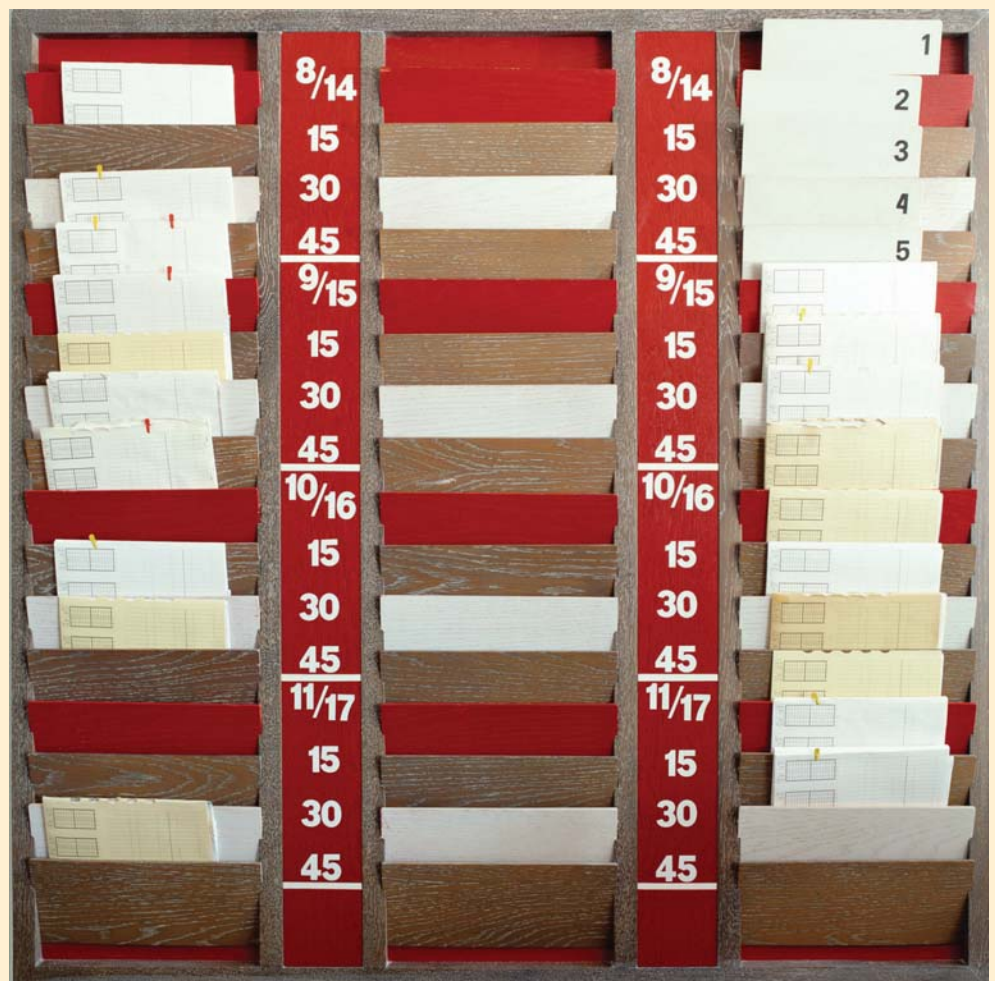




The experience of European Works Councils in new EU Member States



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in new EU Member States

Author: Eckhard Voss

Research institute: Wilke, Maack und Partner, Hamburg, in cooperation with the European Trade Union Research Institute ETUI-REHS in Brussels

Research Managers: David Foden, Stavroula Demetriades and Christian Welz

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European Foundation for the Improvement of Living and Working Conditions
Wyattville Road
Loughlinstown
Dublin 18
Ireland
Telephone: (+353 1) 204 31 00
Fax: (+353 1) 282 42 09 / 282 64 56
Email: postmaster@eurofound.europa.eu
www.eurofound.europa.eu

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Foreword

The enlargement of the European Union to 25 Member States has presented a number of ongoing challenges for the EU, not least in the operation and running of European works councils (EWCs). EWCs were formed in response to a 1994 European Directive aimed at bringing together employee representatives from each European country in which a multinational company had operations in order to facilitate information disclosure and consultation with group-level management. The Works Council Directive paved the way for the development of transnational industrial relations structures.

The enlargement of the EU is directly relevant to EWCs as a large majority have representation in the NMS. Integrating these representatives and dealing with a growing diversity of cultures, languages and concepts of participation is one major challenge. A further challenge is the transfer of jobs in manufacturing and services to central and eastern Europe, in light of lower costs and more favourable tax environments. Internal competition between production sites of the same company puts particular pressure on employee interest representation.

Since the adoption of the Directive in 1994, the Foundation has been monitoring and assessing developments in EWCs. Foundation research has supported the European social partners in establishing EWCs by analysing the EWC agreements signed under the Directive. Over the past decade, the Foundation's European Industrial relations Observatory (EIRO) has reported on the progress made in transposing the Directive. Case studies have examined how EWCs function and earlier research explored negotiations within EWCs.

This report looks at case studies of EWC practice in companies located in four new Member States – the Czech Republic, Hungary, Poland, and Slovakia – in the context of EU enlargement. It investigates the impact of EWC participation on industrial relations in the NMS, considers how EWCs differs in the political and institutional traditions of the NMS, and evaluates the factors that enable EWCs to respond more effectively to the challenges of intracompany competition, relocation and restructuring.

EWCs represent a potential further step forward in European integration; it is hoped that the information brought to light in this report will enable social partners and policy makers to maximise the potential benefits of a 'Europeanised' industrial relations model.

Jorma Karppinen
Director

Willy Buschak
Deputy Director

Country codes

EU15

AT	Austria
BE	Belgium
DK	Denmark
FI	Finland
FR	France
DE	Germany
EL	Greece
IE	Ireland
IT	Italy
LU	Luxembourg
NL	Netherlands
PT	Portugal
ES	Spain
SE	Sweden
UK	United Kingdom

NMS

CY	Cyprus
CZ	Czech Republic
EE	Estonia
HU	Hungary
LV	Latvia
LT	Lithuania
MT	Malta
PL	Poland
SK	Slovakia
SI	Slovenia

Abbreviations

EU15	The 15 EU Member States prior to May 2004
EU25	The 25 EU Member States after May 2004
NMS	The 10 new Member States that joined the EU in May 2004

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Introduction

The enlargement of the European Union in May 2004 represents one of the most important landmarks and the greatest challenge in the 20-year history of European Works Councils (EWCs): around 1,140 of all companies in the EU – more than half of those covered by the EWC directive – have operations in one or more of the 10 new Member States (NMS). Moreover, among the approximate total of 530 existing EWCs, nearly 70% had operations in the NMS in 2005 (see ETUI-REHS, 2005 and the introduction to Chapter 3 of this report). This means that the integration of representatives from the NMS is a highly relevant issue for most EWCs. Growing diversity of cultures, languages and concepts of participation will characterise an increasing number of EWCs in the future.

This overview report presents the main results and key findings of a research project on the experience and practice of EWC representation in four new Member States – Poland, Hungary, the Czech Republic and Slovakia. The research project was carried out jointly with the European Trade Union Institute in Brussels on behalf of the European Foundation for the Improvement of Living and Working Conditions (hereafter referred to as the Foundation) between January and June 2006. The research results are based mainly on the findings of a series of 10 cross-country case studies; this work was supported by an international team of researchers in the four countries, who carried out interviews and prepared interview reports.

In addition to this case study evidence, the report also reflects the main results of an expert workshop organised by the Foundation, which took place in Warsaw on 19–20 June 2006. In the course of this workshop, draft results of the research were presented and discussed with representatives of the companies and the EWCs represented in this study, as well as with the social partners and the research community. Further detail on the research design is outlined below.

This report addresses two questions with regard to the functioning and practice of EWCs in the context of EU enlargement:

- Firstly, how are EWCs implemented in societies with very different social, political and institutional traditions compared with those in the 15 older EU Member States (EU15); and what impact does EWC participation have on company-specific labour relations and corporate culture in the NMS, as well as on the development of employee participation and involvement?
- Secondly, how do EWCs – both those already established with headquarters in the EU15 and newly-formed ones in the NMS – cope with growing socioeconomic as well as cultural diversity? Is EU enlargement leading to an ‘overstretching’ of EWCs as instruments of a European representation of interests, or is it possible to determine certain preconditions which might favour the development of appropriate solutions and ensure effective functioning?

The first question includes an analysis of the actual functioning of EWC structures in the NMS with regard to certain quantitative and qualitative aspects, such as resources made available to EWC representatives, nomination procedures, nature of employee representation and participation at the workplace level, human resources management (HRM) and corporate culture. This also includes an assessment of factors likely to favour or obstruct successful EWC representation and practice in the NMS, such as the impact of HRM and corporate culture, certain types of employee/trade union representation and cooperation with employee representatives in the EU15 countries that remain outside official EWC structures. In this context, the research also took into account certain features of the industrial relations system in the NMS.

The second question anchors the research into the broad debate on the character of EWCs as a part of the European system of industrial relations and its nature as a source of European employee identity building, bargaining and action. This debate is characterised by two contrasting arguments. The pessimistic view regards EWCs as 'neither European, nor Works Councils' but rather a further instrument of national interest representation (Streeck, 1997) and simply vehicles for international competition between labour regimes (Hancké, 2001). On the other side, there are hopes that EWCs might open the door to transnational collective identity and action (Marginson and Sisson, 1996), and might gradually develop from weak and mostly symbolic information forums towards a European collective identity (Lecher, Platzer and Nagel, 1998). According to this perspective, EWCs more generally promote union transnational networking and thereby, at least in the long run, contribute to the Europeanisation of industrial relations (Lecher et al, 1999). As such, EWCs might be able to counteract internal company competition and facilitate the development of joint cross-border employee cooperation (Carley, 2001).

However, research has been limited mostly to the EU15 boundaries so far. Despite a growing research interest in the formation of labour relations in the NMS, the question of possible impacts and 'vice versa effects' of EU enlargement for the European social model and labour relations in the EU15 has rarely been articulated to date (see for example Voss and Wilke, 2003; Kluge and Voss, 2003; Galgoczi and Kluge, 2003).

With regard to the consequences of EU enlargement and the implications for institutions and European systems of employee participation and forms of social dialogue such as the EWCs, it should be emphasised that, even at this stage of the study, the outcome appears uncertain. Even before 2004, capital mobility and competition within companies and between companies, regions and locations was intensifying. Recent evidence from Germany and other western countries shows that employers see the central and eastern European countries as an attractive location due to labour costs and tax exemptions. In addition, not only lower qualified work and manufacturing activities are being transferred to central and eastern Europe, but increasingly also highly qualified workplaces, engineering and development activities. Growth in internal competition between production sites of the same company as well as accelerated processes of cross-border restructuring and de-localisation have increased the pressure on employment and employee interest representation.

Competition between production sites is a constant factor nowadays and is regularly reported by the media. Competition for new investment projects is even more intense. In this context, the pressure on employees is related not only to the reality of relocation, but to the possibility that it may occur. This leads to conflicts of interest between different employee groups, which are often manifested in the form of distrust of NMS members of the EWCs. Even if statistical evidence concerning the extent of relocation into the NMS appears to be small at aggregate level, there are strong indications that the impact is substantial and that an upgrading process in activities is also taking place.

According to a recent study from the Organisation for Economic Cooperation and Development (OECD, 2006), the manufacturing sector in the EU15 is declining – by 30% in the UK and by 10% in Germany between 1990 and 2003 – whereas it is on the increase in the NMS. In 2003, the proportion of manufacturing as a part of total employment was as follows for a number of key

countries in this sector: UK: 13%, Germany: 22%, Hungary: 25%, Slovakia: 27% and the Czech Republic: 30%. The market share of the NMS in total for the OECD manufacturing market grew substantially between 1995 and 2003, for example, Slovakia experienced an increase of 87% in market share, while Hungary's share grew by 116%. However, during the same period, this proportion was stagnating or decreasing in the traditionally industrial countries of the EU15, such as Germany (rising only 5.2%) and France (declining by 5%).

By placing the issue of regime competition at the heart of many European Works Councils, EU enlargement becomes a testing ground for the functioning, efficiency and strength of EWCs. While some of them might be prepared to deal with this new kind of diversity, challenges and new tasks, in most cases those active in EWCs and the institutions as such are 'overstretched' by the results of enlargement.

This argument also reflects mainstream research carried out so far on EWC practice in the EU15. Case-study based research (e.g. Weiler, 2004) shows that there is a strong need for EWCs to improve their functioning and efficiency. The main problems and shortcomings have been identified in the internal organisation and relationships with regard to information and consultation practice, competencies, integration into national systems of labour relations, cross-border communication, and agenda and strategy development. The regulative framework with the rather weak competencies and legitimisation basis provided by the EWC directive is a further difficulty. Given this background, EU enlargement and the integration of delegates from the NMS into EWC structures are likely to multiply already existing weaknesses, problems and structural deficits. Furthermore, enlargement of EWC structures, a new quality of regime competition, cultural diversity, and diverse perceptions and thinking might undermine the results achieved so far by EWCs with regard to European identity building and the development of joint standpoints, strategies and understanding.

However, such an outcome is not inevitable and a more positive outcome might also be possible. EU enlargement and the accelerated speed of cross-border company restructuring, de-localisation processes and the intensification of regime competition in Europe clearly raise a case for the development of a joint European vision and strategy in order to deal with the social and cultural effects of these trends. Accelerated mobility of capital also illustrates the need for strong European coordinating institutions and structures for employee participation and involvement as well as social dialogue at company-wide level. This underlines the role for an EWC to be an important instrument as the focus of company-wide interest representation and in developing joint solutions with regard to company development. However, in order for this to occur and to avoid overstressing at the same time, some important preconditions and changes are necessary in the context of EWC functioning, both with regard to internal factors as well as external relationships and commitments, including the legal framework at European level.

