



Eurofound

Second European Company Survey 2009: Policy relevance and implications for future surveys

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Research project: European Company Survey

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Introduction

The main objectives of this report are:

- to present the main policy-relevant findings and implications that can be drawn from the 2009 European Company Survey and to assess their relevance and contribution to addressing the various economic and social policy challenges facing the European Union;
- to identify the contribution of workplace surveys to policy analysis and the position that the European Company Survey holds in relation to other related surveys, notably national ones;
- to identify policy areas and issues on which the 2013 survey might focus in order to investigate workplace issues in greater depth in relation to issues such as teamwork and participation, functional flexibility and social dialogue at workplace level;
- to make relevant recommendations concerning the overall development of the European Company Survey in light of the above evidence.

The first part of the work consists of a presentation of the ECS 2009, together with a review of similar but national surveys as well as the use of EU-wide surveys more generally, together with the results of analyses of national surveys that have been undertaken in the context of the European Commission's Framework Research programmes. This includes some indication of the views and experiences of current users, including policymakers, social partners and researchers and Eurofound's Advisory Committee.

The second part of the work presents the coverage and findings of the ECS in relation to current European Union policy objectives, notably those set out in Europe 2020, drawing on the various results of the 2009 survey as presented by the European Foundation for the Improvement of Living and Working Conditions (Eurofound). Part three of the work discusses secondary analyses undertaken by Eurofound researchers or on their behalf by outside researchers, and the results of independent research work undertaken using ECS 2009 data. This includes taking note of work in progress and requests for information and data by organisations and researchers.

The fourth part of the work provides a review of the relevant existing knowledge concerning the subjects to be addressed in the next European Company Survey, namely new forms of work organisation and partnership; high-performance work systems; best practice human resource management techniques; and workplace innovation and flexibility. To this end, it includes a review and presentation of the findings of recent research in this area.

The final section summarises the conclusions of the report and offers recommendations for the future.

European Company Survey and other workplace surveys 1

Development of the European Company Survey

The European Company Survey (ECS) has been conducted twice to date by Eurofound. Each survey has focused on some common themes, for instance dealing with establishment characteristics, performance-related indicators and the state of social dialogue in companies but focused on specific topics and issues:

- The first company survey, known as the European Establishment Survey on Working Time and Work–Life Balance (ESWT), took place in 2004/2005 and concentrated on working time and work–life balance policies in establishments.
- The second survey, under the new title European Company Survey (ECS), was completed in 2009 and addressed a wider range of flexibility practices – working time, contractual arrangements, variable pay and financial performance and functional flexibility as well as workplace social dialogue.
- The third ECS, for which fieldwork will be carried out towards the end of 2012, is intended to focus more closely on work organisation, workplace innovation, employee participation and workplace social dialogue.

The 2009 European Company Survey involved a Europe-wide survey of approximately 27,000 workplaces carried out across the 27 EU Member States and three candidate countries (Croatia, the Former Yugoslav Republic of Macedonia and Turkey).

Survey methodology

The ‘universe’ for the survey comprises all establishments with 10 or more employees and covers all sectors of industrial activity, except agriculture and fisheries. The survey is conducted in two stages.

- The first involves a telephone interview with a management representative responsible for personnel policy in randomly selected organisations, who is asked about, among other things, the structures of employee representation present in the workplace.
- Where possible, this is followed by a second stage in the same establishment. This stage involves a telephone interview with an (official) employee representative responsible for negotiating with management in those workplaces where an institutional or statutory-based form of employee representation is present.

As the European Company Survey has evolved, its methodology is now being used by other agencies working in adjacent policy areas. While the ECS remains part of a family of surveys conducted by Eurofound along with the European Working Conditions Survey and the European Quality of Life Survey, it is increasingly seen as a significant, and in many cases unique, source of comparative information concerning both economic and social developments at the workplace that are of particular benefit to policymakers and social partners.

Drawing on the experience of other European surveys

Major organisational surveys in Europe that concern issues of work organisation, workplace innovation, employee participation and social dialogue in workplaces have been reviewed in two large-scale, EU-funded comparative research projects, MEADOWS and WORKS.

Given that a number of the themes addressed in these surveys are intended to be covered by the next edition of the comparative ECS, there is value in focusing on the following types of questions:

- How are the themes structured?
- Are there similar approaches in structuring the questionnaires?
- If there is homogeneity in the thematic sections across surveys, whether this means homogeneity in terms of indicators measuring the concepts.
- If the same or similar indicators are used, whether this is followed by the usage of the same or similar interview questions and response categories.

The MEADOW (Measuring the Dynamics of Organisation and Work) Project¹ was supported by the 6th Framework Programme and has provided an important link between organisations that work in this area at national, European and international level. Its output is based on an analysis of some 21 surveys on organisational change, which are summarised in the *GRID report: State of the art in surveys on organisational change*. This report (Meadow, 2009) provides methodological guidelines based on a descriptive overview of the existing surveys in terms of survey procedures, survey objectives, underlying theories and concepts of organisational change, comparisons of detailed indicators of organisational change, innovation and work conditions, and how the survey results have been used .

The WORKS Project,² which was also supported by the 6th Framework Programme, is based on a network of academic research centres. The particular contribution of the WORKS Project is that it breaks down all the survey questionnaires according to a list of dimensions. The information on these organisation surveys, especially regarding their content and the questions asked, is available on the website of the project under the section ‘digital toolkit’.³

In addition to these two reports, reports from TNO (Netherlands Institute for Applied Scientific Research) and SZW (Dutch Ministry of Social Affairs and Employment) provide a descriptive overview of 14 national surveys. These are mainly from European countries, but they include a Canadian survey (the *Workplace and Employee Survey* (WES)), which is seen as important because of its ingenious linked employer–employee survey design, and the wide-ranging US *National Employer Survey* (NES) as well as the surveys prepared by the Health and Safety Executive in the UK (FIT3 and WHASS).

¹ <http://www.meadow-project.eu/>

² <http://worksproject.be/>

³ <http://www.worksproject.be/entrypage.php>

Policy content of the ECS and national surveys

These research reviews have highlighted a number of broad policy themes that are commonly covered, wholly or in part, by these surveys, namely:

- employment and flexibility;
- job demand and working conditions;
- human resource management;
- skills, training and competences;
- motivation and incentive systems.

In terms of organisational change, the analyses identify the following issues in particular:

- changes in management structure;
- organisational change involving direct participation;
- ICT and organisational change;
- the introduction of new organisational concepts;
- high-performance work organisation.

Moreover, certain of the surveys (notably WERS, REPOSE and FORTUNE 1000) address themes that are close to those currently planned for the new ECS:

- the WERS survey focuses on recent changes concerning the organisation of work, payment systems, working time and employee involvement;
- the REPOSE survey assesses the impact of new technology on employees and the involvement of trade unions as specific indicators;
- the FORTUNE 1000 survey focuses on high-performance work organisations, which is also seen as a key theme in the third ECS.

The WORKS Project, covering the comparative analysis of organisation surveys in Europe, has reviewed their contribution to addressing four areas of change and policy development:

- *Responses to global changes*: The global division of work and networking, ICT and skill-biased technological and organisational changes, and new bundles of organisational practices and performance.
- *Flexibility in work organisation*: Flexible working time arrangements, overtime work, unusual hours, part-time work, temporary work, and overall flexibility: determinants and effects.
- *Skill and the internal company labour market*: Workplace training, matching to available skills.
- *Career development and the quality of working life*: Work life trajectories and work–life balance, quality of working life.

Other national surveys that address similar issues

The ECS is unique in covering all EU Member States as well as the three candidate countries. However, a number of individual countries, inside and outside the EU, conduct national surveys along approximately similar lines. Some examples are listed here.

Canada

The Canadian *Workplace and Employee Surveys* (WES),⁴ conducted by Statistics Canada, cover a range of issues relating to employers and their employees. The surveys aim to shed light on the relationships between competitiveness, innovation, technology use and human resource management on the employer side and technology use, training, job stability and earnings on the employee side.

Employers and employees are linked at the micro data level, with employees selected from within sampled workplaces. Thus, information from both the supply and demand sides of the labour market is available.

The results of the survey are seen as important in assisting policy developments that can create the best conditions for growth in the knowledge-based economy and help governments fine-tune their policies on education, training, innovation, labour adjustment, workplace practices, industrial relations and industry development.

The survey is seen as offering an important link between events occurring in workplaces and the outcomes for workers. Moreover, being longitudinal, it allows for a clearer understanding of changes over time.

Ireland

In Ireland, two new National Workplace Survey reports were published at the end of September 2010 by the National Economic and Social Development Office on the basis of in-depth surveys of over 3,000 employers and 5,100 employees in Ireland carried out in 2009 by ESRI researchers (O'Connell et al, 2010; Watson et al, 2010).

Similar surveys were carried out in 2003 and this new survey is being used to examine change in the Irish workplace over a period in which there was a dramatic shift from rapid growth to deep recession, and to examine the impact of those changes on employees and employers.

Two separate reports are produced: one reports employee views and experiences, and the other employer views and experiences. The findings reveal that there has been considerable development of workplace practices in both the public and private sectors since 2003 and, relevant for the Eurofound work, the results suggest the benefits of adopting coherent 'bundles' of employment practices rather than new 'standalone' workplace practices.

The reports also stress that policies and supports designed to enhance the levels of product and service innovation need to recognise the contribution that workplace innovation can make to the achievement of this objective.

Concerns are expressed about the willingness of the private sector, particularly small firms, to recognise the importance of workplace innovation, while the reports also underline the need to ensure that public sector managers likewise recognise that workplace innovation is an important resource in the process of managing change in the provision of public services.

⁴ <http://www.statcan.ca/english/survey/business/workplace/workplace.htm>.

The reports underline the need for management's commitment to workplace innovation to be communicated to all levels in the organisation, with effective employee involvement and co-working diffused through all levels of the organisation in order to maximise the potential benefits.

United Kingdom

In the United Kingdom, the Department of Business, Innovation and Skills is preparing the sixth *Workplace Employment Relations Study* (WERS6),⁵ which is the flagship survey of employment relations in Britain that collects data from employers, employee representatives and employees in a representative sample of workplaces. Five previous surveys were conducted between 1980 and 2004. Fieldwork for the latest survey is currently underway and is expected to be completed by early 2012 with results available by mid-2013. The survey is publicly funded, but co-sponsored with research bodies and other interested parties, including the NIESR.

The main objectives of the survey are seen to be to document British workplace employment relations, with a particular focus on changes over time, and on informing policy development and stimulating debate and practice.

The study sample covers some 2,700 workplaces, 1,800 of which will be new to the study, and with repeat interviews at 900 workplaces first surveyed in 2004.

In terms of participants, an interview is held with the most senior manager responsible for employment relations and personnel issues, along with an interview with one trade union employee representative and one non-trade union representative where present (approximately 1,000 such interviews are anticipated). In addition, a self-completion survey will be carried out with a representative group of up to 25 employees randomly selected from each workplace (approximately 25,000 completed surveys are expected).

The study will collect structured information on such issues as the management of employment relations, recruitment and training, information, consultation and communications, employee representation, payment systems and pay determination, collective disputes and procedures, redundancies, grievance and discipline, equal opportunities, work-life balance and well-being, health and safety, flexibility and performance, business strategy and workplace change, employee engagement and job satisfaction.

France

In France, the REPOSE survey assesses the impact of new technology on employees and the involvement of trade unions as specific indicators; The REPOSE survey was conducted in France among 3,000 workplaces in 1992–93, 1998–99 and 2004–5 to evaluate the empirical pertinence of socio-productive models, taking into account three dimensions: work organisation, human resources management and industrial relations.

The REPOSE survey was largely inspired by its British counterparts, WIRS (*the Workplace Industrial Relations Surveys*) and WERS (*Workplace Employment Relations Studies*).

⁵ <http://www.bis.gov.uk/policies/employment-matters/research/wers/wers2011>

The REPOSE survey is conducted under the aegis of the Ministry of Employment and collects the point of view not only of a senior manager in each workplace but also of employee representatives (if they are present) and of a sample of employees. It interrogates employers and representatives by means of face to face interviews (CAPI, 1½ hours long) and employees by means of a self-administered questionnaire. The questions cover a wide spectrum of themes ranging from the structure of ownership to the conditions and organisation of work, without forgetting industrial relations and human resource management practices. Finally, it also includes a panel of workplaces which are followed from one survey wave to the next.

Furthermore, the COI (*Changements organisationnels et informatisation*) survey assesses changes in organisation and information provision at the workplace. Also commissioned by the Ministry of Employment, this survey addresses both employers and employees, and is divided into three parts: *COI-TIC* for the commercial sector, *COI-FP* for central administration and *COI-H* for the hospital sector. The main aim is to consider changes in private and public sector organisations in the way they mobilise management and technical tools (information and communication technologies) (written questionnaires, see www.enquetecoi.net). The aim of the employees survey is to be complementary to the employers survey, and includes information on the job, working conditions and use of ICTs. It is based on a single questionnaire used for all sectors (a face to face survey of around ½ hour).

Business surveys of employees

It should be noted that the above employer–employee surveys differ in several respects from workplace surveys undertaken by consultancy organisations or other agencies to address specific issues or concerns with relation to their employees. These include such reports as:

- *Trust in the workplace: 2010 Ethics & Workplace Survey* (Deloitte, 2010);
- *Managing tomorrow's people: The future of work to 2020* (Pricewaterhousecoopers, 2007)
- *100 Best Workplaces in Europe 2011* (Great Place to Work Institute, 2011).

While these surveys highlight workplace issues and tend to promote innovative human resource practices, they are nevertheless drawn up in light of the interests of employers and do not generally present as comprehensive a body of information as the ECS.

Growing use of survey data

With the continued development in the application of sophisticated statistical techniques to social data, the demand for, and use of, survey-based data has developed rapidly in recent years. One important example of this has been the EU-SILC household data series, which evolves out of earlier household surveys, and which has been used for a range of analyses, notably concerning poverty and exclusion (see the new *Employment and social developments in Europe* report, EC DG EMPL, 2012).

Similar interest is now being shown towards the results of the European Working Conditions Survey and the European Company Survey, as indicated in the Deloitte ‘fitness check’ work, and also the study on the comparative flexibility of public and private sector organisations, which combines EU-SILC data with ECS data in order to be able to study specific sectors where there is no EU-SILC breakdown.

