Win–win arrangements: Innovative measures through social dialogue at company level
Win–win arrangements: Innovative measures through social dialogue at company level
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive summary</td>
<td>1</td>
</tr>
<tr>
<td>Introduction</td>
<td>5</td>
</tr>
<tr>
<td>1. Definitions, conceptual framework and methodology</td>
<td>7</td>
</tr>
<tr>
<td>2. Challenges and measures at workplace level</td>
<td>17</td>
</tr>
<tr>
<td>3. Social dialogue: A tool for workplace change</td>
<td>21</td>
</tr>
<tr>
<td>4. Negotiating processes and strategies</td>
<td>31</td>
</tr>
<tr>
<td>5. Impacts of measures on companies and employees</td>
<td>41</td>
</tr>
<tr>
<td>6. Factors contributing to win–win arrangements</td>
<td>49</td>
</tr>
<tr>
<td>7. Conclusions and policy pointers</td>
<td>55</td>
</tr>
<tr>
<td>References</td>
<td>59</td>
</tr>
<tr>
<td>Annexes</td>
<td>61</td>
</tr>
</tbody>
</table>
## Country codes

### 28 EU Member States

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>AT</td>
<td>Austria</td>
<td>FI</td>
<td>Finland</td>
<td>MT</td>
<td>Malta</td>
</tr>
<tr>
<td>BE</td>
<td>Belgium</td>
<td>FR</td>
<td>France</td>
<td>NL</td>
<td>Netherlands</td>
</tr>
<tr>
<td>BG</td>
<td>Bulgaria</td>
<td>HR</td>
<td>Croatia</td>
<td>PL</td>
<td>Poland</td>
</tr>
<tr>
<td>CY</td>
<td>Cyprus</td>
<td>HU</td>
<td>Hungary</td>
<td>PT</td>
<td>Portugal</td>
</tr>
<tr>
<td>CZ</td>
<td>Czech Republic</td>
<td>IE</td>
<td>Ireland</td>
<td>RO</td>
<td>Romania</td>
</tr>
<tr>
<td>DE</td>
<td>Germany</td>
<td>IT</td>
<td>Italy</td>
<td>SE</td>
<td>Sweden</td>
</tr>
<tr>
<td>DK</td>
<td>Denmark</td>
<td>LT</td>
<td>Lithuania</td>
<td>SI</td>
<td>Slovenia</td>
</tr>
<tr>
<td>EE</td>
<td>Estonia</td>
<td>LU</td>
<td>Luxembourg</td>
<td>SK</td>
<td>Slovakia</td>
</tr>
<tr>
<td>EL</td>
<td>Greece</td>
<td>LV</td>
<td>Latvia</td>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>ES</td>
<td>Spain</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Other

<table>
<thead>
<tr>
<th>Code</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO</td>
<td>Norway</td>
</tr>
</tbody>
</table>


Executive summary

Introduction

This study examines how management, employees and their representatives achieve common solutions to common problems. It also identifies measures, particularly innovative approaches, that have been established through social dialogue in response to new workplace challenges. The qualitative research was based on 20 company case studies in five Member States in a sample drawn from the European Company Survey 2013.

Policy context

Well-functioning social dialogue is a key component for the successful design and implementation of reforms needed to increase the competitiveness of Europe’s economies and create more jobs. It balances workers’ and employers’ interests and contributes to both economic competitiveness and social cohesion.

The link between social dialogue and productivity and competitiveness has been the subject of much research, particularly since the advent of the economic crisis in 2008. In some countries, decentralised bargaining is part of a coordinated system, but in others key aspects of coordinated social dialogue, such as company-level worker representation, are missing.

Well-functioning social dialogue at company level could give a new impetus to the European social dialogue the European Union has recently committed to, as stated in the 2015 high-level conference organised by the European Commission in Brussels in March 2015: ‘A new start for social dialogue’.

Key findings

Challenges
The selected companies had all encountered similar challenges, although in some countries such as Greece and Spain, the intensity of the fallout from the 2008 crisis probably affected companies based there somewhat more severely. Overall, however, the study identifies some common current challenges facing companies in Europe, including: competition and changing markets; demand issues; human resources (HR) issues, and the need for radical change to business models.

Some clear sectoral challenges are presented also; the study highlights the many difficulties faced by companies in the construction, manufacturing, transport, finance and energy sectors while the food and drink industry seems to hold up better across countries.

Social dialogue as a tool, not an obstacle
Measures used by companies in the study included:

- HR measures – recruitment, redundancies, change in employment contracts, health and safety, training;
- Work organisation measures – flexible work organisation, enabling the workforce to become more multifunctional, outsourcing;
- Competitiveness enhancing measures – change of core business, research and development, new technologies, quality control;
- Cost efficiency measures – balanced budgets, reduction of operating costs, wages.
The study identified a number of elements of good practices, such as regular meetings between management and employees (or their representatives) to prepare works council agendas; regular meetings to follow up on decisions; and continuous feedback from both managers and employees to allow adjustment to new practices and their smooth implementation. Other elements included support for employee satisfaction and voice – allowing them to contribute to strategic choices and decision-making – and training to smooth the implementation of new measures.

Companies with ‘trusting’ forms of social dialogue were able to introduce even difficult restructuring measures with trade union or employee support, especially where there had been consultation at an early stage to allow compromises to be reached and to build commitment to a common goal. Successful dialogue depended on the company philosophy, management’s attitude towards employee representation and, in many cases, their business strategies.

**Negotiating strategies**

Three types of negotiation strategies have been described: ‘fostering’ – those that seek to build a culture of cooperation and open communication; ‘forcing’ – those that attempt to impose unilaterally on the other party through the use of coercive and persuasive power; or ‘escaping’ – where one party simply refuses to enter into dialogue with the other. Basically, fostering strategies were shown to create a culture of cooperation that facilitated the implementation of change. Forcing strategies alone, or a policy of avoiding social dialogue, or of using social dialogue structures in superficial ways created conflict and resentment, as demonstrated in the ‘conflictual’ companies identified by the study.

Many firms with ‘trusting’ types of social dialogue used fostering strategies, though some combined fostering and forcing strategies, particularly when staff reduction measures such as early retirement were needed.

**Impacts and win–win outcomes**

The study sought to observe actual or expected impacts of the measures on organisations and employees. Impact on organisations was measured by performance and financial results. For employees, factors such as employee satisfaction, well-being, health and safety improvements, and work climate improvement were assessed.

Companies in the ‘trusting’ social dialogue group had the most positive outcomes for both organisations and employees. A trusting relationship appears to be the primary characteristic of workplaces that produce win–win outcomes. Win–win outcome workplaces are also characterised by changes introduced through fostering strategies, integrative social dialogue, working relationships built on trust, measures introduced through meaningful social dialogue structures, trade union leadership engaged in dialogue and careful management of tensions.

**Win–win–win?**

The study also identified impacts beyond the workplace. A number of companies had introduced measures that deliberately targeted the wider community by creating jobs, supporting the local economy, young people and the environment. Such practices can have a win–win–win impact for the organisation, its employees and broader society.

**Policy pointers**

- In light of the growing orientation towards collective bargaining at company level, policymakers and social partners may need to support social dialogue at this level by taking steps to coordinate the various collective bargaining levels and to develop the negotiating competences of workplace actors on both sides.

- In the context of changing markets, transitions can be eased by early adaptation of business models and preparation of the workforce for change through measures such as talent-sourcing, reskilling, career progression, support to find jobs and fair redundancy packages.
Innovative ways of dealing with workplace conflict and tensions reduce costs and unproductive time. Knowledge exchange between social partners about social dialogue practices that work for both organisations and employees would allow EU-wide cross-fertilisation. At EU, national, sectoral and company level, institutions, governments and social partners could raise awareness of the factors that deliver win–win outcomes and work towards the development of human capital, especially in the context of an increasingly digitalised workplace. European ‘win–win awards’ might be one way of drawing wider attention to the potential benefits.

An electronic platform at EU level and roundtable discussions or other forums could showcase firms with experience of win–win results in different sectors and Member States, and between companies.

European information and consultation regulations and European Works Councils play a significant role at company level, particularly in countries where such practices are less widespread, and should be encouraged and supported.
Policy background and research objectives

This Eurofound research aims to provide evidence of and inform policymakers on the contributions made by social dialogue at company level. The role social dialogue plays in company-level negotiations and its links with productivity and competitiveness has been the increasing focus of research in recent years for many industrial relations scholars (see, for instance, Braakmann and Brandl, 2016). The advent of the economic crisis in 2008 has prompted much of this attention. Moreover, the debate about the capacity of social dialogue to deal with today’s challenges and enable European companies to compete successfully in the world market has had equal prominence at both European and national levels. Indeed, social dialogue has been a key feature of the EU institutions and the European social model. Well-functioning social dialogue has been recognised as a key component for the successful design and implementation of reforms needed to increase the competitiveness of the European economies and create more jobs (European Commission, 2015).

Research often focuses on macro-level developments – such as different levels of collective bargaining, trade union density and peak organisations, while the micro level – the company level – has been less researched. To obtain a more holistic approach, it is of particular interest to provide evidence on how social dialogue functions at company level. It is important to explore to what extent social dialogue is a factor that facilitates change at company level; to what extent does social dialogue produce ‘beneficial outcomes’ to both companies and employees?

As a follow-up to the data analysis presented in the European Company Survey (ECS) 2013 (Eurofound, 2015), this research builds on these findings and explores further company-level social dialogue practices. The main objective of the research is to identify how management, employees and their representatives find common solutions to common problems. It also aims to identify innovative measures established through social dialogue in response to new workplace challenges. Finally, it explores the different paths taken by companies that belong to different ‘social dialogue type of establishments’ (as set out in the ECS 2013 typology) in order to reach agreement on issues such as work organisation, organisational change and conditions of work. In a turbulent economic climate, this research will seek to identify current challenges faced by companies and their responses to them.

This study also asks a key research question: can win–win arrangements or outcomes that benefit both organisations and employees be identified in the current climate and, if so, under what conditions? The answer is central to trade unions, company managers, governments, EU and national-level policymakers. Recent research shows that decentralisation of collective bargaining to the company level has been accelerated in recent years (Eurofound, 2013). It would, therefore, be interesting to know what issues (outside wages) are discussed as part of the negotiations at that level. Additionally, the recent financial and economic crisis has brought new challenges to companies and employees. Acknowledging how these challenges are dealt with by management and workers and the type of responses provided can also help shape the national and sectoral industrial relations agenda.

Report structure

This overview report presents the main aspects of companies’ situations and paths in Europe. Chapter 1 provides definitions and describes the conceptual model used in the analysis, discussing the characteristics of social dialogue, win–win arrangements and the outcomes, and gives a brief contextual explanation of the analysis of social dialogue at company level in Europe based on ECS data. Chapter 2 outlines the challenges that face companies, particularly in times of crisis, which shape negotiators’ choices of measures they might consider and introduce and the possible outcomes. Chapters 3, 4 and 5 describe, analyse and assess usage of social dialogue, the negotiating strategies used and the impacts
on the organisations and employees. Chapter 6 summarises the factors that contribute to win–win arrangements. Finally, Chapter 7 presents some conclusions and policy implications.
Definitions

To allow a better comparison of cases and understanding of the findings, this chapter begins by setting out definitions of the following terms: win–win arrangements, social dialogue, outcomes and measures.

Win–win arrangements

‘Win–win arrangements’ is a key term in this research since its aim is to identify mutual benefits for companies and employees. The real challenge is to define the ‘win–win’ concept. In the policy field, the term ‘win–win arrangements’ is the subject of a debate that has yet to be settled and at the core of the discussion are the following questions.

- How do we identify who really wins at company level?
- Is a settlement that leads to reduced wages but secures jobs defined as a win–win solution?
- Is it a win–win solution if an agreement to reduce the number of staff – as a result of a major market threat to the company – also results in secure jobs for the remaining workforce?
- Who defines whether these two outcomes are win–win arrangements?
- If they are not win–win situations, are they, for instance, win–lose or even lose–lose?

However, in the absence of unequivocal agreement between social partners on the definition of win–win, and to address the issue for the purposes of this research, the concept of ‘mutual benefits’ or ‘mutual gains’ arrangements at the establishment level can be used instead. Mutual gains or benefits are defined as outcomes that benefit both the company and the workforce. When, in the course of the interviews, both managers and employee representatives identified the solutions as ‘win–win’, those were registered as such. Cases were considered as ‘win–win’ or ‘mutual benefits’ or ‘mutual gains’ arrangements if benefits were identified by and for both sides. The use of the term ‘win–win’ is consistent with its use in the context of the integrative bargaining, whereby the two parties seek to reach solutions that are agreeable to both. It is important to stress that win–win solutions are embedded in a specific context and are time-specific.

Social dialogue

Social dialogue in this report is defined broadly as all types of dialogue, involving discussions, consultations, negotiations and joint actions undertaken by employer representatives and worker representatives.

Previous Eurofound research has defined social dialogue at workplace level as discussion, consultations and joint actions involving organisations representing the two sides of the industry (Eurofound, 2012a). Social dialogue can take different forms ranging from information to negotiations, as shown in Figure 1.
Figure 1: Definition of social dialogue

As social dialogue performs different functions at workplace level compared to national or sectoral level, and in line with national institutions, a distinction needs to be made between negotiations and information, and consultation and communication. In some jurisdictions, negotiations do not take place at the workplace level, while other forms of social dialogue are possible. Social dialogue at workplace level can involve all or most employees in small or large groups. Direct communication with and the participation of individual employees is also possible. A variety of forms of representative and direct communication are present at this level.

However, in order for social dialogue to be effective, it should provide opportunities to both sides to share information so that they can proceed to informed decision-making. In line with previous Eurofound reports, the approach used in this research is to consider all practices that allow for ‘meaningful social dialogue’, being those that provide opportunities for joint discussion and that favour an environment in which each side can be an effective party in those discussions (Eurofound, 2012a). No normative approach to the form of social dialogue is taken, as different ‘costs and benefits’ are assigned by each side – employers and employees – to the various forms.

While national legislation often shapes the social dialogue institutions, the attitudes of managers and their support to the process determine the quality of dialogue at the workplace level. Similarly, employee representatives exercise their representation duties in line with their own constituency priorities and mandate. Workplace social dialogue (as with any other level) depends on the negotiation skills of the parties, their experience and motivations. The two parties come to the discussion with different interests, starting from different perspectives; on the one hand, managers’ expectations are that employees will contribute to and implement decisions that benefit the workplace; on the other hand, employees’ representatives focus on sharing the rewards for those decisions with their members (Eurofound, 2012a). ‘Meaningful social dialogue’ should yield benefits for both parties and a high level of trust is of paramount importance for a collaborative relationship to develop. Different types of bargaining have been identified in literature, displaying different characteristics and producing different outcomes.

**Outcomes**

‘Formal outcomes’ can be produced through collective bargaining at company level, whereas ‘informal outcomes’ can be the result of daily engagement of the two parties, which can produce agreements, joint actions or other form of cooperation at workplace level. Negotiated outcomes usually are formal, but they can also be produced on an informal basis.
In this context, the research seeks to capture a range of outcomes, including:

- **company performance**: such as increased productivity, efficiency, quality and absenteeism;
- **financial performance**: such as market share, accounting measures and profitability;
- **employee outcomes**: such as employment, satisfaction, health and safety, workplace climate, benefits, work–life balance and stress.

**Measures**

This term refers to concrete measures through which outcomes are produced.

The research seeks to identify ‘innovative measures’ in the sense of what is new for the firm. The innovative character of the measure has to be seen in the context of the firm and is embedded in a certain national institutional and regulatory setting, in line with previous Eurofound research (Eurofound, 2016). For that reason, ‘innovative measures’ is used in a broad sense to describe practices and methods that are new to the individual firm, and not necessarily to the market, sector or country.

Often, negotiations start with the desired outcome such as increased productivity, which has to be implemented through a series of measures. Those measures can take different forms and while there might be an initial agreement on the desired outcomes, the measures initiated might not necessarily win the support of the employee representatives. For instance, response to the desired or negotiated outcome of increased productivity may be different if it requires staff cuts rather than training. Employees would be much more willing to engage in a debate with management over skill enhancement, continuous learning and possibilities for participation in improvement of work processes, rather than negotiations over the number and process of job cuts.

**Processes**

**Negotiating processes and strategies (the interaction system)**

Outcomes are produced through a series of interactions between the two parties. Those include negotiating processes, negotiating strategies and structures. The way the different interests of management and employees are addressed through social dialogue and collective negotiations influences the potential outcomes. Walton and McKersie (1965) make the distinction between integrative bargaining and distributive bargaining. Negotiating processes refers to whether distributive or integrative bargaining is being used.

Integrative bargaining operates in such a way that the two parties try to find common or complementary interests and solve common problems. This type of bargaining is used ‘to optimise the potential for joint gains’ and ‘expand the pie’ (Walton et al, 1994). Among the characteristics of this type of negotiation are reciprocal concessions and cooperative workplace relations.

Distributive bargaining is essentially a fixed-sum game in which one party’s gains are the other party’s losses and for this reason is often described as a having a win–lose outcome, or to ‘divide the pie’ (Walton et al, 1994). Distributive bargaining is founded on a well-organised trade union structure, embedded collective bargaining and a non-existent or weak legacy of cooperative industrial relations (Roche and Teague, 2015).
Negotiating strategies are about the approach of each party to achieving the desired outcomes. While social dialogue structures (formal or informal) may have been used, an important element is to identify how the structures have been used for the implementation of the various measures introduced. The ability of each party to articulate and influence decisions, and the level of trust between the parties, are also important elements. Each negotiating process is associated with a type of strategy of either fostering or forcing negotiations (Walton et al, 1994).

Fostering strategies are more often associated with integrative bargaining since they are based on cooperative relationships, trust and mutual respect. Open exchange of information is crucial for integrative bargaining, which, in turn, reinforces trust.

Distributive bargaining would, more often than not, involve forcing strategies through the use of coercive and persuasive power. Each party would reinforce their own arguments and adversarial feelings.

Mixed strategies employ a combination of forcing and fostering at the same time or in close sequence. They present dilemmas to the parties involved, as the tactic to be pursued is not clearly defined and the choice offered is between building internal consensus or antagonism.

**Forces shaping negotiators’ choices**

Identifying the type of strategy used and the collective bargaining pursued is key. Workplace challenges require interventions by management which can trigger a reaction from employees and their representatives. The question of why a party would choose a certain strategy or what drives the negotiators’ choices is not a secondary one. It often comes down to whether the change required is desirable and feasible for either party. For the employees, ‘desirability’ may relate to what is required from the employees – what is on the agenda. For the management, the proposal for change put forward should be significant enough to be pursued. The power relationship often has a bearing on the feasibility of the required change and its objectives, as does the level of trust between the parties and their ability to solve workplace problems.

The analysis by Walton et al (1994) presents two simple options regarding the meaning ascribed to management actions by the employee representatives.

