

# Conflict in the Israeli Industrial Relations System: A Critical Description

## Conflit dans le système de relations professionnelles en Israël. Une description critique

Ran Chermesh

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### Résumé de l'article

L'article ci-dessus analyse le système des relations professionnelles en Israël au point de vue national et en tant qu'organisation. Il s'appuie sur l'exposé d'Eldridge (1972, pp. 19-23) tiré du concept des relations professionnelles de J.E.T. Dunlop (1958). Selon cet exposé, un S.R.P. comporte deux éléments principaux: le système lui-même et ce qui l'entoure. Le système comprend des acteurs, des idéologies, des règlements et l'environnement implique les rapports de pouvoir et de statut entre les groupes qui ne font pas partie du système ainsi que la technologie et l'économie.

#### I. Le S.R.P. au niveau national

Les principaux participants au niveau national sont la Commission de coordination des organisations économiques, la Fédération générale du travail (Histadrut) et le gouvernement. Les relations entre ces organismes varient selon la nature de la propriété des secteurs de l'économie. Presque 60 pour cent des salariés en Israël appartiennent aux unités du secteur privé, 18 pour cent se trouvent dans les entreprises publiques et le reste (22 pour cent) relève des établissements de Pihistadrut. C'est la fonction de la CCD.E. de représenter le secteur privé. La Commission de la fonction publique représente le secteur public et la Hevrat Ha'Ovdim, société de gestion de l'Histadrut, représente celle-ci. La Chambre des syndicats est le principal représentant de ceux-ci dans les trois secteurs de négociation. Les tribunaux du travail sont aussi des acteurs importants tant dans le secteur privé que dans le secteur public. Le Service des relations industrielles du ministère du Travail et du Bien-être social est un participant actif dans le secteur privé, mais il n'est pas impliqué dans le secteur gouvernemental (ce qui est le principal employeur du secteur public). La Chambre des syndicats remplit les fonctions d'une tierce partie dans le secteur de l'Histadrut. Ainsi, dans le secteur privé, le D.R.P. correspond au système qu'on retrouve dans le monde occidental; le secteur de l'Histadrut en est un qui est autonome et se suffit à lui-même; le secteur public est un modèle mixte d'un S.R.P.

L'idéologie courante du système se fonde sur la sécurité d'emploi, la légitimité du syndicalisme, le rejet des prérogatives patronales et une approche pragmatique en matière de grèves et de différends. Le système est de type volontariste.

L'ensemble des règlements au niveau national comprend à la fois des lois et des conventions collectives générales. Des quatorze principales lois, quatre traitent de conditions de travail proprement dites; quatre, des questions de sécurité sociale; trois, de la réglementation du système de relations professionnelles.

L'adoption typique d'une loi suit le cheminement suivant: l'Histadrut en prend d'abord l'initiative; les principales associations d'employeurs viennent à les accepter par voie de négociation; finalement, elle est insérée dans le code par la législation et elle s'applique alors à la totalité de l'économie israélienne.

Les conventions collectives générales sont de deux types: les contrats de travail ordinaires qui spécifient les conditions d'emploi pour une catégorie considérable de salariés et un ensemble de normes qui traitent des questions de discipline, des règlements de différends, de l'amélioration des relations de travail et de la productivité. Le moment venu, celles-ci peuvent être insérées dans la législation.

La contrainte technologique est de peu d'importance dans les relations de travail au niveau national. Quant aux problèmes économiques, ils sont plutôt du ressort de la politique. En dépit d'une inflation élevée et persistante ainsi que de l'incapacité manifeste d'Israël d'atteindre à son indépendance économique, une bonne partie de la pression qui aurait pu venir de ce côté a été absorbée par l'existence d'un régime universel d'indexation du coût de la vie et l'application de mesures préventives contre le chômage. Des facteurs politiques peuvent être considérés comme les causes fondamentales de la stabilité et de la grande rigidité du système de relations professionnelles en Israël. L'agitation politique qui porta au pouvoir le parti Litzrut et qui rejeta le parti travailliste dans l'opposition après 46 ans de gouvernement aurait pu être le signal de changement et de rénovation, mais la faillite économique et sociale du nouveau gouvernement en empêcha toute réalisation.

#### II. Le S.R.P. en tant qu'organisation

Les principaux acteurs du S.R.P. en Israël sont les dirigeants d'entreprises et les représentants du travail, c'est-à-dire les comités de travailleurs. Le groupe des dirigeants d'entreprises du secteur privé comprend trois types principaux: le colonisateur, le dirigeant d'une grande entreprise et le petit entrepreneur privé (Eisenstadt, 1969, p. 80). Cependant, ce groupe a subi des changements durant les trente dernières années. Aujourd'hui, les principales sources de recrutement sont les diplômés d'universités et les militaires à la retraite de haut et moyen grades. S'ils ont tendance à manquer du savoir inné de l'entrepreneur et du vétéran, ils se caractérisent par leur compétence technique et professionnelle.

Au niveau de l'organisation, les représentants des salariés sont les membres des comités de travailleurs. Ils sont élus par l'ensemble des salariés de l'unité à laquelle ils appartiennent et non par les seuls membres des syndicats. Leur connaissance technique des politiques de l'entreprise est plus apparente que la connaissance réelle de l'organisation et des problèmes économiques et légaux. Le représentant légal des salariés dans une unité donnée est l'Histadrut et non pas le comité des travailleurs. Ainsi, dans la situation qui existe en Israël, il y a opposition entre un type de syndicat politique et un type de syndicat économique, ce qui se concrétise par un conflit constant entre la Chambre syndicale de l'Histadrut et les comités locaux de travailleurs. Ces derniers sont évincés des négociations collectives et, en conséquence, ils consacrent leurs efforts aux questions de promotion, de prime et autres sujets connexes à l'administration de l'entreprise. Ils ont aussi tendance à usurper les prérogatives de la direction et à s'engager dans une participation semi-officielle à la gestion. Les syndicalistes jouent un rôle marginal dans la plupart des établissements du pays. Leur intervention est sporadique. Ils s'entrentendent dans les situations de crise et lorsque la direction et les travailleurs sont d'accord.