In effect, such cross-sectional surveys enable researchers not just to present descriptive statistics concerning labour market or social factors characteristics, but to establish relationships between data drawn from the same source in order to better understand how labour markets, societies, companies and social partners function, and to address important policy questions that increasingly require quantifiable evidence as part of their evaluations.

However, progress in developing such surveys is rarely straightforward. The ECS has evolved somewhat erratically, rather like the EU-SILC, and it is relevant to take account of the latter survey's history since it could provide some indication of the possible future development of the ECS. Indeed, the ESWT started off with 15 countries in 2004, followed by another 6 countries in 2005, making it 21 countries covered in total. The 2009 ECS covered all EU27 countries, as well as Turkey, the former Yugoslav Republic of Macedonia and Croatia (making it 30 countries in total). Furthermore, the focus of the survey has changed with every edition.

The EU-SILC survey was preceded by, and effectively replaced, the *European Community Household Panel* (ECHP), which was a panel survey in which a sample of households and persons were interviewed year after year. These interviews covered a wide range of topics concerning living conditions, including detailed income information, financial situation in a wider sense, working life, housing situation, social relations, health and biographical information of the interviewed. The ECHP ran for eight years, from 1994 to 2001, and there was considerable anxiety among some policymakers and most researchers when it was decided to end it as it was not then clear how, or if, it would be replaced.

What happened in the end was that EU-SILC was launched in 2003 on the basis of a so-called 'gentleman's agreement' between Eurostat and six rather determined Member States (Austria, Belgium, Denmark, Greece, Ireland and Luxembourg) and Norway. Only in 2004 was agreement reached to enable it to include 15 countries, before being expanded in 2005 to cover all of the then EU25 Member States, together with Norway and Iceland. Bulgaria joined in 2006 while Romania, Switzerland and Turkey introduced the survey in 2007.

This experience is not limited to household surveys. The quarterly *European Labour Force Survey* is now recognised as the key source of comparable data on labour market developments across the EU. However, in the 1970s and early 1980s (when it was still only annual), its continued existence was challenged almost every year by one Member State or another for a variety of reasons, such as budgetary problems, lack of endorsement from regional authorities and so on, with objections often coming from the more prosperous Member States.

The Commission's annual *Employment in Europe* report, which was launched in 1989 and which this year has been expanded into the *Employment and social developments in Europe* report, was fundamentally based on the analysis of data from the evolving *European Labour Force Survey*. As the then Commissioner stated in his foreword to the 1998 report:

For a decade now this Report, and the thinking behind it, has provided the analytical bedrock for the Commission's increasingly important role in supporting Member State employment and labour market policies. The Report has pioneered the use of new concepts – like the employment rate – and ... has encouraged better labour market measurement by the promotion and exploitation of Eurostat's Community Labour Force Survey and other series.

In the case of the ECS, such developments are still at a relatively early stage, but the latest 2009 survey is already demonstrating its longer-term potential by providing benchmark data that not only offers a better understanding of social relationships and dialogue at the workplace, but also enables it to be compared with, and related to, the organisational efficiency of companies and their resulting economic performance.

At the same time, it has to be recognised that with respect to the ECS, while Member State governments are accustomed to working with comparative EU-wide data, even when the results are not entirely favourable, this is not always the case with all social partners in all Member States. Discussions with experts working on some current research enquiries in this area suggest that representative bodies of employers and employees may not always appreciate the value of surveys that shed light on their working arrangements, especially if the evidence suggests that a lack of cooperation may be responsible for any relatively poor performance resulting in their lagging behind other Member States.

In that respect, it will be interesting to see whether further analysis confirms current indications of something of a north–south divide within the EU in terms of social partner responses to progressive systems of work organisation and social cooperation at the workplace (and which appears to be reflected in their relative productivity and competitiveness performance and their capacity to manage restructuring and change generally), or whether this is found to be accounted for by more structural differences, e.g. in the sectoral composition of employment, the age/gender structure of the workforce, the average sizes of firms or other explanations.

Addressing policy concerns through workplace surveys

What the ECS and similar national surveys are essentially seeking to do is to better understand the nature of the central, largely unknown, part of business and human resource development – namely, the ways in which resources are combined and used – and to see to what extent such essentially qualitative factors as the degree of trust and cooperation between members of the workforce and between the workforce and their employers can be developed into useable quantitative analytical indicators.

Such developments offer the prospect of a real breakthrough in seeking to explain why some firms succeed better than others and why some countries produce higher performance than others, especially where predictions based on traditional economic calculations of labour and capital inputs would suggest that the outcomes ought to be much the same.

In other words, the ECS is helping to throw light on what economists have traditionally attributed to ‘enterprise’ (as opposed to the more quantifiable factors of production of land, labour and capital), with the focus not so much on the more intangible factors such as leadership or vision (important as they can be in some circumstances or stages of a business’s development), but on more down-to-earth and measurable factors, such as the form of work organisation, the efficiency with which business tasks are organised or the extent to which the workforce and owners are seen to be working together in pursuit of their common interest.

This is particularly important for highly developed economies, including a number of those in the EU, which have seen a stagnation or even deterioration in their aggregate productivity performance in recent years, despite the rapid spread of ICT and with little real understanding as to why and how this has occurred.

Part of the explanation has been sought through developments at macroeconomic level given that low rates of economic growth have tended to reduce rates of productivity-enhancing investment, which have also discouraged a more efficient reallocation of labour, often for social reasons. Insofar as this is true, it is not particularly reassuring and suggests considerable complacency among the social partners as well as governments. It also underlines the importance of seeking to assess the extent to which changes in work organisation or improvements in social dialogue can offer real prospects of higher levels of productivity (and hence profitability and prosperity).

This would only take us part of the way towards addressing the so-called ‘Solow dilemma’ (see below), but there is growing evidence that the comparative data that are becoming available are starting to offer important insights into these questions, as the reported results of the secondary analyses illustrate. This underlines the potential benefits of fully exploiting the entire range of data on economic performance, employment structures and developments, labour force capacity and skills, human resource management, industrial relations and social dialogue, and labour force management in order to provide a comprehensive picture of business organisation.

If that is done in a rigorous and, where possible, quantitative way, it is likely to lead to a much more practical focus in policy direction – certainly superior to the all-too-frequent reliance on exhortation to innovate or modernise with little indication of the direction that such action should take or the likely outcomes.

Advances in the use of cross-sectional analyses

The advantage of comprehensive large-scale sample surveys is not only that they provide the best possible estimates of situations that exist in the universe of cases that they seek to represent, but that they provide a body of cross-sectional data that enables detailed and sophisticated analyses to be made of structural relationships between different elements and practices within the systems they survey.

This is underlined in the work of leading analysts (Abowd, Creedy and Kramarz, 2002) who have helped develop the statistical and econometric techniques relating to the analysis of matched employer–employee data collected from businesses or establishments and which are seen as the prime source of empirical data for refining theories of workplace organisation, compensation design, mobility and production as well as for assessing performance, evaluating alternative approaches and developing policies, whether by businesses or governments.

Such developments are important in that while it may be interesting and useful to have evidence and trend data on, say, the proportion of people working flexible hours or the proportion of different organisations of part-time work, it will be even more important for employers, employees and policymakers to have evidence on more complex issues, such as:

- to what extent different forms of flexibility (working hours, contractual relations, payments systems, patterns of work organisation) are effective in improving workplace efficiency or whether they are, or are not, mutually co-existing and re-enforcing;
- how far different patterns or types of flexibility are related to wider measures of economic and social performance, including productivity and competitiveness as well as employee motivation or job satisfaction.

In this respect, the ECS EU-wide results can be used in similar ways to household surveys such as EU-SILC, which are now being used, for example, to analyse the previously unfathomable and complex relationship between poverty and household size/work intensity (EC DG EMPL, 2012).

The disadvantage of periodic sample surveys like the ECS is essentially their infrequency and the fact that, in many cases, they do not cover all the same establishments in subsequent surveys. Moreover, in the case of the ECS, a number of the questions also tend to change over time to reflect emerging policy concerns. The absence of comparable longitudinal data may therefore make it more difficult to monitor trends over time, although this is offset by the value of fresh additional information on matters where few, if any, alternative sources exist.

A practical, but little recognised, obstacle to exploiting the results of the ECS relates to the interpretation of survey methodologies and research methods themselves. In practice, the extraction of the most relevant findings generally involves the use of relatively sophisticated techniques of statistical analysis, which raises some potential problems.

- Sophisticated statistical computer packages are readily available nowadays, but not all users are as aware of the limitations of statistical inference and of potential pitfalls as they should be and may therefore rely too heavily on standard significance test results, etc., in judging the validity of their findings and pay too little attention to detailed issues of analysis or data.
- Secondly, analysts who are technically skilled in using such sophisticated methods and who avoid any of the pitfalls above may nevertheless not necessarily be equally skilled in translating numerical findings into words and messages that can be readily understood by non-technical readers.
- Thirdly, non-technical readers who do not easily distinguish between the presentation of descriptive data and the analysis of data in order to draw inferences for policy or other purposes may be unable to fully appreciate the significance or validity of sophisticated research results, however well they are presented.

Hence, there is a practical educational task to be addressed since it is important to ensure that policymakers responding to the research are familiar with the nature of these enquiries and, in particular, of the value of the inferences that can be drawn from the evidence. If this is not done and readers are left to rely on 'blind faith', there is always the risk that they may prefer to take the 'safer' alternative option of ignoring the findings altogether.

Policy context and findings 2

Economic and social context

The assessment of the contribution of the ECS to EU policy development has to be seen in relation to the overall economic and social challenges facing the Union as a whole; the challenges facing individual Member States; and the range of specific issues being dealt with under the Europe 2020 strategy.

In this context it is important to note that the global economic crisis began as the 2009 European Company Survey interviews were being prepared and conducted, and its consequences are likely to still be casting a shadow over the European economy when the 2013 survey is being conducted.

The crisis is obviously having profound effects on the way Europe conducts and manages its monetary and fiscal policies, but it is also going to have a significant impact on the way that individual governments and social partners address the challenges of business competitiveness and social cohesion within the EU's currency union. It will undoubtedly have an impact on companies and their possibilities, choices and actions.

However, success also depends on Member States respecting the constraints that a currency union imposes, since it removes the devaluation option from countries, regions or companies who let their productivity and inflation performance get out of line.

When Member States do not or are not able to respect those constraints, as the current economic situation in Europe demonstrates – notably with respect to the Southern EU Member States of Greece, Italy, Portugal and Spain – this puts a great deal of pressure on the countries concerned to re-establish the competitiveness of their businesses and their national economies.

Determinants of economic performance

Over the years, economists and other social scientists have provided much detailed understanding about the determinants of economic growth and how and why divergence in economic performance and employment can occur in practice.

Much of the analysis and debate have centred on the two factors for which data are most readily available, namely:

- the level and quality of the physical capital used in the various areas of the economy;
- the level and quality of the human resources employed in the various areas of the economy.

However, much still remains to be explained and understood as to why the competitive performances of some countries, regions, companies and people are so much better than others, even when indicators such as rates of investment in capital or average years spent in education suggest that outcomes ought to be much the same.

To address this gap in knowledge and understanding, increased attention has been paid to less easily measurable factors in relation to the efficiency with which the capital and human resources are used together, which includes the operational ways in which innovations and advances in technologies are embodied in investments in plant and equipment, people and work processes as well as the degree of effective cooperation that is achieved between employers and employees in pursuit of their objectives.

In this respect, one of the long-standing conundrums of modern economics is the so-called 'Solow paradox' – the product of the offhand musings of Nobel Prize-winning economist Robert Solow some 25 years ago about why the impact of the widespread adoption of ICT was not visible in terms of any obvious improvement in the productivity statistics.

Much of the early debate focused on a supposed under-reporting of productivity improvements data due to improvements in product and service quality that were not being picked up in the statistics, but the most interesting analytical developments have been into the wider implications for the economy as a whole of the effects productivity-enhancing technological developments can have.

This relates in particular to what economists refer to as ‘total factor productivity spillover’, i.e. the way in which productivity (or competitiveness, for those who prefer that terminology) improvements can result not just in gains in the areas where they are directly applied, but in the generation of productivity ‘spillover’ benefits that are spread throughout the economy and not just limited to the initial area of impact.

The most extensively examined historical case of such a productivity ‘spillover’ concerns the development and use of electricity in the US nearly a century ago. During the 20-year period up to 1920, it has been estimated that total factor productivity in US manufacturing increased by a useful, but hardly staggering, 0.5% a year as a result of the substitution of electricity for other sources of power and light.

Over the following decade, however, it was estimated that the rate of total factor productivity increase in the economy rose much more dramatically – by 5% a year – with virtually all of this improvement being attributed not to the use of electricity as such, but to the improvements in business performance that this new source of power had introduced into manufacturing activities generally, enabling far-reaching changes in factory design, work organisation and capital savings.

This past experience suggests that while there will no doubt be further developments in the information technologies themselves, the main benefits, and challenges, from ICT are still to come. And most importantly, they will result mainly from the ways in which businesses, workers and consumers choose to organise themselves, both inside and outside of the workplace.

Of course, the improvements in business organisation in the US in the 1920s that led to such sharp increases in productivity were, to a large extent, linked to the development of standardised mass production methods, commonly known as Fordist, and such methods are no longer associated with leading-edge management or production techniques (although they nevertheless remain important in some sectors and in some countries of the world, including some parts of the EU, where the comparative advantage is still linked to relatively low labour costs).

The equivalent challenge today is framed in other terms – such as teamworking, flexibility practices, high-performance workplaces and so on – and linked more often than not to various parts of the expanding service sector. Hence, today the range of work organisation patterns linked to changing technological advances are much more diverse, flexible and sophisticated compared to earlier models of industrial organisation.

Most importantly, they are evolving at a rapid pace involving changes not just in management and production technologies, but in the development of our societies and economies, with issues of choice, diversity, equality and flexibility in work–life balance having a significant impact on patterns of labour market participation and consumption.

Divergences between Member States

A central aspect of the current crisis is not just the extent to which the EU as a whole faces such challenges, but the marked divergences in productivity performances that have emerged in recent years between the northern countries of France, Germany and Scandinavia and the southern countries of Greece, Italy, Portugal and Spain.

In this respect there is plenty of debate about the extent to which differences in performances are attributable to differences in business organisation as well as industrial relations practices, with some arguing⁶ that the successful economies in this respect tend to be those where relations between employer and employees are well structured and essentially cooperative, compared with those where ‘the manager’s right to manage’ is more the order of the day.

