

Challenges and prospects in the EU

Industrial relations: Developments 2015–2019



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Authors: Christian Welz, Ricardo Rodríguez Contreras, Christine Aumayr-Pintar and David Foden (Eurofound)

Research manager: David Foden

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Contributors: Peter Kerckhofs, Matteo Avogaro, Andrea Broughton, Eckhard Voss and the Network of Eurofound Correspondents

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Research carried out prior to the UK's withdrawal from the European Union on 31 January 2020, and published subsequently, may include data relating to the 28 EU Member States. Following this date, research only takes into account the 27 EU Member States (EU28 minus the UK), unless specified otherwise.

This report presents the results of research conducted largely prior to the outbreak of COVID-19 in Europe in February 2020. For this reason, the results do not fully take account of the outbreak.

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency established in 1975. Its role is to provide knowledge in the area of social, employment and work-related policies according to Regulation (EU) 2019/127.

European Foundation for the Improvement of Living and Working Conditions

Telephone: (+353 1) 204 31 00

Email: information@eurofound.europa.eu

Web: www.eurofound.europa.eu

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Country codes

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

Abbreviations used in the report

CEEP	European Centre of Employers and Enterprises providing Public Services and Services of General Interest
CSR	country-specific recommendations
ECS	European Company Survey
EECS	European Economic and Social Committee
EPSU	European Public Service Union
ETUC	European Trade Union Confederation
ETUI	European Trade Union Institute
EWC	European Works Council
ICT	information and communications technology
ILO	International Labour Organization
NACE	Statistical Classification of Economic Activities in the European Community
NRP	national reform programme
TEU	Treaty on European Union
TFEU	Treaty on the Functioning of the European Union
SMEunited (formerly UEAPME)	European Association of Craft, Small and Medium-sized Enterprises

Flagship perspectives

Eurofound's mandate requires it to promote the dialogue between management and labour, and to analyse the developments in industrial relations systems – and particularly social dialogue – at EU level and in the Member States.

This flagship report is based on the work done by Eurofound over its last programming period (2015–2019) with this mandate in mind. It draws on extensive monitoring of industrial relations systems and social dialogue. It aims to assist policymakers and industrial relations actors both in understanding the challenges for social dialogue and in identifying possible ways forward to contribute to balanced and well-functioning industrial relations systems.

The timing of the report allows for an overview of the state of industrial relations, just prior to the outbreak of the coronavirus disease (COVID-19) in Europe and the measures taken to protect public health in the pandemic. However, it cannot assess what impact COVID-19 will eventually have on the complicated patchwork of erosion and stability in the different national systems of collective industrial relations.

Progress

During 2014–2019, the European Commission headed by President Jean-Claude Juncker gave priority to strengthening the social framework, as shown in the creation of the European Pillar of Social Rights, and new agencies and structures such as the European Labour Authority and the European Platform tackling undeclared work. It also brought forward new legislation that gives additional rights, protections and responsibilities in the area of work–life balance, posted workers, and, by means of the Directive on Transparent and Predictable Working Conditions, protection for workers in non-standard and more precarious jobs.

Social dialogue was also an important priority for the Juncker Commission, which in March 2015 launched a process termed 'A new start for social dialogue' focused on the need for a more substantial involvement of the social partners in the European Semester; a stronger emphasis on the capacity building of national social partners; a greater involvement of social partners in EU policy and law-making; and a clearer link between social partner agreements and the better regulation agenda.

In many Member States, there was a high degree of stability in their institutional industrial relations frameworks in the period 2015–2019. Nevertheless, collective bargaining coverage continued to decline in the EU as a whole during the period.

Challenges

- **Economic and employment crisis:** EU labour markets have suffered a severe impact as a result of the COVID-19 pandemic and subsequent measures, and a serious recession is in prospect.
- **Structural change:** Transformations in the economy, changing business models and changes in the regulatory framework for social dialogue all call into question the traditional structures of industrial relations. For example, platform workers operating under varied contractual arrangements do not always fit in with traditional forms of representation.
- **Declining organisational density:** Trade unions continue to struggle with a long-term decline in membership numbers; while there is no single Member State in which trade union density has increased, the scant available data on employer organisations suggest mainly stability in terms of organisational density.
- **Organisational changes:** At national level, changes in the structure of the social partners have been frequent.
- **Employee representation in workplaces:** Employee representation exists in fewer than one in three workplaces in the EU.
- **European social dialogue:** Although EU social dialogue remains vibrant in terms of engaging with the main issues and challenges – with a range of joint texts on issues such as migration, digitalisation, the green economy and apprenticeships being concluded – at cross-industry level only one autonomous agreement, on active ageing, was produced. Furthermore, autonomous negotiations on important issues such as the revision of the Working Time Directive and the Written Statement Directive failed and the social partners were not able to deliver joint positions on issues such as parental leave and work–life balance or in the context of the review of the European Works Council Directive or the EU Quality Framework for the anticipation of change and restructuring.

What next?

- **Closing structural gaps:** Bipartite social dialogue and collective bargaining at national level represent the core of national industrial relations systems; efforts to close structural gaps should be underpinned by an appropriately supportive legal framework that respects the principles of subsidiarity and autonomy of the social partners.
- **Making connections:** Better links between the EU and national levels of industrial relations, including better implementation of European autonomous agreements at national level, would foster more effective social dialogue.
- **Involving the social partners in policy:** Meaningful involvement of the social partners in policies and reforms is not yet fully in place in several countries, and the contribution to policymaking from bipartite social dialogue is limited, with most national peak-level social dialogue being tripartite.
- **Strengthening the role of social dialogue:** Investing in social dialogue in ‘good times’ helps to ensure that it can be resorted to in times of crisis. A mapping of first policy responses to the COVID-19 pandemic has shown that, in half of the cases, social partners in the EU were involved but that the involvement was stronger in those countries where social dialogue has traditionally played a more important role.
- **Investing in the capacity of social partners to contribute to the governance of the labour market:** The current macro-restructuring process will affect economic activities with high trade union density and collective bargaining coverage, as well as emerging activities in the services sector, where trade unions seek – in the face of difficulties – to expand. It may disrupt the balance of power between employer and worker organisations in some countries and weaken the commitment on the part of employers to engage in collective bargaining.
- **Reinforcing workplace democracy:** This aspect, particularly the provision of works councils with stronger co-determination rights, is more important than ever during times of unprecedented change.

Introduction

Aims and content of the report

This report is one of a series of flagship reports from Eurofound intended to illuminate and showcase the research conducted in each of the main thematic areas of work covered by the Agency during the 2017–2020 programming period. In the case of industrial relations, the decision was made to draw on the various research projects conducted during that period to review developments affecting industrial relations at different levels during 2015–2019.

Accordingly, the report:

- presents findings on recent developments in European social dialogue and looks at challenges to its smooth functioning
- discusses the interaction of systems at European and national levels
- compares varieties of industrial relations systems from an industrial democracy perspective
- reports on developments in industrial relations on a cross-national basis
- reviews recent data from the European Company Survey (ECS) 2019 on social dialogue and employee participation in companies, with a focus on the interviews with employee representatives
- looks at some global developments that are likely to impact on the future of industrial relations

While the period covered has seen significant changes that have affected the world of work (for example, increasing digitalisation and its impact, restructuring brought about by efforts to mitigate or adapt to climate change), to attempt a comprehensive overview of how these changes have affected or will affect developments in industrial relations would go beyond the scope of the report.

The intention at the outset was to explore how far the developments reported represent stability, or even a relaunch, of collective industrial relations systems, and how far ongoing erosion or more extreme decline is in prospect. However, it cannot be ignored that the circumstances in which the report will be published are markedly different from those in which it was conceived. The spread of COVID-19 in 2020 and the subsequent measures taken to protect public health, including the effective shutdown of large parts of economic and social life, have had a dramatic impact on the economy and labour market and, of course, on the

actors and processes that are the subject of this report. The research on which the report is based was conducted over the past few years, and the most recent material on which it draws was submitted by the Network of Eurofound Correspondents in 2019. It therefore looks at the state of industrial relations only up to the moment when the COVID-19 crisis struck. For this reason, it is impractical for the report to assess the impact of the crisis on industrial relations. However, it is hoped that the research will shed light on factors that will be important in making such an assessment, including the robustness (or otherwise) of the various national systems and their respective trajectories and path dependencies. Some reflections on these issues are offered in the concluding remarks.

Background and context

Labour market developments

The period covered by this report – broadly from the middle to the end of the decade – presents a paradox. Many indicators suggest healthy labour market developments overall. By 2019, 240.7 million Europeans were in work, up by 13.4 million since the start of the European Commission led by Jean-Claude Juncker in November 2014, making the employment rate in the EU the highest ever recorded. The overall employment rate for the 20- to 64-year-old age group reached 73.1% in 2019 for the EU27, close to the Europe 2020 target of 75%. This was 3.1 percentage points higher than before the financial crisis of 2007–2008. The employment rate for workers aged 15–24 had started to recover and stood at 33.5% in 2019, still somewhat short of the 2008 level (35%). For older workers aged 55–64, the employment rate reached 59.1%, rising steadily and faster than for other age groups. The gender employment gap (having narrowed because the employment rate for men fell faster than that for women during the Great Recession) remained stable during 2015–2019, as employment rates rose in parallel for men and women aged 20–64.

Unemployment in Europe had fallen to a historically low level in 2019. The overall unemployment rate had declined to 6.7% of the labour force – 6.4% for men and 7.0% for women. Youth unemployment also continued to decline, as did long-term unemployment (2.9% of the economically active population) and very long-term unemployment (25.5% of total unemployment).¹

1 Long-term unemployment refers to people who have been unemployed for 12 months or more, while the very long-term unemployed have not had a job for 24 months or more.

Yet, despite these favourable outcomes, youth unemployment remained worryingly high in some Member States. The proportion of young people not in education, employment or training (NEETs) remained above the pre-recession level in some countries. Furthermore, the employment rate of non-nationals was almost 7 percentage points lower than that of host-country citizens, and the full-time equivalent gender employment gap still stood at 18 percentage points in 2018.

As noted in Eurofound's flagship report on employment and labour market change (Eurofound, 2020a), standard employment – permanent, full-time employment subject to labour regulation – remains the dominant form in Europe. Nevertheless, non-standard work has become a familiar feature of the European labour market. A large proportion of new jobs are non-standard, with an increase evident in part-time employment, and some countries have seen substantial increases in temporary employment and self-employment. Furthermore, there appears to be growing heterogeneity within the non-standard working population, as 'compound non-standard employment' develops, combining different types of non-standard work. The context might, then, be summarised as one of high levels of employment but with increasingly diverse characteristics. The question of how far this diversity, and especially the partial destandardisation of employment relations, may be responsible for greater insecurity among the working population than might be expected in view of the high employment rates goes beyond the scope of this report.

European policy context

As Chapter 1 explains in more detail, the European policy context for the developments described in this report was set by the ambition of the Juncker Commission to pursue an agenda for jobs, growth, fairness and democratic change. This included three general objectives: a new boost for jobs, growth and investment; a deeper and fairer internal market, with a strengthened industrial base; and a deeper and fairer economic and monetary union. These broad objectives encompassed a range of goals relevant for industrial relations, including:

- pursuing structural reform through the European Semester
- strengthening social dialogue
- promoting decent and safe working conditions
- developing a skilled and entrepreneurial labour force
- ensuring greater social inclusion and effective social protection
- improving the conditions for geographical and professional mobility (while addressing abuses)
- strengthening the social dimension of economic and monetary union

It was from these general objectives of the agenda that the specific European-level policy initiatives described in Chapter 1 stemmed. Examples include the launch of the European Pillar of Social Rights, the establishment of the European Labour Authority and the relaunch of social dialogue. Taken together, these (and other) initiatives underline the Commission's desire to present the EU as balancing economic and social concerns.

Over the course of the period in question, policymakers were forced to adapt to changing circumstances. The most serious effects of the financial crisis and the Great Recession began, gradually, to wane. But new challenges, such as the refugee crisis and Brexit, came to take priority. Despite these new demands for policy attention, time and political energy were reserved for key European processes – such as the European Semester – in which social dialogue was seen, increasingly over time, to play an important role. This in turn reinforced the relevance of the relaunch of social dialogue and increased the attention paid to capacity building for effective social dialogue.

Eurofound research

In 2015, Eurofound contributed a background paper to the reflection on the 'fresh start for social dialogue' undertaken by the informal meeting of the Employment, Social Policy, Health and Consumer Affairs Council in Riga. The paper outlined numerous challenges facing social dialogue – and collective industrial relations more generally – that remain pertinent today.

Collective industrial relations, including social dialogue, have undergone dramatic change over recent decades. Fordist mass-production in industrial economies has given way to more varied production models in predominantly service or knowledge economies. There has been a rise of individualisation in society at large – affecting the self-perception of the workforce and their attitudes towards both their work and the collective institutions which represent their interests. The growth of female employment and changing gender roles have brought new emphasis to issues of work–life balance, care arrangements and working-time patterns as topics for social dialogue. And the flexibility needs of companies and workers have come on to the agenda of social dialogue. ... Taken together these factors have contributed to at least partial de-standardisation of employment relations, which has posed a major challenge to the traditional actors in industrial relations: their role has been questioned not only in the practical sense of declining membership strength and organisational density, but in the reduced political acceptance of their role and of the legislative underpinnings of the work they do and the agreements they reach.

(Eurofound, 2015a)

This was the backdrop to Eurofound's work on industrial relations in the period from the middle of the 2010s. Earlier work had explored the impact on industrial relations of the different phases of the financial crisis and Great Recession. It had concluded that industrial relations had been profoundly restructured by the crisis. In the early phase (2008–2010), some Member States with more robust industrial relations systems were in a better position to weather the economic and social impact (Eurofound, 2012a). In the second phase (2011–2014), however, there were many significant impacts on a range of aspects of industrial relations in the Member States, although in some cases it is hard to disentangle the impact of the crisis from longer-standing trends ('megatrends') in industrial relations at national level.

For example, Eurofound research (2014a) found a multi-country trend towards further decentralisation in collective bargaining. It could be argued that this trend had been in train for some decades and that the crisis merely accelerated it, by creating a need for more flexibility and better tailoring of agreements to companies' individual circumstances. The only countries with a trend towards centralisation (until 2014) were Finland² and, to a limited extent, Belgium.

The late Franz Traxler (1995) distinguished between organised and disorganised decentralisation. Organised decentralisation refers to increased company-level bargaining within the framework of rules and standards set by (inter)sectoral agreements, whereas disorganised decentralisation takes place outside such a regulatory framework of bargaining coordination.

In Nordic and central-western European industrial relations regimes, decentralisation, where it had happened, had taken place in a more organised manner. However, the financial crisis fostered processes of disorganised decentralisation in several Member States, including those under macroeconomic adjustment programmes. In some of the Member States, the combined effect of increased unilateral decision-making by governments and decentralisation of collective bargaining was a decline in multiemployer bargaining and a reduction in collective bargaining coverage. Furthermore, in central and eastern European industrial relations systems, a drift towards more voluntary and less tripartite or neo-corporatist structures and processes seems to have taken place (Glassner, 2013).

A decentralised national social dialogue impacts on its European counterpart, especially when it comes to the implementation of autonomous agreements in accordance with the procedures and practices specific to management and labour and the Member States (Article 155(2) of the Treaty on the Functioning of the European Union).³

On the question of whether the severity of the impact of the financial crisis can be linked to industrial relations typologies, it is, of course, difficult to disentangle the different threads: the countries in which the impact of the crisis was most severe on industrial relations are also those where the crisis had the most severe economic impact. The social partners in Greece, Ireland, Portugal and Spain, for example, had little room for manoeuvre, given the scale of the economic adjustments demanded. Nevertheless, many researchers argue that the industrial relations systems of Nordic and central countries contain more potential flexibility for actors and processes (for example, opening clauses in collective agreements), enabling them to adapt more readily to changes in the economic environment.

Against the background of the trends generated by the financial crisis, Eurofound research focused on the following topics, which are discussed in the subsequent parts of this report.

- The representativeness and autonomy of the social partners has continued to be a major strand of work, with an emphasis on gathering the data needed to support the European Commission in assessing the representativeness of European social partner organisations.
- A second strand of work explored the links between European and national social dialogue, first at cross-sectoral and sectoral levels and subsequently in multinational companies.
- A third focus of work concerned the involvement of social partners in the processes of policy reform, particularly in the context of the European Semester.
- Fourth, Eurofound developed a framework for analysing and comparing industrial relations systems, identified quantitative indicators and data sources, and described (and clustered) national systems on the basis of these key dimensions (industrial democracy, industrial competitiveness, social justice, and the quality of work and employment).

² In 2017, however, Finland decentralised bargaining further (Eurofound, 2017a).

³ An autonomous agreement is an agreement signed by the European social partners at cross-sector or sector level which is implemented in accordance with the procedures and practices specific to management and labour and the Member States on the grounds of Article 155 (2) TFEU (Eurofound, 2011).

- Eurofound also explored how it could support capacity building for effective social dialogue. It reported regularly on developments affecting the structures and processes of industrial relations, and on key outcomes.

The chapters of this report first look at European developments and the role played by European social dialogue in recent years (Chapter 1) and then explore the challenges to effective social dialogue at European and national levels (Chapter 2). Chapter 3 presents a synthesis of work on comparing varieties of industrial

relations, focusing on the core dimension of industrial democracy. Chapter 4 provides a comparative overview of developments in national industrial relations systems. Chapter 5 reports the views of workplace employee representatives on social dialogue and employee participation in companies using data from the ECS 2019. Chapter 6 looks ahead to discuss how external drivers of change and current developments could shape debate in the years to come. The final section of the report provides concluding remarks, including some cross-cutting points that have been identified as key for planning and decision-making.

1 Developments in European social dialogue

Introduction

The European Commission headed by President Juncker was in office from 1 November 2014 to 30 November 2019. Upon taking office, President Juncker committed to renewing the European Union based on an agenda for jobs, growth, fairness and democratic change. The Commission focused on three general objectives, each of which had specific employment-related goals, as set out below.

- **A new boost for jobs**, growth and investment, with goals including the provision of effective support to Member States in carrying out structural reforms in the context of the European Semester, stronger social dialogue, better functioning labour markets, decent and safe working conditions, a skilled and more entrepreneurial workforce, and greater social inclusion and effective social protection.
- **A deeper and fairer internal market with a strengthened industrial base**, with goals including improving conditions for geographical and professional mobility while tackling risks of distortion and abuse.
- **A deeper and fairer economic and monetary union**, with goals including the strengthening of the social dimension of the union.

Key policy areas for the Juncker Commission included responding to the increasing digitalisation of society and work, and labour market policies aimed at young people and long-term unemployed people. Meeting the challenges posed by new forms of work was also a priority. The Commission also established the European Pillar of Social Rights as an overarching framework providing grounding principles for much of its work over its term of office. The following sections provide more detail on the Commission's legislative activities and the social partners' responses.

Main legislative developments

A significant amount of legislative activity took place under the Juncker Commission as it set out to achieve its goals relating to social policy and employment. The process for the Commission's regulatory fitness and performance programme (REFIT) also continued during this time. Activity included examining legislation in the areas of health and safety, information and consultation, working time, employers' obligation to inform employees of the conditions applicable to the employment relationship (the Written Statement

Directive), part-time work, fixed-term work and temporary agency work.

The European Pillar of Social Rights, announced in 2015 and launched in 2017, created a framework for action on equal opportunities, fairness and social inclusion. Legislation was subsequently formulated in areas such as work-life balance and transparent and predictable working conditions. The pillar also provided the framework for the creation of the European Labour Authority and the European Platform tackling undeclared work. Directives such as the Work-Life Balance Directive and the Transparent and Predictable Working Conditions Directive were formulated in the context of the pillar. The revision of the Working Time Directive remained an outstanding issue: despite significant efforts, no agreement has yet been reached on this, and the Commission issued legal guidance on the continuing operation of the directive.

The issue of workers posted to another EU Member State on a temporary basis was a prominent subject for discussion throughout the term of the Juncker Commission. The original directive on posted workers dated from 1996, and an additional directive on its enforcement was adopted in 2014. Nevertheless, in the Commission's view, several issues with the 1996 directive remained unresolved. Therefore, on 8 March 2016, the Commission issued a proposal for a revision of the 1996 directive, with a view to introducing changes in three areas: remuneration of posted workers, including in situations of subcontracting; rules on temporary agency workers; and long-term postings. On 20 March 2018, the European Parliament and the Council reached agreement on the revision of the Posted Workers Directive. This agreement was endorsed by the European Parliament on 29 May 2018 and by the Council on 28 June 2018.

Regarding remuneration, the principle of 'the same pay for the same work at the same workplace' was accepted by both these co-legislators. The aim of the revised legislation is to ensure that posted workers benefit from the same rules as local workers from their first day in their post abroad. The overall amount of remuneration received by a posted worker must meet the level of remuneration laid down in the host Member State, with the provision that the reimbursement of expenses does not count towards this amount.

The maximum duration a posted worker can work under only the 'hard core' conditions of the Posted Workers Directive, before all the provisions of the labour law of the host country must be met, is 12 months, with

a possible extension of 6 months. Member States can choose to ensure that posted workers are covered by representative collective agreements in all sectors. Member States must ensure that posted workers are protected, at least, by the conditions of the Posted Workers Directive in the case of a fraudulent posting, made, for instance, by a letterbox company (a company that establishes its domicile in one country merely with a mailing address, while conducting its activities in others, usually with the aim of evading legal and social obligations). The deadline for transposition of the directive into national law was 30 July 2020.

Relaunching and promoting social dialogue

Social dialogue was an important priority for the Juncker Commission, which aimed to promote it at all levels. To this end, in March 2015, the Commission held a conference to mark ‘a new start for social dialogue’. Attendees, who included representatives of EU cross-industry social partners and their national affiliates from all the Member States, as well as of EU sectoral social partner organisations, discussed how to strengthen social dialogue throughout the EU. The conference focused on the need for more substantial involvement of the social partners in the European Semester; a stronger emphasis on building the capacity of national social partners; a strengthened involvement of social partners in EU policymaking and law-making; and a clearer relation between social partners’ agreements and the better regulation agenda. On 21 and 22 April 2015 in Riga, Ministers for Employment and Social Affairs discussed ways of establishing a meaningful and responsible social dialogue. In June 2016, a statement on the new start for social dialogue was signed by representatives of the Commission, the EU social partners and the Netherlands Presidency of the Council of the EU.

The Commission also made a commitment in its Strategic Plan for 2016–2020 to relaunch and strengthen the dialogue with social partners and to initiate this new start for social dialogue. This was to include greater involvement of the social partners in the European Semester and the provision of support for capacity building of the social partners through the European Social Fund. The Commission also committed to involving the social partners in its key initiatives with an employment or social impact, such as the Energy Union, the Digital Single Market and the Investment Plan for Europe. Within this framework, the five years of the Juncker Commission saw a range of joint texts concluded at EU cross-sectoral and sectoral levels.

Overview and status of social dialogue outcomes

The Treaty on the Functioning of the European Union (TFEU) establishes and institutionalises European social dialogue in Articles 154 and 155 (Welz, 2008). As the European Industrial Relations Dictionary explains, the term ‘social dialogue’ describes the institutionalised consultation procedures involving the European social partners and the bilateral processes of social partners at various levels of industrial relations. A clear distinction is drawn between cross-industry social dialogue and European sectoral social dialogue, and between tripartite and bipartite social dialogue (European Commission, 2015a).

In their Laeken Declaration of December 2001, the European social partners clarified, from their point of view, the conceptual differences between tripartite concertation, consultation and social dialogue (ETUC, UNICE and CEEP, 2001).

- ‘Tripartite concertation’ refers to exchanges between the social partners and European public authorities.
- ‘Consultation of the social partners’ refers to the activities of advisory committees and official consultations in the spirit of Article 137 of the Treaty Establishing the European Community (the EC Treaty).
- Social dialogue is bipartite work by the social partners, whether or not prompted by the Commission’s official consultations under Articles 137 and 138 of the EC Treaty.

Thus, the European social partners use a narrow definition of ‘social dialogue’, since they reserve the term for their bipartite, autonomous work. Whenever European public authorities are involved, the social partners prefer to speak of ‘tripartite concertation’.

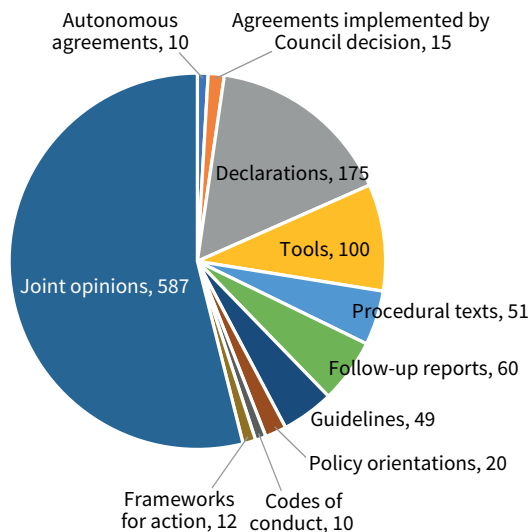
A broader definition is adopted by the International Labour Organization (ILO), which defines ‘social dialogue’ as including ‘all types of negotiations, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy’ (Arrigo and Casale, 2005, p. 238). In this context, ‘social dialogue’ refers to negotiations, consultations, joint actions, discussions and information-sharing involving the two sides of industry (employers and workers) (ILO, 2013). The term ‘dialogue’ implies information-sharing and communication but also consultation and negotiation. The process provides opportunities to the relevant parties to voice opinions and concerns, in contrast to one-way communication from management to employees (Eurofound, 2012b). Thus, unlike the European social partners, the ILO views social dialogue

as mainly tripartite, as encompassing varying intensities of dialogue – such as information-sharing, consultation and negotiation – and as such as almost synonymous with the system of industrial relations more broadly.

For the purposes of this report, we will use the European Commission’s definition, falling somewhere between those of the European social partners and the ILO. According to the Commission, ‘social dialogue’ refers to ‘discussions, consultations, negotiations and joint actions involving organisations representing the social partners – employers and workers,’ and it is the dominant feature of collective industrial relations in Europe (European Commission, undated).

At EU level, social dialogue encompasses both bipartite and tripartite processes between the European social partners themselves and between the two sides of industry and the European Commission. Regarding agreements concluded by the EU-level social partners, the TFEU distinguishes between those implemented by Council decision and those implemented through the procedures and practices specific to management and labour in the Member States (Article 155(2) of the TFEU). See Figure 1 for European social dialogue outcomes by type of text.

Figure 1: European social dialogue outcomes by type of text (as at 29 July 2020)



Note: N = 1,089.

Source: Authors’ own calculations based on the European Commission’s database of social dialogue texts

A key characteristic of the latter type of agreement, referred to as ‘autonomous agreements’, is that their governance requires a functioning social dialogue at European and national levels. Close interaction between the European level and other levels of social dialogue, effective industrial relations systems and strong social partner capacities at national level are crucial to ensure the proper implementation of these agreements (EESC, 2014).

On 29 July 2020, the European social dialogue had delivered 10 cross-industry, 1 multisectoral and 14 sectoral agreements. Some academics and EU actors argue that the EU social dialogue – which has adopted 1,089 texts, cross-industry and in 43 sectors, over recent decades but has concluded only 25 agreements – could be more efficient and effective. The number of agreements signed equates to around 2.3% of all texts signed as a result of the European social dialogue.

The EU social dialogue at cross-industry level produced only one autonomous agreement, on active ageing, during the term of the Juncker Commission (Box 1). This agreement reflects the social partners’ response to the challenges associated with the changing demographic profile of the EU. It addresses the need to ensure that older workers are integrated into the labour market (in terms of both their job content and their skills and competencies) and that their experience is properly acknowledged. Several other joint texts were also concluded, on issues such as migration, digitalisation, the green economy and apprenticeships.

Sectoral social dialogue was very active during the Juncker Commission. The results mostly took the form of joint opinions or declarations on specific topics that were of concern either for the EU overall or for certain sectors. There were no autonomous agreements, but three agreements to be implemented by Council decision were concluded at sectoral level during the five years of the Juncker Commission.

However, the main area of controversy during those five years was precisely the status of social partner agreements and whether the Commission was obliged to propose these to the Council for implementation or whether it could exercise discretion. Under the TFEU, agreements negotiated by the EU social partners can be implemented (following their request to the European institutions) by EU legislation (Directive); this has been done, for example, in the case of EU-level cross-industry agreements on issues such as parental leave and part-time work, as well as some sectoral agreements on working time.

Two social partner agreements signed during the Juncker Commission have not been implemented in this way. These are the revised agreement on the personal services sector (2016) and an agreement concluded by the central government sector on information and consultation rights for central government employees (2015). The latter was at the core of the European Public Service Union (EPSU) case (CJEU, 2019) in October 2019

(see also the section ‘Challenges to horizontal subsidiarity’ in Chapter 2) and has engendered much debate on the TFEU provisions and the nature of social dialogue as a regulatory tool (Tricart, 2019).

Table 1 sets out the main joint texts concluded during the Juncker Commission at EU cross-sectoral level.

Box 1: Autonomous framework agreement on active ageing and an inter-generational approach

On 8 March 2017, during the EU Tripartite Spring Social Summit, the European cross-industry social partners – BusinessEurope; the European Association of Craft, Small and Medium-sized Enterprises (UEAPME, now SMEunited); the European Centre of Employers and Enterprises providing Public Services and Services of General Interest (CEEP); and the European Trade Union Confederation (ETUC) – signed the European social partners’ autonomous framework agreement on active ageing and an inter-generational approach and presented it to European Commission President Juncker, European Council President Donald Tusk and Maltese Prime Minister Joseph Muscat. The agreement was an autonomous initiative and the result of nine months of negotiations between the European social partners as part of their multiannual work programme for 2015–2017 on partnership for inclusive growth and employment.

The aim was to ensure a healthy, safe and productive working environment and work organisation to enable workers of all ages to remain in work until legal retirement age. It was also to facilitate the transfer of knowledge and experience between generations in the workplace and take into account changes in national demographics and labour markets. Through this autonomous agreement, the European social partners established a framework for action aimed at:

- increasing the awareness and understanding of employers, workers and their representatives of the challenges and opportunities deriving from demographic change
- providing employers, workers and their representatives at all levels with practical approaches and/or measures to promote and manage active ageing in an effective manner
- ensuring and maintaining a healthy, safe and productive working environment
- fostering innovative life-cycle approaches offering productive and high-quality jobs to enable people to remain in work until legal retirement age
- facilitating exchanges and mutual cooperation and fostering concrete actions to transfer knowledge and experience between generations in the workplace

Table 1: Main EU cross-sectoral joint texts, November 2014–November 2019

Title	Topic	Type of agreement	Date
Joint recommendations of the European social partners on promoting social partnership in employee training	Employee training	Joint recommendation	18 June 2018
A European Partnership for Integration	Migration	Joint declaration	27 September 2016
Statement of the European social partners – Social Summit for Fair Jobs and Growth	Social aspects of Community policies	Declaration	17 November 2017
Tapping the potential from greening the economy for jobs creation	Green economy	Joint declaration	30 May 2017
Statement on the 60th anniversary of the Treaty of Rome	Social aspects of Community policies	Declaration	24 March 2017
European social partners' autonomous framework agreement on active ageing and an inter-generational approach	Ageing workforce	Autonomous agreement	8 March 2017
<i>Framework of Actions on Youth Employment: Third follow-up report</i>	Youth employment	Follow-up report	27 September 2016
A new start for social dialogue – Statement of the Presidency of the Council of the EU, the European Commission and the European social partners	Social dialogue	Declaration	27 June 2016
Maritime Labour Convention	Working conditions	Agreement (Council decision)	5 December 2016
Towards a shared vision of apprenticeships	Apprenticeships	Joint opinion	30 May 2016
BusinessEurope and ETUC call on EU institutions to bring competitive and sustainable industry back to the core of the EU policy agenda	Sustainable European industry	Joint opinion	16 March 2016
Statement of the European social partners on digitalisation	Digitalisation	Joint opinion	16 March 2016
Statement of the European economic and social partners on the refugee crisis	Migration/refugees	Joint opinion	16 March 2016
Declaration on a new start for a strong social dialogue	Social dialogue	Declaration	27 January 2016
<i>Framework of Actions on Youth Employment: Second follow-up report</i>	Youth employment	Follow-up report	1 September 2015
In-depth employment analysis	Employment	Joint opinion	1 July 2015

Source: Drawn up by authors based on the European Commission's database of social dialogue texts

Enhanced institutional framework to guarantee social and employment rights

European Pillar of Social Rights

The European Pillar of Social Rights is defined by the European Commission as 'a self-standing reference document, of a legal nature, setting out key principles and values shared at EU level' (European Commission, 2016a). The stated aim is to serve as 'a guide towards efficient employment and social outcomes when responding to current and future challenges'. The initiative to create a social pillar was announced in President Juncker's State of the Union address to the European Parliament in September 2015, and it was part of the Commission's work programme for 2016.

Throughout 2016, the Commission engaged in a debate with EU authorities, social partners, civil society and citizens on the content and role of the pillar, with the aim of moving towards a deeper and fairer economic and monetary union. The outcome of this debate fed into the final text of the pillar, which was jointly proclaimed by the European Parliament, the Council and the Commission in November 2017. The European Pillar of Social Rights called for the implementation of 20 social principles enshrined in three chapters, as summarised in Table 2.

Table 2: European Pillar of Social Rights

Equal opportunities and access to the labour market	Fair working conditions	Adequate and sustainable social protection
<ul style="list-style-type: none"> Skills development Lifelong learning Active support for employment 	<ul style="list-style-type: none"> Adequate and reliable balance of rights and obligations between workers and employers Balance between flexibility and security to facilitate job creation, job take-up and the adaptability of firms Promotion of social dialogue 	<ul style="list-style-type: none"> Access to health and social protection benefits Access to high-quality services including childcare, healthcare and long-term care

Source: European Parliament, the Council and the Commission (2017), pp. 10–15

The European Commission intended the pillar to build on and complement the EU’s social acquis (body of law) in order to guide policies in several fields that are essential for well-functioning and fair labour markets and welfare systems. These principles were not to replace existing rights, but it was intended that the pillar should become the reference framework for monitoring the employment and social performance of participating Member States, drive reforms at national level and, more specifically, serve to guide a renewed process of convergence within the euro zone (Eurofound, 2016a).

The ETUC welcomed the creation of the pillar, stating that it contained many good principles. However, it also expressed some doubts about where and how the pillar would be implemented. The ETUC also had concerns about policies such as flexicurity (a policy aimed at increasing flexibility and security in national labour markets) that could undermine workers’ rights. BusinessEurope also welcomed the pillar, stating that it could be useful if it contributed to improving Europe’s global competitiveness. BusinessEurope emphasised the importance of establishing a pillar that would drive the reform process at national level to achieve better performing labour markets and social systems.

European Labour Authority

In September 2017, President Juncker announced the creation of a European Labour Authority in his State of the Union address. The aim of the new agency is to ensure that ‘all EU rules on labour mobility are enforced in a fair, simple and effective way by a new European inspection and enforcement body’. Following the announcement, the European Commission launched a public consultation process outlining possible tasks and responsibilities for the new agency under three scenarios: a support role, an operational role and a mandatory role.

On 13 March 2018, the European Commission published the Social Fairness Package, consisting of proposals for a Council regulation on the European Labour Authority as a decentralised EU agency and for a Council recommendation to improve access to social protection.

The European Labour Authority has three objectives.

- To facilitate access for individuals and employers to information on their rights and obligations, as well as to relevant services. The Authority will provide information on employment, learning, mobility, recruitment and training opportunities, as well as guidance on the rights and obligations of those who live, work or are engaged in cross-border activities in another EU Member State.
- To support cooperation between Member States in the cross-border enforcement of relevant EU law, including facilitating joint inspections. For example, the Authority will help to improve the exchange of information. It will also support capacity building in national administrations and assist them in carrying out joint inspections. The objectives are to increase mutual trust between actors, improve day-to-day cooperation, and prevent possible fraud and abuse.
- To mediate and facilitate a solution in the event of cross-border disputes between national authorities or labour market disruptions, such as the restructuring of a company affecting several Member States.

It is envisaged that the European Labour Authority will take over the management of the European Employment Services (EURES) European Coordination Office. Furthermore, it will replace or assume the responsibilities of the Technical Committee on the Free Movement of Workers; the Committee of Experts on Posting of Workers; the Technical Commission, the Audit Board and the Conciliation Board of the Administrative Commission for the Coordination of Social Security Systems; and the European Platform tackling undeclared work. The European Labour Authority will also cooperate and build synergies with other EU agencies, including Eurofound, the European Centre for the Development of Vocational Training, the European Agency for Safety and Health at Work, the European Training Foundation, Europol and Eurojust. The new agency started its activities on 20 June 2019, with a view to being fully operational by 2024. The European Labour Authority will be based in Bratislava (Eurofound, 2018a).

European Platform tackling undeclared work

Undeclared work is an ongoing concern for European policymakers, and in 2013 the Commission launched a formal consultation of the EU social partners under Article 154 of the TFEU with a view to enhancing EU cooperation on the prevention and deterrence of undeclared work. However, the social partners decided to refrain from negotiating on this topic as the proposed initiative concerned cooperation between national enforcement authorities. The Commission subsequently released a proposal on the creation of the European Platform tackling undeclared work, and the decision to establish the platform was adopted on 9 March 2016. The platform was launched in Brussels by the Commission on 27 May 2016. Under Regulation (EU) 2019/1149 of 20 June 2019, it became one of the components of the European Labour Authority.

The European Platform tackling undeclared work brings together relevant bodies including the social partners and enforcement agencies such as labour inspectorates, social security inspectorates and tax authorities. The aim is to improve cooperation between Member States by facilitating innovative approaches to cross-border cooperation and enforcement, sharing best practices and identifying common principles for inspections while respecting national competencies and procedures. Evaluating Member States' experiences allows the relevant bodies to:

- exchange information and good practices
- learn from each other and together
- develop knowledge and evidence
- engage in closer cross-border cooperation and joint activities

The work programme for 2019–2020 includes activities to tackle bogus self-employment and fraudulent letterbox companies. It also identifies four sectors that are heavily affected by undeclared work for specific action: agriculture; aviation; tourism; and hotel, restaurant and catering (Eurofound, 2020b).

Social dialogue in selected thematic areas

Work organisation and working conditions

Work organisation continues to be an important topic for legislators and in social dialogue, particularly in the context of the changing nature of work. New forms of work present a range of challenges for the social partners in terms of ensuring good working conditions and protecting workers.

Transparent and Predictable Working Conditions Directive

Discussions on the revision of the Written Statement Directive were underway throughout the Juncker Commission's term. This directive had been in place since 1991 and gave employees starting a new job the right to be notified in writing by their employer of the essential aspects of their employment relationship. The directive outlined a list of the minimum information that every employer must provide to an employee within the first two months of the employment relationship in order to guarantee 'transparent and predictable working conditions'. The list included the identities of the parties, the place of work, the nature of the work, the expected duration of the employment relationship, the initial basic salary and the length of the employee's normal working day or week.

In light of the growing flexibility of the labour market, the Commission carried out a REFIT evaluation of the directive in 2017. This evaluation found that, despite improving worker protection by increasing the transparency of the labour market, the directive had several shortcomings (Eurofound, 2016a, 2017b).

Based on Article 157 of the TFEU, the Commission launched a consultation of the European social partners on the issue; a first phase began on 26 April 2017 and a second on 21 September 2017. As the social partners expressed no intention to initiate a dialogue, the Commission issued a proposal for a new directive on transparent and predictable working conditions in the EU on 21 December 2017. A political agreement between the Council, the Parliament and the Commission was reached on this text in February 2019 and the proposal was adopted on 13 June 2019.

The Transparent and Predictable Working Conditions Directive sets out new rights for all workers. In particular, it addresses the issue of protection for workers in non-standard and more precarious jobs while limiting the burden on employers and ensuring that the labour market remains adaptable. The directive aims to ensure that these rights cover all workers in all forms of work, including those in the most flexible non-standard and new forms of work, such as zero-hour contracts, casual work, domestic work, voucher-based work and platform work.

The directive applies to all individuals working more than 3 hours per week over 4 weeks (i.e. over 12 hours per month), although certain groups of workers may be excluded from some of the provisions. It requires employers to inform workers, no later than the seventh calendar day after the beginning of the employment relationship, of its essential aspects, including:

- the identities of the parties to the relationship and the place and nature of work
- the initial basic amount of remuneration and the amount of paid leave

- the duration of the standard working day or week when the work pattern is predictable
- the identity of the social security institution receiving social security contributions, where this is the responsibility of the employer

When the work pattern is entirely or largely unpredictable, employers must also inform workers of the reference hours and days within which they may be required to work, the minimum period of advance notice they will receive before starting work, and the number of guaranteed paid hours.

The directive states that workers have the right to:

- limit the probationary period to a maximum of six months, with longer periods allowed only where this is in the interest of the worker or justified by the nature of the work
- seek additional employment, with a ban on exclusivity clauses and limits on incompatibility clauses
- know a reasonable period in advance when work will take place, where the working schedule is unpredictable, as in the case of on-demand work
- receive protection from anti-abuse legislation on zero-hour contract work
- receive a written reply to a request to transfer to another, more secure job after six months
- receive cost-free any mandatory training that the employer has a duty to provide

The directive also lightens the administrative burden on employers by giving them the opportunity to provide the required information electronically. According to the Commission, up to three million workers active in new forms of work (such as workers on zero-hour contracts and domestic workers) will be covered by the directive. Member States have until 2022 to transpose the new rules into their national legislation.

Working Time Directive revision stalled

Despite the importance of such issues as working time flexibility and work–life balance in policy discussions at EU level, the debates concerning revisions to the Working Time Directive, which have been going on since 2008, remain unresolved. The European Commission consulted with employers and workers' representatives, but the social partners were unable to reach an agreement on revisions to the directive. Essentially, employers want more flexibility and unions want more effective protection. Unions are particularly concerned about the increasing number of opt-out clauses and derogations from the directive. The process underlined the difficulties faced by the European social partners in finding agreement on a topic where progress has been blocked at Council level.

Even with the lack of agreement on revisions, the Commission has confirmed that the directive remains a relevant instrument, although several challenges exist as to its implementation.