Au plan de l'organisation, l'idéologie traditionnelle considère tout nouvel avantage acquis comme un droit sacré. Le comité local de travailleurs est accepté comme un partenaire important dans toutes les matières qui ont trait au personnel. Les comportements à l'endroit de la direction varient beaucoup et sont surtout caractérisés par le respect que valent aux travailleurs du rang et à leurs dirigeants les efforts et les réalisations de la direction. Les règlements varient beaucoup selon le type de l'organisation, mais cet article ne traite que des procédés de fonctionnement qui concernent chacun des principaux acteurs et des relations qu'ils ont entre eux. Si la fonction de dirigeant d'entreprise se rapproche de ce qui existe dans les pays occidentaux, le type de syndicat diffère beaucoup et il exige qu'on y porte attention. Le délégué syndical fait partie d'une équipe et représente le comité des travailleurs. Il est choisi pour un terme de deux ans à l'occasion d'élections générales. Le président du comité, ou le secrétaire est élu au moyen d'un mécanisme indirect, même si, traditionnellement, le candidat qui obtient le plus de suffrages remporte l'élection. L'Histadrut essaie d'influencer le comité en lui imposant un code de surveillance. En conséquence, le comité des travailleurs est quand même un organisme autonome et régi. Une telle dualité est une source de frustration pour les représentants, ce qui se traduit par de fréquentes grèves sauvages.

Le contrat de travail spécifique est le code principal de l'entreprise individuellement. Il est négocié par les deux organismes représentatifs et les travailleurs ont rarement voix au chapitre. Au niveau de l'organisation, la contrainte externe courante et principale est le facteur politique. Le secteur public est caractérisé par une grande centralisation de l'autorité, par une attitude de laisser-aller devant la non-réussite économique et l'inaptitude à se soumettre à des restrictions budgétaires. Le secteur privé tient davantage compte des exigences du marché, même si on y préfère l'appui et la protection du gouvernement à la concurrence des lois du marché.

#### Conclusion

Les données du premier tableau présentent une comparaison des statistiques relatives aux grèves avant et après les élections générales de 1977. Les trois composantes de l'appréciation des grèves ont changé. Le nombre de grèves a diminué; elles sont devenues plus longues; elles touchent un plus grand nombre de salariés, mais une telle constatation ne permet pas de conclure à un changement radical dans les principales caractéristiques du système des relations professionnelles qui est décrit dans le présent article. L'agitation politique au niveau macrosocial n'a apporté aucun changement important dans la législation.

# Conflict in the Israeli Industrial Relations System

## A Critical Description

**Ran Chermesh**

*The paper examines the Israeli industrial relations system at two levels: national and organizational. It utilizes Eldridge's formulation of Dunlop's (1958) concept of the industrial relations system.*

Few reports have been written on industrial relations systems of countries outside North America. (For recent exceptions see; Howarth (1978); Jelin (1979); Luther (1979); and Picard (1978). The present paper offers a critical description of the Israeli situation, with the aim of extending the set of explanatory variables and the range of empirical experience available to those interested in the theory and practice of the subject. Qualitative methods, rather than statistical means, seem particularly appropriate for the purpose. But despite my preference for an expositive approach, it seems essential to cite some figures. Table 1 presents some data about the Israeli economy and its pattern of industrial conflict. There were only eight hundred and fifty thousand salaried workers in Israel in 1976, 85 percent of them members of the Histadrut (General Federation of Labour). Almost 35 percent work in public and community services and 27 percent in industry. These branches, with the addition of the transportation enterprises, account for most strikes. Most industrial conflicts originate in public services and transportation. The former branch is underrepresented in the measure of strike frequency (F), but accounts for a disproportionate number of strikers (B) and man-days lost by strikes (MDI), (55.5 percent and 51.5 percent respectively in 1974-1978<sup>1</sup>). Most of the strike prone units are publicly owned and managed. The average strike in Israel involved 1,293 workers and lasted for 3 days. Strikes in public services involved more participants (2,586) and were slightly shorter (2.8 days).

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\* CHERMESH, Ran, Department of Behavioral Sciences, Ben Gurion University of the Negev, Israel.

<sup>1</sup> All figures for the period 1974-8 include date for 1977. This information was excluded from Table 1. It is available at the source mentioned in Table 1 f.n. 4. Data in Table 1 are organized on the basis of pre- and post-election year basis, and 1977, being an election year, is excluded.