- If the measure is perceived by the employee representatives as a way to implement direct management–employee participation at the expense of (or as a way to undermine) representative participation and solidarity, then they will probably resist the implementation.
- If the measure is perceived by the employee representatives as a clear and straightforward attempt by the management to engage seriously with employees and use their skills and knowledge to improve the product/service and job, then they are more likely to accept, co-sponsor and co-manage change.

The framework employed plays a major role in the potential response. However, reality is much more complex than these simple examples, with other factors contributing to the decisions made by each party. Previous collaborative experiences, the workplace culture and trust are all factors that shape the framework of each party. Previous negative experience in the introduction of other sets of rules at the workplace level may have created negative outcomes and affected management–employee relationships, making the two parties suspicious of each other’s intentions. Conversely, positive past experiences and a positive work climate render the two sides more amenable to change. Additionally, external factors such as an economic crisis or the national or sectoral industrial relations system do affect the interactions of the two sides.
Conceptual framework

The theoretical framework used in this analysis illuminates labour-management relations. In particular, the main components of the model attempt to shed more light on:

- outcomes;
- measures used to produce the outcomes;
- the interaction system that produces the outcomes (negotiating processes and strategies);
- driving forces that influence negotiators’ choices.

Figure 2 shows the conceptual framework for this research report. This aids an understanding of how management and employee representatives reach mutually beneficially outcomes.

Figure 2: Conceptual framework

Methodology

As the primary objective of this research is to explore mutual benefits at workplace level, the starting point of the research is the type of social dialogue present. For that reason, company cases were selected from the ECS 2013 sample that had formal social dialogue structures in place in line with national institutional settings (Eurofound, 2015). The ECS
overview report found that companies with social dialogue structures and direct participation practices in place fall into four distinct categories (described in full in the next section): extensive and trusting; extensive and conflictual; moderate and trusting, and limited and conflictual. Initial selection sought to select companies that belong to these four types in five Member States. The selection of countries was based on the following criteria:

- countries with more acute experience of the financial crisis – primarily Greece, but also Belgium and Spain;
- large countries – such as Italy;
- newer Member States – such as Poland;
- countries with an adequate number of companies of each type to allow random selection.

Overall, 20 company cases of different sizes and sectors were selected. Table 1 presents a summary of the countries’ case studies, their sector of activity and the number of employees – by type of social dialogue.

### Table 1: Sector and number of employees of company case studies, by social dialogue type

<table>
<thead>
<tr>
<th>Country</th>
<th>Type 1: Extensive and trusting</th>
<th>Type 2: Extensive and conflictual</th>
<th>Type 3: Moderate and trusting</th>
<th>Type 4: Limited and conflictual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>Finance (130) Business and administration (750)</td>
<td>Construction (290) Energy (1,480)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td>Food and drink (1,050) Transport 2 (190) Energy (81)</td>
<td>Energy (61)</td>
<td>Transport 1 (5,442)</td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>Food (150) Extensive (250)</td>
<td>Energy 1 (300)</td>
<td>Energy 2 (600)</td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td>Manufacturing 2 (565) Energy (2,600)</td>
<td>Manufacturing 1 (1,800) Forestry (100)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td>Manufacturing and business (200) Hospitality (36)</td>
<td>Transport (140) Business and administration (11)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: ECS 2013 (Eurofound, 2015)

Following the random selection of company identifiers through the Gallup repository of the ECS 2013 case studies, national experts from the EurWORK network contacted the companies and conducted two formal interviews at each company: one with a manager and one with an employee representative. Following the fieldwork, a national report was produced and its input used for the analysis of the present report. Data on the social dialogue institutions in each of the countries stem from the national reports.

Qualitative analysis was conducted on the 20 case studies in 5 countries. The purpose of the analysis was to identify specific win–win outcomes for each social dialogue and participation type of establishment.

Finally, this study has some inevitable limitations. While every effort was made to equally spread the cases, it was impossible to avoid some overrepresentation of utilities. Additionally, a lower number of the limited and conflictual type of establishments was included in the final group of cases. A great number of firms have been undergoing change whose concrete outcomes had not been fully realised at the time of the interview; interviewees’ estimates were therefore included in the analysis. For that reason it is more reasonable to treat these as expected outcomes. Sector data and interrelations with the sectoral level would ideally have complemented the firm-level picture. Here, some features of the country industrial relations system were presented instead.
Analysis of ECS data on social dialogue

Social dialogue typology
The ECS offers a typology that distinguishes between companies on the basis of different types of social dialogue practices. The questions related to social dialogue were directed to management and employee representatives. Country case studies were chosen based on the ECS typology.

Extensive and trusting type of social dialogue
Establishments with an extensive and trusting social dialogue are in the majority in Europe (39% of all establishments). Employee representatives are well resourced and receive a high level of information; hence they are able to influence decisions. A high level of trust adds to good social dialogue conditions and industrial action is very rare.

Extensive and conflictual type of social dialogue
This establishment type comprises around a quarter of establishments in Europe. Employee representatives are relatively well resourced and informed – similar to the level of the moderate and trusting type. Employee representatives feel that they have some influence in decision-making procedures but it is comparatively low. Mutual trust of management and employee representatives is very low and the level of industrial action is relatively high.

Moderate and trusting type of social dialogue
This establishment type also comprises around a quarter of establishments in Europe. While the level of trust is high, employee representatives are relatively poorly resourced and informed; hence their level of involvement and influence in decision-making is lower than in the extensive and trusting type of dialogue. However, industrial action is low (Eurofound, 2015)

Limited and conflictual type of social dialogue
Establishments in Europe of this type are in the minority (12% of all establishments). Employee representatives are badly resourced, receive limited information, and perceive their influence in decision-making as low. Employee representatives trust management less than management trusts them; industrial action is high, yet lower than in the establishments with extensive and conflictual social dialogue.

Social dialogue, workplace well-being and establishment performance
The effects of a specific type of social dialogue on workers’ well-being and establishment performance can be very different. Generally, ‘extensive and trusting’ and ‘moderate and trusting’ social dialogue affects a company’s performance and the well-being of its workers positively. Depending on the type of social dialogue, the outcomes range from very negative to very positive in one or both categories. This means that if social dialogue is based on trustworthy relationships, the outcomes can be exceptionally positive. In contrast, if social dialogue is predominantly conflictual, the negative effects are proportionally higher.
Figure 3: Establishment-level outcomes at EU level by type of social dialogue

Source: ECS 2013 (Eurofound, 2015)

Note: Workplace well-being and performance are measured in z-scores ((score-mean)/standard deviation) in order to normalise both scales. The bubbles in Figures 3 and 4 represent the country z-scores for the individual Member States calculated with the country mean/standard deviation. The scores within each country are relative to the mean/standard deviation of that country and therefore, scores cannot be compared between countries. However, the position of the clusters relative to each other provides contextual information on the country’s different establishment types in relation to social dialogue and direct employee participation and their achievements in well-being and economic performance. A company’s performance is influenced by more factors than its type of social dialogue or type of employee participation but these are not factored into this analysis. However, when interpreting the graphs, it is important to consider the company size and the sector in which a company is operating, the economic climate, the country’s industrial relations system, policies impacting on companies and other country-specific aspects.

Figure 3 offers contextual information to illustrate the relationship between the type of social dialogue in an establishment, and the outcomes in terms of economic performance and employees’ well-being at European level. Overall in Europe, establishment types characterised as ‘extensive and trusting’ and ‘moderate and trusting’ result in the most positive well-being and economic-related outcomes.

**Direct participation, workplace well-being and establishment performance**

Based on the ECS, different types of establishments can be identified in terms of their level of effort in enabling direct employee participation, the actual level of participation as perceived by management and management’s attitude towards participation. Three different types of company for direct employee participation were identified.
Extensive and supported direct employee participation can be found in more than half of all establishments across Europe (57%). These establishments make a relatively large effort to ensure employee participation by means of regular meetings, dissemination of information, regular staff meetings, meetings of committees, surveys and other instruments. Employees tend to be involved in decision-making processes. Management attitudes towards direct employee participation are very positive.

Low effort and little change direct employee participation can be found in more than a quarter of all establishments in Europe (28%). Only limited effort is made to enable direct employee participation, although management’s attitude towards employee participation is mostly positive.

Moderate and unsupported direct employee participation describes around 15% of all establishments. In half of these, employees were either consulted or involved in joint decision-making. The use of a variety of instruments is limited. Less than half of management support employee participation in this type of establishment (Eurofound, 2015).

Figure 4: Establishment-level outcomes by establishment type and direct employee participation

Figure 4 shows that ‘extensive and supported’ direct employee participation affects a company’s performance and the well-being of its workers positively. The outcomes vary less among the types of employee participation when compared with the types of social dialogue (Figure 3). This means that using direct employee participation is not risky. If used...
extensively and in a supported way, the outcomes can be positive. If employee representation is only moderate and unsupported, the effects are negative. Even so, the outcomes are not as negative as they can be when using social dialogue in a limited or conflictual way.
This chapter outlines the challenges faced by companies, particularly in times of crisis, and which shape negotiators’ choices of measures they might consider and introduce, along with the possible outcomes.

Organisational change

Change is taking place all the time and organisations must adapt their structures to new situations faster than other competitors. The goal of a company is to adapt quickly so that all parts of the organisation are able to work effectively, both at the individual (employee) and collective (teams) level. The process of change and innovation is covered well by organisation studies, institutional theory and management theories. Typically, changes are introduced when organisations are faced with specific business problems. Those problems may be company-specific and involve product or process improvement, or they may be prompted by external pressure, such as changes in the market, finance, economy or competition.

Change is often a response to a crisis situation, but it also occurs as part of a continuous process (continuous improvement programmes). Organisational studies (Lam, 2004; Eurofound, 2012b) identify three different models of change: incremental change; punctuated equilibrium, where radical changes in the environment force organisations to introduce radical changes; and continuous change and improvement. Continuous improvement programmes have long been implemented in Japanese manufacturing companies with significant outcomes in terms of product quality, organisational performance and employee participation in the innovation process. For instance, employees at optical and imaging products’ manufacturer Canon submitted a total of 893,301 suggestions in 1985, an average of 70.2 from each employee. Matsushita was the first Japanese company to achieve ‘zero defect’ manufacturing in 1977 (Schroeder and Robinson, 2005).

Crisis situations can produce very different responses to those that come from continuous process improvement. Usually they are cost-driven and of narrow scope, whereas the continuous process builds change into the process and may have a wider scope and longer time horizon. A large number of organisations in this research are faced with crisis situations and have responded with cost-driven measures, such as sorting out the accounts, restoring profitability, minimising losses and reducing the workforce. Organisations that were not confronted with an imminent external business challenge and were not in survival mode have initiated different measures, despite the negative impact of crisis.

Challenges for companies

Reported challenges appear to fall into four groups: competition and market challenges, demand issues, human resource (HR) issues, and change in business models – as shown in Table 2. The characteristics of these challenges are as follows.

- Most of the companies are confronted with more than one challenge at the same time.
- Issues around productivity, competition, maintaining a market share and regulation are recurrent themes in many companies.
- While the economic crisis may be blamed for the drop in demand, other internal factors – to do with the product or service they deliver – may also play a role, presenting a major challenge for companies.

1 Zero defects is a management tool to eliminate defects through prevention, aimed at motivating people to prevent mistakes by developing a constant, conscious desire to do their job right the first time.
HR related challenges, such as lack of relevant skills, absenteeism and digitalisation, confirm the ECS findings. Public sector services have been suffering from reduction of staff, which can pose difficulties in service delivery.

Business model reengineering is more often reported by companies in the broad public sector. Some of them are utilities or public services that have been recently liberalised and are now in search of a new business model. Some form of state oversight may set certain limits to business activities in, for instance, terms of investments, resources, staffing, organisational structures, working conditions and pay.

Analysis has tried to identify characteristics of challenges by social dialogue type, but those do not seem to be relevant; they have therefore been omitted from this chapter.

Table 2: Workplace challenges

<table>
<thead>
<tr>
<th>Type</th>
<th>Challenge</th>
<th>Case study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competition and market challenges</td>
<td>Product competition</td>
<td>Italy – Food</td>
</tr>
<tr>
<td></td>
<td>Product competition</td>
<td>Italy – Energy 2</td>
</tr>
<tr>
<td></td>
<td>Product competition (need for innovation)</td>
<td>Poland – Manufacturing 2</td>
</tr>
<tr>
<td></td>
<td>Third country competition</td>
<td>Spain – Manufacturing and business</td>
</tr>
<tr>
<td></td>
<td>Prices, profitability, economic losses</td>
<td>Spain – Business and administration</td>
</tr>
<tr>
<td></td>
<td>Competition/cost efficiency, low productivity</td>
<td>Belgium – Construction</td>
</tr>
<tr>
<td></td>
<td>Competition/cost efficiency</td>
<td>Poland – Manufacturing 1</td>
</tr>
<tr>
<td></td>
<td>Low productivity</td>
<td>Belgium – Business and administration</td>
</tr>
<tr>
<td></td>
<td>Low productivity</td>
<td>Belgium – Finance</td>
</tr>
<tr>
<td></td>
<td>Low productivity</td>
<td>Spain – Hospitality</td>
</tr>
<tr>
<td></td>
<td>Regulation and competition</td>
<td>Italy – Energy 1</td>
</tr>
<tr>
<td></td>
<td>Over-regulation</td>
<td>Greece – Energy</td>
</tr>
<tr>
<td></td>
<td>Product competition (market share)</td>
<td>Greece – Food</td>
</tr>
<tr>
<td>Demand issues</td>
<td>Low demand</td>
<td>Italy – Manufacturing</td>
</tr>
<tr>
<td></td>
<td>Low demand</td>
<td>Italy – Energy 2</td>
</tr>
<tr>
<td></td>
<td>Low demand</td>
<td>Greece – Food</td>
</tr>
<tr>
<td></td>
<td>Collapse of major client</td>
<td>Spain – Manufacturing and business</td>
</tr>
<tr>
<td></td>
<td>Demand for new product line collapse</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Closure of clients, drop in demand</td>
<td>Spain – Business and administration</td>
</tr>
<tr>
<td></td>
<td>Closure of clients, drop in demand</td>
<td>Spain – Transport</td>
</tr>
<tr>
<td></td>
<td>New markets, demand</td>
<td>Belgium – Business and administration</td>
</tr>
<tr>
<td></td>
<td>Low demand</td>
<td>Spain – Hospitality</td>
</tr>
<tr>
<td></td>
<td>Ageing, skills gap</td>
<td>Belgium – Finance</td>
</tr>
<tr>
<td></td>
<td>Ageing, skills gap</td>
<td>Belgium – Construction</td>
</tr>
<tr>
<td></td>
<td>Lack of new skills, IT, efficiency</td>
<td>Belgium – Energy</td>
</tr>
<tr>
<td>HR issues</td>
<td>Absenteeism</td>
<td>Italy – Manufacturing</td>
</tr>
<tr>
<td></td>
<td>Cap on hiring personnel</td>
<td>Italy – Energy 1</td>
</tr>
<tr>
<td></td>
<td>Reduction of employment</td>
<td>Poland – Energy</td>
</tr>
<tr>
<td></td>
<td>Lack of skills</td>
<td>Poland – Manufacturing 2</td>
</tr>
<tr>
<td>Change in business models</td>
<td>Revenue reduction</td>
<td>Italy – Energy 1</td>
</tr>
<tr>
<td></td>
<td>Revenue reduction and adapting business model</td>
<td>Poland – Energy</td>
</tr>
<tr>
<td></td>
<td>Plus economic losses</td>
<td>Poland – Manufacturing 2</td>
</tr>
<tr>
<td></td>
<td>Plus economic losses</td>
<td>Poland – Forestry</td>
</tr>
<tr>
<td></td>
<td>Plus revenue reduction</td>
<td>Greece – Transport 2</td>
</tr>
<tr>
<td></td>
<td>Plus economic losses</td>
<td>Greece – Energy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Poland – Manufacturing 2</td>
</tr>
</tbody>
</table>
Win–win arrangements: Innovative measures through social dialogue at company level

Measures and characteristics

Against the background of external or internal challenges, the companies took a variety of measures. Overall, the measures identified address costs, product, process, organisation issues and employee skills.

The measures presented in Table 3 fall into the following broad categories:

- **HR measures**: such as recruitment, redundancies, reduction of workforce through voluntary redundancies, early retirement or non-recruitment, replacing ageing workforce, new employment contracts, recruiting highly qualified staff, temporary agency work, reduction of working time shifts, health and safety, and training;
- **Work organisation**: such as flexible work organisation (enabling the workforce to become more multifunctional), outsourcing, reduction of management levels, restructuring, job reclassification and incentives;
- **Competitiveness enhancing measures**: such as change of core business, redirection of part of business activities, new business lines, new products, price variation, innovation in products, research and development, new technologies and quality control;
- **Cost efficiency**: such as balanced budgets, reduction of operating costs and wages.

Table 3: Measures used by companies interviewed for this study

<table>
<thead>
<tr>
<th>Country</th>
<th>Company</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>Finance</td>
<td>New recruitment policies, replacing ageing workforce with highly educated young workers, flexibility in work organisation and working time, multi-functional employees</td>
</tr>
<tr>
<td></td>
<td>Business and administration</td>
<td>Staff reduction, employment contract change, changes in work organisation</td>
</tr>
<tr>
<td></td>
<td>Construction</td>
<td>Cost efficiency, outsourcing</td>
</tr>
<tr>
<td></td>
<td>Energy</td>
<td>New job classification, staff reallocation, new technology, outsourcing</td>
</tr>
<tr>
<td>Greece</td>
<td>Food and drink</td>
<td>Research and development/partnership with university, developing new products, targeting young workers</td>
</tr>
<tr>
<td></td>
<td>Transport 1</td>
<td>Reduction of operating costs, rationalisation of services, cuts in staff and wages</td>
</tr>
<tr>
<td></td>
<td>Transport 2</td>
<td>Reduction of operating costs including staff and wages, reduction of management levels</td>
</tr>
<tr>
<td></td>
<td>Energy</td>
<td>Service efficiency, balanced budgets, profitable investments</td>
</tr>
<tr>
<td>Italy</td>
<td>Manufacturing</td>
<td>Flexibility in recruitment policy and working time, bonuses and incentives, hiring temporary agency workers</td>
</tr>
<tr>
<td></td>
<td>Food</td>
<td>Change of core business, new product development processes, new technologies, research and development and quality, training, hiring highly qualified staff, health and safety</td>
</tr>
<tr>
<td></td>
<td>Energy 1</td>
<td>Consolidation of business, restructuring, improving service and product quality and safety levels, reorganisation and training, staff reduction, shifts and working time reduction</td>
</tr>
<tr>
<td></td>
<td>Energy 2</td>
<td>Change of core business activity, reorganisation, hiring highly qualified staff, training, health and safety and environmental safety</td>
</tr>
<tr>
<td>Poland</td>
<td>Manufacturing 2</td>
<td>Consolidation of business after merger, increase of research and development staff, IT improvements, voluntary and some involuntary redundancies, employee assessment system, innovation</td>
</tr>
<tr>
<td></td>
<td>Energy</td>
<td>Consolidation of business after restructuring, joint bipartite working group, training, negotiation of a new collective agreement</td>
</tr>
<tr>
<td></td>
<td>Manufacturing 1</td>
<td>Consolidation of business after ownership transfer</td>
</tr>
<tr>
<td></td>
<td>Forestry</td>
<td>Consolidation of business after restructuring, reorganisation of departments, job responsibilities, titles and working conditions.</td>
</tr>
<tr>
<td>Spain</td>
<td>Manufacturing and business</td>
<td>Targeting new markets activities, strategic agreement, broaden scope of core activities, reorganisation, staff relocation, early retirement</td>
</tr>
<tr>
<td></td>
<td>Business and administration</td>
<td>Employment reduction, redirection of activities and training, working time flexibility, wage freeze</td>
</tr>
<tr>
<td></td>
<td>Transport</td>
<td>Flexibility in work organisation and HR allocation, job reclassification and functional mobility within the same or different job category, new conflict resolution mechanisms</td>
</tr>
<tr>
<td></td>
<td>Hospitality</td>
<td>Marketing and communication measures, recruitment, reduction of working time shifts, working time flexibility, new products, price variation</td>
</tr>
</tbody>
</table>
In line with previous research, a large number of firms have introduced HR-related measures, while a combination of work organisation and competitiveness enhancing measures have also been taken (Eurofound, 2015). Cost-efficiency measures are only taken by a few firms, particularly those struggling with their financial situation.