In 2017, the Commission presented an interpretative communication on the directive to clarify some legal ambiguities, instead of trying to push the envisaged revision further.

Health and safety

Health and safety issues are an ongoing area of focus for the Commission and the social partners. The Juncker Commission assessed the EU's regulatory framework in the area of health and safety as part of the REFIT process. The Commission found that the EU's occupational safety and health legal framework remained relevant. However, it updated some directives, such as the Carcinogens and Mutagens Directive, as a result.

Social dialogue texts on health and safety

Health and safety issues also remain important topics for sectoral social dialogue. In the personal services sector, the health and safety agreement (covering hairdressers) was finally officially signed in June 2016, and the social partners formally requested that this agreement be given legal force by Council decision. However, the Commission did not forward the agreement to the Council to give it legal force. In a joint declaration in December 2019, the social partners committed to the autonomous implementation of the agreement through a range of activities.

Dialogue on health and safety took place in a few other sectors, such as the chemicals sector, which concluded a joint text on REACH (the regulation on registration, evaluation, authorisation and restriction of chemicals) and occupational safety and health issues in December 2017. In the furniture sector, a joint statement on occupational safety and health was concluded in May 2018, and in the construction sector a memorandum of understanding was signed in June 2017 on working more safely with construction machines. Maritime transport social partners also focused on sector-specific issues: in May 2016 they concluded a joint declaration on the risks of the Zika virus and guidance on staying safe for crews on board ships calling in affected countries, and they concluded a similar joint declaration on the Ebola virus disease in January 2015.

Psychosocial issues were also prominent in sectoral social dialogue: sectoral partners in the central government sector concluded a joint text on tackling psychosocial risks at work in November 2017, and those in the education sector concluded a joint declaration and practical guidelines on preventing and combating psychosocial hazards in November 2016.

Greening of the economy

There was considerable focus on sustainable development, green issues and the circular economy during 2014–2019. This reflected the level of concern in society as a whole about climate change.

In December 2014, the Commission issued a communication on the circular economy, aimed at reducing waste and covering the full economic cycle. This was accompanied by an action plan and a virtual stakeholder platform. In the communication, the Commission set the long-term objective of a climate-neutral Europe by 2050. This means that the reduction in greenhouse gas emissions that Europe will need to achieve between 2030 and 2050 will have to be twice that which it is likely to achieve between 1990 and 2030.

The Juncker Commission laid the groundwork for the European Green Deal, which was launched in December 2019. It aims to make Europe the world's first climate-neutral continent by 2050 and to ensure that transition to a sustainable economy is 'just and socially fair'.

Just transitions

The social partners have been focused on just transition, to ensure that workers do not suffer as the economy shifts away from carbon-emitting industries towards more sustainable energy production and green technologies.

At EU cross-sectoral level, the social partners issued a joint opinion in March 2016 calling on the EU institutions to bring competitive and sustainable industry back to the core of the EU policy agenda. They also issued a joint declaration in May 2017 on tapping the potential for job creation offered by greening the economy; it looks at how the shift to a green economy can promote new jobs and help employment in general.

Although this is an issue that affects everyone, some sectors will be more vulnerable in the medium term. These include the extractive industry; in October 2016, the sectoral social partners for this industry concluded a joint text on EU carbon reduction policy post 2020. The steel industry social partners also concluded a joint text on this issue in November 2016.

Circular economy

The circular economy is becoming a more frequently discussed topic in social dialogue. In the paper sector, the social partners concluded a joint opinion in October 2019. The food and drink sector concluded a joint statement in November 2015 on climate change, based on a predicted increase in global demand for food. Other sectors, such as electricity, paper and chemicals, adopted joint texts in 2015 ahead of the UN Climate Change Conference in Paris.

Digitalisation

The term 'digitalisation' refers to a general acceleration in the pace of technological change in the economy, driven by the massive expansion of our capacity to store, process and communicate information using electronic devices. According to the European Industrial Relations Dictionary, digitalisation is 'the integration of digital technologies into everyday life by the digitisation of everything that can be digitised. Digitisation refers to processes that transform elements of the physical world into bytes.' Digitisation, as a component of digitalisation, refers to processes that use sensors and rendering devices to translate (parts of) the physical production process into digital information (and vice versa), and thus take advantage of the greatly enhanced possibilities of processing, storage and communication of digital information (Eurofound, 2018b).

Through social dialogue and collective bargaining, social partners play a vital role in shaping the digital transition and transformation process in the world of work. According to an opinion published by the European Economic and Social Committee (EESC) in 2017, digitalisation and its effects on work should be a priority for social partners at EU level (EESC, 2017). The EESC recommends improving the efficiency and relevance of social dialogue given changes in the world of work. Topics that should be addressed in social dialogue include employment, lifelong learning (particularly vocational training), job transitions, working conditions and pay, and social protection and the sustainability of social protection funding. Recently, issues such as big data, artificial intelligence and the protection of employee data have become increasingly relevant.

Initiatives at cross-industry level

At European cross-industry level, employers and trade unions have issued, separately and jointly, several statements on issues related to digitalisation. BusinessEurope, in its recommendations for a successful digital transformation in Europe, highlighted the need to adapt labour markets and work organisation to leverage the maximum potential of digitalisation (BusinessEurope, 2015). The ETUC first highlighted in 2015 that digitalisation was not simply a question of technology and markets, emphasising that it was also important to ensure a fair transition from traditional jobs to digital jobs in both the industrial and services sectors. The ETUC pointed out that this would require the active participation of the unions on issues relating to job quality (ETUC, 2015, 2016). In 2017, the ETUC proposed launching negotiations on digitalisation with the European employer organisations, stressing the need for trade union action. It also called for exchange of information and experiences on known approaches and announced its intention to create a new forum for dialogue with digital platforms (ETUC, 2017).

At the March 2016 Tripartite Social Summit, the European social partners adopted a joint declaration on digitalisation, stating:

Together, public authorities and social partners at various levels need to assess how best to adapt skills policies, labour market regulations and institutions, as well as work organisation and information, consultation and participation procedures, in order to derive maximum benefits for all from the digital transformation.

(ETUC, BusinessEurope, UEAPME and CEEP, 2016)

In preparing their joint work programme 2019–2021, cross-industry social partners agreed to address the issue of digitalisation as their top priority and to conduct negotiations on an autonomous framework agreement on the issue. The agreement was to cover major issues such as the acquisition of digital skills, work organisation and working conditions. The framework agreement on digitalisation was signed on 22 June 2020 (ETUC, BusinessEurope, CEEP and SMEunited, 2020).

Initiatives at sectoral level

At European sectoral level, social partners in many sectors have addressed the issue of digitalisation from their specific perspectives. The texts adopted in this context are common positions or declarations of intent.

In public services, discussions between EPSU and the Federation of European Social Employers led to a joint text on digitalisation in the social services sector in June 2019. In the paper sector, the social partners concluded in July 2018 a resolution on digitalisation in the European pulp and paper sector and its potential impact on industry and employment. In the banking sector, a joint declaration on the impact of digitalisation on employment was concluded in November 2018. In the chemicals sector, the social partners concluded a joint statement on digital transformations in the workplace in November 2019. In the industrial cleaning sector, a joint statement on the implications of digitalisation for employment was concluded in October 2019. The insurance sector social partners issued a joint

statement on the social effects of digitalisation in October 2016 and a follow-up statement in February 2019. In road transport, a joint statement on better regulation and digital enforcement was concluded in December 2018, focusing on digital enforcement issues in the sector. In the maritime transport sector, the social partners concluded a joint opinion on digitalisation in shipping in June 2017. The social partners in local and regional government agreed on a joint declaration on the opportunities and challenges of digitalisation in December 2015.

Migration

Given the increasing movement of people both within and into Europe, migration was a key issue for the sectoral social partners during 2015–2019. Work in this area focused on non-discrimination and ways to support migrants and refugees, particularly in response to the refugee crisis in 2015, which led to increasing numbers of asylum seekers arriving at EU borders throughout the summer and autumn. This resulted both in urgent EU-level policy responses in the form of two implementation packages under the European Agenda on Migration and in reaction from the social partners. The EU cross-sectoral social partners issued a joint statement in March 2016, in which they stressed the need for coordinated action in order to develop an EU-wide response.

In April 2016, the Commission adopted a series of initiatives aimed at addressing the EU migration crisis. A communication launched the process of reforming the Common European Asylum System and set out measures to safeguard pathways for legal migration to Europe.

In June 2016, the Commission presented reforms to the EU Blue Card scheme for highly skilled workers from outside the EU. An EU Blue Card gives highly qualified workers from outside the EU the right to live and work in an EU country, provided they have high-level professional qualifications, such as a university degree, and an employment contract or a binding job offer with a salary above the average for the EU country in which the job is located (Box 2).

Box 2: EU social partners' views on migration policy

The ETUC has expressed its support for the Blue Card Directive, if it will be able to open legal channels and extend access to more migrants without undermining standards of protection.

BusinessEurope agrees with attempts to reform the EU's legal migration and integration framework, because – due to the reduction in Europe's workforce – the integration of non-EU nationals into the labour market will be crucial for the EU's future growth and prosperity (Eurofound, 2017b).

In December 2017, the European social partners issued a joint declaration on migration, entitled *A European Partnership for Integration*, which examines issues around the integration of migrants into the EU.

Several sectoral social partners also debated this issue and the consequences for their sector. In the education sector, the social partners concluded a joint text in December 2019 on a quality framework for effective inclusion of migrants and refugees in education, accompanied by practical guidelines, focusing in particular on how to support newly arrived migrant and refugee learners in schools. In local and regional government, in December 2016 the social partners concluded joint guidelines on migration and strengthening anti-discrimination in local and regional governments. The private security sector concluded a joint declaration on the role of the private security sector considering the increasing number of refugees in Europe in February 2016.

Gender equality and work–life balance

The EU has long placed gender equality at the forefront of social policy. ‘Gender equality’ refers to equality between women and men with respect to their treatment, opportunities, and economic and social achievements. Initially, the principle of non-discrimination was applied in relation to equal pay for women and men (Article 157 of the TFEU), because the ‘pay gap’ between men’s and women’s earnings was – and still is – significant in every Member State. The concept of ‘pay’ was defined broadly, to include fringe benefits and, later, also occupational pensions. Gender equality is a key part of the Treaty on European Union (TEU) (Article 3) and the TFEU (Article 8) and is enshrined in Directive 2006/54/EC on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation (recast). Union law also allows the EU to adopt minimum requirements and to support and complement the activities of the Member States in regard to the integration of people excluded from the labour market, as well as to promoting equality between women and men in regard to labour market opportunities and treatment at work (Article 153 of the TFEU). Furthermore, gender equality is central to the Charter of Fundamental Rights of the European Union, which states that equality between women and men must be ensured in all areas, including employment, work and pay (Article 24).

As regards secondary EU law, several directives setting out minimum requirements to ensure equal opportunities between women and men have been adopted since 1978. Yet Eurofound research on the gender employment gap (2016b), pay transparency (2018c) and women in management (2018d) has underlined that we remain far from reaching gender equality, despite the increased participation of women

in employment in recent decades. Employment rates are still lower for women in all Member States. Women and men are employed in different occupations and sectors of activity, under different contracts, and are subject to different working conditions and levels of job quality (Eurofound, 2020c).

Since 1982, the EU has introduced a series of multiannual strategies on equality between men and women. The most recent of these is Strategic engagement for gender equality 2016–2019, which provides a framework for the Commission’s work on improving gender equality. The document sets out objectives and identifies over 30 actions. It also reaffirms the Commission’s commitment to ‘gender mainstreaming’, meaning the integration of a gender equality perspective into all EU policies and EU funding programmes. Gender and issues around work–life balance was an area of focus during the Juncker Commission, in terms of both legislative and social dialogue activities.

Gender equality in social dialogue

Equality continues to be a theme for discussions in sectoral social dialogue, and, in many cases, these now relate to the issue of how to attract more women to specific sectors that have traditionally been dominated by men. In November 2018, the social partners in the maritime transport sector concluded a declaration of intention to address the enhanced participation of women in European shipping, focusing on issues such as the promotion of work–life balance and how to change the onboard culture of ships. In the local and regional government sector, the social partners concluded in November 2017 a set of revised guidelines on drawing up gender equality action plans in the sector.

Work–life Balance Directive

On 24 January 2019, within the framework of the European Pillar of Social Rights, the Commission, the European Council and the European Parliament agreed to adopt a proposal for a directive on work–life balance for parents and carers, first proposed in April 2017. This text takes into account developments in society over the past decade and aims to enable parents and people with caring responsibilities to better balance their work and family lives and to encourage more equal sharing of caring responsibilities between women and men. It was passed as Directive (EU) 2019/1158 and entered into force on 1 August 2019. It applies to all workers in every Member State, bearing in mind the case law of the Court of Justice of the European Union. The new directive repeals Directive 2010/18/EU on parental leave, which was the result of an agreement concluded by the European social partners. Member States were granted three years to transpose the new directive into their national regulation.

The directive aims to provide workers with additional leave of absence in certain situations in the interests of promoting better work–life balance. Its flagship measure is the introduction of the right to 10 days of paternity leave – previously non-existent under EU law – which must be paid at least at the rate of sick pay. Furthermore, the right to paternity leave ‘shall not be made subject to a period of work qualification or a length of service qualification’ and shall ‘be granted irrespective of marital or family status as defined in national law’.

While parental leave still stands at four months, two of these months may not be transferred to the other parent and will be paid, in order to encourage uptake from men. Each Member State can make ‘the right to parental leave subject to a period of work qualification or a length of service qualification which shall not exceed one year’. Employees will be able to request flexible uptake, which the directive leaves Member States to define. Employers are required to consider and respond to such requests, ‘taking into account the needs of both employers and workers, and they shall justify any refusal of such a request in writing within a reasonable period following submission of the application’.

The new directive provides for a completely new carers’ leave of five days per year in the event of illness of a close relative. The directive does not stipulate that this must be paid, but Member States are encouraged to consider a suitable form of payment, again to encourage men to take up this entitlement. On implementation of the directive, Member States ‘may allocate leave over a reference period other than a year, per person in need of care or support, or per case’.

Parents and carers of children up to the age of eight years have the right to request flexible working arrangements – such as reduced or modified hours or teleworking – with the guarantee that, at the end of the period of leave, they can return to the same or an equivalent job and their original working time arrangements. Employers need to consider and respond to requests for flexible working arrangements within a reasonable period, taking into account the needs of both the employer and the worker, and they are required to justify any refusal or postponement of such a request. Member States may decide whether this right is to be subject to a period of work qualification or a length of service qualification, which shall not exceed six months.

For an urgent family situation (accident or illness) in which the immediate presence of the parent or carer is indispensable, the worker may take time off work. This right is already provided by the directive on parental leave.

Member States must also take the necessary measures to prohibit the dismissal, and all preparations for dismissal, of workers on the grounds that they have applied for, or have taken, one of these types of leave of absence or have exercised the right to request flexible working arrangements. The directive thus provides additional protection to employees (Eurofound, 2019a).

Social inclusion

Social inclusion encompasses a wide range of issues, including social protection and the inclusion of different types of individuals in the world of work. Policy responses to demographic shifts including the ageing population also aim to foster social inclusion.

Recommendation on social protection

The European Commission began in April 2017, under the framework of the European Pillar of Social Rights, a first consultation of the social partners on possible action addressing challenges relating to access to social protection for people in all forms of employment. After two consultations, the Commission issued a proposal for a recommendation, which was formally adopted on 8 November 2019. The overall objective of this recommendation was to support people in non-standard forms of employment and self-employment who, due to their employment status, are not sufficiently covered by social security schemes and thus are exposed to higher economic uncertainty. The recommendation covers social security schemes for unemployment, sickness and healthcare, maternity and paternity, accidents at work and occupational diseases, disability and old age. The Commission will support Member States and stakeholders in achieving the objectives of the recommendation through dialogue and mutual learning activities, and by improving statistics and proposing a monitoring framework.

Active ageing and demographic change

Active ageing is defined by the European Commission as ‘helping people stay in charge of their own lives for as long as possible as they age and, where possible, to contribute to the economy and society’.

Through social dialogue, several joint texts have been concluded on the issues of ageing and demographic trends, including the autonomous framework agreement on active ageing and an inter-generational approach concluded in March 2017 by the cross-sectoral social partners (Box 1).

In the food and drink sector, the social partners concluded a joint text on good practices and tools on active ageing in June 2016, focusing on bringing in new talent to the sector and managing an ageing workforce. In 2016, demographic change was also the focus of joint texts in the insurance industry, and in the same year the

commerce sector social partners produced a set of voluntary guidelines supporting age diversity. Finally, the social partners in the postal sector agreed a joint declaration on demographic change in 2015. These various initiatives reflected the ongoing challenges

facing the EU in the context of an ageing population, and concentrated on areas such as non-discrimination, skills and competencies, and how to attract new workers to sectors.

Main findings and policy pointers

The Commission headed by President Juncker strengthened the European social framework by creating the European Pillar of Social Rights, which underpins new institutions such as the European Labour Authority and the European Platform tackling undeclared work. It also initiated legislation that creates additional rights, protections and responsibilities in the areas of work–life balance and posted workers. Through the Directive on Transparent and Predictable Working Conditions, it enacted new rights for all workers, addressing in particular the issue of protection for workers in non-standard and more precarious jobs, while limiting the burden on employers and ensuring that the labour market remains adaptable.

Social dialogue was also active under the Juncker Commission. It responded to the main social and employment issues facing the social partners at cross-sectoral and sectoral levels in areas such as the challenges created by digitalisation and new technology, demographic change, the green economy and sustainable development, and the need for skills and competencies to keep pace with all of these challenges. Social dialogue remained strong in terms of engaging with the main issues and challenges, particularly at sectoral level. In addition, the volume of outputs, as evidenced by the Commission’s database of social dialogue texts, remained high. However, there was a shift away from agreements towards other forms of joint texts and declarations, and other signs of weakness during this period are evident. Notably, issues remain around the legal status of social partner agreements. It is clear that the confidence of the actors in social dialogue has been shaken by the decisions not to implement by Council decision the social partner agreements in personal services (health and safety of hairdressers) and public administration (information and consultation). Furthermore, and especially at cross-sectoral level, the social partners seemed to find it increasingly difficult to establish a negotiating agenda.

During 2014–2019, with the exception of the autonomous framework agreement on active ageing and an inter-generational approach in 2017, the social partners were not able to agree on binding texts. Furthermore, autonomous negotiations on important issues, such as the revision of the Working Time Directive and the Written Statement Directive, failed and the social partners were not able to deliver joint positions on issues such as parental leave and work–life balance, the review of the European Works Council Directive, and the review of the EU Quality Framework for anticipation of change and restructuring. These examples of failed dialogue or unwillingness of cross-industry social partners to engage in negotiations under Article 155 of the TFEU also seem to illustrate a significant gap between the social partners and a lack of joint concerns and interests as regards the need for regulation and common European (minimum) standards.

This suggests that, if the capacity of social dialogue to shape social and working conditions is to be maintained, there is a need to look into the framework conditions as well as the dynamics of social dialogue, industrial relations and collective bargaining at EU and national levels in the years to come, particularly in the wake of the COVID-19 crisis.

2 Challenges for social dialogue at EU and national levels

Introduction

This chapter discusses the framework conditions that are required for effective social dialogue. The challenges lie in ensuring that these conditions can be met. The entry point for the discussion is European social dialogue, but the national level is also relevant. This is both because some of the key framework conditions (such as the autonomy and representativeness of the parties involved) apply equally to national social dialogue and collective bargaining and because ensuring effective links between European and national levels is itself a requirement for social dialogue to function well.

Autonomy and representativeness

The principle of ‘autonomy of the social partners’ is embedded in most of the legal systems of the EU27, as well as in a variety of texts of international and European organisations.⁴ It is enshrined in Articles 5 and 6 of the European Social Charter, Article 11 of the European Convention on Human Rights, and ILO Conventions 87 and 98. It is also recognised as one of the general principles of EU law under Article 152 of the TFEU:

The Union recognises and promotes the role of the social partners at its level, taking into account the diversity of national systems. It shall facilitate dialogue between the social partners, respecting their autonomy.

Autonomy is an important element of industrial democracy and is therefore included in the industrial democracy dimension (sub-index) of Eurofound’s industrial relations index, as discussed in Chapter 3.

As previous Eurofound research has shown, one of the effects of the financial crisis on industrial relations was an increased trend towards unilateral decision-making by governments at the expense of social dialogue, in particular in the public sector (Eurofound, 2014b). The autonomy of the social partners is at stake particularly when it comes to wage-setting mechanisms. The EU social partners have stressed the importance of their collective bargaining autonomy, and trade union

representatives have voiced their concern about what they see as interference from EU institutions in national-level wage determination and wage policy. The importance of the autonomy of the social partners as an essential condition for a true social dialogue was also highlighted by representatives of the ILO and UEAPME at a high-level conference of the EESC and the European Commission in Brussels in 2015. President Juncker noted at the Commission conference that tripartism does not work without well-functioning bipartism. It is the responsibility of the social partners themselves to advance bipartism. Well-functioning bipartism is itself deeply rooted in the autonomy of the social partners.

According to the *European Industrial Relations Dictionary*, ‘representativeness’ is a criterion used by the European Commission to identify the ‘management and labour’ whom it must consult and who may initiate European social dialogue (Article 154 of the TFEU). The concept of representativeness is not referred to in EU legislation. The Commission first used it in its 1993 communication on the application of the 1993 Agreement on Social Policy (European Commission, 1993).

Representativeness was the key issue under dispute in the UEAPME legal case in 1996. The European Court of First Instance asserted that agreements reached through social dialogue – which are then implemented through directives – may be challenged on grounds of their democratic legitimacy, as they are not subject to scrutiny by the European Parliament (Eurofound, 2015b). Accordingly, the representativeness of the signatories should be assessed before their agreements are given general application. Subsequently, Commission Decision 98/500/EC became the legal text of reference for the establishment of European sectoral social dialogue committees. According to this decision, sectoral social dialogue committees can be established where social partners make a joint request and where the organisations concerned meet the following criteria.

- They relate to specific sectors or categories and are organised at European level.
- They are themselves an integral and recognised part of Member States’ social partner structures and have the capacity to negotiate agreements, and they are representative of several Member States.

4 The first two sections of this chapter draw on Eurofound (2015a).

- They have adequate structures to ensure their effective participation in the work of the committees.

In a climate of growing Euroscepticism, the legitimacy of the European-level social partners playing a role in policy formation is sometimes questioned, partly because of concerns about the representativeness and capacity to negotiate for their national affiliates. A few authors see the power of trade unions crumbling due to the combined effect of reductions in trade union density and collective bargaining coverage rates. Considering these developments, Schulten speaks of a ‘dismantlement of the trade union monopoly over negotiating on terms and conditions’ (Schulten, 2013). Employer organisation density rates, on the other hand, have been very stable over the past decade (Eurofound, 2013a–d, 2014b, 2015c).

Another interesting development in some countries, particularly those in the most difficult financial circumstances, has been the emergence of new social movements and industrial relations actors. This has been seen in France, Greece, Portugal, Romania, Slovenia and Spain. These movements aim to support workers who have been hit by the crisis but who are not represented, or who are underrepresented, by trade unions, principally migrant workers, young workers and precarious workers.

Interest representation is constituted and measured in terms of proportion or degree as well as in terms of capacity: the capacity to negotiate and the capacity to deliver. Since, through European social dialogue, management and labour have developed into co-legislators on social policy, the representativeness and mandate checks carried out by the European Commission are very important. To uphold the principle of democracy, it is an essential condition that the signatories who conclude a European framework agreement are representative and adequately mandated by their national affiliates. Democratic legitimacy is, of course, a more important issue in relation to agreements to be transposed by Council decision than in relation to autonomous agreements. Eurofound was asked by the European Commission to assess the representativeness of the European social partners in 2006, and to date it has published 67 sectoral studies and one cross-industry study (Eurofound, 2015b, 2020d).

Social dialogue between the representatives of employees and those of employers holds a key place both in Europe’s national employment relations

systems and in EU-wide politics and governance. It must be emphasised that social dialogue is different from civil dialogue. The European Court of Justice acknowledged in 1996 that the legitimacy of the European social partners in the EU decision-making process derived from their functional representativeness. This criterion clearly distinguishes social from civil dialogue.

Challenges to horizontal subsidiarity

Collective agreements provide an industrial relations mechanism for the enforcement of EU law. The social partners are much closer to the issues involved in the enforcement of labour law than are administrative officials or judges.⁵ According to Otto Kahn-Freund, collective agreements have certain advantages over legislation. First, collective agreements tend to be more flexible:

Legislation is generally more rigid than collective bargaining, and obviously much less responsive to economic change. Collective agreements are concluded for a year, sometimes for two or three, sometimes ... without a time limit.

(Davies and Freedland, 1983, p. 58)

Second, they have the potential to be effective guarantors of the application of rules.

Due to their strong roots in the principles of subsidiarity and proportionality, social dialogue and collective bargaining are often in a better position than the normal legislative route to reconcile economic and social objectives (Welz, 2008; Chopin and Fabre, 2013).

The principle of proportionality means that to achieve an aim only the necessary action is taken and no more. Article 5(4) of the TEU stipulates: ‘Under the principle of proportionality, the content and form of Union action shall not exceed what is necessary to achieve the objectives of the Treaties.’

In the context of the EU treaties, the principle of subsidiarity is intended to ensure that decisions are taken at a level as close as possible to the citizen, while checking that any action to be undertaken at European level is justified given the options available at national level. That is, the objectives of the proposed action cannot be sufficiently achieved by the Member States through their national constitutional systems and they can better be achieved by action on the part of the EU (the principle of vertical subsidiarity – Article 5(3) of the TEU).

⁵ This section draws on Eurofound (2020e).

Some scholars and the EESC speak in the context of collective bargaining and the European social dialogue of ‘horizontal subsidiarity’ (EESC, 1994; Bercusson and van Dijk, 1995). Horizontal subsidiarity applies in the context of social partnership, that is, in relation to the exercise of competencies by the EU and the European social partners. Horizontal subsidiarity addresses the specific question of a choice at the same level: whether the exercise of prerogatives by the EU institutions or by the European social partners is preferable. The same test is applicable at Member State level: whether action by the state or the national-level social partners is preferable. In its 1993 communication concerning the application of the Agreement on Social Policy, the European Commission recognised

a dual form of subsidiarity in the social field: on the one hand, subsidiarity regarding regulation at national and Community level; on the other, subsidiarity as regards the choice, at Community level, between the legislative approach and the agreement-based approach.

(European Commission, 1993)

Davies summarises the advantages of social dialogue based on the principle of subsidiarity as follows: ‘it allows those concerned with labour law, management and trade unions, to participate in the legislative process, and it is reflexive, allowing them to adapt the law to their particular needs’ (Davies, 2012, p. 36).

The principles of horizontal subsidiarity and proportionality also apply to the implementation of EU labour law directives through national collective agreements. Furthermore, the principle of subsidiarity played an important role in national industrial relations after the ratification of the Maastricht Treaty in 1993.

In Denmark the so-called ‘subsidiarity principle’ played a major role in employers’ organisations’, trade unions’ and various governments’ recommendation of further EU integration as a result of the Maastricht Treaty because this principle is supposed to guarantee that Directives from the EU can be implemented in Denmark as collective agreements.

(Knudsen and Lind, 1999, p. 137)

However, the recent EPSU case gives a somewhat different reading. On 23 May 2019, EPSU brought a claim before the European General Court against the European Commission for breaching rules on social dialogue (Article 155(2) of the TFEU) by refusing to make a proposal to the Council for implementation of the central government social partners’ agreement on information and consultation rights, adopted on

21 December 2015. The European Commission had rejected the social partners’ request to transpose the collective agreement into EU legislation stating that

a Directive transposing the Agreement into EU law would result in significantly different levels of protection depending on whether the Member State has a more centralised administration and therefore a wider coverage of central government, or a more decentralised or federal administration, which would leave a larger proportion of the public sector excluded from the scope of such EU legislation.

(European Commission, letter of 5 March 2018)

Regarding the principle of subsidiarity in the context of the case, the Court stated in its decision of 24 October 2019 that

the applicants rely on a principle of ‘horizontal subsidiarity’, meaning that the social partners are best placed to assess whether an agreement must be implemented at the level of management and labour and the Member States or at EU level.

In that regard, it must be observed that, as is laid down in Article 5(3) TEU, the principle of subsidiarity governs the exercise by the EU of the competences that it shares with Member States. Therefore, that principle is understood as having a ‘vertical’ dimension, in the sense that it governs the relationship between the European Union on the one hand and Member States on the other. By contrast, contrary to what the applicants suggest, that principle does not have a horizontal dimension in EU law, since it is not intended to govern the relationship between the European Union, on the one hand, and management and labour at EU level on the other. Furthermore, the principle of subsidiarity cannot be relied on in order to alter the institutional balance.

(CJEU, 2019)

Thus, the Court of Justice of the European Union seems to negate the existence of a horizontal dimension of the principle of subsidiarity. Nevertheless, by assessing whether the Commission had infringed the principles of proportionality and subsidiarity in the course of the case, the Court appears to be not entirely opposed to the concept of horizontal subsidiarity as such (CJEU, 2019).

Capacity building for effective social dialogue

As early as 2011, a survey carried out by Voss et al identified a need to strengthen the capacity and competence of European social dialogue structures, as well as a need for capacity building (for Eurofound's definition of capacity building see Box 3), mutual learning and exchange of experiences among national social dialogue institutions. According to the report, numerous respondents from central and eastern European countries emphasised the positive effects and the added value of the European social partners' initiatives to strengthen social dialogue and support the capacity-building process (Voss et al, 2011).

At the end of 2015, the EU cross-industry social partners prepared a joint statement, which they approved in January 2016. The statement emphasises that there is no blueprint for social dialogue. However, it provides guiding principles on social partner involvement at EU level, on improving the functioning and effectiveness of social dialogue, and on building the capacity of social partners in Member States (Eurofound, 2016a).

On 16 June 2016, the Employment, Social Policy, Health and Consumer Affairs Council adopted conclusions entitled *A new start for a strong Social Dialogue*, which stress 'the importance of capacity-building of social partners at national and sectoral level, which could contribute – amongst other things – to improved representativeness of European social partners in negotiating their agreements'.

On 27 June 2016, a quadripartite statement on a new start for social dialogue was signed by the European cross-industry social partners, the European Commission and the Netherlands Presidency of the Council of the European Union. The statement underlines the fundamental role of European social dialogue as a significant component of EU employment and social policymaking and identifies actions to be undertaken by the signatories. All parties underline

their intention and commitment to continue promoting the capacity of social partners.

Employment Guideline No. 7, adopted by the Council of the European Union on 16 July 2018, states that

Member States should ensure the timely and meaningful involvement of the social partners in the design and implementation of employment, social and, where relevant, economic reforms and policies, including through support for increased capacity of the social partners.

The European Pillar of Social Rights states in Chapter II (principle 8) that 'support for increased capacity of social partners to promote social dialogue shall be encouraged'.

In their *Joint employment report 2019*, adopted by the Employment, Social Policy, Health and Consumer Affairs Council on 15 March 2019, the Commission and the Council stated that

providing support for increased capacity of social partners ... should be considered as a common denominator for well performing and effective tripartite social dialogue systems. The latter is equally true for bipartite social dialogue.

According to the 2019–2021 work programme of the EU-level cross-industry social partners 'capacity building activities remain a priority for the European social partners'.

And, finally, in a communication of January 2020 the new Commission under President Ursula von der Leyen restated its intention to 'explore ways to promote social dialogue and collective bargaining and increase the capacity of unions and employer organisations at EU and national level' (European Commission, 2020a).

In recent years, the social partners themselves (often with support from the European Commission) have pursued various initiatives to improve their financial, legal, analytical, institutional and political capacities to do their daily work at all levels.

Box 3: Eurofound's definition of capacity building

Eurofound (2020f) defines 'capacity building' as the enhancement of the skills, abilities and powers of the social partners to engage effectively at different levels (EU, national, regional, sectoral, company and establishment) in social dialogue, collective bargaining, (co)regulating the employment relationship, tripartite or bipartite consultations, public policymaking and influencing public policymaking via advocacy.

Ideally, these increased abilities and powers will lead to an institutional context of stable and sustainable industrial relations of good quality.

Box 4: Selected good practices for capacity building

Examples of good practices for capacity building identified by Eurofound (2020f) include the following:

- The **Estonian** Trade Union Confederation (Eesti Ametiühingute Keskliit, EAKL) organised a recruitment campaign for trade unions. An important development was the signing of a good practice agreement on extending collective agreements. The agreement set a representativeness criterion for social partners.
- In **Greece**, social partner training centres develop various training projects designed to enhance skills in several categories (general, negotiation, numerical/information and communications technology (ICT) and soft skills).
- In **Latvia**, national-level social dialogue organisations have produced numerous publications on the following: the role of collective agreements; explanations and interpretations of legislation and amendments to legislation; local and EU policy regarding social dialogue; and guidance to improve the negotiating skills of their members or setting out the necessary basic information.
- The Centre for Labour Relations in **Portugal**, a tripartite body operating under the Ministry of Labour, Solidarity and Social Security, was established in 2012 to support collective bargaining and monitor developments in employment and professional training.
- In **Slovakia**, the state has supported social partners' access to expertise, and from 2010 to 2014 the social partners, in cooperation with the government, worked together to create a National Centre for Social Dialogue, which was carried out with support from the European Social Fund.

What capacities are needed? Following exploratory work undertaken in 2018 on the capacity needs of social partners, Eurofound conducted a project aimed at identifying specific capacity gaps and potential solutions, for example, in the form of research and exchange activities (Box 4). The project was intended to support social partners' and policymakers' work on promoting social dialogue and their joint endeavours to further strengthen social dialogue at EU and national levels. During the project, Eurofound arrived at the above definition of capacity building, which was shared with all its key stakeholders.

One of the most interesting skill-development initiatives at national level in recent years has been the School of Work created in 2017 by the **Spanish** trade union

Workers' Commissions (Comisiones Obreras, CCOO). The school aims to build skills within the trade union. At international level, the Eurofound project identified successful examples of capacity-building initiatives run by the ILO, including by its International Training Centre. At European level, many initiatives financed and organised by the Integrated Projects of the EU Social Dialogue, the European Social Fund and the Commission provide support for social dialogue and capacity building at both cross-industry and sectoral levels (Eurofound, 2020f).

The mapping exercise of gaps, needs and examples of capacity building at national level was very complex and showed mixed results. The main structural gaps and needs identified are shown in Table 3.

Table 3: Results of the mapping exercise on capacity gaps and needs among national social partners

Gaps	Needs
<p>Weaknesses of the social partners</p> <ul style="list-style-type: none"> • Fragmented actors, decreasing membership, lack of representativeness and mandate to negotiate • Limited sectoral collective bargaining/low collective bargaining coverage • Limited tripartism and lack of a framework for effective social dialogue • Lack of social partner autonomy/dominant role of the state • Lack of trust between the social partners and between the two sides of industry and the government 	<p>Institutional capacity</p> <ul style="list-style-type: none"> • Legislative reforms to promote social dialogue and collective bargaining • Supportive from the state/enabling environment <p>Internal structural capacity</p> <ul style="list-style-type: none"> • Increased membership and representativeness • Increased capacity and mandate to negotiate • More human resources and development of skills (for example, analytical, negotiation and ICT) • More financial resources

Source: Eurofound (2020f)

Links between European and national social dialogue

A crucial element for effective European social dialogue is articulation between European and national levels.⁶ While there is no agreed definition of ‘articulation’, it can be described as the establishment of cohesive vertical and horizontal interrelationships between bipartite and tripartite players involved both in EU-level social dialogue and in the industrial relations systems of Member States. Articulation of European social dialogue helps to ensure effective coordination and synergies between its various levels. Articulation is related to the European social model, which aims to guarantee good governance of employment at all levels within the EU, including in relation to interdependencies between European, national and local levels.

One important aspect of this issue is the relationships between the national affiliates of European trade union and employer organisations and developments at EU level, viewed from a ‘bottom-up’ perspective. The future of all forms of social dialogue at EU level is above all dependent on the social partners’ capacity to increase the articulation between their EU-level organisations and their rank and file at national, local and company levels. Degryse and Clauwaert (2012) conclude that

if European social dialogue is to operate to the full ... the EU and its Member States must support not only the [European social dialogue] itself but also the national players and structures pursuing social coordination.

The most effective way in which the European Commission could fulfil its task of promoting horizontal dialogue between management and labour at EU level would be to provide balanced support for vertical dialogue between social partner organisations at EU and national levels (Eurofound, 2007). In 2010, the Commission recognised ‘that there is a direct correlation between the effectiveness of national social dialogue and effectiveness at European level, and that each energises the other’ (European Commission, 2010). Furthermore, there also seems to be room for better links between the cross-sectoral and sectoral levels of European social dialogue.

A Eurofound study (2018e) explored the articulation and complex multilevel links between European and national levels of social dialogue. It analysed the degree of interest of national players in European social dialogue or European affairs, as well as their positions and strategies. It examined the factors facilitating and hindering the successful engagement of national social

partners in EU-level dialogue and their ability to promote their interests effectively. The study explored the horizontal cross-industry articulation of social dialogue at EU level, as well as the vertical articulation of sectoral social dialogue in seven sectors: construction, tanning and leather, chemicals, food and drink, local and regional government, railways, and commerce. They were chosen to include sectors governed by EU regulation, sectors exposed to competition, sectors undergoing high levels of restructuring, and sectors with differing social dialogue structures and traditions.

The links between EU- and national-level social partner organisations contribute to the functioning and quality of social dialogue at cross-industry, sectoral and company levels (Box 5). In a bid to improve the flow of information, exchange of experiences and communication, the European social partners have developed their own initiatives to improve horizontal coordination and cooperation with sectoral social partners.

Regarding horizontal and vertical articulation, there are significant differences between trade unions and employer organisations at EU level. While the ETUC and the sectoral European industry federations are composed of national affiliates that are either cross-industry or sectoral trade union federations, the national rank and file of European employer organisations are much more diverse, with different types of affiliates and different types of membership. These differences between trade unions and employer organisations reflect socioeconomic realities, the representation of a given sector across the 27 Member States and the United Kingdom (UK), industrial relations systems and the membership structure of the European social partners.

The factors influencing vertical articulation between European and national social dialogue include both organisation-specific aspects (such as motivation, expectations about engaging in social dialogue, capacities, expertise) and structural framework conditions at national level (such as the role of social dialogue and collective bargaining, the industrial relations framework, the relationship between the social partners). The size and internal diversity of a sector have an impact on the level of articulation likely to be achieved, while differences in the number of trade unions and employer organisations, their representativeness and their organisational strength are also influential factors. One crucial factor for strong and effective vertical articulation is well-functioning social dialogue at national level, which, together with cooperative relationships, favours the active engagement of national social partners at EU level.

⁶ This section draws on Eurofound (2018e) and Eurofound (2015a).

Box 5: Social dialogue in European global companies

Eurofound analysed forms of social dialogue and human resource management at different levels in large multinationals (Eurofound, 2020g). The study included four case studies on large multinationals – ABB, Unilever, Danfoss and Unicredit – which provided interesting insights into the diversity and complexity of collective representative structures at local, national, EU and global levels. According to the case studies, and from a union perspective, this complexity is in some cases a problem (potentially weakening or diluting worker power or voice); in others, it can be beneficial, reinforcing links and helping to coordinate information sharing and possible action between the different territorial levels.

The national level of collective representation still tends to dominate. Industrial relations and social dialogue at transnational level remain weak because European Works Councils (EWCs) do not have significant negotiation rights and lack the resources to play a stronger role in transnational decision-making. EWCs are, however, an important channel of communication with employees on the ground, as well as an important moderator of conflicts. According to one union representative interviewed, the relationship between social dialogue and human resource management is ‘much better at the transnational level than in many individual countries’.

Despite the constraints provided by their legal framework, EWCs’ practice has added value to the company cross-border operation. The case studies cited many positive examples of EWC action, stressing a move away ‘from the mode of a forum that is just about receiving information and expressing opinions and entering a stage of action that is more pro-active, anticipatory and future-oriented’.

Within EWCs, there has been a shift in power from the Member State with the largest workforce to the European (or global) level. Simultaneously, there has been a strong and possibly stronger trend towards global rather than European decision-making in multinational companies. Human resources (HR) policy is increasingly created at global level, while most legal requirements on employers (for example, working time, health and safety, social security, and pay) are national. This gives rise to management criticisms that the EWC is not ‘placed at the right level when it comes to HR or labour relations’ and falls between the global and national levels.

These trends are accentuated by the reduced importance attributed to Europe in overall group activities in these large companies. Europe is considered a mature market, and this is reflected in a weakening in the European component of group collective representation. Reduced local- and national-level autonomy within these companies also feeds into these trends. Decision-making on major restructuring is increasingly taken at global headquarters, and less discretion is afforded to local managers. As noted in the final case studies, ‘the erosion of social dialogue negotiating powers at local and national level is not being complemented or replaced by an increase in influence at transnational level’.

Involvement of national social partners in policymaking

The quality of the involvement of social partners in policy formation and policymaking is a key indicator of the quality of social dialogue at national level.

Literature and experience show that more effective involvement of social partners in policy formation means more effective social dialogue.

In most Member States, the social partners are involved, directly or indirectly, in the design of policies and reforms in the social and labour fields. The quality of involvement varies hugely across countries, depending on the institutional settings and the effectiveness of the practices applied, as well as on the degree of satisfaction of the social partners regarding the depth and intensity of the engagement.