The issues are not straightforward, however, and the evidence does not necessarily lead to the conclusion that all that is needed is for the southern countries to simply mimic the business and industrial relations arrangements in the northern countries in order to make up the productivity deficit.

What appears to be called for, rather, is a more wide-ranging understanding that encompasses:

- how work and work relations are actually structured within different Member States, sectors and companies;
- the extent to which different industrial relations practices and traditions do, or do not, contribute to differing outcomes;
- the extent to which different work practices and industrial relations arrangements are determined by national, even regional, social, cultural, economic and legal factors and which may need to be addressed in order to really bring about change.

EU policy agenda

The current EU policy agenda is framed by the Europe 2020 strategy,⁷ which sets out a vision of Europe’s social market economy for the 21st century, with three mutually reinforcing priorities:

- *Smart growth*: Developing an economy based on knowledge and innovation.
- *Sustainable growth*: Promoting a more resource-efficient, greener and competitive economy.
- *Inclusive growth*: Fostering a high-employment economy delivering social and territorial cohesion.

This Europe 2020 strategy includes key EU-wide targets:

- *Employment*: 75% of the population aged 20–64 in employment.
- *Research and development*: 3% of the EU’s GDP to be invested in R&D.
- *Climate change*: Achieving the 20-20-20 climate/energy targets, including a further reduction in emissions.
- *Education*: The share of early school leavers to be under 10%, with at least 40% of young people having a tertiary degree.
- *Poverty*: 20 million fewer people at risk of poverty.

⁶ See, for example, the European Participation Index in the ETUI (2011) *Benchmarking working Europe* report.

⁷ Brussels, 3.3.2010 COM(2010) 2020 final.

Each of these EU goals has been translated into national targets and trajectories and backed up by seven European Commission flagship initiatives:

- *Innovation Union*: Improve framework conditions and access to finance for research and innovation so that innovative ideas turn into products and services that create growth and jobs.
- *Youth on the move*: Enhance the performance of education systems and facilitate the entry of young people into the labour market.
- *A digital agenda for Europe*: Speed up the spread of the high-speed internet and reap the benefits of a digital single market for households and firms.
- *A resource-efficient Europe*: Help de-couple economic growth from the use of resources, support the shift towards a low carbon economy, increase the use of renewable energy sources, modernise transport and promote energy efficiency.
- *An industrial policy for the globalisation era*: Improve the business environment, notably for SMEs, and support the development of a strong and sustainable industrial base able to compete globally.
- *An agenda for new skills and jobs*: Modernise labour markets and empower people by developing their skills throughout the lifecycle with a view to increasing labour participation and a better matching of labour supply and demand, including through labour mobility.
- *European platform against poverty*: Ensure social and territorial cohesion such that the benefits of growth and jobs are widely shared and people experiencing poverty and social exclusion are enabled to live in dignity and take an active part in society.

ECS contribution to the EU policy agenda

These overall strategic goals suggest four specific challenges that relate to issues that directly involve the work of Eurofound, including, in particular, the work of the European Company Survey (ECS). These include:

- the challenge of *adapting our working life practices* to changing demands, evolving technologies and changing patterns of participation;
- the challenge of *developing positive employer–employee relations* in work environments;
- the challenge of *supporting and encouraging convergence* – helping countries, regions and companies that have been falling behind to catch up;
- the challenge of ensuring that the EU exploits the technological opportunities to significantly *raise productivity performance and living standards* overall.

Compared with the ambitious and wide-ranging Europe 2020 policy agenda, and even the sub-set of objectives that are indicated above, there are obviously limits to the amount of policy-relevant information that can be gleaned from a company survey of managers and employee representatives, albeit large, well structured and EU wide, as made available through the ECS.

Nevertheless, at a point in time when the EU is facing massive challenges in terms of economic integration and financial stability as well as positive social and political evolution, the way in which EU-based companies and their employees choose to organise their working arrangements and to invest in appropriate technologies, capital and education is far from being a second-order issue.

Of course, little can be achieved in terms of restoring economic and social progress in Europe without the re-establishment of economic growth and financial stability, which depend in large part on EU and national authorities. However, macroeconomic policies alone are far from enough to respond to the challenges set out in Europe 2020, and the speed with which the EU adopts and exploits the technological opportunities that are now flooding the world, and the speed with which individual Member States and companies raise their game in terms of their productivity, business organisation, and human resource management and cooperation, will be crucial in achieving overall economic success.

Moreover, one of the important lessons from past economic history is that it is often in the most difficult of macroeconomic and social circumstances that technological and organisational changes can bring their greatest benefits, and that this opportunity should not be passed up, but embraced – as underlined in the Europe 2020 strategy.

Use of findings in policy and research 3

Based on the 2009 survey data there is an important and growing range of work undertaken by researchers and policymakers on workplace practices and social dialogue, with every indication that this could develop further and prove even more fruitful if the 2013 survey were to delve even deeper into workplace relationships and performance. Another step which would enrich the data from this survey would be to link it with employee data, such as from the European Working Conditions Survey.

The European Company Survey, as other Eurofound survey data, is available for interested parties through the UK Data Archive.

Work to date includes:

Eurofound's own reports:

- *European company survey 2009 – overview* (Eurofound, 2010a);
- *Flexibility profiles of European companies* (Eurofound, 2010b);
- *Management practices and sustainable organisational performance: An analysis of the European Company Survey 2009* (Eurofound, 2011c);
- *Workplace social dialogue in Europe: An analysis of the European Company Survey 2009* (Eurofound, 2012b)
- *Employee representation at establishment level in Europe* (Eurofound, 2011a);
- *Performance-related pay and employment relations in European companies* (Eurofound, 2011e);
- *HRM practices and establishment performance: An analysis using the European Company Survey 2009* (Eurofound, 2012a);
- *Part-time work in Europe* (Eurofound, 2011d).

Other reports:

- Information and consultation Directive 2002/14/EC – the first five years (Eurofound, 2011b);
- Fitness check on information and consultation Directives
- Flexibility in public and private sector establishments
- (Muffels and Wilthagen, 2011; Muffels et al, 2010);
- *Benchmarking Working Europe 2011* (European Trade Union Institute, 2011).

Eurofound reports

European Company Survey 2009 – overview

Eurofound's first report (Eurofound, 2010a) focused on two particular topics: flexibility practices and social dialogue at the workplace. A series of further analytical reports have since been published.

Flexibility practices

In terms of flexibility practices, labour market flexibility is commonly discussed at EU level in relation to the notion of flexicurity, notably in the labour market at large. The ECS does not cover such external flexicurity, but it does provide important and revealing information concerning labour flexibility within enterprises and the extent to which these practices meet the needs of companies and impact on employees' working lives.

In particular, the survey covers flexible working hours, including part-time work and shift/overtime work; flexible systems of wage determination; and flexible patterns of work organisation, with a particular focus on the way companies use flexibility techniques in combination rather than in isolation in order to improve overall efficiency.

In terms of flexible working hours, flexitime is used by over 50% of establishments, with almost 40% of these allowing for the build-up of time credits. More than 65% of EU establishments offer part-time work, although this varies greatly between Member States. Overtime working is still in relatively common use – perhaps surprisingly, more in northern Member States, including Germany, with much less use in the new Member States.

In terms of contractual flexibility, temporary work is used by more than 20% of enterprises, with fixed-term contracts used by some 50% of enterprises, although the situation varies considerably between Member States.

Different ‘flexibility profiles’ of companies can be derived from the survey data with regard to their use of different forms of flexibility, namely:

- firms with largely inflexible working, except in relation to working hours;
- firms with average/below average flexibility, but also using agency workers;
- firms making use of most forms of flexibility;
- firms making use of all forms of flexibility, including autonomous teamwork.

There is something of a north–south divide as well as between firms in manufacturing and services, with some visible links between overall flexibility and company performance.

Social dialogue at the workplace

In terms of social dialogue, the survey indicates that 65% of employees are covered by collective wage agreements; 60% have a recognised system of employee representation (mainly trade unions); 85% of employee representatives are informed at least once a year about the company’s prospects; and 75% of employer and employee representatives see the industrial relations arrangements as contributing positively to company performance and workforce satisfaction.

Overall, employee representatives believe that their influence is highest where there is legislation, negotiating arrangements or clear procedures; next highest on pay, equal opportunities or work organisation; and least in relation to human resource development or restructuring. However, a significant minority (30%) of employers see the involvement or consultation of employee representatives as inhibiting or delaying managerial decision-making, and some 60% say that they would prefer to deal directly with their employees rather than go through their representatives. All the above findings can vary considerably between Member States, across sectors and by size of firm.

Flexibility profiles of European companies

This report (Eurofound, 2010b) analyses European corporate practices in terms of working time flexibility as revealed by the ECS 2009. It constructs five flexibility profiles based on information about flexible working hours, irregular working hours, overtime, part-time work, temporary agency work and fixed-term contracts, variable elements of pay and autonomous teamwork.

The report goes on to examine how the five profiles are linked to certain company characteristics and to company performance. It underlines the fact that the most common type of flexibility found across companies in the EU is working time flexibility.

Management practices and sustainable organisational performance: An analysis of the European Company Survey 2009

This report (Eurofound, 2011c) builds on the finding that high-performance workplaces (HPWPs) are associated with improved performance outcomes for both employees and the workplace. It covers practices associated with good employee performance outcomes as well as practices associated with good organisational performance outcomes.

It considers practices associated with reducing employee absence levels (reviews of staff training needs, profit sharing, share ownership, autonomous teamworking, the presence of flexible working and its take-up by at least one-fifth of employees) and practices with beneficial links to reducing employee motivation problems (reviews of staff training needs, giving staff training for new tasks and time off for training, profit sharing, the presence of teamworking and autonomous teamworking, and the take-up of flexible working by at least one-fifth of employees).

In terms of practices with beneficial links to reducing employee retention problems, it addresses autonomous teamworking and notes that practices seen to have beneficial links to improved productivity are training, teamwork and social dialogue practices, all flexible working practices, the presence of profit sharing and the presence and coverage of individual incentive pay for at least 25% of employees.

Practices with beneficial links to a good work climate and a good economic situation for the firm are training practices and teamwork practices as well as ad hoc consultation where there is no formal employee representation.

The results show that HPWPs can achieve their effects on organisational performance through improving employee performance, rather than simply acting directly on operational and organisational outcomes. This emphasises the contribution that employees can make to organisational performance and adds weight to the case for firms to invest in HPWPs. Moreover, there is some evidence to suggest that poorer-performing firms may stand to gain greater benefits from the application of HPWPs.

In terms of policy, the report points out that:

- Employee complaints about lack of career development opportunities and rejected requests for training are higher among firms with higher-skilled staff and those that provide training. This suggests that firms may need support in managing the expectations of staff.
- Similarly, firms that provide training are more likely to receive complaints about pay. This suggests a need to support firms in integrating pay and training practices and in managing staff expectations about rewards for skills acquisition.

Employee representation at establishment level in Europe

This report (Eurofound, 2011a) explores the evidence from the ECS which suggests that countries can be placed into four categories in terms of the type of representation that is most prevalent at company level; however, in some countries there might be a combination of different forms:

- Single channel representation, where works councils are the sole eligible employee representative structure (Austria, Germany, Luxembourg and the Netherlands).
- Dual channel representation, where both types of representation can be found but works councils have a stronger role (Belgium, France, Italy, and Spain; in the case of Spain, the survey only asked about the presence of works councils, not trade unions). In some Member States, the union-based system together with recent changes in legislation concerning works councils appears to have fostered the set-up of works councils (Estonia, Hungary, Latvia, Poland, Romania, Slovakia, the UK and, to a lesser extent, Ireland).

- Dual channel representation, with trade union shop stewards playing a prominent role (Denmark, Finland, Portugal, Slovenia and Croatia).
- Single channel representation, with the trade unions being the sole employee representative body (Cyprus, Malta and Sweden).

In terms of policy implications, the report notes that in many Member States that have a traditional predominance of trade unions, national experts point to a considerable share of works councils mainly operating jointly with trade unions, but also in some countries as single bodies. For example, in some of the new Member States (Hungary, Latvia, Poland, Romania), but also in the United Kingdom, where due to recent changes in legislation works councils are a rather new form, the survey data by and large show much higher incidences and coverage of works councils as single forms of representation than is documented in the national reports.

The authors point out that this could indicate that the survey has picked up on new developments that are not yet showing up in national-level statistics and could reflect the impact of the transposition of Directive 2002/14/EC in promoting information and consultation. Further analysis is needed to determine whether this is fostering a European trend towards dual channels, combining works councils with a role for trade union actors at workplaces with employee representation.

Performance-related pay and employment relations in European companies

This analysis (Eurofound, 2011e) of the ECS data shows that larger establishments, those in foreign ownership, in the financial intermediation or commerce sectors, and those located in some central and eastern European countries are more likely to have a performance-related pay (PRP) scheme based on the performance of individuals. These factors account for around 75% of the predictive power of the study's estimate models, although the forms of flexibility practices used in the establishment also play a role.

Companies tend to use PRP along with such HR measures as working time flexibility, compensating for overtime and teamwork, and it is more likely to exist in establishments that have previously undergone restructuring. Companies with working time flexibility schemes (in which employees can accumulate hours) are more likely to have an individual PRP scheme than companies that do not grant any working time flexibility.

PRP schemes in Europe are more likely to be in place in companies that have employee representation in place. Companies with a wage agreement are also more likely to have a PRP in place. On this basis, the authors conclude that PRP is an issue that can be dealt with within industrial relations structures at establishment level and included in the topics covered by social dialogue. However, trade unions are not always supportive of performance-based pay schemes and their attitude is an important factor in the adoption of such schemes.

HRM practices and establishment performance: An analysis using the European Company Survey 2009

This report (Eurofound, 2012a) provides an overview of the literature on innovative work practices as well as an inventory of some practices which can be identified as innovative. The analytical part of the paper is based on Eurofound's own European Company Survey (ECS).

Four performance indicators are used: work climate, the lack of HR problems, labour productivity (compared with competitors) and the economic situation in the establishment. Only quite sophisticated practices are coded as innovative. The five sets of practices are flexible working time, financial incentives (for a large proportion of the workforce), training, autonomous teams and employee voice.

Key findings of the investigation are:

- the positive impact of employee voice on having both a good work climate and the absence of HR problems;
- the importance of training for the economic situation and productivity level of the establishment;
- the economic situation and productivity measures of performance are also positively associated with performance-related pay;
- team autonomy showed relatively strong effects for the work climate and productivity;
- positive but slightly weaker results are also found for working time flexibility for all performance variables.