There is also a sectoral dimension. The group of companies in the energy sector initiated restructuring measures to bring the companies closer to market needs, particularly after market liberalisation. Companies in this group focus on business reorientation and on service efficiency; new technologies form a great part of these initiatives and the organisation of work has changed as a result of these measures. Manufacturing and food companies have invested in research and development with a focus on product innovation, and quality is a major concern. At the same time, HR measures, work organisation and incentives go hand in hand with product improvements. New markets are of particular importance to this group of companies. Service companies have introduced more HR-related initiatives (recruitment or dismissals), training and, to some extent, some business reorientation. A mixed picture is presented in the transport sector cases; some had a strong focus on work organisation making the employees more mobile, while others with more acute financial problems, opted for cost-cutting measures.

Low productivity has been addressed with interventions in terms of working time or working time shifts, prices, organisation of work and HR policies such as recruiting a highly qualified workforce or making the workforce multifunctional.

Cost-cutting measures were introduced when certain revenue streams were closed (broader public sector companies) or when companies chose to gain a competitive advantage with low costs (construction sector).

Measures to increase the quality of products or services, to invest in research and development of products, and expansion to new markets are reported by companies facing demand problems. Often, product competition is linked with change of business and restructuring. Usually these measures are followed by training activities and measures to increase employee qualifications.

Responses to external challenges take the form of reactive or proactive measures depending on the urgency of the challenge and its effect on the company. Survival challenges were addressed with short-term, immediate measures that minimised costs or reduced losses (for instance, the cases of the Spanish small business and administration company and the two Greek transport companies). Companies with a longer-term horizon focused on improvements in products and services, targeting new markets, recruiting highly qualified workers to bridge the skills gap and gain competitive advantage through quality rather than cost. Business reorientation played a big role in securing a stable position in the market and securing jobs. This path was followed by a considerable number of companies such as the Greek and Italian food companies, and the Spanish and Polish manufacturing companies.

While none of these measures are innovative in themselves, they may be new to a company. Often their introduction requires innovative methods of implementation to adapt to the specific needs and culture of the organisation. As the HR literature suggests, the adoption of a practice does not imply its effectiveness (Purcell, 1999; Bryson et al, 2005; Lorenz and Valeyre, 2005). Identical practices can be implemented differently in various workplaces and this can have an impact on employee trust and workforce well-being. As Boxall and Macky (2009) argued, ‘a firm may notionally have a practice in place but in a very demoralised or dysfunctional condition’. Therefore, the processes and the way practices and measures are implemented are of major importance. Measures that have been introduced with the direct participation of staff and/or in consultation with employee representatives lead to superior results (Eurofound, 2015). This issue is discussed in detail in later chapters.
Introduction

To get a better understanding of the implementation of measures and the social dialogue role in response to workplace challenges, this chapter analyses companies’ structures, their information provision, the influence of employees and the workplace climate.

The companies were selected using the ECS 2013 social dialogue typology (Eurofound, 2015). However, workplaces undergo social change and some may now exhibit features that differ from those observed or reported at the time the ECS study was carried out, due to change in management and in management strategies, external pressures, or lack of stressors that previously strained the workplace relationship.

Four ECS social dialogue types were identified, depending on the characteristics of both the employee participation and social dialogue practices. These are:

- extensive employee participation and trusting social dialogue;
- extensive employee participation and conflictual social dialogue;
- moderate employee participation and trusting social dialogue;
- limited employee participation and conflictual social dialogue.

Type 1: Extensive employee participation and trusting social dialogue

Formal and informal social dialogue structures

All companies have in place structures for formal employee representation. Structures are in line with national regulations and legislation and, depending on company size, they may include trade union representatives and works council bodies. In many instances additional bodies, such as health and safety committees, operate in the companies.

Company-level collective agreements are in place in nearly all companies of the type 1 group. In line with expectations, small companies such as the Spanish hospitality company do not have a collective agreement at this level. The company had recently lost the staff representative; however, employees reported that there was still regular feedback from management.

Usually the provisions of company-level agreements are more favourable than in national or sectoral collective agreement. Major changes in terms and conditions are always subject to a collective agreement in the Belgian finance company and the Greek and Italian food and drink companies, and variable forms of pay have been the subject of company-level collective agreements in the Greek food and drink company. Social representation is an inherent part of the Spanish manufacturing and business company, which is a cooperative enterprise.

Restructuring has been a critical issue for the Italian and Polish manufacturing companies, and it would not have been possible without the close cooperation of the management and employee representatives. The management of both companies recognised that the restructuring process would have been ‘very complicated’ without the consent of the trade unions.
In addition to formal collective bargaining, informal social dialogue takes place in all companies, particularly the type 1 group. Informal social dialogue refers to issues brought to discussion by the management or, in some cases, the employees and which are outside the remit of a collective agreement. Those issues are dealt with either by the works council, trade union or other national form of employee representation.

**Voice/influence**
Different participation tools such as joint working groups, consultation sessions, regular meetings, and meetings between HR staff and employee representatives are set up to address issues of common interest and, in particular, measures suggested by management. The finance company in Belgium implements measures through regular meetings to prepare the works council agenda and through follow-up meetings to ensure that decisions are implemented. They also set up several working groups to deal with work issues such as overtime, working time, teleworking, job classification and ageing. When voluntary overtime became a problem with a real risk of burn-out for some employees, HR staff and trade union representatives worked out a system whereby voluntary overtime was reduced. The measures are reported in an official way, presented at the works council, which results in a collective agreement at company level or an amendment to the workers’ protection regulations. Both sides agree that the practical implementation of measures is not always easy and smooth. However, having different opinions on work organisation does not stop the two parties from working together and trying ‘new solutions’ (not necessarily innovative) with the possibility of providing continuous feedback and correct action. Making incremental changes does not necessarily revolutionise the work processes, but it does give them the opportunity to try something new in a concerted way.

The level of employee and employee representative influence is best shown in the Greek food and drink company, where proposals on pricing policy were submitted to the management. The ‘Greekness’ of the product initiative was jointly promoted and implemented. It is indicative that both employees and trade unions feel that the measures and their purpose were fully explained by the management.

Workers are fully informed of all changes in the Italian food and drink company through regular individual meetings to explain the rationale of and relevance of new measures and objectives. Moreover, their influence on strategic choices is considered very important as this is associated with work satisfaction. Business scope enlargement and the need for technological improvement have been made possible through training and upgrading of skills.

Dealing with peaks in production was necessary for the Italian manufacturing company, which introduced internal and external flexibility, and working time flexibility. Absenteeism was thus addressed and product quality controls became a priority. These changes were made possible through cooperation with the trade union, which had great influence on the final schemes and secured good working conditions (such as enhanced pay, bonuses and additional healthcare).

The Belgian business and administration company employees are represented through their works council which holds regular monthly meetings with management. However, the level of information provided by management on measures discussed was not considered adequate and reorganisation, which is an important topic, has not received enough attention and insufficient time has been allocated for discussion. Many of the new measures, such as a results-oriented organisation and a teleworking/remote access organisation were not put forward for discussion with the works council.

The process of implementation of the various measures introduced in the Spanish manufacturing and business company, a cooperative, allowed everyone to voice their concerns, but it was not an easy process. Some of the ‘social measures’ required early retirement for some of its members. Following a lengthy consultation phase, the measures suggested by the governing council were finally approved with compromises by the general assembly of the company. The culture of the company is that decisions are respected by all, no matter how difficult they are.
Win–win arrangements: Innovative measures through social dialogue at company level

A more passive approach is demonstrated through the Spanish hospitality company where management proposals were accepted without debate. Employees accept that management’s position on working time is fixed and, since there is little room for debate, their proposals are simply accepted. This shows that employees have little room to influence decisions affecting their working life.

An interesting case is that of the Polish manufacturing company. A merger had been proposed, but it had the potential to fail; although the two merging companies complemented each other, their workforces had different skills and expertise. However, voluntary redundancies were negotiated and trade unions were willing to recognise this as a satisfactory outcome. The trade unions did not resist the reorganisation; on the contrary, they have been active through social media and other institutional arrangements in support of the changes, also agreeing to a new wage structure to match a ‘flatter’ organisation. Social dialogue practices appear to be politicised in this company.

The vast majority of companies in this group agree that employee representation has high influence in decision-making and that they are regularly consulted. Clear and transparent decision-making, genuine efforts by management to include employees and their representatives, full involvement, sharing of corporate strategy, and participation of individual and provision of input are some of the characteristics of the employee voice.

Trust
A great deal of interest has been expressed by many scholars in the concept of trust (Deutsch, 1958; Fox, 1974; Katz et al, 1983; Gambetta, 1988; Coleman, 1990; Fukuyama, 1995; La Porta et al, 1997). It has also generated interest in organisational studies (Atwater, 1988; Taylor, 1989; Lawler, 1992), since working together involves interdependence and people often depend on others for the accomplishment of personal and organisational goals. Deutsch considered the reasons why one would trust another person. He argues that the ‘individual must have confidence that the other individual has the ability and intention to produce [positive events]’ (Deutsch, 1958, p. 125). Lawler (1992) saw the link between participative forms of management and trust.

Working together at workplace level, and having the confidence that good results will come out of this relationship, requires more than cooperation. Trust has been a very distinctive feature of workplaces in type 1 (extensive and trusting) of social dialogue. Both management and employee representatives of the Greek and Italian food firms and the Spanish manufacturing and business firm speak highly of their relationships with each other. Moreover, trust is explicitly mentioned when describing their working relationship.

Participation of the Greek employees and their representatives in strategic decisions such as product pricing policies necessitates recognition as a trusting partner. Equally, recognising the lack of financial liquidity in the national economy and its impact on their employees, the company allocated part of its cash flow to its employees and gave higher non-monetary rewards than those laid down in the national collective agreement. As a multinational company that has several subsidiaries in other parts of the world, it is to be expected that similar workplace practices are applied in all its facilities. However, participants in the management interview say that this particular establishment shows much higher employee satisfaction and performs better than the others. The two sides keep each other fully informed of developments on the floor and describe their relationship as one of ‘mutual trust’.

Decisions in the Spanish manufacturing and business firm are not taken without ensuring that all members are happy with and abide by them. Difficult measures that would secure the organisation’s sustainability are taken knowing that no other possible alternatives are viable and all options have been examined jointly. This approach leaves no traces of suspicion about the management intentions. Despite long and sometimes conflictual discussions, the adopted measures are respected by all and have a special ‘social sensitivity’ as these measures are approved by colleagues for other colleagues.
Transparent management and proactive employee representation play a big role in developing a trusting relationship in the Italian manufacturing firm. Management and the works council adopt joint solutions through consensus. Flexibility plans have been made possible, say interviewees, because ‘any sacrifice has gone hand in hand with pay increases’. Full cooperation of the two sides and the greatest respect for the roles of each party are some of the features of the working relationship in the firm.

Dialogue is a great starting point. We are keen to keep a positive relationship without looking for disputes but trying to exploit dialogue with a view to seek solutions. This has been possible because the management does not impose decisions but rather seek to discuss on improving its proposals.

(Employee representative of Italian manufacturing company)

Work climate
The research looked for evidence of the overall work climate and views were sought from both sides. The Greek food and drink company described the work climate in very positive terms – a strong team spirit, work environment consistently high (as shown in employee surveys) and low staff turnover. This was best demonstrated in the cash payment of salaries at a time when the country was faced with bank controls and limits were placed on cash withdrawals of €50 a week. Families were supported with cash injections to facilitate payments of necessary bills such as rents and schools.

Avoiding unrest was considered one of the achievements of social dialogue in the Belgian energy company. In type 1 companies, positive quotes from interviewees included ‘excellent relations’, ‘shared solutions’, ‘one to one relationships’ ‘fluid social dialogue’ and ‘transparency, predictability’.

In the Belgian business and administration company, the handling of its restructuring process and a dramatic change of contractual arrangements – for instance, some permanent contracts were turned into temporary – proved critical for the worsening of the work climate. A certain proportion of employees lost their jobs and others were only told that they had been reassigned to other tasks on the day they began their new roles (according to employee representative reports). On the evidence of the staff survey, management believe that staff appreciated working for the company. However, the two sides could not agree on the measures.

Most of the companies in type 1 are associated with positive expected benefits for organisation and employees. The three companies with less positive outcomes for employees are the Belgian business and administration (limited involvement, rationale for reorganisation measures not explained, tensions), the Spanish hospitality company (salary reductions, poor social dialogue) and Polish manufacturing (some employees more negatively affected by the measures than others).

Type 2: Extensive employee participation and conflictual social dialogue

Formal and informal social dialogue structures
All companies in the type 2 group have structures for employee representation in line with national legislation. Additionally, local (company) collective agreements are concluded at this level.

Tight public sector finances and the market regulations on utilities made a change of business structure imperative in the Italian energy company with some effects on collective bargaining. For instance, collective agreements have not been renewed since 2012 while restructuring of the company has been taking place in phases. Similarly, the Greek transport sector company is faced with analogous challenges to those posed by the rationalisation of public services and staff reductions, and much higher accumulated losses. Negotiations in the Greek transport company are always centred around pay, with other issues not featuring much on the agenda.
In the Belgian construction sector company, structures for social dialogue are present and, due to the size of the company, a health and safety committee is operational in different sites. Negotiations in the construction company are not easy and even on the apparently minor issue of ear plugs, it took three years to reach agreement.

Restructuring has been a critical issue for the Polish energy companies and these measures would not have been possible without the close cooperation of the management and employee representatives. Multinationals usually import the practices of the parent company, and this has been the case in the Polish energy sector. A highly developed structure for social dialogue was introduced with a code to guide engagement in meaningful and productive social dialogue. Hence, trade union pluralism in the Polish energy sector did not make it difficult for the new management to conclude agreements.

In the Spanish transport company, employee representatives say that agreements reached ensure competitiveness and sustainability. At the timing of writing this report, a new collective agreement was being negotiated with a view to unifying the regulations of working conditions across the companies. Since 1991 a company collective agreement has been in place in the Spanish transport company, valid for three to five years. Strong trade unions with solid bargaining positions have been heavily involved in the negotiations with management in coordination with other trade unions.

Two companies, the Polish energy and the Spanish transport firms, when first interviewed in 2013 had social dialogue practices that matched all the characteristics of type 2. However, since then a change in management and culture, negotiation strategies and attitudes of employee representatives has developed a trusting social dialogue.

Informal social dialogue is also commonplace in these companies, where the two sides can hold ad hoc meetings to discuss emerging issues outside the remit of formal negotiations.

Voice/influence
Works councils and joint trade union and management meetings can be scheduled regularly and are used as sounding boards for issues of common interest. Additionally, there are informal communication channels such as emails and the publication of minutes in public places. Different communication tools are put in place by the Belgian construction company to facilitate dialogue, such as ‘toolbox’ meetings, the ‘power barometer’ and suggestion boxes. Construction sites are awarded the accolade of ‘Site of the month’, taking into account indicators such as safety, quality and efficiency, with workers at the site getting a small prize (such as pizza for all). However, limited influence in terms of working conditions and other business strategy issues is experienced in this construction company. The employee representative pointed out that the toolbox meetings are not effective (‘nobody talks’) due to management presence and the suggestion boxes are empty. Cost efficiency is likely to be achieved as subcontracting makes implementation faster, but sometimes the substandard quality of subcontractors’ work or skills presents a risk which may have significant impact on the company and its manager–worker relations.

While structures for voice have usually been put in place in type 2 companies, the employee representation of these companies seems to have little influence on decisions affecting the workplace. The Italian energy trade unions claimed that the consultation time dedicated to the restructuring of the company was inadequate. Measures such as reorganisation, early retirement, redundancies, work reduction, shift time reduction, staff reduction and a wage freeze faced strong resistance from staff. Workers’ attitudes changed following the privatisation of the company. The current participation structures and the way issues are handled leave very little room for employee influence.

Representatives of the Greek transport company have a voice on the board but there seems to be a lack of communication and agreement between the two sides. The implementation of the measures was followed by strikes. At the time of the research interviews, the Greek trade unions had agreed to conclude a collective agreement without pay and staff recruitment provisions which had traditionally been on their agenda prior to 2012.
The situation the Polish energy employees found themselves in after a long conflictual relationship with the previous management has been characterised by involvement, consultation on all major decisions and respect. New institutions of employee participation have been set up and both sides have been determined to learn from the mistakes of the past. One challenge that had stifled dialogue in the past and created an adversarial climate was the handling of the restructuring process by the previous management, assigning the process to an external contractor who ignored the voice of employees. That had a damaging effect on workplace peace and operations continuity. To avoid similar events happening again, dedicated bodies of employees and managers were set up to discuss the new corporate social responsibility policy. The participation of Polish employees in the European Works Council (EWC) also provides an opportunity for influencing global corporate decisions. Collective agreements and other types of agreements have been concluded to regulate pay and working conditions and operationalise other company decisions.

Trust
Trust is very low on both sides in all type 2 companies and – in extreme situations – this is reflected in unrest, as in the complete breakdown of communication in the case of the Greek transport company. The only exceptions are the Polish energy and Spanish transport companies which have developed a relationship of trust in recent years, observed in the follow-up study to this research. Changes in management practices have had a big impact on the way the two sides conduct themselves and work with each other. Learning how to negotiate and on what issues improves both the negotiating skills of negotiators and the effectiveness of their work. This was achieved through a number of participation initiatives, including the ‘social academy’ introduced for managers and trade unions.