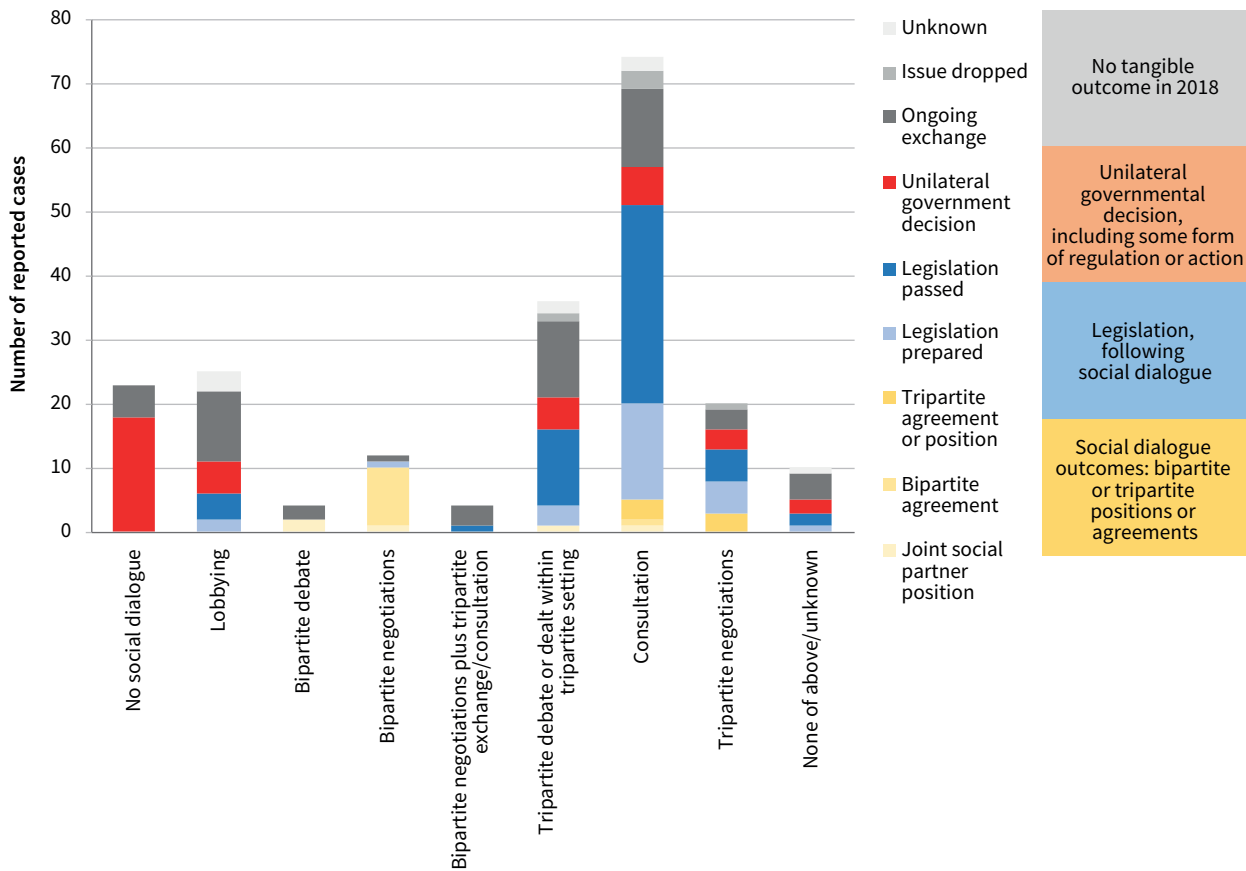
Social partners in some Member States do not consider their involvement in policymaking fully effective, although the degree of dissatisfaction varies among

countries and even among social partners in the same country. The extent and nature of involvement differ across countries and between social partners partly as a result of national traditions. The level of satisfaction can also depend on the expectations raised regarding outcomes.

As regularly reported by Eurofound, a correlation exists between the strength of the national social dialogue and the involvement of the social partners in policymaking. A similar correspondence can be identified between a well-functioning national social dialogue and the involvement of the social partners in the European Semester cycle. In some cases, the two processes are almost fully aligned as part of a continuum in social policy practice.

Although social partners’ participation in policymaking takes place mostly in the labour and social fields, they may also be involved in other economic and fiscal areas. Involvement usually takes the form of a consultation process.

Figure 2: National social partners’ involvement in peak-level social dialogue in 2018



Source: Eurofound (2019b)

Most reforms affecting working life lead to legislation and some of them may be based on a previous agreement reached between social partners and governments (Eurofound, 2018f, 2019b).

Based on the information and social partners’ views collected at national level, practices regarding the involvement of social partners in policymaking during the reporting period can be broken down into three groups.

- Well-established social dialogue structures and frameworks enable the effective involvement of social partners.

- Social dialogue institutions and practices are in place, although the social partners are not fully satisfied with their involvement in policymaking and have a variety of grounds for complaint.
- Social dialogue practices are considered unsatisfactory by the social partners, and they claim not to be meaningfully involved in the formation of social and labour policies and reforms; obstacles reported relate to various problems and situations, some of which are structural impediments to effective involvement while others relate to problems with procedures and practical arrangements.

Table 4 shows the groups into which the Member States and the UK fall.

Table 4: Social partners’ involvement in social and labour policymaking

Social partner involvement	Countries
Effective social dialogue practices involving social partners	Austria, Belgium, Cyprus, Czechia, Denmark, Finland, France, Germany, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Sweden
Social dialogue practices involving social partners, with gaps and room for improvement	Bulgaria, Croatia, Estonia, Ireland, Italy, Latvia, Lithuania, Poland, Slovenia, Spain, UK
Ineffective involvement of social partners, with social dialogue practices requiring further action	Greece, Hungary, Romania

Sources: Eurofound (2018g, 2019c, 2020h), information provided to the authors by the Network of Eurofound Correspondents and information provided in interviews with national social partners

Social dialogue frameworks and practices in some Member States have repeatedly shown poor performance and lack of involvement of the social partners. In some cases, social dialogue structures, processes and institutions are not suitable or fit-for-purpose in terms of involving the social partners. In other cases, there are policy issues on the government's agenda that limit the possibilities for timely and meaningful involvement of the social partners. As a result, the lack of effectiveness of social dialogue is a lasting problem.

Despite explicit mentions in the country-specific recommendations (CSRs) issued annually by the Commission as part of the European Semester process, no substantial progress has been reported in Hungary with regard to improved participation of the social partners in the European Semester. The institutionalised social dialogue bodies do not properly and meaningfully fulfil the mission of effectively involving the social partners. The social partners complain of being only informed, not consulted; due to the general nature of the information provided and the limited time available, they feel they are not in a position to develop and put forward their views and thus make a meaningful contribution. National authorities appear to address recommendations and adopt formal and administrative measures, but the outcomes are not satisfactory. Similarly, although to a lesser extent, the same point has been made in Romania; according to the social partners, they are not properly consulted. Meetings between the government and the social partners are organised and take place, but they are sporadic and prove ineffective.

Social dialogue in Greece has had ups and downs in recent years. Broadly speaking, representatives of employer organisations and trade unions have reported that they have not had an influence on major reforms implemented either on the basis of three memoranda adopted between 2010 and 2018 or on the basis of those adopted after that period, from mid-2018 onwards. While dialogue between social partners and the government often took place – in public consultations, parliamentary hearings or other informal settings allowing the exchange of views – worker and employer representatives complained that they were allowed only to present their opinions, without having an opportunity to exercise any deeper influence.

Involvement of the social partners in the European Semester

Nine years after its launch in 2011, the European Semester is a well-established process providing a comprehensive approach to national policymaking.⁷ It is a long-standing, complex and multilevel process that has evolved over time.

In the years immediately following the financial and economic crisis, the focus was on monitoring and consolidating fiscal public finances, leading to strong criticism from unions regarding the decentralisation of collective bargaining and labour market flexibilisation. However, since the proclamation of the European Pillar of Social Rights, social objectives have been made explicit in key policy documents issued during the European Semester cycle (although better coordination of these social objectives with fiscal and macroeconomic objectives could still be achieved). Member States have integrated reforms and policy initiatives into their national agendas. Furthermore, to combat allegations that they have a 'social deficit' and to achieve progress on the implementation of CSRs, Member States have given social dialogue and the involvement of the social partners a more prominent role in policy design and implementation.

Whether advances in social policy are too dependent on the success of the EU's macroeconomic policy remains a matter of debate (Copeland and Daly, 2018). However, this shift to more social content has been welcomed, at least cautiously and partially, by some authors (Zeitlin and Vanhercke, 2018), in terms of both the substance of the reforms and the new governance procedures. Eurofound has reported that the social approach and social dialogue have undeniably become more relevant since 2015 as a result of the 'new start for social dialogue', particularly in recent cycles of the European Semester. Furthermore, to reinforce the value of social dialogue, the President of the European Commission stated in the presentation of her programme to the European Parliament in July 2019 that the European Semester will be refocused 'into an instrument that integrates the United Nations Sustainable Development Goals' and that an 'action plan to fully implement the European Pillar of Social Rights' will be put forward.

Eurofound has reported that the quality of social partners' involvement⁸ in the development of national reform programmes (NRPs) as part of the European Semester has remained unchanged in most Member States since 2015. Yet the social partners in some

⁷ This section draws on Eurofound (2018g, 2019c and 2020h).

⁸ Eurofound has been using a working definition of 'involvement' that is closely related to 'proper consultation': for consultation to be considered involvement, it should be genuine, timely and meaningful. Minimum quality standards must be applied to consultation, covering the form, the time allotted and the opportunity to deliver effective contributions and feedback; the transparency and visibility of exchanges are also important.

Box 6: Social partner influence on the development of NRPs

Social partners in several countries express frustration regarding having their views incorporated into the final versions of NRPs. This alleged lack of influence is hard to measure, as it is closely linked to the expectations raised, as well as being highly dependent on the nature of social dialogue at national level and the overall involvement of the social partners in national policymaking. The lack of influence is stressed by social partners in those Member States where they consider their involvement more a formality than a genuine consultation process.

For a number of reasons, social partners in some countries, such as **Belgium, Germany and Spain**, consider that they do not have an influence on the development of NRPs. Interestingly, although the social partners in the **Nordic countries** agree that their involvement in the European Semester is limited, this is not seen as a problem by the social partners themselves or by their governments. This is due to the social partners' continuous participation and their having a significant influence on national policymaking, particularly in relation to the labour market model; they enjoy a high degree of autonomy and any reform requires their input. By contrast, social partners in **Hungary, Greece and Italy** declare that they have no influence and have not been involved.

Evidence shows that trade unions are usually more critical than employer organisations regarding the quality of their involvement in the development of NRPs. In addition to arguing that procedures and practices do not facilitate their participation, unions usually adopt a more critical stance towards the content of government economic policies.

Member States acknowledge partial improvements regarding their participation in the consultation process; in most cases, procedural issues have been addressed or more time has been allotted to enable social partners to properly analyse the content of the NRP proposed by government. In contrast, the quality of the involvement in other Member States has been low, with serious gaps in effectiveness remaining or involvement seen by the social partners as purely a formality for the sake of convention. Interestingly, in some countries where involvement in the development of the NRP is streamlined with the relevant national social dialogue practices, the latter are considered more important and influential than the former (Box 6).

Although CSRs have persistently addressed the issue, the shortcomings identified in participation in Greece, Hungary and Romania have remained almost unchanged in recent years, and the effectiveness of social dialogue itself seems to be characterised by stagnation.

It must be stressed that both sets of social partners broadly agree on their perception of the quality of their involvement in reforms. This is despite natural disagreements between the two sides on the scope and content of the reforms, and slight differences or at least nuances of opinion among trade unions and among employer organisations (where a number of them exist at national level).

Capacity building for social dialogue in the context of the European Semester

One element limiting involvement is the capacity of social partners to respond to demands for input in line with the, often tight, deadlines imposed by the European Semester process.⁹ The social partners in some Member States have consistently complained about their lack of capacity and resources to produce contributions and thus to be properly involved in the European Semester. In these countries, it is not unusual to find some correlation between this lack of capacity and certain poor or ineffective social dialogue frameworks and practices, particularly at bipartite level.

The social partners in these countries mention their limited technical and analytical capacities and scarce financial, material and human resources, which prevent their participation in the demanding European Semester process. These internal factors reduce their ability to contribute by drafting positions and providing feedback and comments on the various documents developed during the European Semester, and particularly the NRP.

Even though the CSRs started to encourage well-functioning social dialogue in 2016, explicit recommendations to take further action to improve social partners' capacity appeared only later. For example, Croatia, Estonia, Latvia and Lithuania received CSRs with recitals explicitly referring to capacity

⁹ This section draws on Eurofound (2018g and 2019c).

Table 5: Recitals with explicit references to capacity building in the 2019 CSRs

Member State	Recital
Estonia	‘Furthermore, engaging with the social partners and strengthening their capacity remain important in a broader context’
Latvia	‘In a broader context, strengthening social partners’ capacity is important in promoting ... fair working conditions and delivering on the European Pillar of Social Rights’
Lithuania	‘In a broader context, strengthening the capacity of the social partners is important to foster their engagement’
Slovakia	‘Continued capacity building for employers and trade unions is needed to promote their more active involvement’

Source: Authors’ own research based on review of 2019 CSRs

building in 2018 and Estonia, Latvia, Lithuania and Slovakia received CSRs explicitly referring to this issue in 2019 (Table 5).¹⁰ However, it is widely accepted that timely and meaningful social dialogue cannot take place without strong national social partners and, in this regard, a broader approach to capacity building would include many more CSRs providing overarching advice on social dialogue and even collective bargaining. Notably, in recent years the Employment Committee has emphasised insufficient capacity regarding participation in the European Semester in more countries as part of its annual multilateral surveillance exercises.

Trade unions generally concur that they have a lack of staff and resources to properly meet the challenges of the European Semester process: following and analysing the economic, employment and social policy developments; producing contributions; and participating in exchanges and discussions within the

relatively restricted time frame available for consultation. This weakness is mainly attributed to overall low union density and membership (both having steadily declined over the past few decades), resulting in a lack of representativeness that affects the organisations’ finances and their ability to hire experts. Most unions are almost entirely dependent financially on fees, so declining membership is a critical issue. In addition, it seems that very few think tanks or research institutions are in place to provide independent analyses that could be used by the social partners, either individually or jointly.

In turn, employer organisations report less concern about financial and human resources, but they are also worried about their limited capacity to keep track of and analyse the multiple policy developments affecting (directly or indirectly) their activities. They also stress that it is complicated to organise micro and small companies, which is also a problem for trade unions.

¹⁰ The Employment Committee thematic review conclusions for the CSRs 2018–2019 and the country review process added Greece and Romania as Member States needing to build the capacity of the social partners. Bulgaria, Croatia, Greece, Hungary, Poland and Romania also received recommendations concerning the need to reinforce social dialogue that were relevant to capacity building.

Main findings and policy pointers

Social dialogue and well-functioning industrial relations serve the general interest and therefore should be supported by public policy. This should be reflected not only in the actions of social partners but also in the allocation of public monies and in the actions of public authorities to advocate for effective social dialogue. It would be worth exploring new forms of knowledge transfer, resource provision and engagement with EU- and national-level social partners.

Attempts to close structural gaps within national systems of industrial relations should be supported in order to arrive at a more effective social dialogue at national level while respecting the principles of the subsidiarity and autonomy of the social partners.

The autonomy of the social partners should be respected and reinforced through capacity building for effective social dialogue.

- Social partners should be supported in their efforts to increase their membership, representativeness, and capacity to negotiate and implement agreements.
- Bipartite social dialogue and collective bargaining at national level are the core of national industrial relations systems and should be underpinned by an appropriately supportive legal framework, while respecting the principles of the subsidiarity and autonomy of the social partners.
- The two sides of industry should be supported to develop specific skills and expertise (for example, industrial relations, negotiation, and research and analysis).
- Social partners should invest in building or, where necessary, rebuilding trust for more effective social dialogue.
- Better links between the EU and national levels of industrial relations, including better implementation of the European autonomous agreements at national level, would foster more effective social dialogue.
- Despite the shift in direction over the past few years in relation to social policymaking, the overall social governance of the European Semester still needs to be further developed.
- Meaningful involvement of the social partners in policies and reforms is not yet fully in place in several countries, which reduces the potential for proper implementation.
- More EU- and national-level action should be taken to foster social dialogue structures and processes in those countries with weak and inefficient institutions and frameworks preventing effective participation of the social partners in the preparation or implementation of policies and reforms.
- Most of the national peak-level social dialogue is in the form of tripartite concertation/consultation processes when governments are preparing legislation. The extent of the contribution made by bipartite peak-level dialogue to the overall policymaking process is very limited.
- Strengthening the engagement of the social partners in the consultation process not only increases social partners' sense of ownership of the outcomes but also improves the quality of social dialogue itself.

3 Comparing varieties of industrial relations

Introduction

Industrial democracy, broadly understood as the governance of the employment relationship based on social dialogue, collective bargaining and workers' participation at company level, is a defining feature of European industrial relations; other industrialised or industrialising regions of the world mostly rely on the market or the state (Eurofound, 2016c; Marginson, 2017).

This chapter, which draws on Eurofound reports on a research cycle (2016c, 2018h, 2019d) and a subsequent article (Sanz et al, 2020), establishes a comprehensive definition of 'industrial democracy' that covers both the macro and the micro levels of industrial relations. The definition relies on the theoretical pluralistic perspective and was developed in consultation with Eurofound's tripartite stakeholders (employers, trade unions and governments) in order to foster a shared understanding of the concept. Drawing on this definition, the Eurofound report (2018h) and the article (Sanz et al, 2020), Eurofound developed three methodological tools to analyse industrial democracy. This chapter focuses on the third tool, namely a cluster analysis that maps varieties of industrial relations.

Defining industrial democracy

'The term "industrial democracy" is an intricate one.'
(Müller-Jentsch, 2008)

Scholars often disagree about the terminology and definitions used for different forms and systems through which workers and employee representatives (such as trade unions, works councils and shop stewards) can have a say on employment and working conditions. While some authors prefer the term 'employee involvement' (Markey and Townsend, 2013), others use the term 'voice' (Budd, 2004, 2014; OECD, 2019), 'employee participation' (Eurofound, 2015d), 'democracy at work' (Jochmann-Döll and Wächter, 2008) or 'economic democracy' (Naphtali, 1966; Müller-Jentsch, 1995).

The different terms reflect competing theoretical and methodological foundations or 'frames of reference': basically, the unitarist, pluralist and radical schools of thought (Heery, 2015; Civinskas and Dvorak, 2019). Accordingly, terms describing industrial democracy have multiple meanings and focus on different forms and levels of employee participation (Markey and Townsend, 2013; Wilkinson et al, 2014).

Economic or business arguments within human resource management approaches support a functional understanding of voice or 'employee involvement', which, in the hardest unitarist variants, is acceptable only if it entails benefits for employers (Johnstone and Ackers, 2015). By contrast, the classic and contemporary pluralist approaches (Webb and Webb, 1898; Clegg, 1955, 1960; Budd, 2004) conceive industrial democracy as an end in itself, based on moral and political fundamental rights, and as a means to achieve other ends. The ends to be achieved are associated with the maximisation of shared interests in the employment relationship and the resolution of conflicts of interest between management and workers through strategies to pursue mutual gains (Heery, 2015). In line with this school of thought, the concept of industrial democracy

is based on the premise that greater equality in bargaining power will improve both the efficiency and equality of the market system and lead to win-win outcomes for employers, workers, and the public at large.

(Humborstad, 2014, p. 395)

Authors subscribing to radical or critical approaches agree with pluralist authors that industrial democracy is both an end in itself and a means to achieve other valued ends (Gumbrell-McCormick and Hyman, 2013). However, unlike pluralists, critical authors mainly understand industrial democracy as a means to improve working conditions or, in the most radical versions, to establish alternative forms of work organisation and production that increase workers' control (Heery, 2015; Hartzén, 2017, 2019).

This chapter uses the term 'industrial democracy', coined by Sidney and Beatrice Webb at the end of the 19th century. Academics have situated industrial democracy at different tiers in the multilevel governance of industrial relations. In his analysis of the early American economic institutionalists (such as Veblen, Mitchell and Commons) and their take on industrial democracy, Kaufman (2000) identifies three levels: the firm level of workers' participation, the sectoral and regional levels of collective bargaining, and the state and federal levels of advocacy in tripartite bodies.

For the Webbs, the term describes democratic processes within trade unions, as well as autonomous collective bargaining processes (Webb and Webb, 1897, 1898; Korsch, 1922/1973; Clegg, 1955; Ackers, 2007; Müller-Jentsch, 2008); in other words, from this perspective industrial democracy is mainly situated at

the meta-level of collective bargaining (Ackers, 2007, p. 80). In a similar vein, Clegg argued that ‘collective bargaining is the means to industrial democracy’ (Clegg, 1960, p. 114). Clegg put forward that industrial democracy best promoted the interests of workers by means of collective bargaining and referred to this process as ‘pressure group democracy’ or ‘industrial democracy by consent’ (Clegg, 1960, p. 131). At the same time, Clegg criticised and acknowledged other forms of industrial democracy such as joint consultation (an ‘ineffective instrument’), co-determination (‘putting more force behind the workers’ participation’), workers’ councils and self-government in industry (Clegg, 1960, pp. 91–119; Ackers, 2007, p. 81).

For other researchers, industrial democracy as a mode of governance of the employment relationship is mainly located at the micro level, that is, at shop floor, establishment or company level in such forms as co-determination, works councils or shop stewards. According to Blumberg, there was no doubt that ‘beneficial consequences accrue from a genuine increase in workers’ decision-making power’ (Blumberg, 1968, p. 123). Along the same lines, Hammer defines ‘industrial democracy’ as ‘structures and institutional mechanisms that give workers or their representatives the opportunity to influence organisational decision-making processes and the degree of influence workers have on decision-making outcomes’ (Hammer, 1998, p. 143–144; Müller-Jentsch, 2008). He then distinguishes, with some caveats, four ideal types of industrial democracy, subscribing to a rather narrow view of the concept:

- co-determination or supervisory board representation
- works councils and similar bodies
- trade union representation
- shop floor programmes

Poole (1982, p. 181; 1992, p. 429) describes industrial democracy as the ‘exercise of power by workers or their representatives over decisions within their places of employment, coupled with a modification of the locus and distribution of authority within the workforce itself’.

Poole lists six main types of industrial democracy:

- workers’ self-management
- producer cooperatives
- co-determination
- works councils and similar institutions
- trade union initiatives
- shop floor programmes

Thus, Poole and others adhere to a more comprehensive understanding of industrial democracy (Naphtali, 1966; Unesco, 1984; Poole, 1992; Müller-Jentsch, 2008; Humborstad, 2014).

Eurofound’s definition (Box 7) is close to the comprehensive definitions used by, among others, Poole (1992) and Kaufman (2000), covering both workplace democracy and autonomous collective bargaining at different levels of industrial relations (Müller-Jentsch, 1995). Yet Eurofound’s definition is even broader, since it also includes the other side of industry, employers, in the concept:

By ‘industrial democracy’ we mean the rights of both employers and employees to participate in the decision-making that defines the employment relationship. The concept acknowledges the autonomy of both sides of industry as collective organisations and their collective capacity to influence decision-making.

(Eurofound, 2018i)

To operationalise the above definition, Eurofound divides industrial democracy into four dimensions.

- **Autonomy:** This refers to the principle of the autonomy of social partners, which is mainly understood in this context as autonomy in collective bargaining.
- **Representation:** This refers to the right of employees to seek a union or works council/working committee to represent them for the purpose of bargaining.
- **Participation:** This refers to employees’ involvement in management decision-making at company level, either directly or indirectly.

Box 7: Eurofound’s definition of industrial democracy

In light of the above review, Eurofound defines ‘industrial democracy’ as a participatory and democratic process that encompasses all participation rights of employers and employees in the governance of employment relationships, either directly or indirectly, via trade unions, works councils, shop stewards or other forms of employee representation at any level (shop floor, establishment, company, sectoral, regional and cross-industry) (Eurofound, 2016c, 2018h).

Participation at company level can be mapped on a continuum from no participation to co-determination. Intermediate levels would include participation practices in which, in line with Directive 2002/14/EC, employees receive information or are, in addition, consulted.

- Influence:** Influence is linked to bargaining power and the relative abilities of the two sides of industry to exert power over the other in the context of collective bargaining or management decision-making (Eurofound, 2016c). Poole (1986, p. 14) defines influence as ‘the capacity to achieve ends related to one’s aims or objectives regardless of actual formal position in an administrative hierarchy’. As explained above, influence on decision-making processes and outcomes is an important component of industrial democracy for Hammer as well (Poole, 1986; Hammer, 1998, pp. 143–144).

Types of industrial democracy

The main purpose of the typology of industrial democracy outlined in this section is to enable a better understanding of country-specific diversity in terms of industrial democracy. The typology relies on two different kinds of indicators. On the one hand, it is informed by the normative indicators that are included in the industrial democracy sub-index of Eurofound’s industrial relations index (a composite index that comprehensively measures country performance in four dimensions – industrial democracy, industrial competitiveness, social justice, and quality of work and employment). On the other hand, it takes into account contextual indicators that do not straightforwardly assess industrial democracy performance but can be useful in achieving a more nuanced description of industrial democracy in the EU. Contextual indicators were selected to address two aspects:

- collective bargaining institutions or structures
- the role played by the state in collective bargaining and wage regulation

Eurofound explains the methodology used for this cluster analysis in a recent report (Eurofound, 2019d). Table 6 presents the five contextual indicators selected.

Table 6: Contextual indicators for industrial democracy

Indicator	Direction	Source
Degree of centralisation of collective bargaining	Higher values mean a higher degree of centralisation	Eurofound
Degree of collective wage coordination	Higher values mean a higher degree of coordination	ICTWSS
Extension mechanisms	Higher values mean greater use of extension mechanisms	Eurofound
State intervention in collective bargaining	Higher values mean a lower degree of state intervention	ICTWSS
Statutory minimum wage	Higher values mean a lower degree of minimum wage regulation	Eurofound

Source: Eurofound (2018h, 2019d) and Sanz et al (2020)

Two indicators refer to collective bargaining settings, namely those on centralisation and coordination. The indicator built to measure centralisation is based on Eurofound’s EurWORK database on wages, working time and collective disputes. The indicator summarises the importance of multiemployer and single-employer collective bargaining in the EU. Following Visser (2013), coordination is measured through an indicator taken from the ICTWSS database of industrial relations indicators.

The role played by the state in collective bargaining and wage regulation is a crucial issue, as discussed in the literature (Molina, 2014). Several industrial relations typologies reflect this view and include variables to describe different national patterns in terms of collective autonomy and state intervention (Visser, 2009). This topic is covered by three indicators that are much used in industrial relations comparative research: government intervention in collective bargaining (ICTWSS), mechanisms for the legal extension of collective agreements (EurWORK database) and the existence of a statutory minimum wage (EurWORK database).

Four main dimensions

Considering both normative and contextual indicators, a principal component analysis (Eurofound 2018h, 2019d) identified four main empirical dimensions:

- associational governance
- representation and participation rights at company level
- social dialogue at company level
- trade union strength and government intervention in industrial relations

All the conceptual dimensions of industrial democracy are covered by these empirical dimensions (Table 7).

Table 7: Dimensions and indicators of industrial democracy

Dimension	Type of indicator	Indicator
Associational governance	Contextual	Degree of centralisation of collective bargaining
	Contextual	Degree of collective wage coordination
	Contextual	Extension mechanisms
	Normative	Employer organisation density
	Normative	Existence of a standard (institutionalised) bipartite council of central or major union and employer organisations for purposes of wage setting, economic forecasting and/or conflict settlement
	Normative	Collective bargaining coverage
	Normative	Routine involvement of unions and employers in government decisions on social and economic policy
Representation and participation rights at company level	Normative	Board-level employee representation rights
	Normative	Rights of works councils
	Normative	Status of works councils
Social dialogue at company level	Normative	Employee representation in the workplace (coverage)
	Normative	Information provided to employee representation body (incidence)
	Normative	Degree of information provided to employee representation body
	Normative	Influence of employee representation body on decision-making in the workplace
	Normative	Management holds regular meetings in which employees can express their views about the organisation
Trade union strength and government intervention in industrial relations	Normative	Trade union density
	Contextual	State intervention in collective bargaining
	Contextual	State intervention in collective bargaining

Source: Eurofound (2018h, 2019d) and Sanz et al (2020)

The associational governance dimension is similar to an indicator built by Meardi (2018). It is mainly made up of variables that measure the social partners' involvement in the governance of the employment relationship through collective bargaining and social pacts. As in Visser's cluster analysis, employer organisation density is also included here given its strong correlation with collective bargaining coverage (Visser, 2009). In addition, it includes contextual variables that measure the coordination of collective bargaining and the actual or predominant level at which collective agreements are concluded, as well as the existence of mechanisms for legal extension of collective bargaining. These variables are highly correlated with associational governance, which is therefore relevant to understanding collective bargaining coverage and concertation. In a departure from Meardi (2018), this dimension includes one indicator measuring corporatism. In line with Visser (2009), the assumption behind this is that tripartite negotiation favours corporatist regulation, which is more commonly a feature of industrial democracy than state regulation.

The representation and participation rights at company level dimension includes three normative indicators that measure the scope of employees' representation and participation rights at company level. These rights are implemented through statutory legislation or general collective agreements between trade unions and employers. While two indicators refer to works councils or similar bodies (ICTWSS database), the third deals with board-level employee representation and is included in the European Participation Index developed by the European Trade Union Institute (ETUI).

Social dialogue at company-level dimension builds on five normative indicators that measure the quality of social dialogue at company level. Four indicators are extracted from the ECS 2014:

- share of employees in companies with an employee representation body
- whether the employee representation body receives information from management
- the scope of the information provided by management (number of topics) to the employee representation body
- the influence exercised by the employee representation body

The fifth indicator is based on the European Working Conditions Survey and refers to the share of companies holding regular consultations (either collectively or individually). This dimension goes beyond measuring representation, information and consultation and also measures influence.

The trade union strength and government intervention in industrial relations dimension includes three variables measuring trade union density and government intervention in two key aspects: collective bargaining and a minimum wage. This dimension reflects the positive correlation between collective autonomy – understood as collective self-regulation, which refers to the capacity of social partners to produce norms and regulations autonomously – and trade union strength (Molina and Rhodes, 2007; Molina, 2014).

Industrial democracy clusters: Main features and processes

Based on the typology and the cluster analysis applied in the Eurofound project (2018h, 2019d), it is possible to distinguish six clusters showing a high degree of stability over the two periods analysed, as presented in Table 8. The only country that changed classification was Greece.

According to the industrial dimension of Eurofound's industrial relations index, there are 12 countries with scores above the EU27 and UK average: all the Nordic and continental European countries, plus Croatia, France, Slovenia and Spain. Austria, the Netherlands and Sweden are the three countries with the highest scores. Latvia, Lithuania and Poland are ranked in the three last positions. In terms of clusters, there is a clear division between two main groups: clusters 1 and 2 group together the countries with the best scores for industrial democracy, while countries in the remaining clusters score less well. The data also show that differences in the average score for each cluster are statistically significant and relevant. Clusters 1 and 2 score above 70 points, far above the EU27 and UK

average; cluster 3 scores close to the European mean; and clusters 4, 5 and 6 score well below the EU27 and UK average. Clusters 4, 5 and 6 mix countries that are traditionally grouped in liberal market and transition economy industrial relations clusters. They share some of the institutional features generally attributed to those clusters, especially regarding the associational governance dimension (low collective bargaining coverage). A common characteristic of clusters 4, 5 and 6 is their relatively poor performance on the industrial democracy dimension of Eurofound's industrial relations index compared with the other clusters. However, the typology highlights that they also differ in some relevant features.

Cluster 1: Corporatist-framed governance

Cluster 1 is made up of countries with a corporatist-framed governance model, like the 'social partnership' cluster identified by Visser (2009). It includes the central western European countries (Austria, Belgium, Luxembourg and the Netherlands), except Germany.

A defining feature of this cluster is the strength of associational governance, namely with regard to collective bargaining: it has the highest coverage rates, the highest level of centralisation and a high degree of coordination, in combination with bipartite institutions for wage setting, economic forecasting and/or dispute settlement.

A second relevant trend is corporatism: in all the countries in this cluster there is a high degree of institutionalised involvement of trade unions and employer organisations in policymaking. Compared with cluster 2, trade unions are weaker, and the state plays a stronger role in collective bargaining (including the provision of legal extension mechanisms or functional equivalences) and wage-setting mechanisms (there is a statutory national minimum wage). The relative weakness of trade unions contrasts with the strength of employer organisations, as this is the cluster with the highest employer organisation density rates, with all the countries recording a density rate above 80%.

Table 8: Industrial democracy clusters in the EU27 and the UK, 2008–2012 and 2013–2017

Number	Cluster	Countries
1	Corporatist-framed governance	Austria, Belgium, Luxembourg, Netherlands
2	Voluntary associational governance	Denmark, Finland, Germany, Sweden
3	State-framed governance	France, Italy, Portugal, Slovenia, Spain (and Greece for 2008–2012)
4	Statutory company-based governance	Croatia, Hungary, Slovakia
5	Voluntary company-based governance	Bulgaria, Cyprus, Czechia, Ireland, Latvia, Lithuania, Malta, Romania (and Greece for 2013–2017)
6	Market-oriented governance	Estonia, Poland, UK

Source: Eurofound (2018h, 2019d) and Sanz et al (2020)

With regard to the company level, this cluster includes some of the countries that have granted the most extensive legal rights to works councils (Austria and the Netherlands) and board-level employee representation rights (the only exception is Belgium). Furthermore, it performs comparatively well on social dialogue at company level, scoring substantially higher than the EU average but lower than cluster 2.

Cluster 2: Voluntary associational governance

Cluster 2 encompasses countries following a voluntary associational governance model. In line with Visser (2009), this cluster groups together all the Nordic countries, although unlike in Visser's typology it also includes Germany. These countries have a strong tradition of regulation based on collective bargaining: they all have a coordinated and centralised collective bargaining system at sectoral level that ensures high rates of collective bargaining coverage. However, this system has evolved, particularly in Sweden and Denmark, towards a two-tier system of centralised and decentralised collective bargaining, where national and sectoral framework agreements are supplemented by company agreements covering topics such as vocational training, work organisation, company-level social security and employability/work ability.

Compared with cluster 1, corporatism – as measured by the degree of institutionalisation of the involvement of the social partners in policymaking – is less developed. The exception is Denmark, which records the highest value for each period analysed. In parallel, this is the cluster in which the state interferes least in collective bargaining and wage setting, and in which trade unions are strongest (except for Germany, where trade union density rates are much lower). Thus, a key defining feature of cluster 2, which clearly contrasts with cluster 1, is the combination of collective autonomy and high associational governance.

This cluster also groups countries that provide extensive rights to works councils, in particular Germany and Sweden, where co-determination rights are established by law. It is worth noting that in the Nordic countries national and sectoral collective agreements provide higher standards for information and consultation than legal provisions (Van den Berg et al, 2013). Countries in this cluster also provide widespread rights for employees to be represented at board level. Finally, this cluster records the best performance on social dialogue at company level.

In contrast to Meardi (2020), this chapter argues that the inclusion of Germany in this cluster is not related to 'the effect of giving big weight to company-level co-determination and little weight to the state of collective bargaining and trade union density'. Clusters 1 and 2 both perform well on representation and participation rights and social dialogue at company level. They are also similar as regards collective bargaining coverage and levels of centralisation and coordination. The main reason why Germany is included in this cluster is the role played by the state in industrial relations, which is the institutional feature that most differentiates clusters 1 and 2. Germany did not establish a statutory minimum wage until 2015, being aligned with the Nordic countries rather than with most of the continental countries (Belgium, Luxembourg and the Netherlands). In addition, the use of mechanisms for legal extension of collective bargaining is rather unusual in Germany, as it is in Denmark or Sweden, in contrast to countries such as Austria, Belgium, Luxembourg and the Netherlands, where extension is quasi-automatic or widespread in many sectoral collective agreements. A second reason relates to corporatism. Compared with countries such as Austria, Belgium or the Netherlands, Germany had a lower degree of social partner involvement in policymaking during both periods analysed, in line with the main trends identified in most of the Nordic countries.

Cluster 3: State-framed governance

Cluster 3 reflects the mainly southern state-framed governance model. Unlike in Visser's 2009 analysis, this cluster includes Slovenia. Greece is included in this cluster only in the first period analysed.

This cluster is characterised by relatively strong associational governance (high collective bargaining coverage), albeit weaker than in the previous two clusters, within centralised but fairly uncoordinated collective bargaining institutions and processes, and with a stronger dependence on state regulation. This cluster has one of the highest scores for state intervention in collective bargaining at the expense of industrial democracy, combined with low trade union density. This, however, does not apply to Italy, which has a similar score for government intervention to the Nordic countries.

At company level, mandatory works councils exist, which have, however, been granted less wide-ranging legal rights than in the continental European and Nordic countries. Moreover, board-level employee representation rights are more limited than in the previous two clusters. A defining feature of this cluster is poor performance on social dialogue at company level, a phenomenon that is particularly evident in Italy, Portugal and Spain, less so in France and Slovenia.

Cluster 4: Statutory company-based governance

Cluster 4 encompasses countries with a statutory company-based governance model of industrial relations. Croatia, Hungary and Slovakia have in common with clusters 5 and 6 most features relating to associational governance: low union density; decentralised, uncoordinated wage bargaining; and low coverage rates of collective agreements (lower than cluster 5 and higher than cluster 6). State intervention in collective bargaining is low, but the state plays a key role in employment relations through the setting of a national minimum wage and, in particular, through the statutory regulation of works council rights.

Indeed, a key defining feature of this cluster is its comparatively strong performance on representation and participation rights at company level; it scores higher than the southern countries (cluster 3) and close to the Nordic ones (cluster 2). This results from the far-reaching rights provided to works councils/employee representation bodies, and some of the highest board-level employee representation rights in Europe. Hungary and Slovakia have been identified as the only central and eastern European countries in which the law confers co-determination rights on works councils and similar employee representation bodies (Glassner, 2012). In Hungary, works councils with co-determination rights had already been installed in the early 1990s (Van den Berg et al, 2013). These three countries are also among the 11 Member States (mainly continental and Nordic) that have widespread employee participation rights at board level. However, in practice social dialogue at company level is not substantially better developed than in the other two clusters mixing liberal market economy and central and eastern European countries.

Cluster 5: Voluntary company-based governance

Cluster 5 includes countries with a voluntary company-based governance model. It groups most of the liberal countries (all except the UK), the Baltic states (except Estonia), Bulgaria and Romania, roughly in line with the ‘neoliberalist’ model put forward by Bohle and Greskovits (2012). However, the cluster also includes Czechia, which is classified in the group characterised by ‘embedded neoliberalism’ by Bohle and Greskovits

(2012). In the second period analysed, Greece also appears in this cluster, mainly as a result of a deterioration in the associational governance dimension during the financial and economic crisis.

This cluster has the lowest score for representation and participation rights at company level. Countries in this cluster share the voluntary character of the liberal system of employee participation at company level, in which works councils or employee representation bodies are voluntary or, if they are mandated by law, there are no legal sanctions for non-compliance. Moreover, board-level employee representation rights are not available in most of the countries belonging to this cluster. Social dialogue performance at company level is comparatively poor, although cluster 5 scores higher than cluster 3. Cluster 5 also has comparatively weak associational governance – albeit stronger than cluster 4 and, even more so, cluster 6 – with uncoordinated and decentralised collective bargaining systems. Although trade unions are weak, employer organisations are relatively strong (density was above 40% in all the countries of this cluster in 2013–2017, except Lithuania).

Cluster 6: Market-oriented governance

Cluster 6 is strictly market-oriented and includes three countries: Estonia, Poland and the UK. This cluster has the lowest score for industrial democracy performance. A defining feature of cluster 6 is weak associational governance, which is the result of very low levels of collective bargaining coverage, rare or absent concertation and weak social partners. At the institutional level, countries in this cluster have in common very uncoordinated and decentralised collective bargaining systems. This cluster is also characterised by the minor role played by the state in collective bargaining, combined with its more active role in other areas: in all three countries, there is a statutory national minimum wage in force and the rights of works councils or employee representation within firms or establishments are mandated by law, partly as a result of changes to institutional industrial relations arising from the implementation of Directive 2002/14/EC on information and consultation. Social dialogue performance at company level is more varied, with Estonia and the UK scoring above the EU average and Poland below.

Main findings and policy pointers

This chapter presents a typology of industrial relations systems based on performance and relevant characteristics of industrial democracy.

Analysing the industrial democracy dimension of Eurofound's industrial relations index suggests a clear division between two main groups: on the one hand, the Nordic and continental countries, which have the best scores for industrial democracy; and, on the other hand, southern, liberal, and central and eastern European countries, which perform far less well. Clusters 1 and 2, which group, respectively, Nordic and central European countries, differ in relation to the role played by the state in industrial relations. While cluster 2 adheres to a 'voluntarist tradition', in cluster 1 the state plays a more active role in several industrial relations aspects (such as statutory minimum wage, legal extension of collective bargaining).

The typology clearly shows that good performance on industrial democracy goes hand in hand with coordination and centralisation of collective bargaining systems at sectoral and cross-industry levels.

Countries in clusters 1 and 2, which are well above the EU average for industrial democracy performance, have remained stable in this regard, while several other countries have seen a deterioration. Industrial democracy has been eroded further in the clusters that group southern European countries (cluster 3) and several liberal and eastern European countries (cluster 5). Since many of the countries in cluster 3 and most of the countries in cluster 5 were already performing less well than the EU average, this trend means that previous differences between clusters have deepened.

It appears that many of the countries in clusters 3 and 5 have been subject to external pressures demanding structural reforms, which have affected collective bargaining institutions. The analysis suggests that in both clusters a reduction in centralisation and coordination of collective bargaining may have led to a deterioration in performance on industrial relations in general.

Safeguarding and promoting fair, well-functioning and balanced industrial relations is a key component of ensuring inclusive, sustainable growth and social progress.

In an increasingly unstable world, particularly in the wake of the COVID-19 pandemic, fraught with uncertainty in many policy fields, industrial democracy is a key mechanism supporting the integration of the economic and social dimensions of the EU, as laid out in the European Pillar of Social Rights. Industrial democracy – long tagged as an obsolete, unwieldy concept – has gained momentum since the financial crisis and Great Recession, and even more so following the COVID-19 pandemic. Only recently, many scholars around the world have called for a 'democratisation of work'. The COVID-19 pandemic has proven that work cannot be reduced to a mere commodity and that employees need to be involved 'in decisions relating to their lives and futures in the workplace – by democratising firms' (Fraser et al, 2020).

Mapping, measuring and analysing the workings of industrial democracy provides evidence on how most effectively to contribute to better collective and individual governance of work and employment. The extent to which industrial democracy operates at all levels within fair and competitive industrial relations systems may decide whether EU workers and employers are able to embrace the challenges they are confronted with in these turbulent times.