Research approach

Given this context and the hitherto small amount of empirical research on the EWC experience in the NMS,¹ this research, which was carried out by a multinational team of Polish, Hungarian,

¹ An exception is Rudolf (2002), which has interviews with Polish EWC members in 18 different companies.

Czech, Slovakian and German researchers in the first half of 2006, was built mainly on the results of a series of 10 EWC case studies, focusing on the experience and functioning of EWC representation in the Czech Republic, Poland, Hungary and Slovakia. The case studies were based on a common conceptual framework and interview guidelines.

Major criteria for the selection of cases in the NMS were as follows:

- ensuring a broad sectoral mix;
- identifying a multi-national company operating in at least two of the NMS under consideration;
- including different EWC origin countries located both in the EU15 and in the NMS;
- identifying EWC representation from the NMS at different stages, including long established representation on EWC bodies (on a voluntary basis) and recently established representation;
- including different systems of workplace employee representation – companies/sites with dual and single channel interest representation as well as companies without any form of institutionalised interest representation.

Interviews were carried out with the following groups:

- management representatives at companies' head offices at the largest operation in the respective country in the NMS;
- EWC members from the NMS;
- the companies' trade union representation where applicable, either at the group's headquarter level or at the largest operation in that country.

Research teams in at least two NMS carried out interviews with representatives from subsidiaries in their national context. Furthermore, in most cases, interviews were also carried out with the EWC headquarters and management representatives at the company headquarters responsible for EWC matters, in order to obtain a comprehensive overview of the case and also to facilitate access to subsidiary companies and interviews in the NMS. The reports summarising the interviews and additional information have been integrated into this case study report.

Due to its rather narrow research design, this study is characterised by necessary limitations which should be mentioned here. These mainly refer to the depth of research, namely: the number of people interviewed in each company, for example, not all EWC members have been interviewed but only key actors and top-level representatives; the short research period, for instance, it was not possible to evaluate the experience over a longer period of time in order to identify development trends or changes. A further significant limitation was the coverage and representativeness of companies: mostly large multinational companies with established EWCs in sectors with strong trade union organisations were selected.

This overview report has a four-part structure:

- The first chapter gives an overview of the companies and EWCs included in the research, and focuses on company activities in the NMS and the profile of the EWCs involved in the survey.

- The second chapter summarises the main features of industrial relations, employee interest representation and corporate culture of the companies in the NMS; each company case study was based on interviews and investigations in at least two NMS. While describing the company specific framework of labour relations, account was also taken of the wider national framework conditions in the respective NMS.
- Chapter 3 presents the main findings of the research with regard to the experience and practice of EWC representation and integration. The initial situations, and the rules and practice of EWC representation are analysed, such as the nomination process, communication, resources, integration in the wider framework of employee participation, corporate culture influence and cooperation with external contacts. In addition, the research examines certain problems and barriers in this regard. The study also assesses the impact of EWC participation practice on employee interest representation and participation as well as on corporate culture and management processes in the NMS.
- The final chapter drafts provisional conclusions and ideas with regard to significant challenges for the further development of EWC practice, general rules and regulations as well as suggestions in relation to creating the framework conditions for good practice. It addresses both those directly involved in EWC practice and the main stakeholders at European level (European Commission, trade unions and employer organisations).

Cases of EWC practice and experience

1

Company profiles, investment patterns and strategies

As mentioned in the introduction, the selection of NMS case studies for this study was driven by various indicators, such as mix of countries of origin, time factor of EWC experience, activities in more than one NMS and sectoral mix. Table 1 summarises the basic features of the company profiles.

Some of the enterprises are among the pioneers of western engagement in central and eastern Europe, their efforts dating back before the transformation process started. Some companies even built on the pre-war traditions of economic engagement, such as Siemens, ABB and Bosch.

With the exception of the two service sector companies in the sample (KBC Bank and Deutsche Telekom), most engagements date back to the first major wave of foreign investments in the first half of the 1990s, which had the objective of securing a possible high market share in the region. This motive was also the most important driving force for the substantial investments made by the two service companies when they started their engagement in international markets in the second half of the 1990s (Deutsche Telekom in Hungary), later (Deutsche Telekom in 2000 in Slovakia) and in the early years of this century (KBC in all countries of the sample).

With regard to investment types and scope of foreign investments, it should be noted that most companies started with 'brownfield investments' – that is, investments in existing sites – and acquisitions aimed at gaining market leadership in the respective industry. However, it is not possible to differentiate clearly between brownfield and 'greenfield investment' (investment in new facilities) as many companies have also invested heavily in production capacities since they entered the markets and many cases emerge of additional greenfield-type upgrading in the study sample, namely the companies of the automotive and electric industries.

With the exception of the companies directly motivated by market access (Deutsche Telekom, KBC, Unilever, Sanofi-Aventis and ABB to some extent), all companies are also aiming at the realisation of cost advantages; in particular, Volkswagen, GM Opel, Siemens and Bosch are characterised by a high vertical integration of supply chains.

It is a further characteristic of the company sample that most of the companies' investment strategies can be regarded as 'high road' strategies based on quality, technology and HR. The companies in the metalworking and chemical sectors in particular can be characterised as mostly upmarket with their corresponding high requirements for labour and technology. In this context, a further feature of the sample is that, with their investment projects, most companies represent long-term strategic engagement rather than short-term profit maximising objectives. Strategic long-term engagements can be identified by the extent to which these companies locate their strategic functions – headquarter services or research development – in these countries.

Just one company in the sample is headquartered in the NMS: so far, MOL in Hungary is the only multinational enterprise founded in the NMS that has established an EWC.

Table 1 Company profiles

Investor	Country of Origin	Industry Sector	Focus of case studies	Start of engagement in NMS	Investment motive	No. of employees worldwide	Employees in PL, CZ, HU, SK (estimations)	Integration in global production and supply chains
Bosch	Germany	Automotive/ Electronics	CZ, HU 1998 (HU)	1991 (CZ)	Cost advantage	251,000	6,200 (HU) 8,700 (CZ)	High
GM Opel	USA	Automotive	PL, HU	1991 (HU, PL)	Cost advantage, market	327,000	3,000 (PL) 900 (HU)	High
KBC Bank	Belgium	Finance	PL, CZ	1999/2000	Market	50,000	30,000	Low
Siemens	Germany	Engineering, Communication	C Z, PL	1990 (CZ, PL)	Market, cost advantage	461,000	5,000 (PL) 13,400 (CZ)	Mixed
Unilever	Netherlands	Food processing	PL, SK/CZ	1991 (PL) 1992 (CZ)	Market, some cost advantage	206,000	3,100 (PL) 1,300 (SK/CZ)	Mixed
Deutsche Telekom	Germany	Telecommunication	HU, SK	1996 (HU) 2000 (SK)	Market	250,000	9,500 (HU) 6,800 (SK)	Low
Volkswagen	Germany	Automotive	CZ, SK	1991 (CZ, SK)	Cost advantage, market	345,000	26,000 (CZ) 8,100 (SK)	High
Sanofi-Aventis	France	Chemicals	PL, HU	1991 (HU) 1996 (PL)	Market	100,000	2,500 (HU) 700 (PL)	Low
ABB	Switzerland	Engineering, Power	PL, CZ	1990 (PL) 1991 (CZ)	Market, cost advantage	102,000	2,000 (PL) 2,200 (CZ)	Mixed
MOL	Hungary	Chemicals, Oil and Petrol	HU, SK	2001 (SK)	Market	17,500	3,100 (SK) 5,500 (HU)	Low

Source: Case study reports

Most companies in the sample are characterised by large-scale industrial structures and significant numbers of employees in the NMS. Among the enterprises in the sample are some of the most important employers in the respective countries, such as Siemens in the Czech Republic:

‘With its total of around 13,400 employees (2004), the Siemens group belongs to the largest employers in the country, ranking fifth in the chart of exporters. Siemens is the most significant electrical engineering company in the country.’ (Siemens case study)

It should also be noted that the multinationals represented in the sample regard investment locations in the NMS as very important. For the manufacturing and in particular the automotive companies like Volkswagen – as well as Bosch as a supplier – locations in all four countries of the survey are vital for global and European supply and production chains.

‘With a total of approximately 42,000 employees, the central and eastern European region and in particular the NMS of the European Union are as a total the most important production area for the Volkswagen group, with the Czech Republic and Slovakia as the most important single countries. Beside these two, Volkswagen also has major production sites in Poland (Volkswagen-Poznan, Volkswagen Motor Polska and

Sitech with a total of 6,900 employees) and in Hungary (Audi Hungária in Győr with 5,100 employees).’ (Volkswagen case study)

However, the most notable case in the sample is KBC Bank, with an employment figure in the four NMS under study which is nearly twice as high as that in Belgium.

With the exception of the large automotive companies and suppliers, the workforce of the enterprises in the sample is dispersed between several production sites, service points and other units. This means that the sample represents all types of company size structures from very large (for example, the large production sites of Volkswagen and GM Opel but also some production sites of Bosch and MOL), to medium-sized production and service companies (ABB, Unilever, Sanofi-Aventis, Siemens, Deutsche Telekom), to very small local service branches (again Deutsche Telekom but in particular KBC Bank).

From these company profiles, one important conclusion should be drawn with regard to labour relations and management culture: since most of the companies represent rather high end investment type strategies, one can assume that the majority of the firms would rank among the most advantaged companies in the respective NMS with regard to working conditions and labour standards as well as a cooperative corporate culture and good employer–employee relations. The Volkswagen case indicates this investment commitment:

‘Volkswagen heavily invested in the Bratislava plant and the production of different types of cars and models was continuously increased. While in 1993 only about 3,000 cars were completed, in 2005 the number has grown to more than 210,000 units and the Bratislava plant is now the most important site for assembling the Volkswagen and Audi off-road models (Tuareg, Q7, also the chassis of the Porsche Cayenne). The production of the off-road models is very labour demanding and intensive.’ (Volkswagen case study)

Thus, the 10 companies surveyed should not be seen as average or mainstream examples with regard to shop-floor industrial relations and corporate culture but rather as illustrations of the upper levels of good practice.

EWC types and basic profiles

Apart from the fact that all of the EWCs have representation from the NMS, the included sample represents the typical picture of EWC experience in Europe today. The following may be discerned:

- a home-country bias, which is mostly Germany (six cases) but also France, Belgium, the Netherlands and Hungary;
- a mixture of ‘employee only’ EWC models (eight cases) and ‘French model’ EWCs, that is with the company’s chief executive officer (CEO) as the president (two cases);
- a mixture of long-established (Volkswagen since 1991) and recently-established EWCs (Deutsche Telekom and MOL in 2004), with the majority of EWCs having been established in the second half of the 1990s;
- a variety of EWC sizes and internal diversity, with some rather large EWCs (two cases have 40 members) and some small ones (MOL includes 18 members). Most of the cases consist of

around 30 members. With regard to internal diversity, it should be noted that most of the EWCs in the sample had to integrate at least two NMS into their EWC operations;

- a varying number of delegates from the NMS, ranging between two (GM Europe) and 10 (KBC Bank) depending on the employment percentage in the NMS compared with the European employment as a whole. There are two exceptions here: the Hungarian based MOL, where the majority of EWC delegates come from a new Member State, and potentially the Belgian-based KBC Bank, which has an employment share in the NMS that is nearly twice as high as in the older Member States – however, this employment structure is very recent and is not yet mirrored in the composition of the EWC.

In addition to quantitative and objective characteristics, the sample also reflects different types of EWC experience and practice. Against the background of already existing typologies² – ranging from rather symbolic EWC practice to a pro-active, involvement-orientated EWC experience – the cases should be divided into at least three different groups:

- pro-active;
- focusing on managing diversity and developing common interests;
- supplementary to national interest representation.

However, it should be reemphasised that this sample does not fully represent the real world of EWC practice but rather leans more towards the upper end; therefore, pro-active cases and cases of good practice are overrepresented in the study.

Pro-active

Key characteristics and features in this group include strong trade union involvement, an EWC practice which is integrated into national structures and organisations of interest representation and employee participation, as well as trying to support national participation practice and define genuine European objectives, agendas and joint projects. In addition, cases grouped under this heading are most likely to develop a European identity of interest representation and ideas as well as to support a negotiation role for the EWC.

Some cases in the sample seem to represent this type of EWC experience: the two automotive companies Volkswagen and GM Europe, as well as ABB, Unilever and Sanofi-Aventis have developed different approaches due to large-scale cross-border restructuring processes, relocation of production sites and growing competition between company locations and production sites.

The best known and documented experience in this context is the GM Europe case; due to major restructuring during the 1990s and more recently, the GM European Employee Forum has developed as the major actor of European employee interest representation and as the negotiating partner with management in the context of relocation and restructuring processes. This development was not a smooth process and has been characterised by conflicts between national interests and by several learning experiences. However, GM Europe today is one of the few companies where the EWC is firmly established as the main actor of European interest representation of employees.

² One widely accepted typology has defined four basic types of EWC practice (Lecher et al, 1999): symbolic EWC, service-orientated EWC, project EWC and involvement-orientated EWC.

While GM Europe is a leading example in terms of enabling the negotiation role of EWCs, the other cases in this group have also developed a pro-active and agenda-orientated EWC practice, which is characterised by a strong trade union basis, strong integration of European interest representation into national channels, employee involvement structures, the development of a European agenda and the creation of joint European projects to be implemented.