An overall conclusion is that the innovative work practices, as identified in the ECS, do appear to have a positive effect on various dimensions of performance. Labour productivity is not only about new technologies and increased capital investment – work organisation in general, and these practices in particular, also play a vital part in meeting the challenges of an increasingly global competitive environment.

Part-time work in Europe

As this report (Eurofound, 2011d) underlines, part-time employment has been increasing in Europe for the past two decades. This is especially true for countries where different working time arrangements have been discussed among policymakers and social partners as a way to increase flexibility.

Part-time work, in the widest sense, may have both positive and negative effects for workers and employers. It could be a solution for employers to fill up certain hours or they might offer it to workers who use it as a solution for balancing work and private life in certain life phases. Part-time work can be voluntary or involuntary for workers. Furthermore, it might cause them a number of disadvantages at work compared to full-time workers. There are different forms of part-time work, not only in the number of hours offered, but also the organisation, predictability and variability of the work. Furthermore, part-time work might impact on career possibilities as well as other elements, e.g. access to training.

This report looks at the results of two surveys, conducted by Eurofound, that contribute to research on part-time work. This includes the second European Company Survey (carried out in 2009), which concentrates on the company perspective of part-time work. This survey included questions not only on the existence of part-time work at establishment level, but also on the number of highly qualified people or managers working part time. At the same time, the fourth European Working Conditions Survey (EWCS, carried out in 2005) provides insight into part-time work from the employees' perspective.

Workplace social dialogue in Europe

This secondary analysis report (Eurofound, 2012b) seeks to understand the prevalence, determinants and effects of well-functioning social dialogue, particularly at workplace level, where the employment relationship is worked out on a day-to-day basis. It is set against the background of the 'European model' in which a strong and effective dialogue between social partners at all levels is seen as an essential complement to a coherent legislative framework.

The authors set out to contribute to debates on these various issues by providing a theoretically grounded and empirically robust analysis of workplace social dialogue in Europe, recognising that many issues are up for debate across the Union: the roles of trade unions and other forms of representation; the extent of legislative support for different types of workplace institution; decentralisation trends in relation to collective bargaining; uncertainties about the implications of enlargement for social dialogue; and debates about the coherence and relevance of national models.

The research approach is built around a series of hypotheses, based on existing industrial relations theories, about the determinants, nature and outcomes of workplace social dialogue, and uses the empirical data from the 2009 ECS.

In terms of techniques, the researchers rely primarily on multivariate regression methods to identify the association between particular outcomes and particular factors while controlling for (taking account of) the influence of other characteristics.

In their approach, the researchers define ‘meaningful social dialogue’ in terms of opportunities for discussion about the employment relationship (democracy at the workplace) as well as having access to information, possessing expertise and operating with a high level of trust.

Factors likely to be associated with the presence of representative structures and meaningful social dialogue are seen in terms of:

- collective bargaining arrangements and legal framework;
- the competitive situation of the company and the sectors in which it operates;
- the size of the firm and the situation within it – HR practices, workforce characteristics such as gender or skill level.

Prevalence of workplace social dialogue

In terms of the prevalence of workplace social dialogue, the researchers find that one-third of workplaces with 10 or more employees have a trade union or works council-type body in place, but with considerable variations between countries – from over 55% in the Nordic countries to less than 20% in Greece and Portugal, with substantial variations between sectors and size of firm.

The regression analyses confirm that these results are associated with the presence or otherwise of trade union or works council bodies, after controlling for other factors.

Moreover, workplace representation is found to be more prevalent in countries where national or sector-level bargaining rather than company-level bargaining is dominant and where legislative support for workplace representation is strongest.

Union representation is also found to be more extensive in more profitable industries than in less profitable industries. In terms of specific workplace-level influences, employee representation is more likely to be found in larger workplaces, in companies belonging to large organisations, in public sector organisations and in companies that had recently undergone organisational change.

On the other hand, trade union representation is less likely to be found in workplaces with a high share of female workers and in workplaces with a high share of skilled workers.

While some of the ECS 2009 results largely confirm existing findings or beliefs, the association with bargaining levels or the prevailing legislative framework, and the association between union representation and level of competition faced by the employer, does tend to shed new, additional, light on workplace relationships.

In terms of the nature of the dialogue at workplace level, the analysis looks at two aspects in particular:

- firstly, the extent to which representatives consider that managers provide them with sufficient paid time off to complete their duties;
- secondly, the extent to which employee representatives consider that company managers provide them with regular, detailed information on employment and the economic situation of the workplace.

Paid time off to complete duties as employee representative

80% of employee representatives respond positively to the question as to whether they have paid time off for their duties as an employee representative, but this might not always be deemed sufficient time and there are big differences among countries.

Differences in legislative provisions explain at least some of these differences, with representatives in countries where there is a legal entitlement to receive paid time off from the employer being, on average, 15 percentage points more likely to say that their time off is sufficient relative to those in countries with no such legal entitlements.

The question of whether a representative obtains sufficient paid time off is seen to depend on the demands placed upon them, their capabilities to respond to these demands and the amount of time allowed.

In respect of demands, representatives in larger workplaces are less likely to consider that they have sufficient time off, as are representatives in workplaces that have recently experienced changes in human resource practices.

With respect to capabilities, representatives who regularly receive training support for their representation role are more likely to consider that the amount of paid time off is sufficient, suggesting that training may help improve efficiency.

The researchers also find that representatives in workplaces with a single channel of representation (trade union or works council) are more likely to consider the amount of time off sufficient than those in workplaces with both trade union and works council forms of representation. Works council representatives are nonetheless more likely to consider their time off to be sufficient than trade union representatives.

Provision of information

In terms of the provision of information, some 84% of representatives receive information on the economic situation at least once a year, and a similar proportion of representatives receive information on the employment situation at least once a year. However, only 77% of representatives receive both at least once a year.

Surprisingly, information provision is reported as less common in countries where works council bodies have rights to consultation or co-determination than in countries where they merely have rights to information. One possible explanation offered by the researchers is that rights to information may be more heavily proscribed in countries where works council rights extend only to information provision than they are in those countries where rights extend to consultation and co-determination.

The research does reveal, however, that information provision is more likely in single independent establishments than in multi-site organisations and in workplaces with a high share of skilled workers. Moreover, the provision of information is more common where representatives have received regular training and in workplaces where employees are supportive of the role of their representatives.

Nature of the social dialogue relationship

In terms of the nature of the relationship between employers and employee representatives, some 83% of employee representatives consider that managers and representatives make genuine efforts to resolve common problems. When managers are asked whether they would prefer to consult directly with employees rather than with representatives, over 40% did not agree.

By combining the above findings, the researchers conclude that around one-third (34%) of employee representatives work in establishments where they consider that managers and representatives are making genuine efforts to resolve common problems and where the management does not prefer to consult directly with employees.

This figure varies, of course, between Member States, ranging from 45%+ in Austria, Denmark, Germany and Sweden to below 15% in Estonia, Hungary and Latvia. The extent of legislative support for employee representatives appears to play some part in explaining these differences in the case of works council representatives, but not in the case of trade union representatives.

Overall, works council representatives are more likely to have a constructive relationship with managers than trade union representatives, although, in general, relationships are less likely to be constructive in workplaces that have recently undergone a takeover or merger.

The research analysis continues with an investigation of the breadth and depth of social dialogue – meaningful social dialogue – based on indicators of the employee representative's influence on management decisions across various areas of employment practice, including the determination of pay, changes in the organisation of work and equal opportunities.

Overall, this shows that the provision of paid time off for representatives, the provision of information and the character of the management–representative relationship are all factors that are associated with the level of influence of the representatives. However, the researchers do warn that while various dimensions of social dialogue are positively associated with one another, and with observable features of workplaces, sectors and national institutional settings, they should not be interpreted in terms of causality.

However, the researchers also note that a 'meaningful social dialogue' may actually result in disharmony at the workplace insofar as the parties are forced to confront one another's views in the process of reaching a compromise. In other words, the overall 'climate' of employment relations may actually suffer as a result of an effective social dialogue.

This is nevertheless in line with some theoretical work on social dialogue which argues that by providing workers with a 'voice', representative structures encourage and enable employees to tackle workplace problems, rather than quitting as a result of dissatisfaction, thereby contributing to more stable long-term employment relationships.

Policy levers and social dialogue

The researchers conclude that policy levers such as legislative support for workplace employee representation can be influential in guiding social dialogue practice and they point to a number of instances in which the institutional environment (which may be shaped by policy), or the legislative framework itself, influence the nature of workplace social dialogue.

At the same time, they suggest that there are limits to the extent to which policymaking can be prescriptive in this area. The costs and benefits of social dialogue may be viewed differently by the various parties to the employment relationship, and it is not easy to determine what is unambiguously socially optimal.

Moreover, since the extent and nature of the workplace social dialogue is related to a wide range of different workplace and workforce characteristics, this makes it difficult to judge the extent to which practices are readily transferable between Member States with different institutional traditions.

Nevertheless, the researchers conclude that the evidence from the 2009 ECS confirms that there is a *prima facie* case for tackling the absence of worker representation at workplace level in the EU if the goal is to extend democracy into the workplace, and that there may be economic value in doing so. Yet their cautious recommendation is that ‘the inherent complexities and uncertainties imply that any interventions should be minimalist at first and lead to evaluation of its impact and subsequent reappraisal’.

Innovative work practices and company performance

This secondary analysis on ‘Innovative work practices and company performance’ uses the results of the 2009 ECS to analyse the implementation of innovative workplace practices in areas such as training, teamwork, worker participation and assessment and to identify their impact on human resource management and organisational arrangements (Eurofound, 2012a).

The background context is that if the EU is to raise its productivity performance (in line with the Lisbon Strategy and Europe 2020), close attention needs to be given to what goes on, in practice, within firms of different sorts and sizes. The need is to identify those factors that determine overall company performance, to establish the relationship (if any) between those different factors and to identify practical ways in which the key elements of success can be promoted and supported.

The report uses logistic regression models to relate human resource problems, productivity assessment, assessment of the economic situation and the work climate in establishments to a series of human resource management indicators as well as testing for bundling strategies, insofar as operational practices appear to be implemented in systematic ways.

It should be recognised that this work is analytically and empirically challenging. The conventional economic approach to improving productivity performance puts the main emphasis on increased capital investment embodying the latest technologies. In this approach it is normal to measure so-called labour productivity by comparing the level, or growth, of output (GDP) with changes in the volume of employment (hours worked or numbers employed).

In effect, that approach attributes increases in labour productivity (as measured above) not only to the increase in capital investment (embodying the latest technology), but also to all other non-capital investment, factors including improved labour force capacity through education and training, plus all the other factors that affect productivity and efficiency at the workplace, such as management competence, the quality of human relations, the efficiency of the organisation of work, etc.

When discussing the comparative performance of companies or countries, it is commonplace to see these kinds of factors as important determinants of relative productivity levels or growth, based on qualitative experience or observation, but it is much less easy to provide quantitative estimates in the absence of hard data.

In recent years, however, a number of researchers have sought to establish indicators that may make it possible to distinguish the impact of different determining factors on company performances.

In order to proceed further, however, it is necessary to find indicators that can be used to distinguish the impact of different determining factors on outcomes, not just in order to settle academic arguments, but in order to improve company performances.

In this respect, a particular and practical emphasis has been placed on the management and development of human resources (high-performance work practices in some jargon), including not just investment in the skill and abilities of the workforce through training and education, but also the development of effective policies and practices in relation to a range of other factors.

There is no agreed categorisation of human resource practices, but the authors list the following from various other research sources:

- training and development;
- performance-related pay, bonuses, profit sharing;
- performance management and appraisal;
- recruitment, selection and staffing;
- teamworking and collaboration;
- direct participation – empowerment, involvement;
- above market rate remuneration;
- communication and information sharing;
- internal promotion opportunities;
- job design – job rotation, job enrichment;
- autonomy and decentralised decision-making;
- employment security;
- benefits packages;
- procedures for settling grievances;
- career and succession planning;
- financial participation – employee stock/shares;
- symbolic egalitarianism (e.g. single status/harmonisation);
- attitude surveys;
- indirect participation through trade unions, committees, voice mechanisms;
- diversity and equal opportunities;
- job analysis;
- socialisation, induction and social activities;
- family-friendly policies and work–life balance;
- management of layoffs and redundancies;
- professionalising human resource management;
- social responsibility practices.

Sophisticated human resource management practices

These issues reflect the main objectives of ‘strategic’ human resource management programmes that focus on building the right kind of workforce for the company by identifying and recruiting strong performers, providing them with the abilities and confidence to work effectively, monitoring their progress toward the required performance targets and rewarding them well for meeting or exceeding them.

From this long list, four are focused on in the research, namely:

- training and development;
- pay and reward schemes;
- performance measurement and management;
- recruitment, selection and career development.

In these respects, the 2009 ECS provides a rich source of information on practices linked to overall performance, including specific questions about training, incentive payment schemes, work organisation and autonomy, worker participation (formal and informal) and flexible work time arrangements. However, the researchers point out that the ECS does not provide data about recruitment, selection practices or performance management.

This ongoing internal Eurofound secondary research analysis has focused on sifting through the ECS evidence to identify what it calls ‘sophisticated’ company practices with respect to these various dimensions of company human resource practices. In this respect, ‘sophisticated’ could mean, for example, not only offering part-time work or training, but allowing part-time working to be undertaken by high-skilled staff; undertaking regular training checks not just for prime-age workers, but also for older employees; or allowing a long-term build-up of overtime hours rather than insisting on more immediate compensation.

On the basis of its analysis of the ECS 2009 results, the preliminary research findings are that each of the ‘sophisticated practices’ in the above sense are being implemented by at least 17% of companies, but by no more than 30%. In other words, sophisticated practices are not very widely used. Ranked in order, the most common sophisticated methods used are in relation to the following:

- flexible working time arrangements (30%);
- training and skill development (26%);
- work in autonomous teams (22%).

The least common sophisticated practices are in relation to:

- performance pay and profit-sharing schemes (17%);
- co-decision mechanisms (18%).

There is also a wide spread of results. A positive finding is that over 25% of companies use two ‘sophisticated’ innovative work practices. On the other hand, fewer than 25% use ‘sophisticated’ practices in relation to any of these flexibility arrangements.

The paper also seeks to assess the impact of innovative workplace practices adopted by the average company in each country in terms of total factor productivity (TFP) where the results are very uneven, in large part because higher labour productivity does not just depend on efficiency at the workplace and the use of innovative workplace practices. For example, the high rates of growth in the new Member States flow from the fact that these countries were transforming their economies from being centrally planned to market economies.