Work climate
Tensions were evident in the two Italian and Greek companies in this group, created by job insecurity and uncertainty about the future as government decisions affected local management and policy making.

The provision of training in the Belgian construction company was not taken up by employees and this may have an impact on the skills of its workers.

Polarisation of views about what is good for the company is common in all type 2 companies, with management expectations being that rapid changes need to be introduced to fix either battered finances, loss of business (the energy and transport cases) or increase profitability and lower costs (the construction case).

The management of the Greek transport company said that in order for social dialogue to work effectively, the employee representative bodies needed to take into account the realities of policymaking and the limitations of business structures. The employees said they did not trust the goodwill of management and believed it was using the ambiguities of the legislative system to avoid genuine social dialogue.

Employees of the Belgian construction company see outsourcing and its effects as a threat to their jobs and view a lack of genuine communication as a deterrent to constructive social dialogue. Employees of the Italian energy company and the Greek transport companies see counteracting the government’s influence on utilities and public services as necessary for independent social dialogue. Overall, conflictual social dialogue is observed in all the above cases.

The company culture in the Polish energy company changed significantly after its takeover by a multinational company. Employees confirmed that the new employer went beyond the national requirements for employee representation and created company-specific institutions and procedures whose effects are fully appreciated by both sides. Stability in the company and understanding of the change process are some of the positive effects mentioned.
Structures are important for allowing a framework for social dialogue at company level, but the actual function and perceptions of the parties make it work successfully – or not. This is well illustrated in the Spanish transport sector company which confirms that management with a positive attitude towards social dialogue and strong negotiation skills of workers’ representatives, as well as strong representation in the workforce, does make a difference in the functioning of social dialogue.

**Type 3: Limited employee participation and trusting social dialogue**

**Formal and informal social dialogue structures**

Formal structures for social dialogue are present in all companies. Employee representatives are represented through trade unions (sometimes more than one) or works councils, or both, and in the case of small companies (such as the Spanish business and administration company) through workers’ delegates. The majority of the companies in this type do conclude company-level agreements, while at sectoral level agreements may regulate issues such as variable pay (for example, the one in the Italian energy sector). All type 3 companies in this research have recently been through some form of restructuring, change of ownership or reorganisation. This has been the subject of intense discussion within the relevant firm-level social dialogue structures, although these talks were not part of the local collective agreement. This is particularly evident in the case of the three energy companies from Belgium, Greece and Italy.

It seems a more traditional collective bargaining agenda, focusing mainly on pay, was pursued by the Greek energy company trade unions. But against the background of public financial targets they had no success. With non-pay issues now dealt with by the sectoral collective agreement, the trade unions see little scope (or interest) in company-level negotiations.

Small companies, such as the Spanish business and administration firm, have their general terms and conditions regulated through a provincial collective agreement. However, better conditions are usually agreed at firm level – particularly better pay and health insurance. In line with expectations, small companies like this one do not have a collective agreement at this level. When the company’s survival was threatened by the financial crisis, immediate measures were introduced after discussions with worker delegates and staff.

**Voice/influence**

Legal provisions on information and consultation of employees have reportedly been respected at firm level. Changes in business activities (the Belgian and Italian energy companies) and a merger (the Polish manufacturing company) have been the subject of local discussions with trade unions that secured a consensus on the changes. Their stance was critical for the success of the measures and the future of both companies.

The Belgian employee representatives agreed that wide consultation had been used and the measures were the subject of a collective agreement. This process may (admittedly) take time, but both sides recognised that it avoids employee dissatisfaction and unrest. At the time the research was being carried out, wage negotiations were underway whose successful conclusion would signal the end of a process of deep transformation. Job classification and technological improvements are key for the efficiency of the service. The Italian energy company’s trade unions monitored the change and the internal mobility to ensure that this was run smoothly for both sides. Radical changes have been implemented since the management reoriented the business from oil to wind-generated electricity. Despite difficulties, changes have been introduced through broad consensus and (overall) both sides positively assess the social dialogue process. However, the management of the Greek energy company and its employee representative agreed that government intervention complicates the running of the business and social dialogue process. With pay being a major issue in all negotiations, it appeared that its exclusion from recent negotiation rounds had affected the management–employee relationship,
particularly in traditional social dialogue settings. At the same time, the employee representatives of the Greek energy company admitted that management had made genuine efforts to include the employees and their representatives in decision-making.

A major acquisition exercise in the Polish manufacturing company initiated by a German company was an impetus for setting up social dialogue structures and initiating proceedings for future collective agreements. Polish trade unions approached IG Metall (the German trade union in this sector) and the EWC with a view to laying the foundations for union cooperation across borders. The process of acquisition was kept confidential and neither local management nor trade unions had detailed information until the deal was sealed. The formal announcement triggered the involvement of the local works council and trade unions in negotiating new terms and conditions and the setting up of social dialogue structures similar to the ones that are in place in the German acquiring company.

In the type 3 Spanish business and administration company, the role of the worker delegate is to monitor the implementation of the sectoral collective agreement and assign holiday leave. Information and consultation rules are not exercised formally, as in larger companies, but information is reported to staff by the worker delegate. Employees are given regular information about the company’s employment situation and, in regular meetings, the head of the finance department gives information about the financial and economic situation of the company.

**Trust**

Most of the companies demonstrate elements of trust that run through the working relationship between management and employee representatives. Both the management and employee representatives of the Greek energy company agree that more autonomy in running the local business would improve their situation. A court case about their workers’ pay reduction was brought against the government and not the local management. Good communication and a climate of trust are some features of this organisation, despite the pay disagreement which was seen on both sides as an external decision beyond the control of management and employee representatives. In the same vein, in the Italian type 3 energy company, both sides share the same goals about the change of business and priorities.

The most extreme case is that of the Spanish business and administration firm whose size appears to play a big role in the management, staff and employee representative relationship. When the management announced its decision to dismiss two people, it held a lengthy discussion with staff and the decision was not challenged. The employee representative considered that in view of the extreme situation, further negotiations would be unlikely to present any other options and trusted the decision. Others in the group mention good mutual communication even when the parties hold different opinions (for instance, the Belgian energy company).

**Work climate**

Securing jobs and positive outcomes for the company has been appreciated by both sides of the Greek energy company and their Italian counterparts see clearly the positive results of social dialogue. Employees of the Italian company agree that the management pays great attention to the employees. The climate can be, at times, more positive than at others due to a difference in emphasis. The Italian trade union observes that management sometimes puts the importance of profitability ahead of all other considerations. Overall, however, the relationship works well for both sides. Similarly, the management admitted that the change of business had resulted in some increase in stress and work pace, but it recognises the efforts of employees and had put in place incentive systems and extensive training activities. With the merger and acquisition process underway in the Polish company, hopes were raised that working conditions would improve when the dust had settled. Employees of the Spanish company, hoping that the worst of the crisis was over and that the measures would hold, said they shared a positive work climate with each other and with the management of this family company.
Type 4: Limited employee participation and conflictual social dialogue

Formal and informal social dialogue structures

Official employee representation structures have been in place in the two companies with type 4 social dialogue; the Greek transport company and the Polish forestry company. At the Greek transport company, trade unions have a seat on the board and a company collective agreement is in place. Until now, the most recent collective agreement had been signed in 2014 and included no provisions on pay; management considered this a success for management, while employee representatives saw it as the ‘lesser of two evils’. The alternative would have been widespread job losses. The Polish forestry company has been reshaping its organisation and redefining the consultation process, with the trade unions active in the company all involved in the broad consultation process launched before reorganisation. In the same way as the Greek transport case, the reorganisation was also agreed to be the ‘lesser of two evils’.

Voice/influence

Information and consultation is in line with legal obligations. Local negotiations in the Greek transport company secured a slower pay reduction rate and/or continuation of allowances and benefits. Board-level participation does not seem to lead to a shared understanding of the company challenges and goals and voice is not effective.

The new CEO of the Polish forestry company introduced a new broad-based consultation procedure ahead of the reorganisation of the company involving, among others, the local trade unions, NGOs and government ministries. Trade unions have been consulted on the overall scheme, job titles and working conditions of employees, but overall it was felt that they did not have a significant influence on the final decisions.

Trust

Low levels of trust were observed in both cases.

Work climate

Tensions in the Greek company that led to strikes in 2010 and 2011 remained evident. The Greek management recognised that the company’s revenues were still dependent on public grants and a stringent plan to reduce staff through natural attrition (no layoffs), cut salaries and iron out economic problems was put in place. Employee representatives considered the outcomes of negotiations successful even if the outcomes for employees were modest. However, there was no shared appreciation of the company challenges which made negotiations difficult.

No salary cuts and layoffs had been imposed on the forestry company workers, but some managers lost their positions during the reorganisation. Appreciating that there were limited options for employees in the local labour market, the trade unions viewed the new company organisation as viable and, again, as the ‘lesser of two evils’.

Conclusions

Use of structures and actual practices

In organisation and industrial relations literature, it is often argued that having structures in place is the first step towards implementing certain work practices. However, the evidence here suggests that even when a structure or practice is in place it may not be successfully implemented or even used. The significant factor in making structures or practices effective is how they are implemented. Moreover, implementation relies on several conditions such as communication, time and, ultimately, mutual trust.
Negotiating processes

This section explores the extent to which distributive or integrative bargaining or negotiations are used by the companies in this study.

**Distributive bargaining** attempts to resolve conflicts of interest usually allocating fixed-sum gains (or losses) to parties. Power relations are largely at play in this form of bargaining. The reason that this is of particular interest to this research is because the type of negotiations used usually sets the tone in the management–trade union interactions (Kochan et al, 1984; Zagelmayer, 2001; Roche and Teague, 2015).

**Integrative bargaining** is used to find common solutions, solve common problems or agree on issues that are of interest to both sides. The two parties exchange good quality information and try to explore how their interests can be fulfilled.

Integrative bargaining is more likely to lead to cooperation and some forms of partnership than distributive bargaining. A higher incidence of distributive bargaining may lead to polarisation at the workplace level, and create situations where wins for one side lead to losses for the other. Most of the companies in this study have used the integrative type, either on its own or in combination with some form of distributive bargaining.

It should also be noted that, while not all companies introduced changes through formal collective agreements, social dialogue was used and its features resembled those of the integrative or distributive collective bargaining.

**Change in the negotiation agenda**

Comparing the post-crisis negotiation agenda to the topics negotiated before, it can be seen that many of the topics were already emerging pre-2008. However, since 2010, when the economic downturn took hold, negotiations on those topics have intensified. Job classification and wage adjustment were on the agenda before and after the crisis in the finance and energy companies in Belgium. Similarly, subcontracting has always been an issue for the construction sector company, but since 2009, this has become a major issue for both sides.

Some of the companies that indicated that back in 2010 the agenda was more or less ‘business as usual’ now seem to be faced with serious challenges and drastic measures have been on the negotiating table. These include the Belgian and Spanish business and administration companies, and the Greek transport and energy companies.

For other companies in the energy sector, such as the Italian energy company, the traditional agenda before the crisis included issues such as work shifts and on-call duties. The agenda now has radically changed to issues such as the reduction of operating costs and efficiency.

The food sector companies have not seen any major change in their negotiation topics. The Italian food company notes that whereas prior to the crisis the main concern had been growth in size, now quality and adoption of new technologies to improve productivity are at the core of their measures and negotiations.

Table 4 classifies the case studies according to the three types of negotiating process identified.
Table 4: Negotiating process adopted by case study companies

<table>
<thead>
<tr>
<th>Distributive bargaining</th>
<th>Integrative bargaining</th>
<th>Combination of two types</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction (Belgium)</td>
<td>Finance (Belgium)</td>
<td>Energy (Greece)</td>
</tr>
<tr>
<td>Transport 1 (Greece)</td>
<td>Food and drink (Greece)</td>
<td>Forestry (Poland)</td>
</tr>
<tr>
<td>Transport 2 (Greece)</td>
<td>Energy (Belgium)</td>
<td>Manufacturing 1 (Poland)</td>
</tr>
<tr>
<td>Business and administration (Belgium)</td>
<td>Manufacturing (Italy)</td>
<td>Hospitality (Spain)</td>
</tr>
<tr>
<td>Energy (Italy)</td>
<td>Food and drink (Italy)</td>
<td>Manufacturing 2 (Poland)</td>
</tr>
<tr>
<td></td>
<td>Energy 2 (Italy)</td>
<td>Business and administration (Spain)</td>
</tr>
<tr>
<td></td>
<td>Manufacturing and business (Spain)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transport (Spain)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Energy (Poland)</td>
<td></td>
</tr>
</tbody>
</table>

Distributive bargaining
In companies where distributive bargaining was the predominant form of bargaining, social dialogue structures were largely used strictly in line with national regulations. Some of the features of distributive bargaining include well-organised trade unions, collective bargaining and weak forms of cooperation between management and trade unions. Among the companies that participated in this study, three companies used this form of bargaining: the two Greek transport companies and the Belgian construction company; all are characterised by tension between management and employees and the two Greek companies have a history of unrest. In all three cases, trade unions are well organised and have been accustomed to take part in negotiations and play a role in other representative institutions. In these companies, cooperative approaches do not appear to be the vehicle for solving business and financial pressures through social dialogue.

Integrative bargaining
Some of the features of this type of bargaining include trade union presence, collective bargaining and cooperative relations (Glassner et al, 2011). Integrative bargaining is the most common type used by the type 1 social dialogue companies. A good number of companies follow this path, many of them from the energy sector. Users of integrative bargaining are also composed of a mixture of crisis-affected sectors and less affected sectors. Food sector companies have followed the integrative bargaining route, as would be expected for this trusting type of social dialogue, and given the good market conditions for their products.

No measures were implemented in the Belgian energy company without collective agreement at company level. Both sides agree that this approach may take time, but avoids unrest and maintains good relationships with the staff. The shared gains approach is promoted by the management and employee representatives of the company and all work organisation measures have been subject to social dialogue. During the negotiations, a management proposal to withdraw overtime pay prompted a counter-proposal from the trade unions to drop performance-related pay (a ‘quid pro quo’ suggestion). This mode of interaction has worked well for both parties.

Following the change in the management strategies of the Spanish transport and the Polish energy companies, this form of bargaining was employed by those organisations as well.

Combination of distributive and integrative bargaining
A mixture of principally integrative bargaining combined with some elements of distributive bargaining (when it comes to wage negotiation) is present in the Greek energy company and the Spanish business and administration company. While all aspects of negotiations appear to follow the integrative path, the issue of wages is left out of negotiations as a ‘take it or leave it’ option. Even so, this has not provoked industrial action because the climate between the two sides is otherwise positive and there is a shared understanding of the impact of the government’s actions on business decisions.
Similarly, the Spanish company reduced wages without negotiations since this was a question of survival after the company had lost a significant share of its customer base.

A range of factors, such as the regulatory framework (Italian energy), the financial situation (Belgian business and administration), efficiency considerations (Polish forestry) and the need for urgent action, contributed to the choice of bargaining type in all three of these cases. While social dialogue structures had long been in place in the Italian and Belgian companies, when the recent measures were discussed, social dialogue played only a small role because the landscape and market conditions had changed so dramatically for them. The Polish forestry case is more an employer’s story rather than a meaningful social dialogue story, since the influence of employee representation was rather limited. Employees were consulted, but in the end the narrative remained unchanged. Employees did, however, secure their jobs and this brought some satisfaction given that a weak local labour market offered few alternative jobs. The companies in this group mostly fall into social dialogue type 1 and type 3, but two companies (Italian energy and Polish forestry) belong to type 2 and type 4 respectively.

**Strategies**

These section deals with the way companies decide to tackle new challenges through a series of measures intended to achieve objectives such as higher performance, efficiency of services, increased productivity or a greater market share.

As expected, the change strategies used by the companies differ.

**Strategy 1: Fostering**

As expected, and in line with the theoretical model, the change strategies used by the companies differ. The majority of the ‘trusting’ social dialogue firms (type 1 and type 3) used principally fostering strategies. These companies employed a number of instruments and created a culture of cooperation and open communication that facilitated the implementation of change and new measures to deal with business challenges. Most of the companies in this group, but also across the cases, have faced issues with efficiency, productivity, finances and loss of business due to the recent economic crisis. However, they also had structural problems and difficulties coping with major changes in the regulatory framework as it affected their business activities. The fostering group companies introduced measures that were often conventional and implemented in ways that allowed business continuity, cooperation with the workforce, participation of staff and employee representation in decision-making and implementation.

Even when the measures required complete rethinking of job specifications, work organisation and flattening of hierarchy or flexibility of working time, and where opinions differed between the management, the trade unions or works councils and indeed the employees themselves, implementation came only after extensive consultation.

Some of the tools used included joint working groups, regular meetings of HR staff with employee representatives, line management–employee meetings, regular staff surveys and follow-up. Joint groups worked on improving initial management proposals and bringing in the employee perspective on work-related issues. Compromises were reached from both sides, mostly without workplace conflict. The use of fostering strategies in these companies builds on a tradition of a good cooperation between management and employee representatives.

Crisis-induced actions run through all cases and HR-focused measures such as staff reductions or reconfiguration of HR policies were sought by company management. However, this group did not implement forced redundancies. Instead, employment security was pursued through integrative bargaining. The only exception was a small Spanish company with 11 staff members which faced the risk of immediate closure.
Another common feature of these companies’ strategies is that human capital investments, training and skills improvement were widely provided. The food and drink companies in Greece and Italy combined training with other measures such as research and development, quality improvement, and health and safety training. Employees of the Greek food company actively participated in ‘knowledge initiatives’ bringing them closer to suppliers and other partners in order to develop a shared understanding of needs and responses. Additionally, training on soft skills and communication, particularly when this is part of a fundamental business change (change of business activities), has been of the utmost importance to the Italian energy sector company’s management and employees.

New negotiation strategies by the new management of the Polish energy company and the Spanish transport sector company (both type 2 social dialogue) moved the two companies outside the constrained and unproductive social dialogue climate they had been trapped in. While all the companies provide access to job-specific training, the Polish energy management and employee representatives participate in a form of process-related training. The ‘Social Academy’ initiative was set up to bring both parties together for training in how to negotiate effectively within the company. This initiative was judged to be successful by both sides. The management were eager to achieve workplace peace and service efficiency, and so promoted a fostering approach. Efforts made to revive social dialogue and trust included ensuring that lessons were learned from past mistakes, setting the foundations for employee participation at workplace level, and giving the workforce access to global business activities through their participation in the EWC.