This is why industrial democracy matters more than ever (Eurofound, 2018i; Nolan, 2020).

4 | Developments in national industrial relations systems

Introduction

Industrial relations systems involve a complex web of rules, with political, economic, labour and social inputs interacting with institutions and practices to generate outcomes (Eurofound, 2016c, 2018h). Researchers have adopted a wide range of approaches to explaining developments in industrial relations over recent decades, indicating a high level of interest in this field. The comparative study of industrial relations has moved from Crouch's seminal focus on state institutions (Crouch, 1993) and the well-established theory of the varieties of capitalism (Hall and Soskice, 2001) in the 1990s and early 2000s to new approaches. To mention only recent developments in this century and following Meardi's 2018 account, these include a focus on the sectors as units for comparative analysis (Bechter et al, 2012), on the importance of company factors, on the influence of institutional wage setting and collective bargaining (Visser, 2013), and on a trend towards neoliberalism across all Organisation for Economic Co-operation and Development countries (Baccaro and Howell, 2017).

Industrial relations systems differ widely across countries, and the complexity of different institutional arrangements, national traditions, and economic and social contexts makes comparisons challenging. This challenge remains even when countries are grouped into clusters of systems (as in Chapter 3), which can shed light on what systems have in common and what distinguishes them. Among the barriers to drawing comparative conclusions are changes in the economy, production and society (which decisively influence labour and collective employment relations); these changes take place quickly, making it hard to keep track of varied responses at national level. Furthermore, the five-year period (2015–2019) analysed in this chapter is rather short, making it difficult to identify consistent tendencies in an area as complex as industrial relations. Nevertheless, we can observe certain relevant developments influencing the way in which social partners and governments interact on the basic essentials of industrial relations, such as social dialogue, collective bargaining, labour markets and other related areas. Furthermore, developments relating to the organisational structure of social partners shed light on the recent challenges faced not only by the main actors but also by industrial relations systems as such.

This chapter highlights recent and ongoing developments in national systems of industrial relations. The aim is not to analyse either the

components of collective bargaining and tripartite social dialogue or their outcomes. Instead, the intention is to describe (succinctly) some of the main developments and tendencies that have occurred in core elements of both processes, including the actors and institutions framing the running of collective bargaining and social dialogue. In this regard, the approach here supplements that taken in previous Eurofound reports setting out the approach to industrial relations established by Eurofound through the industrial relations index, stressing the rather intricate relationships and tensions between competitiveness, social justice, the labour market and industrial democracy (Eurofound, 2018h, 2019d).

The period of time covered here was one of recovery, and, when analysing this period, it is not possible to overlook the very different starting points of countries as a result of the severe austerity measures implemented in some in the context of the financial crisis. In some countries, labour markets showed strong resilience and unemployment rates did not rise significantly compared with pre-crisis levels; other countries experienced rocketing unemployment rates and harsh social effects. These contrasting situations made for differences in terms of policy responses and social partners' behaviours at the time of managing the economic recovery and the distribution of the output growth.

Political instability and growing state intervention

The crisis, and the austerity measures applied in response, had lasting social and political effects in many countries. Populist, and sometimes Eurosceptic, parties have increasingly gained support across Europe, influencing the political arena and public debates, challenging Europe's traditional political groupings and sometimes joining coalition governments. Industrial relations is a complex system closely interlinked with political and economic systems, and therefore significantly affected by political changes. In some Member States, industrial relations systems and social dialogue frameworks and practices have experienced periods of instability, pressure and change as a result of politically and ideologically driven government action.

The interaction of these changes with developments weakening consensus in tripartite social dialogue can be observed in some countries, such as **Austria, Belgium, Finland, Greece, Hungary, Italy and Poland**, and to some extent in **Bulgaria and France**. By contrast,

other countries, such as **Ireland, Portugal and Spain**, regained a certain stability – following a period of financial and economic turmoil in which social dialogue came under substantial pressure. There were a number of reasons for this, not least economic growth and job creation.

Although three different governments were in power in **Austria** during the relevant period, it was when the conservative/right-wing federal government was in power from late 2017 to mid-2019 that the government and trade unions came into conflict, according to the unions. Similarly, the May 2014 elections in **Belgium** brought a centre-right government to power, with a strong focus on austerity measures and reforms aiming to increase competitiveness. The governing coalition was relatively sceptical about the value of social dialogue and stressed the ‘primacy of politics’. Nevertheless, the industrial relations systems in both countries by and large remained firmly within the long-lasting social partnership tradition, while sectoral collective agreements showed resilience to these tensions.

The period in **Bulgaria** was characterised by political instability, as three coalition governments and two caretaker governments were in power. This instability created a difficult context for tripartite social dialogue and led to its uneven development. There was sharp opposition between national-level employer organisations and trade unions regarding changes to the Labour Code, the level of the minimum wage, the negotiation of minimum social security income levels for groups carrying out certain economic activities or holding certain vocational qualifications, the importing of labour from third countries, changes to social security systems, payment during sick leave and a number of other issues.

During 2015–2019 in **France**, the dialogue between the government and the social partners became strained. While the rules concerning consultation did not formally change, the involvement of the social partners in the design of reforms was greatly reduced. Intense periods of reform intended to modernise social dialogue and make it more effective have substantially modified both social dialogue and collective bargaining, to such an extent that, since 2014, the industrial relations landscape has been reorganised. One of the strands of this transformation focused on the measurement of the representativeness of trade unions and of employer organisations in 2017. Another major strand involved restructuring the process of sectoral negotiation in sectors of activity (and reducing the number of bargaining units). This restructuring also had a notable impact in terms of reorganisation of the social partners themselves, usually through merging of operations.

Major legislative interventions took place in **Greece** before the period analysed, producing dramatic transformations in the labour market and industrial

relations. The effects of the austerity policies agreed in the bail-out with lenders and institutions have greatly influenced the industrial relations landscape. While essentially unilateral government actions created a hostile climate between trade unions, employers and government, the emergence of the Syriza government in January 2015 created great expectations that anti-social commitments would be reversed. The country officially came out of the strict supervision imposed by the memoranda on financial assistance in August 2018, thus gaining greater independence in the formulation of fiscal policies and interventions in the labour market. At this point, the Syriza government made significant labour market and collective bargaining reforms. Following elections in July 2019, New Democracy emerged with a parliamentary majority and formed a government that reversed some of the previous legislative interventions.

Political uncertainty has been a constant issue in **Italy**, before and during the period analysed. **Spain**, another country badly hit by the financial crisis, has experienced lasting political instability and several elections. However, industrial relations have been largely stable during the relevant period, with bipartite social dialogue showing resilience because of a high degree of institutionalisation; for example, social partners reached agreements on collective bargaining and wage increases covering a three-year period. At the end of 2019, tripartite social dialogue was relaunched, resulting in an agreement to raise the minimum wage. During the COVID-19 health crisis in 2020, significant tripartite agreements were signed. These included agreements on the implementation of short-time working schemes and social protection measures, as well as an ‘Agreement for economic reactivation and employment’ in July 2020.

Following a major political shift in **Poland** in 2015, the government made a number of formal changes to the legal environment empowering the social partners and tripartite institutions, as well as initiating processes leading to a deterioration in their functioning. A new tripartite body – the Social Dialogue Council (Rada Dialogu Społecznego, RDS) – was established in 2015, and it was quite active initially. RDS subsequently experienced marginalisation when the government began to distance itself from tripartite negotiations, which contributed to the re-emergence of unilateralism in governmental policy without effective social partner involvement.

In **Romania**, the 2011 social dialogue reform was still having effects on social partners and institutions, with significantly reduced collective bargaining coverage at sectoral level. Meanwhile, collective bargaining at company level in 2018 barely achieved the number of agreements reached in 2008, and agreements were mostly negotiated with employee representatives, not representative trade unions.

In contrast, during the same period, most Member States showed a high degree of stability in the context of their stable institutional industrial relations frameworks. This was true of the corporatist-framed governance cluster and most of the voluntary associational governance cluster. It was also the case for some of the Baltic countries, with some consolidation of tripartite social dialogue, for example, in **Estonia**. In other countries, such as **Slovenia**, social partners managed to preserve institutional socioeconomic settings.

Changes in employment relations

During 2015–2019 important changes happened in the economy that influenced labour markets. In particular, the emergence of the platform economy, as part of a broader phenomenon of technological change, has had an impact. Estimates of the size of the workforce involved are still controversial, but the development of the platform economy has certainly led to growing numbers of platform workers performing activities under widely varying contractual arrangements. Involving and organising these workers has become a priority for trade unions, although they still make up only a small proportion of all workers. These business models introducing new forms of work organisation present severe challenges to the traditional forms of representation, with far-reaching implications for industrial relations.

Other developments in the labour market related to the regulation of non-standard forms of work – for example, part-time work, mini-jobs and self-employment – that fall outside the standard employment relationship, understood as full-time dependent employment with a permanent contract (Box 8).

Increasing flexibilisation, resulting in less strict rules on or prolongation of working time, was common during this period (see, for example, Eurofound, 2018f, p. 35). Flexibilisation measures met with opposition from trade unions, and in some countries there were reactions limiting the conditions for fixed-term contracts or zero-hour contracts. In countries including **Ireland, Italy, Portugal, Romania, Slovakia, Slovenia** and **Spain**, changes had a greater focus on security, some of them aimed at rolling back previous reforms adopted during the financial crisis and the subsequent austerity measures.

There was also a considerable focus on training and education, with the creation, updating or increased funding of programmes for vocational training, lifelong learning and the integration of long-term unemployed people into the workforce.

Developments regarding social dialogue actors and institutions

Social dialogue actors

Organisational changes in the structure of social partners were frequent during the period analysed, most of them linked to changes in the economy or brought about by reforms to the frameworks governing social dialogue. Mergers aimed at bundling resources and gaining a coherent and centralised organisational structure were common, particularly on the trade union side. Some examples are given in Table 9.

Box 8: Trends in standard forms of employment in the EU

According to Eurofound research, the share of the workforce in standard employment contracted in about two-thirds of Member States between 2008 and 2018. The aggregate reduction in standard employment in the EU27 and the UK was relatively modest (from 60% to 59%), but much sharper drops were experienced in Estonia, Slovakia and the Netherlands. Levels varied broadly from well over 70% standard employment in many eastern European Member States to 50–65% in older, western European Member States. The one strong outlier remains the Netherlands, where in 2018 only around one in three workers was in a standard employment relationship.

The standard employment share grew in 11 Member States, but only marginally in most of these cases. In turn, the share of EU employees with temporary contracts was the same in 2018 as in 2008 (14%), but shares varied widely by country, from 27% in Spain to less than 3% in the Baltic countries and Romania. Within the broader category of temporary workers, the subcategory of temporary agency workers also remained quite stable over the period 2008–2018, accounting for a modest 2% of overall employment (Eurofound, 2020a).

Table 9: Selected developments in social partner organisations, 2014–2019

Member State	Trade unions	Employer organisations
Bulgaria	New local trade union organisations affiliated with both the Confederation of Independent Trade Unions in Bulgaria and the Confederation of Labour Podkrepa established	
Cyprus	8 workers' unions ceased activity and were wound up 12 new unions founded, most of them in the broader public sector	11 new business organisations created The Alliance of Small Businesses and Self-Employed Workers established
Czechia	Groupings of members organised by the Czech Metalworkers' Federation	
Denmark	Danish Trade Union Confederation created by a merger of the Confederation of Danish Trade Unions and the Confederation of Professionals in Denmark	
Estonia	Union of Estonian Financial Sector Employees established Council of Academic Trade Unions established	
Finland	Finnish Industrial Union created Federation of Salaried Employees joined Trade Union Pro	Two major employer organisations left the Confederation of Finnish Industries: the Finnish Forest Industries Federation and the Employers' Federation of Road Transport
France	Impacted by the restructuring process in sectors	
Greece		Federation of Industries of Northern Greece recognised as a new national social partner
Hungary	National Confederation of Hungarian Trade Unions and the Autonomous Trade Union Confederation were fully merged to become the Hungarian Trade Union Confederation	
Latvia	The Trade Union of Latvian Interior Employees joined the Free Trade Union Confederation of Latvia in 2017; the Latvian United Police Trade Union was excluded in 2019	
Lithuania	Lithuanian Education and Science Trade Union established	
Malta	Amendments made to the Police Act in 2015, aimed at giving police officers the freedom to join a trade union	
Portugal	Proliferation of new trade unions in the public sector	
Romania		Coalition for Romania's Development, a formal collaborative platform, established
Slovakia	Trade Union of Glass Industry and Metal Trade Union Association merge Joint Trade Unions of Slovakia established, bringing together five trade unions	Association of Industrial Unions established, covering about 80% of Slovak industry

Source: Based on information provided by the Network of Eurofound Correspondents

Developments in trade union organisations

On the unions' side, change was relatively intense, with new unions and other employee representation bodies appearing. Some of them followed a trend towards specialisation, either at company level or at occupational level. Some were entirely new, some created as a result of demergers or for various other reasons, including disputes and differences arising from social and political viewpoints. Often, the new unions were independent of the most representative peak-level confederations. In short, although many mergers consolidated unions during this period, there was an equally strong tendency towards fragmentation, particularly at lower levels. Thus, in the voluntary associational governance countries, the **Danish** Trade

Union Confederation (Fagbevægelsens Hovedorganisation, FH) was created in January 2019 after a merger between the Confederation of Danish Trade Unions (Landsorganisationen i Danmark, LO) and the Confederation of Professionals in Denmark (Funktionærernes og Tjenestemændenes Fællesråd, FTF). FH has 1.4 million members, divided between 79 trade unions. The rationale behind the merger was to create an organisation well equipped to deal with the large employer organisations.

The **Finnish** Industrial Union (Teollisuusliitto) was created in 2017 by a merger of three blue-collar industrial unions: the Finnish Metalworkers' Union (Metalli), the Industrial Union (Teollisuusalojen ammattiliitto, TEAM) and the Woodworkers' Union

Box 9: Fragmentation and erosion of union unity in Portugal

Since 2017, 24 new trade unions have been created, including four new unions in the transport sector, three in the health sector, three in justice and seven in just over two years in internal administration (the police and public security forces).

The creation of new trade unions – independent of the most representative confederations, the General Confederation of Portuguese Workers (Confederação Geral dos Trabalhadores Portugueses, CGTP) and the General Union of Workers (União Geral de Trabalhadores, UGT) – related to the emergence of new, extreme forms of strike from early 2017. The National Hazardous Materials Drivers' Union (Sindicato Nacional de Motoristas de Matérias Perigosas, SNMMP) organised two strikes in 2019 that almost paralysed the country, and the Portuguese Association of Nurses (Associação Sindical Portuguesa dos Enfermeiros, ASPE) took part in controversial 'surgical' strikes that brought non-essential operations to a standstill for weeks. In other cases, new unions emerged in the context of ongoing strikes that they thought should be prolonged or include additional claims. Examples include the Automotive Workers' Union (Sindicato dos Trabalhadores do Sector Automóvel, STASA), which emerged in connection with a dispute at the Autoeuropa plant, and the Trade Union of All Teachers (Sindicato de Todos os Professores, STOP), which emerged in the context of prolonged labour conflicts in teaching.

(Puuliitto). The new organisation is the second largest union in the country, behind Service Union United (Palvelualojen ammattiliitto, PAM), and represented approximately 75% of all export industry employees at the time of the merger. In a separate development, the Federation of Salaried Employees (Pardia) joined Trade Union Pro in 2018. Both unions are members of the Finnish Confederation of Professionals (Toimihenkilökeskusjärjestö, STTK). The new union covers clerical employees, experts, and supervisory and managerial staff in both public and private sectors and has approximately 120,000 members.

In the state-framed governance countries, major restructuring took place in **France** during this period, accelerating a tendency that had begun in 2014 towards a shake-up of the industrial relations landscape. Legislation in 2016 and 2017 established a requirement to reduce from 700 to 200 the number of sectors (branches) with bargaining structures by August 2019. Many of the existing 700 were no longer engaged in any negotiating activity. The first phase of restructuring – which reduced the number of branches to around 450 – consisted of automatic mergers of local and regional branches and branches that had not hosted negotiations for 10 years. The second phase restructured those branches with fewer than 500 employees, through voluntary and compulsory mergers. This restructuring process had an impact on the social partners, which consequently needed to merge their organisations.

In **Portugal**, changes affecting actors and institutions related mostly to collective bargaining. In the public sector, after a reversal of austerity cuts by the new coalition government, the expectations of trade unions rose with the economic recovery and a significant fall in unemployment. In addition, several new trade unions emerged (Box 9).

In other country clusters, developments followed tendencies towards both specialisation and fragmentation. There were also, by contrast, mergers, for example in **Lithuania**: the two biggest trade unions representing teachers and other educational workers – the Lithuanian Education Trade Union (Lietuvos švietimo profesinė sąjunga, LŠPS) and the Lithuanian Education and Science Trade Union (Lietuvos švietimo ir mokslo profesinė sąjunga, LŠMPS) – merged in 2019.

Substantial organisational changes took place in **Cyprus**, according to the analysis of the Trade Unions Registrar. The fragmentation of the labour movement intensified, particularly in the larger public sector unions. Smaller unions covering specific departments or professional groups – unlike long-established unions and confederations such as the Pancyprian Union of Public Servants (Παγκύπρια Συντεχνία Δημοσίων Υπαλλήλων, Pasydy), the Pancyprian Federation of Labour (Παγκύπρια Εργατική Ομοσπονδία, PEO) and the Cyprus Employees Confederation (Συνομοσπονδία Εργαζομένων Κύπρου, SEK) – gained in strength.

For information on organising workers in Czechia, see Box 10.

Box 10: Innovative ways of organising workers in Czechia

The Czech Metalworkers' Federation (Odborový svaz KOVO, OS KOVO) – the largest member of the Bohemian-Moravian Confederation of Trade Unions (Českomoravská konfederace odborových svazů, ČMKOS) – introduced the concept of 'anonymous membership' in 2013, the objective of which was to increase the level of interest in the union from certain groups of employees and to enable the creation of trade unions in companies where the management was opposed to their establishment.

Seskupení členů – groupings of members – which are not institutionally established in legislation and are not legal persons, are empowered to represent the interests of employees in companies where there is no trade union representation. Despite the legal anomaly, the existence of such groupings is permitted by the OS KOVO articles of association. Each grouping must consist of at least three employees who are in an employment relationship with the employer (the same legislative requirement applies when establishing a basic trade union organisation in the workplace). The grouping contacts the OS KOVO regional office, which, in turn, appoints a trade unionist who negotiates with the employer. Should they prefer, the members are entitled to remain anonymous (i.e. the employer does not know their identity).

Employers are generally against the establishment of groupings of members. The Korean company Daechang Seat s.r.o. refused to recognise one such grouping as a trade union and filed a lawsuit against OS KOVO alleging that the grouping did not meet the legal requirements covering the operation of a trade union. In February 2018, however, the Supreme Court of the Czech Republic (Nejvyšší soud České republiky) ruled that the grouping of members enjoyed the same status as a public trade union and that the employer must accept this form of association and treat it in the same way as a regular trade union, including with regard to collective bargaining. According to OS KOVO, groupings of members are active in 70 companies and involve 3,000 people.

In **Estonia**, the main actors, their structures and their roles have largely remained the same. However, two new sectoral trade unions emerged. In late 2013, the Union of Estonian Financial Sector Employees (EFL) was created in a sector strongly associated with the Scandinavian model. The EFL's importance became especially apparent in 2017 when a long-running dispute took place in a financial sector company, resulting in conflict with the company's trade union and the unlawful dismissal of the trade union representative. In 2018, the Council of Academic Trade Unions (Akadeemiliste Ametiühingute Nõukogu) was formed, uniting trade unions for university workers and other academics.

A dispute took place in 2017 in **Slovakia**, when the Association of Industrial Unions (Asociácia priemyselných zväzov, APZ), covering more than 100,000 employees, asked to participate in the national tripartite social dialogue as the fourth national employer organisation. The trade unions were represented by the Confederation of Trade Unions of the Slovak Republic (Konfederácia odborových zväzov Slovenskej republiky, KOZ SR) and employers by the Federation of Employers' Associations of the Slovak Republic (Asociácia zamestnávateľských zväzov a združení Slovenskej republiky, AZZZ SR), the National Union of Employers (Republiková únia zamestnávateľov, RÚZ) and the Association of Urban Municipalities of Slovenia (Združenie miest a obcí Slovenska, ZMOS). However, the Economic and Social Council (Hospodarska a socialna rada, HSR) did not accept the APZ's application. A long dispute was settled in favour of APZ by decision of the arbitrator in 2018.

This change also had an impact on the distribution of the seats available for employers on the HSR: the AZZZ SR has three seats, the RÚZ two seats, and the ZMOS and the APZ have one seat each.

A reorganisation of trade unions in **Hungary** took place over several years. The new Hungarian Trade Union Confederation (Magyar Szakszervezeti Szövetség, MASZSZ) resulted from a merger between the three large trade union confederations in late 2013. Due to divergent interests based on differences in the situations of public services and other sectors, the demerger of the Forum for the Cooperation of Trade Unions (Szakszervezetek Együttműködési Fóruma, SZEFE) took place shortly afterwards. The reorganisation process was completed in 2015, when the National Confederation of Hungarian Trade Unions (Magyar Szakszervezetek Országos Szövetsége, MSZOSZ) and the Autonomous Trade Union Confederation (Autonóm Szakszervezetek Szövetsége, ASZSZ) were fully merged into the MASZSZ.

Employer organisations

On the employers' side, in **Poland** in 2018 the Union of Entrepreneurs and Employers (Związek Przedsiębiorców i Pracodawców, ZPP) was recognised by a court of law as a national-level social partner organisation meeting the legal representativeness criteria, which include carrying out operations on a national scale and having a minimum number of employees who are active in at least half of the NACE (Statistical Classification of Economic Activities in the European Community) sections.

A dispute arose in **Greece**, where the Federation of Industries of Northern Greece (SVVE), a new employer organisation, was recognised in 2018 as a new and equal national social partner. This recognition increased the number of employer organisations from four to five and changed the composition of every committee or forum in which the social partners were represented. The existing social partners at that time, including the trade unions, expressed strong disagreement with the recognition of the SVVE, as they felt that the decision had taken place without sufficient consultation. In 2019, the Thessaloniki-based SVVE changed its name – it is now the Federation of Industries of Greece (Συνδέσμου Βιομηχανιών Ελλάδος, SBE) – and amended its founding regulations, completing the process of splitting from the Hellenic Federation of Enterprises (SEV).

In **Romania**, the number of representative employer organisations at national level fell from eight in 2014 to six in 2019 (Stoiciu, 2019). Against this background, new actors have emerged, such as the Coalition for Romania's Development (Coalitia pentru Dezvoltarea Romaniei). The coalition – a private initiative and not a legal entity according to Romanian law – is a formal collaborative platform created by its combined membership, consisting of business associations, bilateral chambers of commerce and two representative employer organisations.

Cyprus registered some new business federations, mainly focusing on enterprises' commercial interests, rather than operating as employer organisations.

Social dialogue institutions

Structural changes in social dialogue institutions during the period covered were very significant, although less common than reorganisation among the social partners.

In **Hungary**, the legal basis of the National Economic and Social Council (Nemzeti Gazdasági és Társadalmi Tanács, NGTT), a multipartite consultative body, was amended in 2016 with regard to the membership criteria. The requirement for an affiliation with a relevant European social partner was abolished; the inclusion of new actors has changed the NGTT's function so that it is no longer primarily an institution for consulting the social partners (Eurofound, 2017c). Due to the deficiencies of the NGTT, the Permanent Consultation Forum of the Private Sector and the Government (Versető Fóruma és a Kormány Érdekegyeztető Fóruma, VKF) is functioning as a tripartite interest reconciliation body, with little change in the last five years. In 2018, a new interest reconciliation forum, the Public Utility Providers' Consultation Forum (KVVF), was established. Hungary also has the National Public Service Interest Reconciliation Council (OKÉT) – the national-level tripartite interest reconciliation body for public service – that has been meeting since 2002.

In **Ireland**, the Workplace Relations Commission (WRC) was established in 2015, replacing the Labour Relations Commission, which had been in place since 1990. The WRC assumed the roles and functions previously carried out by the National Employment Rights Authority, the Equality Tribunal, the Labour Relations Commission, the Rights Commissioners Service and the first instance (complaints and referrals) functions of the Employment Appeals Tribunal. The Commission's core services include inspecting employment rights compliance; providing information; processing employment agency and protection of young persons (employment) licences; and providing mediation, conciliation, facilitation and advisory services.

In **Lithuania**, the new Labour Code (2017) introduced rules on the establishment and operation of the main national tripartite institution – the Tripartite Council – including an obligation for employers to initiate elections to works councils.

Trade union membership and density

Union density rates and collective bargaining coverage have shown a clear tendency to decline since 1990. During the period covered in this report, trade unions continued to struggle with a long-term decline in membership. There are various reasons for this, including structural change leading to lower employment in sectors of traditional trade union strength (such as deindustrialisation, low public sector employment growth) and employment growth taking place in sectors that traditionally have lower trade union density, in particular the services sector. These changes can be linked to developments in the organisation of work and production, for example, increased outsourcing and a growing tendency to resort to more flexible employment contracts and temporary agency work, as well as the newly emerging platform economy, which present challenges for union organisation. Furthermore, as ageing members retire, they are not being replaced by newly recruited members, additionally creating intergenerational challenges (Vandaele, 2018, 2019). Overall, trade union density continues to be higher in the public sector than in the private, which has traditionally been harder to unionise. In addition, in general trade union density continues to be lower in smaller companies than in larger ones.

There is no country among the EU27 and the UK in which the trade union density rate is known to have increased; meanwhile, the scarce data on employer organisations generally suggest stability in terms of organisational density.

Figure 3 shows the overall pattern of decreasing trade union density.

Figure 3: Trade union density rates by industrial democracy cluster, 2000, 2014 and 2018 (%)



Notes: Union density rate refers to net union membership as a proportion of wage and salary earners in employment. *Or closest year for which data are available: BG data relate to 2017 not 2018; CY data relate to 2016 not 2018; EL data relate to 2001 not 2000, to 2013 not 2014 and to 2016 not 2018; human resources data relate to 1999 not 2000; IE data relate to 2013 not 2014 and to 2017 not 2018; LT data relate to 2001 not 2000; LU data relate to 1998 not 2000; LV data relate to 2003 not 2000; PL data relate to 2016 not 2018; PT data relate to 2001 not 2000, to 2012 not 2014 and to 2016 not 2018; SE data relate to 2017 not 2018; SI data relate to 2016 not 2018.

Source: Authors' own calculations, based on ICTWSS 6.1

Most of the voluntary associational governance countries (with the exception of Finland) as well as the countries in the corporatist-framed governance cluster show a certain degree of stability (with reductions in density of not more than 2 percentage points) between 2014 and 2018, albeit in some cases within a context of steady decline in previous years.

In the context of the overall tendency towards decline in trade union membership (Box 11), the Nordic countries

still perform quite well, with one of the highest rates of organised workers in the world. In **Finland**, two factors facilitate this high rate of organisation. First, fees for membership of social partners are tax deductible. Second, trade union membership generally provides access to an unemployment insurance scheme. With the introduction and emergence of private unemployment funds, this 'Ghent system' is, however, eroding, which partly explains the decline in union density (Lyly-Yrjänäinen, 2019).

Box 11: Organising blue-collar and white-collar workers in Finland

Finland's three peak-level trade unions have developed slightly differently in terms of membership. The membership of the blue-collar Central Organisation of Finnish Trade Unions (Suomen Ammattiliittojen Keskusjärjestö, SAK) has steadily declined. The SAK had approximately 927,000 members in 2017, 12% fewer than in 2004. This decline in blue-collar union membership has been only partially offset by a membership increase among white-collar academics. STTK has seen the most rapid decrease in membership numbers, partly because it has lost member unions to the other white-collar peak-level organisation, the Confederation of Unions for Professional and Managerial Staff (Akava), which organises professionals with university degrees. In 2017, STTK had approximately 506,000 members, a 21% decrease compared with 2004. Meanwhile, Akava's membership increased by 36%, totalling approximately 610,000 in 2017 (Ahtiainen, 2019).

The long-term trend of decreasing trade union density in **Sweden** (from 77% to 67% between 2006 and 2018) seems to have slowed down. The largest drop occurred in 2007–2008, after unemployment insurance fees were raised and the insurance eligibility criteria tightened. Blue-collar unions have seen the largest reductions in membership. Although white-collar workers have a significantly higher rate of union membership than blue-collar workers (72% and 59%, respectively), white-collar union density also decreased in 2018 and 2019. However, while trade unions are losing members, membership of employer organisations remains high and stable (88%). If trade union density continues to decrease, it may threaten the collective bargaining model, inviting debate on the application of extension mechanisms as a stabilising factor.

The decline in trade union membership continued in **Germany** in the traditional sectors, with job cuts (in mining) or high shares of posted workers (in construction and food processing); however, in other sectors, membership remained stable (in the metal industry) or increased (in the public sector). New trade union organisations outside the traditional sectoral and multisectoral structure gained members, particularly in large private companies and in the public sector. Whereas two of these – a teachers' union and a police union – are members of the German Trade Union Confederation (Deutscher Gewerkschaftsbund, DGB), most occupational trade unions either belong to the competing German Civil Service Federation (Deutscher Beamtenbund, dbb) or are independent. The strongest occupational unions operate in the transport and health sectors and in public services.

Trade union density is lower but has been more stable in the state-framed governance cluster (apart from **Slovenia**, which shows similar trends to other central and eastern European countries). In **Spain**, the two largest confederations have gained some members since 2015, reversing the declining trend in membership since 2009. Nevertheless, the decline in institutional representativeness has been steady. The decrease in the percentage of delegates elected in the works council elections of the most representative confederations, CCOO and UGT (Unión General de Trabajadores), relates to several factors. These include the closure of companies during the Great Recession, with sectors (including manufacturing) in which the two largest trade unions had a strong presence being particularly badly affected. According to the trade unions, some employers have developed strategies to weaken and interfere in the action of traditional trade unions by supporting the creation of specialised company or sectoral unions.

Both voluntary and statutory company-based governance countries mostly showed a continuing trend of declining union membership, albeit at a slower pace than in the early years of transition to the market

economy. In **Czechia**, the largest trade union confederation, ČMKOS, has managed to stabilise its membership base. However, two other trade union confederations, the Association of Autonomous Trade Unions of the Czech Republic (Asociace samostatných odborů České republiky, ASO ČR) and the Confederation of Art and Culture (Konfederace umění a kultury, KUK), have confirmed that a decline in membership continues. The number of union members in **Hungary** is diminishing and the membership is ageing, according to the latest survey data from 2015 (Trade Union Survey of the Hungarian Central Statistical Office). Similarly, trade union density in **Lithuania** decreased further, from 8.1% to 7.1%, between 2014 and 2018.

The reduction in trade union density in the five trade union confederations of **Romania** reflects both a fairly modest decline in union membership, from approximately 1.4 million members in 2014 to fewer than 1.3 million in 2018, and a significant increase in overall employment, from 4.5 million employees in 2014 to approximately 6 million in 2018.

In the **UK**, one of the market-oriented governance countries, the national Trades Union Congress (TUC) represented approximately 5.5 million members from 48 member unions in 2018, a fall from 5.6 million members from 50 member unions in 2017 (TUC, 2019). Not all the UK's trade unions are affiliated to the TUC, but trends in its membership are likely to reflect the overall situation in the UK.

Employer organisation membership and density

In **Finland**, employer organisation density is high. In 2014, 76% of the private sector workforce worked for companies that were organised (Ahtiainen, 2019). In November 2019, the Confederation of Finnish Industries (Elinkeinoelämän Keskusliitto, EK) had 24 member organisations, representing 15,300 companies with 900,000 employees, or more than 60% of all private sector employees. In the **Netherlands**, businesses are also highly likely to join employer organisations, with a membership rate of approximately 80%.

Behrens and Helfen (2019) report that in **Germany**, to attract members, employer organisations have been offering membership without a binding obligation to enforce the collective agreements concluded by the organisation. By 2018, more than half of the members of the employer organisation for the metal industry – Gesamtmetall, one of the core actors of the industrial relations system – held membership without a binding obligation to apply the agreement concluded with the metalworkers union, IG Metall. Despite this, most workers are employed by companies that do apply the agreement.

In **Lithuania**, mirroring the decline in trade union density, the number of members of employer

organisations decreased. By contrast, membership of employer organisations remains relatively stable in **Czechia**.

Developments in representativeness

Representativeness is assessed according to national concepts (Box 12), legislation and practices. These differing approaches have been explored by Eurofound (2016d).

Among the countries in the statutory and voluntary company-based governance clusters, in **Bulgaria** the parliament in 2016 adopted amendments to the Labour Code bringing in new criteria for social partners' representativeness, which is assessed every four years. After that, the government began to conduct a regular census of social partner organisations. The 2016 census confirmed the representative status of the two trade union confederations – the Confederation of Independent Trade Unions in Bulgaria (Конфедерация на независимите синдикати в България, CITUB), with 271,312 members, and the Confederation of Labour Podkrepa (Конфедерация на труда „Подкрепа”, Podkrepa CL), with 79,567 members – and five officially recognised national employer organisations.

Box 12: National concepts of representativeness

The representativeness of social partners is the basis for the legitimacy of their various roles in industrial relations, including social dialogue, collective bargaining and involvement in government policymaking or policy implementation. Their representativeness entitles the social partners to act on behalf of their members or, in some cases, all companies and the entire workforce.

Almost all Member States have some kind of legal framework that defines how representativeness operates for social partner organisations. The role that legislation plays in national concepts of representativeness, however, differs vastly. This role can include setting the conditions that allow social partners to engage in collective bargaining or the conditions for extending the resulting agreements, making them generally binding. Legislation can also shape representativeness by imposing thresholds, in terms of membership or organisational density, or as a minimum outcome of elections. Today, while employers and unions in certain Member States still rely on self-regulation through mutual recognition to establish representativeness, most have a legal framework that regulates the representativeness of social partners.

Representativeness has various meanings across the Member States. In practice, few national systems correspond to an unalloyed form of either mutual recognition or legal conformity. Member States employ a combination of these principles, applying a mix of formal and informal criteria. In addition to considering the fundamental dichotomy in concepts of representativeness – based on compliance with legal requirements or based on mutual recognition – Eurofound (2016d) looked at three elements, or 'social strength drivers', with the potential to contribute in different ways to the representativeness of social partners: electoral success, organisational strength in terms of the scope of membership, and capacity to negotiate. Thresholds, where they exist, are less common for employers than for trade unions. Employer thresholds are either a requirement for the extension of collective agreements or a criterion permitting access to tripartite bodies.

The results of this study placed Member States in one of the following four categories, depending on how representativeness is assessed.

Social partner self-regulation: These Member States have a self-regulated system of mutual recognition among social partners, associated with negotiating capacity and social strength drivers and with very little state regulation on representativeness. This approach to representativeness was found in Cyprus, Denmark, Finland, Ireland, Lithuania, Malta, Slovenia (for employers) Sweden and the UK.

Mixed social partner and state regulation: A mixed model, combining elements of social partner mutual recognition and of state regulation and legal conformity, was identified in Austria, Estonia, Germany, Hungary, Italy, the Netherlands, Portugal, Spain (for employers) and Slovenia (for trade unions).

State regulation membership strength: Countries in this category have a state-regulated system of legal conformity, where social strength is used as a legal measure of representativeness. These countries are Bulgaria, Croatia, Czechia, Estonia, Greece, Latvia, Poland, Romania and Slovakia.

State regulation electoral strength: A state-structured system of legal conformity, in which electoral success primarily determines representativeness, is in place in Belgium, France, Luxembourg and Spain.

Box 13: Measuring representativeness in Italy

In January 2014, the employer organisation the General Confederation of Italian Industry (Confederazione Generale dell'Industria Italiana, Confindustria) and three union confederations – the Italian General Confederation of Labour (Confederazione Generale Italiana del Lavoro, CGIL), the Italian Confederation of Workers' Unions (Confederazione Italiana Sindacati Lavoratori, CISL) and the Italian Labour Union (Unione Italiana del Lavoro, UIL) – reached an agreement containing provisions on trade union representativeness and workplace union representation structures. The agreement regulates access to collective bargaining at national level as well as the validity of industry-wide and company-level agreements. There are two basic representativeness criteria: membership and votes cast in workplace trade union elections.

The representativeness indicator for each trade union organisation in each sectoral bargaining unit is calculated as the average of its percentage share in total union membership and in the valid votes cast in workplace trade union elections. The representativeness threshold for participation in negotiations to conclude an industry-wide agreement is 5%. If an agreement is reached, it is valid if trade unions having jointly at least 50% + 1% representativeness have signed it. In terms of bargaining coordination, decentralised agreements are valid if signed by the majority of workplace trade union representatives. In order to adapt agreements to specific local circumstances, company agreements may introduce rules that modify those established in sectoral agreements, within the limits and according to the procedures established in industry-wide agreements.

The application of the new system encountered many difficulties, especially in relation to the certification of representativeness. Administrative problems hindered the collection of membership data and election results, and the system established in 2014 still awaits full implementation. At the end of 2019, an agreement was signed between Confindustria, CGIL, CISL, UIL and the National Institute of Social Security (Istituto Nazionale della Previdenza Sociale, INPS) with a view to finally having the system in operation by the end of 2020.

In **Croatia**, collective bargaining has been influenced by the regulation of the representativeness of social partners through the Act on Representativeness of Employer Associations and Trade Unions covering employer organisations and trade unions and the Guidelines for Negotiation of Collective Agreements that apply to employees of the state and in the public sector. In **Romania**, changes in social dialogue legislation in 2011 increased the representativeness criteria for company trade unions.

In the voluntary associational governance cluster, in 2015 the **German** government acted on pressure from the peak-level Confederation of German Employers' Associations (Bundesverband deutscher Arbeitgebervereinigungen, BDA) to introduce legislation to settle trade union conflicts at company level. The Act on the Uniformity of Collective Agreements (*Tarifeinheitgesetz*, TEG) specifies that, where competing trade unions conclude agreements with the same employer covering the same group of workers, only the most 'representative agreement' shall be applied, meaning the agreement of the trade union with the largest membership in the company. The legislation raised a storm of criticism from all the service sector and other trade unions, which feared for their rights to conclude collective agreements and to go on strike. In 2018, the Federal Constitutional Court ruled that this was not the case but stated that the rights of trade unions needed to be clarified. The dbb filed a case with the European Court of Human Rights; the case is pending.

In the state-framed governance cluster, in **Italy** the major social partners set the conditions for a new system to assess the representativeness of trade unions, with a view to establishing criteria for participation in industry-wide collective bargaining and for the validity of sectoral and company-level agreements (Box 13). Numerous administrative difficulties have so far hindered the implementation of the system.

In **Portugal**, the government responded to the proliferation of unions representing the police and public security forces, proposing in 2017 an amendment to the regulations concerning their freedom of association and collective bargaining rights. The final version was unanimously approved in parliament in 2019 and, for the first time in Portuguese history, the right to bargain became linked with trade unions' representativeness. The new law limits bargaining power to unions with a membership of at least 5% of the total number of staff in the police and public security forces, that is, with more than 1,000 members.

In the market-oriented governance system dominant in the **UK**, formal representativeness criteria for trade unions and employer bodies are generally not used, and the principle of mutual recognition is applied. By contrast, in **Estonia**, the EAKL and the Estonian Employers' Confederation (Eesti Töoandjate Keskliit, ETKL) concluded a (non-binding) good practice agreement on extending collective agreements, which introduced representativeness criteria (Box 14).

Box 14: Introducing representativeness criteria in Estonia

According to the Collective Agreements Act, collective agreements can be extended in respect of wage, working time and rest time conditions if they are multiemployer agreements, that is, if the agreement is between an association or a federation of employers and an association or a federation of employees, or a confederation of employers and a confederation of employees.

On 25 January 2018, EAKL and ETKL concluded a Good Practice Agreement on the Extension of Collective Agreements, which set a representativeness criterion for social partners. Previously, there were no representativeness criteria for social partners in place in Estonia. The Good Practice Agreement on the Extending of Collective Agreements, establishes that only multiemployer agreements between the most representative organisations in the field or sector should be extended. The most representative organisations are those with the highest numbers of members. Where membership numbers are similar, the organisation that is a member of a relevant confederation is to be considered the most representative. In addition, an extended collective agreement cannot cover more than one sector or field of activity. The agreement includes suggestions regarding information and consultation, such as publishing the plan for negotiations and information about the concluded agreement in the media (including social media) and giving interested persons the opportunity to submit reasoned opinions and recommendations on the agreement. The agreement has not yet impacted on collective bargaining, mainly because there are only a few employer organisations that are interested in concluding collective agreements.

Developments in collective bargaining

This section maps developments in collective bargaining at national level during 2015–2019. As the academic literature on the topic shows, collective bargaining has come under pressure in recent years. In particular the economic recession that began in 2008 speeded up the decentralisation of the bargaining processes in certain countries, in most cases in a disorganised way, with a number of negative and adverse side-effects (Eurofound, 2015b). This tendency has been driven by governments and employer organisations, supported by the CSRs made as part of the European Semester process; these have advocated increased flexibility in the labour market, and especially increased local bargaining, to enable businesses to adapt and deviate from higher-level agreements so that they can respond better to accelerated global competition.

