2), p.137) and by empowering users to act as both consumers and creators in global value chains. Direct market exchange between supply and demand is thus facilitated via circumventing some former intermediaries and benefitting from new, immediate digital platforms. **Far from being limited to relationships between economic actors, disintermediation is instead accused of cutting "middle men" out of our social, political and industrial interactions** (De Spiegeleire, S., et al., *Volatility and friction in the age of disintermediation*, HCSS StratMon 2016-2017 Annual Report). **It is precisely on disintermediated workplace relations that this article is focused.**

As a recent report reveals, three out of five establishments in the EU introduced new or significantly changed products, processes or marketing methods between 2010 and 2013 (Eurofound, *Innovative changes in European companies: Evidence from the European Company Survey*, June 22, 2017). Many of these companies are likely to have done so by combining employee participation practices with HRM (i.e. training, recruitment and skills development policy, variable pay schemes) or work organisation (i.e. task rotation, employee autonomy in decision-making, quality management and knowledge transfer, cooperation with other companies or institutions and outsourcing) measures. The analysis confirms what a considerable strand of empirical research (among the others: Ichniowski, C., Shaw, K., "The effects of human resource management systems on economic performance: An international comparison of US and Japanese plants", in *Management Science*, 1999, 45 (5), pp. 704-721) has previously suggested: there is a positive effect of a certain bundles of HRM, work organisation and employee involvement practices on a company's innovation propensity and performance. **There thus seems to be a *business case* argument for disintermediation.**

In this context, disintermediation refers to the process of widespread adoption of direct employee participation practices (i.e. via quality circles, continuous improvement groups, individual consultation, suggestion schemes) **at workplace level. Here is the indirect, union-mediated employee voice, as inspired by and consolidated within the Taylorist model of production, to be (apparently) put into question.**

At the times of mass production, when work tended to be deskilled to accommodate some engineering conception of the "lowest common denominator" of human cognitive skills and

autonomy, unions tended to conceive the goal of equity as a matter of uniformity, thus pursuing it via representational influence systems and collective bargaining, oriented to the mitigation of the effects of managerial prerogatives to the generalised benefit of all workers (Seghezzi, F., *La nuova grande trasformazione: Lavoro e persona nella quarta rivoluzione industriale*, ADAPT University Press, 2017, pp. 57-62). More recently, at the age of customised products and services in Industry 4.0, demanding flexible and adaptable work environments, workers' knowledge turns out to be particularly appreciated and sought by companies via HRM and new work organisation measures in tandem with employee participation practices. In turn, direct involvement is likely to flatten organisations by reducing hierarchies, increase employees' autonomy to determine how their work needs to be performed, and hence emphasise individual differences in the workplace. These interrelated trends contribute to shaping a work environment which is evidently other than that determined in the Taylorist era. **It thus sounds reasonable to claim that some revision of both practices and theory of union action, in line with contemporary changes, is needed.**

Unlike the common perception of unions as immovable bureaucratic structures, the history of unions is an history of change, triggered and forged by changes in the economic system. The transition from free market conditions, prevailing throughout the XIX century, to mixed-economy societies in the aftermath of World War II led many European unions, whether professional or industry associations, to expand their originally narrow goal of struggling for the interests of their constituency, up to incorporate and represent the general interests of societies (i.e. economic recovery and full employment at that time). From opposition movements at the dawn of capitalism to institutions in the labour market, whose autonomous action in the form of collective bargaining is acknowledged by political authorities as beneficial to economic and social development (Romani, M. (eds.), *Appunti sull'evoluzione del sindacato*, Edizioni Lavoro Roma, 1981). **Therefore, if unions' evolution is so strongly linked to the evolutionary process of capitalism, what can we expect from current socio-economic transformations? What kind of union change could be triggered by this new wave of disintermediation in workplaces?**

Within the context of a lively debate on union revitalisation, essentially polarised between *organising* (accordingly, unions should challenge managerial behaviour to build collectivism among workers) and *partnership* (accordingly, unions should restore legitimacy power through cooperative relations with employers, the state and public opinion) approach's advocates, we outline an unprecedented direction of union change, specifically oriented to the workplace level, which stems from the acknowledgement of the importance of companies' innovation and growth, while contemporarily countering a static idea of managerial prerogatives. In other words, we suggest that, though not abandoning their traditional role of representatives of individual members, which still is the pre-condition for their survival and public recognition, unions could overcome the presumed dichotomy of direct and indirect employee voice, by engaging in the promotion, regulation and implementation of new work organisation measures, which often imply greater employee participation. In so doing, they could incorporate formerly unilateral managerial practices within the framework of industrial relations, thus engendering a progressive institutionalisation process that we can define here as a process of *organised disintermediation*.


A parallel with the Traxler's concept of organised decentralisation (Traxler, F., "Farewell to labour market associations? Organised versus disorganised decentralization as a map for industrial relations", in Crouch, C., Traxler, F. (eds), *Organised Industrial Relations in Europe: What future?*, Aldershot: Avebury, 1995) **is intuitive.** As in the wake of decentralisation and subsequent arguments for the erosion of standard-setting capacity of sectoral agreements, national-level bargaining agents have been able to adopt "rules of coordination", at the times of increasing workplace disintermediation and serious concerns about collective voice marginalisation, unions are expected to take on the control over direct employee participation, thus ensuring better quality of

these practices and preventing negative consequences on the side of workers. This is not simply arguing, as it has already been done (among the others: Bryson, A., et al., “High-involvement management practices, trade union representation and workplace performance in Britain”, in *Scottish Journal of Political Economy*, July 2005, 52 (3), pp. 451-491), that the coexistence of direct and indirect channels of employee voice at workplace level may be possible and positively influence firm performance. **This is about suggesting unions to stop waiting for managerial action to bargain over the distribution of profits or the mitigation of drawbacks, and to start demanding a role in the management of work reorganisation processes, thus restoring that human, social and emancipatory value of employee participation which goes beyond its economic rationale.**

This trajectory of change, moreover, does not seem contradictory to the history of union identity, changing and expanding while never contravening its traditional responsibilities. This entails that unions keep on representing workers as people who deliver an input of production, thus formally external to the management of a firm, though starting to acknowledge employers’ demands for workers’ participation and responsibility for firm performance. **Taking part in the management of this process while protecting workers’ interests is the essence of *organised disintermediation*.**

Ilaria Armaroli

ADAPT Junior Research Fellow

 @ilaria_armaroli