In the Spanish transport company, getting to grips with the negative effects of the economic crisis on the company demanded long and painful negotiations. The management was determined to address an overcapacity problem that had been identified back in 2011. This demanded work organisation changes that were not easy for the trade unions to accept and this led to tensions between the parties. When both management and trade unions arrived at an understanding of the practical implications of the situation for the company and its employees, they agreed on a different approach. Instead of forcing redundancies, a collective agreement with the trade unions made it possible for the company to reduce its staffing levels through retirement, and to reclassify jobs. The entire workforce was also given access to training and certificated qualifications. They would also be able to move between professional groups and acquire a more versatile range of skills.

**Strategy 2: Forcing and escaping**

Companies that largely use a mixture of forcing and escaping strategies, with some elements of fostering, are mostly found in social dialogue type 2 and type 4, where social dialogue is largely conflictual.

Escaping and forcing has been used by the two Greek transport companies (in which the state has some stake) and one Belgian construction company. Being in a critical financial situation, the focus of the Greek companies’ efforts was on reducing losses, reducing investment and implementing government instructions to cut personnel and wages. Both companies had adversarial forms of social dialogue and features of mistrust and lack of communication were observed. Their managements implemented and enforced government decisions, while the trade unions resisted the changes and distrusted them.

Management in the Belgian construction company was keen to reduce costs and outsourced part of its work, often without explanation to staff. Works councils meetings were used as a forum to provide the minimum amount of information, and strategies were not presented or explained. Avoidance of contact with employee representatives unless legally required, combined with threats of further outsourcing, confirmed that the management’s strategy fell into the ‘escaping’ category. Management said that the workforce had shown little interest in taking up training and staff had resisted changes because they apparently did not understand the rationale behind them. Negotiations on working conditions were protracted because the management considered that employees and their representatives were ‘trying to get more and more without considering the best interests of the company’. The employee representatives said that
proposals for improving health and safety (such as appropriate equipment for workers) had taken three years to be adopted. In this climate, practices intended to encourage participation, such as suggestion boxes and opinion-sharing meetings, did not have the impact expected. Compressed costs and timely execution of work seem to be accomplished, to some extent, but with internal tensions.

The Belgian business and administration company with type 1 social dialogue also mostly used escaping strategies, avoiding dealings with trade unions and only consulting strictly in line with legal obligations, although it had used some elements of fostering strategy. It is telling that both sides recognised the need for reorganisation and yet there was no agreement on the strategies and measures to be pursued in order to achieve this. Jobs were cut and participation of employees in the process was minimal. The management had to respond to a radically changed external business environment with reduced resources and subsidies, forced redundancies and reorganisation of the workforce, while avoiding contact with works councils and using limited consultation processes.

However, the formal employee representation of both Belgian companies described here did not resort to the forcing strategy of industrial action because they appreciated the challenges faced by these firms; however, they did not necessarily approve of the managements’ responses. The Belgian trade union representative of the business and administration company confirmed that the need for reorganisation was recognized, but the trade union took issue with management’s top-down approach.

Strategy 3: Combining fostering and forcing

The ability to use fostering strategies can be constrained by the urgency demanded by some situations such as cost pressures, mergers or survival of the organisation. Some of the type 1 and type 3 social dialogue companies had been confronted with such issues. In the case of the Polish manufacturing 2 company and its proposed merger, the managements involved used both fostering and forcing strategies to ensure that the two companies would operate as a single organisation, boosting innovation in the production and differentiation strategies.

A further constraint on fostering strategies is the role of external factors in the decision-making. The case of the Greek energy company with type 3 social dialogue demonstrates how decisions affecting the company may be beyond the reach of local negotiators and yet can have a direct impact on the workplace climate and management strategies. Trade unions in this company were clear that their response – an attempt to use the forcing strategy of industrial action – was a protest against the government and not the management of the company. Unions and management, meanwhile, continued to trust each other and work well.

In the small Spanish business and administration company (type 3 social dialogue), close cooperation between management and employees continued even after job losses were announced by the management. The staff and the employee representative agreed to the losses, trading the jobs for further training, upskilling and job security for the remaining staff.

Forcing strategies with some elements of fostering strategies were employed by the Italian energy 2 and Polish forestry companies. As with the Greek energy company, the Italian energy company was controlled by local authorities and faced the challenge of new regulations designed to introduce more competition into the sector. Restructuring measures, including reduction of staff and a wage freeze, were met with resistance from the staff and the relationship between employees and management deteriorated significantly. While employees’ representatives and management still worked together in meetings, there was less room for agreement; in particular, the collective agreement had not been renewed and other terms and conditions had been unilaterally amended.
What distinguishes the outcomes of this case from the Greek case seems to be the attitude of the management and their proximity to the trade union and employees. Additionally, the Greek management, in line with existing regulations, did not force redundancies. Another factor is the size of the two companies; the Greek company is relatively small, employing just 60 people, while the Italian company employs five times that number.

In the Polish forestry company, the influence of employee representatives on decision-making was considered to be slight. It was acknowledged that the new management had laid the foundations for social dialogue in the company, but on their own terms. Being a key employer in an area where labour market demand is quite weak strengthened the company’s negotiating position. This played a role in the trade union’s acceptance of all changes.

**Forces shaping the negotiators’ positions**

Several factors can shape the negotiators’ choices and positions; they can be external as well as internal ones.

**External factors**

External factors may influence management and trade unions’ choice of strategies, such as the industrial relations institutions of the country concerned or the economic and employment situation.

**National industrial relations institutions**

Three important aspects of industrial relations may have an influence on company-level social dialogue and collective bargaining. One is the existence of multi-employer or single-employer collective bargaining structures. If multi-employer bargaining is the predominant form of bargaining, then unilateral forms of single employer regulations are reduced. In multi-employer structures, general frameworks are set that provide guidance for company-level bargaining. This offers the possibility of collective agreement articulation that provide some form of coordination.

For the companies involved in this research, multi-employer collective bargaining is in place in all of them and at different levels – intersectoral, sectoral, regional and company. Sector-level collective bargaining is not fully developed in Poland and therefore plays a limited role in coordinating with the company level (or the level above).

A tendency for growing decentralisation to the company level brings to the fore the issue of coordination of the company level with the levels above. In a recent study Braakmann and Brandl (2016) argued that, the level of collective bargaining and the degree of integrative interaction at the same, and on different levels, affect the performance of companies. In three out of five of the countries participating in this research (Greece, Poland and Spain), the system of articulation is underdeveloped. For instance, in Spain social dialogue practices and the collective bargaining system have been strongly affected by the crisis. Since 2011, the government has unilaterally reformed collective bargaining rules to promote the decentralisation of collective bargaining and increase the flexibility of companies to change work arrangements. Company-level collective agreements were given priority over multi-employer agreements and companies were enabled to unilaterally change working conditions and temporarily opt out of collective agreements. This can make the coordination efforts of the employers and trade unions of the country concerned very difficult and secures very different outcomes.

It is indicative that changes in ownership in the Polish manufacturing company raised a number of issues with trade unions that had demanded solidarity at both branch level and EWC level. Belgium and Italy, however, do have articulation mechanisms in place. The research data available does not allow analysis of the articulation of the various levels, but previous research has shown that this articulation has an influence on company-level social dialogue.
Win–win arrangements: Innovative measures through social dialogue at company level

Economic conditions

The economic conditions in which companies operate and social dialogue is conducted can influence negotiators’ choices. Concession bargaining is more likely to emerge when macroeconomic conditions are not favourable (Roche et al, 2015). The public finances of Belgium, Greece, Italy and Spain have been severely battered by the economic crisis, but this is less the case in Poland. In all five countries, the crisis is continuing to have an impact on each country’s economic performance.

Gross domestic product (GDP) declined during the period of the crisis in all of them. The most substantial decrease in GDP occurred in Greece where, for six consecutive years (2008–2013), GDP declined by an accumulated 23.5%.

Unemployment increased in all countries. In Belgium, the unemployment rate in 2014 stood at 8.5% with a higher share of men being unemployed than women. The unemployment rate for Greece was 26.5% in 2014, and in Spain 24.5%. In Italy, the 2014 unemployment rate was roughly half that of Greece and Spain at 12.7%, which might be due to a slightly lower youth unemployment rate, although sustained youth unemployment is a challenge for all five countries. In 2014, the youth unemployment rates in Belgium and in Poland were around 23%, exceeding 50% in Spain (59%) and Greece (52%). In Italy, the youth unemployment rate was 42%. In southern European countries, the challenge of bringing (on average) every second young person into employment will persist for years to come.

Market regulation and adjustment

Labour market and product market regulations have been introduced in many countries. Certain sectors, such as energy (one of the sectors represented in this research) have seen regulations implemented to introduce more competition and better prices. This is indeed noticeable, as all of the companies in this sector that participated in this study follow a certain pattern, taking measures to adjust aspects of their business such as contracting practices, employment and finances. Evidently, sectors such as construction, transport and manufacturing have been hard hit. In the wake of the global banking crisis, financial services have seen a lot of reorganisation. Services have also felt the impacts of the crisis, particularly if they have been linked with any of the above sectors or part of the public sector. Public sector services have generally felt the effects of budget tightening and reduction of investment. Food and drink, however, have not been particularly impacted by the economic crisis.

Forces shaping the negotiators’ positions at workplace level

The decisions companies make to tackle new challenges are translated into strategies, which are not made in a vacuum but dictated by underlying factors and shaped by the interactions between the two sides. Negotiation theory examines the forces that drive those choices and suggests that two broad considerations should be taken into account:

- the anticipated desirability of the objectives to be pursued through the various measures the companies introduce;
- the anticipated feasibility of successfully using the chosen measures.

In other words, considerations around the desirability of objectives for both management and employee representatives will take into account their positions on the objective itself. The management position on which strategy to pursue internally – whether to foster a strategy with works councils or trade unions or whether to opt for a forcing strategy – will be influenced by the priority they assign to their main objective. Similarly, the employees’ side would consider what those objectives require of employees before they make a decision for cooperation with management. If the issues for discussion pursued by management are controversial or if there is strong conflict of interest, then they are likely to choose forcing strategies. In the same vein, if the trade unions consider that what is required of employees goes against the principles and mandate of their constituency, they may resort to forcing through industrial action.
Win–win arrangements: Innovative measures through social dialogue at company level

Often, positions on strategies and tactics are shaped by their feasibility – how likely are they to succeed. This brings some crucial considerations into play, such as whether either side has the power to force measures and, more importantly, the extent to which the two sides trust each other. Strategy choices are made by the negotiators who draw on their experience in dealing with these issues, and on their skills and ability to jointly solve workplace problems.

Adopting the fostering option
A large group of the companies in this study used fostering strategies to introduce and implement their measures. Local social dialogue with employee representatives was used in the hope of securing a conflict-free environment, involving employees in direct participation in the changes required at an early stage of discussions. The collective views of groups of workers and/or management and employee representatives were also considered during a preparatory phase to assess the rationale behind and feasibility of measures. That helped to shape opinions on each other’s motives and this had an impact on workers’ acceptance of management proposals. This also played a major role in adapting the original management proposals so that they were more acceptable to employees.

Employees’ accumulated working knowledge brought added value to the proposals, to the benefit of the organisation and the workers themselves (as company stakeholders). The positive attitudes of management towards employee representation and mutual trust set the foundations for the fostering strategies selected by the management. It is worth noting that companies opting for fostering options used workplace social dialogue not only for dealing with wages, benefits and working time (the classic social dialogue agenda), but also for a new management–employee relationship, cooperation and institutional-level understanding.

The response of the employee representatives also followed a fostering path, working with management to pursue an objective, although often through amended measures that took into account employees’ views and experience. A consensual approach was used in all these cases despite the fact that some trade unions within a company may have had a different stance. Previous events had a bearing on workplace social dialogue, particularly the way management had treated working conditions in the past. For that reason, for instance, the new management of the Polish energy company made it a priority early to build a trust culture in the workplace by setting up working groups to jointly assess the situation and start anew. This gesture and the management approach reversed the negative workplace climate and neutralised possible resistance to the new measures.

Adopting a combination of fostering and forcing options
Most of the companies that opted for a combination of fostering and forcing strategies were left with little choice by external government pressure on economic matters or by market regulation issues. For the remainder, the objective was either business survival or the need to secure a competitive advantage.

The management of the Greek and Italian energy companies had different motives and approaches. The Greek company had traditionally pursued collaborative approaches with the trade unions and was keen to maintain this kind of relationship. Social dialogue had usually produced good operational and financial outcomes. Yet the government’s imposition of wage cuts could not be debated between management and trade unions. This meant that although a forcing strategy was used, it did not change the character of the relationship of the two sides and employment conditions (apart from pay) did not alter significantly. The employee representative used a forcing strategy in challenging the pay cut in court, but this was directed towards the government and not the local management. Both management and employees’ interests appeared to be aligned.
In the Italian case, management wanted to secure the business and its financial stability. A strong desire for survival is understandable, but the management did little to explain this to its staff and imposed redundancies and other organisational changes with minimal consultation. The trade union, for their part, did not opt for the forcing strategy of industrial action and instead tried to influence decisions, minimise the risk of a company sell-off, find suitable solutions for the employees and contain the damage. Again, both management and trade unions spoke of their regret about government decisions that affected the company, but the impact in this case was more pervasive than in the case of the Greek company.

Faced with the challenge of survival, the Spanish business and administration management applied a paternalistic approach to their relationship with their small number of staff. The two Polish firms, however, followed a different path. The management of the forestry firm introduced new ideas for running the organisation with a more market-oriented approach which would secure a better future. In an organisation that has had a history of conflictual relationships between management and employee representatives, this latest management initiative was perceived with some scepticism by the trade unions. However, it did not push them towards taking a hard line because the local labour market presented more challenging risks for their members. In contrast to this, the management of other Polish manufacturing company promoted their merger plans through appeals for a better product and more innovation and creativity. Redundancies did not impress the trade unions, but since the changes affected some of the employees positively and others negatively they did, in the end, support the merger plans and implementation. It should be noted that no management of the companies in this study opted for forcing strategies alone.

**Adopting a combination of forcing and escaping**

A changing external economic context appears to have been the main reason for using forcing strategies to impose measures without meaningful social dialogue in the Belgian business and administration company and the two Greek transport companies. Redundancies, changes from permanent to temporary employment contracts and a failure to explain the rationale of the measures went beyond what the employee side could possibly accept. Therefore the management chose unilateral interventions; social dialogue took a formalistic and superficial form without real dialogue.

Profitability-guided priorities were pursued by the Belgian construction management which tended to limit information provision to the minimum legally required. Communication channels were cut and a lack of trust and understanding of each other’s position ran through the relationship between management and employees. The management mistrusted the works council, believing that it would not take into consideration the company’s best interests, and business decisions are made without the council’s knowledge. On its side, the works council found it hard to get management acceptance of requests for better working conditions on sites. In neither of these Belgian cases was industrial action taken. The two Greek companies have had an adversarial relationship which sometimes results in unrest. Unilateral management decisions have often been taken to implement government policies.
An overall view of the options used by the companies selected for this study is presented in Figure 5. It shows that trusting social dialogue type firms tend to use fostering strategies much more than the other two types. The combination of using forcing strategies while also avoiding interactions with employee representatives is not among the practices favoured by the trusting social dialogue firms. Forcing strategy on its own has not been used by any of the companies; it had been used only in combination with another type of strategy and in only some aspects of negotiations.
This chapter examines the impacts of measures on both the organisation and the employees:

- organisation impacts are measured by organisational performance and financial results;
- employee impacts are measured by factors such as employee satisfaction, well-being, health and safety improvement, and work climate improvement;
- assessment of impact is based on management and employee representatives’ views expressed during interviews.

Their responses fall into four categories:

- positive for both organisation and employees, win–win;
- positive for organisation and moderate impact for employees;
- positive for organisation and negative impact for employees;
- moderate impact for organisation and negative for employees.

Win–win impacts are those that provide positive impacts for both sides; better organisational and financial performance, employment, income, training, satisfaction, health and safety, workplace climate, benefits, work–life balance and less stress.

The second category, characterised by moderate employee impact, reflects employee representatives’ concerns about issues such as work intensification, workload increase and reduced work satisfaction. Even so, it includes certain positive impacts such as employment stability, opportunities for training and a good working relationship with management.

The third category, characterised by negative employee outcomes, features problems such as reported workplace tensions, forced redundancies, limited involvement of employees or their representatives in decisions and intensification of work.

The final category describes companies where measures have delivered some positive impacts, such as lower costs, but these co-exist with no improvements in overall organisational performance.

In Tables 5–8, a colour code is used to summarise impact as reported by management and employee representatives:

- two green cells – positive organisation and employee impacts;
- one green, one yellow – positive organisation and moderate employee impacts;
- one green, one red – positive organisation and negative employee impacts;
- one yellow, one red – moderate organisation and negative employee impacts.

When both cells are green, the impacts are perceived by both management and employee representatives as win–win.
Type 1: Extensive and trusting social dialogue

Management and employee representatives were asked to report actual impact (or in the case of ongoing measures, the expected impact) of changes on the organisation and the employees, the results of which can be found in Table 5.

### Table 5: Impacts on organisations and employees for type 1 extensive and trusting social dialogue

<table>
<thead>
<tr>
<th>Country</th>
<th>Organisation/activity</th>
<th>Impacts on organisation (as reported by management)</th>
<th>Impacts on employees (as reported by employee representatives)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>Financial services</td>
<td>New skills to address; ageing; efficiency; productivity.</td>
<td>Direct and extensive representative participation increases satisfaction. Stable employment (recruits with new skills); increase in recruitment of temporary agency workers and workload; decrease of voluntary overtime to address stress. The recruitment approach may result in inefficiencies. The initiative to address ageing includes less responsibilities and little variation.</td>
</tr>
<tr>
<td>Belgium</td>
<td>Business and administration</td>
<td>Increased productivity; results-oriented, time-and-space-independent organisation; change through top-down approaches.</td>
<td>Redundancies; change of some employment contracts into temporary; degradation of wage scale as a result of reorganisation (increase for some but not others); employees' loyalty high but lack of clarity on the reorganisation and limited involvement of employees and their representatives have caused internal tensions.</td>
</tr>
<tr>
<td>Greece</td>
<td>Food and drink</td>
<td>Increased market share since 2014; employment expansion; low staff turnover.</td>
<td>Direct and representative participation; stable employment; employee satisfaction higher than the parent company; training initiatives; health and safety; monetary and non-monetary rewards; strong social impact in the community.</td>
</tr>
<tr>
<td>Italy</td>
<td>Manufacturing</td>
<td>Increased business activities; reduced work absenteeism; fewer conflicts.</td>
<td>Direct participation and representative participation to find shared solutions increases work satisfaction. Employment stability, temporary agency workers for seasonal needs; training activities; variable pay; health and wellness at work; health and safety; small negative impact of increase in working pace.</td>
</tr>
<tr>
<td>Italy</td>
<td>Food and drink</td>
<td>Increased productivity, profitability and turnover.</td>
<td>Direct and representative participation; vocational retraining of employees for work on new line; health and safety training; regular individual meetings with employees and individual inputs to strategy as well as collective inputs; employee satisfaction; strong social impact in the community.</td>
</tr>
<tr>
<td>Poland</td>
<td>Manufacturing 2</td>
<td>Efficiency, productivity (high skills); human capital development.</td>
<td>Employment decrease; wage freeze; training, development; the merger affected some employees more than others. Support of merger decisions by some trade unions.</td>
</tr>
<tr>
<td>Spain</td>
<td>Manufacturing and business</td>
<td>Sound financial profile; market expansion; strategic agreement; reorientation of cooperative activities.</td>
<td>Extensive participation (cooperative); employment reduction (small and through early retirement, mobility); reduction of salary levels; training and reskilling; flexible and versatile employees; measures adopted with consensus.</td>
</tr>
<tr>
<td>Spain</td>
<td>Hospitality</td>
<td>High profitability; service efficiency, operating costs reduction.</td>
<td>Employment stability; dissatisfaction with part-time contracts; voluntary and complementary hours scheme is positive for employees; additional annual paid leave days; changes resulted in salary reduction; work intensity.</td>
</tr>
</tbody>
</table>

Note: Positive organisation and employee impacts = two green cells; positive organisation and moderate employee impacts = one green, one yellow; positive organisation and negative employee impacts = one green, one red; moderate organisation and negative employee impacts = one yellow, one red.