TABLE I  
Israel (1974-8) — Descriptive figures

Economic Branch (1)	Salaried <sup>1,2</sup> employees (2)	No. of Strikers(F)		No. of Strikers(B)		No. of Man-days Lost(MDI)		Average Duration (MDI/B)		Average Strike Size (B/F)	
		1974-6 <sup>3,4</sup> (3)	1978 <sup>4</sup> (4)	1974-6 <sup>3,4</sup> (5)	1978 <sup>4</sup> (6)	1974-6 <sup>3,4</sup> (7)	1978 <sup>4</sup> (8)	1974-6 (9)	1978 (10)	1974-6 (11)	1978 (12)
Agriculture forestry and fishing	1.9 (16,250)	1.0 (1)	2.4 (2)	0.0 (70)	0.5 (1,099)	0.1 (194)	0.5 (5,639)	2.8	5.1	70	550
Industry (mining & manufacturing)	27.0 (230,800)	28.6 (30)	24.7 (21)	7.6 (6,475)	4.3 (9,556)	18.0 (31,531)	6.8 (72,714)	4.9	7.6	216	455
Electricity and Water	1.3 (11,100)	1.0 (1)	2.4 (2)	1.5 (1,257)	0.2 (409)	0.9 (1,612)	0.1 (1,362)	1.3	3.3	1,257	205
Construction (building and public works)	7.7 (65,800)	1.0 (1)	2.4 (2)	0.0 (50)	1.3 (3,000)	0.4 (661)	0.6 (6,075)	13.2	2.0	50	1,500
Commerce, res- taurants & hotels	8.1 (69,250)	2.9 (3)	2.4 (2)	0.3 (292)	0.1 (250)	0.5 (788)	0.0 (390)	2.7	1.6	97	125
Transportation storage and communication	6.4 (54,700)	26.7 (28)	36.5 (31)	11.9 (10,150)	19.5 (43,703)	11.9 (20,746)	33.2 (355,459)	2.0	8.1	363	1,410
Financing and business services	7.5 (64,100)	4.8 (5)	4.7 (4)	12.9 (11,057)	4.6 (10,320)	11.5 (20,176)	1.0 (10,320)	1.8	1.0	2,211	2,580
Public and com- munity services	34.7 (296,600)	30.5 (32)	20.0 (17)	53.4 (45,616)	69.1 (155,112)	47.5 (82,928)	57.0 (610,637)	1.8	3.9	1,426	9,124
Personal and other services	5.3 (45,300)	2.9 (3)	4.7 (4)	0.2 (183)	0.4 (805)	0.3 (453)	0.9 (9,365)	2.5	11.6	61	202
Unclassifiable	— (—)	1.0 (1)	— (—)	12.1 (10,333)	— (—)	9.0 (15,757)	— (—)	1.5	—	10,331	—
TOTAL	100.0 (854,800)	100.0 (105)	100.0 (85)	100.0 (85,484)	100.0 (224,354)	100.0 (174,757)	100.0 (1,071,961)	2.0	4.8	821	2,639

1 Figures within columns do not add up to an exact total due to rounding.

2 Source: Central Bureau of Statistics — Statistical Abstract of Israel, No. 28, 1977, Table XII/12, pp. 316-17.

3 Figures are annual averages. The three-year period was chosen to represent the situation under Labour Party rule.

4 Source: Department of Labour Relations — A Report on the Activities of the Department of Labor Relations and on Statistical Data Concerning Work Stoppages in 1976, 1977, 1978 and 1979 (Hebrew).

We shall examine industrial relations systems in Israel at two levels: national and organizational. Our analysis will be based on Eldridge's formulation (1972, pp. 19-23) of J.E.T. Dunlop's (1958) concept of the industrial relations system. According to this formulation, a system of industrial relations involves two main components: the system itself and its environment. The system consists of actors (labor, management and specialist agencies), ideologies (each party's set of beliefs, interests and intentions vis-à-vis their own status and that of the other parties in the system), and rules (the system of norms which defines what behavior patterns can be expected and regulates these behavior patterns).

The environment of the industrial relations system includes the power and status relationships between groups that are *not* part of the system; the country's or organization's manufacturing technologies, and the markets in which the industrial relations system of the organization or country functions.

## **THE INDUSTRIAL RELATIONS SYSTEM AT THE NATIONAL LEVEL**

### **Description**

#### **ACTORS**

Three main participants interact in the Israeli industrial relations system: the Coordinating Body of Economic Organizations (CBEO), the Histadrut and the government. This tripartite composition, is traditional, but is structured in Israel in a unique way, which is determined mostly by the ownership sector.

Almost 60% of all salaried employees in Israel work in the private sector. Private managements are represented on the national level by the CBEO and the employees by the Histadrut. Mediation and judicial services however seldom they are needed at the national level, are provided by the Department of Labor Relations in the Ministry of Labor and Welfare and by the Labor courts.

Almost 20% of wage-earners work in the public sector, whose main component is the government. Most other public employers, such as the Zionist-Movement or local authorities, tend to follow the government's lead in industrial relations. This pattern places the Civil Service Commissioner in a very influential position. The Israeli public sector is involved in both service and production functions. It employs workers in a wide variety of occupations, and maintains constant tension between standardization

and specialization, and hence provides fertile ground for labor disputes. Third party services are almost non-existent. The Department of Labor Relations consisting as it does of civil servants, is not empowered to enter into labor conflicts in the government sector. "Harder" methods, such as labor courts, are available, but since these courts are sovereign, to resort to them can be a risky venture. Thus, government prefers to back its employer function by legislative authority, thereby arousing the ire of the trade unions.

One out of every four wage-earners works in the Histadrut sector which is unique in that it is self-sufficient, acting in both management, union and third-party capacities. According to its socialist ideology exploitation is ruled out by the very fact of class ownership of the means of production. Every Histadrut member is automatically a member both of the Trade Union Division and of Hevrat Ha'Ovdim, the Histadrut holding company. Thus an employee of a Histadrut-owned plant is ideologically

**TABLE 2**  
**Main Actors and Employment by Ownership Sector**  
**National Level**

<i>Ownership Sector</i>	<i>IR Actor Classification</i>			<i>% of Salaried Workers<sup>1</sup></i>
	<i>Management</i>	<i>Union</i>	<i>Third Party</i>	
Private	Coordinating Body of Economic Organizations (CBEO)	General Federation of Labor (Histadrut) — Trade Union Division	Government — Labor Court, Department of Labor Relations	59.8
Public	Government — Civil Service Commission	General Federation of Labor (Histadrut) — Trade Union Division	Government — Labor Court	17.6
Histadrut	General Federation of Labor (Histadrut) — Hevrat Ha'Ovdim	General Federation of Labor (Histadrut) — Trade Union Division	General Federation of Labor (Histadrut) — Trade Union Division	22.6

<sup>1</sup> Source: BARKAY, H., *The Public Sector, Histadrut Sector and Private Sector in the Israeli Economy*, Jerusalem, The Falk Institute for Economic Research in Israel, 1968, Table 5, p. 35 (Hebrew).

defined as being a part owner of the plant. How therefore can he strike against himself? But since real life situations are more complicated than ideological conceptualizations, collective bargaining has evolved in the Histadrut sector as well and the Trade Union Division has gained control over this area.