The analysis suggests that high-level working time flexibility has no significant effect on company performance, although the effects are significant in relation to the work climate and economic situation. However, sophisticated financial incentives increase the likelihood of a company having a very good work climate by 13%, the likelihood of a company's economic situation being very good by 23% and the likelihood of labour productivity being 'a lot better than competitors' by 21%. In other words, financial incentives seem to have a higher impact on organisational outcomes than on human resource outcomes.

Training does, however, have significant positive associations with all outcome variables, increasing the likelihood of very good work climate, very good economic situation and higher labour productivity. The association with the absence of human resource problems is 10%. This double impact can be explained by the fact that training has an immediate positive impact on worker productivity if the training aims at specific skills as well as on workers' employability and market value, when elements of general skills are provided. Indeed, much in-company, on-the-job and even off-the-job training provides specific as well as general skills, as is now widely accepted and recognised. Thus, the association is equally high with HR dimensions and with company performance.

The likelihood of the work climate being better is estimated to increase by almost 30% when work is organised in autonomous teams. Moreover, labour productivity is also seen to be a lot better compared with competitors (by 20%) when autonomous teams are introduced. The highest associations are found with employees having a 'voice', reflecting positive social relations at the workplace.

Although the impacts on company outcomes are weak and only marginally significant, the human resource impact is large. In particular, the work climate is more likely to be improved when a company has well-developed co-determination mechanisms.

The researchers have also tried to test for 'bundles' and synergies between practices but did not find a single significant positive result – for example, combining autonomous teamworking with on-the-job training does not have an overall impact greater than the contribution of each of the practices separately.

There seems to be an association between the use of autonomous teams and training checks and in the literature this is reported as a necessity to help workers understand the production process. A core hypothesis in the literature is that management should increase employees' skills and knowledge through training in order to stimulate their motivation and provide opportunities for discretionary effort as well as to establish work norms that support trust and cooperation in the firm.

The evidence of clustering of practices shows a weak correlation between practices of autonomous teams and training, with the two weakly associated with employee 'voice'. However, the analysis suggests that the interaction effects of such practices are not significant.

It can, however, be argued that the most effective system of internal work organisation in a company will be largely determined by its external market environment. In this light, a company competing largely on price in relation to standardised products in volatile global markets is likely to have a different approach to the management of its workforce than one with strong market leadership based on product quality and brand loyalty.

Moreover, this distinction can be used to contrast not just companies but countries too – for example, Germany and the UK with respect to many manufactured products – and may prove to be an important explanatory factor behind radically different approaches to industrial relations.

It should also be borne in mind, however, that the researchers note that some analysts argue that the mix of resources can be very specific to individual companies and not readily transferable to others, with examples to illustrate these claims. Notwithstanding this, there does appear to be a range of specific human resource factors and practices that will affect the productivity outcomes for most companies in most circumstances to some extent.

The challenge is to be able to break into the ‘black box’ that contains all the factors that impact on the performance outcomes of companies and to identify those that are most significant as well as to distinguish between findings that are genuinely ‘universal’ and those that are more specifically related to characteristics of the company, such as its location, size or sector.

Other reports

The findings of the 2009 ECS have been put to use the moment they were available through a number of projects either sponsored by Eurofound – secondary analyses – or carried out by their own staff. In addition, outside bodies are also major users, who can often draw on the findings for several years after they are available given the lack of alternative sources for much of the data the surveys contain.

Six such reports are reviewed below. In addition to this work, some 25 organisations have requested data or other information (e.g. questionnaire or methodology), including five from EU-level organisations, four from the UK, four from the Netherlands, three from Belgium, two from France, two from Austria, one from Italy and one from Finland.

Information and consultation 2002/14/EC Directive: A report on information and consultation practices since the adoption of the Directive

The 2009 survey is proving to be an important source of comparative information for labour law/social dialogue policy studies, including, first, the *Information and consultation practice across Europe five years after EU Directive (2002/14/EC)* report.

This report has already been published and is being used by the European Commission as part of its monitoring of labour law developments – see, among others, the European Labour Law Network.⁸

This study (Eurofound, 2011b), by leading industrial relations specialists Mark Hall and John Purcell, draws on the 2009 ECS data together with reports from the network of EIRO correspondents to provide an overview of employee information and consultation practice in 26 European countries (EU27 excluding Finland and Latvia, plus Norway) five years after the implementation of Directive 2002/14/EC.

⁸ <http://www.labourlawnetwork.eu/>

The Directive, which was adopted in March 2002, with national implementation three years later, was intended to help establish a general framework giving employees the right to information and consultation (I&C) on a range of business, employment and restructuring issues. In practice, its impact has varied considerably between Member States, reflecting in part differences in the nature and extent of their pre-existing I&C provisions.

In some countries, particularly those with long-established works council or trade union-based systems of workplace representation, the Directive did not require major regulatory or institutional change. However, in a number of others – notably the UK and Ireland – it led to extensive legislative reform, as it did in many new Member States.

In March 2008, the European Commission published a review of the Directive's application, indicating that it intended to take further action to ensure compliance and raise awareness of its provisions, and in January 2009 the European Parliament adopted a resolution calling for an evaluation report by the Commission of the Directive's impact in strengthening social dialogue.

In some countries, I&C processes or the establishment of I&C bodies are mandatory. However, in most cases the application of I&C rights guaranteed by the Directive appears to depend on employees or trade unions taking the initiative to trigger the establishment of I&C arrangements, with various statutory or collective agreement arrangements elsewhere.

The ECS indicates that the incidence and coverage of I&C bodies varies greatly. In four countries, over 66% of establishments have representational arrangements, while in three countries the figure is less than 20%.

In all countries, larger enterprises are much more likely to have I&C bodies, with the problem of non-implementation especially acute in small workplaces. Developments vary: in seven countries (those with long-standing traditions of employee consultation) there has been little change; in eight others there is evidence of a growing incidence of I&C; while in 11 countries, the incidence has either declined or the take-up has been low.

In practice, governments and social partners rarely actively promote I&C, and when this does occur it is usually the result of trade union activity. However, there is also ambivalence in countries where unions fear that new I&C bodies could undermine their role.

Where I&C arrangements exist, information tends to be provided, but actual consultation generally takes place in only a minority of enterprises. Where it does happen, it is more likely to be about work-related issues than wider business matters. In practice, the effectiveness of I&C is seen to be heavily dependent on management attitudes and behaviour.

The findings suggest that effective representation of employees requires supportive conditions – hence, legal protections to ensure that representatives have time off with pay to carry out their duties and are protected from detrimental treatment are almost universal. In many countries, there is access to external advice, often from trade unions, although time off for training is less frequent.

In terms of influence, the ECS results suggest that 62% of representatives interviewed thought they exerted strong influence on management decisions in working regulation matters, 54% on work processes and 50% on human resources planning, but only 37% on structural change, with wide variation between countries.

Trade unions are the main actors in terms of pursuing employees' statutory I&C rights in a number of countries and they also tend to be influential in other countries within the works councils or similar designated I&C bodies. The report underlines how the formal separation between union-based collective bargaining and I&C can be blurred in practice, and there is scope in a number of countries for I&C bodies to become involved in bargaining issues.

Direct consultation with employees is allowed in some countries either as a fall-back if no union or I&C body exists or as an alternative means of satisfying the requirements for I&C. With some exceptions, direct management communication with employees is seen as complementing collective consultation.

While there is widespread social partner support for national I&C frameworks, in some countries there is a reported lack of interest among employers or unions in implementing I&C procedures.

Overall, the patchy evidence available makes it difficult to provide a measured assessment of I&C practice across Europe. One general conclusion is the need for more comprehensive research to generate a wider picture of the role and significance of I&C among EU/European Economic Area Member States.

The Directive's flexibilities are widely reflected in national I&C legislation – through making I&C procedures dependent on employee initiative and enabling agreement-based variation. Coupled with a lack of promotion of I&C by social partners in some countries, this appears to have limited the Directive's impact in driving the diffusion of I&C arrangements and setting clear standards for I&C practice.

This outcome underlines the call by the Parliament's resolution for the social partners to take 'proactive, positive steps' to influence national-level implementation, for example by disseminating good practice.

The report's author argues that when EU policymakers and legislators come to review the I&C Directive, incorporating the more extensive rights and facilities for employee representatives that feature in the 'recast' European Works Council Directive, this may promote more robust I&C processes, particularly in Member States with relatively recent statutory I&C frameworks.

All of the above, it should be made clear, has only become so transparent as a result of the ECS findings and subsequent analysis.

Fitness check on information and consultation Directives

A 'fitness test' review is currently being conducted on the EU's information and consultation legislation, covering the 2002/14/EC Directive above in particular but also the Directives on collective redundancies and on the transfer of undertakings. The work is being carried out on behalf of the European Commission by the consulting company Deloitte and it is one of four such pilot legislative evaluation projects (EC Secretariat General, 2010; see also European Commission, 2010; EC DG EMPL, 2011).

In its Work Programme for 2010, the Commission announced that it would be reviewing the entire body of EU legislation in selected policy fields through 'fitness checks' in order to identify excessive burdens, overlaps, gaps, inconsistencies and/or obsolete measures that may have appeared over time and in order to keep current regulation 'fit for purpose'. An information note from the Commission services also indicated that the purpose of the fitness check was not deregulation or less regulation, but rather a better/smart regulation in order to make EU legislation more responsive to current and future challenges.

Commitments were made in the Commission's 2010 Work Programme to undertake pilot exercises in employment and social policy, environment, transport and industrial policy, with DG EMPL deciding to carry out its fitness check exercise in the area of information and consultation of workers.

In particular, it was decided to review a 'family' of three Directives, namely:

- Directive 98/59/EC on collective redundancies;
- Directive 2001/23/EC on transfers of undertakings, focusing on Article 7;
- Directive 2002/14/EC establishing a general framework relating to information and consultation of workers in the EC.

The project covers the legislation as transposed in the EU27 Member States as well as in the EEA countries (Iceland, Liechtenstein and Norway).

This exercise was subject to some criticism from European trade union representatives even before the work had begun, even though it can be seen as approximately equivalent to the routine ex-ante and ex-post evaluations of programmes that the Commission routinely undertakes but applied, in these cases, to legislation, using many of the standard evaluation criteria and methods used for programme evaluations. It is based on empirical evidence and expert assessments concerning the economic and social effects of the legislation, which is reviewed in terms of four broad criteria – relevance, effectiveness, efficiency and coherence – with a view to coming up with meaningful conclusions and eventual suggestions for future actions.

The evaluation is also intended to report on any:

- gaps, legal uncertainties, inconsistencies or overlaps in the Directives (taking into account their scope and links/interaction) as well as practical problems and obstacles and best practice application;
- unnecessary administrative burdens and other difficulties of application that the EU legislation, or its transposition, may cause for businesses, national authorities or workers' representatives.

The exercise recognises that while the EU Directives have, in principle, been transposed into national laws or collective agreements in ways that should provide similar usage, the practical outcomes and consequences in the individual Member States may be affected by differences in their economic, social, labour market, industrial relations, legal and political and cultural environments.

Moreover, the justification for adopting legislation at EU level, as opposed to leaving the issue of the information and consultation of employees to individual Member State governments or sector social partners, is related not just to social motives, but to economic motives, namely to improve economic performance by developing positive workplace practices that encourage cooperation, strengthen workforce motivation and morale and boost human resource investment not just in response to economic difficulty, but in all economic and labour market circumstances, and to ensure that the EU maintains a 'level playing field' in terms of competition within Europe's social market economy by avoiding any risk of a 'flight to the bottom' in terms of labour market standards generally.

In this respect it is recognised that workplace relationships cover issues of common interest (the efficient performance of the employing company in terms of generating revenue and jobs) as well as issues where interests diverge (the sharing of the proceeds of that economic performance). As a result, industrial relations systems are often complex and vary

significantly between countries, sectors and firms, being influenced by history and tradition as well as by the aspirations and wider social and economic concerns of the parties concerned.

In order to undertake this work, Deloitte Consulting has engaged a group of national experts with relevant experience to produce national reports based on desk research, interviews with government officials, employer representatives and employee representatives, and a small number of national case studies. As a part of this work, however, it has instructed the national experts to draw upon the findings of the 2009 ECS as a key part of their review work, bearing in mind the analytical findings of the overview conducted for Eurofound.

The main contractor,⁹ we understand, will also be drawing on the comparative findings of the 2009 ECS as part of its review of the contextual context, in which a range of economic, social, industrial relations, legal and political factors will be reviewed in order to determine to what extent they can help provide explanations regarding any significantly different real effects in the various Member States.

In this respect, the 2009 ECS is particularly useful because apart from providing overall and ‘structural’ information as used by other researchers to delineate the extent and scope of different industrial relations practices, it has also included specific ‘behavioural’ questions¹⁰ of employers concerning their actual and hypothetical relationships with their employee representatives.

In particular, employers are asked about their experience concerning the following issues:

- the extent to which they consider that employee representation helps the firm to improve workplace performance;
- the extent to which they consider that the extent of commitment by employers is important in enabling them to implement change effectively;
- whether or not they, as employers, would prefer to consult employees directly rather than through employee representatives if they had such a possibility;
- whether they, as employers, feel that the involvement of employees through their representatives can give rise to delays in company decision-making.

Such empirical information, it must be stressed, is extremely hard to come by, particularly on a comparative EU-wide basis. In this respect, one of the most significant overall findings is the evidence that, on average, EU employers appear to have a rather positive view of the benefits of working with employee representatives in order to improve workplace performance and to manage changes within the company, although there are differences of view between employers in different Member States.

For example, employers in Denmark, Finland, Sweden, the UK and Ireland are among those Member States that appear to have a positive view in these respects, as do employers in the Baltic States (perhaps reflecting their experiences during the recession when extensive changes were forced upon them), but employers in Italy and Poland, for example, are somewhat more negative.

⁹ The ‘fitness test’ review is being conducted on behalf of the European Commission by consultants Deloitte, covering not only the 2002/14 Directive, but also the collective redundancies Directive and the transfer of undertakings Directive.

¹⁰ See questions MM 702 1-4.

In terms of the option of consulting directly with employees rather than working through employee representatives, some employers are in favour of it but the overall impression is that they are generally rather lukewarm, notably in the larger and older Member States like France, Germany and Italy, where existing relationships are well established, although the idea appears more attractive in countries where systems are less developed.