Good examples in this regard are projects and initiatives developed in recent years by the Unilever and ABB EWCs. Both EWCs are characterised by high internal diversity – representing a large number of countries and cultures – and a corporate culture which should be seen as truly international and not driven by one single national culture (ABB Swedish/Swiss, Unilever Dutch/British).

'The ABB Employees Council Europe is a very pluralistic and diverse institution which currently has 27 members from 20 countries, with 23 countries being indirectly represented (joint delegates from Benelux and the Baltic states). EWC business is run by a select committee with six members who organise the daily work, coordinate communication with and between national EWC representatives, prepare meetings and agenda issues and represent the EWC to the management. According to EWC headquarter representatives, EWC practice has increasing influence on company policy and labour relations. This is particularly due to stronger employee involvement in implementing major reorganisation strategies and dealing with structural change under the current ABB management.' (ABB case study)

Moreover, Unilever is a case illustrating a growing pro-active approach of EWC practice in a multinational corporate setting. Similar to GM Europe, employee interest representation had to deal with increasing restructuring and relocation processes, and develop concepts and strategies on how to react. In this context, the EWC has developed and implemented remarkable initiatives and actions, including a European Day of Action in 1999, a joint statement on 'social responsible restructuring' in 2001, a handbook on social plans and a joint paper on information and consultation standards; and has established itself as an important partner of dialogue and negotiation with the management.

With regard to becoming a more pro-active EWC, the time factor also seems to be important in certain cases. The sample in this study includes the most experienced EWCs, such as Volkswagen, many of which have been in existence for 10 years or more.

There are, of course, notable differences between the abovementioned companies, for example with regard to corporate culture and participative management styles, namely the cooperative management culture and strong employee involvement at Volkswagen and the rather conflict-ridden experience at GM Europe and Unilever.

Perhaps the most striking and common feature of this type of EWC experience is that EWC affairs and the European dimension of interest representation and employee involvement are located at the heart of the company-wide social dialogue, consultation and – at least as a trend – negotiation practice. In this context, it is important to note that most of the companies that have developed a pro-active EWC approach with strong consultation aspects are characterised by a 'hybrid' corporate culture; in other words, they are not driven by only one country and a management

dominated by a single country of origin but are rather multinational. With the exception of Volkswagen, which has an exceptionally strong trade union and employee influence on corporate policies, it is also interesting to observe that no German companies are among this group. However, it should be noted that representatives of German group works councils are key players and leading actors in EWC affairs in the ABB, Unilever and GM Europe cases.

Focusing on managing diversity and developing common interests

The experience and practice of Deutsche Telekom (Germany), KBC Bank (Belgium), Sanofi-Aventis (France) and MOL (Hungary) can be described under the heading ‘managing diversity’ and the search for commonality in European interest representation in order to define joint ideas and strategies at European level. In contrast to the first group, all of these case companies have established EWC structures only rather recently, Deutsche Telekom and MOL having set up theirs in 2004. Although the EWC at KBC Bank was established in 1996, this was mainly related to the development of group-wide interest representation and coordination structures within various companies in Belgium; no provision is made for group works council structures in Belgian labour law. A valid EWC experience in terms of international composition and internal diversity only started because of the massive investments made by the KBC group in central and eastern Europe after 2000. Similarly, Sanofi-Aventis – founded in 2005 by the merger of French Sanofi-Synthelabo and French-German Aventis – is a case of a corporate culture characterised by growing internal diversity and the need to integrate diverse parts into a common corporate identity.

Apart from the time factor, the most notable common feature of this type of EWC experience is that the EWC is the most important instrument for both the employees and to a lesser extent the management in enabling them to cope with the rather new experience of internationalisation. In this context, managing diversity has to be seen as important not only for employees in establishing company-wide structures and instruments of employee communication, information and exchange of experience, but also from the management’s point of view. All three of the relevant sample companies have been confronted with the difficult task of having to integrate rather than divide parts and investments, acquisitions and mergers, as well as having diverse management cultures under one roof.

Hence, corporate identity and the development of a joint understanding and thinking within the company group must be seen as a task for central management. Against this background, top-level management rather unsurprisingly actively supports, or at least does not obstruct, the development of Europe-wide information and consultation practice as well as joint projects, such as the development of a European agenda or harmonisation of social packages. From the management point of view, the development of joint institutions of social dialogue and employee participation in information and consultation clearly support the development of a common corporate identity and the internal integration process.

Good examples in this context are KBC Bank (Belgium) and Deutsche Telekom (Germany). After a rather late but very intensive process of international acquisitions and investments either globally (Deutsche Telekom) or clearly focusing on the NMS (KBC), both companies are now confronted with the task of implementing a corporate identity through common interests and/or massive rebranding processes (see Deutsche Telekom case study) trying to integrate their foreign subsidiaries within the parent company. In this context, the EWC plays an important role in necessary processes of adjustment and restructuring, as the KBC example shows clearly.

A striking difference in this group of companies and EWC experience, in comparison to the first group of EWCs, is that the issue of relocation and cross-country restructuring is not yet an important issue, since direct foreign investment in the NMS was mostly motivated by expansion into new markets and internationalisation of company practice. Therefore, EWC practice and agenda development is driven by other problems and tasks, in particular exchange of experience with regard to labour relations, corporate culture and social effects of the consolidation of new acquisitions. Considering that they have not been established for very long, it is also interesting that the EWCs in this group have rather straightforwardly developed and defined joint European projects, such as European occupational pension schemes systems (in the case of KBC) or a common agenda of European harmonisation in social policy at company level (in MOL).

However, with regard to trade union involvement and labour relations, significant differences emerge between the three companies. Due to their public ownership background, the trade union structures at both Deutsche Telekom and MOL are strong and well established in respect of employee participation on the supervisory board. Conversely, KBC bank represents a typical example of employee interest representation and union structures in the field of private financial services, with low membership rates, little coordination and a dispersed structure of local service branches as well as a high proportion of sales representatives (in the field of insurance).

Supplementary to national interest representation

In this kind of EWC experience, the position and role of EWC structures is overshadowed within overall company-wide institutions and structures of interest representation, social dialogue and employee involvement. Although it is difficult to define certain characteristics of this type of EWC practice, clear differences emerge in comparison to the pro-active EWC approach of the first group. Both Siemens and Bosch are examples of companies which have a similar background of EWC experience, with relocation and cross-border restructuring being a significant issue, as well as rather strong trade union structures and shop-floor labour relations, and a long tradition of international trade union cooperation and EWC practice. Nevertheless, they report quite a different practical experience. EWC practice so far is clearly not at the centre of company-wide industrial relations, and social dialogue is seen rather as a practice in the shadows, which reacts mostly to management decisions without a clear agenda or project development.

Both cases represent an EWC practice which can be regarded as some form of addendum to national interest representation for exchange of company information. In addition, the management's appreciation of the EWC as an institution of information and consultation does not seem to be highly developed; annual meetings are used as a forum for the dissemination of company information. The overall management strategy with regard to EWC and European information and consultation could be regarded as a minimalist approach, which is regularly assessed as inadequate – both in terms of substance and of timing – by employee representatives.

This minimalist management strategy with regard to Europe-wide interest representation, social dialogue or partnership is also illustrated by the fact that both Bosch and Siemens did not pay very much attention to the situation of labour relations and corporate culture in their subsidiaries in central and eastern Europe. Both companies have been following an adaptive approach with regard to employee participation and interest representation. However, attitudes of local management representatives in both cases have not reflected this strategy, which – together with working conditions – has caused some conflicts.

While in the Bosch case, these problems resulted in company-wide debates and at least partly led to the development and finally the establishment of the joint EWC-management agreement on basic principles of social responsibility, the key players in the Siemens Europe Committee are still rather frustrated by the management's attitudes toward EWC practice. Despite the fact that the committee now has 12 years of experience under its belt and Siemens is one of the most important investors with tens of thousands of employees in central and eastern Europe since the beginning of the transformation process, an enlargement of the EWC was not possible until 2004.

Table 2 EWC profiles, Part 1

	ABB	Unilever	Volkswagen	GM Europe	Deutsche Telekom
Initial EWC agreement	1996	1996	1990 (installation agreement 1992)	1996	2004
Further agreements	2004 (enlargement)	2001 (Integration Bestfoods EWC) 2005/2006 (enlargement)	Several revised agreements in the context of restructuring and acquisitions	1999 2000 (consolidated European Employee Forum Agreement)	No
National law / headquarters	Germany	Netherlands	Germany	Belgium	Germany
EWC type	Employee only	Employee only	Employee only	Employee only	Employee only
Total EWC members/ countries	27 members from 20 countries (23 indirectly)	35 representatives from 19 countries	25 from 8 countries, plus two sub-committees for the Audi and VW services branches	29 from 17 countries (DK, FI, IE, NO are grouped together in the 'Nordic Cluster' represented by 1 delegate, while IT and GR form the 'South East Cluster', also represented by 1 delegate)	32 from 13 countries
NMS	PL (1), CZ (1), HU (1), SK (1), EE (1), LV (1)	PL (1), CZ (1), SK (1), HU (1)	CZ (1), SK (1), PL (1)	PL (1), HU (1)	PL (1), CZ (2), HU (2), SK (2)
Steering group / countries	Select committee with 6 members (DE, ES, CZ)	7 members from DE, NL, UK, SE, IT, ES, FR plus one rotating member from central and eastern Europe	'Presidium' with 11 members	Steering committee with 6 members (BE, DE, ES, SE, UK) supported by 'Lenkungsausschuss' with 17 members (including PL and HU)	Steering group with 5 members from 3 countries
Annual meetings	2 (since 2004)	1	2	1	2
Consultation and negotiation role	Not yet	Joint statements/ agreements on personal data protection, social responsible restructuring; European share option programme, agreement on reorganisation of so-called 'shared service'	Social charter (also in connection with world works council)	Joint Agreement on Principles of Social Responsibility (2002) Negotiation role at European level (including framework agreement on restructuring 2004)	Defined consultation rights

Table 2 EWC profiles, Part 2

	Sanofi-Aventis	MOL	KBC Bank	Siemens	Bosch
Initial EWC agreement	1996 (ELF-Aquitain) 2000 (Aventis) 2002 (Sanofi-Syhelabo) 2004 (Sanofi-Aventis)	2004	1996	1994	1998
Further agreements	No	No	1999 (Merger KBC Bank and Insurance Company) 2004 (Enlargement)	2003 (revised agreement)	No (only two additional protocol notes)
National law / headquarters	France	Hungary	Belgium	Germany	Germany
EWC type	Joint body	Employee only	Joint body	Employee only	Employee only
Total EWC members/ countries	40 members from 16 countries	18 members from 11 countries	36 members	40 members from 22 countries	31 members from 18 countries (plus 2 guests)
NMS	HU (3), PL (1), CZ (1)	HU (6), SK (3), CZ (1), PL (1), CY (1), SK (1)	10 members from NMS	CZ (2), EE (1), HU (1), PL (1), SK (1)	CZ (1), HU (1, by next election 2)
Steering group/ countries	Bureau (secretariat) with 6 members from at least 4 countries (FR, DE, ES, IT, UK)	Executive body with 3 members from 2 countries (HU (2), SK (1))	Executive committee – only Belgian members	Executive committee with 4 members (DE, AT, PT)	Executive committee with 3 members
Annual meetings	2	1	2	1	1
Consultation and negotiation role	Not yet	Not yet	Not yet	Not yet	Not yet

Source: Case study reports

Labour relations background and other factors of influence

After 15 years of transformation, the labour relations culture in the post-communist NMS has changed fundamentally and is still in a process of flux: the basic characteristic of the labour relations system in central and eastern Europe, compared to western Europe, is that its development was not a result of organic change but to a large extent an ad hoc development under pressure and partly the result of a top-down approach. The systems are still undergoing considerable change, which is illustrated by the fact that in the first half of 2006 new and quite significant reforms of labour laws were being prepared in Poland, Estonia and the Czech Republic. The countries not only had to establish functioning market economies very rapidly but also at the same time had to implement changes due to the EU accession requirements. With regard to employee interest representation, worker participation used to be practically non-existent, since there was no freedom of association right for employees (trade unions were strictly controlled by the communist parties) or employers (company managers were also nominated by communist party committees).

The situation of employees, trade unions and employers in the communist period has influenced the transformation process significantly, as the political, social and economic system did not simply start from scratch all over again; earlier thinking, conflicts and traditions with regard to employee interest representation, works councils, collective bargaining and social dialogue still form a part of new problems, tensions and conflicts caused by the rapid transformation process.

In relation to social dialogue and employee involvement – which are regarded as crucial aspects of the European social model and one of the main fundamentals of European Works Councils as a European institution – two important features of the transformation process must be mentioned in order to understand the situation of labour relations and employee participation in the NMS today.

Firstly, the myth of the leading role of the working class was abolished and this caused a ‘legitimacy gap’ for the trade unions, which had to look for a new role in the company and beyond. Legitimacy problems were also aggravated by high unemployment and resulted in a substantial decline in trade union membership.

Secondly, employers began to use their new exclusive powers and to react nervously to all initiatives aimed at strengthening employee participation rights, which they interpreted as some kind of return to the old communist system. In fact, in many cases, employer organisations have been established with one objective in mind – to prevent the extension of employee participation. An example in this regard is the strong opposition of employer federations in Poland to all legally guaranteed forms of obligatory information and consultation rights for employees in the context of implementing the respective EU framework directive (see Box 1).