As can be seen in Table 2 management, union and government interact therefore, in a complicated pattern. Only private sector management operates in a traditional fashion. Government functions both as third party and as management, and the Histadrut in all three statuses, — management, union and third party.

#### IDEOLOGY

The accepted ideology of the system is based on a number of elements: a preference for job security as opposed to efficiency; recognition of the legitimate right of labor to organize which coexists with a critical attitude towards management's rights (or prerogative); tolerant attitude towards the discrepancy between policy declarations and implementation; a tendency to seek pragmatic solutions rather than adhere to written procedures.

The system of rules can be classified into those aimed at creating order in the industrial relations system itself, and those directed at ensuring the utilization of the manpower employed by the organization or country. The first group is concerned with defining the identity of the participants in the system, the rules of representation, the method to be used in negotiations, etc. In this sphere the dominant ideology in Israel is voluntarism, according to which autonomous agreement by the principal participants is a precondition for legislation. These rules are characterized by strict adherence to the principle of total independence vis-à-vis the government in all matters relating to labor-management relations. The second group of norms is characterized by linkage arrangements. Most wage scales are related and constantly readjusted to one another. These updating conventions are accepted normatively, even if seldom specified formally in collective contracts. Such interdependency enhances the rigidity of the system, and hence hinders any restructuring of the labor market.

#### RULES

The rule set at the national level of the Israeli IR encompasses laws and general collective agreements. Fourteen principal labour laws exist in the legal code, which may be divided into four main categories:

- a) work conditions — Night Work in Bakeries (1951); Hours of Work and Rest (1951); Annual Holidays (1951) and Labour Inspection (1954).
- b) sensitive groups — Apprenticeship Law (1953); Youth Labour (1953); Employment of Women (1954); and Reserve Service (1952).
- c) social security — National Insurance (1953); Wage Protection (1958); and Severance Pay (1963).
- d) industrial relations — Settlement of Labour Disputes (1957); Collective Agreements (1957); and Employment Service (1959) (State of Israel, 1968).

The typical passage of a labor law starts with Histadrut initiative, followed by negotiation and legitimization by the leading employers' associations; it is finally absorbed in the legal code and extended all over the economy by an act of legislation.

This process demonstrates the implications of the voluntaristic ideology of the system and explains why legislation is initiated or rejected in a certain sphere. The Histadrut was anxious to consolidate its social achievements and enforce them throughout the Israeli economy. The established employer associations were sometimes interested in and on occasion, indifferent to these targets. The extension of labor rights to the small ununionized sector safeguarded organized private employers from unfair competition. Labor dominated governments regarded approval of the main actors as a crucial prerequisite for any legislative initiative. The sphere of industrial relations is particularly sensitive, and prone to disagreement between the Histadrut and government. Here, legislation both came later and was meager in quantity. Issues such as the sanctity of the right to strike and compulsory arbitration are under constant discussion in government and parliamentary forums, but have seldom reached the ratification stage. Most problematic of all is the definition of labor and management rights, representation and functioning. Organizational terms such as union, worker-committee, employer association have never been defined legally in a straight-forward and general way. Such issues are left to autonomous definitions of the actors through their constitutions and tradition.

The autonomous sets of rules of the industrial relations system at the national level are general collective agreements. Such agreements are distinguished from specific collective agreements at the organization level by their coverage. They have nation-wide, industry-wide or area-wide validity, as compared to the specific unit applicability of the latter. The agreements are of two main types: the conventional labor contract which specifies the terms of work of a wide category of workers; and a set of procedural norms which

regulate discipline (1967), dispute resolution (1957), labour relations (1967) and the joint council for productivity (1967). These are typical examples of rules which may in due time be incorporated in legislation, given the consent of the Histadrut and employers' associations. Contract negotiations for a given category of workers are held by the delegates of management in a given sector and the representatives of a national trade union. Intersectoral management committees are the exception to the rule. Union structure determines the contract's jurisdiction.

The unions affiliated to the Histadrut are both industrial, occupational and sector-based. In case of structural conflict, sectorial association on the one hand, and power considerations on the other hand, take precedence. Histadrut-owned industries have their own traditional reserved contract, which used to be superior to private sector agreements in terms of social benefits, and inferior from the point of view of wage levels. Public sector contracts, which once used to be negotiated by a general union of civil servants, or by the general union of clerks, are now bargained for by a multiplicity of occupational unions.

General collective agreements of purely procedural nature are available only in the private sector. Analysis of their contents shows them to be a procedural reflection of the ideology of autonomy. The major actors in the national industrial relations level stipulate the rules of conduct for their lower level counterparts. An important step in this direction was the working code, which was agreed upon in 1962. This set of rules was aimed as a model for those establishments which had not developed their own code of service. A complementary set of norms deals with labor relations (1967) and impasse resolution (1957). The bilateral interest of both management and the Histadrut in enhancing productivity was expressed in an agreement (1967) which defined the status of both sides, and called for the establishment of joint productivity councils and a detailed code for their operation. Such autonomous legislation is rarer in the Histadrut-owned sector, where codification initiative customarily either stems from individual economic concern or superimposed by the political echelon of the Histadrut. It is an even rarer phenomena in the public sector, where a conceptualization of a service code is preferred to explicit labor contract.

