



Workplace social dialogue in Europe: An analysis of the European Company Survey 2009

Executive summary

Introduction

The European social model is based upon concerns with both economic efficiency and the quality of work. The focus of this report is on social dialogue that takes place within the workplace. More specifically, it is concerned with forms of workplace employee representation, notably trade unions and works councils.

The report uses data from the 2009 European Company Survey (ECS 2009). This survey of workplaces with 10 or more employees was carried out across the 27 EU Member States and the candidate countries of Croatia, the former Yugoslav Republic of Macedonia and Turkey.

Social dialogue may emerge from a concern to extend democracy into the workplace or as a counterweight to a perceived power imbalance in the employment relationship. A decision to engage in social dialogue may also be the result of a cost-benefit calculation where any consequential costs are weighed against potential benefits such as increased labour productivity.

At the macro level, relevant factors include the extent of government intervention, the dominant level of collective bargaining and the extent of legal support for institutions of employee representation. At the meso level, relevant factors include the nature of the good or service being produced and the degree of product market competition. At the micro level, relevant factors include: firm size; firm age; firm ownership; the nature of production or service delivery; employer preferences; and the characteristics of the workforce.

Key findings

The analysis uses data from both the management respondents and the employee representative respondents to ECS 2009. A range of external data items were matched with the ECS 2009 data in order to better

understand differences in the extent and nature of workplace representation between countries and sectors. Multivariate regression methods were used to identify the independent association between a particular outcome and a specific characteristic.

ECS 2009 is a rich source of data on the workplace and social dialogue practices. However, it does not allow identification of all influences on the presence or nature of workplace social dialogue. As ECS 2009 data are cross-sectional in nature, regression results must be interpreted as conditional associations, rather than as causal effects.

Around one third (34%) of workplaces with 10 or more employees have a trade union or works council body in place. Considerable variation exists between countries: the rate is above 55% in Denmark, Sweden and Finland but below 20% in countries such as Turkey, Greece and Portugal. Substantial variations also exist depending on industry sector and workplace size. Many of these characteristics are related to the presence or absence of a trade union or works council.

Workplace representation is more prevalent in countries where national or sectoral bargaining dominates. It is also higher in countries with more extensive levels of legislative support for workplace representation. In respect of industry-level influences, trade union representation is more extensive in industries with higher levels of profitability. Employee representation is shown to be more likely in larger workplaces; those belonging to large organisations or the public sector; and those that have recently undergone organisational change.

The identified relationship between social dialogue practices and workplace size or sector of ownership was already suggested by the research literature.

Other findings, such as the association with bargaining levels, have been less extensively demonstrated hitherto.

Some 80% of representatives agree that their employer provides them with sufficient paid time off work to carry out their duties. Representatives in countries with a legal entitlement to paid time off are, on average, 15% more likely to say that their time off is sufficient. Representatives of larger workplaces are less likely to consider that they have sufficient leave, as are those of workplaces that have recently experienced changes in human resource practices.

Some 77% of representatives are provided with information, at least once a year, regarding both the company's economic and employment situation. Information provision is more common in countries with less extensive statutory support to activate works council representation. It could be that rights to information are more rigorously pursued or enforced in such countries.

Information provision is more likely in single independent establishments than in multi-site organisations. This suggests that the ease of access to information and the extent of managerial control may be important factors shaping employers' behaviour. Provision is also more likely in workplaces with a high share of skilled workers.

Overall, around one third (34%) of representatives work in establishments where: (a) they consider that managers and representatives make sincere efforts to resolve common problems; and (b) the manager does not state a preference for consulting directly with employees. The score is higher, on average, in countries where there is more extensive legislative support for employee representatives, although the association is only apparent for works council representatives.

Works council representatives are generally more likely to have a constructive relationship with managers than trade union representatives. This association may reflect unions' greater likelihood of involvement in wage bargaining, restrictions in some countries on works councils' ability to initiate industrial action and/or managerial preferences for particular types of representation.

In accordance with the theoretical framework, the provision of paid time off for representatives, the provision of information and the character of the management-representative relationship are each found to be supportive of greater levels of influence on the part of representatives. The analysis identifies some components which appear to contribute to meaningful social dialogue, in terms of the extent to which employee representatives have a substantive role in workplace decision making. The analysis thus contributes to a better understanding of the prevalence and nature of workplace social dialogue in Europe.

Evidence suggests that by providing a voice for workers, forms of employee representation can reduce the 'quits rate' (the rate at which people are leaving their job). The evidence is somewhat tentative. Moreover, the direction of causality cannot be proven with the available data. Nonetheless, our findings are broadly in line with the limited existing evidence from single-country studies.

Policy pointers

This study reaches two central conclusions. The first is that policy levers, such as legislative support for workplace employee representation, can be influential in guiding practice. A number of instances can be found in which the institutional environment or the legislative framework itself are associated with the extent and nature of workplace social dialogue.

At the same time, however, one must recognise that policy makers have a limited capacity to prescribe on this issue. This is because the extent and nature of workplace social dialogue is clearly related to a wide range of workplace and workforce characteristics. The costs and benefits of social dialogue may be viewed differently by various parties. It is difficult to determine in advance what is socially optimal. This implies that any new interventions should be minimalist. Their impact should be evaluated and subsequently reappraised.

Further information

The report *Workplace employee representation in Europe* is available at <http://www.eurofound.europa.eu/publications/htmlfiles/ef1214.htm>

For further information contact Carlos Vacas, Research Officer, cva@eurofound.europa.eu