

Measuring varieties of industrial relations in Europe: A quantitative analysis

Introduction

The 2016 study *Mapping key dimensions of industrial relations* defined industrial relations as ‘the collective and individual governance of work and employment’. It developed a conceptual framework for mapping industrial relations, identifying four key dimensions: industrial democracy, industrial competitiveness, social justice, and quality of work and employment.

A follow-up study was conducted to apply the conceptual framework at national level. The study produced a dashboard of 45 indicators, providing a tool to analyse national industrial relations systems across the EU. This analysis showed that a dashboard measuring the complex reality of industrial relations across EU Member States is a valuable tool for comparative research and for policymakers, social partners and stakeholders at EU and national level.

The study highlighted some trends in European industrial relations, including diverging patterns within the countries, which have been acknowledged in the literature. Additionally, it collected insights from experts on how to develop the conceptual approach further, improve the indicators and use the dataset to enhance the governance of work and employment.

This study builds on these debates and has three main aims:

- to undertake a critical review of the dashboard to link the indicators more closely to industrial relations actors and processes (while acknowledging that industrial competitiveness, social justice and quality of work and employment are also affected by other factors)
- to build a set of composite indicators to measure country performance in the four dimensions and the system as a whole
- to develop a typology of industrial relations systems to contribute to the cross-country analysis of evolving trends and patterns of change

Compared with Eurofound’s previous study, this study is more focused on industrial democracy. Eurofound’s analytical approach considers industrial democracy to be the core dimension of industrial relations and the most desirable model of work and employment governance. Accordingly, this study presents a literature review on industrial democracy, cross-country diversity and patterns of change.

Key aspects of the methodological approach include applying conceptual and statistical quality criteria to fine-tune the existing indicators, based on the quality assessment and assurance framework of the European Statistical System (ESS) and the literature. Another key aspect is using the methodology on building composite indicators developed by the Joint Research Council (JRC) and the Organisation for Economic Co-operation and Development (OECD), while ensuring that the dashboard and composite indicators respect Eurofound’s conceptual framework and data properties.

Policy context

The policy context includes the impact of the 2008 economic crisis and the relaunching of EU policy initiatives aimed at supporting convergence towards better living and working conditions among Member States. Also foreseen is a greater role for social dialogue at EU and national level.

The economic crisis had a negative impact on gross domestic product (GDP), employment and social equality in a number of Member States. While many countries have since seen improvements in these areas, economic and social differences still remain.

Industrial relations systems have been under strain in several Member States since the crisis, particularly due to government interventions as a result of external pressures. These include Memoranda of Understanding (MoUs) in exchange for debt relief, and country-specific recommendations issued by the Commission as part of the European Semester. Overall, external political pressures on industrial relations institutions have mainly concentrated

on countries showing comparatively lower levels of competitiveness. As a result, some scholars have found that the crisis and the political responses have made European industrial relations increasingly fractured.

Several European bodies have expressed concerns about the impact of policy reforms on national industrial relations systems, industrial democracy and economic divergence across countries. As a result, an enhanced role for the EU and national social partners in the European Semester process has been promoted and reinforced by evaluations. Furthermore, a growing emphasis on social objectives in the Semester's policy orientations and message has been observed.

The social approach has been reinforced with the European Pillar of Social Rights, which relaunched EU policy action for upward convergence in living and working conditions. The Pillar states that 'social dialogue plays a central role in reinforcing social rights and enhancing sustainable and inclusive growth', laying the foundation for the pursuit of industrial democracy, growth and equity.

Key findings

Following Eurofound's analytical framework, the study has provided three complementary tools to examine the dynamics of industrial relations and compare how national industrial relations systems are changing:

- a dashboard with indicators better related to industrial relations actors and processes, or relevant for assessing their impact on policymaking and outcomes in socioeconomic fields
- composite indicators to measure country performance in industrial relations as a whole, the four key dimensions and sub-dimensions
- a typology of industrial relations systems based on industrial democracy performance and relevant characteristics of industrial democracy

Evidence discussed in this study suggests that further analysis and monitoring is needed to facilitate a shared understanding of current challenges and coordinate strategies to overcome risks. In terms of social and economic inequalities, the study provides evidence of accelerated change in some national industrial systems and no clear trend of upward convergence. While developments in industrial competitiveness and quality of work and employment appear to move in this direction, there are diverging trends in social justice, while industrial democracy shows a negative variation. Moreover, cross-national differences are accentuated, deepening inequalities concerning the role of industrial democracy in the governance of employment relationships.

Conclusions

The basic principle of Eurofound's analytical framework is that the most desirable industrial relations strategy for employers and employees is a balanced and mutually reinforcing pursuit of efficiency (industrial competitiveness) and equity (social justice and quality of work and employment). To make such a strategy effective, both sides of industry need to develop their collective capacity to influence decision-making (industrial democracy). In a context of evolving trends and accelerated patterns of change, it is important to have accurate tools to enable analysis, reflection and mutual learning among policymakers and social partners. The pursuit of a balanced strategy towards sustainable growth and equity requires coordinated efforts from all stakeholders.

The tools developed in this study prove to be useful for analysing national industrial relations systems. Their effectiveness when it comes to understanding current trends and challenges can only be tested if they are used in future debates among stakeholders at EU and national level.

Further information

The report *Measuring varieties of industrial relations in Europe: A quantitative analysis* is available at <https://eurofound.link/ef18033>

Research manager: Christian Welz

information@eurofound.europa.eu