Overall trends

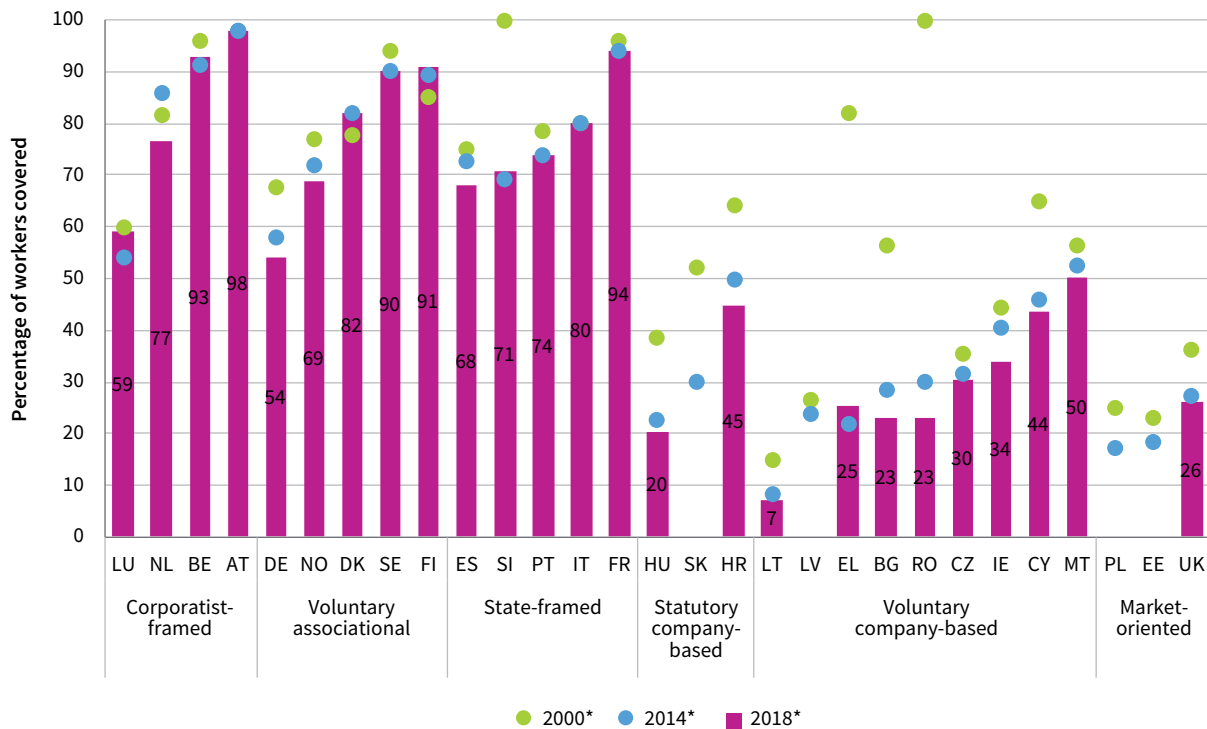
Against this background, the period 2015–2019 was one of economic recovery and employment growth, which influenced the collective bargaining agendas of the signatory parties. Many countries with already well-established collective bargaining frameworks experienced a period of stability, while significant regulatory changes took place in other countries, either because of the still predominant tendency to modernise and ‘open up’ the system or because of reversals of previous reforms.

With regard to the content of the negotiations and the agreements, pay restoration was a high priority for trade unions during this period, particularly in the

public sector (Eurofound, 2018j). In addition, new practices have been introduced in company-level and sectoral bargaining: new rules allow social partners to negotiate on other, non-wage demands, relating to, for example, working time arrangements (for example, in Germany) connected to work–life balance, skills and training policies, and greater flexibility for both employers and employees. Welfare benefits agreed at company level (for example, in Italy) also reflect a growing demand for services, again linked to a better conciliation between work and personal life. These provisions are sometimes supported by fiscal incentives; for example, in Latvia, some collective agreements now provide a tax allowance that can be offset against expenses incurred on meals during working time. Collective bargaining coverage was around 66% in 2007–2009 (European Commission, 2013a). In the aftermath of the Great Recession, falling coverage was accelerated – in some cases dramatically – in those countries where unemployment increased most, while it remained stable in others. The decline was most rapid in those countries where governments introduced structural reforms targeting collective bargaining.

Bargaining coverage continued to fall steadily in the EU as a whole during 2015–2018. Differences in patterns and developments in countries can be observed. Coverage rates are influenced by national institutional features such as the type of legal framework, the existence or not of extension mechanisms, articulation and rounds of negotiations, generally applicable (*erga omnes*) or binding effects, and wage-setting norms. In addition, collective bargaining may not automatically take on board recent developments in the economy, as collective agreements usually have a

Figure 4: Collective bargaining coverage rates by industrial democracy cluster, 2000, 2014 and 2018 (%)



Notes: Collective bargaining coverage rate refers to the adjusted bargaining (or union) coverage rate. *Or closest year for which data are available: AT data relate to 2013 not 2014; BE data relate to 2016 not 2018; BG data relate to 2002 not 2000, to 2013 not 2014 and to 2016 not 2018; CY data relate to 2016 not 2018; CZ data relate to 2016 not 2018; DK data relate to 2016 not 2018; EE data relate to 2003 not 2000 and to 2015 not 2014, data after 2015 are not available; EL data relate to 2002 not 2000 and to 2016 not 2018; ES data relate to 2017 not 2018; FI data relate to 2016 not 2018; FR data relate to 1997 not 2000 and to 2013 not 2014; human resources data relate to 2017 not 2018; HU data relate to 2017 not 2018; IE data relate to 2009 not 2014 and to 2017 not 2018; LT data relate to 2002 not 2000; LU data relate to 2011 not 2014 and to 2017 not 2018; LV data relate to 2001 not 2000 and data after 2014 are not available; MT data relate to 2002 not 2000, to 2008 not 2014 and to 2016 not 2018; NO data relate to 1998 not 2000 and to 2017 not 2018; PL data relate to 2015 not 2014, data after 2015 are not available; PT data relate to 2016 not 2018; RO data relate to 2016 not 2018; SE data relate to 2016 not 2018; SI data relate to 2016 not 2018; SK data relate to 2015 not 2014, data after 2015 are not available.

Source: Authors' own calculations based on ICTWSS 6.1

multiannual duration. Given this, it can prove hard to measure variations in the collective bargaining coverage rate on an annual basis, particularly as employment growth rates may also influence this variable.

Figure 4 shows collective bargaining coverage rates by industrial democracy cluster. While in the Nordic countries and in Austria, Belgium, France and Italy collective bargaining coverage remained stable or decreased only slightly, in Bulgaria, Germany and Ireland it continued to decline more steeply. In any case, comparative data over the short period observed, 2015–2018, can offer only a limited picture of recent developments. The next section, 'Trends and patterns in individual countries', provides more up-to-date information and statistics for some countries.

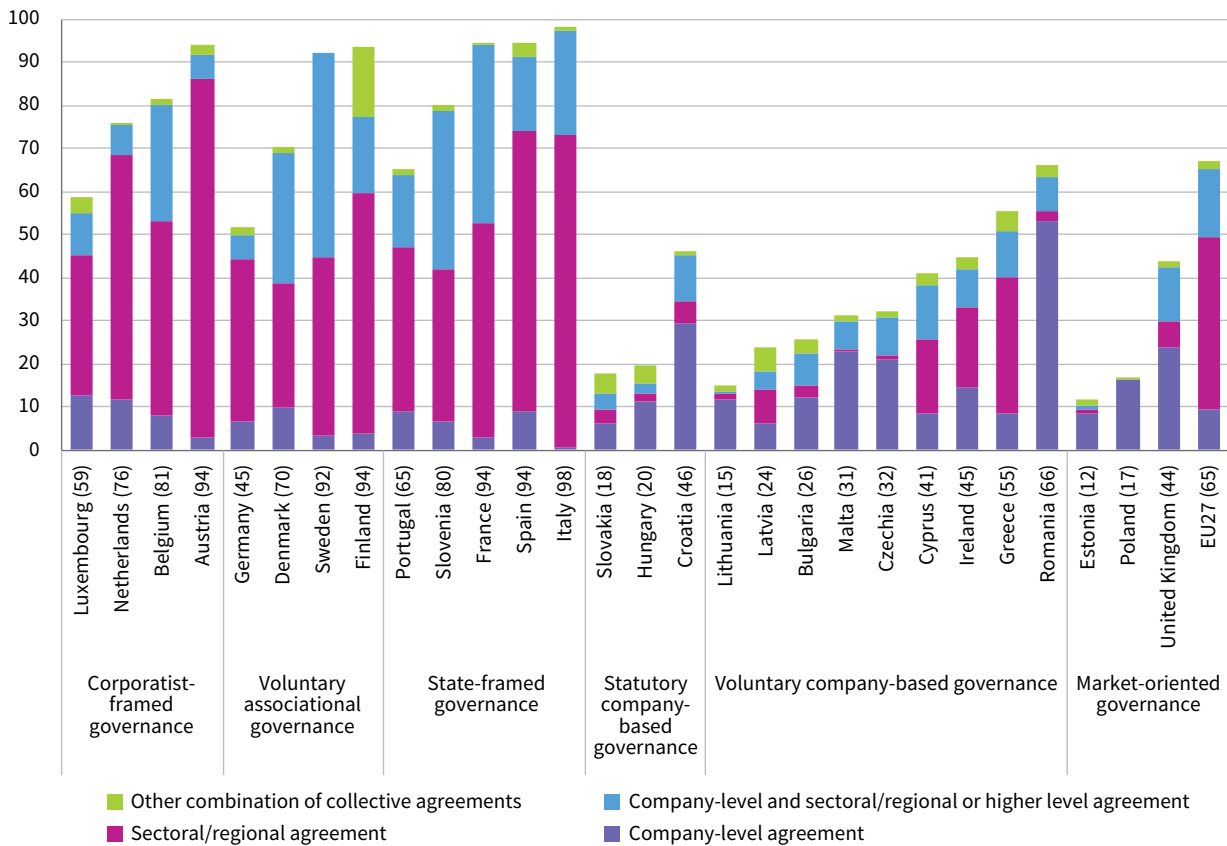
New and harmonised figures on collective wage bargaining agreements are available from the ECS 2019.

They relate to the private sector and only to establishments with more than 10 employees. In the survey, more than 21,000 management representatives were presented with a country-specific list of collective wage agreements and asked which of these applied in their company (multiple responses were possible; see Eurofound (2020i) for a description of the methodology and background). The survey therefore provides a unique view of patterns of bargaining coverage, as it makes it possible to identify cases of 'articulated bargaining' (where companies adhere to both a company-level and a higher-level collective agreement).

For the private sector, the survey findings confirm the relationship between sectoral (or higher-level) bargaining and collective bargaining coverage: countries that have no (substantial) sectoral bargaining in place also tend to have much lower collective wage bargaining coverage (Figure 5).¹¹ The results also clearly

11 See also Schnabel (2020), who finds that the bargaining level is a more important predictor of coverage than other factors, including sectoral change, globalisation or employees' attitudes towards unions.

Figure 5: Private sector collective bargaining coverage and patterns by industrial democracy cluster, 2019 (%)



Notes: The sample is made up of private sector establishments with more than 10 employees. A note of caution in relation to employee coverage: these figures are calculated based on the assumption that all employees in the establishment in question are covered by the reported wage agreement. In some cases, agreements may cover only parts of the workforce (for example, only union members or only specific occupations). Occupational agreements in several countries could not be disentangled into company-level and sectoral agreements and were for reporting purposes therefore classified as sectoral agreements; the prevalence of such agreements taken alone is (except in Finland) negligibly low.

Source: Authors' own estimates, based on the ECS 2019 management questionnaire

show the predominant role of sectoral bargaining in the corporatist-framed governance cluster, and its importance in the voluntary associational and state-framed governance clusters. In those last two clusters, there is also a notable amount of articulated bargaining between higher (sectoral and national) levels and company level, as a substantial share of managers in those countries reported that they were covered by both company-level and higher-level agreements. This indicates a shift towards the model of organised decentralisation (Traxler, 1995).

In the other three clusters, decentralised company-level bargaining tends to be the predominant or at least an important form of wage bargaining. The survey also found that Greece and Ireland had relatively high shares of sectoral bargaining agreements, which might point to a recovery of collective bargaining in these countries – but this first finding warrants further investigation.

Trends and patterns in individual countries

Voluntary associational governance cluster

Collective bargaining in the countries belonging to the voluntary associational governance cluster was remarkably stable, and no significant changes took place except in **Finland**, where a tendency towards decentralisation was confirmed. The 2014 and 2017 rounds of collective bargaining in the private sector in Denmark – bargaining in the public sector took place in 2015 and 2018 – confirmed the stability of the system. However, the negotiating rounds were influenced by the issue of ‘social dumping’ – a practice whereby migrant workers are paid far below the agreed minimum wage – which primarily takes place in the construction and transport sectors in **Denmark**. The employer organisations in these sectors deny concluding agreements about social dumping.

Box 15: Discussions about the wage norm in Sweden

Although most of the major parties involved in bargaining are in favour of the wage norm, it can be considered controversial in several respects. The wage norm is tied to manufacturing, which is a heavily male-dominated sector. Unions organising public sector workers, most of whom are women, have often criticised this, as – according to, for example, the Municipal Workers' Union (Kommunal) – it makes it much more difficult to close the intersectoral wage gaps. In fact, having remained stable since the 1980s, collective bargaining has broken down twice in recent years, in 2016 and 2019. Both times, Kommunal chose to leave wage negotiations after internal disagreements on how to tackle the wage gap between male-dominated and female-dominated sectors. Furthermore, the Swedish Paper Workers' Union (Pappers) also chose to leave negotiations in 2019, but for a different reason. The trade union stated that, because the paper sector was doing so well, the wage norm meant that the wages of paper workers were being unfairly held back.

Wage bargaining in **Sweden** takes place at sectoral and local levels. With a stable coverage rate of about 90%, there are currently 670 collective bargaining agreements on the Swedish labour market. There is no principle of general applicability, but extensions to unorganised employers can be made on a voluntary basis. The Cooperation Agreement on Industrial Development and Wage Formation, which covers both blue-collar and white-collar unions in the manufacturing industry, sets the standard for pay increases under other sectoral agreements. The wage norm is not regulated in law and the influence of the wage norm is stronger in companies with collective bargaining agreements than in those without (Box 15).

In **Germany**, since the middle of the 2010s wage increases have been moderate compared with the relatively high increases during the first half of the decade. In the manufacturing industries, work quality and working time aspects gained in importance compared with wage demands. Collective agreements in the metal sector, in the chemicals sector and the railway sector – to name only the most important – enabled workers to choose between a wage increase on the one hand and reduced working hours or extra leave on the other. Employers gained opportunities to extend or reduce working hours for some of their staff. The decline in collective agreement coverage has continued. In western Germany, the share of establishments with sectoral collective agreements decreased from 31% (2014) to 25% (2018); in eastern Germany, it remained

stable, at a low 28%. Company-level agreements were applied by 2% of establishments. The establishment panel data highlight a growing gap in coverage between workers in manufacturing and in the services sector (Ellguth and Kohaut, 2019) (Box 16).

Corporatist-framed governance cluster

Austria's well-established social partnership is to a great extent due to statutory membership of employers in the Federal Economic Chamber (Wirtschaftskammer Österreich, WKO) and of the employees in the Chamber of Labour (Arbeiterkammer, AK), which translates into an exceptionally high collective bargaining coverage rate of over 95%. This statutory membership was strongly questioned by the conservative/right-wing government in power between late 2017 and mid-2019. Sectoral level is by far the most important level for collective bargaining in Austria. Besides wage setting, the most prominent topic for bipartite social dialogue has been working time, even though collective agreements are continually expanded into areas that they did not previously cover, for example work-life balance.

Collective bargaining in **Luxembourg** takes place at sectoral and company levels. Collective agreements at company level must be negotiated by one of the nationally representative trade unions, the Independent Luxembourg Trade Union Confederation (Onafhängege Gewerkschaftsbond Lëtzebuerg, OGBL) or the Luxembourg Confederation of Christian Trade Unions

Box 16: Different collective bargaining worlds in Germany

The significant wage gap between the manufacturing and the private services sectors has been a major cause of concern in Germany. Some authors detect at least two worlds of trade unionism (Dribbusch et al, 2018; Hassel and Schröder, 2018): the world of the large manufacturing unions, with by and large stable and well-developed relations with employer organisations, and the world of services sector unions, which often lack sectoral bargaining partners and have problems reaching any agreements at all. The gap has a strong gender dimension, as the manufacturing industries are male dominated, while many occupations in the services sector are female dominated.

(Lëtzebuerger Chrëschtleche Gewerkschaftsbond, LCGB); at sectoral level they may also be negotiated by a trade union having sectoral representativeness (for example, the Luxembourg Association of Banking and Insurance Employees, ALEBA). The existing sectoral collective agreements are mostly either well established, for instance in the banking sector, or the product of a shared interest between employers and trade unions in cutting out competition over wages, such as in the security and hospital sectors. The Ministry of Labour, Employment and the Social and Solidarity Economy can render collective agreements compulsory for a given sector through a declaration of general interest. As a rule, in recent years trade union bargaining power seems to have been strongest in public services and the public sector.

State-framed governance cluster

Collective bargaining in this cluster was subject to the decisive influence of – mostly unilateral – intervention by governments, illustrating as seldom in the past the limited autonomy of the social partners. Social partners in **France**, **Greece** and **Portugal** were left aside while dramatic regulatory reforms altered collective bargaining processes, mainly by decentralising them. Political instability and changes in governments and their ideological orientation marked this period, including in **Italy**, where the debate focused on the ‘second level’ of industry bargaining.

After lengthy discussions and much campaigning by the trade unions, a significant labour law reform covering working time, social dialogue and redundancy was adopted in 2016 in **France**. The reform included new rules on working time that came into force on January 2017. These rules established the precedence of company-level agreements over agreements at branch level and formed part of an extensive revision of the Labour Code aimed at giving priority to the former (Box 17). Instead of setting minimum standards that can

be improved only by sectoral or company-level agreements, the new law contains very few guarantees, while allowing exceptions to be introduced by sectoral or company-level agreements. The reform also changed the rules on the conclusion of company-level agreements. To be valid, an agreement on working time, rest periods and leave must be signed by trade unions representing more than 50% of the vote at the last elections at company level. In the absence of a majority, minority trade unions may request a referendum on the agreement.

In recent years in **Italy**, one of the most important trends in collective bargaining has been a proliferation in industry-wide agreements signed by organisations of uncertain representativeness. A report by the National Council for Economics and Labour (Consiglio Nazionale dell’Economia e del Lavoro, CNEL) indicates that 885 active sectoral agreements were in force in June 2019, compared with around 400 in 2008 and about 700 reported by the CNEL in March 2015. These new agreements may offer lower levels of protection – they are commonly termed ‘pirate collective agreements’ in the public debate – since they may undercut the terms and conditions set in the agreements signed by the major and established employer and trade union organisations. In this context, there is growing support for comprehensive regulation of representation and representativeness that covers both sides of industry.

Since 2014, bargaining dynamics in **Portugal** have started to improve in quantitative terms (the number of agreements signed and coverage rates), although without attaining pre-financial crisis levels. The percentage of collective agreements (renewed and new) signed annually – which had declined dramatically in 2013 and 2014 to levels below 10.0% – started to recover, reaching 36.6% between 2014 and 2018, but remained below the average rate of around 50.0% observed before the financial crisis (Campos Lima, 2019).

Box 17: Trend towards decentralisation in collective bargaining in France

Following the creation of the new government in 2017, parliament passed a law that authorised it to make changes to the Labour Code by ordinance, without the need for lengthy parliamentary debate.

As in the case of the working time regulation, the ordinance lists specific topics (such as minimum wages) on which sectoral agreements continue to prevail. It then includes a limited list of topics in relation to which it depends on the agreement in question whether or not the ordinance prevails over company-level agreements, while stating that sectoral agreements apply only in the absence of company-level agreements, except in relation to the topics previously specified.

The reform also facilitates the conclusion of company-level agreements. For instance, it made it easier to initiate a referendum on agreements signed by unions for which only 30% of workers voted at the last workplace election. This allows all workers to have a say, as well as giving small unions the opportunity to participate in negotiations. It also made it easier to negotiate a collective agreement in the absence of a union representative, mainly in companies with fewer than 50 employees.

In the private sector and in publicly owned companies, new rules in 2017 on the extension of agreements favoured the dynamics of bargaining coverage. They set new criteria for promoting inclusiveness and equality, in line with the constitutional principle of ‘equal pay for equal work’. In addition, a bipartite agreement – forming part of the 2017 tripartite commitment – between trade union and employer confederations committing their members to temporarily suspend any use of unilateral requests for the expiration of agreements certainly played a role in empowering collective bargaining actors (Martins, 2019).

In **Slovenia**, the amendments to the Employment Relationship Act in 2013 allowed derogation from statutory rules in collective agreements in respect of minimum notice period, seniority pay, severance pay on retirement and quotas for agency workers. The overall outcome was greater decentralisation of collective bargaining. However, a new sort of derogation, adopted on the proposal of trade unions and establishing that a ‘sectoral collective agreement may regulate the rights and obligations that have not yet been regulated by an act, only for members of the contracting parties’ (Article 224 of the Labour Relations Act), may make sectoral collective agreements more attractive to employer organisations and trade unions alike if it is pursued.

By contrast, collective bargaining in **Spain** during this period was marked by stability and by the legacy of the financial crisis. Collective bargaining gradually recovered in a context of the general recovery of economic activity and of the labour market, although coverage remained below the peak reached in 2008. By giving pre-eminence to company-level collective agreements, the 2012 reform opened the door to an increase in their use as mechanisms to opt out of sectoral agreements, as well as reinforced the unilateral application of internal flexibility measures (mostly affecting wages) by employers. This was reflected in the appearance of a relatively high number of new bargaining units, largely companies that were signing a collective agreement for the first time. Despite these changes, the structure of collective bargaining remained relatively stable, with no clear trend towards decentralisation detectable. Multiemployer bargaining continues to be by far the most important instrument for collective bargaining. Moreover, the recent increase in the total number of workers covered is the result of an increase in multiemployer bargaining, with company-level agreements affecting a decreasing number of workers. This may relate to the fact that, although the number of companies signing their own collective agreements has increased, the average size of companies signing new agreements is getting smaller; companies that already had their own collective agreements tended to be larger.

Statutory company-based governance cluster

Collective bargaining patterns in **Croatia** did not substantially change during 2015–2019. One exception is the retail industry, where there was a shift from multilevel bargaining to decentralised company-level bargaining. This was because the sectoral collective agreement that applied to all employers and employees in the retail sector expired, and, consequently, retail workers were no longer covered.

In **Hungary**, an amendment to the Labour Code in 2014, while providing workers with the right to bargain in all workplaces where at least 10% of the workforce is represented by a union, restricted the number of agreements to one per workplace. This means that if one trade union concludes an agreement with an employer it excludes other trade unions from establishing agreements, even those representing a larger proportion of the workforce. The fact that only signatory parties can modify an existing agreement also restricts newly formed trade unions. In addition, in large companies the 10% threshold means that a demerger of trade unions or a rising turnover of employees could result in a loss of bargaining rights (Laki et al, 2013).

Voluntary company-based governance cluster

The trend towards collective bargaining decentralisation in **Bulgaria** has further accelerated in recent years due to a lack of employer organisations in some sectors. Most collective bargaining continues to take place at company level; this is not new, but it was nonetheless striking that in 2018 only one sectoral collective agreement was extended (covering the brewery industry).

Collective bargaining in **Cyprus** during the reporting period had two distinct phases. In the first, covering 2014 and 2015, collective bargaining was subject to the immediate impact of the financial and economic crisis; the second phase, covering 2016–2019, was characterised by the economy returning to high growth rates. As a result of the signature of the three-year memorandum of understanding, trade unions, faced with steeply decreasing membership and significant weakening of their negotiating power, opted for a ‘life-saving’ strategy in relation to collective agreements and collective bargaining in general. This was based on conducting coordinated negotiations with employers at company level, resulting in time-limited derogations from various provisions of collective agreements, such as pay, working time or overtime remuneration. During the second phase, trade unions transitioned to an assertive strategy, aiming at the reinstatement of pre-crisis pay and benefits levels through the renewal of collective agreements. The most significant collective bargaining outcomes in this period were restoration of pay in the broader public sector and path-breaking collective agreements in the hotel and construction industries.

The collective bargaining system in **Greece** underwent substantial modifications in the period observed, during which different governments introduced contradictory legislation. The extension mechanism for sectoral collective agreements and the favourability clause were re-established in 2018, having been suspended in 2011. Following this reinstatement, if the member companies of a sectoral employer organisation that signs an agreement employ at least 51% of employees in the sector in question, the agreement becomes obligatory for the whole sector. By the end of 2018, 10 existing national sectoral collective agreements had been declared compulsory for all employers, affecting approximately 191,000 employees and some major sectors such as banks, hotels, travel agencies and shipping companies.

In **Ireland**, the details and character of public sector agreements reflected the pace of Ireland's economic recovery. In the private sector, the period 2014–2019 was marked by an informal system of 'pattern' or local bargaining, restoring normality to wage setting that had been frozen during the financial crisis. Two public service agreements were negotiated between the government and public service unions affiliated to the Irish Congress of Trade Unions. The first of these, the Lansdowne Road Agreement, 2015–2017, involved partial pay restoration; it was followed by the Public Services Stability Agreement in 2018–2020. In the unionised private sector, pay bargaining continued on a company-by-company basis, with average wage settlements resulting in increases moving from around 2% to close to 3% over the period.

In **Latvia**, new practices were introduced in company-level and sectoral bargaining. In essence, these were aimed at connecting collective agreements with certain economic benefits or with economic processes in the country. At company level, companies were given tax allowances to cover expenses payments for meals that were provided for in collective agreements. At sectoral level, collective agreements were used to increase financial discipline and raise salaries, for example, in the construction sector, where a memorandum on tackling the shadow economy and undeclared work was concluded in 2016. In 2019, a collective agreement was signed by the Partnership of Latvian Constructors (Latvijas Būvuzņēmēju partnerības) and a trade union in the construction sector on minimum wages. These developments encouraged first the public catering sector and later the hospitality sector to develop sectoral collective agreements.

In **Lithuania**, the period was marked by the signing of the first real salaries-related national and sectoral collective agreements: a national agreement on reforms necessary for the country's progress was signed in 2017 and two public sector salaries-related collective agreements were signed in 2018 and 2019. During this period, about 10 sectoral and subsectoral collective agreements were also signed, although remuneration issues were covered only by some of them. The National Collective Agreement on the Basic Amount of Official Salaries (2018) is applied in the calculation of salaries for all civil servants, employees of state and municipal budgetary institutions, state officials, judges, soldiers and state politicians. The second national agreement providing for wage increases in the public sector (2019) was signed by the government and 15 trade unions, covering 286,000 employees, whose wages were to be increased in 2020.

The most significant development in collective bargaining in **Malta** during the relevant period took place in 2018, when a collective agreement was signed between the government and the two trade unions, namely the Malta Police Association and the Police Officers Union. This agreement could be considered historic, because it was the first signed by trade union officials representing the police.

In **Romania**, social dialogue has been characterised by low collective bargaining coverage. Collective bargaining at company level declined between 2014 and 2016. After 2016, it started to recover: in 2018, the number of collective agreements concluded at company level exceeded 10,000 for the first time since 2008. The vast majority of collective agreements (85% in 2017) are concluded by employee representatives and not by representative trade unions (Stoiciu, 2019). Sectoral collective bargaining is exceptional and limited to the public sector. Only four sectoral collective agreements were concluded between 2014 and 2019, in education and healthcare. This contrasts with the situation in 2010, when eight sectoral collective agreements were concluded (Eurofound, 2019e).¹² Multiemployer collective bargaining is also rare: the average annual number of multiemployer collective agreements signed between 2014 and 2016 was 6, with a peak of 12 reached in 2017.

In **Slovakia**, legislation from the 1990s allowed the extension of multiemployer collective agreements to companies performing similar activities (by NACE section) without the consent of the employer concerned. The Constitutional Court of the Slovak Republic topped this form of extension in 2016 and

¹² Before 2011, a mechanism was in place to extend collective agreements to companies that were not affiliated to the signatory federation. In 2011, new legislation (Law 62/2011) came into effect that removed that mechanism. After the 2011 legislative change, fewer sectoral collective agreements have been concluded.

new rules for extensions were approved by the parliament in June 2017. Extension is still possible without the consent of the employer concerned, but only what are commonly referred to as ‘representative collective agreements’ can be extended. These must cover more employees in the sector than other multiemployer collective agreements concluded in the sector and a trade union must be present in at least 30% of companies in the sector. Such agreements are compulsory for other employers in the sector in question as defined by NACE. Several multiemployer collective agreements were extended in 2018 and 2019, for example, in the construction and mechanical engineering sectors and the electrical industry. Since 2018, further legislation has allowed the conclusion of multiemployer collective agreements covering more than one year in the civil service and public services. This follows the pattern in the private sector, where collective agreements are usually concluded for two or more years and are updated by annexes. This contributes to more stable industrial relations in sectors and related companies.

Market-oriented governance cluster

There was hardly any change in the collective bargaining system in the period under review in **Estonia**. The most significant development was the 2017 agreement reached on a specific methodology for calculating increases to the national minimum wage. A further mechanism for extending collective agreements was introduced in 2018.

In **Poland**, there has been a steady decline in collective bargaining (Czarzasty, 2019). While collective agreements have been concluded in a few sectors, the dominant form of wage and working conditions regulation relies on company agreements, concluded primarily in the public sector and state-owned companies as well as in a few sectors (such as financial services, the automotive industry, processing and food industry). A failed attempt at major reform to the Labour Code coupled with a trend towards the government unilaterally setting the national minimum wage at a level exceeding the unions’ expectations puts the future of collective bargaining in question. With the demise of collective agreements, the only path remaining for the moment is the development of pay regulation at workplace level.

There were no significant changes in collective bargaining in the **UK**. The dominant levels for the setting of pay and working time are the company or plant levels in the private sector. There are no national intersectoral agreements. Collective agreements are voluntary instruments that are ‘binding in honour only’. However, the terms of collective agreements are normally incorporated into individual contracts of employment, which are then legally enforceable. In areas of the public sector – and in a small section of the

private sector – sectoral agreements are concluded. In some parts of the public sector, pay levels are determined by pay review bodies, which recommend levels to the government. Typically, the government accepts these recommendations. In 2015, the coverage rate of collective agreements was 28%. There is a large discrepancy between figures for the public and private sectors, with collective bargaining covering 61% of public sector employees in 2015, compared with 16% for the private sector. Clark (2019) reports that the percentages of employees whose pay and conditions were agreed in negotiations between the employer and a trade union in 2018 were 59% in the public sector and 15% in the private sector.

Developments in tripartite social dialogue

Social dialogue, both bipartite and tripartite, and the involvement of the social partners in national-level policymaking may take place in different forms and vary over time, depending on national features and traditions. The specific economic context in which these industrial relations processes take place is also important. During the period covered, with consistent economic and employment growth after the shock caused by the financial crisis, the aims and strategies of the actors involved certainly differed, particularly at the very beginning. While the trade unions looked to restore pay and working conditions to pre-crisis levels, employer organisations proposed wage moderation to maintain global competitiveness.

Bipartite agreements on wage-setting mechanisms are relevant in most Nordic countries (in Denmark, Sweden and Norway) for the wage structure in the economy, although there has been debate on the sustainability of centralised setting of wage norms. In a number of countries that have established statutory minimum wages, tripartite (or less often bipartite) social dialogue plays an important role in the setting of minimum wage levels; Germany is the most recent example of a country introducing a statutory minimum wage, and Cyprus and Italy are currently debating such a move (Eurofound, 2020j).

Overall, tripartite social dialogue has taken place in most of the EU countries over the period analysed, which indicates the relatively good health of social dialogue, the labour market, welfare and the economy in most Member States. However, some Member States have reported either poor practices or the decreasing involvement of the social partners in policymaking because of changes in government attitudes. Countries such as Hungary, Poland and Romania, and sporadically Greece, have been under the influence of persistent governmental unilateralism in policymaking (Eurofound, 2020h).

Box 18: Controversial relations between the government and trade unions in Finland

The 2015–2019 period was characterised by certain distancing from the traditional tripartite consensus model of social dialogue. At the beginning of the period, the government put pressure on the social partners to agree to a ‘social contract’ to improve the country’s competitiveness, which was finally signed by the national social partners in June 2016. It covered the majority of the workforce and introduced major changes – for example a wage freeze for 2017 and an annual working time extension of 24 hours without additional compensation – that were implemented through sectoral collective agreements. The contract was difficult for the trade unions to accept, as it disproportionately affected many low-paid, often female-dominated, sectors.

The new government led by the Social Democratic Party declared in June 2019 that all labour market reforms would be drafted through consensus and tripartite cooperation.

In the countries belonging to the voluntary associational and the corporatist-framed clusters, social partners are consulted extensively on matters related to working life, employment and social policy, and social dialogue has been stable, except – to some extent – in **Finland** (Box 18). In these countries, there are no permanent tripartite institutions to negotiate wages and working conditions.

After the financial and economic crisis, tripartite discussions and negotiations considerably increased in **Denmark** during 2015–2019. Some innovations in the process of involvement took place. The discussions on the unemployment reform (2015) involved for the first time the participation of experts side by side with social partner confederations. In 2016, the government took a new approach, inviting the social partners to negotiations divided into three phases, as an alternative to the traditional either single-issue or multi-issue negotiations. Finally, in 2018, the parliament passed a new working environment reform after prior negotiations with social partner confederations. Among the significant innovations was a special consolidated act on the psychosocial working environment. This

issue had been at the top of the agenda of the trade union confederations for some time, and the initiative was warmly welcomed.

During 2014–2019, the social partners in **Sweden** were involved in and in favour of a key reform to the pension system. Nevertheless, probably the most important development in national industrial relations has been the long-running dispute in the Port of Gothenburg and the subsequent agreement on new strike regulations in June 2018 (Box 19). According to the agreement, workers are not allowed to strike if they are employed by employers who have already signed a collective agreement and if the objective of the strike is other than persuading the employer to sign a collective agreement. If the purpose of the strike is not clear, the Swedish Labour Court can make a ruling based on how the negotiations have been handled and whether the organisations are usually inclined to favour collective agreements. The background to the deal was a warning from the government that if the conflict could not be resolved by the usual means a legislative solution would need to be found. Several social partner representatives – unions as well as employers – have compared the

Box 19: Port of Gothenburg dispute in Sweden

Swedish social partners are bound by a peace obligation regulated both in law and in collective agreements, meaning that once a collective agreement is in place industrial action may not be taken by one contracting party against another. However, problems can arise if two trade unions aim to organise the same group of workers, but the employer views only one of them as a legitimate bargaining party. For this reason, the Port of Gothenburg has been at the centre of a labour dispute between management and trade unions since 2016. The dispute first arose when the Swedish Dockworkers’ Union (SDU) demanded its own collective bargaining agreement with site owner APM Terminals, despite an agreement already being in place with the competing Swedish Transport Workers’ Union (Transport).

After years of industrial action and failed negotiations, APM Terminals warned of an extensive lockout in February and early March 2019. The SDU sent a conflict notice in response, stating that if no resolution had been reached by 6 March around 1,000 workers were prepared to go on strike. Hours before the start of the planned strike, a compromise was reached. The SDU was granted a collective bargaining agreement with APM Terminals, although this agreement was to be of secondary importance to the existing agreement between APM Terminals and Transport. In practice, this means that the SDU will be entitled to represent its members in court and conduct work safety rounds but will not be able to make its own amendments to the pre-existing agreement.

significance of this deal to that of the Saltsjöbaden Agreement, the labour market treaty signed by the social partners in 1938, which formed the basis of the current bipartite bargaining system and general principles for conflict resolution known as the ‘Swedish model’. However, the deal has also received criticism for opening the door to what are referred to as yellow unions – unions dominated or influenced by employers.

Social corporatist-framed model

In **Austria**, with the conservative/right-wing government coalition in office since late 2017, the well-established tripartite social dialogue was under strain. Even the relationship between the social partners deteriorated during this period. The social partners’ annual summits (the Bad Ischler Dialoge, which had been taking place since 2006), in which annually changing topics of major national relevance are discussed and reform measures presented to the government, have been suspended since 2017.

In **Belgium**, the bipartite dialogue remained overall very stable, with the main source of change being the tripartite dynamic and the role of the state and the political process. The May 2014 elections brought to power a centre-right government more sceptical of the role of social dialogue, and with a strong focus on austerity measures and reforms to increase cost-competitiveness. The measures adopted sparked discussions and trade union protests. As a result, tripartite policy concertation became increasingly strained in the period observed, being reduced to social dialogue about policy implementation issues (Van Gyes, 2017).

State-framed governance cluster

Uncertainty has predominated in the political landscape in **Italy** in recent years. This has resulted in unilateral governmental action, and tripartite social dialogue remained relatively weak during 2014–2019. The Job Act’s provisions in the field of labour market regulation and unemployment benefits were introduced by the Renzi government (2014–2016) without consultation

with the social partners. The provisions concerned a substantial reduction in the possibility of reinstatement in cases of unlawful individual dismissal for those hired on open-ended contracts after 7 March 2015, such reinstatement having been a hot issue in union–government relations since the early 2000s. The Gentiloni government (2018–2018) reintroduced some forms of consultation, for instance, on the regulation of certain aspects of the pension system. However, the first Conte government (2018–2019), during the short-lived coalition between populist parties the League and the Five Star Movement, did not engage in any substantial concertation. With the change in majority in September 2019, the coalition government reaffirmed the importance of the involvement of social partners in policymaking. There has also been an ongoing discussion about introducing a legal minimum wage (Box 20).

Voluntary company-based cluster

In **Bulgaria**, in late 2015 the government adopted amendments to the Labour Code. An interesting development for bipartite dialogue is a new provision that entitles social partners to conclude agreements related to amendments to labour and social legislation when (1) the agreement was concluded at their request after consideration by the state and (2) the state has proposed the agreement.

The very favourable economic situation and the record low unemployment rate in **Czechia** were also reflected in social dialogue. The informal agreement between the government and the social partners on an amendment to the Labour Code, which was signed 14 October 2019, is the first agreement of its kind to be concluded in the country. The signing of this agreement provides evidence of a functional social dialogue system and the willingness of the social partners to compromise.

Similar to the developments in collective bargaining in the country, tripartite social dialogue in **Cyprus** during the period covered should be considered in two distinct phases. In the first, 2014–2015, social dialogue was barely present, while the government preferred to push

Box 20: Debate on the statutory minimum wage in Italy

The debate over the possible introduction of a legal minimum wage has gained momentum. A draft bill to introduce a legal minimum wage was presented in the Senate of the Republic in spring 2019. After that, more proposals were presented, by different parliamentary groups. The political debate has centred on how the measure should be devised and on the relationship between the legal minimum wage and collective bargaining. Established jurisprudence based on Article 36 of the Italian Constitution, which includes the principle of a fair wage, has identified the minimum wage rates set by industry-wide agreements as the proper reference point for assessing the appropriateness of actual individual pay.

The proposals to introduce a legal minimum wage aim to preserve the wage primacy of collective agreements by confirming their role in setting minimum rates and by adding a legal minimum rate for those not covered by collective bargaining or setting a minimum floor that also covers collective rates.

forward its policies alone. The memorandum of understanding signed in 2013, with amendments in 2014–2015, has never been subjected to any kind of social dialogue. The introduction of the guaranteed minimum income scheme in 2014 was also done without proper social dialogue consultation. In the second phase, 2016–2019, the government proposed initiatives and reached agreements on the reinstatement of the cost of living allowance and the introduction of the General Health System. The return of the government to tripartite cooperation was accompanied by various conflicts, among them the disputes over the establishment of a school's inspection authority and the employment terms and conditions of teachers in primary and secondary public education, which led to mass demonstrations in 2018. Other significant developments during the reporting period include the triggering in 2018 of a debate over the introduction of a statutory national minimum wage.

In **Greece**, despite efforts to strengthen social dialogue on individual issues, the tough climate created by the radical changes imposed by the country's rescue and financial support agreements continued. Good practices comprised actions and legislation to combat undeclared work, which were the product of an institutionalised dialogue between the government and the social partners under the auspices of the ILO; the upgrading of the labour inspectorate; and the strengthening of institutionalised procedures for the settlement of collective disputes between employers and employees. Since October 2019, changes introduced by the new government to sectoral collective agreements and arbitration have occurred without substantial consultation, undermining efforts to consolidate a meaningful social dialogue. There has also been a significant decline in the role of the most important social dialogue institution, the Economic and Social Council.

The tripartite social dialogue forum in **Hungary** is the VKF, where a six-year wage agreement was introduced in 2016. The agreement prescribed a substantial two-digit percentage increase in the minimum wage, a guaranteed wage minimum (for skilled workers) and a corresponding reduction in the tax burden on employers. It resulted in significant wage increases prior to the election of 2018. In late 2018, the re-elected Hungarian government initiated an amendment to the Labour Code to extend the reference periods for working time set by collective agreements from 12 to 36 months. Simultaneously, the maximum overtime hours that can be ordered by the employer in a given calendar year increased from 250 to 400 hours (this is referred to as 'the overtime law'). Despite sharp criticism from the social partners, neither parliamentary discussions nor social dialogue have taken place on the issue (Eurofound, 2019f). In 2018, the government initiated other crucial changes without the meaningful

involvement of the social partners, such as eliminating major elements of the 'cafeteria' (fringe benefits) system, and making amendments to the Labour Code and the Act on the Legal Status of Public Servants regarding working time and overtime regulations (at the expense of the employee).

The new Labour Code valid since 1 July 2017 in **Lithuania** introduced new rules on the establishment and operation of the main national tripartite institution, the Tripartite Council. At the beginning of 2019, a draft law on the promotion of social dialogue, prepared by a working group set up at the Ministry of Social Security and Labour, was discussed by the social partners at the Tripartite Council and by members of parliament. The draft law was designed to promote higher-level collective bargaining. It provides for a number of state aid mechanisms to assist in dealing with difficulties or uncertainties in higher-level collective bargaining. The draft law also provides for a certain mediation mechanism that would be activated to assist with problem-solving in collective bargaining or when expert assistance is needed. Social partners, politicians and policymakers discussed the draft further; however, by the end of 2019 a final decision had not been taken and the law had not been adopted.

The tripartite Malta Council for Economic and Social Development (MCESD), the social dialogue institution in **Malta**, has become much more actively involved in employment-related issues. An agreement was reached in 2017 among the MCESD's members on an increase in the minimum wage, which ultimately led to a mandatory €6 weekly increase, staggered over 2018 and 2019. A Low Wage Commission was set up, with equal representation of trade unions and employer organisations.

In **Ireland**, to make up for the deficit in both bipartite and tripartite social dialogue processes during the recession, the government started in 2015 a number of initiatives aimed at increasing the involvement of social partners in EU policymaking and law-making and clarifying the relation between social partners' agreements and the better regulation agenda (Box 21).