#### EXTERNAL FACTORS

An examination of the external factors which exert pressure on the industrial relations system in Israel shows the following picture: *technology* is a minor determinant in most labour disputes. The Israeli economy encompasses few units with a high propensity to strike i.e. mines or ports. Since the main stage of its industrial development took place after statehood was

won in 1948, plants with outdated equipment are not common. The economy has not thus far proved to be a very strong pressure-exerting factor in labor relations, despite the high rate of inflation and the obvious failure to achieve economic independence.

The relatively weak impact of economic factors stems from the automatic adjustments to price hikes (through automatic cost-of-living increments) and from a high degree of political sensitivity to the spectre of large — scale unemployment. *Politics* as a pressure — exerting factor, have thus far been the basic cause of both the stability and the rigidity of the industrial relations system on the national level. The political identity that existed until 1977 between the country's ruling coalition and the leadership of the Histadrut made it easier for the system to establish and organize itself. Israel's recent political upheaval created the possibility of introducing changes in the system. The government has thus far proved unable to formulate a clear-cut policy in the area of labor relations, but certain disruptions now occur in the once-traditional dialogue between the government and the Histadrut. The system continues to function according to patterns that were acceptable in the past, but an increased feeling of alienation and resentment is evident among the leaders of both the Histadrut and the Manufacturers' Association (the leading component of the CBEO).

### **PREVENTION OF LABOR DISPUTES AT THE NATIONAL LEVEL**

The 1977 election created a new situation in Israel. Since the two main political establishments of the country are now headed by the two largest rival parties. The right-wing Likud party heads the government and the socialist Labor party — The Histadrut. The latter has expressed its readiness to cooperate with the government, but its collaboration is dependent upon the former's acceptance of the traditional Israeli system. Any governmental initiative to change the rules of the game is liable to face bitter opposition. The government can therefore choose between two diametrically-opposed alternatives: modification of the present system or rapid adaptation to the system as it exists today. The former alternative would mean a short-range increase in the frequency and severity of labor disputes but could also lead, in the long run, to the development of a different system, more suited to the political outlook of the party in power. Possible changes could include decentralization in the public sector, to be reflected in an increase in the administrative responsibility of directors-generals of government ministries and of their counter-parts in the private sector and in public corporations. Such decentralization could intensify the sensitivity of the labor relations system to the economy as a pressure-exerting factor. Reduc-

tion in the size of the collective negotiating unit could lead to a lesser degree of linkage in the economy. It could also enhance the attractions of employment in sectors of the economy which are profitable or of high national priority.

Routine negotiations between the leaders of the Histadrut and employers' associations on the one hand and the country's political leaders are the second alternative. The adoption of a conciliatory approach toward the former could result in full exploitation of the potential of the present system. Within the context of the dialogue, both sides could be asked to commit themselves to industrial peace. They would thereby facilitate the evolution of a functional industrial relations system at the organization level, by removing obstacles to the development of constructive processes rather than by imposing regulations and procedures from outside. In the present situation, however, it seems that the adoption of partial measures (such as compulsory arbitration, wage freezes, etc.) could only result in greater unrest and in the failure of both government authority and private authority in this sensitive area.

## **THE INDUSTRIAL RELATIONS SYSTEM AT THE ORGANIZATIONAL LEVEL**

### **Description**

#### **ACTORS**

The principal participants at this level are the managements of the various units and the representatives of labor. Various specialists (e.g., labor court justices; labor relations officers; supervisors of employment of women, and youth; trade union officials in labor councils; etc.) occupy a marginal role in most of the country's establishments. Their intervention is sporadic and usually takes place in crisis situations; furthermore, the extent of this intervention is dependent on the degree to which both management and labor are willing to cooperate.

Management in the prestate period (i.e., before 1948) consisted of three types of entrepreneurs: the institutional colonizer, the big private and the small private entrepreneur. There can be no doubt that "the most important single type... that developed in the Yishuv\* was what may be called the "institutional entrepreneur colonizer" (Eisenstadt, 1969, p. 80). He was lo-

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\* Pre-State Jewish Community.

cated in public sector establishment, typically in Histadrut owned unit, and "his main concern was to maximize the scope of economic activities and the assets and profits of his own group and organization through the best manipulation of both the market possibilities and the different sources of capital, credit, and so forth — especially from the different colonizing agencies" (Eisenstadt, 1969, p. 80). Such a manager regarded himself as the emissary of the collectivistic values of his society. The big private manager financed his activities mainly from his own private resources, but adopted a semi-public pattern of operation. He was strongly rooted in the conventional value system and tended to imitate the working codes of the leading Histadrut economic elite. The third type, the small private entrepreneur, tended to be the conservative owner of a small-scale enterprise.

The Israeli managerial group has undergone a process of convergence during the last thirty years. Their sources of recruitment have become similar — university graduates, mostly with technical and business school degrees, and retired senior and middle — rank army officers. These executives lack the inner knowledge of the entrepreneur or the veteran. Instead, they are characterized by professional and technical proficiency. Unfortunately, they are only partially backed by those who have appointed them. The sole elected representatives of all employees in a given organization are Workers' Committees. All the workers, and not only the union members among them are their constituency. The fact that they are elected functionaries determines most of their characteristics. Their demographic profile, in the economic, educational or ethnic respect is similar to that of their rank and file; this similarity enhances the support of their public. Their political abilities are more salient than their formal knowledge of organizational, economic and legal matters. The nation-wide network of workers' committees has greater informal power than formal authority. Their national union or its local branch is their legally recognized representative organization. This restriction on authority is aimed at furthering the overall policy, which is formulated by the national echelons of the Histadrut. Such a policy tends to underemphasize local needs, and to stress the achievement of political targets. Thus the contradiction between a political type and an economic type union crystalizes in the Israeli situation into a constant conflict between the national Trade Union Division of the Histadrut and the local workers' committees (Kerr et al. (1960); Friedman (1972)). Alienated from the contract negotiations arena, workers' committees in Israel concentrate their efforts on promotion, premium pay, and various plant administration issues. These topics are prone to discretion conflicts with the management. Formal workers' participation in management is quite rare in the Israeli economy. A participator policy was imposed on Histadrut owned units by the political organ, but without the commitment of the main actors on the