Hence, the notion of employee participation, social dialogue and partnership as a fundamental social right is a rather strange concept for employer organisations in the NMS, since they perceive this as a limitation to their powers. Similar patterns have been identified in the trade union movement with the idea of works councils, for example, since this institution is associated with the ‘workers councils’ of communist times. Confronted with rather anti-trade-union employers, trade union representatives also view works councils as a kind of ‘yellow trade unionism’, seeking to

weaken their influence – similar to the fierce opposition of trade unions to works councils when they were introduced in countries such as Germany or Austria at the beginning of the last century.

Since the institution of works councils is rooted in the social model of many old Member States of the EU and is also a concept upon which most EWCs are based, it is important to understand the position of works councils and other forms of employee interest representation in the NMS.

Employee interest representation and works councils

There is a clear trend towards works council type interest representation models in the NMS, mainly due to the rights of information implementation and consultation as guaranteed by EU law. The situation in Poland currently reflects this trend since, following a long period of public debate and fierce opposition both by trade unions and employer federations, a new law was finally implemented in April 2006 requiring the provision of obligatory works councils in private companies. A similar debate is taking place in Estonia and it is likely that a dual system of employee interest representation will be introduced there shortly. Lithuania has also recently reformed its labour law and established a dual system of interest representation at enterprise level.

However, the situation in the NMS is still rather diverse with regard to employee interest representation. As far as employee representation at company level is concerned, the NMS reviewed in this study reveal three different models, although works councils as an institution are a requirement of the labour laws in roughly half of the NMS.

- Up to April 2006, Poland was a country with single channel employee interest representation by trade unions only, and the unions were entitled to information, consultation and other rights as well as collective bargaining.
- The Czech Republic is an example of a rather large group of NMS (along with Malta, Bulgaria, Romania and, until 2003, Slovakia) that have adopted a model in which the trade unions form the primary channel of employee interest representation but where the labour law requires the (non-statutory) election of an alternative channel of elected employee representatives in non-unionised workplaces. This alternative channel, which has no collective bargaining rights, may be formed as a works council but has to be dissolved as soon as the company becomes unionised. It should be noted that, in adopting the new labour law, Poland also becomes a member of this group, which could be labelled the ‘alternative model of interest representation’.
- Hungary and, since 2003, Slovakia – as well as Slovenia – are countries with a dual channel representation of works councils. Hungary had already adopted the dual system in 1992; however, this system has been reformed twice so far, once between 1998 and 2002 when works councils had the right to collective bargaining and again in 2002 when this right was reserved for trade unions.

In Slovakia, up to 2002, consultation, information, labour inspection and collective bargaining rights were granted only to trade unions, but the new labour code of 2002 introduced elected works councils or ‘works trustees’ in companies with no trade union presence and with between three and 20 employees. In July 2003, a reform of the code extended works councils and works trustees to companies where trade unions also exist, thereby adopting a dual system of employee representation with an equal status of trade union organisations and works councils/trustees except in the field of collective bargaining, which remained exclusively for trade unions.

Box 1 Poland – New regulations of employee interest representation

After a lengthy period of reform discussions with strong opposition from trade unions as well as employer federations (for different reasons of course), the Polish government finally adopted new legislation on information and consultation rights at the workplace, thereby implementing the EU Directive 2002/14/EC establishing a general framework for information and consultation of employees. The new law will lead to the establishment of employee councils in enterprises with at least 50 employees. Similar to the Czech model, employee councils will be controlled by trade unions in unionised enterprises and workplaces.

From May 2006, the establishment of employee councils is mandatory for all enterprises in Poland with at least 100 employees, and it becomes mandatory for smaller enterprises with at least 50 employees from 2008. As in the Czech Republic, the law differentiates between enterprises with trade unions and union-free enterprises. In workplaces with a trade union, the council members (amounting to three members in enterprises with 50–250 employees, five in enterprises with 251–500 employees and seven in enterprises with more than 500 employees) are appointed by the trade union committee; in situations of multi-unionism, the appointments are made by mutual consent. In enterprises with no trade union, council members are elected by a general election of all employees. As in the Czech Republic, and most controversially, there is a special regulation for the situation that a trade union organisation is established in formerly non-unionised companies where an employee council already exists. In this case, the council (elected by all employees) is requested to dissolve itself (within six months) and a new council is to be appointed by the trade union committee.

The new law is not based on a compromise of the Polish social partners but was finally pushed through the legislative process by government. However, the new system could be regarded as a solution mirroring the interests of the main Polish trade union federations who finally favoured the 'Czech model'. Meanwhile, the Polish employer federations still fiercely oppose the new law; for example, the Confederation of Polish Employers has threatened to go to the Constitutional Tribunal. The employer federations had sought implementation of the EU directive modelled on the 'British way', including autonomous and non-mandatory agreements between unions and employers.

Based on the establishment of a dual model of employee interest representation, works councils today are most widespread in Hungary. This is also the result of the strong involvement of trade unions in works councils, at least in Hungary. Recent research shows that approximately 70% of works councils are run by trade unions, which is rather similar to the situation in Germany or Austria (Benyo, 2003).

The companies under study illustrate this feature of the Hungarian system of employee interest representation. While the works councils are firmly established in all five Hungarian cases, in four companies the works council interest representation is more or less dominated by strong trade union influence and personnel overlapping of key actors (MOL, Deutsche Telekom, Sanofi-Aventis and GM Opel). There is only one case (Bosch) where a works council exists without any significant trade union influence and membership.

Box 2 Hungary – Dual model of interest representation

In Hungary, the 1992 Labour Code established dual-channel representation at workplace level by creating statutory works councils in parallel with local trade unions. Works councils may be set up in companies with more than 50 employees, while in firms employing between 15 and 50 employees a single elected employee representative may exercise the rights of a works council. Most of the information and consultation rights earlier enjoyed by local trade unions were transferred to works councils, although the latter do not have the right to negotiate collective agreements. Workplace trade union organisations retained their exclusive bargaining rights and some information and consultation rights to facilitate their bargaining activities. It is important to note that trade union representation and the right to conclude collective agreements are based on works council election results: a trade union or a group of unions needs at least 50% of the votes at the works council election to be eligible. This means that there is a certain degree of pressure for trade union cooperation in multi-union companies.

Works councils are to be provided with information by the employer at least once every six months concerning key issues affecting the business, economic situation, wage trends, liquidity in relation to the payment of wages, utilisation of working time and changes in working conditions. The works council must be informed in due course about major decisions pertaining to investment projects and significant modifications in the employer's sphere of activities. The works council may also request information on any other matter related to the economic and social interests of employees or the implementation of anti-discrimination regulations. Employers may not refuse to disclose such information.

The works council must also be consulted prior to decisions on measures affecting a substantial group of employees, with particular regard to: reorganisation, transfer of ownership, privatisation, separation or merger of units, establishment of a system of personal records, recording of personal data, the HR strategy, employee training plans, plans for the use of subsidies promoting employment and early retirement, plans for the occupational rehabilitation of disabled employees, annual vacations, the introduction of new working methods and performance requirements, and internal rules affecting workers' interests. The works council must also be consulted about collective redundancies. Finally, the Hungarian labour code has granted works councils limited rights of co-determination in relation to allocation of welfare funds and the use of welfare facilities – such as sports fields, company crèches, and holiday homes – provided by collective agreements.

Particularly in companies with a strong trade union tradition like MOL, Matav (Deutsche Telekom) and Chinoin (Sanofi-Aventis), the relationship between works council and trade unions is described as harmonious:

'The relationship between trade unions and the works council is mostly fraternal, due to personnel overlaps. Almost every member of the works council is also a trade unionist and the works council includes members from both trade unions. The president of the works council is the president of the MOL Chemist's Trade Union. The cooperation between trade unions can also be said to be harmonious; their joint bargaining power and interest representation skills are strong and in practical terms they enjoy their strength through each other.' (MOL case study)

In the Czech Republic, works councils have a much weaker position since they still are opposed by trade unions, which regard them as competitive and potentially anti-trade union institutions. Since trade unions are not actively involved in works councils or are even opposed to them, employee initiatives to establish works councils are rather rare, which means that many companies still have neither trade union nor works council representation of employees.

Despite the adoption of a dual system of interest representation in 2003 in Slovakia, in practice employee interest representation is either carried out by trade union organisations or by works councils/works trustees. In the sample of case studies, only one example was found (a greenfield site of Unilever in Slovakia) where no trade unions exist but a works council was present.

Box 3 Czech Republic – ‘Alternative’ model of interest representation

In the Czech Republic, trade union committees are the primary channel of worker representation at enterprise level. A trade union organisation can be established at enterprises with at least three employees. Trade unions have a double role: they represent employees in respect of information and consultation, and they also bargain to promote the economic and social interests of their members. A secondary, complementary channel of representation was established in 2001 for non-unionised enterprises without a trade union: employee councils can be established in enterprises with no trade union and with a workforce of at least 25 employees. Elections must be organised if at least one third of the employees request it.

One feature – unique to the Czech Republic – is that entitlement to information, consultation and co-determination is not equally distributed between the primary (trade unions) and secondary (employee councils) channels of worker representation: considerably more extensive entitlements and rights are given to trade unions than to employee councils. However, the government has proposed reforms which would result in equal entitlements.

At present, trade unions and works councils are entitled to information on a range of issues, including the employer’s economic and financial situation, transfer of enterprise ownership, structural and organisational changes, collective dismissals, employment development, working conditions, and health and safety. With regard to consultation, both trade unions and employee councils are entitled to be consulted on issues such as the transfer of enterprise ownership, collective dismissals, and health and safety.

Exclusive trade union rights, with regard to consultation, include the economic situation of the employer, labour standards, changes in work organisation, evaluation and remuneration of employees, job creation measures, measures for improving occupational safety and working environments, cultural and social services, and other employee and wage-related issues. The Czech regulations in some areas grant co-determination rights for local trade unions, including setting working rules, reduction of leave periods laid down in the Labour Code, or health and safety regulations.

Members of works councils in all of the abovementioned countries are elected by all employees through direct voting. In most cases, works councils in the NMS are not allowed to have fewer than three members. Companies employing around 1,000 people would have 10–13 members on average. The legislative requirements for competencies and rights of works councils in the NMS are rather minimal and in general reduced to the right of information and consultation without any real

co-determination rights. Consultation rights include issues such as company restructuring and redundancies.

Table 3 Type of interest representation and union structures

Company	Poland	Czech Republic	Hungary	Slovakia
ABB	Trade union, very pluralistic (9 union organisations)	1 trade union		
Bosch		2 trade unions	Only works councils, no unions	
Siemens	No trade unions, no organised forms of interest representation	1 trade union		
Volkswagen		Trade union plant organisation, dominated by 1 trade union		Trade union plant organisation, dominated by 1 trade union
Sanofi-Aventis	1 trade union		Dual system (3 works councils and 1 central works council, 1 trade union)	
Deutsche Telekom			Dual system, 2 union organisations	2 trade union organisations
Unilever	Depending on production site, 0-3 union organisations)	1 trade union (2 trade unions up to 2005)		No union structure (1 works council up to 2005)
KBC	Weak trade union structure	1 trade union		
MOL			Dual system (1 works council, 3 unions)	1 trade union
GM Europe	3 trade unions, but dominated by 1 union		trade union 1	

Source: Case study reports

It should be noted that, despite the clear trend that can be observed in favour of works council-based interest representation structures, no NMS has so far established legal requirements for the establishment of group works councils or other forms of interest representation structures at the level of enterprise groups.

Trade union membership

During the transition period, most of the former official unions successfully reformed themselves and avoided organisational collapse. Although in a number of countries alternative or proletarian unions have formed with a clear democratic political stance, this form of trade unionism emerged on a large scale only in Poland (and possibly in Bulgaria). The organisational survival of trade unions from the past ensured that millions of workers maintained their union membership during the transition and immediately afterwards. This substantial unionisation was an important factor in shaping democratic labour legislation in the early 1990s, during which period the trade unions were almost the only channel of workers' representation.

Nevertheless, since the early 1990s trade union membership has fallen dramatically across the region, due to profound societal, legal, economic and structural changes. In general, trade unions over the last 15 years have lost between 60% and 70% of their members, and the fall in membership has hit both reformed and alternative unions. As a consequence, union density rates have decreased considerably. Membership has fallen particularly steeply in Poland where the density today is estimated to be around 15% or even lower. Trade union density also declined substantially in Hungary, with a membership rate of under 20% today. Trade union membership in the Czech Republic is estimated at around 25%, while Slovakian unions now have the highest membership rate in this sample group of countries, at around 30%. However, it should be mentioned that economic restructuring began to accelerate later here than in the other countries.

There are two main reasons for the much greater losses in trade union membership in the NMS as compared to the EU15. Firstly, the ongoing privatisation process and the openly anti-trade-union policy of many private employers are regarded as the most important reason. Secondly, the rather reluctant adaptation of trade unions to the new economic, social and political realities, the problems in giving up traditional thinking and the fierce defence of privileges are seen as a further significant reason for trade union membership decline.

The sample case studies in general reflect these development trends and features concerning union membership and the situation of trade unions in corporate policy and culture: generally and with few exceptions, trade union membership rates in the Polish company cases are lower than in the other countries. However, trade union membership and trade union structures also reflect corporate culture and the type of the company, such as whether trade unions were present before the investor came in and the company structure – e.g. whether it has large production sites. Unsurprisingly, the highest unionisation rates are found in those cases where trade union

Table 4 Trade union membership and coverage

Company	Poland	Czech Republic	Hungary	Slovakia
ABB	40%	20%		
Bosch			No trade unions	
Siemens	No trade unions	40%–50%		
Volkswagen		67% on average (in smaller production sites up to 85%)		70%
Sanofi-Aventis	15%–20% on average (at production site up to 80%)		50%	
Deutsche Telekom			20%	35%
Unilever	10%–20% (only production sites, with one exception, are covered by unions)	10% (with significant growth)		10%
KBC	below 10%	below 10%		
MOL			50%–60%	55%–60%
GM Europe	23%		30%	

Source: Case study reports

structures already firmly existed before the national company was bought by the multinational (Chinoim and Matav in Hungary, Slofnaft in Slovakia), in large brownfield investments and in the automotive sector (most notably Volkswagen in all countries and to a much lesser extent GM Opel). In addition, a very low rate of trade union membership was found in those cases which are characterised by a diverse and scattered company structure, with a strong proportion of service sector employees (KBC Bank, Unilever) (see Tables 3 and 4).