Since 2014, social dialogue in **Romania** has been characterised by weak institutions. Most social dialogue takes place formally, within the Economic and Social Council, the National Tripartite Council for Social Dialogue and the social dialogue committees. However, despite the legal framework that is in place, the relevance of these institutions has reduced. The poor quality of social dialogue at national level has undermined the role of national trade union and employer organisations. Although the membership of the main unions and employer organisations declined only marginally between 2014 and 2019, their capacity to influence policies affecting the labour market deteriorated.

Box 21: Reframing social dialogue institutions in Ireland

In addition to the WRC established in 2015, the government established the National Economic Dialogue (NED) in 2015 and the Labour Employer Economic Forum (LEEF) in 2016. The NED takes place over two days in midsummer. Representatives of community, voluntary and environmental groups, as well as business, unions, research institutes and the academic community, attend. The Select Committee on Budgetary Oversight represents the Oireachtas (Irish parliament) through its members' attendance and participation in the event. The aim is to foster discussion on how best to sustain and strengthen the recovery. The LEEF brings together representatives of employers and trade unions with government ministers to exchange views on economic and employment issues as they affect the labour market, and which are of mutual concern. The LEEF meets quarterly, with the Taoiseach (Prime Minister) chairing the first meeting each year. Importantly, Brexit has been a standing agenda item.

Despite this marginal role in shaping economic and labour market policies, industrial relations were marked by some positive developments, although tensions remained. Spontaneous, unauthorised worker protests have occurred in recent years (Stoiciu, 2018), most not even organised by trade unions and sometimes in open opposition to the company-level trade union leadership as well as the company's management. This may certainly be – as the trade unions consistently claim – a consequence of the 2011 reform, but it also suggests a possible decline in trade unions' legitimacy and an increasing gap between the union leadership and the workers.

Market-oriented governance cluster

The main development in industrial relations in **Poland** during 2015–2019 has been the growing influence of political factors combined with a substantial increase in government unilateralism. The government in place since 2015 has been pressing towards centralisation and state intervention in the management of administration and industrial relations. The result, which has been observable since approximately 2016, is the marginalisation of social dialogue, which is driven by various motives. After the breakdown of the former central tripartite body, as all the trade unions left the Tripartite Commission for Social and Economic Affairs in 2013, the deadlock in social dialogue continued until the relaunch of tripartism in 2015. Despite formal empowerment of a new central social dialogue body (with the establishment of the RDS), there has been a steady trend of marginalising tripartite negotiations. Initially, the RDS was quite active, but as time went on the government began to distance itself from tripartite negotiations. For example, virtually no tripartite resolutions have been agreed in the RDS, apart from ones on merely formal issues. There is also only limited social partner activity in autonomous dialogue, for at least two reasons: first, the low level of organisation of both employers and employees, which limits their strength and representativeness in such negotiations; and, second, some fundamental issues are regulated

already, especially in the Labour Code. A positive exception in this respect was the negotiation in 2019 of an autonomous agreement on active ageing by the labour law team of the RDS. However, due to problems associated with the COVID-19 pandemic, the agreement was signed by the partners only in 2020.

The most significant development in **Estonia** was the re-establishment of national-level tripartite social dialogue between the government and social partners in 2018. Joint meetings take place two to three times per year to discuss topics relevant to labour and social policy. The parties can propose the topics that are most important for them. The topics covered so far include, for example, the development of workplace democracy, issues relating to social taxes and the foreign workforce, the unemployment insurance system, the pension system, the gender pay gap, and health and safety in the workplace. Regarding bipartite social dialogue, an important joint agreement concerning telework was signed by the social partners in 2017 (around 20% of people worked remotely before the COVID-19 health crisis), setting some standards and promoting good practice. It also implemented the European-level social partners' framework agreement on teleworking made in 2002. It was followed by an agreement between the Ministry of Finance and the Trade Union of State and Municipal Agency Employees (Riigi Ja Omavalitsusasutuste Töötajate Ametiühingute Liit, ROTAL), making it a good example of how social partners' initiatives are helping to regulate working conditions through collective agreements and soft law, which has rarely happened before in Estonia.

The **UK's** exit from the EU, unsurprisingly, dominated government efforts, attention and resources after the referendum in 2016. This had major implications for social dialogue practices and the involvement of the social partners. Interestingly, Brexit improved cooperation on bipartite social dialogue, resulting in, for example, several joint statements from the TUC and the Confederation of British Industry, such joint statements being unusual in the UK.

Main findings and policy pointers

According to the national reports produced by the Network of Eurofound Correspondents, the period 2015–2019 was characterised by the following developments in industrial relations.

- Many Member States showed a high degree of stability in their institutional industrial relations frameworks: this was the case in the corporatist-framed cluster and most of the voluntary associational governance countries, as well as in some of the Baltic countries. There was also some consolidation of tripartite social dialogue, for example, in Estonia. In other countries, such as Slovenia, there was a more limited degree of consolidation, with social partners managing to preserve institutional socioeconomic settings.
- The growth of the platform economy led to an increase in the number of platform workers, with widely varying contractual arrangements: organising these workers has become a priority for trade unions, although they represent only a small proportion of total employment. These new business models present severe challenges to the traditional forms of representation, with far-reaching implications for industrial relations.
- Organisational changes in the structure of the social partners were frequent, most of them linked to changes in the economy or responding to reforms imposed on regulatory social dialogue frameworks. Mergers to increase size, efficiency, coherence and centralisation were common, particularly on the trade union side. Structural changes in social dialogue institutions were significant, although less frequent than reorganisation among the social partners.
- Trade unions continued to struggle with a long-term decline in membership numbers. While there is no single Member State in which trade union density has increased, the scarce data on employer organisations suggest mainly stability in terms of organisational density.
- Collective wage bargaining coverage continued to decline in the EU as a whole. Different patterns can be observed, depending on the national industrial relations and legal frameworks: on the positive side, collective bargaining in the countries of both the corporatist-framed governance cluster (Austria, Belgium, Luxembourg and the Netherlands) and the voluntary associational governance cluster (Denmark, Finland and Sweden, with Germany the only exception) displayed a remarkable stability.
- Data from the ECS 2019 confirm the relationship between sectoral (or higher-level) bargaining and the degree of collective bargaining coverage. Countries that have no (substantial) sectoral bargaining in place also tend to have much lower collective wage bargaining coverage. The survey findings also showed that many countries in the voluntary associational and state-framed governance clusters had already moved further towards organised decentralisation of bargaining, with companies covered by both company-level and higher-level collective wage agreements.

5 Social dialogue and employee participation in companies

Workplace employee representation: Survey background

Workplace-level social dialogue can extend democracy to workplaces, serve as a counterweight to power imbalances, and originate from the economic decisions of firms and workers (Eurofound, 2012b).

On average in the EU27, about 3 out of 10 (29%) private sector establishments¹³ with more than 10 employees had workplace-level employee representation in 2019. This estimate is based on the first, ‘screening’, round of the ECS 2019, in which 66,410 (62,860 in the EU27) telephone interviews were conducted. Differences between countries, however, are significant: the figure

is less than 10% in Czechia, Greece, Latvia, Malta and Portugal, and reaches 50% or more in Finland, France, Luxembourg and Romania. So even in the most strongly organised countries only every second private sector workplace with more than 10 employees was found to have an employee representative person or body (Box 22). The prevalence of workplace employee representation at establishment or company level is lowest in small establishments with fewer than 49 employees (around every fourth such establishment has employee representation); around one-half of medium-sized establishments (50–249 employees) have representation, as do almost 8 out of 10 larger establishments (with 250 employees or more).

Box 22: Types of workplace-level representation in the ECS 2019

In the screener questionnaire, respondents were presented with a country-specific list of different types of employee representation, bodies and individual people (Table A1 in the Annex) and asked whether any of these types were present in their establishment. Respondents could select multiple types. The answers were afterwards confirmed in interviews with management and again in interviews with selected employee representatives (when it was possible to conduct them). The types were identified and updated from previous editions in a mapping exercise by the Network of Eurofound Correspondents, which was carried out in 2017 and 2018. See Eurofound (2020k) for detailed background information on these national forms of workplace-level employee representation.

The survey groups these types of employee representation into three broad categories.

Trade unions: Trade unions can set up establishment-level representations, either through an individual delegate or, in some countries, in the form of bodies or committees. By law (and sometimes under collective agreements), these representations tend to have a very low company size threshold from which they can be set up. Usually, the legislation refers to a certain number of union members who need to be present in the company and/or a certain quorum of members who can request and initiate such a set-up. Union members then elect their representatives.

Works councils: In contrast, a works council can usually be established in a company of a certain size or larger at the request of employees. In some cases, (higher) mandatory size thresholds, above which employers must set up a works council, are in place. Works councils are usually elected by all employees, regardless of union membership, and in most cases do not have formal ties with unions. In practice, union members or representatives may be part of the works council.

Worker delegates or representatives: This third type in principle has the same characteristics as works councils but can usually be set up in smaller companies. They can sometimes co-exist with works councils or unions, although in other cases this has been ruled out. They can be either individuals or bodies, and, in some cases, they may be linked with a union, while in others they are explicitly non-union-based representations. In contrast to union representations, they typically represent all workers.

While worker delegates or representatives have many features in common with works councils (and were classified together in the ECS 2009), they are treated separately here, due to the first type’s prevalence in smaller enterprises and the fact that it often co-exists with other forms.

¹³ The ECS conducts interviews at the level of the establishment (not the company). Most establishments in the sample are single establishments, hence companies. For multi-establishment companies (with headquarters and subsidiary sites), employee representation may exist at establishment or company level.

This chapter first reviews the main findings on the prevalence of different forms of workplace-level employee representation and analyses the factors associated with the presence (or absence) of such representation. These sections are based on the findings from the screener questionnaire and the more than 66,410 replies obtained by phone, as well as the replies from management to the second part of the survey (with 21,790 replies) carried out online. The following sections then provide a more in-depth look at employee representatives' experiences and views, drawing on a smaller sample of 3,073 responses. The chapter concludes with key points derived from the analysis.

Prevalence and types of representation, and employee coverage

National traditions of industrial relations have shaped the current variety of situations regarding workplace-level representation in the EU (see Box 23 for a summary of recent changes in this regard).

Figure 6 shows the prevalence of workplace-level employee representation in 2019 by type of representation (including combinations of two or more types), for each country, with the countries sorted by industrial democracy cluster (for more on these clusters, see Chapter 3, 'Comparing varieties of industrial relations').

Box 23: Recent changes in company-level employee representation

One of the main aims of a reform adopted in 2015 in **Luxembourg** was to simplify social dialogue in companies by making the staff delegation (*délégation du personnel*) the employer's sole contact. The new law abolished the joint committee and transferred its competencies, in companies with at least 150 employees, to the staff delegation.

In **France**, an important reform occurred in 2015, with a new law on social dialogue and employment introduced after the collapse of social dialogue at national level (Eurofound, 2017d). The reform aimed to move towards a less formal social dialogue and to increase its quality and efficiency. It provides for a single information and consultation committee in companies with 50 or more employees. The committee was to be created by bringing together a company's employee delegates from its works council and its health and safety committee.

Further changes occurred in September 2017 with the adoption of the labour law reform (Eurofound 2017e). As part of the reform, as of 1 January 2020 it became mandatory for companies to merge current bodies (worker delegates; works council; and the health, safety and working conditions committee) into a single staff representative body called the Social and Economic Committee (*comité social et économique*, CSE). A CSE must be established in companies that have 11 or more employees over 12 consecutive months. Under the reform, there is the opportunity for social partners to decide through a majority collective agreement (where the unions signing the agreement represent more than 50% of the employees) or an extended sectoral agreement to give the new body the ability to negotiate certain collective agreements. In this case, the CSE would be called a works council (*conseil d'entreprise*), like the German *Betriebsrat*.

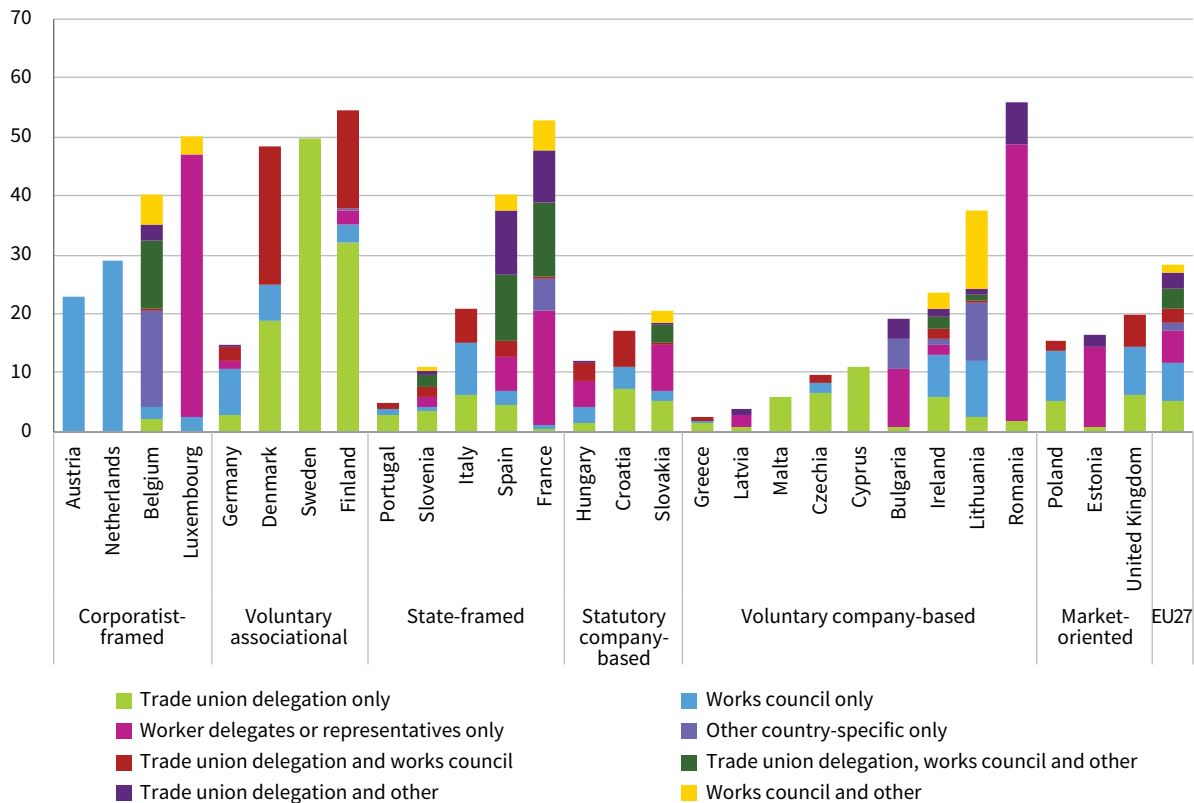
Lithuania: The new Labour Code came into force on 1 July 2017, replacing the 2002 Labour Code. It introduced quite radical changes in provisions regulating employee representation, particularly those dealing with the operation of trade unions and works councils. Under the version of the Labour Code valid until 2017, a works council had the right to represent and defend the rights and interests of employees only if 'an enterprise, agency or organisation has no functioning trade union and if the staff meeting has not transferred the function of employee representation and protection to the trade union of the appropriate sector of economic activity'. This regulation was intended to give trade unions priority in representing the rights and interests of employees.

Under the version of the Labour Code valid from 2017, workers' representatives can be trade unions, works councils or trustees. An employer is required to initiate the formation of a works council when the average number of employees in the company is 20 or more. A works council is not to be set up in a unionised company where more than one-third of all employees of the company are members of the trade union.

Greece: The Ένωση προσώπων (association of persons) is not an officially recognised type of trade union but was introduced under Law No. 4024/2011 to facilitate collective bargaining in small enterprises with no union presence. It can be established by three-fifths of the employees; there is no limit on how long it can operate for, and it can sign collective agreements in companies of any size.

Source: Eurofound (2020k)

Figure 6: Prevalence and type of workplace-level employee representation by country and industrial democracy cluster (%)



Notes: In addition to the three main types, a fourth category, 'Other country-specific', was included as a technical category when the number of official employee representation types in one country exceeded three, but these types can be subsumed under the three categories.

Source: Based on the ECS 2019 screener questionnaire

The corporatist-framed governance cluster of countries mainly have works councils and worker delegates or representatives,¹⁴ while unions also have a role in workplace-level representation (less significant, in formal terms, than that of works councils). The opposite holds true for the voluntary associational governance cluster of countries, in which unions are the predominant form of employee representation but may co-exist in some cases (in Finland and Denmark) with works councils (Box 24).¹⁵

The state-framed and statutory company-based governance clusters have more diverse patterns of employee representation, with unions playing a role alongside other configurations of employee representation. The voluntary company-based governance cluster also contains a mixture of countries with purely or predominantly union-based representation and very low prevalence of representation (Cyprus, Czechia, Greece and Malta)

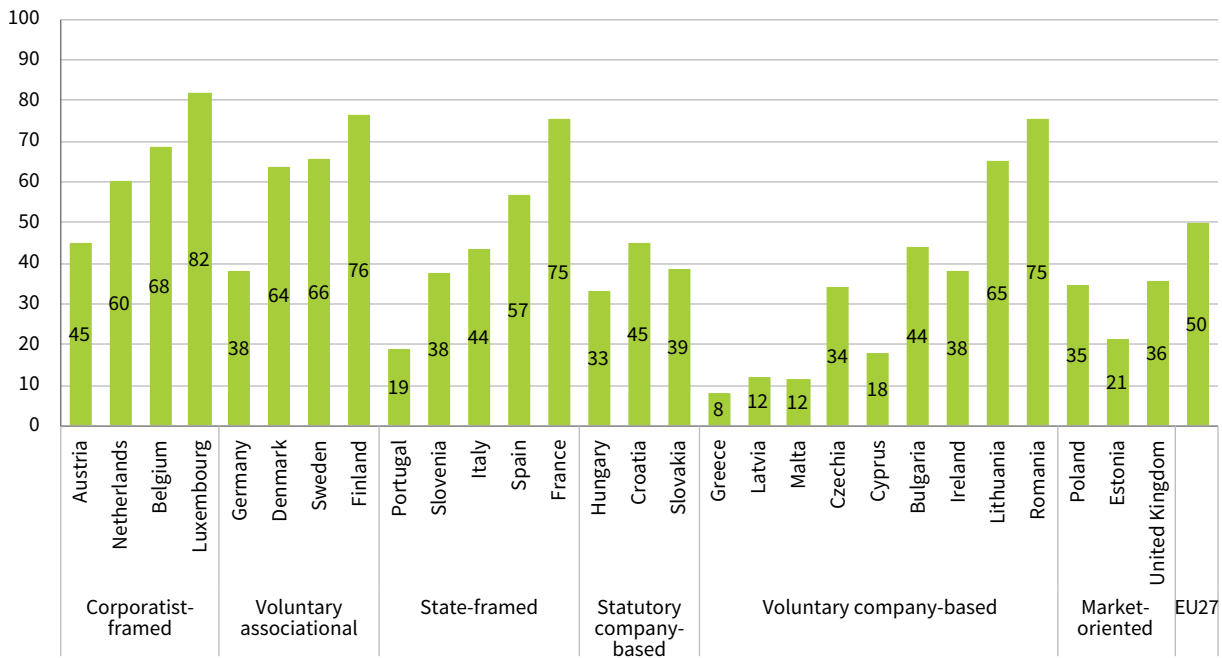
alongside a set of more varied but mainly worker delegates or representation-based configurations with a higher overall prevalence of representation (Bulgaria, Lithuania and Romania).

The Romanian *reprezentanții salariaților* ('employee representatives') was in fact the type of employee representation with the largest within-country prevalence among all countries. It has similarities with other relatively prevalent types of representation such as Lithuanian and Estonian workers' trustees (*darbuotojų patikėtinis* and *töötajate usaldusisik*, respectively) and the French and Luxembourgish worker delegate (*délégué du personnel*), all of which can or even must be set up at low company size thresholds. In some cases (for example in France and Luxembourg), the possibility of setting up such representation is conditional on a union not being present; the installation of an Estonian workers' trustee can be requested by established unions, union members or, in their absence, 10% of employees.

¹⁴ The country-specific type in Belgium is the *comité voor preventie en bescherming op het werk*, which has been included in the survey because it can take the role of a works council where one does not exist. The most prevalent type in Luxembourg is the *délégation du personnel*, as the *Betriebsrat* a type of works council is confined to the largest companies.

¹⁵ Germany is more like the corporatist-framed governance cluster in this regard; however, several respondents in the country reported *Vertrauenskörper* (trade union-only delegations) or trade union representation in combination with a works council.

Figure 7: Proportion of employees covered by official employee representation by industrial democracy cluster



Note: Employee weights are based on establishment weights, weighted by the number of employees as indicated in the screener questionnaire, but truncated at 1,000 employees, so as not to overestimate the influence of very large establishments.
Source: Based on the ECS 2019 screener questionnaire

As official employee representation is more often found in larger companies, the proportion of employees (working in establishments with more than 10 employees) covered is higher than the proportion of establishments covered and stands at 50% for the EU27 (Figure 7).

Some countries do have provisions in place that allow the set-up of worker representation at a low company

size threshold; this, however, does not appear to result in greater prevalence of representation. Examples are the German *Betriebsrat* (works council), the Slovakian *zamestnanecký dôverník* (workers’ trustee), the Slovenian *delavski zaupnik* (worker representative) and the Greek association of persons (Ένωση προσώπων) – all of which can be established in companies with five employees or more, and in some cases in even smaller companies.

Box 24: Declining collective representation in Germany

The consultation and co-determination rights of worker representatives at establishment level and on the supervisory boards of large companies are the second pillar of the German industrial relations system, alongside collective bargaining. Workers in establishments with more than five workers can elect a works council to take care of their rights, enforce collective agreements and settle company-level agreements with management on staff-related social issues. In the case of opening clauses in collective agreements, they may also, in accordance with the trade union, negotiate wages and working conditions. Worker representatives do not have to be trade union members, but most of them are affiliated to a trade union.

The number of works councils has been in decline since the 1990s, and debates on how to stop the trend have been ongoing. In 2001, the Works Constitution Act was revised with the aim of facilitating the election of worker representatives in small establishments. However, between 2000 and 2018 the share of workers in establishments with 5–50 workers with a works council was decreasing, from 14% to 8% in western Germany and from 15% to 10% in eastern Germany.

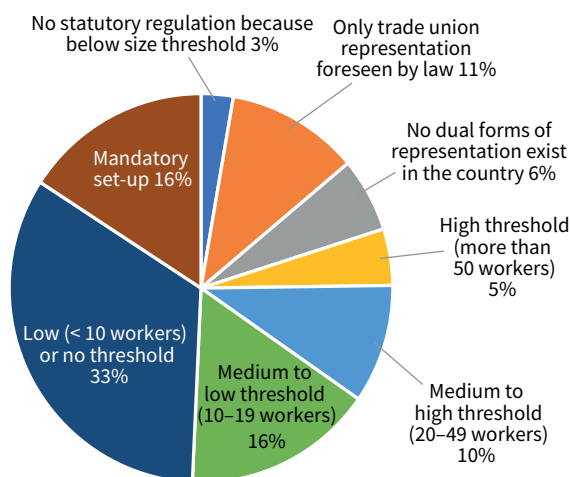
According to German establishment panel data, by 2018 only about 9% of all establishments (with five workers or more) had a works council; these establishments employed 41% of all workers. Most worker representatives operate in sectors with a strong industrial relations history – energy/mining, finance, manufacturing, the public sector; they are rare in services sectors such as information and communication, transport, retail, and hotels and restaurants.

In most EU countries, trade union representation is in principle possible in companies with a very low number of employees who are union members; typically, the right to establish union representation is linked to a certain number of trade union members being employed in the establishment who can request and vote on the installation of such a body or individual.

The reported size thresholds are in most cases thresholds above which the employer needs to consider employees' requests for employee representation. Most countries have low (or even no) size thresholds from which worker delegates or representatives or works councils can be set up (for instance, in Germany and Austria, a *Betriebsrat* can be established in a company with more than five employees). While the Information and Consultation Directive specifies that the right to employee representation should apply in establishments with 20 or more employees or undertakings with 50 or more employees, some countries have interpreted this as relating to the right of employees to request representation, rather than establishing an obligation for the employer to set up representation in companies reaching this size threshold (Ales, 2007, p. 12).

Figure 8 shows the percentages of establishments responding to the survey to which various rules and size thresholds apply.¹⁶

Figure 8: Proportion of companies in the ECS to which certain legal rules and size thresholds on employee representation apply



Note: N = 21,790.

Source: Authors' own calculations based on ECS 2019 management questionnaire

One-third of the companies in the sample (33%) are unrestricted by national rules in establishing official representation (trade union or other), either because there is no size threshold or because there is only a low one of fewer than 10 employees.

For another 11% of companies, only trade union-based representation is possible, in their size class and country, as it is not foreseen to set up works councils or worker delegates or representatives; employees in 6% of companies can be represented only by trade unions because no other form of representation exists in the country (Cyprus, Malta and Sweden).

Another 16% of companies in the survey are covered by regulations that allow them to set up any form of representation from 10–19 employees onwards; 10% of companies are subject to a medium to high threshold of 20–49 employees; and 5% can set up works councils or worker delegates or representatives because they have more than 50 employees.

Another 16% of companies in the sample are required by law to set up a works council (or worker delegate or representative from certain – country specific - size thresholds on). This includes companies in Belgium, France, Lithuania, Luxembourg, the Netherlands and Spain.

Finally, there is a small percentage (3%) of companies in the ECS sample that are not covered by any form of statutory regulation concerning the set-up of employee representation, as they are below the legal threshold. This includes companies in Italy, Romania and the UK (Box 25).

Factors associated with the existence of employee representation

What factors are associated with the existence of employee representation in a workplace? To answer this question, we follow a previous Eurofound report that includes an in-depth analysis of workplace social dialogue and provides an extensive overview of the literature (Eurofound, 2012b).

The new empirical results presented here are based on logistic regression, with the presence or non-presence of any type of employee representation as the dependent variable.¹⁷ As explanatory factors, the following (blocks of) variables were included:

- contextual variables related to the organisation itself, including establishment size and sector of operation, whether the establishment carries out production activities and the degree of digitalisation

¹⁶ For details on the treatment of multi-establishment companies, see the methodological note in the Annex.

¹⁷ The data are taken from the management questionnaire, representing more than 21,000 companies. The point of departure was a model including only country dummies and one which replaced country dummies with a richer set of explanatory variables, as described above. The results show that the simple model including only country dummies has a good fit, but that it can be improved slightly by turning to the richer model. The results presented in the following sections relate to a model without any country dummies, as these would be highly correlated with the country-specific variables (on legislation and collective bargaining, but also others), which were used as explanatory variables of interest.

Box 25: Examples of companies not covered by statutory requirements on employee representation

The **Italian** law gives workers the right to appoint a company union representative body (rappresentanza sindacale aziendale, RSA) in establishments with at least 15 employees. The law does not further specify how an RSA should be appointed but only requires the existence of a link with a union. Workers do not need to be members of a union in order to appoint an RSA; therefore, this body may in practice resemble a works council more than a trade union committee. In 1993, social partners also introduced by means of an interconfederal agreement an elected representative body, the unitary union representative body (rappresentanza sindacale unitaria, RSU). An RSU can be elected in companies with at least 15 employees in the private industry and services sectors.

Romania: Employment in small enterprises with fewer than 10 employees increased significantly between 2014 and 2019; by 2017 almost 1 million people were working in these businesses and unable to form a trade union under the applicable legal provisions. Following changes in social dialogue in 2011, a trade union representation can be set up by a minimum of 15 employees working in the same establishment – making unionisation impossible in small companies.

The **UK:** Trade union recognition is usually a management decision, although a statutory recognition procedure was introduced by the Employment Relations Act 1999. Union recognition was entirely voluntary until 1999. The statutory recognition procedures relate to employers with more than 20 employees.

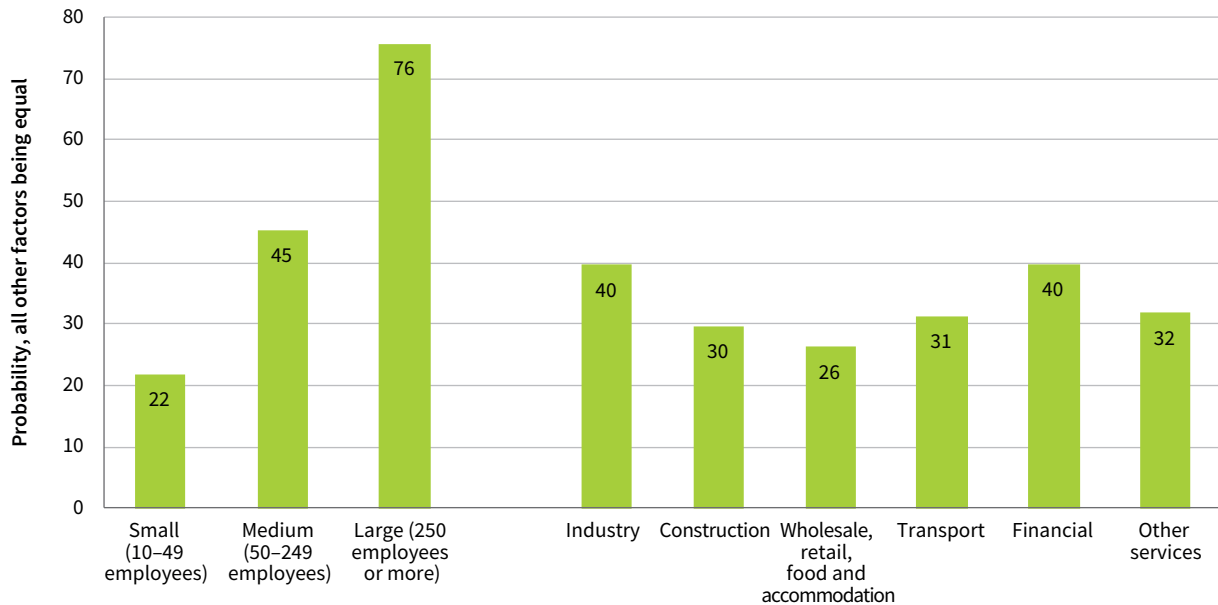
Source: Eurofound (2020k)

- information on the country-specific legal context in which the establishment operates, notably the company size threshold above which representation can or must be set up
 - variables describing the workforce directly or indirectly, including the share of part-time and non-permanent workers and the proportion of managers, as well as information on the share of jobs that allow new skills to be learned, as a proxy for the level of qualification required
 - human resource practices, such as the presence and form of teamwork, and whether companies engage in digital monitoring of employees or processes
 - information on the companies' methods of direct or indirect employee engagement, as derived (in a latent class analysis) from responses from management (Eurofound, 2020l)
 - whether workers in the companies are covered by a collective wage agreement
- According to the results, as shown in Figure 9,¹⁸ the size of an establishment is one of the best predictors of employee representation: all other factors being equal, large establishments with more than 250 employees have a likelihood of 76% of having employee representation in place; for medium-sized establishments with 50–249 employees, the probability is 45%. Among the smaller surveyed establishments with 10–49 employees, the probability is only 22%.¹⁹
- In contrast, the influence of the sector, while it exists and is statistically significant in most cases, is much smaller: companies in financial services and industry have the highest likelihood of having official employee representation, at around 40%, while companies in other sectors all have a lower likelihood of having official employee representation.

¹⁸ See the methodological note in the Annex.

¹⁹ The model also controlled for multi-establishment companies in countries that have opted to set size thresholds in relation to companies ('undertakings') instead of establishments. For these, the total company size is unknown, but it is likely that they are – as part of a larger company – subject to a different, yet unknown, size threshold than the establishment size would suggest. The findings show that indeed such companies are much more likely to have representation than others (52% compared with 31%).

Figure 9: Probability that any form of employee representation will exist in an establishment by establishment size and sector (%)



Notes: The values reported are the adjusted predicted values from a logistic regression model, with the dependent variable being ‘Existence of any type of employee representation at company level’. All other values being equal, a company operating in industry has a probability of 40% of having any form of employee representation in place. Countries without dual forms of representation (Cyprus, Malta and Sweden) were excluded for computational reasons.

Source: Authors’ own estimate, based on the ECS 2019 management questionnaire

The finding concerning the strong influence of establishment size is not surprising. There are economic considerations and setting up (more permanent) structures of indirect employee representation involves a cost for both sides. Direct dialogue with employees can be quicker and easier, especially in a small company where management can communicate directly to employees. Representative social dialogue is more cost efficient and beneficial in larger companies, where direct interaction would be impractical and consume too much resource. Instead, employee representatives

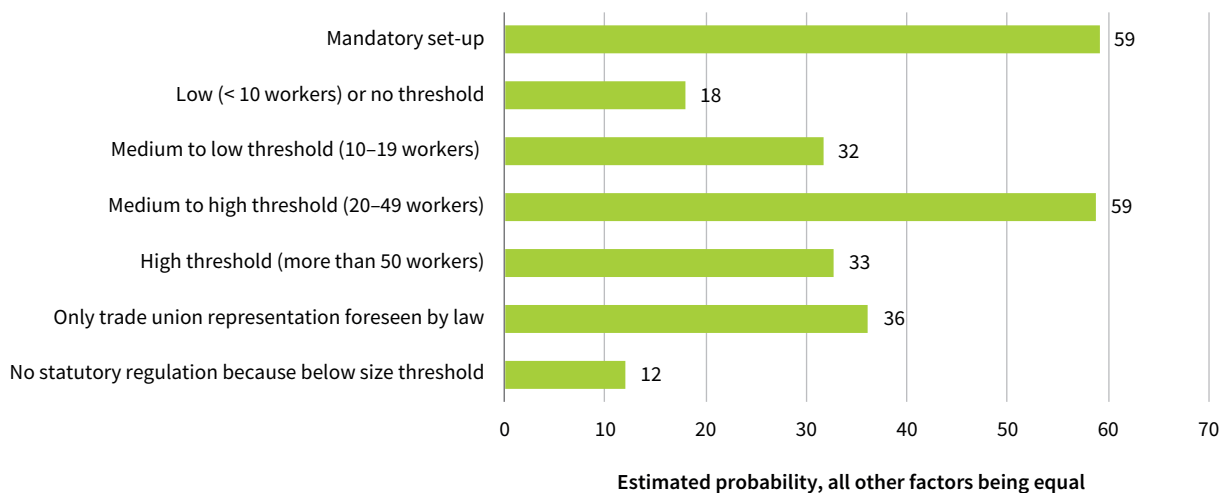
can engage with employees and amalgamate their opinions into a collective voice.

In practical terms, most countries have legislation in place regulating the set-up of employee representation bodies, which usually refer to the size of a company in terms of employees (see previous section ‘Prevalence and types of representation, and employee coverage’ and Figure 8 for size thresholds in national regulations, as well as Box 26 for the European framework guiding the national regulations). In a few cases, some of the

Box 26: European general framework for information and consultation of employees

The Information and Consultation Directive (Directive 2002/14/EC of the European Parliament and of the Council) establishes the general framework and minimum requirements for information, consultation and participation of employees in companies. Depending on the implementing country’s choice, it can cover ‘undertakings’ (that is, companies or organisations) with more than 50 employees or ‘establishments’ (which can include parts of undertakings) with more than 20 employees (see the methodological note in the Annex on how this is dealt with in the model specifications).

The directive ensures that countries make practical arrangements so that employees can exercise their rights to information and consultation in matters that are of concern to them. Information and consultation, according to Article 4, should cover the recent and probable development of the activities and economic situation; the situation, structure and probable development of employment within the entity and on any anticipatory measures envisaged, in particular where there is a threat to employment; and decisions likely to lead to substantial changes in work organisation or in contractual relations. ‘Information’ is defined as the provision of data from management to employee representatives in order to enable them to acquaint themselves with the subject matter and to examine it, while ‘consultation’ means exchanging views and establishing a dialogue.

Figure 10: Influence of legal rules and thresholds on probability of representation (%)

Notes: The values reported are the adjusted predicted values from a logistic regression model, with the dependent variable being ‘Existence of any type of employee representation at company level’. All values are statistically significant at the 5% significance level. Interpretation example: companies subject to a mandatory requirement to set up a works council or worker delegate or representative have (all other things being equal) a probability of 59% of having set one up. Countries without dual forms of representation (Cyprus, Malta and Sweden) were excluded.

Source: Authors’ own estimates, based on the ECS 2019 management questionnaire

smallest establishments (in the ECS 2019 sample) are not subject to any legislation that guarantees that workplace-level employee representation can be set up (3% of all companies).

Figure 10 shows the influence that inclusion of size thresholds in statutory regulation has on the probability of having official employee representation.

Employees in companies who can be represented only by trade union representations, those covered by medium to low size thresholds (10–19 employees) and those covered by higher size thresholds (50 or more employees) all have a similar likelihood of being covered by employee representation – ranging from 32% to 36%, which is not far from the average.

More notable is the spike for those companies covered by a size threshold of 20–49 employees. These have the same probability of having established official employee representation (59%) as companies that are subject to a mandatory requirement to do so. In both cases, this is a likely effect of the Information and Consultation Directive, which applies to all undertakings employing at least 50 employees, or EU establishments employing at least 20 employees.²⁰

The estimates based on the survey findings, however, showed that very low thresholds from which employee representations can be set up do not seem to promote

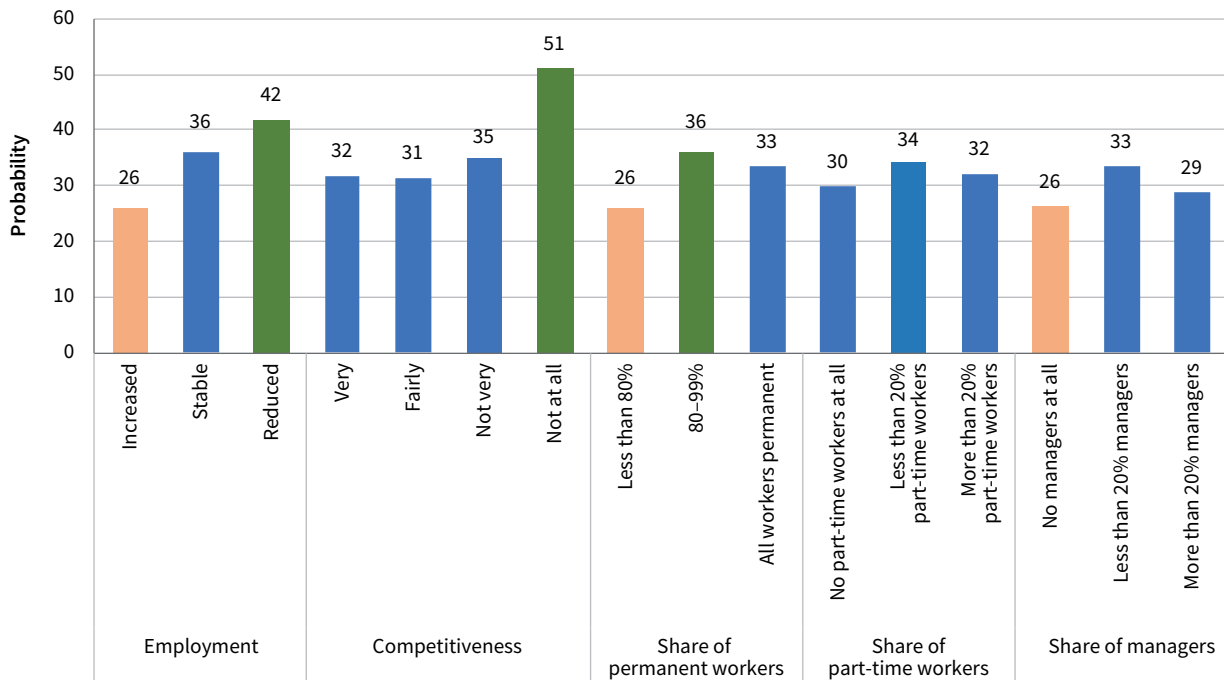
the set-up of a representation or representative as much as one could expect.

There is also an association with collective bargaining: companies adhering to a company-level wage agreement have the highest probability of having an official employee representation (54%), and those covered by a higher-level agreement (for example, a sectoral agreement) are also more likely (39%) than those who are not (27%) to have official employee representation. As company-level bargaining (in most cases) will require strong company-level actors, the strong connection between the presence of agreements and official employee representation is not surprising. In some legal contexts, works councils may be involved in collective wage bargaining, but typically this is based on the condition that no union is present in the workplace.

Furthermore, there is a significant association between employee representation structures and the developments in company employment, as well as with the (perceived) level of competitiveness, as shown in Figure 11. Companies undergoing a reduction in employment and those that are considered ‘not at all’ competitive both have a significantly higher probability of having employee representation than others (42% and 51%, respectively). Companies with an expanding workforce, in contrast, are much less likely to have representation (26%).

²⁰ Article 19 of the directive states that Member States can choose between a threshold of 20 or 50 employees. According to Eurofound (2020k), most Member States have provisions that allow for some form of (non-union) official employee representation to be set up from 20 employees (or fewer). The largest size thresholds were found in Poland. (1) Regular, meaningful involvement; (2) Irregular, sometimes meaningful involvement; (3) Meeting-oriented, limited influence; (4) Limited resources, little influence.

Figure 11: Influence of company employment developments, competitiveness and workforce structure on probability of representation (%)



Notes: The values reported are the adjusted predicted values from a logistic regression model, with the dependent variable being ‘Existence of any type of employee representation at company level’. All values are statistically significant at the 5% significance level. Interpretation example: companies that have recently increased employment (all other things being equal) have a probability of 26% of having official employee representation in place. Countries without dual forms of representation (Cyprus, Malta and Sweden) were excluded.

Source: Authors’ own estimates, based on the ECS 2019 management questionnaire

The influence of the workforce structure, finally, while statistically significant, is rather small: companies with a relatively low share of permanent workers and those with no managers at all have less likelihood of having official employee representation in place than other companies (both 26%). For companies with different degrees of part-time work, the estimates are very similar; no major differences were detected.

Finally, the model also contained information on other company practices, relating to the type of direct employee involvement,²¹ the use of motivational drivers²² and the extent of digitalisation,²³ using the results from a latent class analysis carried out by Eurofound (2020). According to the estimates, those companies that were found to invest only limited resources in direct employee participation, with little influence for employees, are also significantly less likely to have official employee representation in place (26%).