Likewise, in terms of the likelihood that consultations with employee representatives might delay necessary decisions, most employers do not really appear to consider this to be a serious issue of concern – at least relative to the question asked, namely whether it could lead to considerable delays with respect to important management decisions.

In short, the positive responses to the questions concerning workplace performance and managing change suggest that, in the eyes of employers, these concerns tend to outweigh any negative concerns about working through employee representatives rather than with employees directly, or concerns that costly delays might result from working with employee representatives.

The report on this research project is understood to be due to be submitted to the European Commission services in March, but it is not clear when its findings will be made publicly available.

Flexibility in public and private sector establishments

A recent research project and paper (Muffels and Wilthagen, 2011) has used the 2009 ECS alongside the SILC data for 2003 to 2008 in order to define and test flexicurity indicators for the public sector in Europe, in particular for public administration, and in order to assess how well the public sector performs in balancing flexibility and security compared to the private sector.

The research uses a conceptual model derived from a recent report produced for the European Commission (Muffels et al, 2010) which uses a stocks-flows-outcome (SFO) model for defining outcome indicators and an effort-state-challenges (ESC) model for defining institutional indicators.

The European Union Statistics on Income and Living Conditions (SILC) data were used for 2008 to define some static outcome indicators. However, since the longitudinal SILC data do not contain sector information, it was not possible to define dynamic indicators from this source, so the researchers used the 2009 ECS for this purpose, which also enabled them to develop and test some ‘institutional’ indicators on flexitime practices within companies in Europe, disaggregated by sector.

The researchers indicate that a particular attraction of the ECS for this purpose is that it enables public administration to be distinguished from the rest of the public sector (education, health care and social work). Moreover, it also contains questions concerning how companies judge their performance in terms of HR performance such as absenteeism or sickness, recruitment of skilled personnel, low motivation of staff or the reduction of staff for economic reasons. Furthermore, the ECS contains information on how the companies interviewed judge their labour productivity compared to other companies in the same sector and the extent by which labour productivity has improved in the last three years.

The selection of indicators is partly based on the outcomes of consultations with the national public sector representatives at various workshop meetings, with the recommendations from these workshops being focused on: flexitime arrangements and pay schemes in relation to level and growth of labour productivity; and employability (e.g. lifelong learning) and mobility within and between the public and private sector.

As background, the researchers note that the EU has developed flexicurity indicators as part of the work of the EMCO Indicators Group (EMCO, 2009) and that these are intended to provide a monitoring tool for the assessment of the

performance of the Member States with respect to the European Employment Strategy guidelines in the framework of the Lisbon 2000 Agenda, which were revised following the first evaluation of the European Employment Strategy (EES) in 2003.

However, they note that these indicators are mainly institutional indicators and outcome indicators, which tend to be static rather than dynamic – measuring stocks rather than flows or changes, for example the share of self-employed, part-time and temporary workers in employment, and institutional indicators like the strictness of employment protection legislation, the generosity of benefits indicated by replacement rates and the level of public spending on labour market policies. In this context, the 2009 ECS is seen to have allowed the researchers to develop and test some so-called ‘institutional’ indicators on flexitime practices within companies in Europe, disaggregated by sector.

Most institutional indicators are defined at national or regional rather than sector level, with the governance literature sector-level indicators focusing on wage bargaining (trade union density, wage bargain centralisation versus decentralisation, etc). In this research, however, the ECS data (from 2005 as well as 2009) have been used to develop indicators on internal numerical flexibility and on flexitime arrangements and labour productivity where the 2009 survey contains information on governance indicators such as the availability of flexitime arrangements in companies, the perception of the worker’s labour productivity and the features of the industrial relations or wage bargaining system.

As a result of its methodology combined with the data sources used, the researchers have been able to focus on the public administration sector as such, as well as develop the possibility of comparing the results for that sector with those for the private and the remainder of the public sector, drawing a distinction between flexicurity as a ‘state of affairs’ (the attained level of flexibility and security) and as a ‘policy strategy’ (seeking to improve the balance between flexibility and security).

The outcomes by country and policy ‘regime’ show some interesting and sometimes unexpected results:

- the UK shows high mobility levels, as expected, but also a high incidence of employers giving their employees time off for training, with part-time employees most likely to benefit;
- the Nordic countries have high levels of trade union membership and wage bargain coverage, which may possibly explain the frequency of flexitime arrangements, although this is coupled with rather low levels of re-entry into employment after periods of unemployment;
- the Baltic, Eastern and Southern countries were seen as being quite apart from other regimes, with less favourable outcomes at company and society level, especially with respect to work–life balance as indicated by working time flexibility opportunities.

Overall across the EU, the public administration sector is seen to perform ‘better’ (offers higher satisfaction) than the private sector, especially concerning the availability of flexible working time options. At the same time, mobility in the public sector is seen to be low, as is investment in training in many countries. Moreover, the incidence of part-time and flexitime practices is very uneven and re-entry rates into employment are rather low in most countries in both the private and public sector.

In other words the ‘Anglo-Saxon’ and Nordic countries have higher scores on most indicators compared to the European average and the Eastern and Baltic countries have relatively lower scores, which mirrors the path dependency of most policies and underlines the importance of developing indicators that focus on whether countries are tending to improve or not, for which the evidence suggests considerable diversity.

Finally, the report underlines the value of developing sector indicators – something that is currently lacking in most work on indicators. Even with respect to institutional indicators, there is little evidence available at sector level and no specific measure for calculating the strictness or otherwise of employment protection legislation or the generosity of income benefit schemes (which may be particularly important in the public sector, where there are specific schemes in some countries). This report can therefore be seen as a first step towards arriving at a more in-depth system of sector indicators to measure flexicurity as a policy strategy (institutional indicators) and as a state of affairs (outcome indicators) at European and national levels.

European participation – Benchmarking Working Europe

In its *Benchmarking Working Europe 2011* report (European Trade Union Institute, 2011), the ETUI asks what kinds of institutional arrangement are most helpful in improving economic, employment, social and environmental performance. Their approach is to look at the different EU countries to see what kinds of practices and institutional arrangements exist and see how far specific systems are, or are not, related to the best-performing countries in terms of the Europe 2020 criteria.

This approach had already been followed in the 2009 edition of the *Benchmarking Working Europe* report, which had shown that these countries performed better in relation to these targets. This, in the authors' view, suggested that strengthening worker participation across Europe could be supportive of achieving the EU's goals.

Europe 2020 contained five headline targets – for employment, R&D, climate change, school leavers and young people, and poverty – with progress on these targets measured through eight headline indicators. The authors then construct a Worker Participation Index (EPI) as used in the 2009 benchmarking report. This consists of three equally weighted components:

- board-level participation – measures the strength of legal rights in each country for employee representation in the company's highest decision-making body;¹¹
- establishment-level participation – measures the strength of worker participation at plant level, based on an analysis of the 2009 ECS;
- collective bargaining participation – measures union influence on company industrial relations policies, based on union density and collective bargaining coverage.

On this basis, the score of countries ranges from 0.11 in Lithuania to 0.83 in Denmark. The authors divide the results into two groups: those with strong and those with weak participation.

- the strong group includes Austria, the Czech Republic, Denmark, Finland, France, Germany, Luxembourg, the Netherlands, Slovakia, Slovenia, Spain and Sweden;
- the weaker group includes Belgium, Bulgaria, Cyprus, Estonia, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, Poland, Portugal, Romania and the United Kingdom.

Each group accounts for roughly half of EU27 GDP, but the comparison suggests that the group of countries with stronger participation rights performs better on all eight Europe 2020 headline indicators, although the report acknowledges that 'many other factors are also involved in explaining cross-national economic and social differences'.

¹¹ <http://www.worker-participation.eu/About-WP/European-Participation-Index-EPI>

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High-performance workplaces, functional flexibility and social dialogue

An important objective of the 2012/13 ECS is to expand the coverage of workplace relationships to cover two related themes: workplace performance and social dialogue, in light of the growing awareness of the potential to significantly improve economic performance and employee satisfaction through better organisational models of cooperation.

With respect to functional flexibility in particular, the Overview of the 2009 ECS already refers to four different internal and external quantitative and qualitative flexibility practices that can be used, not so much in isolation as in combination (Eurofound, 2007b):

- *External numerical flexibility*: The number of workers employed from the external labour market. A crucial aspect of this flexibility type is the employment of workers on a temporary basis, be it through the employment of temporary personnel or relaxed hiring and firing practices.
- *Internal numerical flexibility*: Flexibility in relation to the workers already employed in the organisation, notably by adjusting working hours to match the quantity of labour without hiring new staff or dismissing existing staff.
- *Functional flexibility*: The extent to which enterprises adapt their work organisation to changes and new challenges by transferring employees to different activities and tasks within the company.
- *Wage flexibility*: The degree of responsiveness of wage costs to economic conditions.

In all four cases, such employer-driven objectives in pursuit of flexibility are seen to have potential counterpart social benefits for employees, with, for example, functional flexibility and autonomous teamworking having a potentially positive impact on learning at the workplace, thereby enhancing the employability of the worker as well as potentially increasing job satisfaction.

The nature and extent of social dialogue at the workplace is relevant to all the above forms of workplace-level flexibility, particularly with regard to functional flexibility and the ever-present challenges of competitiveness and the need for employers and employees alike to embrace all forms of innovation.

Hence, there is a desire to use the 2013 ECS to investigate and tackle these issues in greater depth with a view to identifying practices and experiences that can be successfully used in pursuit of both economic and social objectives.

This is a challenging task and takes the analysis into a range of important issues, from work organisation to job satisfaction, recognising that functional flexibility linked to innovation may tend to be associated in most people's minds with modern, open management styles in fast-growing private service sectors, while social dialogue is more commonly associated with manufacturing activities or public services with established systems of industrial relations designed to reconcile the perceived divergent interests of employers and employees.

In fact, survey and research findings undertaken by Eurofound and others tend to suggest a considerable potential for synergy between employer and employee interests in that increased functional flexibility within an enterprise can also lead to greater employee involvement and participation in decision-making at the workplace and within the enterprise and company more generally.

In such debates, definitions can help clarify debate and discussion, but they can also be a conceptual obstacle to understanding the nature and scope of the subject and to identifying appropriate policy action. In this respect, quite apart from the groupings outlined above, account can be taken of distinctions between job enlargement and job enrichment,

where job enlargement increases the variety of work by training employees to become multi-skilled (horizontal) and job enrichment focuses on increasing the control that employees have over their work (vertical). Both job enlargement and job enrichment can be related to functional flexibility.

Thus, while the following review of the evidence from recent research focuses on functional flexibility, it also addresses associated issues, even when they are presented in somewhat different ways or in different conceptual formats.

Recent research on functional flexibility

As a contribution to the development of the 2012/13 ECS, the following sections summarise the main findings of recent empirical research reports.

Functional flexibility is good for skills development, 2003

A large-scale quantitative study on functional flexibility was carried out in 2003 by TNO Work & Employment in the Netherlands¹² using a representative sample of around 3,600 Dutch companies, involving over 11,000 employees in all sectors (with the exception of the civil service and education).

It concluded that making optimal use of the employee's capacity to perform different tasks ('functional flexibility') is positively related to their skills development and also to their involvement in decision-making. It also found, however, that functional flexibility can lead to 'emotional exhaustion' if an imbalance develops – for example, if high job demands are combined with a lack of adequate information.

Functional flexibility strategies: Evidence from companies in five small European economies, 2003

This study (Asplund and Oksanen, 2003), coordinated by the Research Institute of the Finnish Economy, starts by presenting how functional flexibility is defined and measured in the existing literature, then proceeds to a survey focusing on the incidence and extent of flexibility strategies in 30 enterprises in Finland, Greece, Ireland, the Netherlands and Switzerland.

Teamwork turns out to be a widely used functional flexibility strategy in the five small European economies under study. Furthermore, teamwork is often, but not always, supplemented with a certain use of organised job rotation.

A large majority of the surveyed companies reported that their use of individual or group autonomy and decision-making had either increased or remained unchanged during the past few years. However, the evidence reveals both country-specific and firm-category-specific patterns. Broadly speaking, the experience ranged from increased use (notably in Finland and Ireland) to no marked change (Greece).

Another notable feature is that a large majority of the surveyed companies had already undertaken or were currently undertaking workplace reorganisations at the time of the questionnaire. Furthermore, in all five countries the surveyed companies tended to provide all their personnel with training opportunities, both on and off the job.

In this respect, temporary staff did not seem to be in a clearly less advantageous position as compared to the permanent personnel. Nor did higher-educated employees seem to be in a markedly more favourable position compared with the rest of the company's personnel. Four out of five companies indicated that the development of new technology was one of the major reasons for the provision of training for their staff.

¹² <http://www.eurofound.europa.eu/ewco/2004/02/NL0402NU03.htm>

About two-thirds of the companies used three or all four of the following practices: group work, job rotation, internal moves to new functions or internal moves to new departments. The analysis showed that shifts to a new function were somewhat more common than shifts to an entirely different department, although both kinds of internal moves tended to affect only a rather limited share of the total personnel.

Apart from the above evidence, all the companies involved had also developed human resource management strategies and used compensation systems based on results or quality – the implication being that the companies surveyed for this study stand out as ‘front-runners’ in the field of functional flexibility practices.

The research also sought to explore potential linkages between the surveyed companies’ functional flexibility practices and their economic performance. Their findings were that both human resource management and workplace organisation practices had a positive impact on the company’s economic performance.

Technology use, work organisation and innovation: Germany, 2005

This paper (Hempell and Zwick, 2005), based on evidence from Germany, investigates to what extent the use of information and communication technology (ICT) to develop innovative actions was facilitated by more flexible organisational structures in firms.

Again, a distinction is made between functional flexibility (workers’ ability to cooperate and take decentralised decisions) and numerical flexibility (the reduction of fixed costs, mainly with the help of outsourcing business processes).

Results from a large and representative data set of firms in Germany show that ICT use is associated with an increase in both types of flexibility, but the implications for innovation activities differ. Functional flexibility is strongly and positively associated with product and process innovations. In contrast, numerical flexibility allows firms to ‘buy’ innovations in the short run, but reduces innovative capacity in the longer run.

Employment through flexibility: Squaring the circle, 2001

This report (Eurofound, 2001) was undertaken by the University of Mannheim¹³ for Eurofound in order to examine the impact of new forms of work organisation on employment and to show the links between workplace flexibility and innovation in European enterprises. Its findings are drawn from the EPOC (Employee Direct Participation in Organisational Change) survey on change in the workplace. The key findings were as follows.