Apart from some minor instances of company structures without any form of trade union interest representation – namely, Unilever in Slovakia where only a works council exists – the study found only two significant examples of a ‘trade union free’ industrial relations culture in the sample of case studies. While the Unilever Slovakia case reflects the difficulties of organising employees in services workplaces or very small business units, the two German examples of Siemens in Poland and Bosch in Hungary reveal cases of absence of any form of employee interest representation on a larger scale.

Although Siemens employs approximately 5,000 people in Poland, no institutionalised form of interest representation exists at its Polish undertakings:

‘There have been no trade unions in Siemens from the very beginning of the investment in the Warsaw plant; it was impossible to get information for other locations but, most probably, trade unions were not welcome or accepted in other sites either. In Siemens, there are no organised forms of representation of workers towards the management. The corporate culture focuses and concentrates on developing and fostering a direct link between each employee to his/her manager/HR director/company director. Thus all other forms of representation are perceived as superfluous. There are, however, annual Business Conference meetings where Poland has two places. These are meetings of the management on which information about corporate strategy is provided – some of these pieces of information are later distributed among the staff.’ (Siemens Poland case study)

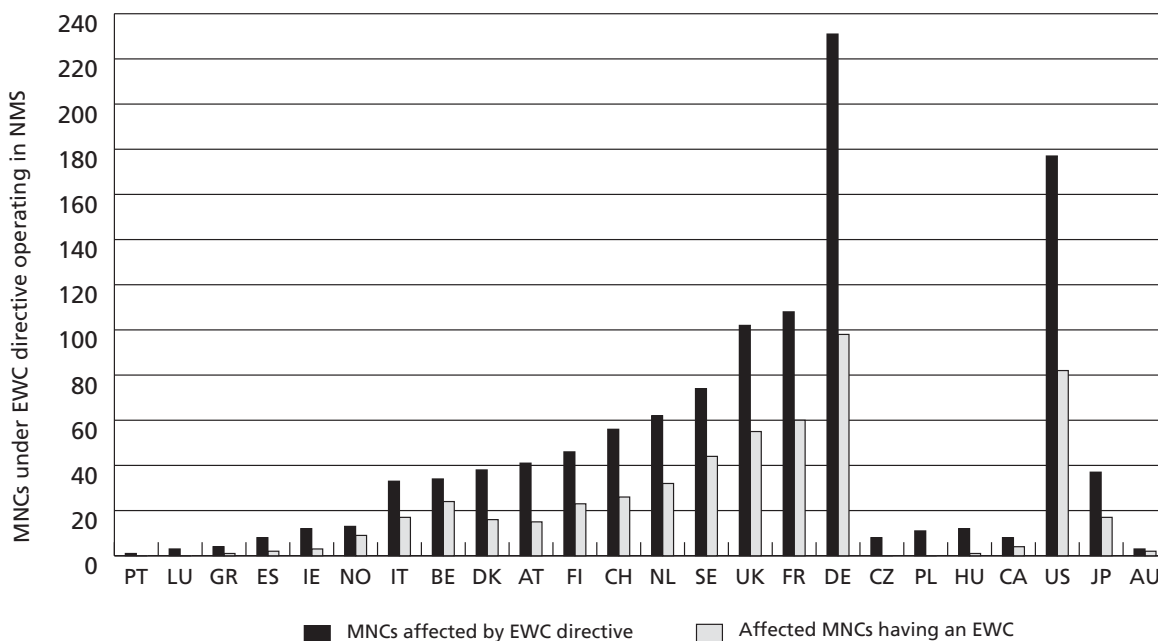
A similar approach of ‘direct’ participation and non-institutionalised interest representation is followed by Bosch in Hungary, most notably at the biggest Hungarian plant in Hatvan, northeast of Budapest, with some 3,000 employees. Established in 1998 as a major supplier for the German automotive companies in western Europe, only a works council is present, without any trade union influence. Interestingly, the works council was established in 1999 at the initiative of the local Bosch management.

‘While there is a nine member-strong works council at the company, neither a trade union nor a collective agreement exists. In the early years after the establishment of the company, there was an attempt, supported by outside unions (Trade Union of Zagyva, Trade Union of Metal Workers, Trade Union of Teachers), to unionise but – probably due to organisational weakness – it failed. According to the HR manager, the company management tries to give all possible support to employees, thus the lack of a trade union is not an urgent problem. During the history of the company at Hatvan, the need for a trade union came up because of legal grievances over the working time account but this problem could be solved without a trade union and collective agreement.’ (Bosch Hungary case study)

Features of EWC experience and practice

According to data from the ETUI-REHS, a large and growing number of companies that are subject to the EWC directive are operating in the NMS (Figure 1). Around 1,140 companies – or more than half of all those in the EU which are covered by the EWC directive – have operations in the NMS. Moreover, in 2005, among the approximate total of 530 existing EWCs, nearly 70% had operations in the NMS (see ETUI-REHS, 2005).

Figure 1 Companies affected by EWC directive with operations in NMS (by country of ownership)



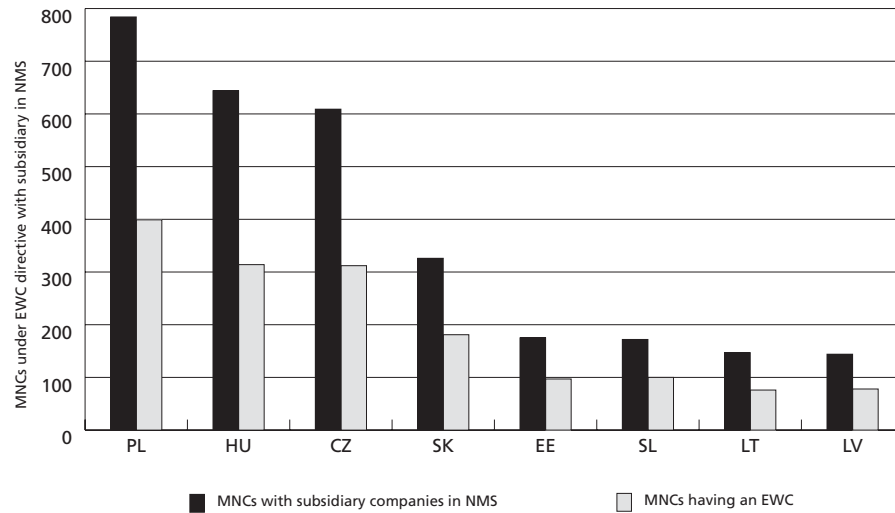
Note: MNCs = multinational companies.

Source: European Works Councils database, ETUI-REHS, June 2005

In a growing number of these companies, an EWC already exists. Many of those have members from central and east European countries. In Poland, with around 780 multinational companies affected by the EWC directive, around 400 firms have established an EWC. According to the latest estimations, some 140 of these EWCs already have Polish representatives. The number of multinational companies in Hungary, the Czech Republic and Slovakia affected by the EWC directive is also rather high (Figure 2).

Multinational companies with headquarters in the NMS are also subject to the EWC directive since EU accession, for example MOL Hungarian Petrochemical Company, General Electric Consumer Electronics Europe, also based in Hungary, or ORLEN in Poland. According to the ETUI-REHS database on European Works Councils, in 2005 some 16 multinational companies were based in Hungary, 12 such companies were based in Poland and nine in the Czech Republic. To date, the first and only EWC with headquarters in a new Member State has been set up at MOL, a case which is represented in the sample.

Figure 2 Multinational enterprises under EWC directive with subsidiary companies in NMS



Note: MNCs = multinational companies.

Source: European Works Councils database, ETUI-REHS, June 2005

Initial situation of EWC involvement

Getting involved in EWC

Timing and regulation of EWC involvement in the NMS depend on several factors. First of all, they depend on the significance and impact of investments and the company's activities in the NMS on the company as a whole. In several cases, early involvement of representatives from the NMS in EWC structures was a clear result of large investment and significant numbers of employees in these countries. In Volkswagen, the Czech colleagues were already involved by 1992 as observers and by 1995 as full members; in GM Opel, observer status was granted to NMS representatives from the beginning of the EWC in 1996, with full membership from 1998; in ABB, representatives from the NMS were granted full membership from the start in 1997; and in Bosch, they were allowed as observers in 1998.

The Deutsche Telekom case also illustrates the fact that significant investments foster early involvement in EWC structures: although the Deutsche Telekom EWC was only established in 2004, trade union colleagues from the Hungarian telecommunication company Matav were invited before then by their German colleagues to the Deutsche Telekom group works council headquarter in Bonn to join the meetings of the group works council. This clearly underlines the importance of the Hungarian investment: in 1995, the privatisation of Matav was the largest ever privatisation in central and eastern Europe, and the Deutsche Telekom investment was by far the largest foreign investment in Hungary.

It should be emphasised that these cases are all characterised by relatively strong trade union membership structures and also rather developed international trade union cooperation. As the examples indicate, this makes it much easier to select and nominate representatives, and to develop contacts between eastern and western Europe.

The case of Siemens highlights that – where similar conditions are present to the cases mentioned above – early involvement also depends on management attitudes. Despite a significant workforce in the NMS, top-level management refused to enlarge the Siemens Europe Committee (SEC) to include NMS representatives, and enlargement only took place in 2004.

‘Before 2004, local trade union representatives in the Czech Republic tried to convince company management that they should also be part of EWC, at least as observers. Nevertheless, this suggestion was not accepted for some time. ... Despite about 20,000 employees in Poland and the Czech Republic only, it was not possible to enlarge the Siemens SEC because the top-level management refused to do so and enlargement only happened in 2004.’ (Siemens case study report)

However, the Siemens case is rather exceptional since, in all other cases of the sample, EWC enlargement – with observer rights at the very least – was possible before formal EU integration of the NMS.

In all of the sample cases, the initiative of getting in touch with colleagues in the NMS was started by EWC headquarters by building on already existing trade union contacts and/or through the management in the NMS, in other words with the support of central management.

One exception is the involvement of Hungarian representatives from the Chinoïn company in the Sanofi-Synthelabo EWC:

‘The Hungarian trade union had been trying to put pressure on several channels for nearly 10 years, mainly via the European Trade Union Federation EMCEF, aiming for participation. The negotiations for an observer status failed that time. After many years of effort, the Hungarians could participate in the Sanofi-Synthelabo body as observers from March 2002. With the establishment of the Sanofi-Aventis EWC in 2004 (operation started in 2005), the observer members from the NMS (Poland, Czech Republic and Hungary) became full members. It should be noted that the three Hungarian EWC members also took part in the special negotiating body (SNB) activities preparing the creation of the joint Sanofi-Aventis EWC.’ (Sanofi-Aventis case study report)

In the sample cases, the NMS reported no direct obstruction to getting involved in EWC practice. On the contrary, in some cases such as MOL, Deutsche Telekom and KBC, central management actively supported integration of the NMS into EWC structures or the establishment of an EWC as an important tool for facilitating company-wide information and integration.

Strong labour relations culture as important backbone

Early EWC involvement but also EWC enlargement by May 2004 very much depended on the existence of structures and institutions of interest representation and employee participation. In relation to the company sample, although significant differences arise between them, the situation with regard to trade union structures and employee interest representation is well established in most of the cases analysed.

Table 5 Involvement of representatives from NMS in EWC, Part 1

	ABB	Unilever	Volkswagen	GM Europe	Deutsche Telekom
Start of EWC participation	2001 (CZ) 1996	1992 (CZ)	1998 (HU) 2004 (PL)	2004 1994 (SK)	1999 (PL)
Building on previous contacts	Yes (PL, CZ)	No	Yes (CZ, SK)	Yes (PL)	Yes (HU)
Status	Full membership	Observer status 2001–2004, full membership since 2004 (CZ) Observer status 2004–2005, full membership since 2005 (PL)	Full membership from the beginning (CZ) Observer status 1994–1997, since then full membership (SK)	Observer status from the beginning, full membership since 1998 (HU) Observer status 1999–2000, since then full membership (PL)	Full membership
Number and overall proportion of NMS members	6 (20%)	4 (11%)	2 (8%)	2 (7%)	7 (22%)
Involvement in EWC enlargement	Yes (PL, CZ)	Senior HR manager from Poland as 'Nomination commissioner'	Yes (CZ), No (SK)	Yes (HU and PL had already been members of the EEF before enlargement started, but there are no other delegates from NMS at the moment)	No
Representation in steering / control functions	Yes (CZ)	Yes (rotation principle); in the future, Poland will have permanent representation	Yes (CZ), No (SK)	No (but PL member of manufacturing committee)	No
Delegation procedure	Nomination (CZ) Election (PL)	Nomination (PL) Election (CZ/SK)	Nominated by management board of the plant level trade union organisation (CZ, SK)	Elected by works council (HU) Direct election by workforce (PL)	Elected by works council (HU)
Profile of EWC members	Not affiliated to trade union (PL) Senior trade union official (CZ)	Trade union (PL) Independent (CZ/SK)	Chairpersons of plant trade union organisation (CZ, SK)	Chairperson of local works council (HU); member of plant trade union committee and trade union official (PL)	Works council member (HU)

Source: Case study reports

Table 5: Involvement of representatives from NMS in EWC, Part 2

	Sanofi-Aventis	MOL	KBC Bank	Siemens	Bosch
Start of EWC participation	2002	2004	2004	2004	1998 (CZ) 2000 (HU)
Building on previous contacts	No	Yes	Yes	No (PL) Yes (CZ)	
Status	Observer status 2002–2004, since then full membership (PL, HU)	Full membership	Full membership	Full membership	Observer status 1998–2004, since then full membership (CZ) Observer status 2000–2004, since then full membership (HU)
Number and overall proportion of NMS members	5 (12%)	13 (72%)	10 (28%)	6 (15%)	2 (7%)
Involvement in EWC enlargement	Yes (Hungary SNB participation)	Yes (Slovakia)	No	No	No
Representation in steering / control functions	No	Yes	Yes	No	No
Delegation procedure	Nomination (HU) (jointly by Trade Union and Works Council) Nomination (PL) (nominated as president of the trade union plant committee)	Nomination (HU) (jointly by trade union and works council) Nomination and election by trade union (SK)	Nomination by local trade union organisations	Nomination (CZ) Election (PL)	Nomination by works council (HU)
Profile of EWC	Trade union / works members	Mostly trade unionists	Trade unionist	Not affiliated to a trade union (PL) Member of trade union (CZ)	Member of works council (HU)

Source: Case study reports

As mentioned above, in terms of trade union membership and employee interest representation, very few cases have been identified that do not have any form of interest representation. In the interviews, no case reported that it was not possible to nominate or select an EWC representative. In situations where no trade union and/or works council was present, the EWC representative was selected by election among employees.