For organisation outcomes, a great number of management interviewees reported increases in productivity and efficiency. This was linked with the acquisition of higher skills or new technology-oriented skills and often addressed issues with the age gap within the organisation, as new recruits replacing the retired employees had a different combination of skills. Some companies, such as the Belgian finance company, had lagged behind in updating workforce skills and were forced to take immediate steps to avoid further loss of productivity and perhaps even business failure. Others faced with a change in product markets or the reorientation of their business took the skills gap seriously and
responded quickly. Reorganisation was considered by some to be an essential part of making the organisation’s structure more efficient and responsive to business needs. In addition, job reclassification and making the workforce more flexible and able to perform a wider range of tasks reinforced service efficiency. Increasing market share or enlarging business activities had a significant effect on the financial sustainability of businesses, such as with the Italian, Polish and Spanish manufacturing companies, and the Spanish business and administration company.

The Spanish cooperative grappled with the challenges of an extremely competitive environment. Working through its own business model, it reshaped its own activities to ensure not only its survival but also its sustainability. Changes were achieved through reinvention of the company.

Securing a sound financial profile was essential for all Spanish companies in this group because all were faced with the adverse effects of the financial crisis either directly or indirectly – for instance, through reduced sales or the loss of a major customer/buyer. A first concern of some of these companies, such as the Spanish transport and hospitality companies, was the reduction of operating costs to secure the viability of their businesses, at least in the short term. Reduced absenteeism (for the Italian manufacturer) and reduced workplace conflict (in the Belgian energy company) were also reported as secondary impacts of the changes.

While profitability has been among the expected outcomes of measures for many companies, this was a chief concern and guiding principle of just one company – the Spanish hospitality company. Short-term profitability and a reduction in overhead costs seem to have guided the decisions of the local management.

The study captured the positive impact not only on organisations and employees, but also on their communities. This was reported by the two food and drink companies that indicated that interaction with the local community had brought benefits beyond the key company stakeholders. The economic crisis had a social impact on the collective morale of citizens and the Greek food and drink company promoted the ‘Greekness’ of its product in a conscious attempt to make citizens feel happy about products produced by Greek companies. Furthermore, producing a grain suitable to adapt to the local climate required a partnership approach, with research institutes and local citizens keen to see environmentally friendly products. For the Italian food and drink company, respecting environmental standards in its production processes brings rewards from favourable perceptions among the local Italian community, in that its natural resources are not being depleted as a result of the company’s economic activity. Instead, through close interaction with the community, the respect earned by the company reinforces a partnership approach and a win–win result for all.

In terms of impact on workforce well-being, a great number of employee representatives reported its link to employee satisfaction (including the Greek and Italian food manufacturing companies and the Italian manufacturing company), work climate (the Belgian financial services and Italian manufacturing companies), and health and safety policy (the Greek food and drink and Italian manufacturing companies). Employee representatives have been successful in securing jobs and avoiding layoffs in all the companies in this group. This is also linked to the influence of employees and their representatives on decisions within the company through direct and indirect participation. This is one of the most significant characteristics of the employee impacts in this group. Different forms of participation have been introduced and management has made it possible for employees to contribute on work organisation and sometimes on strategic issues. Measures have been taken in full consultation with employees.

It is worth mentioning the case of the Spanish cooperative where discussions on reskilling to make the workforce more versatile and flexible were difficult. Making the company sustainable and future-proof was an important task for the new management which was shared by all members. The necessary measures were the subject of lengthy discussions that resulted in agreement, despite the difficult consequences of some of the decisions – ‘if there is no cooperative, there are no cooperative members’ it was reported by one member.
Other workforce well-being impacts reported by employee representatives included training opportunities, which was an important factor in the food and drink and manufacturing companies. Training in health and safety issues featured quite prominently in these companies and job reclassification was introduced (with the necessary training) to upskill the workforce.

Other benefits negotiated and enjoyed by this group include monetary and non-monetary forms of reward, variable forms of remuneration and additional medical coverage.

Moderate employee impacts are reported by employee representatives of the Spanish hospitality and Polish manufacturing companies. Changes in work organisation – the reduction of the length of a shift – in the Spanish hospitality firm resulted in salary cuts that left employees dissatisfied. An increase in part-time contracts and work intensity also affected the work climate. However, working time preferences are respected by the management. Similarly, employee dissatisfaction was expressed in the merger of the Polish manufacturing companies, but only with regard to effect it had on the employees of the two merged organisations.

An anomaly in this group is the Belgian business and administration firm. What distinguishes this company from the rest of the group is limited employee participation and the introduction of reorganisation in ways that increased tensions between management and employees; for instance, through redundancies and degradation of the wage scale. Furthermore, the effects of reorganisation and the new pay scales were positive for some employees and negative for others causing, dissatisfaction among employees.

**Type 2: Extensive and conflictual social dialogue**

Nearly all the companies in this group have faced cash flow challenges due to factors such as government measures, product market regulations or efficiency issues. Those with the most acute financial problems are seeking financial stability, often through measures such as staff and operation cuts, lowered costs and reduced investment. Table 6 shows the reported impact on organisations and employees for type 2.

**Table 6: Impacts on organisation and employees for type 2 extensive and conflictual social dialogue**

<table>
<thead>
<tr>
<th>Country</th>
<th>Organisation/ activity</th>
<th>Impacts on organisation (as reported by management)</th>
<th>Impacts on employees (as reported by employee representatives)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>Construction</td>
<td>Lower costs, faster implementation.</td>
<td>Limited participation; outsourcing; tensions, work pressure, stress; errors by subcontractors have to be addressed by the workforce.</td>
</tr>
<tr>
<td>Greece</td>
<td>Transport 2</td>
<td>Positive financial results achieved and increased profitability.</td>
<td>Direct and representative participation; employment reduction (through staff mobility and non-replacement); wage cuts; intensification of work; tensions.</td>
</tr>
<tr>
<td>Italy</td>
<td>Energy 1</td>
<td>Financial stability through cuts in operating costs; efficiency through reorganisation, staff cuts, business service provision and business model change.</td>
<td>Representative participation structures; employment contraction (freeze of recruitment); wage freeze; since 2012 no reclassification, promotion of staff, performance-based bonus cut (except for productivity bonus, but this was cut and it would not foster performance); lack of rewards has impacted on employee satisfaction, particularly among the young (who cannot take advantage of any incentives in case of redundancies or if the company is sold); health and safety training.</td>
</tr>
<tr>
<td>Poland</td>
<td>Energy</td>
<td>Efficiency, market share.</td>
<td>Employment stability; harmonised remuneration across plants in full consultation with workers; setting up of social dialogue structures; health and safety; training.</td>
</tr>
<tr>
<td>Spain</td>
<td>Transport</td>
<td>High profitability and turnover; efficiency; operating costs reduction.</td>
<td>Employment reduction (through early retirement); job reclassification; training; reskilling; enlargement of job content; functional mobility; direct and representative participation in changes (agreement).</td>
</tr>
</tbody>
</table>

Key: Positive organisation and employee impacts – two green cells; positive organisation and moderate employee impacts – one green, one yellow; positive organisation and negative employee impacts – one green, one red; moderate organisation and negative employee impacts – one yellow, one red.
The Italian and Greek transport sector companies are among those affected by direct governmental decisions that impacted the product market and prompted tighter control of finances because of a decline in revenues. While this is a short-term response to extreme circumstances, long-term solutions such as the reorientation of business (as in the Italian transport company), and shifts in business activities and investments, have to be considered to keep an organisation viable. While the Italian transport company showed some signs of business model change, this was less clear in the Greek transport company. The Belgian construction company achieved lower costs and faster implementation of measures (by subcontracting work to foreign companies). However, it was doubtful whether this was a long-term strategy that would secure positive impacts for the organisation.

Two companies, the Polish energy and the Spanish transport companies, had muddled through plans intended to increase efficiency. The new owner of the Polish energy company brought in its own corporate culture with plans to increase efficiency and market share. Higher efficiency and profitability is sought by the Spanish transport sector company while cost reduction has been a major achievement.

Workforce well-being impacts are less positive than for type 1; in only two companies (Spanish transport and Polish energy) did employee representatives report job security and increased job skills, and only one (Polish) went so far as to report influence in company decision-making that had led to a good work climate and consultation following the recent change of ownership. In the Spanish transport company, where there was a tradition of a highly adversarial climate, developments caused by the economic crisis had changed the landscape and led to an agreement that satisfied both employees and management, albeit after two years of negotiations.

In all other cases the results are rather negative from the perspective of workforce well-being, leading to internal tensions and intensification of work and work pressures.

**Type 3: Limited and trusting social dialogue**

The case studies include companies that have gone through major reorganisation, restructuring, takeovers, or whose business activities have been seriously affected by the economic crisis, for instance, because of reduced orders. The impact on organisations and employees can be seen in Table 7.

<table>
<thead>
<tr>
<th>Country</th>
<th>Organisation/activity</th>
<th>Impacts on organisation (as reported by management)</th>
<th>Impacts on employees (as reported by employee representatives)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>Energy</td>
<td>Enlargement of service; new skills to address ageing; reduced conflicts.</td>
<td>Direct and representative participation results in measures taken after full consultation; remuneration; good communication.</td>
</tr>
<tr>
<td>Greece</td>
<td>Energy</td>
<td>Increased turnover; financial stability; positive employment; service efficiency (due to expansion of network, low tariffs, tightening control over repayment of old debts).</td>
<td>Representative participation and trustful relationship with management; employment freeze; wage cuts challenged through court case against government (and successfully reversed the government decision); positive effect on employees (impact on conscientiousness and general conduct).</td>
</tr>
<tr>
<td>Italy</td>
<td>Energy 2</td>
<td>Increased production, revenue and productivity through new skills, training, health and safety, business agreement (acquisition); employment expansion.</td>
<td>Direct and representative participation provided input to strategic business plan; overall employment stable (increase for new business line; decrease of old business line through voluntary redundancies and early retirement); variable pay for all staff based on annual assessment and as part of sectoral agreement; incentive for managerial staff; training and skills upgrading; health and safety; wellness; some increase in work pace and stress.</td>
</tr>
<tr>
<td>Poland</td>
<td>Manufacturing 1</td>
<td>Efficiency; performance; increase in employment.</td>
<td>Increase in employment; safeguarding existing jobs; trade union influence on terms and conditions of staff.</td>
</tr>
<tr>
<td>Spain</td>
<td>Business and administration</td>
<td>Financial stability.</td>
<td>Direct participation; employment reduction and redeployment; freeze of salaries; training and upskilling; trustful relationship with management.</td>
</tr>
</tbody>
</table>

Key: Positive organisation and employee impacts – two green cells; positive organisation and moderate employee impacts – one green, one yellow; positive organisation and negative employee impacts – one green, one red; moderate organisation and negative employee impacts – one yellow, one red.
Additionally, three companies in the energy sector in three different countries (Belgium, Greece, Italy) have been faced with sector-specific challenges, such as low oil prices, the climate change agenda and emissions reduction targets. These significant challenges led to reorientation of activities and increased productivity (Italian case), adaptation and enlargement of activities (Belgian case) or damage containment (Greek case). Other impacts include balanced budgets and a sounder financial footing for the Greek energy company.

The Italian energy case provided mixed outcomes regarding absenteeism but improved productivity. The Polish manufacturing company, which was mid-merger, was aiming towards organisational innovation and renewal. The small Spanish administration and business activities company that had the single aim of survival and had informal social dialogue arrangements hoped to achieve balance in its finances through the measures introduced. Its employees stressed emphatically their trusting relationship with management which had led them to accept uncritically most of the measures without full consultation.

From the energy sector employee representatives’ perspective, securing existing jobs (the Greek case) and influencing decisions through participation was perceived as a positive outcome. The reorientation of the Italian energy company’s activities secured a higher skill level for its employees and a mutual appreciation of company objectives; its strategic objectives, such as business change, were mutually agreed. Overall, employees see positive impacts for themselves with only some negative outcomes such as acceleration of work pace, work-related stress and difficulties in reconciling work and life. Small companies such as the Spanish one did not avoid redundancies, and this was the only company in this group which had to use involuntary redundancies to keep the company solvent.

**Type 4: Limited and conflictual social dialogue**

Just two cases were involved in this type of social dialogue, one in transportation (Greece) and one in the forestry sector (Poland), for which positive impacts of measures taken were hard to find as shown in Table 8.

**Table 8: Impacts on organisation and employees for type 4 limited and conflictual social dialogue**

<table>
<thead>
<tr>
<th>Country</th>
<th>Organisation/activity</th>
<th>Impacts on organisation (as reported by management)</th>
<th>Impacts on employees (as reported by employee representatives)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greece</td>
<td>Transport 1</td>
<td>Financial results improved (losses decreased) but not overall organisation performance (containing the losses).</td>
<td>Representative participation; employment freeze (and no replacement of retiring staff); wage cuts; increased tensions between employees and customers led to psychological pressure; tensions between management and employees and their representatives.</td>
</tr>
<tr>
<td>Poland</td>
<td>Forestry</td>
<td>Efficiency of service.</td>
<td>Employment and wage stability; job reclassifications have some negative results for some employees; conflicts with management; trade unions and employees provided input to the reorganisation (top-down approach).</td>
</tr>
</tbody>
</table>

Key: Positive organisation and employee impacts – two green cells; positive organisation and moderate employee impacts – one green, one yellow; positive organisation and negative employee impacts – one green, one red; moderate organisation and negative employee impacts – one yellow, one red.

The Polish company, while achieving its aim to establish effective organisation through a large reorganisation plan, had moderate impacts on the employees. Consultation on the new organisation plan was initiated by the management, but the entire operation was driven and executed by the management. Changes were implemented in a conflictual climate. However, employees retained jobs and salaries.
Win–win arrangements: Innovative measures through social dialogue at company level

The Greek company, which was in survival mode due to its difficult financial situation, showed moderate organisation impacts in the management’s view. However, the employee representatives expressed low satisfaction with negotiation and consultation practices, and reported low influence in decision-making and industrial unrest.

Top-down management decisions were imposed in both companies.

Conclusions

The overall impacts by type are presented in Figure 6. As nearly all companies produced positive actual or anticipated organisational impacts, the variation in impacts is shown in relation to employee outcomes. Positive organisation and employee impacts, and positive organisation and moderate employee impacts are produced by nearly all (92%) of the trusting social dialogue types (type 1 and type 3), while more than half (57%) of the conflictual social dialogue type companies tended to have more positive organisation and negative employee impacts, and moderate organisation and negative employee impacts. Improvements in work organisation, HR and competitiveness were introduced with significant employee participation by the ‘trusting’ type of firms. Previous research found that firms practicing workplace innovation practices that included structural (work system) and cultural (employee participation) were more likely to be associated with positive effects for organisation and employees (Eurofound, 2015).

Figure 6: Overall impacts by type

![Figure 6: Overall impacts by type](image)

Key: P–P signifies positive organisation and employee impacts; P–M is positive organisation and moderate employee impacts; P–N is positive organisation and negative employee impacts; M–N is moderate organisation and negative employee impacts.

These impacts have to be seen against a background of economic crisis and government action to strengthen public finances and reduce public debts. While this is not meant to be interpreted as economic determinism, those factors have indeed played a large role in the decision-making of many of the firms, particularly those with some institutional dependence on state activities.
Having said that, companies and trade unions have found their own ways to respond to workplace challenges and the impacts are reflected in this study. Companies with trusting social dialogue (type 1 and type 3) appear to register the most positive outcomes for both organisations and employees. Very few cases (less than one-third of the companies) of the conflictual type (type 2 and type 4) produce positive results for both organisation and employees. Overall, this shows the importance of a trusting relationship at workplace level to implement change and achieve win–win outcomes.
Factors contributing to win–win arrangements

This research has attempted to analyse how changes were introduced in companies and what the outcomes were using the negotiations and industrial relations perspective. In this context, both institutional arrangements and negotiation strategies were examined.

This analysis identifies the following factors as contributing to mutual gains:

- the introduction of change in the workplace through fostering (rather than forcing) strategies;
- an integrative approach to workplace social dialogue;
- working relationships built on trust;
- the implementation of measures through meaningful social dialogue structures;
- trade union leadership that engages in dialogue;
- careful management of tensions.

Introducing change in the workplace using fostering strategies

Change in organisations often comes in response to external challenges, or in anticipation of external threats to the business model or activities. The literature (Lam, 2004, Eurofound 2012b) identifies three processes that bring about organisational change:

- incremental changes;
- being in a state of continuous change;
- change as a punctuated equilibrium, where radical changes in the environment force companies to introduce radical changes.

The company cases analysed in this research demonstrate that all have undergone change – some more fundamental and radical than others – and have responded in different ways. Challenges include the effects of the economic crisis, changes in the regulation of product markets, a drop in consumer demand and the collapse of companies’ customer base. Most have faced a combination of mainly external and some internal challenges. New measures or, in some instances, ‘innovative’ measures have been used by company managements in response to these pressures.

The case studies show that company strategies associated with positive expected organisation and employee outcomes and workforce well-being are more likely to use fostering practices, rather than forcing or indeed escaping strategies to introduce change. The managements of these companies realised that to introduce change in the workplace, dialogue and negotiations were more likely to be successful than forcing change. This shows the importance of securing support for changes and measures initiated by management, taking into account the views of all parties. Fostering strategies promote cooperation with employees and their representatives and facilitate the open exchange of information. Managers promoting fostering strategies for introducing change and new measures seek positive attitudes and try to build consensus. Workplace issues are tackled jointly and problem-solving is sought in joint working groups or other participative arrangements. Usually, these strategies are promoted together with integrative bargaining.
Forcing decisions on the workplace and/or avoiding dealings with the employee representatives often facilitates quick adoption of measures, but with an uncertain chance of success. The lack of buy-in or identification with the goals of the company by employees may discourage engagement and damage the ‘bottom line’. Resistance to change and, in some cases, conflict and work disruption can damage the work climate and jeopardise the effectiveness of new measures.