In addition, companies with the lowest degree of digitalisation are also less likely than others to have employee representation (28%). None of the other groups identified showed a (statistically or substantially) significant association with the probability of having employee representation.

Employee representatives in the EU

The preceding two sections were based mainly on an analysis of responses by management. This section and the following ones will go deeper into employee representatives’ perspectives on workplace social dialogue. The analysis mainly draws on the employee representative questionnaire of the ECS 2019 and provides an overview of the characteristics of employee representatives and the resources that they have at their disposal. As the sample size is much smaller than

21 (1) Regular, meaningful involvement; (2) Irregular, sometimes meaningful involvement; (3) Meeting-oriented, limited influence; (4) Limited resources, little influence.

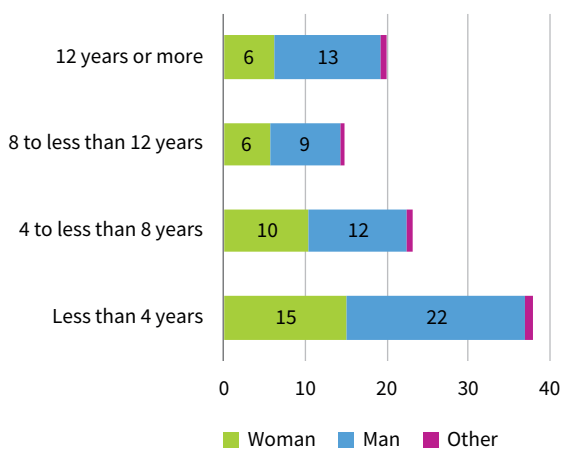
22 (1) High expectations, using all motivational drivers; (2) Moderate expectations, moderate use of motivation; (3) Low expectations, very limited use of motivational drivers; (4) High expectations, limited use of motivational drivers.

23 (1) High level of digitalisation; (2) High computer use, other digital technology limited; (3) Limited use of computers but prevalent use of robots; (4) Low level of digitalisation.

for the management questionnaire (3,045 interviews in the EU27, ranging from 3 in Cyprus to 467 in Finland), the results need to be interpreted with care.²⁴

Nearly 6 out of 10 employee representative respondents to the survey were male, 4 out of 10 were female and 3 out of 100 identified as ‘other’. Most employee representatives surveyed (4 out of 10) had less than 4 years’ experience in their role, but 2 out of 10 had been in the role for more than 12 years (Figure 12).

Figure 12: Years of experience as an employee representative by gender (%)



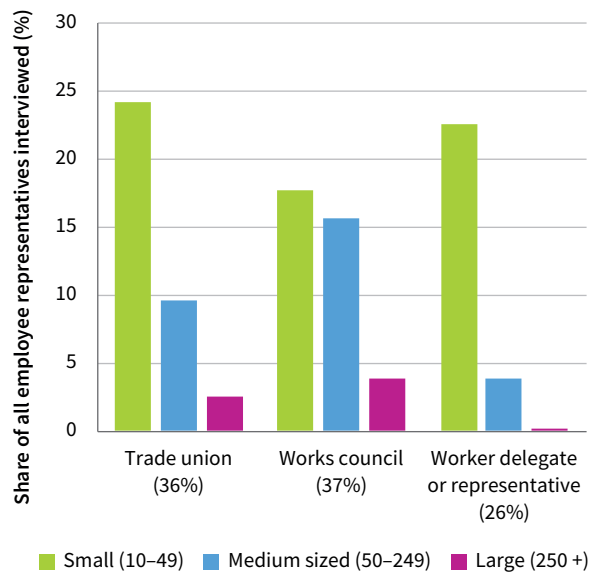
Notes: Based on responses to Q9: ‘For how many years have you been an employee representative for this establishment?’ and Q74: ‘Which of the following categories best captures how you think of yourself?’

Source: ECS 2019 employee representative questionnaire

Of the 3,045 respondents from the EU27, nearly 4 out of 10 (37%) belong to a works council, 36% are trade union representatives and another 26% are worker delegates or representatives (Figure 13). Worker delegates or representatives are mainly present in smaller establishments (10–49 employees). Trade union types of representation are also more often found in the smallest size bracket, while works council members more often work in medium-sized (50–249 employees) and large establishments.

Of the respondents, 40% were members of a body dealing with employee representation issues. Most of these bodies were relatively small: more than half had 5 members or fewer, and 80% had 10 members or fewer. Those employee representatives who were members of bodies for which union membership was not a

Figure 13: Proportion of respondents by type of representation and establishment size



Notes: Based on own classification based on responses to Q2: ‘In what role do you represent employees at this establishment?’ Country-specific types reclassified as works councils (Belgium, Comité voor preventie en bescherming op het werk; France, comité social et économique or délégation unique du personnel; Ireland, joint consultative committee) or as worker delegates or representatives (Bulgaria, представители за информирание и консултиране на работниците; Finland, yhteistoimintaedustaja; Lithuania, darbuotojų patikėtinis).

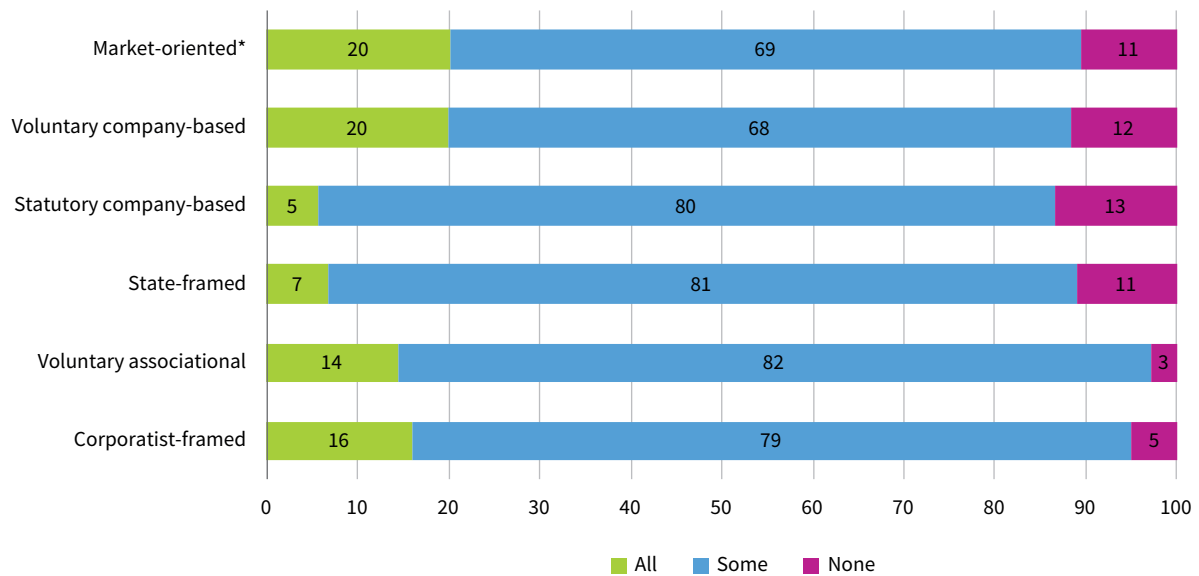
Source: ECS 2019 employee representative questionnaire

requirement (such as works councils) were asked a follow-up question – ‘How many members are on the body because they were nominated by a union?’ – to capture more informal union presence. Among works council members, a large majority of respondents (83%) said that none of the members had been nominated by a union. Only 9% of works council members said that there was some union presence in the body, and the same proportion stated that the works council had been entirely nominated by a union. For 1 out of 10 respondents, this information is not available.

Of employee representative respondents, 9 out of 10 had been elected. The vast majority of them (9 out of 10) were elected in elections open to all employees, the others in elections open to a specific category of employees. The great majority of those who claimed to be non-elected (two-thirds) worked in the smaller establishments with 10–49 employees.

²⁴ For this reason, country-specific findings based on the employee representative questionnaire will be provided not across the board but only in selected cases where the total number of interviews exceeded 50.

Figure 14: Working time available to employee representatives by industrial democracy cluster (%)



Notes: Based on responses to Q10: 'Are you allowed to spend some or all of your working time on your duties as an employee representative?'
 *Results for the market-oriented cluster need to be interpreted with caution, as they are based on fewer than 100 interviews. Percentages may not total 100 due to rounding.

Source: ECS 2019 employee representative questionnaire

Resources available to employee representatives

This section looks at the resources that employee representatives have at their disposal in carrying out their duties, taking into account:

- whether they can use some or all of their working time
- whether they receive training
- whether they have access to funding to seek external advice

Country-specific information on the regulations concerning time off and other resources that workplace-level employee representatives are entitled to is available from ETUI (2020).

Use of working time

About 1 in 10 (11%) of the respondents are full-time employee representatives, stating that they can spend all their working time on their representative duties (and most of them also work full time, more than 35 hours per week).

Another 1 in 10 (9%) say that they are not allowed to spend any of their working time on their representative duties. The remaining 80% can spend some of their working time on their duties. For the great majority of them (two-thirds), this amounts to four hours per week or less. One-fifth (20%) report being allowed to spend five to eight hours.

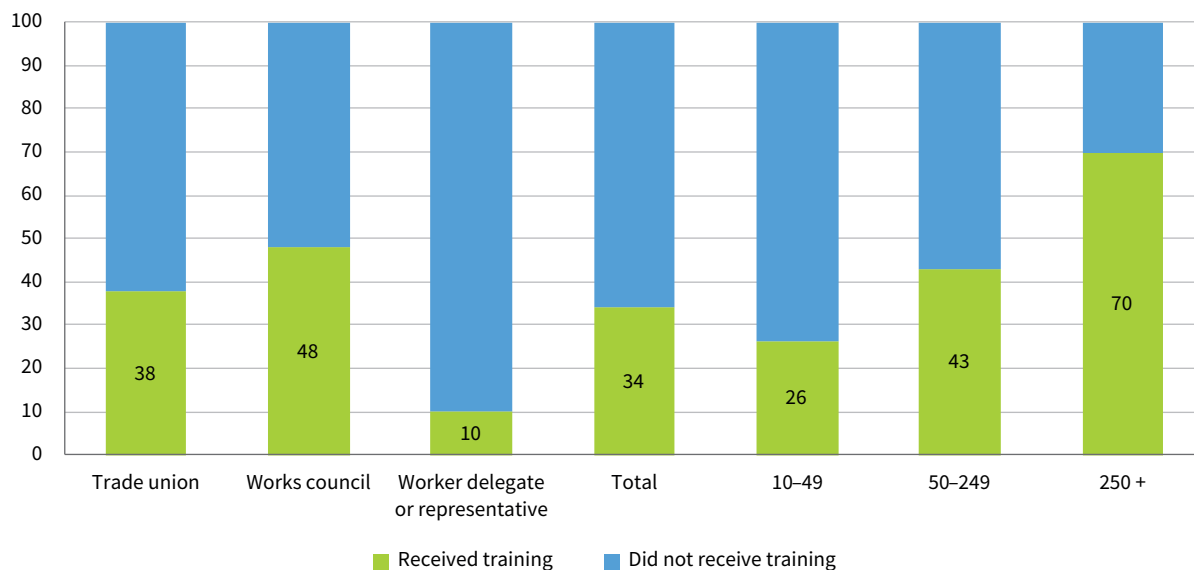
For the great majority (85%), the designated working time is sufficient; 15% say it is not. There is variation across countries, because some have legislated for this (Eurofound, 2013e). The market-oriented and voluntary company-based clusters have more respondents at one end or the other of the spectrum: those who can use all and those who can use none of their working time. Between 14% and 16% of employee representatives in the corporatist-framed and voluntary associational clusters are full-time representatives, while only very few (3–5%) in these clusters cannot use any of their working time (Figure 14).

Differences in working time use by type of employee representative are rather small. Trade union representatives and worker delegates or representatives have a nearly identical pattern (8–9% can use all their working time, 10–11% none), while 14% of works council member respondents can use all and 5% can use none.

Training for representative duties

One-third of employee representatives (34%) reported having received training in 2018 related to their function as representative (Figure 15). The share of respondents of the worker delegate or representative type having received training was much lower (only 1 in 10). Respondents belonging to a works council were most likely to have received training (nearly half of them), followed by trade union employee representatives (4 out of 10).

Figure 15: Training for employee representatives by type and establishment size (%)



Note: Based on responses to Q14: ‘In 2018, have you received training related to your role as employee representative?’
Source: ECS 2019 employee representative questionnaire

Establishment size matters as well: among the representatives in the smallest establishments surveyed (10–49 employees), only about one in four had received training, and they formed the largest group of respondents (two-thirds of all interviewed representatives). Employee representatives in medium-sized establishments had a much higher rate of training: more than 4 out of 10. Employee representatives in larger establishments were most likely to have received training: just over two-thirds of them reported having done so.

Table 10 shows the countries in which respondents were least and most likely to have received training.

The sectoral spread of employee representatives reporting having received training is much smaller than the spread between countries, and rather negligible.

Access to funding for external advice

One-third of respondents stated that they had access to funding to seek external advice, again with a larger spread in terms of countries than sectors, and more pronounced differences between the types of representations than in relation to training (Figure 16). Almost half of the works council respondents (49%) reported having such access, while less than one-third (29%) of trade union respondents and only 15% of worker delegates or representatives did. Access to external funding increases with company size: employee representatives in every fourth small establishment have access to funding, while nearly half and more than half, respectively, of those in medium-sized and larger establishments do.

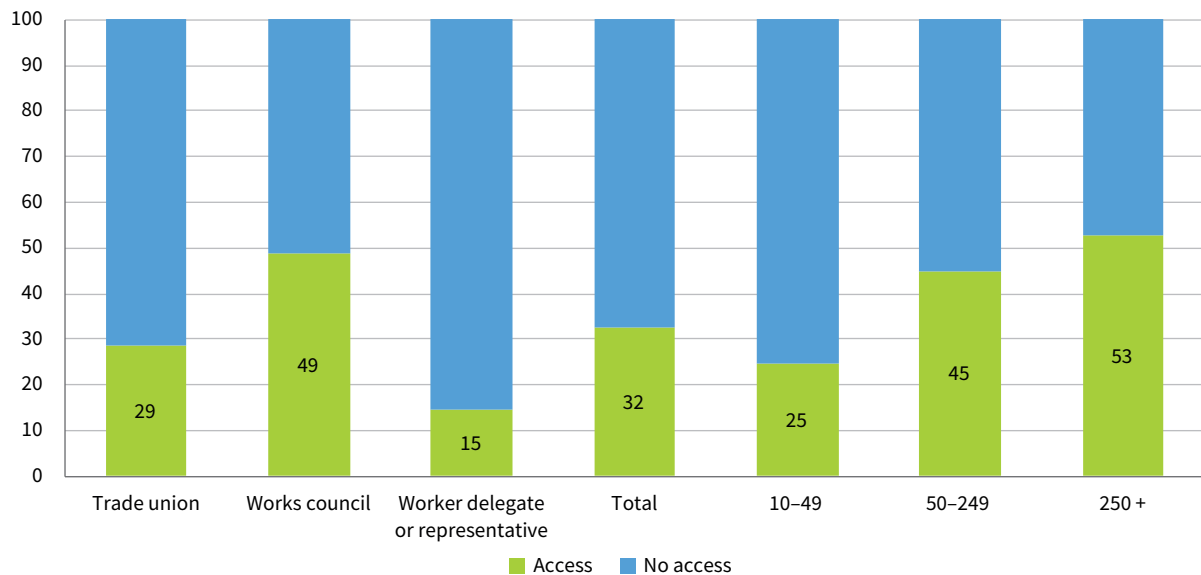
Table 10: Member States in which respondents were most and least likely to have received training as an employee representative

Below 25%	Above 50%
Lithuania, Luxembourg*, France, Romania**, Poland*	Bulgaria, Austria, Netherlands, Czechia*, Germany**

Notes: Based on responses to Q14: ‘In 2018, have you received training related to your role as employee representative?’ *Results for Czechia, Luxembourg and Poland are based on fewer than 50 responses and should be treated with caution. **Results for Germany and Romania are based on fewer than 100 responses. Countries with fewer than 30 responses are not reported.

Source: ECS 2019 employee representative questionnaire

Figure 16: Access of employee representatives to funding for external advice by type of representation and establishment size (%)



Note: Based on responses to Q15: 'Does the employee representative have access to funding for external advice?'

Source: ECS 2019 employee representative questionnaire

Engagement with employees

This section focuses on how employee representatives communicate and engage with employees, considering the following aspects:

- the extent of trade union membership in the establishment
- when and how they communicate and engage with employees
- perceived support and interest from employees

Trade union membership in the establishment

The right to freedom of assembly and of association is enshrined in Article 12 of the EU Charter of Fundamental Rights. The article explicitly mentions that this 'implies the right of everyone to form and to join trade unions for the protection of his or her interests' and all EU Member States have an unrestricted right of association in the market sector.²⁵ Nevertheless, trade union density has declined substantially in recent

decades across Europe (see the section 'Developments regarding social dialogue actors and institutions' in Chapter 4). The figures reported here provide only a partial picture, of course, as they cover only private sector establishments with more than 10 employees that have an employee representative.

Of the employee representatives, 25% reported that none of the employees in their establishment belonged to a trade union and 30% said that they believed that there was less than 20% trade union membership (Figure 17). A high degree of trade union membership of more than 80% was reported by employee representatives in about 12% of establishments.

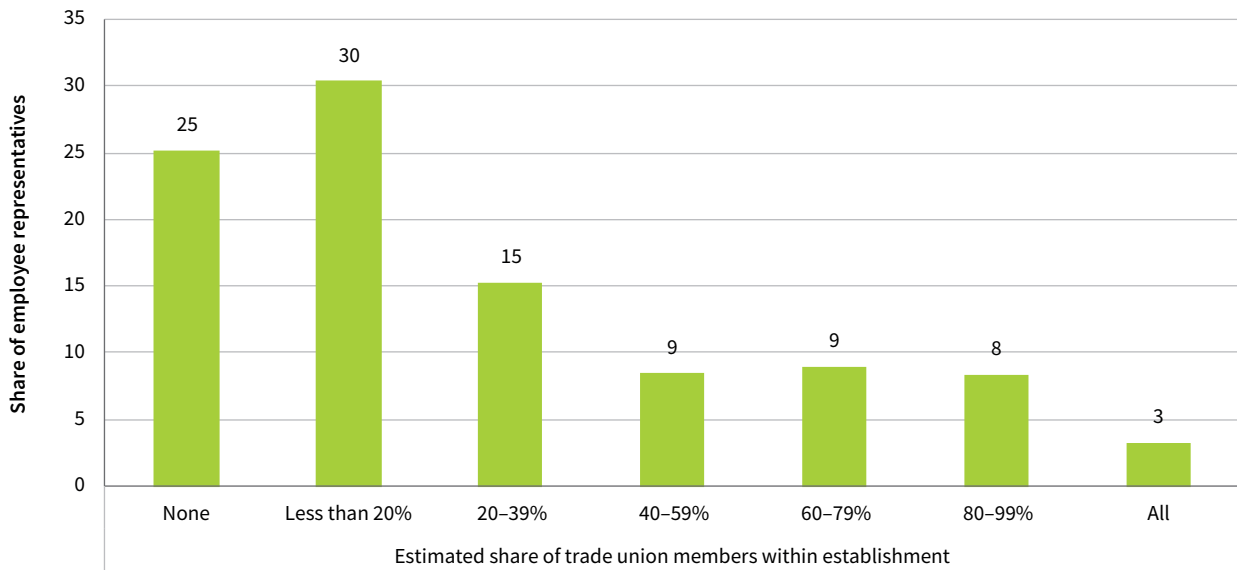
Communication with employees

Employee representatives can engage with employees in meetings, during or outside working hours, but also by other means, for instance noticeboards, newsletters and social media.

Seven out of ten employee representatives interact with employees through meetings during working hours

²⁵ According to ICTWSS 6.1 [RA_m], all EU Member States have an unrestricted right of association in the market sector.

Figure 17: Proportion of employee representatives reporting estimated shares of trade union membership in their establishments (%)



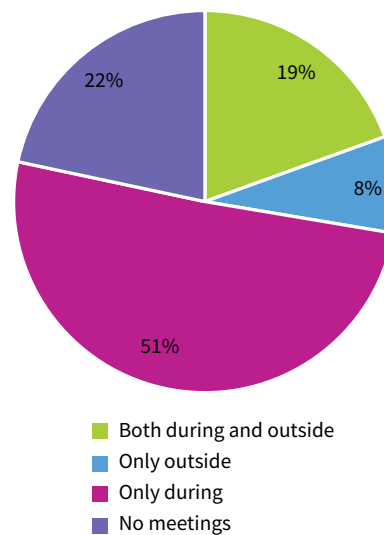
Note: Based on responses to Q6: ‘Approximately how many employees at this establishment are members of a trade union? Your best estimate is good enough.’

Source: ECS 2019 employee representative questionnaire

(Figure 18). Half of representatives meet directly with employees only during working hours. One-fifth use meetings both during and outside working hours, and less than 1 in 10 meet employees only outside working hours. More than one-fifth of respondents state that they do not meet with employees at all. The proportions of those who do not meet within working hours are higher in France and Luxembourg (but in the latter case the result is based on fewer than 50 responses).

The most widespread form of other communication with employees is newsletters, noticeboards and websites, as 85% of employee representatives said that they used these.²⁶ Social media accounts (for example, on Facebook, WhatsApp or Twitter) specifically created for the purpose of the employee representation body had been set up by only 13% of respondents.²⁷ The longer tenured employee representatives were more likely to have such social media accounts in place: 17–18% of those with more than 8 years’ experience, versus 10–11% among those with less than 8 years’ experience. The actual use of such social media accounts, however, is relatively similar between the two groups and independent of the length of the employee representative’s tenure: somewhat more than half of those who had set up such an account also stated that they used it (Figure 19). In addition, two-thirds of respondents had private social media accounts and one-third of those said that they used a private account

Figure 18: Employee representatives meeting with employees during and outside working hours (%)



Note: Based on responses to Q16: ‘How does the employee representative communicate with employees in this establishment?’

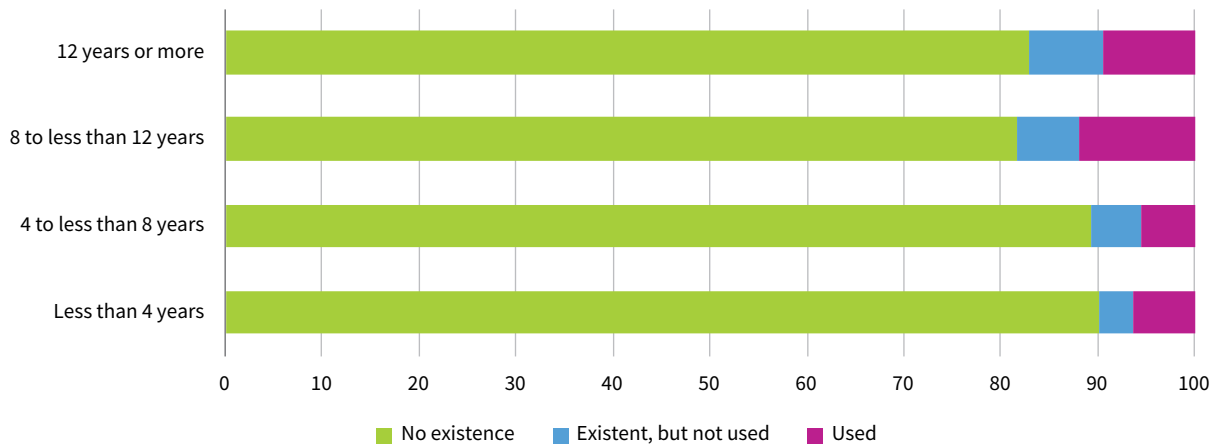
Source: ECS 2019 employee representative questionnaire

to communicate with employees. Both figures (those for having a private social media account and for using it to communicate with employees) increase slightly with the length of the employee representative’s tenure.

²⁶ The lowest shares, below 60%, were found in Bulgaria and Romania (based on fewer than 100 responses in the latter case).

²⁷ The highest shares were found in Finland (28%) and the Netherlands (22%).

Figure 19: Existence and use of a dedicated social media account to communicate with employees by length of experience of the employee representative (%)



Notes: Based on responses to Q17: 'Are there any social media accounts (such as Facebook, WhatsApp or Twitter) that are specifically created for the duties of the employee representation body?' and Q18: 'Do you use any of these social media accounts to communicate with the employees in this establishment?'

Source: ECS 2019 employee representative questionnaire

Perceived support from employees

In the EU27, about one-fifth of employee representatives feel that employees appreciate their work 'to a great extent' and nearly half of them feel that they appreciate it 'to a moderate extent'. Less than one-third selected 'to a small extent' and only 5 out of 100 'not at all'.²⁸

Employee representatives working in state-framed governance and statutory company-based governance countries feel less appreciated by employees than their

colleagues in other countries (Table 11). Worker delegates or representatives feel somewhat less appreciated than other types.

One-quarter of employee representatives think that employees show a great interest in the outcomes of consultations or negotiations, another quarter believe their level of interest to be low and slightly less than half think it is moderate. The very small remainder (3%) believe that employees show no interest at all in such outcomes.

Table 11: Employee representatives perceiving levels of appreciation from employees by industrial democracy cluster (%)

	To a great extent	To a moderate extent	To a small extent	Not at all	Total
Corporatist-framed	23	57	20	1	100
Voluntary associational	31	51	16	2	100
State-framed	11	44	37	8	100
Statutory company-based	18	49	23	10	100
Voluntary company-based	25	52	19	3	100
Market-oriented*	25	52	19	3	100

Notes: Based on responses to Q21: 'In your opinion, to what extent do the employees appreciate the work of the employee representation at this establishment?' *Results for the market-oriented cluster need to be interpreted with caution, as they are based on fewer than 100 interviews. Percentages may not total 100 due to rounding.

Source: ECS 2019 employee representative questionnaire

²⁸ The highest shares of employee representatives who feel their work is only moderately or not at all appreciated were found in France (6 out of 10), Hungary and Lithuania (4 out of 10 in both cases). The highest shares of representatives feeling that they were appreciated greatly were reported in Ireland, Austria and Sweden (between 35% and 38%).

Employee representatives' perspectives on workplace social dialogue

This section looks at employee representatives' opinions on social dialogue in the workplace, summarising their answers to questions relating to:

- the provision of general information by management
- their role in pay negotiations
- their involvement in recent organisational changes including whether employees were also directly involved

Provision of information

The Information and Consultation Directive stipulates in Article 3:

Information shall be given at such time, in such fashion and with such content as are appropriate to enable, in particular, employees' representatives to conduct an adequate study and, where necessary, prepare for consultation.

In the ECS 2019, employee representatives were asked to report – in general terms – on:

- the type of information they received in 2018
- how they were provided with the information
- whether they considered the information to be of good quality

On average, three-quarters of representatives said that they had received financial information on the situation of the company in 2018, and in 8 out of 10 cases this also included information on expectations about the future. Employee representatives belonging to works councils reported somewhat higher rates (81%) than trade union representatives (72%) or worker delegations or representatives (70%). The results were closely connected to establishment size and country: in smaller establishments, 71% received such information; in medium and larger establishments slightly more than 80% did.

The figures are very similar for information on employment: 78% of representatives in the EU27 said that they had received such information, and among those in 8 out of 10 cases they also received information on expectations about the future.

Around two-thirds of employee representatives said that they had received information concerning the introduction of new or significantly changed products or services, and a similar share had received information on new or significantly changed processes. Management shared strategic plans for the establishment with 7 out of 10 employee representatives.

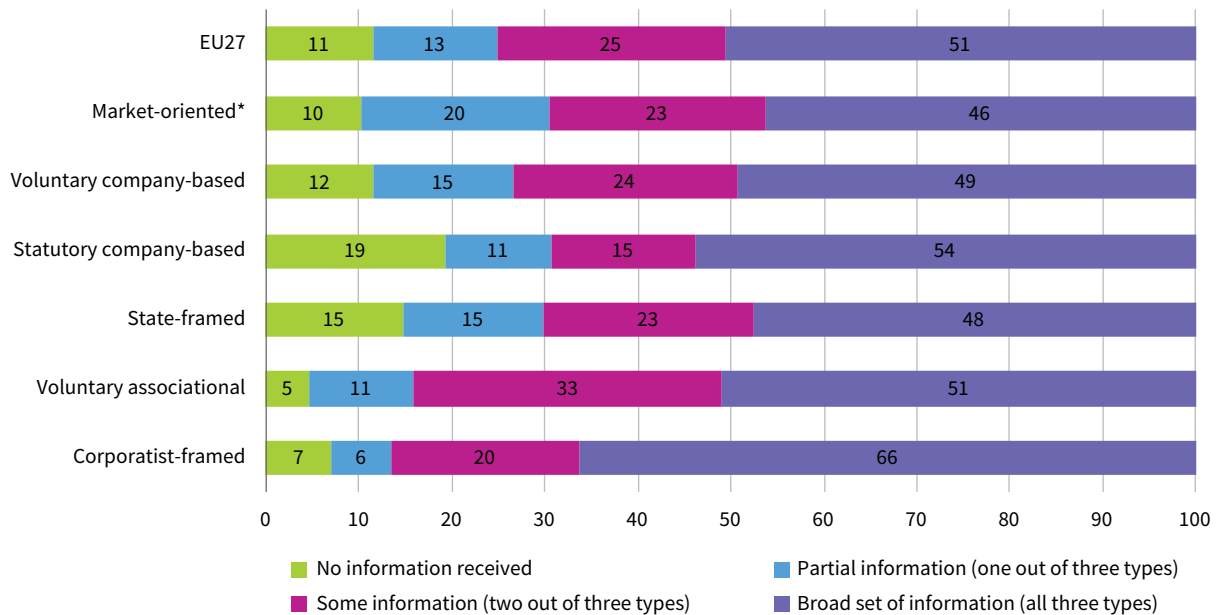
Looking at the three types of general information an employee representative could expect to obtain (namely related to the financial situation, employment and strategic plans) taken together, half of the respondents said that they had received all three types of information, one-quarter said that they received at least two out of the three ('some information'), another 13% had received one type and 12% reported not having received any of the three.

In terms of the industrial democracy clusters, the statutory company-based and the state-framed governance clusters had the highest proportions of respondents according to whom this general information had not been provided at all (Figure 20). The corporatist-framed governance and voluntary associational clusters had the least proportions of respondents who had not been provided with this general information.

Most employee representatives (6 out of 10) said that they had received this information orally, 16% had been informed by email and 13% on paper; 11% said that they had direct access to such information on a digital system or on the establishment's intranet.

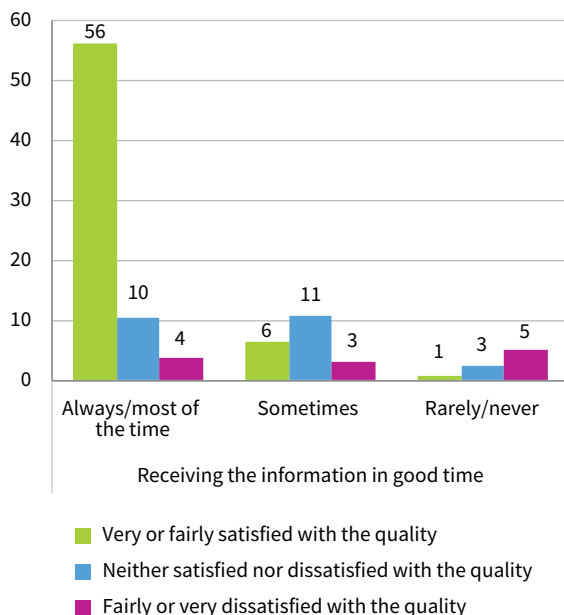
Employee representatives were also asked whether and how often they received information in good time and to rate the quality of the information. A total of 20% said they always received information in good time, 50% did so most of the time, another 20% did sometimes, 7% did rarely and 1% never received information in good time. The responses regarding quality of information were fairly similar: 17% were very satisfied, 46% fairly satisfied, 24% neither satisfied nor dissatisfied, 10% fairly dissatisfied and 2% very dissatisfied.

Figure 20: Employee representatives receiving information (financial, employment and strategic) from management by industrial democracy cluster (%)



Notes: Based on responses to Q23–27. *Results for the market-oriented cluster need to be interpreted with caution, as they are based on fewer than 100 interviews. Percentages may not total 100 due to rounding.
Source: ECS 2019 employee representative questionnaire

Figure 21: Employee representatives expressing satisfaction with the quality of information and reporting receiving it in good time (%)



Notes: Based on responses to Q29: ‘And thinking about all the information management has provided, did you usually receive it in good time?’ and Q30: ‘And, in general, how satisfied or dissatisfied were you with the quality of information?’ Percentages displayed are in relation to the total number of respondents.
Source: ECS 2019 employee representative questionnaire

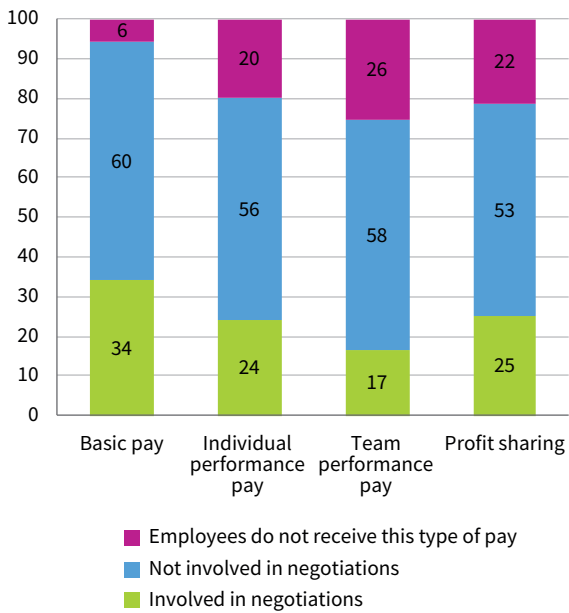
In most cases (56%) respondents said that they received the information both in good time, always or most of the time, and were very or fairly satisfied with the quality (Figure 21). Another 14% of respondents also regularly received the information in a timely manner but were not as impressed with the quality (10%) or were even fairly or very dissatisfied (4%). In a minority of cases (9%), the information was rarely or never provided in a timely manner. In those cases, the respondents were also likely to report that they were fairly or very dissatisfied with the quality of the information.

Involvement in pay negotiations

The ECS 2019 asked employee representatives whether there had been any pay negotiations since the beginning of 2016 and if the representative (body or individual) had been involved in these negotiations.

One-third of employee representatives reported that they had had a role in negotiating basic pay (Figure 22). In about one-quarter of cases, representatives had been involved in negotiations concerning variable elements of pay, such as pay related to the performance of the individual worker or profit-sharing schemes. Pay schemes related to team performance are somewhat less prevalent, but some employee representatives (17% of all) had recently had a role in negotiating on them.

Figure 22: Employee representatives' involvement in various types of pay negotiations (%)



Note: Based on responses to Q55: ‘Since the beginning of 2016, were there negotiations at this establishment between management and employee representation with regard to the following areas?’
Source: ECS 2019 employee representative questionnaire

Combining information on the kinds of pay that employee representatives had negotiated shows that in one-quarter (25%) of all cases with available

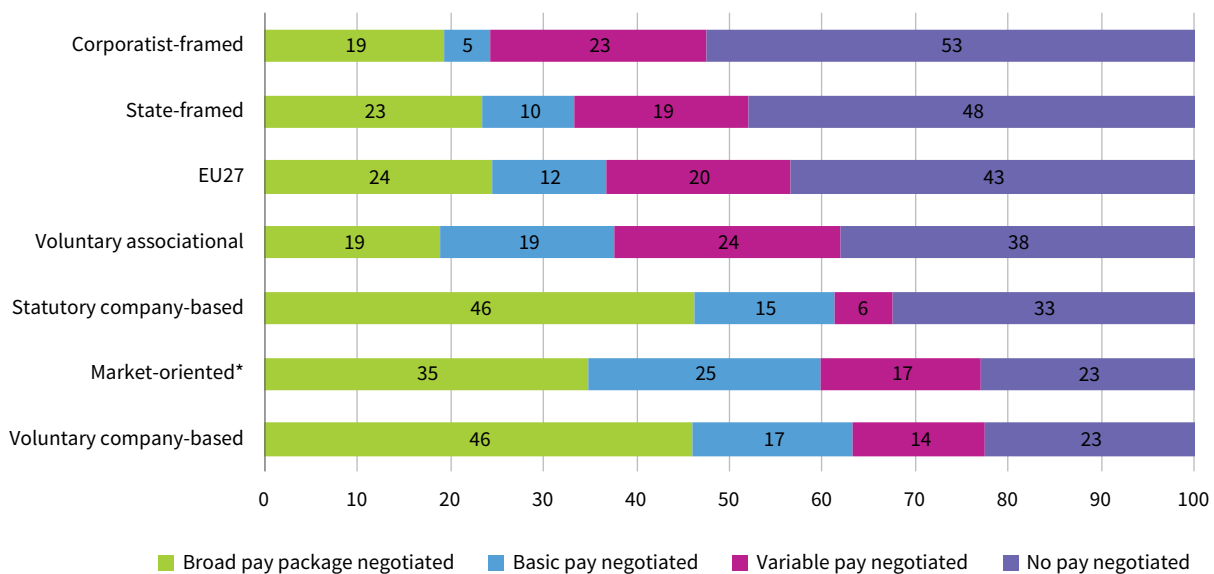
information this included both basic pay and at least one form of variable pay. Another 12% of respondents negotiated only basic pay and 20% negotiated only variable pay. The remaining 44% of respondents said that employee representation had not been involved in any pay negotiation since 2016.

Such company-level pay negotiations are in general much more common in the market-oriented, voluntary company-based and statutory company-based governance clusters, all of which are nearly exclusively composed of countries where company-level bargaining is the predominant form of pay bargaining. In these clusters, around 6 out of 10 employee representatives have recently negotiated pay with management (Figure 23).

In the state-framed and voluntary associational governance clusters, one-third of employee representatives have negotiated basic pay recently. These clusters contain mainly countries where pay negotiations are either articulated between the sectoral and the company level (for example, the Scandinavian countries) or where both forms co-exist, although they are not necessarily (strongly) articulated (for example, Germany, Italy, France and Portugal).

In the corporatist-framed governance cluster of countries, where sectoral bargaining is most often the predominant level of pay negotiations, the proportion of employee representatives who said that they had recently been involved in pay negotiations was only 22%.

Figure 23: Employee representatives' involvement in pay negotiations by industrial democracy cluster (%)



Notes: Based on responses to Q55: ‘Since the beginning of 2016, were there negotiations at this establishment between management and employee representation with regard to the following areas?’*Results for the market-oriented cluster need to be interpreted with caution, as they are based on fewer than 100 interviews. Percentages may not total 100 due to rounding.
Source: ECS 2019 employee representative questionnaire

Trade unions are more likely to have been involved in any form of pay negotiations than other types of employee representation (Figure 24). However, depending on the relevant country’s regulation and practice, works councils or worker delegates or representatives can also have a role in pay bargaining. These types of representatives were, however, much more likely to have negotiated variable pay than basic pay.

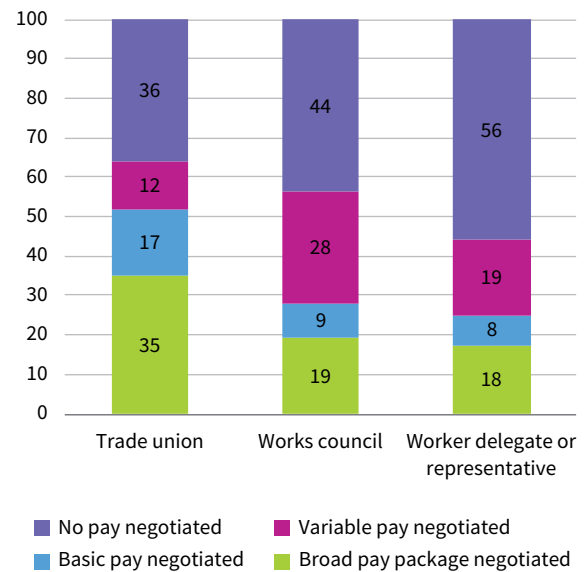
Participation in organisational change

The survey also looked at major organisational changes within establishments. The following subsections investigate workplace social dialogue practice in relation to what the employee representative considered to be ‘the most important’ change since 2016.

Changes within the establishments

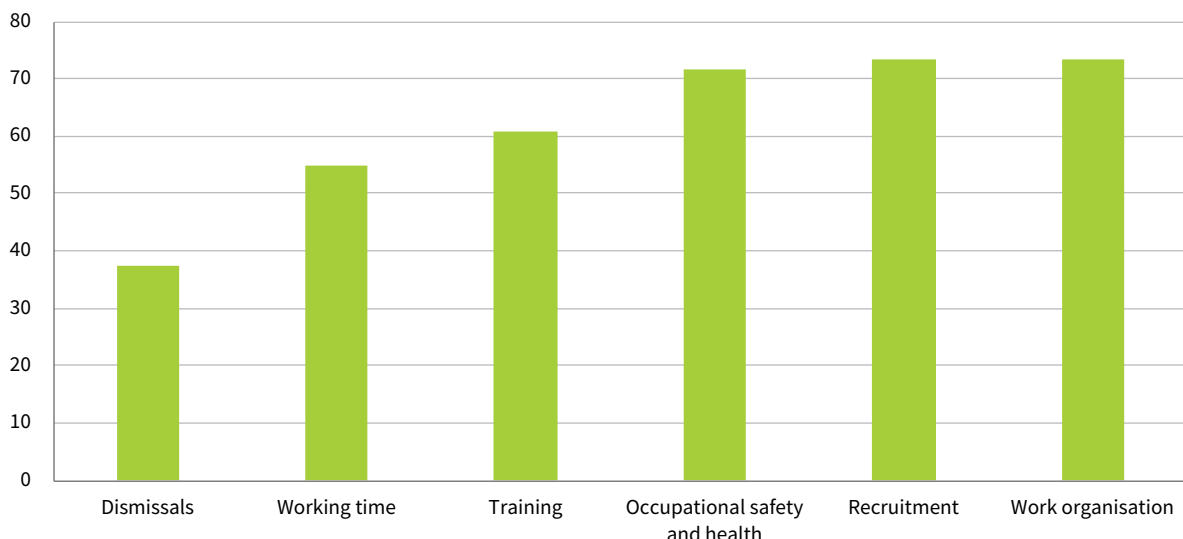
Respondents were asked to report whether any of six fields had been subject to major management decisions since 2016 (Figure 25). Changes were reported by 7 out of 10 respondents in the fields of organisation and efficiency of work and processes, recruitment, and occupational safety and health. Some 6 out of 10 respondents reported changes related to training and skills development, slightly more than half had seen changes to working time arrangements in their establishment and 4 out of 10 said major decisions had been taken concerning dismissals.