plant level they remain in a rudimentary state. Informal "participation" exists in many establishments, but it indicates the relative powerlessness of management and the usurpation of its prerogatives by workers' representation. Such a practice is both conducive to industrial conflicts and further appropriation of management rights.

#### IDEOLOGY

The traditional ideology at the organizational level treats every new benefit granted as a sacred right, irrespective of its source and motive. The local workers' committee is accepted as a senior partner at the administration level in all matters concerning personnel. Attitudes towards management vary widely. The management of a given enterprise is viewed as an important and functional body if it has succeeded in establishing its authority through drawing up operative plans, establishing orders of priority, and ensuring its independence in various administrative matters, while, at the same time dictating its own terms for granting representation to labor. In contrast, there are certain managements which are seen merely as the focus of formal authority. They are useful only when the senior administrative level has to be persuaded of the validity of labor's demands, but may be disregarded altogether when pressures are applied.

In many cases, a contract, whether general or specific, is not regarded as the final, accepted formulation of privileges and obligations. Both labor and management in certain places of employment prefer to regard a labor agreement as a framework, offering guidelines but leaving room for continual negotiations. The degree to which formal regulations are applied at the organizational level varies according to the size and sectoral classification of the particular place of employment. Deviations from procedures and regulations are very common and are customarily viewed as the best means of bridging the gap between the changing demands of reality and the inflexibility of regulations.

#### RULES

It is customary to divide rules into two types: substantial and procedural. While substantial rules vary from plant to plant and are heavily influenced by technological factors, procedural norms are somewhat more standardized. Hence, the present report will focus on the later type.

Procedural regulations are concerned with each of the main actors, i.e. management and local union, and with their pattern of interaction. While Israeli management resembles its counterparts in western countries, the

Israeli local union differs, and thus deserves special treatment. The Israeli shop steward is primarily a representative of the people who elected him, i.e. all workers in the unit he represents, and only secondarily a functionary of the Histadrut. He is a member of a team, consisting of the members of a workers' committee. According to the election code of the Histadrut (General Federation of Labor, 1978), the workers' committee is elected for a two years term by general and secret elections. The chairman, or secretary, of the committee is elected by an indirect procedure, though traditionally the candidate who gained the largest number of votes in the general elections wins. Thus, he is endowed with the legitimization needed for negotiating with management. The Histadrut cannot permit itself to grant too much latitude to such grass roots leadership. Its populist base could undermine any effort to formulate a general policy. Therefore, its code stipulates the degrees of freedom of workers' committees. The first meeting of a new committee must be initiated by the local branch of the Histadrut, — the labor council. All its protocols and decisions must be filed in the councils records. The committee is not allowed to declare a strike independently. Such an issue must be approved by the appropriate Histadrut authority. The legal representative union is not the committee, but the Histadrut. Hence collective agreements are signed by an official of the trade union division of the Histadrut, and not by the chairman of the direct representative delegation of the workers. Thus, the workers' committee is simultaneously an autonomous and an administered body. Such duality is a constant source of frustration for the representatives. Their negative sentiments are reflected in frequent wild strikes<sup>2</sup>.

The specific work contract is the main legal code of the individual enterprise. It is negotiated by the management of the appropriate unit and by the delegates of the trade union movement. Members of workers' committees play a secondary role in the process and their approval is not required. Today their power has increased and a corresponding increase in their involvement in the legislative process has followed. The contacts between management and the workers' committee secretary are both frequent and extensive. The approval of the committee is imperative in order to dismiss a worker who is on the permanent establishment. Its consent is regarded as a precondition for all matters except a few labor-relevant issues. Management refrains from granting special privileges to a single worker, given

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2 Most strikes in Israel are unauthorized, i.e. wildcat strikes. Their percentage range for the years 1974-1978 is 60.4 to 73.1. Interestingly, the political upheaval caused no meaningful change in the situation. The percent of unauthorized strikes out of the total number is as follows: 1974 — 67.7; 1975 — 60.4; 1976 — 71.2; 1977 — 73.1; and 1978 — 67.1. In 1974-1976 the Labour Party was in power, while 1978 was a year of Likud party rule in government and a Labour party majority in the Histadrut.

the threat of a favor extension demand by the committee. Almost total compliance by the rank and file is normatively prescribed in Israeli organizations. Thus, the power position of the leadership is seldom challenged. Managements prefer to refrain from implementation, or even planning of organizational change without gaining the prior consent of the workers' secretary. This routine establishes informal participation of labor in management. This informality does not increase the power pool of the organization, as claimed by the advocates of union-management cooperation, but curtails management's initiative. Such a normative model is approximated in public enterprises, governmental as well as Histadrut-owned. It is less pronounced in privately-owned units, though even there management prerogatives are heavily restricted.

#### EXTERNAL FACTORS

Having depicted the system itself, let us examine the environment of the industrial relations systems at the organizational level. The *technological* standpoint cannot be discussed within the present outline. Since there is a wide divergence between places of employment. The features of the *economic* factor, as expressed in the distinction between a budget — based body and a market — based body, correspond to the features of the *political* factor, i.e. the distinction between public and private ownership. The public sector is characterized by a high degree of centralization of authority beyond the organizational level, by a lax attitude to economic failure and by an inability to adhere to budgetary restrictions.