Functional flexibility and numerical flexibility are not mutually exclusive. Most workplaces practise both to some extent.

Compared with other workplace initiatives, functional flexibility has only a moderate effect on employment levels in the medium term. Its importance lies in its capacity to protect or preserve existing jobs rather than in its capacity to create additional new jobs.

The survey found that innovation is associated with increases in employment, but also that much of the growth in employment resulted from contract flexibility (part-time and temporary contracts). Employment reductions, on the other hand, were associated with ‘downsizing’ and ‘back to core business’ strategies.

¹³ <http://www.uni-mannheim.de/edz/pdf/ef/01/ef0153en.pdf>

It was found that individual ‘face-to-face’ consultation (regular formal interviews between a worker and his/her immediate supervisor/manager) enhanced the effects of functional flexibility and also has a stronger positive impact on employment levels than other forms of consultation.

The more that different workplace practices were used in combination, the greater the prospect of employment being increased, with the combination of the different forms of flexibility, together with consultation and innovation, having a positive effect on employment growth.

Overall, growth is more likely to be associated with highly innovative workplaces that consult with their employees (rather than delegate responsibilities), that have a fair amount of contract flexibility and that practise numerical flexibility to a moderate extent. Interestingly, the report notes that these workplaces are more likely to be non-EU owned and that their employees are marginally less likely to be members of trade unions.

Good practice guide to internal flexibility policies in companies, 2009

This guide was produced by the TNO (Netherlands Institute for Applied Scientific Research) for Eurofound (Eurofound, 2009a). This guide to good practice on internal flexibility policies in companies aims to further contribute to enhancing the body of knowledge and research gathered by Eurofound over the years on the subject of flexibility and security.

Organisational flexibility can be defined as the design of flexible work processes, work organisation and jobs. Flexibility can also refer to the flexible deployment of personnel on tasks; that is, functional flexibility. The latter can be defined as the ability of companies to adapt the skills of employees – or the ability of employees to adapt – to customer demands, new work methods and new technologies. Alternatively, functional flexibility can be described as the ability to move between tasks by multiskilling.

Functional flexibility can have many different faces. Work by Totterdell and others (Briner and Totterdell, 2002) has sought to link motivation and other psychological factors to behaviour at the workplace, including drawing the distinction between job enlargement and job enrichment. Job enlargement increases the variety of work by horizontally combining fragmented tasks through training employees to become multiskilled without the monotony of specialised, short-cycle tasks, or job rotation. Job enrichment focuses on increasing the vertical control that employees have over their work by reclaiming some of the indirect tasks of supervisors and support staff; it provides increased opportunities for decision-making, planning and monitoring of work.

In the view of Totterdell and colleagues, the ‘high road’ of work organisation is distinguished from the ‘low road’ by the way in which it approaches the introduction of flexibility measures, the amount of autonomy that employees have over their work and the use of skills. For example, measures such as teamwork and job rotation may imply the movement of team members between different simple tasks at the behest of a team leader; this strategy would be ‘low road’. Alternatively, the ‘high road’ provision of autonomy allows teams to organise their own work and fosters job enrichment and skills development for all team members.

No single way of organising a flexible and innovative organisation is seen to exist: each company chooses a mix of measures that matches its own history and circumstances, including the specific economic sector or national context. However, the potential benefits of organisational flexibility policies are seen in terms of:

- improved workplace performance, the reduction of costs, higher productivity and better quality of services or products;
- a faster response to changes in the business environment;

- increased potential for innovation both in work processes and products or services;
- enhanced employability for employees through multiskilling and job enrichment;
- fewer health problems among employees due to greater job autonomy.

The research reported also indicates, however, that continuous change and reorganisation are related to more insecurity and higher stress at work.

Framework research programmes

European Commission Framework Research programmes are large-scale, covering a wide range of research topics, and are generally undertaken by consortia of research centres and universities. The following studies are the most relevant found concerning functional flexibility and work organisation issues more generally.

WORKS: Work organisation and restructuring in the knowledge society

The overall objective of the project is to improve the understanding of changes in work in the knowledge-based society, their driving forces and their implications for the use of knowledge and skills in pursuit of flexibility and an improved quality of life.

The project lasted from 2005 to 2009 and was funded under the European Commission's 6th Framework Programme. It covers 19 EU and Accession State partners with research on how employment, learning and labour practices adapted to change, and with what effect.

The WORKS programme produced four thematic reports, as outlined below, based on quantitative data from the European Survey on Working Time and Work–Life Balance (ESWT) and the European Working Conditions Survey (EWCS).

Value chain restructuring and company strategies to reach flexibility

This thematic report (Flecker et al, 2009) analyses organisational and employment flexibility from a value chain perspective. Findings show that patterns of flexibility are in fact highly sector specific and depend on the competition on the product or service markets, on customers' or client companies' demands, on demands by shareholders to increase return on investment or on public policies.

The following issues were addressed: the overall flexibility strategies (external numerical and functional flexibility, internal-functional flexibility), the impact of value chain restructuring on numerical flexibility with regard to employment and on functional flexibility with regard to work organisation. The governance of value chains within and across organisations has been found to have considerable impact on the circulation of knowledge in value chains.

The standardisation of work and codification of knowledge have emerged as both central prerequisites and results of outsourcing, and internal competition may limit the circulation and accumulation of innovative and strategic knowledge. Flexible working hours providing internal-numerical flexibility are also found to increase through value chain restructuring. Finally, the overall quality of work changes: business processes and work are becoming more market driven and accelerated and work is intensified.

Overall, value chain restructuring tends to shift demands for flexibility down the value chain, to lower-cost regions, labour market segments or employee groups. Companies seek access to new, cheaper and more flexible groups of employees, as in the cases of relocation to lower-wage regions or the outsourcing of customer service from the public sector.

Changing careers and trajectories: How individuals cope with organisational change and restructuring

This thematic report (Valenduc et al, 2009) focuses on changes in individual careers, trajectories on the labour market and occupational identities. It analyses the driving forces behind these changes and considers wider societal trends concerning the changing meaning of work.

The conclusions highlight key trends in careers and trajectories: the widening of the spectrum of career models; the multiplication of fragmented trajectories; the plurality of models of identity formation at work; the new balance between internal and external labour markets; the individualisation of human resource management; the decline of traditional forms of collective involvement and the emergence of new forms of social bonding at work; and finally, the increasing importance of the 'expressive dimension' in relation to work.

The role of technology in value chain restructuring

This thematic report (Greenan et al, 2009) investigates the relationship between the use of ICT at the workplace, work organisation, skills and training in a context of value chain restructuring.

Even if networks evolve in many different directions in the context of value chain restructuring (centralisation, decentralisation, mutual dependence or no evolution), some degree of centralisation is the most frequent outcome. ICT often enables outsourcing by contributing to the quasi-integration of the new business partner. Control is obtained through the application of standards, reinforcing the dominance of the unit that generates the standards. This is why standardisation generally comes before, and enables, outsourcing.

Standardisation and increases in work control constitute the main organisational dimensions of technological changes. Their impact on job content and working conditions varies according to the role played by management and may involve both deskilling and upskilling, depending on the division of labour and the emergence of new jobs and occupations.

A summary of the quantitative WORKS research reports

Restructuring of value chains implies that the division of labour changes at the level of the work organisation in the firm, in each affected unit and at the workplaces involved. Technological innovations and a growing pressure from markets may also affect job content and the autonomy of the workers concerned.

Key issues related to changes in the division of labour and changes in work organisation are processes of standardisation of work; specialisation of work into separated fragmented tasks; the division between high-skilled work and low-skilled work; the management coordination and governance mechanisms; and the balance between autonomy and control for workers.

The flexibility policy of companies includes forms of temporal, contractual and functional flexibility. A great deal of evidence now exists which suggests no substantial trend in some aspects of job flexibility, but some trend in others. There is also some ambivalence over how to assess the growth in some aspects of flexible employment such as part-time work. The latter can be sought by employers or by employees, often for very different reasons.

Changes in the division of labour impact directly on day-to-day work practices with possible consequences for all dimensions of the quality of work. In addition, the very dynamics of restructuring may increase the level of insecurity

and enhance competition. This, in turn, may affect job security, stress levels and career options (see Birindelli et al, 2007).

Working conditions in the European Union: Work organisation, 2009

The results of the European Working Conditions Survey (EWCS) were analysed by Eurofound (Eurofound, 2009b) in order to map differences in the main forms of work organisation across EU countries. Four main types of work organisation were identified: discretionary learning, lean production, Taylorist and traditional.

Discretionary learning (38% of the employees surveyed) is characterised by high levels of autonomy at work, learning and problem-solving, task complexity, self-assessment of quality of work and, to a lesser extent, autonomous teamwork. Lean production (26%) is mainly defined by a higher level of teamwork and job rotation, self-assessment of quality of work and quality norms and the various factors constraining work pace. Taylorist forms of work organisation (20%) correspond to low autonomy at work, particularly in methods of work, few learning dynamics, little complexity with an over-representation in the research findings of variables that measure constraints on the pace of work, repetitiveness and monotony of tasks and quality norms. In traditional or simple structure forms of work organisation (16%), all of the variables of work organisation are under-represented and methods are largely informal and non-codified.

In general terms, the forms of work organisation adopted in the EU Member States mostly depend on the sector of economic activity or occupational category. For instance, discretionary learning forms of work organisation are highly developed in the services sectors, while lean production and Taylorist forms are most frequent in the manufacturing industries. In terms of occupational category, 'traditional' or 'simple structure' forms of work organisation are particularly characteristic among service and sales workers as well as unskilled workers, while discretionary learning forms are more prevalent among senior managers, professionals and technicians.

The demographic characteristics of employees also play a role: for example, discretionary learning forms are more frequent among older employees, while Taylorist forms mainly apply to younger employees. At the same time, lean production forms are characterised by an over-representation of men, while traditional or simple structure forms are characterised by a greater presence of women.

Discretionary learning forms of work organisation are most developed in Denmark, the Netherlands and Sweden, while lean production forms are more apparent in Ireland and the UK, along with many of the eastern European countries and Finland, Luxembourg, Malta and Portugal. Taylorist forms of work organisation are most diffused in the southern European countries and in many eastern countries, while traditional forms are most apparent in southern and certain eastern European countries.

In this respect, Eurofound proposed four quantitative indicators that could be used to monitor Member States' progress in developing innovative forms of work organisation:

- the percentage of employees learning new things in the job;
- the percentage of employees involved in problem-solving in the job;
- a composite measure of autonomy at work based on the average of the percentage of employees exercising control over their work method, pace or order of tasks;
- the number of employees working in autonomous teams (which can decide on the division of tasks) as a percentage of the number of employees working in all teams.

High-performance workplaces

The following sections set out the main research findings on high-performance workplaces.

High-performance working: A synthesis of key literature, 2009

High-performance working (HPW) is defined as ‘a general approach to managing organisations that aims to stimulate more effective employee involvement and commitment to achieve high levels of performance’.

The evidence shows a positive link between HPW and various measures of financial performance and also beneficial outcomes for employees in terms of higher job satisfaction and motivation, opportunities to use skills, task discretion, involvement and commitment. The success of HPW is seen to depend very much, however, on the quality of the implementation, which is in turn contingent on management practice (Belt and Giles, 2009).

High-performance work practices: Linking strategy and skills to performance outcomes

This report (Sung and Ashton, 2005), funded by the UK’s Department of Trade and Industry (DTI), brings together the results of 10 case studies of high-performance work practices (HPWPs) and a survey of 294 companies facilitated by the Chartered Institute of Personnel and Development (CIPD).

A widely accepted definition of HPWP is that they are a set of complementary work practices covering three broad areas. These broad areas are sometimes referred to as ‘bundles’ of practices and cover 35 work practices in this research:

- *high employee involvement practices*, e.g. self-directed teams, quality circles and sharing/access to company information.
- *human resource practices*, e.g. sophisticated recruitment processes, performance appraisals, work redesign and mentoring.
- *reward and commitment practices*, e.g. various financial rewards, family friendly policies, job rotation and flexi hours.

The report provides evidence that the level of HPWP adoption, as measured by the number of practices adopted, is linked to organisational performance.

The case studies illustrate a relationship between the range of HPWPs used and the performance goals of the organisation, the type of sector a business operates in and how the relevant product strategy in a particular organisation is employed to achieve results.

The case studies also suggested that different HPWPs, or ‘bundles’ of practices, are likely to be used in different sectors to achieve different business outcomes. For example, the companies in the financial services sector made intensive use of financial incentives, whereas in manufacturing and business services, more use was made of high-involvement practices.

High-performance work organisations: Definitions, practices and annotated bibliography, 1999

This report (Kirkman et al, 1999), produced by the Centre for Creative Leadership, North Carolina, in association with a number of US university departments, provides a review (now somewhat outdated) of patterns of high-performance work organisations (called HIPOs in their terminology) based on over 300,000 pages of books, articles and cases.

The first part of the report addresses issues of definition and description and the second part contains an annotated bibliography.

High-performance workplaces, 2003 (UK Work Organisation Network)

This report (Stevens, 2003) notes that the OECD definition describes high-performance work organisations (HPWOs) as those that are moving towards a flatter and less hierarchical structure where people work in teams and with greater autonomy, based on higher levels of trust, communication, employee participation and learning.

The relationship between employee involvement and participation, the development of new forms of work organisation and their contribution to improved organisational performance challenges employers, policymakers and social partners alike to find answers to some of the most intractable questions for aspiring high-performance workplaces, businesses and economies.

High-performance workplace practices from the employees' perspective, 2008

This paper (Cristini, 2008) examines the effects of high-performance workplace practices on employees' work attitudes, wage and quality of work. Workplace practices can affect work attitudes both directly and indirectly by influencing the wage and the job content.

The results suggest three distinct ways to elicit motivation: give 'voice' to employees (either in formal arrangements and/or by promoting suggestions), set up partly autonomous teams and adopt appraisal schemes. Appraisals indirectly impact on motivation by raising wages, though they strengthen supervision and intensify effort at the expense of safety; in contrast, 'voice' indirectly affects work attitudes by intrinsically enriching the job in terms of autonomy and discretion.

Teamworking scores mixed results: positive on work attitudes, wage and job quality if the team is autonomous in deciding tasks and time; largely negative if the team self-determines the group membership or is held responsible for the output, impoverishing jobs if no autonomy is allowed and, at best, ineffective on motivation and wages if full autonomy and self-determination are granted. Finally, the adoption of quality standards reduces employees' motivation, although it is associated with better working conditions.

