Institutionalised social dialogue and worker representation is an inherent part of the EU objectives. The EU information and consultation directive (2002/14/EC) establishes a general framework for the right to information and consultation of employees. By now forms of employee representation have been legally recognized in most of the EU member states. Social dialogue at company level however covers a wide range from board level participation to direct forms of employee involvement at the workplace. Despite the increasing interest in the latter in recent years institutionalized forms of employee representation based on a legal framework were the main subject of research in this field (which makes sense if one is interested in the (measureable) effects of employee representation).

In cross-country comparisons Germany is generally discussed as an example of a highly regulated system of industrial relations with institutions provided with far reaching legal rights. Here especially the German works councils are a prime object of (international) research. Far less is known about firm specific forms of interest representation (round tables, spokes persons etc.) without legal backing (also present in German establishments) and the interplay of the two settings.

With focus on company level social dialogue as an institutional arrangement we use data of the IAB establishment panel from 2004 to 2013 to answer the following question: Is a distinct legal framework necessary, if an institutionalized social dialogue and employee representation at company level is wanted that has an impact on personnel policy or do firm specific solutions suffice?

Firstly we examine the stability of both institutions. Is there a downward development in the coverage of works councils as an institutionalized form of interest representation as it is clearly visible in collective bargaining? Is there a shift towards those firm specific forms of (collective) employee representation (without legal background)? Are those alternative forms a substitute for works councils or rather a complement?

After examining the coverage and quantitative development of both institutions we take a closer look at the respective establishments. We identify determinants of the existence and introduction of works councils on the one hand and of alternative means of representation on the other. In which respects differ firms going one way or the other?

Finally we ask if firm specific employee representation can be seen as functional equivalents of works councils or rather as part of a strategic personnel policy. Looking at labour turnover,
further training and wages we analyse the effects of (introducing) those alternative means für representation against the background of well-established findings on works councils in this fields.

Our methodology uses the longitudinal structure of the dataset. In the descriptive part we follow the individual establishments over time. Our estimation strategy relies on probit models and matching techniques.

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