#### PREVENTION OF LABOR DISPUTES AT THE ORGANIZATIONAL LEVEL

The intensity of labor disputes at the organizational level can be reduced if changes are introduced in any of the components of the industrial relations system. However, it would seem that the most effective way of bringing about such a reduction would be to introduce changes in the actor components of the system. Extensive training of members of workers' committees is being carried out, aimed at narrowing the knowledge gap between management and labor. Management's weakness however, rather than the ignorance of officials, is the most significant element in the disfunctioning of the industrial relations system at the organizational level. The assigning of responsibility, together with the allocation of authority capable of dealing with such responsibility, is an important prerequisite for change in the status of management at the local level. Reinforcement of managerial training in the field of labor relations, the consolidation of management's in-

dependence of labor, the development of a system for executive promotion and the ensuring of a relatively open job market for executives could be significant steps in raising management performance. Many organizations suffer from a fragmented structure as far as labor representation is concerned which could, under certain circumstances, serve as a convenient administrative tool for the differential treatment of various labor groups. In the Israeli context, a weak management often faces a fragmented labor representation. In such cases, this segmentation does not permit the existence of an important process: the filtering of demands. If an organizational framework were to be established above the level of workers' committees it could contribute to an improvement in labor relations at the organizational level. The development of such frameworks would necessitate the introduction of change in the Histadrut's structure. It would also call for more efficient distribution of functions among labor organizations classified by profession or by economic branch.

## CONCLUSION

Table 1 supplies us with the rare opportunity to present and evaluate an effort to modify the Israeli industrial relations system. The statistics for 1978, the first calendar year of the new administration, indicate changes in three components of strike activity (Stern, 1978). The number of strikes decreased by 19 percent as compared to the pre-Likud period (1974-76). The length of the average strike more than doubled from two days to 4.8 days, and the average scope of strikes increased from 821 workers to 2,639. These developments could be seen as indicating an evolving process of restructuring of the system. The traditional Israeli strike pattern of numerous, short and medium-size events, does not lend itself to institutional regulation (Dunlop, 1976). This suggests that the emerging pattern of less numerous, longer and medium-size occurrences can better be controlled by such means. Such conclusions, however, are not borne out by the facts as presented by developments in the industrial relations field during 1979 and by Table 1. First, these developments were accompanied by a drastic increase in the number of man-days lost in strikes, from an average of 175,000 in the pre-Likud days to a figure of one million. Second, current developments indicate that most of the characteristics described in this paper have not changed radically. The Histadrut continues to function as the principal factor in the national industrial relations system and neither the main ideological doctrines nor the normative formulation has changed drastically. Therefore, it seems likely that the industrial relation system on the plant level is the probable route of change, while the contribution of the actors at the national level should be restricted to enable such events to take place.

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## Conflits dans le système des relations professionnelles en Israël Une description critique

L'article ci-dessus analyse le système des relations professionnelles en Israël au point de vue national et en tant qu'organisation. Il s'appuie sur l'exposé d'Eldridge (1972, pp. 19-23) tiré du concept des relations professionnelles de J.E.T. Dunlop (1958). Selon cet exposé, un S.R.P. comporte deux éléments principaux: le système lui-même et ce qui l'entoure. Le système comprend des acteurs, des idéologies, des règlements et l'environnement implique les rapports de pouvoir et de statut entre les groupes qui ne font pas partie du système ainsi que la technologie et l'économie.

### I. Le S.R.P. au niveau national

Les principaux participants au niveau national sont la Commission de coordination des organisations économiques, la Fédération générale du travail (Histadrut) et le gouvernement. Les relations entre ces organismes varient selon la nature de la pro-

priété des secteurs de l'économie. Presque 60 pour cent des salariés en Israël appartiennent aux unités du secteur privé, 18 pour cent se trouvent dans les entreprises publiques et le reste (23 pour cent) relève des établissements de l'Histadrut. C'est la fonction de la C.C.D.E. de représenter le secteur privé. La Commission de la fonction publique représente le secteur public et la Hevrat Ha'Ovdim, société de gestion de l'Histadrut, représente celle-ci. La Chambre des syndicats est le principal représentant de ceux-ci dans les trois secteurs de négociation. Les tribunaux du travail sont aussi des acteurs importants tant dans le secteur privé que dans le secteur public. Le Service des relations industrielles du ministère du Travail et du Bien-être social est un participant actif dans le secteur privé, mais il n'est pas impliqué dans le secteur gouvernemental (ce qui est le principal employeur du secteur public). La Chambre des syndicats remplit les fonctions d'une tierce partie dans le secteur de l'Histadrut. Ainsi, dans le secteur privé, le D.R.P. correspond au système qu'on retrouve dans le monde occidental; le secteur de l'Histadrut en est un qui est autonome et se suffit à lui-même; le secteur public est un modèle mixte d'un S.R.P.

L'idéologie courante du système se fonde sur la sécurité d'emploi, la légitimité du syndicalisme, le rejet des prérogatives patronales et une approche pragmatique en matière de griefs et de différends. Le système est de type volontariste.

L'ensemble des règlements au niveau national comprend à la fois des lois et des conventions collectives générales. Des quatorze principales lois, quatre traitent de conditions de travail proprement dites; quatre, des questions de sécurité sociale; trois, de la réglementation du système de relations professionnelles. L'adoption typique d'une loi suit le cheminement suivant: l'Histadrut en prend d'abord l'initiative; les principales associations d'employeurs viennent à les accepter par voie de négociation; finalement, elle est insérée dans le code par la législation et elle s'applique alors à la totalité de l'économie israélienne.