Management leadership plays a fundamental role in the choice of strategies for implementing change in the workplace. Different approaches have been used, such as concentrating efforts on convincing employees and their representatives of the benefits of cooperation. Others have tried to develop activities that improve relations with trade unions and works councils, and to provide a basis for workplace dialogue. An important factor in win–win cases is that management considerations included a desire to maintain good relationships with their employee representatives.

**Approaching workplace social dialogue in an integrative way**

Entering social dialogue and negotiations with a view to finding common interests and solutions to workplace problems is the approach used by a large group of companies, particularly those with positive expected outcomes for the organisation and employees. These companies have selected strategies with the aim of achieving joint gains. Information about the company’s employment and financial situation, as well as its business concerns and future plans, is shared with employee representatives. Problem-solving meetings and working groups have tackled organisational challenges such as job reclassification, risk of burn-out, working time schedules, upskilling, and inefficiency in production processes. Overall, cooperative processes are implemented in all of these cases, even when there are initial disagreements about the course of action. Although the actions promoted by management may cause negative attitudes because they introduce uncertainty about how working conditions may or may not change, the process of working with groups of employees, employee representatives and managers to integrate all views and concerns reduces the potential for hostility and industrial conflict. This approach plays a significant role in the way attitudes are shaped at the workplace level and how potential conflict areas are dealt with. Positive attitudes are developed in a process of genuine participation, where employees see the motives of the management and can identify (jointly) both the problems and the solutions.

A number of companies were found to have used a combination of integrative and distributive bargaining, with moderate results for some employees and negative results for others. The reasons for change in business processes or for business mergers were not explained, and employees had to deal with the results of decisions without fully understanding them. Furthermore, a purely distributive approach that brings a win–lose result leads to tensions and non-collaborative climate, no matter what ‘innovative’ tool or measure is introduced.

**Working relationships built on trust**

The ECS (2013) attempted to explore the level of trust between management and employee representatives with a number of different questions. This research built on the survey findings and tried to investigate how companies respond in challenging times and what role ‘trust’ plays. It is indicative that all cases classified as ‘extensive direct participation’ and ‘trusting social dialogue’ workplaces (type 1) have invested in building a culture of mutual trust for years. Even when social dialogue and negotiations go through difficult phases (‘ups and downs’, as some employee representatives described it), they both have a shared understanding of common goals, good communication and joint efforts needed to resolve mutual problems and avoid unrest.

This is well demonstrated in many company case studies in this research; the Polish energy company management approached its restructuring exercise mindful of the employees and their representatives’ experience with previous waves of restructuring. The new management improved relations with employees in an effort to learn from ‘previous management mistakes’ and start anew. Similarly, employees of the Greek food company, who had been accustomed to
working in joint groups for years, saw some unprecedented initiatives from their management to support employees in times of crisis. Payment of their monthly salary in cash, when the banking controls limited access to consumers, reinforced the already good work climate and trust in management.

Taking inspiration from a business model that intrinsically involves direct forms of participation, the cooperative model incorporates the role of trust into the work environment. The Spanish cooperative found itself in a precarious financial situation, which meant that hard measures were necessary, particularly ‘social’ ones that involved job losses. Decisions taken in a democratic way by all the members enhanced trust in the company goals and management.

Another positive message is that negative episodes or situations of mistrust are reversible, provided that fostering strategies are pursued from both sides and the workforce perceives management actions as a genuine effort to maintain good relations (as the Polish energy company case demonstrates).

Implementing participatory schemes (whether ‘innovative’ or not) in a discouraging and demoralising way does not create the conditions for a trustful relationship and they often fail. Companies belonging to the trusting social dialogue types (type 1 and type 3) provide more opportunities for employee participation in decision-making and deliver better outcomes for their organisation and the workforce.

Implementation of measures through meaningful social dialogue structures

Setting up structures for employee voice provides the basis of a cooperative relationship in an organisation. However, the functioning of this structure should have certain characteristics so as to operate effectively. Previous research suggests that meaningful social dialogue should yield benefits to both parties and should not impose disproportionate costs on either party (Eurofound, 2012b). Structures are put in place in line with national traditions and regulation, but the workplace dynamics can give impetus to social dialogue forms that further enhance their effectiveness.

The win–win examples show that social dialogue has provided opportunities to jointly discuss both organisation and employee outcomes. In some cases, financial outcomes have not been part of the debate (due to the effects of the financial crisis), but employment, competitiveness, upskilling of the workforce and other terms and conditions were. Companies used social dialogue for discussion and negotiations to allow both sides to contribute their own inputs. It is important that both sides contribute equally and as effective partners.

It is also worth noting that such measures use social dialogue structures in a meaningful and not superficial way, where information and consultation covers all important workplace issues including strategies. While structures are important for setting the framework for social dialogue, their effectiveness is contingent on the way they are used. Providing access to good quality information about the company makes it possible for employees and their representatives to assess the situation and make significant contributions. It is also essential that they have opportunities to influence decisions so that final measures and outcomes incorporate employees’ views. The passage of time is often crucial in achieving the desired results; hasty decisions taken for the sake of pushing through implementation of measures as quickly as possible may jeopardise and undermine workplace relations. However, it takes time to find compromises for both sides on challenging issues, and time is not always in abundance.

Many of the cases prove that good negotiating skills and experience on both sides make social dialogue work efficiently. Improving the skills of negotiators in joint training courses has been shown to be successful and promoted a partnership approach.
In a number of cases that did not produce win–win arrangements, one or both of the two parties (mis)used social dialogue to benefit their own side, regardless of the overall needs of the organisation. A long tradition of adversarial and power relations and a parochial perception of the role of social dialogue in a climate of financial constraint can easily bring down even constructive initiatives.

As there has recently been an increased focus on decentralisation of collective bargaining, the company level has become important in terms of both the topics covered by social dialogue and the way negotiations are conducted. The articulation of the various negotiating levels is of paramount importance to ensure a more coordinated response and gains for both parties.

**Engaging trade union leaders in dialogue**

The willingness of employee representatives to engage in dialogue with the management depends very much on the agenda, the nature of change required and its likely effects on employees and their organisation. Additionally, the depth and breadth of engagement may vary and may often hinge on trust and the ‘local’ social dialogue culture. As already shown, if management proposals are perceived by employee representatives to be sincere efforts to improve organisation outcomes (such as products or services) or to improve the workplace, it is very likely that they will engage and co-sponsor such change. Willingness to engage in dialogue to attain commonly accepted solutions was clearly demonstrated in those companies where win–win arrangements had been reached. Such willingness was higher when fostering strategies were used, when early engagement was sought by management and when clear, transparent roles were assigned to all parties. Engagement was also more substantial when consultation with employees was genuine and went beyond the legally required processes.

While implementation of some measures, such as restructuring, has not always been easy – as, for instance, in the Belgian finance company – trade unions and works councils have been able to work together with employees and management to secure the best possible results.

A great number of employee representatives acknowledged that when significant changes were requested, collective bargaining was the best means of influencing decisions and arriving at mutually acceptable solutions. In other words, they showed real leadership which made all the difference for their members and their organisations. The characteristics needed for this kind of engagement (identified by interviewees) included a strong position in the company (high level of representation), strong negotiating skills and considerable experience. Their agreements secured the competitiveness and sustainability of their companies. The employee representatives’ leading role in the workplace social dialogue secured their organisation’s continuity and workplace peace.

With public sector finances being under tight control in many countries, organisations in the broader public sector saw their budgets significantly reduced and their operations in need of reorganisation. Engagement of trade unions or works councils with management has played a role in the success of these measures. What distinguishes the win–win cases from others is the culture and conduct of social dialogue; in those minority cases where social dialogue has been highly politicised and the trade unions have not been able to engage in a fruitful social dialogue, it has resulted in a climate of strenuous work and unrest.

It is notable that many of the broad public sector organisations responded fairly quickly with initiatives that reoriented their activities, or they changed their business model, or they reinvented themselves in an effort to adapt to the new situation. Trade unions and works councils’ involvement in these adaptations has been crucial for both the workforce and the organisation itself. Early engagement and involvement in negotiations secured upskilling of the workforce, training, new career paths and job reclassification that used the acquired knowledge and skills of its workers. Intensive
negotiations and daily engagement made changes in work organisation possible. When large changes are requested by the management, it is to be expected that not all the workforce or all the trade unions (when more than one trade union is present in a company or organisation) would be agreeable to all measures. However, in the win–win cases, such as the Belgian and the Italian energy cases and the Spanish transportation case, trade unions showed their ability to influence decisions and gain the support of the majority of employees. Again, leadership on the part of the trade unions was a distinguishing characteristic.

Careful management of tensions

Theory and practice shows that the introduction of high-performance, lean systems often intensifies work and creates new sources of discontent and conflict in the workplace. Additionally, economic recession as experienced by the companies in this research may create an environment in which conflict can emerge in response to mergers, downsizing, organisational change and pressures for increased efficiency. Changes in practices and reactions to them may often be misinterpreted by either side; employees may perceive a manager’s approach as confrontational, and the management may see the employee’s reaction as unreasonable and unhelpful. This is particularly true when the company goes through a major business change.

To avoid escalation of these issues into all-out conflict, it is important that careful management of tensions is applied at an early stage of discussions. Conflict affects both parties, and each side needs to coordinate their constituencies’ views and wishes to assist in resolving issues. Research results show that trade unions often set up mailboxes so that employees can make queries and discuss changes. Practices with positive impact demonstrate that trade unions address the entire workforce rather than just their members, particularly when there are significant changes in the organisation of work. Management and employee representatives organise individual and collective meetings with employees to discuss all aspects of organisational change and get the input necessary for avoiding discontent.

Some of the win–win examples introduce new and transparent ways of solving conflicts through their company-level collective agreements. Consulting external expertise on disputed issues at an early stage when designing measures, and prior to implementation, has been one such practice agreed by both management and employee representatives. Allowing adequate time for discussions and inputs is essential for dealing with tensions in workplace change. Using institutional social dialogue structures may bring some issues to the surface, and it may be that this has caused disharmony. However, addressing all issues in a transparent way, rather than leaving them hidden, can help the organisation find joint solutions with the support of the entire workforce.

A positive work environment is recognised by both sides as having the potential to increase organisational effectiveness.
Conclusions

Through interviews with company managers and employee representatives, the objective of this research has been to identify the ways companies respond to challenges and how social dialogue contributes to finding solutions that work for both the organisation and the employees. It specifically focused on workplaces where employee representation structures have been in place, taking the dataset of the 2013 wave of the European Company Survey (ECS) as a starting point. Despite a relatively small number of cases (20), this research sheds some light into company-level social dialogue and processes, particularly given the trend towards decentralisation of collective bargaining. It also highlights some key features of win–win arrangements and provides a better understanding of how structures are used, how choices are made, what works and why. Through interviews with the company actors, discussions with the national researchers who provided the context for each case, and an appreciation as to how things work in each case, this report hopefully provides some input for policymakers about company-level social dialogue. This goes beyond the objective of the ECS to capture the incidence of each type of social dialogue practice at EU level.

The initial quest for ‘innovative measures’ proved not to be relevant, as very few measures adopted by the firms could be described as innovative. In any case, innovation should be seen in the national, institutional and firm-specific context; what is innovative for a Polish firm is not necessarily innovative for an Italian one. Depending on the type of activity the firm is engaging, in the ‘innovative’ character can differ. Very similar challenges were identified in many of the firms studied by the research, particularly since the impacts of the economic downturn have not been entirely alleviated. Those challenges include: HR difficulties (such as finding the right talent and skills, an ageing workforce, anticipating future skills needs); market and product issues (such as demand, changing consumer preferences, more competitors with differentiated products), and financial problems (liquidity). Overall, measures taken to address those challenges cannot be regarded as innovative in themselves. However, some have been designed and implemented through processes not used before in the organisation and as such are ‘new’ or ‘innovative’ in the context of that particular company. Firms often combine different practices and find their own innovative ways of implementing even the most conventional practice. In other words, it is not always the practice itself that affects the outcome, but how the practice is implemented.

The way social dialogue has been used to design and implement those measures has been of particular interest. Management and employee representatives across the countries were clear that a ‘trusting’ type of management–employee representative relationship is key to the smooth adoption and implementation of changes and measures to counteract their challenges – although ‘smooth’ does not always mean easy. ‘Trusting’ relationships include a range of different features such as how the involvement of employee representatives or workers has proved beneficial for organising responses and implementing long-term changes in organisations to ensure win–win arrangements. These are arrangements that benefit both the organisation in terms of performance and financial results, and employees in terms of improvements in work climate, work organisation, satisfaction at work and health and safety. Furthermore, win–win arrangements have to be seen in their own company-specific context. Engaging in meaningful social dialogue practices, rather than only observing the form of them, allowing time for discussions, and using the expertise and acquired knowledge of the employees, are among the characteristics that feature quite often in the case studies. The level of direct employee participation varies. However, a great number of ‘trusting social dialogue’ type firms ensure that there are regular line manager and employee meetings, ad hoc meetings, and individual and collective inputs.

Studying the impacts of the measures on the organisations and employees, the research found that firms that produce the most positive outcomes for both organisations and employees mostly belong to the trusting social dialogue type.
Overall the main factors that lead to win–win workplace arrangements include:

- the introduction of change in the workplace through fostering (rather than forcing) strategies;
- an integrative approach to workplace social dialogue;
- working relationships built on trust;
- the implementation of measures through meaningful social dialogue structures;
- trade union leadership that engages in dialogue;
- careful management of tensions.

**Postscript: Win–win–win?**

The report has focused attention on practices that are associated with win–win arrangements at company level. In the course of the research however, researchers identified impact beyond the immediate workplace level. A number of companies introduced measures while mindful of their role in the community in terms of, for instance, providing jobs, supporting the local economy and supporting young people. Conducting business in an environmentally friendly way, given that resources are not infinite, has been at the core of the practices of some food and energy companies. Being a responsible employer also has a social impact which brings gains to society. In other words, such practices can have a win–win–win impact for the organisation, its employees and society.

**Policy implications**

EU-level policymakers recognise the role social dialogue plays at all levels. EU Commission President, Jean-Claude Juncker, in his election campaign political guidelines (Juncker, 2014), stated that ‘the social market economy can only work if there is social dialogue. Social dialogue suffered during the crisis years…’. In the same document, he noted that EU-level social dialogue cannot deliver without a well-functioning national-level dialogue.

This research examines how the European workplace addresses big challenges; innovative approaches introduced by the social partners at the company level and the role of social dialogue in introducing change at the workplace level, specifically focusing on workplaces where employee representation structures are in place. The ECS 2013 results have been the starting point of this research. It is recognised that the ECS results reflect the situation at the point in time in 2013 when the field work was done; the current research explores further how certain social dialogue types of establishments implement changes and various measures. Overall, the findings of this research confirm the ECS findings that the trusting type of establishments continues to produce positive outcomes for both organisations and employees, while the conflictual types are more associated with less positive outcomes.

The main concerns of the employers and trade unions have been competitiveness, cost reduction, skills, employment and incomes. Company-level negotiations attempt to reduce uncertainty around these issues. Many of the companies in this research that have experienced win–win arrangements are more associated with employment stability – employment has been less dramatically affected.
In summary, policymakers may find the following points helpful:

- Support of social dialogue at company level has become a significant issue. The growing focus on collective bargaining at company-level increases the responsibility of workplace level negotiators, which suggests a need to support and develop the negotiating competences of workplace actors on both sides. It may also be helpful to support articulation of the collective bargaining levels. Encouraging employee involvement in workplace social dialogue processes can contribute to devising successful responses to the challenges that companies face.

- It is likely to be beneficial if HR managers and operations managers play an active role in preparing an organisation and its workforce for evolving market situations and forward-looking planning. This may help adaptation of both business model and the workforce early enough to allow smooth transitions. Talent-sourcing, reskilling, career progression, support for helping laid-off workers finding other job opportunities and fair redundancy packages would allow people to move to new roles and develop further.

- Developing the foundations for a workplace relationship based on trust is desirable. There is no recipe for creating trust in a workplace, but there are certain conditions that favour its emergence. These include mutual recognition for the two parties in charge of finding solutions to common problems, timely intervention that allows room for meaningful discussion, transparency, the timely sharing of good quality information, and the involvement of all parties in strategy and objectives. Social partners, company actors and any authorities that support company development should provide both electronic and physical platforms (such as workshops, roundtables, HR managers’ newsletters and forums) to allow these ideas to flourish.

- To demonstrate the benefits of win–win arrangements, an electronic platform at EU level, ideally set up by the EU Directorate-General for Employment, Social Affairs and Inclusion through a webpage on social dialogue, could showcase companies that have had win–win results in different sectors and Member States. Such an initiative could be organised through EU-level sectoral social dialogue where year by year, each sector could put forward a number of successful examples. The cases analysed in this research show that European institutions, such as information and consultation EWCs, do play a significant role at company level, particularly in countries where such practices are less widespread.

- An exchange of experience could be promoted through EU-level social dialogue and the European Sectoral Social Dialogue Committees to draw attention to cross-country and sector-specific actions that have played a role in win–win outcomes.

- Information campaigns and activities at sectoral and inter-sectoral level, co-sponsored by governments and social partners, would raise awareness and contribute to the required development of human capital, especially in the context of an increasingly digitalised workplace.

- The creation and support of an exchange company network at national level would encourage reflection, and facilitate and adapt practices to specific company needs.

- Innovative ways of dealing with conflict and tensions at workplace level could be promoted to reduce costs and unproductive time.

- National authorities, social partners and the EU Directorate-General for Employment, Social Affairs and Inclusion could create ‘win–win awards’ to encourage firms at local, regional, national and EU levels, and to raise awareness of the benefits of meaningful social dialogue at local level.
References

All Eurofound publications are available at www.eurofound.europa.eu


Eurofound (2012b), *Work organisation and innovation*, Dublin.


Thyssen, M. (2015), *Forging common action to achieve the Social Triple A for Europe*, Speech by Commissioner Marianne Thyssen at roundtable with civil society organisations, 1 October.


Annex 1: About the European Company Survey

The data in this study are taken from the waves of the European Company Survey (ECS) conducted in 2004–2005, in 2009 and in 2013. The ECS is a phone survey of establishments with 10 or more employees in all sectors (with the exceptions of agriculture, households as employers and extraterritorial organisations).

The data from the ECS exclude public services such as public administration, health and education. Interviews are conducted with a management representative and (where one exists) an employee representative; questions cover workplace practices in terms of work organisation, HR management, direct participation and social dialogue. The ECS provides a unique empirical opportunity to map workplace practices and identify workplace innovation. An important contributing factor for workplace innovation in European companies is social dialogue and direct employee participation. Considering the knowledge of employees through consultation, discussing and negotiating solutions and joint actions in the forum of social dialogue, can lead to win–win outcomes which benefit both companies’ performance and workers’ well-being.