Against the background of the different employee representation models in the four NMS described above and in particular with regard to possible conflicts between trade union organised interest representation and works council type interest representation (in particular in Hungary), no real conflict has been identified in the case study sample. Sanofi-Aventis, MOL and Deutsche Telekom indicate that, in practice, trade unions and works councils rather complement one another and, in most cases, there is something of an overlap between representatives. In the Hungarian cases, trade unions and works councils normally coexist, and only one case arises of employee interest representation by works council only because no trade union organisation exists at company level

(Bosch in Hungary). Cases of works councils were not reported in Slovakia or in the Czech Republic; employee interest representation in these countries is dominated by trade unions, as the case of Deutsche Telekom (Slovakia) suggests:

'Employee interest representation at Slovak Telekom is firmly in the hands of trade union organisations – there is no works council structure. Two trade union organisations operate at Slovak Telekom: ZO OZ Spoje and ZO OZ Pôšt a telekomunikácií. ZO OZ Spoje is a member organisation of the sectoral Trade Union Association Communications, and ZO OZ Pôšt a telekomunikácií is a member of the sectoral Trade Union Association of Post and Telecommunications. In total, around 70 basic trade union organisation units (which are members in one of the abovementioned sectoral trade unions) operate at Slovak Telekom on different organisational structure levels.' (Telekom case study)

One important result of the case study research is that a strong labour relations culture not only supports early involvement in EWC structures but also the effective functioning of company-wide communication and coordination on EWC-related and other issues. As mentioned earlier, the company structure of most of the companies in the sample is rather diverse and dispersed, and at the same time there are no legal regulations for company-wide group structures of interest representation. Therefore, coordination at group level is a significant task, not only in respect of delegating EWC representation but also in relation to feedback processes and the development of joint concepts and demands; the issue of information and communication with employees, interest representation and coordination at national group level will be addressed later.

Regarding the development of cross-company structures of employee interest representation, the case studies indicate that strong union structures as well as strong cooperation with trade unions at sectoral level favour cross-company structures and institutions.

This is illustrated by the ABB experience in Poland, which is characterised by the most extensive multi-unionism in the sample:

'There are nine trade union organisations representing approximately 40% – and thereby a rather high proportion – of the ABB workforce in Poland. NSZZ Solidarność and OPZZ are the most important general trade unions but smaller sectoral union organisations (e.g. the engineers' trade union) also exist. However, these different trade unions have agreed on the establishment of a Common Trade Unions' Representation body that comprises representatives from all professional groups and from all ABB plants in Poland. This joint trade union institution, which was formally acknowledged by the management in a collective agreement made in 2003, now plays a major role in collective bargaining processes.' (ABB case study)

A cooperative management culture facilitates institutions of interest representation and involvement beyond the company level. This was found in the case of Volkswagen, MOL, Deutsche Telekom in Hungary and Slovakia, and the Hungarian experience at Sanofi-Aventis, which has developed the only group works council in the sample.

As far as the question of trade union pluralism and inter-union competition is concerned, clear differences emerge between the four countries in the sample:

- Hungary reports rather strong trade union pluralism and competition, which also seems to have a negative impact on EWC representation (KBC case).
- Slight trade union pluralism was found in Poland but with no significant negative impact on EWC representation and company-wide labour relations – in particular, the cooperation between the two big union organisations (NSZZ Solidarność and OPZZ) has improved significantly over the last few years (also illustrated by the Unilever case).
- Both Slovakia and the Czech Republic are characterised by the absence of almost any form of union competition and the domination of interest representation by one trade union organisation. Interest representation is also dominated by trade unions and no works councils are present in the sample of companies.

Finally, it should be mentioned that the sample also illustrates cases of board level representation. Both MOL in Hungary and Slovakia (Slofnaft) as well as Deutsche Telekom (Slovakia) and Chinoïn (Sanofi-Aventis) in Hungary have employee representation at supervisory board level. Although this experience was not the main objective of the study, it should be mentioned that board level representation facilitates company-wide information and consultation practice between employees and a participation-orientated management culture.

Management views on EWC involvement in NMS

Case study research regarding EWC practice in the EU15 has shown that the relationship between EWCs and management should be regarded as crucial in most cases. Looking in particular at quantity, quality and timeliness of the information processes, and the presence or absence of consultation processes, an evaluation of 40 case studies carried out on behalf of the Foundation came to the following conclusion on mainstream management attitudes towards EWCs:

'In most cases, we are able to observe a management strategy that can be defined as minimalist. In these cases, the management tries to meet its obligation without conceding any more than is necessary. When this involves restructuring processes, research shows that with regard to information processes both their quality and their timeliness are considered as inadequate. The management is determined to maintain its prerogatives and consequently tries to limit the EWCs' scope for action.' (Telljohann, 2006, p. 2; see also Weiler, 2004)

With regard to the present sample of case studies, most of them follow this minimalist strategy. However, in the cases of the EWCs at Deutsche Telekom, KBC Bank and most notably at MOL, the management follows a strategy which has been described in the abovementioned evaluation as:

'using the EWC as an instrument for supporting the creation of a corporate identity and, in particular, achieving consensus with regard to its competition strategies at European level' (Telljohann, 2006, p. 2).

In these cases, the EWC is an important partner with regard to the development of a harmonised corporate culture and minimum social standards within the company.

Using the EWC as an instrument for coping with restructuring, in other words achieving consensus on employment-related measures, is another option adopted by some companies and could be seen as a management strategy in the context of strong and pro-active EWC practice, such as in

the cases of Volkswagen, ABB and other companies frequently involved in restructuring and relocation processes. It should be noted, however, that EWC employee representatives believe that this strategy will lead to pressures and in many cases to internal conflicts and generally to legitimacy problems with regard to employee interest representation. Some cases in the sample (GM Europe, ABB, Sanofi-Aventis, Unilever) have already experienced these constraints. In these situations, it seems to be very important for the EWC to organise an internal dialogue in a democratic and egalitarian way in order to develop joint statements and concepts.

The GM Europe case is an example where the EWC has persuaded the management to accept the EWC as a counterpart in cooperation with strong national institutions of interest representation, trade unions and European trade union federations. However, an important precondition of this is a strong and united strategy, and clear standpoints and concepts.

In terms of the generally minimalist management attitudes and strategies in the NMS with regard to cooperation with EWCs, it should be mentioned that top-level management and national managers, as well as HR top-level management, represent the official corporate strategy and normally mirror the stance of the company's headquarters. However, in most of the cases, local management attitudes are particularly minimal and act merely within the legal framework. It was not possible to identify a single case where local management would interpret headquarter concepts or the legal framework positively, in other words, support, inform and consult employee representatives and EWC members more than was necessary.

Some examples were found of a much more rigid policy on information, consultation and involvement of employees by management representatives in the NMS. The interviews carried out underlined that the idea of social dialogue and partnership – as well as the fundamental right of employees to be informed and consulted on certain issues in a timely fashion and based on qualified information – is still rather alien for many local management representatives, particularly at middle management levels. On the contrary, the idea of an absolute prerogative of the management with regard to company decisions in the field of labour and social policies is still the dominant management attitude in most cases. This is also illustrated by the fact that local management representatives show little interest in EWC matters, which usually are regarded as being the business of central management at headquarters level.

Nevertheless, there are indicators that this situation might change and that EWC experience has some positive influence on the development of more cooperative and dialogue-orientated employee–employer relations. The case of Unilever in Poland shows this trend:

'Another culture has been established. There is a more dialogue culture now. The fact that the headquarters are in Rotterdam and plenary meetings of the EWC are organised there has been some influence. Although the EWC has little direct influence on the decisions of the management and the position of the EWC in the dialogue is still rather weak, there is the feeling that your voice is heard much more now. Today, there are more meetings with the management, and employee initiatives are taken into account more seriously.'
(Polish case study report)

Somewhat similarly, a change is reported by the Polish delegate at the Sanofi-Aventis EWC:

'As an EWC member you will be taken more seriously. Your opinion will be listened to and considered. This option is the only way to influence positively things at national level and solve problems. By frequent meetings with representatives of the company group management and other actors at headquarters, your position is strengthened and your reputation grows. This also strengthens the position in collective bargaining in Poland and, moreover, has an impact on local company decisions, e.g. in the case of the closure of one of the two Polish distribution centres ...' (Sanofi-Aventis case study)

Practical experience of EWC involvement

Election and delegation of EWC members

Actual experience from the case studies does not confirm certain fears initially connected with EWC enlargement, in particular with regard to nominating delegates and the growth of internal conflicts. Unclear and problematic nomination and delegation practice and in particular the appearance of the 'Trojan horse type' of EWC representative – in other words, management-controlled members – seems to be the exception, at least in this sample of case studies. Only a few cases reported that the first EWC delegate was nominated unilaterally by the local management without any consultation with employee interest representation:

'In Poland, the first EWC delegates were selected by the national management in 2001: each branch plant/site management delegated one candidate and then one representative was selected by the central Polish management. This procedure was strongly opposed by the trade unions, which were not involved in the process of selecting and nominating candidates. Therefore, and in the context of the abovementioned process, more democratic elections took place in 2004 throughout Unilever sites in Poland. As the outcome, senior members or presidents of the plant committees of the two main trade union organisations were elected as the new EWC members.' (Unilever case study)

The KBC Bank EWC has taken an interesting approach to avoid this kind of confusion. At KBC, EWC enlargement and the integration of NMS representatives will considerably change the character of the European Works Council in general since the current workforce in the NMS is nearly double the number of employees in Belgium and amounts to almost the same as the company's total staffing throughout western Europe. In this context, the EWC secretariat/presidium carefully organised the process of EWC enlargement in order to involve the 'right' delegates, in particular by addressing trade union representatives as local partners and involving institutionalised bodies of interest representation where this is possible. Interestingly, this approach is supported by the central management; the KBC EWC is based on the French model.

A second initial fear with regard to EWC enlargement is not confirmed either by the case study sample: namely, a growth of EWC internal conflicts and constraints between western and central or eastern European EWC members. Although controversial issues and conflicts naturally arise, in particular with regard to relocation or cross-border restructuring (for example, reported in the cases of GM Opel, Sanofi-Aventis and Unilever), these issues are rather similar to those already experienced within the EU15 EWC practice and history.

In relation to the delegation of EWC members from the NMS, one rather striking feature has arisen from the case studies on the certain types of EWC delegates, making it possible to identify two groups from EWC experience in this context.

A first group could be described as EWC members who have been involved in EWC business for a considerable amount of time during early enlargement or as observers. These are normally very competent, high-ranking employee interest representatives with a strong trade union background and also strong local support. These types of EWC members should be recognised as a strong voice of the NMS in EWC structures. In the case study samples, two cases were found of involvement of NMS delegates in EWC coordination and steering functions (ABB, Unilever), which were of course assigned to experienced and competent employee representatives. EWC members in most of the other cases are also top-level representatives of local employee interest representation bodies, as in the case of Volkswagen in the Czech Republic and Slovakia:

'The high profile of the EWC within Volkswagen/Skoda industrial relations and corporate culture is illustrated by the fact that the most important and best known Skoda trade unionist – the chair of the Mlada Boleslav site, who is also the Skoda supervisory board member and a leading figure of the Czech trade union movement – is one of the Skoda EWC representatives. Furthermore, he is a member of the EWC steering group and a member of the VW global works council. In Slovakia, the delegate has a strong continuity and a rather high profile in terms of EWC representation: the current EWC member is in this position since 1997 and is at the same time the full-time paid chair of the VW Slovakia trade union organisation.' (Volkswagen case study)

A second group of EWC members could be described as newcomers, with little or no experience in international employee interest representation or even interest representation at all. They may have followed experienced predecessors in new delegate elections, or may be independent delegates with no trade union or works council background. After EU enlargement, this group might be the most numerous in the NMS and it is crucial that they should be able to rely on an EWC policy of active involvement, support and integration in stable structures, institutions of national interest representation and trade union structures. If these conditions are not met, these EWC members will be rather isolated at both European and national level, and EWC involvement will be ineffective.