Teamwork and high-performance work organisation, 2007

Teamwork is defined here (Eurofound, 2007a) as essentially a specific organisational measure that may display many different features both in the national context and in the context of individual enterprises.

The possibility of learning new things in one's job also improves the quality of working life. In this case, teamwork contributes to employees' personal and professional growth. In the countries studied, team workers had a greater chance of learning new things and taking part in training paid for by the employer than employees not working in teams. Teamwork is thus clearly positive in this respect and contributes to the learning environment in an organisation.

Satisfaction with working conditions is another indicator of the quality of working life and is no different among team workers and non-team workers in the vast majority of countries.

Besides positive impacts on the individual's working life, such as a more developed learning environment, teamwork also has negative aspects. The need to boost productivity, which is usually the primary objective of company management when introducing new forms of work organisation, often demands a higher pace of work and greater work intensity.

Working in a team generally means a higher pace of work and working to tight deadlines in both new and old EU Member States. Moreover, it is reasonable to assume that increased work intensity and work pressure have a negative impact on employees' health. Employees working in teams are more often convinced that their work has a negative impact on their health than employees not working in teams.

Measuring the dynamics of organisations and work – proposed guidelines for collecting and interpreting data on organisational change and its economic and social impacts

The project, called MEADOW, lasted from 2007 to 2010 and was funded under the European Commission's 6th Framework Programme. The project seeks to develop guidelines for collecting and interpreting harmonised data at the European level on organisational change and its economic and social impacts. The guidelines provide a framework within which existing European surveys on organisational change and work restructuring could evolve towards comparability as well as providing norms for the construction of new survey instruments in the field.

It provides an instrument for improving the empirical basis of research and policy with respect to the relation between organisational change and key economic and social indicators in the knowledge-based economy, including productivity growth and innovative performance as well as sustainable social equality in terms of access to jobs, work environments and influence at the workplace. A core set of indicators was identified and developed into a questionnaire:

- MEADOW employer survey;¹⁴
- MEADOW employee survey;¹⁵
- MEADOW guidelines.¹⁶

WALQUING: Work and life quality in new and growing jobs

This project is funded under the European Commission's 7th Framework Programme. It began in December 2009 and is due for completion in November 2012.

WALQUING investigates the links between new and expanding jobs, the conditions of work and employment in these jobs and the more or less favourable outcomes for employees' quality of work and life.

This thematic report (Holman and McClelland, 2011) provides insight into the quality of jobs in growing and declining sectors of the EU economy. One of the key findings is that economic sectors can be classified into four groups:

- growing sectors with higher than average job quality (financial intermediation, business, public administration, education, health and social work);
- growing sectors with lower than average job quality (retail, construction, hotels and restaurants, other services, private households);
- declining sectors with higher than average job quality (energy); and
- declining sectors with lower than average job quality (manufacturing, agriculture, transport).

¹⁴ <http://www.meadow-project.eu/images/docmeadow/appendix%20chapter%203.pdf>

¹⁵ <http://www.meadow-project.eu/images/docmeadow/appendix%20chapter%204.pdf>

¹⁶ http://www.meadow-project.eu/index.php?option=com_wrapper&Itemid=114

Another important finding is that there are six job types: active jobs, saturated jobs, team-based jobs, passive-independent jobs, high-strain jobs and insecure jobs.

The analysis of job quality and job types in growing and declining sectors indicates that while the decline in manufacturing sectors has led to a loss of low-quality jobs, the expansion of the service sector has led to increases in high-quality jobs and low-quality jobs, such as passive-independent and insecure jobs.

But the shift to service sector employment has only brought about a very small increase in the overall proportion of high-quality jobs, with increases in high-quality jobs being offset by increases in low-quality jobs.

WSCA: Work systems and career advancement

This project¹⁷ is funded under the European Commission's 7th Framework Programme. It started in November 2009 and is due to end in October 2013.

The aim is to investigate the determinants of individuals' career advancement in the current organisational landscape both in the US and in Europe.

The objectives are to analyse the impact of participatory work systems (characterised by high employee involvement practices such as self-managing teams and employee suggestion systems) on individuals' careers in the US and in Europe.

IC-WELL: Intellectual capital, work and well-being

This project¹⁸ is funded under the European Commission's 7th Framework Programme, which started in October 2009. The aim is to identify how intellectual capital (IC) impacts upon work and well-being and how IC may be promoted through workplace policies. Research is being undertaken in Bulgaria, Finland and Scotland, with data collected in the growth sectors of ICTs, finance, care services and tourism.

A comparative scoping exercise is being carried out to identify legislation, policies and practices with a survey of 30 companies in each country to establish the policies and practices in place in SMEs in growth sectors to identify and support IC and workers.

PIQUE: The impact on the quality of employment and productivity of public sector privatisation

The PIQUE research project¹⁹ investigated the relationship between employment, productivity and the quality of public services in the process of the liberalisation and privatisation of public services in Europe. It lasted from 2006 to 2009 and was funded under the European Commission's 6th Framework Programme. It covers four sectors (electricity, postal services, local public transport and health services/hospitals) and six European countries (Austria, Belgium, Germany, Poland, Sweden and the UK).

¹⁷ http://cordis.europa.eu/projects/rcn/92290_en.html

¹⁸ http://cordis.europa.eu/projects/rcn/92231_en.html

¹⁹ <http://www.pique.at/index.html>

Liberalisation and privatisation have been primarily associated with job reductions. At the same time, employment within the target sectors has become increasingly part time, while the number of self-employed and perhaps also temporary workers has increased, with cost cutting being the main strategy that companies have adopted in response to the liberalisation of markets.

Other consequences of this approach have included lower wages and the spread of precarious employment in some sectors and countries. As a consequence of restructuring and changes in work organisation, the workforce employed in these public service sectors is becoming increasingly polarised, both in terms of forms of employment and working conditions.

Company restructuring and changing business strategies have gone hand in hand with a reform of human resource management. Some companies only introduced special HRM departments and policies during the process of liberalisation and privatisation (while before they only had payroll-accounting departments). As a result, training was partly enforced, even though usually not for the entire workforce.

In other areas, however, training efforts were cut as a direct consequence of privatisation and the restructuring of work. As a consequence, access to training in liberalised public services is very imbalanced. At the same time, payment systems have become more performance related. Promotion is also increasingly based on performance assessments rather than seniority.

In several cases, changes induced by liberalisation and privatisation included the establishment of 'flatter' hierarchies within companies and the introduction of more direct lines of responsibility. Workers have welcomed this development because it gives them more leeway to make autonomous decisions compared with previous bureaucratic structures. Greater autonomy has also been complemented by enhanced IT-based control efforts.

Conclusions and recommendations 5

Conclusions

The European Union has been extremely successful as a global political body, enlarging its membership from six to 27 Member States, with other countries actively seeking to join. However, concerns have regularly been expressed about its rather modest economic and social performance in terms of economic growth, productivity and employment compared with its underlying strengths and potential in terms of capital and human resources.

This under-performance is seen to have limited both the growth of average European living standards as a whole and the opportunity for the Union to better support progress and convergence in Member States and regions that have yet to catch up.

In this respect, the Europe 2020 strategy can be seen as the latest wide-ranging economic and social policy strategy designed to address these challenges, while recognising that it has had its predecessors – the Tripartite Conference growth strategies in the 1980s, the follow-up of the Delors White Paper on Growth, Competitiveness and Employment in the 1990s, and the Lisbon Strategy in the 2000s – all of which, in their different ways, and in their own times and context, have sought to improve EU performance.

At the present time, in a context of the worst recession the EU has experienced since its inception, the main policy emphasis in the EU is inevitably on the deployment of monetary and fiscal policy actions designed to simultaneously sustain the overall level of demand and reduce indebtedness (public or private) while avoiding generating inflation.

However, while this focus on macro-economic policy is undoubtedly correct, the underlying need to address the structural human resource management and performance concerns and issues remains, and the focus on workplace performance will undoubtedly rise even higher up the policy agenda as the EU gives increasing attention to raising the longer-term growth potential and productivity performance of its economy in pursuit of its Europe 2020 objectives.

The documentation of the use and actual, and potential, value of the European Company Survey that is contained in this report has to be seen against this broad macro-policy background, but it also has to be read in light of the pressing need to enhance the performance of the Union's businesses and companies in an increasingly competitive global economy while simultaneously seeking to address the continuing demands for greater democracy at the workplace from a wider social and human rights perspective.

Moreover, it also has to be recognised that while the Union currently has a crisis of under-employment and unemployment, current demographic trends will lead to a rapid reduction in the EU's population of working age in the coming years. When this is combined with the rise in the dependent population due to rapidly increasing lifespans, it will not only put strains on already overstretched public and private budgets, but will also bring increased pressure on employers and employees alike to raise the levels of productivity of their available workforces through investments in equipment, work processes and education and training.

Success in this respect requires much closer attention to what goes on, in practice, within firms of different sorts and sizes in order to identify the key factors that determine overall company performance and the quality of the working environment as well as the practical ways in which success at company level can be promoted and supported.

The research work needed in order to derive correct conclusions from such complex evidence is intellectually and practically challenging, as the research reports reviewed in this overview report demonstrate. Fortunately, EU- and national-level research and policymaking are becoming increasingly sophisticated, drawing on both quantitative and

qualitative data and indicators on a comparative basis, and are demanding evaluations of the results of past experiences as well as cost-benefit assessments of alternative courses of action in order to identify the most appropriate and effective policy responses.

In this respect, the fundamental linkages and interdependence between economic and social issues are increasingly understood – which is aptly symbolised in the European Commission’s decision to merge the long-established Employment in Europe and Social Situation reports into a single volume from this year (EC DG EMPL, 2012), which covers issues as varied as changes in job structures in the recession, in-work poverty and active ageing as well as reporting on changes in the employment and social situation in the Union.

This has created both the opportunity and the need for the findings of the 2009 European Company Survey to actively contribute to both the current policy debate and the pursuit of fundamental and far-reaching structural improvements in the ways companies function in order to improve both the productivity performance, and the associated quality of social dialogue, at the workplace.

Recommendations

It is still early days in the life and future of the European Company Survey, as many researchers and interested policymakers are only just discovering the wealth of data contained within it. However, following discussions with a variety of interested parties in policymaking and social partner bodies and universities – including director Georg Fischer (EMPL in the European Commission), John Philpott (chief economist, the Chartered Institute for Personnel Development (CIPD), UK), Lionel Knapp (business analyst, Deloitte Consulting), Andrew Watt and Janine Leitscke (ETUI, Brussels), Christopher Brooks (Science Po, Paris and previously OECD), Robert Stehrer (the Vienna Institute for International Economic Studies) – along with other researchers and policy advisers, two basic messages emerge.

The first is that the ECS offers an essential body of research data that is being increasingly exploited (as the reports referenced and commented on in this report show).

The second, however, is that there is still a need to raise awareness about the range and reliability of the data covered by the ECS and present the key research findings from the ECS to as wide a range of policy audiences as possible.

This implies that *for those who are already aware* of the importance of the issues, there is a need to:

- promote the use of the surveys more widely, and worldwide, with a particular focus on business schools and social media as well as social partners and research centres;
- present the more sophisticated results from the ECS to all relevant EU-level groups, seminars, etc., with the particular objective of promoting better policy understanding, as well as more interdisciplinary or multidisciplinary research, across the range of economic, employment, social policy and industrial relations disciplines.

Moreover, *for those who are not yet fully aware*, there is a need to demonstrate that:

- countries, regions, companies and people can perform well or badly depending not only on the effectiveness with which their capital and labour resources are deployed, but also on the quality of the employer–employee relationship;
- hence, even within a supportive European policy environment, individual countries, regions, companies and people need to focus on performance in their factories, offices and workplaces if they are to take full advantage of it;

- the 2009 ECS is already contributing significantly to a better understanding of how companies work and how success is achieved at the workplace, and the 2013 survey and its data are expected to strengthen this contribution still further.

2013 survey

The main thrust of the 2013 survey has already been agreed and there is appropriate awareness of the need to address certain concerns:

- ensuring an appropriate balance between repeat questions and new, additional questions on such issues as the above;
- ensuring the questions are drafted in ways that are relevant for analytical research and can be turned into quantitative or qualitative indicators;
- ensuring that a full range of questions are asked in relation to specific issues in order to avoid gaps in potential explanatory factors;
- reviewing the existing research findings on functional flexibility, high-performance workplaces (including from the 2009 ECS) and consulting widely with leading researchers in order to identify key questions in the construction of the draft questionnaire.

Given the developing use of national surveys, it is also important to:

- strengthen the existing links with national surveys – such as the UK, Ireland, France, Canada – with a view to developing consistent methodologies and enhancing comparability wherever possible;
- wherever possible, seek feedback from past survey participants who could be asked to comment on the report findings relative to their company experience.

In terms of the future, the 2013 ECS is intended to delve more deeply into issues of working patterns and relationships, notably in terms of functional flexibility and high-performance working, seeking to identify those work practices that simultaneously achieve both an improved economic performance and greater work satisfaction – the holy grail of industrial organisation.

In pursuit of these goals, the ECS has to cope with a bewildering range of conceptual and theoretical reflections from a variety of academic disciplines, some of which are more useful and practical than others. In this respect, however, it has the enormous advantage of being an empirical survey based on well-structured, straightforward questions put to employers and employees concerning their actual workplaces and which can provide crucial comparative information across countries, sectors and size and type of firm concerning a range of work practices for which information is available from nowhere else.

Such benchmark information is invaluable for effective short- and long-term policy development and will undoubtedly bring forth increasing demand for its further development as the results of the survey become increasingly well-known and exploited.

A crucial factor for success is, of course, to ensure that policymakers, business owners and managers and workers and their representatives are all equally aware of both the challenges they face and the opportunities on offer and are willing to ‘do what they have to do’ to bring about change and to achieve their common and individual goals.

The 2009 ECS has already proved successful in providing unique in-depth insights into the complexities of workplace organisation, based on matching employer and employee representative responses from the same workplaces. It is not the only information available on the subject in the world – some national surveys exist – but it is the only information available on a comparable pan-European basis.

As such, the ECS offers EU and national policymakers the opportunity to better understand not only the challenges and opportunities that are being faced and responded to in workplaces across the EU, but also the evolving relationships between activities in the workplace and the world outside of work, and between employers and employees and their representatives.

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