Les conventions collectives générales sont de deux types: les contrats de travail ordinaires qui spécifient les conditions d'emploi pour une catégorie considérable de salariés et un ensemble de normes qui traitent des questions de discipline, des règlements de différends, de l'amélioration des relations de travail et de la productivité. Le moment venu, celles-ci peuvent être insérées dans la législation.

La contrainte technologique est de peu d'importance dans les relations de travail au niveau national. Quant aux problèmes économiques, ils sont plutôt du ressort de la politique. En dépit d'une inflation élevée et persistante ainsi que de l'incapacité manifeste d'Israël d'atteindre à son indépendance économique, une bonne partie de la pression qui aurait pu venir de ce côté a été absorbée par l'existence d'un régime universel d'indexation du coût de la vie et l'application de mesures préventives contre le chômage. Des facteurs politiques peuvent être considérés comme les causes fondamentales de la stabilité et de la grande rigidité du système de relations professionnelles en Israël. L'agitation politique qui porta au pouvoir le parti Lizzud et qui rejeta le parti travailliste dans l'opposition après 46 ans de gouvernement aurait pu être le signal de changement et de rénovation, mais la faillite économique et sociale du nouveau gouvernement en empêcha toute réalisation.

## II. Le S.R.P. en tant qu'organisation

Les principaux acteurs du S.R.P. en Israël sont les dirigeants d'entreprises et les représentants du travail, c'est-à-dire les comités de travailleurs. Le groupe des diri-

geants d'entreprises du secteur privé comprend trois types principaux: le colonisateur, le dirigeant d'une grande entreprise et le petit entrepreneur privé (Eisenstadt, 1969, p. 80). Cependant, ce groupe a subi des changements durant les trente dernières années. Aujourd'hui, les principales sources de recrutement sont les diplômés d'universités et les militaires à la retraite de haut et moyen grades. S'ils ont tendance à manquer du savoir inné de l'entrepreneur et du vétéran, ils se caractérisent par leur compétence technique et professionnelle.

Au niveau de l'organisation, les représentants des salariés sont les membres des comités de travailleurs. Ils sont élus par l'ensemble des salariés de l'unité à laquelle ils appartiennent et non par les seuls membres des syndicats. Leur connaissance technique des politiques de l'entreprise est plus apparente que la connaissance réelle de l'organisation et des problèmes économiques et légaux. Le représentant légal des salariés dans une unité donnée est l'Histadrut et non pas le comité des travailleurs. Ainsi, dans la situation qui existe en Israël, il y a opposition entre un type de syndicat politique et un type de syndicat économique, ce qui se concrétise par un conflit constant entre la Chambre syndicale de l'Histadrut et les comités locaux de travailleurs. Ces derniers sont évincés des négociations collectives et, en conséquence, ils consacrent leurs efforts aux questions de promotion, de prime et autres sujets connexes à l'administration de l'entreprise. Ils ont aussi tendance à usurper les prérogatives de la direction et à s'engager dans une participation semi-officielle à la gestion.

Les syndicalistes jouent un rôle marginal dans la plupart des établissements du pays. Leur intervention est sporadique. Ils s'entremettent dans les situations de crise et lorsque la direction et les travailleurs sont d'accord.

Au plan de l'organisation, l'idéologie traditionnelle considère tout nouvel avantage acquis comme un droit sacré. Le comité local de travailleurs est accepté comme un partenaire important dans toutes les matières qui ont trait au personnel. Les comportements à l'endroit de la direction varient beaucoup et sont surtout caractérisés par le respect que valent aux travailleurs du rang et à leurs dirigeants les efforts et les réalisations de la direction.

Les règlements varient beaucoup selon le type de l'organisation, mais cet article ne traite que des procédés de fonctionnement qui concernent chacun des principaux acteurs et des relations qu'ils ont entre eux. Si la fonction de dirigeant d'entreprise se rapproche de ce qui existe dans les pays occidentaux, le type de syndicat diffère beaucoup et il exige qu'on y porte attention. Le délégué syndical fait partie d'une équipe et représente le comité des travailleurs. Il est choisi pour un terme de deux ans à l'occasion d'élections générales. Le président du comité, ou le secrétaire est élu au moyen d'un mécanisme indirect, même si, traditionnellement, le candidat qui obtient le plus de suffrages remporte l'élection. L'Histadrut essaie d'influencer le comité en lui imposant un code de surveillance. En conséquence, le comité des travailleurs est quand même un organisme autonome et régi. Une telle dualité est une source de frustration pour les représentants, ce qui se traduit par de fréquentes grèves sauvages.

Le contrat de travail spécifique est le code principal de l'entreprise individuellement. Il est négocié par les deux organismes représentatifs et les travailleurs ont rarement voix au chapitre.

Au niveau de l'organisation, la contrainte externe courante et principale est le facteur politique. Le secteur public est caractérisé par une grande centralisation de l'autorité, par une attitude de laisser-aller devant la non-réussite économique et l'inaptitude à se soumettre à des restrictions budgétaires. Le secteur privé tient

davantage compte des exigences du marché, même si on y préfère l'appui et la protection du gouvernement à la concurrence des lois du marché.

### **Conclusion**

Les données du premier tableau présentent une comparaison des statistiques relatives aux grèves avant et après les élections générales de 1977. Les trois composantes de l'appréciation des grèves ont changé. Le nombre de grèves a diminué; elles sont devenues plus longues; elles touchent un plus grand nombre de salariés, mais une telle constatation ne permet pas de conclure à un changement radical dans les principales caractéristiques du système des relations professionnelles qui est décrit dans le présent article. L'agitation politique au niveau macrosocial n'a apporté aucun changement important dans la législation.

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