Resources, facilities, support, time-off regulations

Although resources, infrastructure and time-off regulations of employee interest representation institutions, trade union officials and/or works councils in the NMS in general are rather modest compared to those in most of the EU15, the EWC members interviewed in the case studies mostly stated, rather surprisingly, that they were satisfied with the formal conditions and resources provided for their work as EWC delegates.

However, it should also be mentioned that the EWC business in the NMS is carried out on the basis of a separate budget in only a few sample cases, for example, Volkswagen, Deutsche Telekom, ABB; and, in most cases, it is not possible to rely on external expert support, such as Deutsche Telekom (Slovakia). In general, financial resources depend on the provisions of the EWC agreement, namely the regulation of financing the EWC business, and – in the cases under study – also on the existence of a well-equipped secretariat and infrastructure of employee interest representation.

Interestingly, cases of weaker trade union influence and cooperative corporate culture in the respective country also reported the situation concerning resources and facilities of EWC work as being adequate; the Unilever case in Poland states:

'Against the background of a positive policy on EWCs by the Unilever management, the situation and general conditions for EWC involvement and participation are quite good in general. For example, in Poland there is sufficient technical equipment and the coverage of travel costs also is regarded as sufficient. In addition, the Polish EWC members have their own budget for EWC involvement and costs as outlined above, including translation work and language training.' (Unilever case study)

Although no significant problems were reported in relation to travel costs, translation, technical equipment or time-off regulations, the situation of delegates who have a background in shop-floor interest representation and local trade union representation in general was much better than it was for independent delegates. While the latter have to carry out their normal job as well as EWC duties and only have very limited time-off resources for European representation, the first group is normally able to combine daily interest representation with EWC delegation work.

The common practice of integrating new members into EWC institutions follows a 'learning by doing' model, in that no special training or other measures of competence development and support are provided by EWC headquarters.

A common working language and language competences are crucial preconditions for effective European work. However, the situation with regard to language training is diverse, with some examples of good practice and other examples having no measures at all for dealing with increasing linguistic diversity.

The few cases of a proactive approach towards effective integration of new EWC members are mainly those of the rather recently established EWCs (Deutsche Telekom, Unilever, KBC Bank and Sanofi-Aventis), which in general seem to be more sensitive concerning the management of diversity. The activities of Sanofi-Aventis illustrate this pro-active approach:

'Between 2002 and 2004, such training has been held twice. The first training for the Sanofi-Aventis EWC members took place in Budapest, in December 2005, where all EWC members were present. The main topic was the explanation of the EWC directive. The training material was prepared by the Université Européenne d'été du Travail (UET). All costs of the training were covered by the parent company.' (Sanofi-Aventis case study report)

Rather similarly, KBC Bank carried out training and field trips within the framework of a European funded project aimed at supporting EWC enlargement and developing a joint understanding of European interest representation. The Unilever EWC also initiated various activities in order to integrate delegates from the NMS:

'... the EWC headquarters and the secretariat in Rotterdam actively supports competence development and skills of new EWC members (however, no special activities for new members from central and eastern Europe were reported), mainly by joint training seminars (1999, 2001 and 2004 in Brussels), a handbook on key figures of Unilever activities in Europe and so-called 'theme days' ('Thementage') on issues which are most relevant; for example, at the beginning of 2006, a joint seminar was organised on the issue of restructuring at Unilever.' (Unilever case study report)

Little or no support for EWC members from the NMS is provided by national trade union federations. With a few exceptions (NSZZ Solidarność in Poland, CMKOS in the Czech Republic), which have mainly concentrated on one-off measures such as workshops with EWC members, no structured exchange of experience or continuous support and training has yet been organised. Those interviewed in the study regard this as a major problem which results mainly from weak trade union resources at sectoral level as well as differing trade union policy priorities.³

In general, it should be noted that a strong interest representation culture and strong trade union involvement at shop-floor level clearly results in good working conditions and an infrastructure for EWC involvement, and facilitates the carrying out of tasks as a delegate, particularly in cases where corporate governance favours employee involvement and participation.

Information and communication, interest representation and national coordination

With regard to feedback, communication and information on EWC matters both within the company of origin and intra-company communication at group level, clear differences emerged between the two types of EWC membership experience described above (trade-union based and independent). In the case of independent EWC members, active communication and coordination with employee interest representation institutions at shop-floor level is a logistical problem, and mostly takes the form of 'passive information' via email, intranet or written reports. Conversely, the communication and coordination practice of trade union-based EWC delegates is embedded in the established structures and institutions of company-wide and/or group-wide employee interest representation.

Given the absence of any regulations for group-level interest representation in the NMS, the case studies reveal that nearly all of the companies in the sample with an effective employee interest representation have developed tailor-made solutions for company-wide coordination and communication (mainly with regard to bargaining), such as joint trade union committees or group works councils. Although labour law does not stipulate group or central works councils in Hungary, such institutions have been established at Telekom/Matav, Chinoïn/Sanofi-Aventis and MOL, and play an important role in the coordination of employee interest representation and participation. Only at GM Opel in Hungary and Bosch are such group-level institutions absent, mainly because of management opposition (Table 6).

Multi-trade unionism in general does not obstruct company-wide coordination; in the sample cases at least, cooperation of different trade union organisations seems to be quite effective and successful. In this context, the Polish ABB example was mentioned earlier. Moreover, coordination of EWC involvement in cases of multi-unionism also works well in the cases of Unilever, Deutsche Telekom and MOL.

EWC involvement did not directly accelerate the development or creation of company-wide interest representation structures in any case in the sample. However, EWC involvement and the communication and coordination tasks arising from this clearly strengthen the role and need for group-level structures and practice, e.g. at Unilever in Poland:

³ This assessment was strongly confirmed by the experts and trade union representatives at the expert workshop in the context of the research project in Warsaw in June 2006.

'In Poland, EWC involvement clearly has contributed to group-wide communication and information. Initiated by EWC participation, a regular exchange of information and communication started between all Unilever sites in Poland and meetings are supported financially by the country management. At least twice a year, meetings of all employee representatives take place with the two EWC members. This is an important change since, in 2000, the Polish management successfully opposed the attempt to establish a group-wide coordination of trade unions at Unilever Poland. Similarly, in the Czech Republic and Slovakia, EWC involvement has positively contributed to the exchange of information and regular communication and coordination of employee interest representatives at different branches and plants of Unilever.' (Unilever case study)

Table 6 Company-wide interest representation / joint committees

Company	Poland	Czech Republic	Hungary	Slovakia
ABB	Yes (joint trade union committee)	Yes (coordination of collective bargaining)		
Bosch		Yes, but weak	No (works council at one production site only)	
Siemens	No union structure	Yes		
Volkswagen		Yes		Yes
Sanofi-Aventis	Yes		Yes	
Deutsche Telekom			Yes	Yes
Unilever	Yes, intensified recently	Yes		Yes
KBC	No	No		
MOL			Yes	Yes
GM Europe	Yes		Yes	

Source: Case study reports

Member expectations regarding agenda development

'There are big countries and small countries in our EWC and we are the biggest of the small countries.' This quote from an EWC representative in one of the sample cases indicates the situation and practical expectations of many EWC members from the NMS who wish to influence EWC matters.

In general, expectations are rather modest with regard to influencing the EWC agenda and being able to raise topics and issues for further discussion and consultation in EWC plenary sessions. In fact, it seems to be widely accepted that the 'big countries' have the most significant influence on the agenda and the EWC policy agenda. At the same time, no example was reported of members from the NMS suggesting issues for EWC discussions which then were rejected by EWC headquarters. However, the chances of influencing the EWC agenda depend on several factors, of which at least three should be mentioned here.

- Firstly, the provisions of the EWC agreement with regard to putting a topic on the agenda or dealing with issues of national issues are very important. According to some agreements, such as Sanofi-Aventis, it is necessary that at least two countries are affected by the topic and this makes it difficult for 'small countries' with little communication to other delegations to influence the agenda.

- Secondly, a strong EWC presence of delegates from the NMS improves the possibility of influencing the agenda of the EWC, as in the cases of Volkswagen, KBC and Sanofi-Aventis.
- Thirdly, the involvement of NMS representatives in steering committee functions and sub-committees is perhaps the most important factor in influencing the EWC agenda and policy development, as in the cases of ABB, Volkswagen, Unilever and KBC Bank.

With regard to initial expectations in the context of EWC practice and efficiency, members from the NMS report that their initial expectations were too high with respect to the impact of EWC practice on management decisions and in particular national labour relations and standards, including wage policy. While learning processes were reported in the interviews – which should be regarded as similar to those of their western European colleagues – most interviewees consider the shortcomings of EWC practice in terms of consultation and negotiation as a real problem. With a view to enabling social harmonisation and the development of joint company-wide labour policies, EWC members from the NMS demand more real power and codetermination rights for the EWCs, as the Sanofi-Aventis case illustrates:

‘Wage issues are mostly raised by the eastern European countries, while the northern countries are interested in the company’s social and working time policy, and for the western countries the relocation of production and possible dismissals are the most important problems. Moreover, the need for a company based European Social Fund often comes up as an issue that would ensure the harmonisation of social rights at European level in terms of health insurance and pension fund contributions.’ (Sanofi-Aventis case study)

With regard to individual issues of EWC agenda development, the following became apparent from interviews and case studies: while issues like corporate social responsibility, relocation, cross-border restructuring and company-wide competition of locations rank high on the agenda of western EWC members, who consequently try to develop joint Europe-wide positions and strategies, the most important issues for members from the NMS concern working conditions, wage levels and other issues related to work organisation and labour at home.

Since most EWC agreements clearly rule out dealing with ‘national’ topics, this contributes to the rather frustrated and pessimistic assessment of EWC impact on company policy and practice by members from the NMS. Most of those interviewed reported that they initially had expected a much more significant influence of EWC policy on national company developments and decisions, and that they have to learn that EWC business is mostly about talking, informing and sometimes consultation, and not about making decisions.

However, more optimistic assessments were also found in this context, such as the positive effects of learning from each other, support in cases of restructuring (for example, socially responsible restructuring) and other forms of more indirect support for national concerns.

Impact on industrial relations and corporate culture

While EWC involvement and practice has little impact on management decisions in the NMS – due to the nature of the EWC as an institution of information and consultation – the influence and

impact on industrial relations and corporate culture seems to be very significant, according to the statements of those interviewed both from the employee and management side:

'In Poland, interventions of the EWC headquarters had a direct impact on establishing a group-wide coordination of interest representation and an intensified coordination and exchange of the different trade union organisations and employee representatives from Unilever sites. This joint structure did not exist before and was obstructed by the national management. EWC involvement in other fields of action also had a positive impact on the situation of interest representation and the position of trade unions in relation to the local management.' (Unilever case study)

Although in other cases the assessment of EWC impact is more modest, nearly all of those interviewed refer to a positive impact of better knowledge of industrial relations resulting from EWC involvement, as in the Deutsche Telekom case in Slovakia:

'According to the Slovakian management representatives, EWC participation of employees has clearly improved the information of employees: the information provided by the management in the context of EWC business is above the standards required by the Slovakian Labour Code ... According to the Slovakian trade union representatives, so far EWC participation has had no direct impact on industrial relations, human resources policy and participation practice, nor on business decisions and operational practice in the Slovakian Telekom subsidiaries. However, according to trade unions representatives, their participation in EWC has a positive impact on their work because they are better informed about employment trends in the whole Telekom group and the position of Slovakia in the EU market context.' (Telekom case study)

Moreover, in cases of rather weak interest representation structures and trade union presence, EWC involvement has an influence on 'home company affairs':

'Even from the point of view of the unaffiliated delegate from Slovakia, where no trade union organisation exists at Unilever sites, it is stated that EWC involvement has a positive impact on labour relations, namely in finding joint solutions in the case of restructuring (in fact the delegate was intensively involved in the negotiations of a social plan), collective bargaining processes, and communication between employees and between employees and management. From her point of view, EWC policy and in particular joint statements (e.g. on restructuring) or cases of good practice in other countries support the positions of employee interest representation.' (Unilever case study report)

One important finding of the research is that there seems to be a clear correlation between proactive EWC experience and impact on industrial relations and corporate culture in the NMS.

According to those interviewed, little impact and influence was found in mainly symbolic or passive EWC examples (like Siemens or Bosch). In fact, the impact on social dialogue, employee involvement and participation could even be negative in these cases because of the rather frustrating experience of EWC members.

On the other hand, the case study examples show that pro-active EWC practice and experience underpins and strengthens already existing practices of social dialogue, employee participation and the idea of co-management in the NMS.

'The Volkswagen case clearly illustrates a pro-active EWC approach: both employee representatives and management actors emphasise the important role of the EWC in the context of information and consultation with regard to company strategy, implications of management decisions on individual countries and other matters. The EWC is regarded as an important forum for the exchange of ideas, experience and cases of good practice. In addition, there are practical results of joint European or better international strategy development and cross-border policy approaches initiated by the EWC in connection with the Volkswagen World Works Council.' (Volkswagen case study)

As some cases (Unilever, GM Europe, Sanofi-Aventis) suggest, EWC involvement might also have a positive impact on the search for solutions and innovative concepts in the field of restructuring, labour policies and social instruments, by exchange of information and good practice.

