

# Win–win arrangements: Innovative measures through social dialogue at company level

## Executive summary

### Introduction

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

### Policy context

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

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

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

### Key findings

#### Challenges

The selected companies had all encountered similar challenges, although in some countries such as Greece and Spain, the intensity of the fallout from the 2008 crisis probably affected companies based there somewhat more

severely. Overall, however, the study identifies some common current challenges facing companies in Europe, including: competition and changing markets; demand issues; human resources (HR) issues, and the need for radical change to business models.

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

#### Social dialogue as a tool, not an obstacle

Measures used by companies in the study included:

- HR measures – recruitment, redundancies, change in employment contracts, health and safety, training;
- Work organisation measures – flexible work organisation, enabling the workforce to become more multifunctional, outsourcing;
- Competitiveness enhancing measures – change of core business, research and development, new technologies, quality control;
- Cost efficiency measures – balanced budgets, reduction of operating costs, wages.

The study identified a number of elements of good practices, such as regular meetings between management and employees (or their representatives) to prepare works council agendas; regular meetings to follow up on decisions; and continuous feedback from both managers and employees to allow adjustment to new practices and their smooth implementation. Other elements included support for employee satisfaction and voice – allowing them to contribute to strategic choices and decision-making – and training to smooth the implementation of new measures.

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

### Negotiating strategies

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

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

### Impacts and win–win outcomes

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

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

### Win–win–win?

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

## Policy pointers

- In light of the growing orientation towards collective bargaining at company level, policymakers and social partners may need to support social dialogue at this level by taking steps to coordinate the various collective bargaining levels and to develop the negotiating competences of workplace actors on both sides.
- In the context of changing markets, transitions can be eased by early adaptation of business models and preparation of the workforce for change through measures such as talent-sourcing, reskilling, career progression, support to find jobs and fair redundancy packages.
- Innovative ways of dealing with workplace conflict and tensions reduce costs and unproductive time. Knowledge exchange between social partners about social dialogue practices that work for both organisations and employees would allow EU-wide cross-fertilisation. At EU, national, sectoral and company level, institutions, governments and social partners could raise awareness of the factors that deliver win–win outcomes and work towards the development of human capital, especially in the context of an increasingly digitalised workplace. European 'win–win awards' might be one way of drawing wider attention to the potential benefits.
- An electronic platform at EU level and roundtable discussions or other forums could showcase firms with experience of win–win results in different sectors and Member States, and between companies.
- European information and consultation regulations and European Works Councils play a significant role at company level, particularly in countries where such practices are less widespread, and should be encouraged and supported.

### Further information

The report *Win–win arrangements: Innovative measures through social dialogue at company level* is available at <http://www.eurofound.europa.eu/publications>.

For more information, contact Stavroula Demetriades, senior programme manager, at [std@eurofound.europa.eu](mailto:std@eurofound.europa.eu).