The ECS data make it possible to distinguish between types of establishment based on their practices and attitudes towards social dialogue. The questions related to social dialogue were directed to management and employee representatives. It is important to note that more questions are taken from the employee questionnaire and that only establishments with employee representatives were included. The questions related to employee participation were only directed to management, while the majority of questions related to establishing the type of social dialogue were answered by employee representatives. It is also important to note that the analysis is based on the private sector only. The public sector is not included.

Annex 2: Case study profiles

Table A1: Profile of the Belgian case studies

<table>
<thead>
<tr>
<th>Organisation/activity and number of employees</th>
<th>ECS type</th>
<th>Workplace challenge</th>
<th>Measures</th>
<th>Social dialogue</th>
<th>Impacts on organisation</th>
<th>Impacts on employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance (130)</td>
<td>Extensive and trusting.</td>
<td>Low productivity. Ageing, skills gap.</td>
<td>New recruitment policies, replacing ageing workforce with highly educated young workers, flexibility in work organisation and working time, multi-functional employees.</td>
<td>Well established, no industrial action, working groups, regular HR/employee representative (ER) contacts, extensive ER involvement. Direct participation (through surveys and lunch meetings). Collective agreement (CA) when large changes.</td>
<td>New skills to address ageing; efficiency; productivity.</td>
<td>Direct and extensive representative participation increases satisfaction. Stable employment (recruits with new skills); increase of temporary agency workers and workload; decrease of voluntary overtime to address stress. The recruitment approach may result in inefficiencies. The initiative to address ageing includes less responsibilities and little variation.</td>
</tr>
<tr>
<td>Business and administration (750)</td>
<td>Extensive and trusting.</td>
<td>Low productivity. New markets, demand.</td>
<td>Staff reduction, employment contract change, changes in work organisation.</td>
<td>Not substantial. Structures in place but used in line with legal obligations. Management tries to avoid social dialogue (it prolongs process). Agreement on the need for reorganisation but limited consultation.</td>
<td>Increased productivity; results-oriented, time-and-space-independent organisation; change through top-down approaches.</td>
<td>Dismissals; change of some employment contracts into temporary; degradation of wage scale as a result of reorganisation (increase for some but not others). Employees’ loyalty high but lack of clarity on the reorganisation and limited involvement of employees and their representatives have caused internal tensions.</td>
</tr>
</tbody>
</table>
## Win–win arrangements: Innovative measures through social dialogue at company level

<table>
<thead>
<tr>
<th>Organisation/ activity and number of employees</th>
<th>ECS type</th>
<th>Workplace challenge</th>
<th>Measures</th>
<th>Social dialogue</th>
<th>Impacts on organisation</th>
<th>Impacts on employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction (290)</td>
<td>Extensive and conflictual.</td>
<td>Competition and cost efficiency, Low productivity, Ageing, skills gap.</td>
<td>Cost efficiency, outsourcing.</td>
<td>Not substantial. Structures in place but used in line with legal obligations. Lower wages to subcontractors create tensions within the firm. Communication problems between management–ER overall.</td>
<td>Lower costs, faster implementation.</td>
<td>Limited participation; outsourcing; tensions, work pressure, stress, errors by subcontractors are addressed by the workforce.</td>
</tr>
<tr>
<td>Energy (1,480)</td>
<td>Limited and trusting.</td>
<td>New job classification, staff reallocation, new technology, outsourcing.</td>
<td>Good, extensive social dialogue climate confirmed (management, ER) even when different opinions (overtime proposal and performance pay cut suggested by management was abandoned). Management, ER agreement to consult experts. Report takes into account ER views.</td>
<td>Enlargement of service; new skills to address ageing; reduced conflicts.</td>
<td>Direct and representative participation result in measures taken in full consultation; remuneration; good communication.</td>
<td></td>
</tr>
<tr>
<td>Food and drink (1,050)</td>
<td>Extensive and trusting.</td>
<td>Product competition (market share). Low demand.</td>
<td>Research and development/partner ship with university, developing new products, targeting young workers.</td>
<td>Company CA renewed every year, conditions higher than the cross-sector CA. Good climate, mutual trust. Social dialogue effective in the introduction of innovative measures, outcome of social dialogue (ER, management), better turnover, better employment prospects (despite external challenges). Info and consultation quite high levels (management, ER). Initiatives introduced explained, justified. Trade union (TU) addresses all workforce not only members.</td>
<td>Increased market share since 2014, employment expansion; low staff turnover.</td>
<td>Direct and representative participation; stable employment; employee satisfaction higher than the parent company; training initiatives; health and safety; monetary and non-monetary rewards. strong social impact in the community.</td>
</tr>
<tr>
<td>Transport 1 (5,442)</td>
<td>Limited and conflictual.</td>
<td>Maintaining same service with reduced state subsidy and less staff; economic losses; rigid decision-making structures.</td>
<td>Reduction of operating costs, rationalisation of service, cuts in staff and wages.</td>
<td>Company agreement in place. Adversarial relations. Due to the nature of public utilities finance decisions are taken by the government, outside the organisation. Management appreciates role of ER and finds social dialogue effective as helps to improve financial performance.</td>
<td>Financial results improved (losses decreased) but not overall organisation performance (containing the losses).</td>
<td>Representative participation; employment freeze (and no replacement of retiring staff); wage cuts; increased tensions between employees and customers leads to psychological pressure; tensions between management and employees and their representatives.</td>
</tr>
<tr>
<td>Organisation/ activity and number of employees</td>
<td>ECS type</td>
<td>Workplace challenge</td>
<td>Measures</td>
<td>Social dialogue</td>
<td>Impacts on organisation</td>
<td>Impacts on employees</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>----------</td>
<td>---------------------</td>
<td>----------</td>
<td>----------------</td>
<td>------------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>Transport 1 (5,442) (cont’d)</td>
<td></td>
<td></td>
<td></td>
<td>To make social dialogue successful, it is important that ER has knowledge of financial performance of organisation and plans for future. ER distrust role of management. ER participates on board. Limited role for social dialogue at workplace level as government is the main interlocutor and not the management of the organisation – so, modest role. Workplace agreements about recruitment were dismissed by government.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport 2 (190)</td>
<td>Extensive and conflicting.</td>
<td>Plus economic losses.</td>
<td>Reduction of operating costs including staff and wages, reduction of management levels.</td>
<td>CA before 2010, CA 2014 (non-pay) was mainly a concession agreement (otherwise lay-offs). Management considers positive development whereas TU disagrees. Strikes 2010–2011 due reductions in staff and pay. Social dialogue has no role in the introduction of measures – imposed by government. ER participates on board. Distrust in social dialogue. Conditions for social dialogue to work better: i) management role of government; ii) ER, sincere effort for dialogue and needs of business by management.</td>
<td>Positive financial results achieved and increased profitability.</td>
<td>Direct and representative participation. Employment reduction (through staff mobility and non-replacement); wage cuts; intensification of work; tensions.</td>
</tr>
<tr>
<td>Energy (61)</td>
<td>Limited and trusting.</td>
<td>Over-regulation. Lack of new skills, IT, inefficiency. Revenue reduction.</td>
<td>Service efficiency, balanced budgets, profitable investments.</td>
<td>Well established, good communication, trust. Court case against government decision to cut wages. Collection efficiency achieved due to increased employee efficiency. Productivity increase through dialogue on wages issue. Both sides agree on negative government intervention role. ER involvement in decision-making. Pay overshadows negotiations.</td>
<td>Increased turnover, financial stability, positive employment, service efficiency (due to expansion of network; low tariffs, tightening control over repayment of old debts).</td>
<td>Representative participation and trustful relationship with management; employment freeze; wage cuts challenged through court case against government (reversed the government decision); positive effect on employees (impact on conscientiousness and general conduct).</td>
</tr>
</tbody>
</table>
Table A3: Profile of the Italian case studies

<table>
<thead>
<tr>
<th>Organisation/activity and number of employees</th>
<th>ECS type</th>
<th>Workplace challenge</th>
<th>Measures</th>
<th>Social dialogue</th>
<th>Impacts on organisation</th>
<th>Impacts on employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy 1 (300)</td>
<td>Extensive and conflictual.</td>
<td>Regulation and competition. Cap on hiring personnel. Revenue reduction.</td>
<td>Consolidation of business, restructuring, improvement of service and product quality, safety levels, reorganisation and training, staff reduction, shifts and working time reduction.</td>
<td>Social dialogue not effective due to government actions, new legislation (management, ER). CA not renewed. Joint meetings management, ER. Informal communication with employees. Workforce meetings. Minutes of meetings published in public places.</td>
<td>Financial stability through cuts in operating costs; efficiency through reorganisation, staff cuts, business service provision and business model change.</td>
<td>Representative participation structures; employment contraction (freeze of recruitment); wage freeze; since 2012; no reclassification, promotion of staff, performance-based bonus cut (except productivity bonus but decreased which does not foster performance); lack of rewards has impacted on employee satisfaction, particularly young (cannot take advantage of incentives in case of redundancies or sale); health and safety training.</td>
</tr>
<tr>
<td>Manufacturing (250)</td>
<td>Extensive and trusting.</td>
<td>Low demand, absenteeism.</td>
<td>Flexibility in recruitment policy and working time, bonus and incentives, hiring temporary agency workers.</td>
<td>Very good. Cooperation between ER and management to identify shared solution and go through restructuring based on clear and transparent relations.</td>
<td>Increased business activities; reduced work absenteeism; reduced conflicts.</td>
<td>Direct participation and representative participation to find shared solutions increases work satisfaction. Employment stable, temporary agency workers for seasonal needs; Training activities; variable pay; health and wellness at work; health and safety; small negative impact of increase in working pace.</td>
</tr>
<tr>
<td>Food (150)</td>
<td>Extensive and trusting.</td>
<td>Product competition.</td>
<td>Change of core business, new product development processes, new technologies, research and development and quality, training, hiring highly qualified staff, health and safety.</td>
<td>New CA. Strong social impact in the community. Promotion of workers' human and cultural capital and views, raising awareness and strength, sharing market strategy. National and sectoral CA covers the firm.</td>
<td>Increased productivity, profitability and turnover.</td>
<td>Direct and representative participation: vocational retraining of employees for work on new line; health and safety training; regular individual meetings with employees and individual inputs to strategy as well as collective inputs; employee satisfaction. Strong social impact in the community.</td>
</tr>
<tr>
<td>Energy 2 (600)</td>
<td>Limited and trusting.</td>
<td>Product competition, low demand.</td>
<td>Change of core business activity, reorganisation, hiring highly qualified staff, training, health and safety and environmental safety.</td>
<td>Despite difficulties, social dialogue positively assessed by interviewees. Changes through broad consensus. Both management and TU communicated individually and collectively. TU set up a mailbox for queries and discussion. Room for improvement in social dialogue and organisation culture. Variable pay at sector level, CA at firm level.</td>
<td>Increased production, revenue and productivity through new skills, training, health and safety. Business agreement (acquisition); employment expansion.</td>
<td>Direct and representative participation provided input to strategic business plan; employment overall stable (increase for new business line; decrease of old business line through voluntary redundancies and early retirement); variable pay for all staff based on annual assessment and as part of sectoral agreement; incentive for managerial staff; training and skills upgrading; health and safety, wellness; some increase in work pace and stress.</td>
</tr>
</tbody>
</table>
### Table A4: Profile of the Polish case studies

<table>
<thead>
<tr>
<th>Organisation/ activity and number of employees</th>
<th>ECS type</th>
<th>Workplace challenge</th>
<th>Measures</th>
<th>Social dialogue</th>
<th>Impacts on organisation</th>
<th>Impacts on employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy (2,600)</td>
<td>Extensive and conflictual.</td>
<td>Reduction of employment.</td>
<td>Consolidation of business after restructuring, joint bipartite working group, training, negotiation of a new collective agreement.</td>
<td>Structurally well-developed social dialogue – change in management. Crucial elements of a corporate social responsibility policy dealt with in some specially dedicated bodies. Some employees representatives in several bodies in dialogue committee in the EWC. Social academy training for both TU and management very successful.</td>
<td>Efficiency, market share.</td>
<td>Employment stability; harmonised remuneration across plants in full consultation with workers; setting up of social dialogue structures; health and safety; training.</td>
</tr>
<tr>
<td>Manufacturing 1 (1,800)</td>
<td>Limited and trusting.</td>
<td>Competition, cost efficiency, productivity.</td>
<td>Consolidation of business after ownership transfer.</td>
<td>Three in company and union density exceptionally high (60%). Works council, cooperation with German IG Metall union and seeking support.</td>
<td>Efficiency, performance; increase in employment.</td>
<td>Increase in employment; safeguarding existing jobs; trade union influence on terms and conditions of staff.</td>
</tr>
<tr>
<td>Manufacturing 2 (565)</td>
<td>Extensive and trusting.</td>
<td>Product competition (need for innovation). Lack of skills.</td>
<td>Consolidation of business after merger, increase of research and development staff, IT improvements, voluntary and some involuntary redundancies, employee assessment system, innovation.</td>
<td>Two TU organisations. TU did not object reorganisation and new wage structure as a result of flattened organisation. Also active TU support through social networks and political establishment.</td>
<td>Efficiency, productivity (high skills); human capital development.</td>
<td>Employment decrease; wage freeze; training, development; the merger affected some employees more than others. Support of merger decisions by some trade unions.</td>
</tr>
<tr>
<td>Forestry (100)</td>
<td>Limited and conflictual.</td>
<td>Adapt the business model to the market needs.</td>
<td>Consolidation of business after restructuring, reorganisation of departments, job responsibilities, titles and working conditions.</td>
<td>Consultation with TU on the implementation of reorganisation and job titles, responsibilities and working conditions. However, limited influence of ER on final document. Top-down implementation not satisfactory. Accept the lesser evil.</td>
<td>Efficiency of service.</td>
<td>Employment and wage stability; job reclassifications have some negative results for some employees; conflicts with management; trade unions and employees provided input to the reorganisation (top-down approach).</td>
</tr>
</tbody>
</table>
## Table A5: Profile of the Spanish case studies

<table>
<thead>
<tr>
<th>Organisation/ activity and number of employees</th>
<th>ECS type</th>
<th>Workplace challenge</th>
<th>Measures</th>
<th>Social dialogue</th>
<th>Impacts on organisation</th>
<th>Impacts on employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing and business (89)</td>
<td>Extensive and trusting.</td>
<td>Third country competition. Collapse of major client. Low demand for new product line.</td>
<td>Targeting new markets activities, strategic agreement, broaden scope of core activities, reorganisation, staff relocation, early retirement.</td>
<td>Due to the cooperative nature of extensive social dialogue, participation in decision-making. Social measures discussed heavily in the relevant consultation bodies and approved (with compromises) and respected.</td>
<td>Sound financial profile; market expansion; strategic agreement; reorientation of cooperative activities.</td>
<td>Extensive participation (cooperative); employment reduction (small and through early retirement, mobility); reduction of salary levels; training and reskilling; flexible and versatile employees; measures adopted with consensus.</td>
</tr>
<tr>
<td>Business and administration (11)</td>
<td>Limited and trusting.</td>
<td>Prices, profitability, economic losses, closure of clients, drop in demand.</td>
<td>Employment reduction, redirection of activities and training, working time flexibility, wage freeze.</td>
<td>Provincial CA applies here but company practices go beyond provisions (for instance, wage increases, working conditions, health insurance). Social dialogue institutionalised on training but otherwise informal. Trust despite no negotiations. Dismissal of two employees (no negotiations). Information and consultation informally exercised (not in line with the letter of law) but the small size makes info-sharing easy and effective (ER).</td>
<td>Financial stability.</td>
<td>Direct participation; employment reduction and redeployment; freeze of salaries; training and upskilling; trustful relationship with management.</td>
</tr>
<tr>
<td>Transport (140)</td>
<td>Extended and conflictual.</td>
<td>Closure of clients, drop in demand.</td>
<td>Flexibility in work organisation and HR allocation, job reclassification and functional mobility within the same or different job category, new conflict resolution mechanisms.</td>
<td>Since 1991 a company CA in place (3–5 five-year duration). Ninth CA 2013–2015. Job categories agreed, (85% workforce voted and agreed to it). ER considers this as an excellent employer (working and employee conditions). Management, ER regular meetings. Security commission (management, ER), training commission (3 management, 3 ER). Social dialogue works well due to: i) management and ER positive attitude; ii) TU representativeness; iii) strong bargaining position of TU (some very skilful); and iv) strong strategic position of company in the region. Both parties determined to reach agreements provided that they ensure competitiveness and sustainability of company (key goal for both).</td>
<td>High profitability and turnover; efficiency; operating costs reduction.</td>
<td>Employment reduction (through early retirement); job reclassification; training; reskilling; enlargement of job content; functional mobility; direct and representative participation in changes (agreement).</td>
</tr>
<tr>
<td>Organisation/ activity and number of employees</td>
<td>ECS type</td>
<td>Workplace challenge</td>
<td>Measures</td>
<td>Social dialogue</td>
<td>Impacts on organisation</td>
<td>Impacts on employees</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>---------</td>
<td>---------------------</td>
<td>----------</td>
<td>----------------</td>
<td>------------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Hospitality (36)</td>
<td>Extensive and trusting.</td>
<td>Low demand, low productivity in summer.</td>
<td>Marketing and communication measures, recruitment, reduction of working time shifts, working time flexibility, new products, price variation.</td>
<td>Company covered by the regional CA. Additional ‘company deal’ (pacto de empresa). The deal is drafted by management and signed by employees (no meetings). Poor social dialogue practices. Flexibility for company to deal with peaks and workers for additional income. Lack of formal structures for ER does not allow collective discussion, staff concerns not conveyed to management (for instance, converting part-time to full-time contracts, increase in working time in summer not discussed with management).</td>
<td>High profitability; service efficiency, operating costs reduction.</td>
<td>Employment stability; dissatisfaction with part-time contracts; voluntary and complementary hours scheme is positive for employees; additional annual paid leave days; changes resulted in salary reduction; work intensity.</td>
</tr>
</tbody>
</table>
Well-functioning social dialogue is a key component for the successful design and implementation of reforms needed to increase the competitiveness of Europe’s economies and create more jobs. It balances workers’ and employers’ interests and contributes to both economic competitiveness and social cohesion. The link between social dialogue and productivity and competitiveness has been the subject of much research, particularly since the advent of the economic crisis in 2008. In some countries, decentralised bargaining is part of a coordinated system, but in others key aspects of coordinated social dialogue, such as company-level worker representation, are missing. This report identifies how management, employees and their representatives find common solutions to common problems. It also describes the measures, especially innovative approaches, that have been established through social dialogue in response to new workplace challenges.

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75, to contribute to the planning and design of better living and working conditions in Europe.