'In the Czech Republic and Slovakia, where corporate culture is directly influenced by the Prague office, EWC involvement and the concept of social dialogue has been strengthened during the last years, also in the context of the experience of major restructuring processes which took place between 2003 and 2005. This restructuring included the closure of the production site in Slovakia and one production site in the Czech Republic. The joint statement on socially responsible restructuring positively influenced the consultation on a social plan, employee outplacement and re-employment schemes both in the Czech Republic and in Slovakia.' (Unilever case study report)

Finally, EWC involvement – particularly if carried out with active support by the local management and supported by corporate culture – obviously strengthens the legitimacy of institutionalised employee interest representation, both by trade unions and/or works councils.

Problems and barriers

The statements of EWC representatives from the NMS regarding the main problems and barriers mirror the perceptions of EWC members in the EU15, as documented in earlier research studies (for example Weiler, 2004). Most of those interviewed refer to problems in the context of management's information policy and weak consultation processes as key obstacles in achieving an effective EWC practice.

'Both the Polish and Czech EWC delegates regard the quality (too general, not addressing the situation in individual countries) and particularly the timing of information as two main problems in current EWC practice; and, most importantly, they view them as barriers to a more pro-active role and effective functioning of the EWC. Problems with information are also regarded as the main barrier to a proper consultation role and overall competence of the EWC.' (ABB case study report)

Depending on the corporate culture and the position of the EWC in company-wide social dialogue and consultation, representatives from the NMS also refer to indifferent and lukewarm management attitudes towards information and consultation as a general problem of EWC policy.

The Siemens, Bosch and GM Europe cases illustrate this point: not only the quality and timing of information (too general, too late) seems to be a problem but also and above that a management policy that is not interested in consultation and dialogue-orientated employer–employee relations.

Interestingly, in one sample case – Deutsche Telekom in Slovakia – the management representative considers the lack of information about the outcome of EWC meetings as a problem of current EWC operation and practice. As a solution, it would be useful to invite management representatives from Deutsche Telekom subsidiaries, including Slovakia, to the EWC meetings.

Other problems identified in some cases refer to the character and number of EWC meetings (too few meetings, too little influence on the agenda), and to the communication and exchange of experience and ideas among EWC members. Remarkably, few interviewees refer to the issue of ‘home country domination’ of EWC business or internal conflicts over relocation or internal company competition as a problem of EWC practice.

Barriers with regard to EWC business as defined by those interviewed in the NMS are mainly connected to the area of language and communication between EWC members. Language training therefore seems to be one of the most important tasks for most EWCs. In this context, it should be noted that so far only a few of the cases have defined English as the main working language of EWC business.

Finally, it should be mentioned that most interviewees involved in the EWC experience of companies that are going through European-wide processes of restructuring and relocation view the EWC as a rather ‘toothless’ institution in terms of influencing company decisions. A rather worrying result of the case study research is that – often after a very short period of time – a significant disillusionment could be observed with regard to EWC delegates from the NMS in this context after rather high hopes and expectations initially. This only partly results from cultural conflicts or a disadvantaged position within EWC structures or insufficient resources. The main reason rather has to be seen in disillusionment with regard to the impact of EWC practice on the real life of labour relations at shop-floor level and the shortcomings of consultation and negotiation practice at European level. Particularly in the context of cross-border restructuring and relocation processes – and with very few exceptions – most EWCs seem to be overstretched and not able to carry out necessary tasks of consultation and the search for innovative solutions.

EWC enlargement often coincides with intensified company reorganisation, relocation and accelerated processes of mergers and acquisition. These developments provide the EWCs with new challenges. In particular, growing regime competition, not only in terms of economic and social systems but also in the field of industrial relations and labour relations culture, is leading to an overstretching of most EWCs; in other words, against the background of existing structures, resources and competences, they are not sufficiently equipped to deal efficiently with these challenges.

While the research does not confirm the initial fear of new EWC internal problems of mistrust channelled in east–west rivalries, most EWCs have insufficient resources to deal with the wider tasks. Nevertheless, some cases of good practice and innovative concepts were found with regard to facing new tasks and challenges, and some EWCs are able to avoid overstretching themselves. This chapter summarises certain observations on the impact of EU enlargement on EWC practice in general, and concludes with some ideas on how to avoid overstretching resources and with some key policy recommendations for the European social partners.

For most EWCs in Europe, the integration of delegates from the NMS and dealing with the growing diversity of cultures, languages and different concepts is on the agenda today. However, the biggest challenge in the context of EWC enlargement has to be seen in the growing significance of European-wide intra-company competition, relocation and restructuring, which increasing numbers of EWCs are now facing – most often but not only with regard to central and eastern Europe.

The main conclusion from the 10 case studies in relation to the impact of these challenges on EWC practice is that those EWC types which have developed a clear pro-active strategy or at least a clear understanding of tasks, common interests and broad objectives – such as managing diversity – are generally better equipped to deal with these challenges both at group level and locally in the NMS than are rather symbolic and passive types of EWC practice (Table 7).

With regard to nearly all aspects of EWC experience and practice in the NMS, the case studies revealed a strong correlation between strong labour relations and stable institutions of employee interest representation, on the one hand, and EWC participation and good practice, on the other.

There is a clear correlation between early EWC involvement (either as observers or full members) from the NMS and pro-active EWC practice at headquarters; subsidiaries in the NMS with strong institutions of interest representation are likely to become much more and earlier involved in EWC business than others. Furthermore, all cases of early and intensive involvement from the NMS, for example in steering functions, are characterised by relatively strong trade union membership structures and a rather developed international trade union cooperation.

Management views on EWC involvement and corporate culture in the NMS are an important factor. Although the research mirrors existing evidence of a rather minimalist mainstream strategy with regard to information, consultation and dialogue on European issues, very few cases of direct obstruction were found. It became clear that a positive management attitude with regard to EWC issues and involvement has a strong impact on the situation of employee representation, social dialogue and labour relations in general.

Table 7 Impact of EWC practice

Impacts	Passive EWC	Pro-active EWC
Information and consultation	Information and consultation as well as social dialogue are seen as a formal practice with no real impact	Employees are better informed, illustrating the added value of information, consultation and interest representation
Industrial relations	EWC practice is largely determined by management interests, with a low level of employee involvement and social dialogue	EWC activity enables learning from good practice and solutions in other company areas, and leads to the competence development and enhancement of skills of employee representatives. It strengthens the legitimacy of both employee and management representatives (position of the country within the multinational group)
Corporate culture	EWC practice reproduces the balance of power and influence within the company	EWC experience illustrates the practical benefits of social dialogue and cooperative corporate culture
Company development	Inaction obstructs the development of joint aims, concepts and strategies of company development beyond the microcosm of the own country/company site	EWC action enables a better understanding of structural change, and the joint search for solutions with regard to restructuring and structural change

Source: Author summary

The case studies show that existing channels and institutions of employee representation in the new Member States already promote good practice with respect to practical issues like the election and delegation of EWC members and dealing with internal conflicts. Where unclear and problematic nomination and delegation practice was discovered, i.e. management-controlled members, this only happened in cases where there were weak or non-existing trade union structures or openly hostile local management attitudes.

As far as certain types and profiles of EWC delegates are concerned, two types of EWC members from the NMS could be identified. A first group could be described as EWC members who have been involved in EWC business for a considerable period of time during early enlargement or as observers. These are normally very competent, high-ranking employee interest representatives with a strong trade union background and strong local support. Conversely, a second group of EWC members could be described as newcomers with little or no experience in international employee interest representation or even interest representation at all; these comprise independent delegates with no trade union or works council background.

With regard to resources, facilities and other preconditions of EWC involvement of delegates from the NMS, the case studies showed different situations for the two types of delegates described above. While no significant problems were reported with travel costs, translation, technical equipment or time-off regulations, for example, the situation of delegates who have a background in shop-floor interest representation and local trade union representation in general was much better than it was for independent delegates. The latter have to carry out their normal job as well as EWC duties and have very limited time-off resources, while the former group is normally able to combine daily interest representation with EWC tasks.

A similar picture can be drawn with regard to feedback, communication and information on EWC matters both within the company of origin and intra-company communication at group level, with

clear differences between the two types of EWC membership experience described above. While active communication and coordination with employee interest representation institutions at shop-floor level is a logistical challenge for independent EWC members, the communication and coordination practice of trade union based EWC delegates is embedded in the established structures and institutions of company-wide and/or group-wide employee interest representation.

In summary, the main conclusion from the research is that an efficient EWC involvement is determined mostly by the practical shaping of shop-floor employer–employee relations, corporate culture and other company specific conditions. Such conditions would include, for example, whether group-wide structures of communication, coordination and information of employee interest representation exist. In contrast, when assessing other factors of influence, such as the national models of interest representation (e.g. dual, alternative, single-channel), it seems that these models have only a minor impact on EWC practice and experience.

The majority of EWC cases dealt with in the research are cases of good practice and the sample clearly represents the top end of EWC experience. Therefore, given the overall weakness of trade union membership and institutionalised participation, bargaining and dialogue as well as management practice, it is to be expected that in the majority of EWC cases confronted with EU enlargement, the instruments and concepts of direct participation and independent representation practice will have a much greater influence than in the research's sample of cases. This might also mean that the ideas of direct participation and 'independent' representation practice might also gain a larger influence in EWC practice generally throughout Europe in the future.

It should also be emphasised in this context that, given the rather weak structures and institutions of shop-floor interest representation and culture of social dialogue and employee participation, an effective EWC practice and involvement in the NMS largely depends – perhaps much more than in most EU15 countries – on the active support and involvement of trade unions both at national and European level. In the sample of cases, some innovative measures and programmes were developed to deal proactively with this issue of weak structures or interest representation in the NMS.

A much more proactive approach from EWC headquarters towards integration and involvement of the NMS also seems necessary because, in most cases, national trade unions in the NMS still do not have clear ideas about the potential of EWC involvement for employee interest representation. Therefore, only a few examples were found of sectoral or national level activities through which trade union federations address EWC representatives and EWC issues.

With regard to an effective EWC practice in terms of information and consultation as well as the involvement and integration of new EWC members, it is possible to identify certain factors and key indicators of good practice.

The good practice examples of involvement and integration of the NMS in the case study sample illustrate a kind of 'magic square' of effective EWC practice, which might successfully avoid an overstretching in the context of EWC enlargement. This magic square consists of the following cornerstones, which are located both within and outside the EWC:

- firstly, a strong labour relations culture and active trade union involvement in EWC business and practice, which also includes support from sectoral trade union organisations and the development of concepts and strategies with regard to EWC agenda and policy;
- secondly, active support from the EWC headquarters for representatives of new members and measures of active involvement, which should include not only language training, but also extend to special training programmes, joint workshops, manuals and EU-funded projects;
- thirdly, integration and embedding of EWC practice in local industrial relations structures and institutions, namely company-wide information, consultation and negotiation processes, integration in other forms of employee interest representation, participation and social dialogue, reporting and communication processes;
- finally, a participative management culture and active involvement of management representatives in EWC practice, for example by joint preparation and feedback meetings.

Recommendations to European social partners

Against this background, three key recommendations may be drawn with regard to the action of the European social partners.

In relation to the situation of labour relations and problems in social dialogue and partnership aspects in management culture in the NMS, trade unions – both at national and European level – should intensify their activities, aimed at supporting and strengthening EWC representation structures and everyday EWC practice. This may be achieved through external expertise, active involvement and EWC-related projects.

With regard to the overall rather weak situation of social dialogue and partnership practice in the NMS and in order to avoid a further deterioration of interest representation and collective employee participation (mainly resulting from ongoing decline in trade union membership), there is a strong need for education and information targeted towards employers and management representatives. For most management representatives in the NMS, the idea of cooperative and participation-orientated corporate culture and labour relations is still a rather alien concept, and timely and trusted information and consultation of employees in many cases is not regarded as a fundamental social right but rather seen as the exclusive prerogative of the employer. Such management attitudes can be a barrier to effective EWC involvement practice, and both national and European employer federations might consider how they could further contribute to the organisation of learning processes in the NMS with regard to the European social model.

Finally, it should be emphasised that EU enlargement and its impact on EWC involvement and the practical experience of representatives in the NMS clearly point to the importance of the European Works Councils as the key institution of employee cross-country information, consultation and, to an increasing extent, negotiation processes with management. The case for reinforcing this institution is strengthened by EU enlargement and the EWC experience in the NMS, and this has a significant bearing on the case for a revision of the EWC directive.

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Appendix:

List of case studies and authors

Information about the EWC project and individual cases is available at:
<http://www.eurofound.europa.eu/areas/participationatwork/ewc.htm>

ABB

Eckhard Voss (editing, interviews headquarter level and Czech Republic)
Romuald Jagodzinski (interviews Poland)
<http://www.eurofound.europa.eu/publications/htmlfiles/ef06651.htm>

Bosch

Stefan Stracke (editing, interviews headquarter level)
Danica Prazáková (interviews Czech Republic)
Melinda Kelemen and Lázló Neumann (interviews Hungary)
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Deutsche Telekom

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The experience of European Works Councils in new EU Member States

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The enlargement of the European Union, and the relocalisation of much economic activity to central and eastern Europe, poses significant challenges to European works councils (EWCs), which are having to cope with a growing diversity of cultures, languages and concepts of participation. This report examines 10 case studies of EWCs in four new Member States to determine how effectively EWCs are meeting these challenges. The findings indicate that most EWCs are not currently well equipped to deal with the issues arising from competition, in particular competition between different subsidiaries of the same company. However, it does find that EWCs which have a clear, proactive strategy, or an understanding of their objectives and tasks are generally better equipped to deal with these issues at the group and local level than are more passive, 'symbolic' EWCs. The report offers a number of policy recommendations aimed at those directly involved in EWC practice and the main stakeholders at European level.

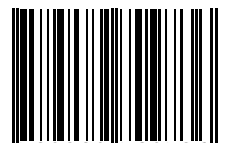
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