Figure 24: Employee representatives’ involvement in pay negotiations by type of representation (%)



Notes: Based on responses to Q55: ‘Since the beginning of 2016, were there negotiations at this establishment between management and employee representation with regard to the following areas?’ Percentages may not total to 100 due to rounding.
Source: ECS 2019 employee representative questionnaire

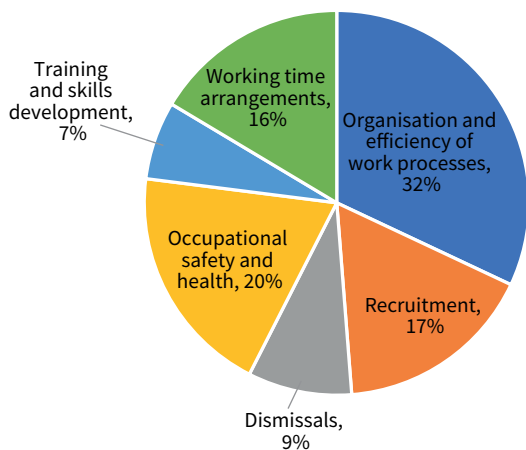
Figure 25: Employee representatives reporting organisational changes since 2016 (%)



Note: Based on responses to Q41: ‘Since the beginning of 2016, did the management of this establishment take any major decisions in the following areas?’
Source: ECS 2019 employee representative questionnaire

When asked to identify the most important management decision since 2016 in their establishment, 32% of representatives referred to changes in work organisation, followed by changes relating to occupational safety and health (20%), recruitment (17%), working time arrangements (16%), dismissals (9%), and training and skills development (7%) (Figure 26).

Figure 26: Areas of most important change since 2016, as reported by employee representatives (%)



Note: Based on responses to Q42: ‘Out of all the decisions that management took since the beginning of 2016, which was the topic of the decision that had the greatest impact on employees in this establishment?’

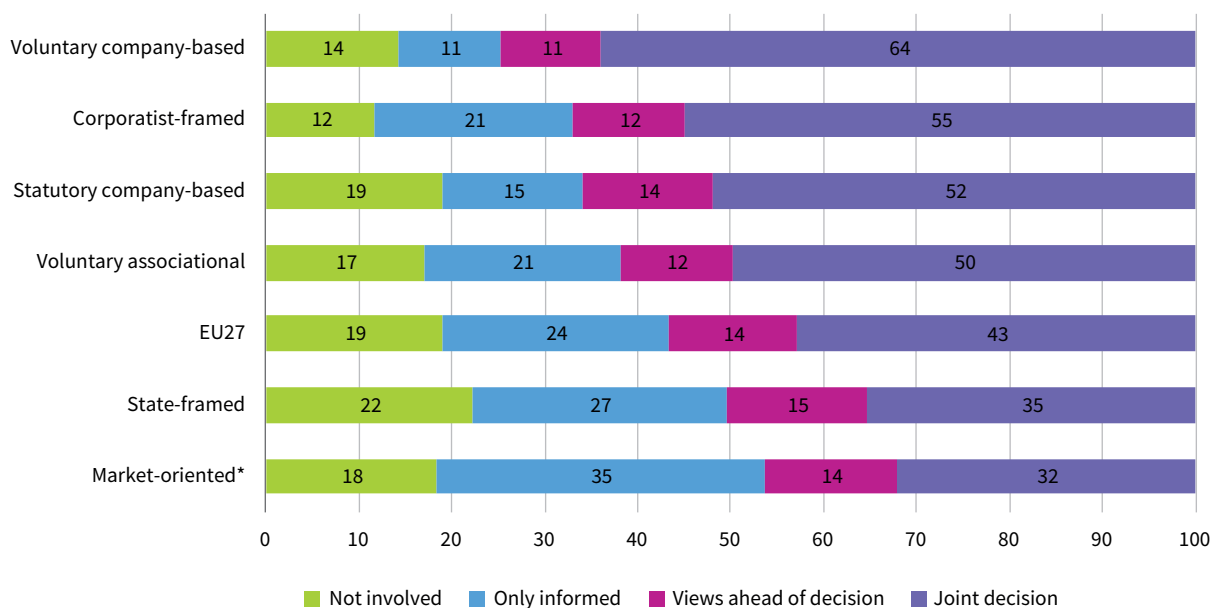
Source: ECS 2019 employee representative questionnaire

Involvement of the employee representatives

The representatives were subsequently asked if and how they had been involved in the most important organisational change they had identified. This involvement could take the form of receiving information, to providing their views ahead of the decision (consultation) or having been involved in joint decision-making with management (negotiation). As these categories are not mutually exclusive, multiple answers were possible. If multiple answers were given, they were collapsed into one variable to reflect a hierarchical understanding of these social dialogue processes (with information at the bottom of the hierarchy and negotiation at the top). For example, where involvement took the form of information and consultation, this is reported as consultation.

Across the EU27, joint decision-making by employee representatives and management was by far the most common social dialogue process (Figure 27). In 14% of cases, the representative’s views had been sought by management ahead of the decision, in 24% the employee representative was only informed and in 19% the representative said that none of these forms of social dialogue took place.

Figure 27: Involvement of employee representatives in the most important organisational change by industrial democracy cluster (%)

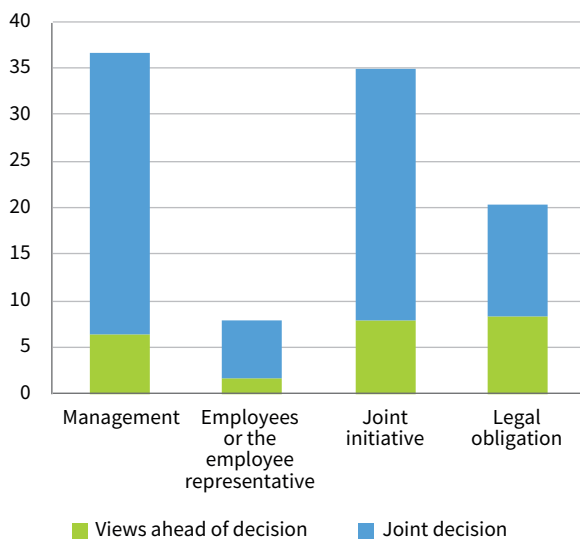


Notes: Based on responses to Q45: ‘With regard to this important decision, which of the following applies?’ *Results for the market-oriented cluster need to be interpreted with caution, as they are based on fewer than 100 interviews. Percentages may not total 100 due to rounding.

Source: ECS 2019 employee representative questionnaire

In those cases where employee representatives were consulted or involved in joint decision-making, the employee representatives were also asked who initiated this involvement (Figure 28). When negotiations or consultations were held, and joint decisions were made this was more or less equally likely to be the result of an initial proposal from management or to be entirely a joint initiative. Employee representatives tended not to see themselves as the sole initiator.

Figure 28: Initiator and form of social dialogue (%)



Note: Based on responses to Q44: ‘Who initiated this involvement of the employee representative?’ among those representatives who had been either consulted or were involved in negotiations (Q43).
Source: ECS 2019 employee representative questionnaire

When asked about their satisfaction with the level of involvement, 6 out of 10 employee representatives believed that they should have been involved more, 4 out of 10 said it should remain at the same level (and virtually none believed it should be less). When asked the same about the level of direct employee involvement, the figures were very similar: slightly more than half of the employee representatives said it should be extended and slightly less than half said it should stay the same.

Direct and indirect employee involvement

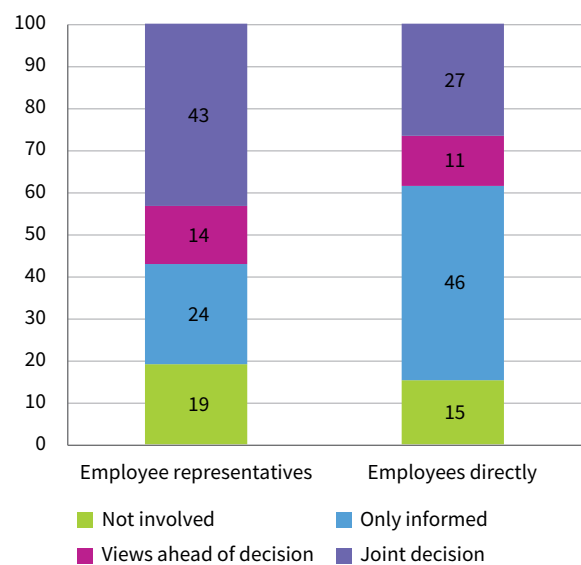
In addition to or instead of indirect employee participation through employee representatives, companies may also involve employees more directly in organisational change.

According to the survey respondents, direct employee involvement most often took the form of only informing employees about the change (46%). In 11% of the companies that had undergone a major organisational change, employees had been asked directly to give their views ahead of the decision, and in another 27% of cases the involvement took the form of joint

decision-making. When companies involved employee representatives, they tended to resort less to involving employees directly (beyond informing them) (Figure 29).

Consultation and particularly negotiation processes are likely to be easier to organise either with fewer and legitimately elected representatives or informally, outside formal structures, than when all employees are involved.

Figure 29: Forms of indirect and direct employee involvement in the most important organisational change (%)



Notes: Based on responses to Q29: ‘And thinking about all the information management has provided, did you usually receive it in good time?’ and Q30: ‘And, in general, how satisfied or dissatisfied were you with the quality of information?’ Percentages displayed are in relation to the total number of respondents. Percentages may not total 100 due to rounding.
Source: ECS 2019 employee representative questionnaire

Direct and indirect forms of employee involvement are often complementary rather than mutually exclusive, as shown in Table 12, and the data suggest that there has been no replacement of representative participation with direct employee participation. Only in 13% of all reported cases where the representative was not involved was there some form of direct employee involvement, which mainly took the form of informing employees only. Only in a small proportion of cases (9%) was the employee representative not or only marginally involved (being informed) while employees were more substantially involved directly (providing their views or making joint decisions). More commonly reported is the opposite situation (27% of all cases), where employee representatives were more substantially involved (providing their views or making joint decisions with management) while employees were only informed or not involved. Of a similar

Table 12: Direct and indirect forms of employee involvement in the most important organisational change

		Form of indirect employee involvement (%)				Total (%)
		Not involved	Only informed	Views ahead of decision	Joint decision	
Form of direct employee involvement	Not involved	6	4	2	4	16
	Only informed	10	16	7	14	47
	Views ahead of decision	1	2	3	6	12
	Joint decision	3	3	2	19	27
	Total	20	25	14	43	100

Notes: Based on responses to Q43 and Q45. Figures do not add up to 100% due to rounding.

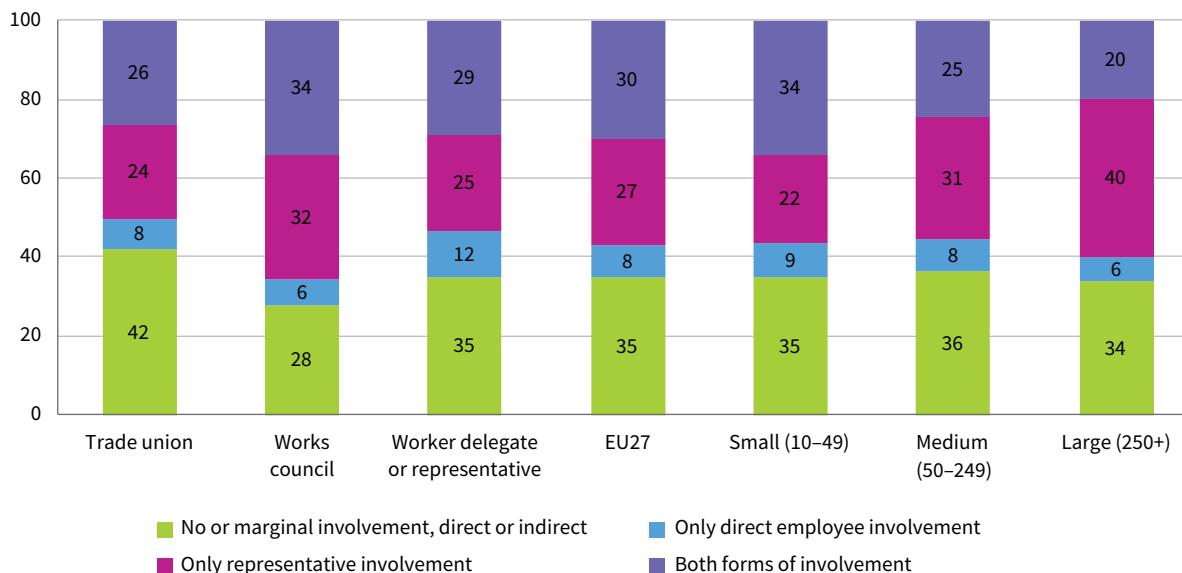
Source: ECS 2019 employee representative questionnaire

magnitude (30% of all cases) is the proportion of cases in which companies involved both employees and their representatives in the decision on the most important recent organisational change.

Employee representatives belonging to works councils are more likely to have been involved (on their own or alongside employees) in a recent major decision concerning organisational change (Figure 30). Among the other types of representatives, conversely, larger proportions were not involved or only marginally

involved (trade unions: 42%, worker delegates or representatives: 35%). Differences by establishment size can also be observed. Smaller establishments have a higher proportion of combined direct and indirect employee involvement (34%) than medium-sized (25%) or larger establishments (20%). Among the largest establishments, indirect participation only predominates, which is plausible, as direct employee involvement could become more costly or inefficient with a growing number of employees.

Figure 30: Distribution of combinations of direct and indirect employee involvement by type of employee representation (%)



Notes: Based on responses to Q43 and Q45. Percentages may not total 100 due to rounding.

Source: ECS 2019 employee representative questionnaire

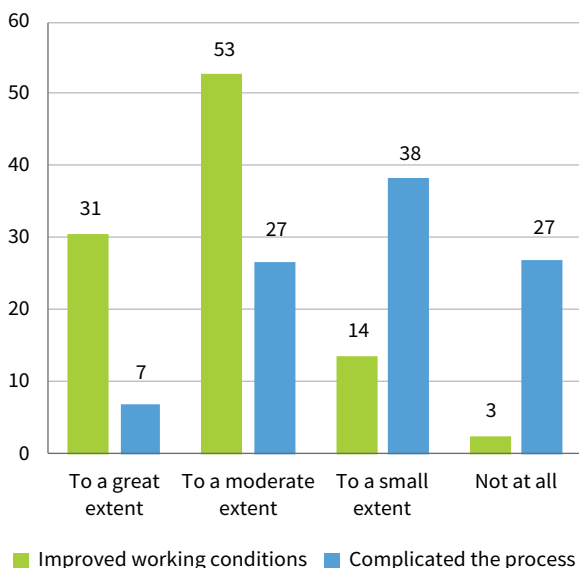
Attitude of representatives towards direct employee involvement

The one-third of employee representatives who reported that the employees had been involved in the most important organisational change (beyond having been informed) were asked to provide their opinion on this direct form of involvement. Overall, their answers suggest a rather positive attitude towards this approach.

More than 30% believed that direct involvement had improved the outcomes for working conditions in the establishment to a great extent, and more than half that it had done so to a moderate extent; 14% considered it to have improved outcomes to a small extent (Figure 31). Only 3% believed that direct employee involvement had had no effect on improving outcomes.

One argument against involving employees directly in decisions on organisational change is that it might complicate things. When asked about their actual experience with the direct involvement of employees in matters concerning important organisational change, those respondents who reported direct employee involvement were also relatively confident that it hadn't complicated matters much: 27% believed that it hadn't complicated things at all, 38% selected to a small extent, 27% to a moderate extent, and only 7% to a great extent. Moreover, among those who felt that the

Figure 31: Employee representatives' views on direct involvement of employees (%)



Notes: Based on responses to Q47: 'In your opinion, to what extent has the direct involvement of employees in the process that led to this important decision improved the outcome for working conditions in this establishment?' and Q48: 'In your opinion, to what extent has the direct involvement of employees in the process that led to this important decision on made this process more complicated?'

Source: ECS 2019 employee representative questionnaire

direct employee involvement had complicated matters, the vast majority believed that this had improved the outcome to a great extent (Figure 31).

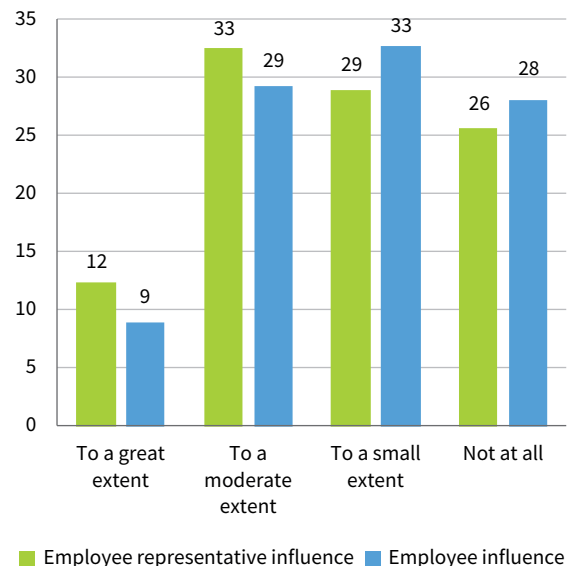
Perceived influence on organisational changes

Irrespective of the form of involvement of employees, those 90% of respondents who reported that a major organisational change had taken place in 2018 were asked to rate the influence of employee representation as well as the influence of the direct employee involvement on the outcome of the decision. The answers show that employee representatives do not perceive their own influence to be much different from employees' direct influence (Figure 32).

Only about 9–12% believed that employees (directly or indirectly) had influenced the decision to a great extent; about 29–33% believed that the influence had been moderate, with the same proportion perceiving it as small; and 26–28% of respondents thought that the employees had had no influence on the decision at all.

These shares do not vary significantly between different types of employee representation or between different establishment sizes.

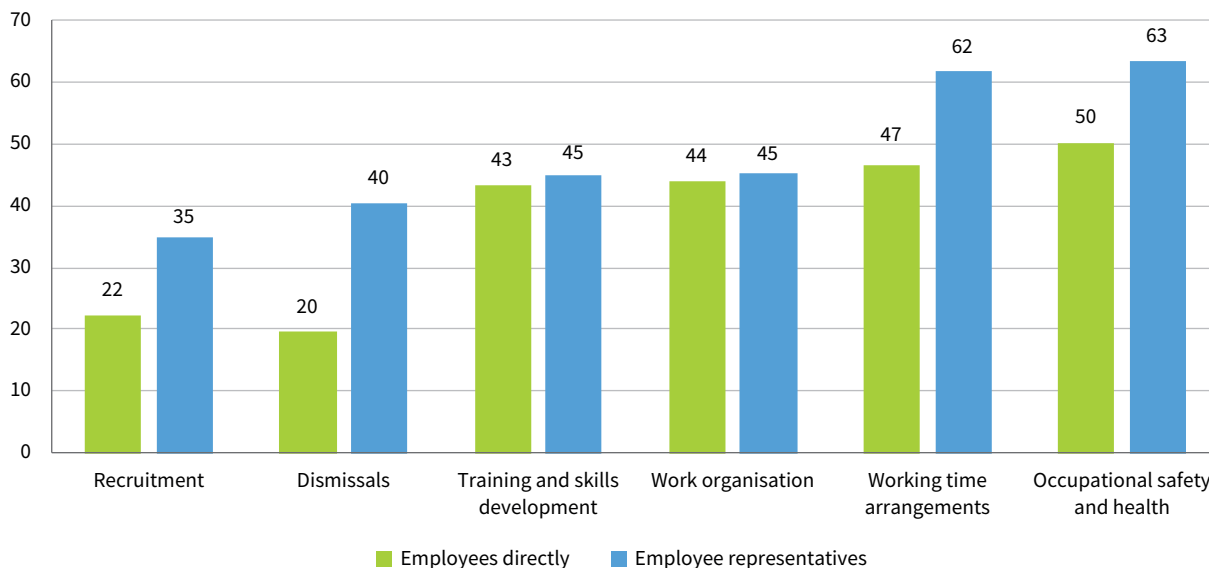
Figure 32: Employee representatives' views on influence of representatives and employees on major organisational changes (%)



Notes: Based on responses to Q51: 'In your opinion, to what extent did employee representation influence this important decision?' and Q52: 'And to what extent did employees have direct influence on this important decision?'

Source: ECS 2019 employee representative questionnaire

Figure 33: Employee representatives’ views on great or moderate influence of employees and representatives on organisational change by area (%)



Note: Based on responses to Q51 and Q52.
Source: ECS 2019 employee representative questionnaire

In addition to looking at the most important organisational change since 2016, the survey asked respondents about their perceived influence on other organisational changes that had taken place in 2018. This perceived influence does not vary much across the six thematic areas, but overall employee representatives felt that they had the greatest influence on decisions made in relation to working time arrangements (2 out of 10 thought they had a great influence on these decisions and 4 out of 10 a moderate one), and they considered their own influence on the area of occupational safety and health to be fairly high also. They perceived themselves as having the least influence on recruitment policies and dismissals (for both these areas, 3 out of 10 thought they had a small influence and 3 out of 10 considered that they had no influence). However, they rated their own influence on these matters significantly higher than employees’ influence (Figure 33).

Management respondents were presented with a largely similar set of questions²⁹ and were asked to rate the degree of influence that employee representatives or employees directly had in general on various areas. Answers from management, as well as the combined

answers of management and employee representatives for those companies in which interviews with both sides are available, are presented in Table 13, for different samples.³⁰ It should be noted that the combined sample of management and employee representative interviews is very small (in particular when reduced to those who answered the questions about influence), so the results should be interpreted with caution.

Employee representatives rated their own influence on working time arrangements and dismissals slightly higher than management assessed their influence to be (in both the separate and combined samples), but management assessed employee representatives’ influence on work organisation and training as being slightly higher than the representatives themselves considered it to be (but only in the smaller sample for which both sets of views are available).

Concerning the direct influence of employee representatives, managers tended to rate the direct influence of employees in the areas of work organisation and training higher than they did employee representatives’ influence, but also higher than employee representatives assessed the direct influence of employees to be in these fields.

²⁹ While employee representatives were asked to think of ‘important decisions’ that had been taken since 2016, management was asked to rate the extent to which employees directly or indirectly ‘influenced management decisions’ in selected areas.

³⁰ All management respondents were asked about employees’ direct involvement; those with employee representation in place were asked about the influence of representatives. For a smaller subset of companies, interviews with both management and employee representatives are available.

Table 13: Views of management and employee representatives on the degree of influence of employees and their representatives

Reported by	Perceived influence of employee representation (%)			Perceived influence of employees directly (%)		
	Manager	Manager	Employee representative	Manager	Employee representative	Manager
Work organisation	46	55	46	73	45	67
Training	43	51	43	69	43	58
Working time arrangements	45	55	63	66	50	51
Dismissals	25	28	37	23	21	22
Sample	Those with employee representation, management questionnaire	Interviews with both available, both questionnaires				Full sample, management questionnaire

Note: Percentage of those perceiving ‘a great or moderate influence’ in relation to all respondents.

Source: ECS 2019 employee representative and management questionnaires

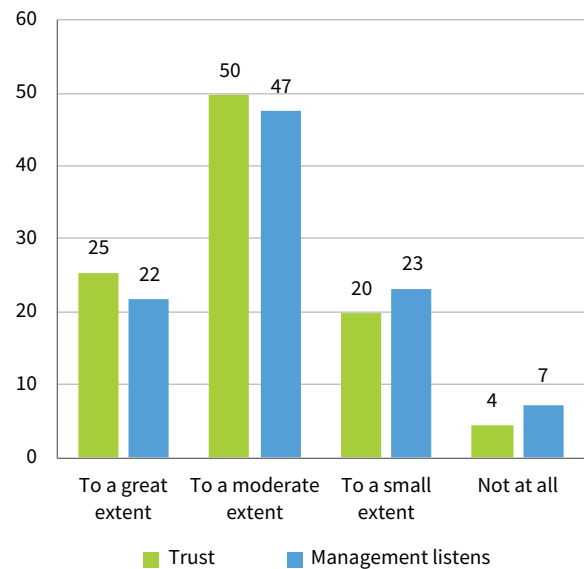
Relationship with management

When employee representatives were asked about the extent of trust in management in their establishment, one-quarter said that they believed that employee representation trusted management to a great extent, half to a moderate extent, 20% to a small extent and 4% not at all. The responses when they were asked whether management listened to employee representatives were virtually identical (Figure 34).

Management respondents to the survey were also asked about the extent to which they trusted employee representation. Table 14 presents the results for the establishments for which responses from both management and employee representative are available. Management respondents were somewhat more likely to express great trust towards the employee representatives, and accordingly less likely to report that they trusted employee representatives only to a small extent or not at all.

Most representatives meet with management less than once a month (42%) or once a month (33%); fewer meet several times a month (11%) or once a week or more (5%). Almost 1 in 10 representatives said they never meet with management.

Figure 34: Employee representatives’ views on levels of trust in management and whether management listens (%)



Notes: Based on responses to Q58: ‘In your opinion, to what extent does the employee representation at this establishment trust management?’ and Q63: ‘In your opinion, to what extent does management at this establishment listen to employees when they express their views on how to best do their work?’

Source: ECS 2019 employee representative questionnaire

Table 14: Extent of mutual trust between employee representatives and management (%)

		Employee representative trusts management (%)			
		To a great extent	To a moderate extent	To a small extent or not at all	Total
Management trusts employee representative (%)	To a great extent	15	21	6	42
	To a moderate extent	11	25	14	49
	To a small extent or not at all	1	4	4	9
	Total	27	50	24	100

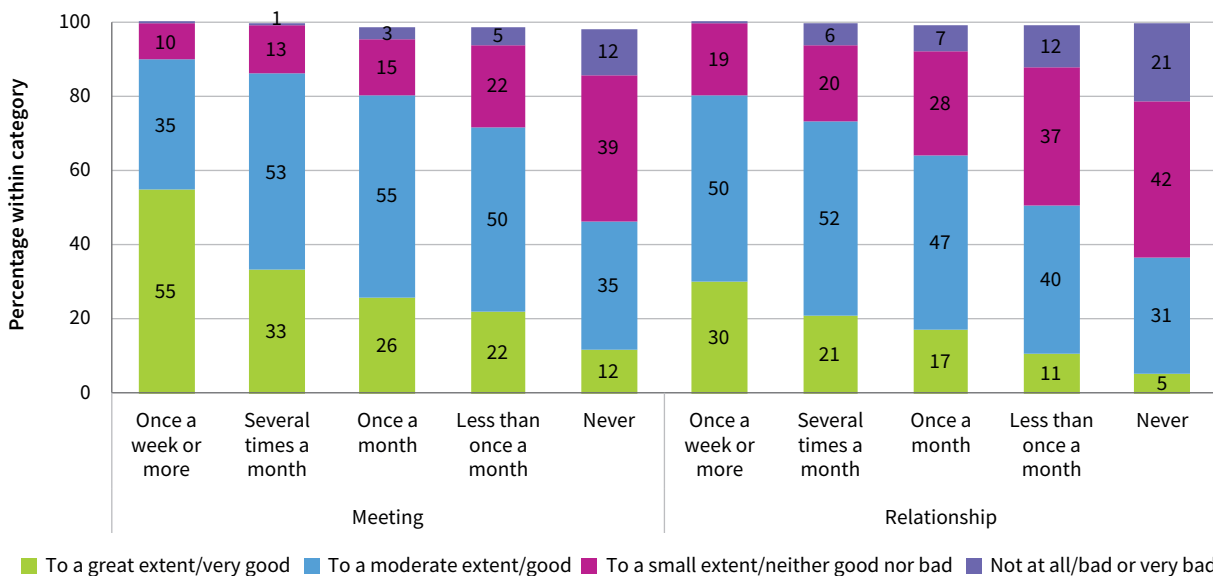
Notes: N = 1,782 valid responses (where interviews with both management and employee representatives were available). Figures for employee representatives' responses differ from those presented in Figure 34, due to the different sample of respondents. Percentages do not total 100 due to rounding.

Source: ECS 2019 employee representative questionnaire

Frequent meetings coincide with higher levels of trust and better relations with management: those employee representatives who met more frequently with management also reported a higher level of trust and better relations with management (Figure 35).

Most employee representatives believed that they were not treated differently from other employees in the establishment (88%), although 7% said that they thought they were treated worse than others and 4% thought they were treated better.

Figure 35: Trust in and relationship with management by frequency of meeting (%)



Notes: Based on response to Q58: 'In your opinion, to what extent does the employee representation at this establishment trust management?' and Q64: 'How would you describe the relations between management and employees in this establishment in general?' Percentages may not total 100 due to rounding.

Source: ECS 2019 employee representative questionnaire

Main findings and policy pointers

According to more than 60,000 replies from managers as part of the initial 'screening phase' for the ECS 2019:

- Fewer than one in three private sector workplaces in the EU with more than 10 employees have some form of employee representation (29%).
- Except for the Nordic EU countries, where union-based workplace employee representation is comparatively high, the survey shows that (solely) union-based employee representation is less frequently found than the two other forms distinguished in this analysis, namely works councils, worker delegates or representatives, or any combination of the three. Some informal ties with and influence from unions within works councils were, however, detected in interviews with employee representatives; although in 8 out of 10 cases none of the works council members had been nominated by a union.
- Among the countries with a higher prevalence of workplace-level employee representation are those where smaller companies have been successfully covered. But the fact that the possibility exists in principle and under law for smaller companies does not necessarily mean that representation will indeed be established.

An analysis of more than 20,000 replies to the management questionnaire showed:

- Supportive legislation has a stronger association with the presence of employee representation in a workplace than other factors. All other things being equal, establishments in countries where a threshold is set at 20 employees or where some form of employee representation (works councils or worker delegates) is mandatory are most likely to have employee representation in place.
- The estimates based on the survey findings showed, however, that very low thresholds from which employee representation can be set up do not seem to succeed greatly in promoting the set-up of representation.
- All other things being equal and considering the abovementioned influence of national legislation, an establishment is most likely to have workplace-level employee representation if it is a larger company, is in industry or the financial services sector, has recently reduced employment, is active in a market for products or services that is regarded as 'not at all competitive' by the manager, has a company-level collective wage agreement in place and employs only a low share of non-permanent employees and a low share of part-time workers. Other company or human resources practices, such as the extent of ICT use or the presence of various forms of teamwork, were not found to be significantly (or substantially) associated with the existence of employee representation.

The results of the survey among employee representatives, based on more than 3,000 replies, show the following:

- Employee representatives in smaller establishments (often of the worker delegate or representative type) are the least well-resourced in terms of access to funding, training or paid time off. Any capacity building of workplace employee representatives should focus on this segment first.
- Employee representatives communicate with employees in traditional ways: 7 out of 10 through regular meetings in working hours, and more than 8 out of 10 using other traditional channels such as newsletters or noticeboards. Only around 8% of employee representatives have set up and actually use a social media account specifically for an employee representation body, while more (one-fifth) say they use their private social media accounts to communicate with their colleagues about employee representation.
- Most employee representatives feel appreciated by employees (at least 'to a moderate extent').
- The provision of information in relation to the financial situation, employment or strategic information is good. Half of the respondents said that they had received all three types of information, one-quarter said that they had received at least two out of the three, another 13% received one type and 12% reported not having received any of the three. Representatives in the corporatist-framed governance countries tend to be the best informed.
- One-third of employee representatives had negotiated a company-level collective wage agreement between 2016 and 2019. In about one-quarter of cases, there were negotiations concerning variable elements of pay, such as pay related to the performance of the individual worker or profit-sharing schemes.
- Where employee representatives are in place, direct engagement with employees as a substitute for social dialogue with their representatives is only marginal. Rather, one-third of establishments used both forms to complement each other. Employee representatives do not see the direct involvement of employees as a threat to their role; they voiced rather positive views in those cases where employees had (also) been involved ahead of the decision on a major organisational change since 2016.

- Despite the impressive proportion of cases in which the most important organisational change had been preceded by some form of social dialogue and/or direct employee involvement, employee representatives were fairly sceptical about their (and employees’) influence on the outcome: somewhat more than one-quarter of respondents believed that they and/or the employees had no influence at all on the decision, and just under one-third believed that the influence was either small or moderate.
- Frequent meetings coincide with higher levels of trust and better relations with management: those employee representatives who met more frequently with management also reported a higher level of trust and better relations with management.

6 | Looking ahead

Current context

It is difficult to make predictions about the future of industrial relations in the EU in view of the uncertain effects of the recent COVID-19 pandemic. The impact of suddenly halting economic activity and the pace of the subsequent recovery are both very uncertain and will probably be asymmetrical across sectors and territories of the EU. Moreover, it is still unknown how long physical and psychological health will be at stake, threatening the welfare of workers and businesses' continuity. This unprecedented shutdown demands caution in estimating when the economy will return to pre-COVID-19 output and employment levels.

Although it is hard to assess the scale and the effective impact and duration of the economic and social crisis, this report has shown that industrial relations were already challenged over the past decade by the impact of long-lasting trends, accelerated by the effects of the economic crisis and the recession that started in 2008. These tendencies remain relevant now – some of them may speed up – and they are influenced by the following external drivers of change.

Limits to globalisation: After decades of intensification, globalisation was questioned in the period covered by this study, partly for political and geostrategic reasons. Economic integration between regions of the world was affected by tensions, although interdependence remains high, particularly in the financial arena. The post-pandemic world suggests the possibility that the production of certain goods – for example, medical equipment and pharmaceutical products – will be re-shored or brought back to Europe to meet public health needs. National production is now encouraged to guarantee the supply of strategic or essential services and goods. These phenomena, if maintained, along with other emerging issues in trade, data ownership and technology, will have consequences for global supply chains, employment and jobs.

Throughout the EU, regardless of the type of system in place, industrial relations have played a role in counteracting the devastating effects of the pandemic, mainly through measures aimed at mitigating the effects of the lockdown of workplaces and entire sectors. However, industrial relations will need to adapt to the changes in production and activity of the post-virus economy. This will also entail reframing discussions on new work realities – for example, the effects of telework on collective employment relations and union representativeness – and business developments.

Changes in labour markets: The consolidation of new forms of work, freelancing and temporary work, and the growth of self-employment polarise the interaction in labour markets. These features lead to disrupting consequences, namely job insecurity, a large number of low-wage jobs and pay inequality. The erosion of job quality for a significant group continues, threatening industrial relations equilibrium, weakening actors and creating an unlevel playing field, and resulting in deteriorating working conditions for many workers, particularly those outside collective bargaining coverage.

Technological change and digitalisation: This is likely to proceed at a faster pace than ever. Many studies show quite significant differences depending on the technology and the sectors involved. For years, there were grim predictions of job losses resulting from automation processes. However, predictions are more nuanced now, acknowledging the varied development of technological innovations to be implemented in markets. For example, although there is no evidence of the most widely implemented automated technology (industrial robots) replacing jobs or reducing the share of low-skilled workers across Europe (Tolan et al, 2020.), the future impact of further advanced robotics enhanced by artificial intelligence, or used in combination with other digitised cross-cutting technologies, such as the Internet of Things (IoT), is uncertain. The combination and interaction of technologies with automated processes could have a serious impact and eventually disrupt production, work organisation and employment. Beyond individual employment status and working conditions, technological change will influence collective employment relations. The impact will depend on the nature and degree of deployment of each specific technology, as well as the economic activity in question.

Tackling climate change: The efforts to create a climate-neutral economy in Europe by 2050 embedded in the European Green Deal will entail prolonged and dramatic transformations in the coming years in many strategic sectors. This huge transition also represents an opportunity to shape sustainable restructuring processes and establish a competitive EU industrial strategy. The economic and social costs, as well as the opportunities arising from the transition to a carbon-neutral society should be distributed fairly between workers and business, supported by ambitious EU and national public policies. Industrial relations should contribute to this enormous challenge both at sectoral level – for example, addressing structural changes in automotive and other manufacturing activities, or in mining and energy – and in those

coal- and carbon-intensive regions and territories that are most vulnerable.

Anticipating change across industrial relations clusters

The above tendencies combine with internal drivers related to national features in industrial relations. Based on exploration conducted through the Network of Eurofound Correspondents, some predominant factors and threats, which could shape debate in the years to come, are highlighted below.

Voluntary associational and corporatist-framed governance clusters

Overall stability in industrial relations is expected to be the common denominator in the Nordic countries and in other Member States within the corporatist tradition. With all the caveats relating to the effects of the pandemic, industrial relations in most of these countries will continue to reshape the labour market, influenced in particular by technological change and fluctuations in the global economy and competitiveness. Demand for and supply of skilled and unskilled labour will be high on the agenda.

Social partners in various sectors in Sweden may revisit the long-standing export-oriented wage norm, which dominates collective bargaining in the Nordic countries. Still, even though certain elements are contested, the model overall enjoys overwhelming support from trade unions, employers and policymakers alike, and this is likely to continue provided it maintains its ability to adapt to new conditions and circumstances.

The continued steady decline in trade union membership rates and density seems closely related to structural changes in the economy and business organisation that have led to a shift in employment towards segments of the labour market where the organisation rate is usually lower. Overall trends indicate that the share of white-collar jobs has increased in relation to blue-collar jobs, as have private sector jobs in relation to those in the public sector and those with smaller employers in relation to those with large employers. A further decline in union membership may constitute a challenge to collective bargaining coverage, as the incentives for employers to bargain would decrease considerably if the rate of organisation in the workforce became so low that the risk of conflict disappeared. Nevertheless, as the debates on a European initiative on minimum wages have shown, trade union opinion remains predominantly opposed to state intervention in the bargaining relationship between unions and employers.

Industrial relations in Norway may have a rather complex agenda in the coming years due to the consequences of a shift towards more sustainable

production in the world affecting the Norwegian oil and gas industry. It is too early to say how the industrial relations system may be affected by these radical changes in the economy and the labour market, or whether there will be any real consequences for the country's relationship with the EU as a result of growing unease among trade unions about the implications for employment relations of membership of the European Economic Area.

Germany is showing dynamism and tensions in parallel. The government's interest in national social dialogue since 2014 in the context of industrial policy – Industry 4.0 – is expected to continue in the context of restructuring in some strategic sectors. However, collective bargaining combines good practices for adapting to technological change in some sectors and companies with decreasing coverage in the system as a whole, while employer organisations are pressing for further flexibilisation and modularisation of collective agreements. Furthermore, industrial relations will be challenged by digitisation, the phasing out of coal and other transition costs, for example the automotive industry's move towards e-mobility. These transformations, as in other countries in this group, will cost jobs, and trade unions, employers and business organisations will need to engage in realistic and future-oriented negotiations to reach protective agreements for workers and business competitiveness. In this regard, trade unions have started dialogue with civil society and climate initiatives to raise policy demands.

Finally, in this group, industrial relations in the Netherlands shows strong institutionalisation despite reduced trade union membership. This may lead to the exploration of new organisational forms, better able to attract and represent new types of workers and to reflect new working arrangements and new career trajectories appearing in the labour market.

State-framed governance cluster

Industrial relations in the state-framed governance countries will probably continue to be subject to the perceptible influence of government intervention in the regulation of employment relations. As in other industrial relations clusters, in this cluster changes in the labour market, digitalisation and climate change transitions will have significant effects; the social partners will struggle to keep as much autonomy as possible to shape wage setting, working conditions and industrial relations in general. To a certain extent, changes in the degree of autonomy will mirror either the strengthening or the fragility of collective self-regulation in these countries with statist traditions of intervention, particularly given external pressures in times of economic adjustment. Future developments will very much depend on the internal dynamics in each country, namely institutional and political stability, as well as the adaptation of the industrial relations system to broader impacts.

Low levels of membership and the decline in trade union density, eroding their legitimacy, are weaknesses that trade unions must face in these countries. In some, there is also fragmentation and competition in the trade union landscape. This may further erode the capacity of social partners to shape industrial relations in the future, in the context of the digital transformation.

Within this group, Italy shows the paradox of social partners capable in recent years of responding to emerging challenges (through intersectoral agreements to address changes in the economy) while an under-institutionalised system seems to limit the implementation of the rules agreed on representativeness. Additional challenges include the plethora of sectoral agreements signed by new organisations with unclear representation records, and the need to clarify rules on the validity of collective agreements and minimum wage rates.

Bipartite and tripartite social dialogue in Spain is already contributing and can further shape post-COVID-19 recovery and reconstruction. Gaining room for effective social partner autonomy could be an interesting step forward in this institutionalised system of industrial relations with a low level of unionisation and relatively high collective bargaining coverage. While this rather legalistic approach provides stability to the system, it is at the cost of dependence on the economic cycle and the colour of the governing party.

The near-term future of industrial relations in France will be determined partly by the impact of representativeness reforms and the reduction in the number of industrial branches with bargaining structures. This will result in a reduction in the number of organisations, both employer organisations and trade unions, through merger processes. Should the organisations that emerge from this process be stronger, they will keep a prominent role in shaping collective employment relations. By contrast, a further weakening of social partners may pose a risk to the system, which has already been overwhelmed by new forms of unorganised representation at national level, or even (at company level) by new forms of more radicalised collective expression, for instance through social networks.

Similarly, the proliferation of new independent unions in Portugal – some using their strategic capacity in critical positions – along with cases of extreme conflict, underlines the importance of the work (particularly related to the reconstruction of the collective bargaining and industrial relations systems) that lies ahead in the coming years.

Market-oriented and voluntary and statutory company-based governance clusters

The future of industrial relations in this group of countries will be strongly influenced by the effects of the COVID-19 pandemic. If recovery comes soon, a certain degree of continuity in respect of industrial relations and associated policies on pay bargaining and employment law is expected. The effects of the pandemic in Greece will supplement those of the austerity policies implemented during the recession following the financial crisis, contributing to delaying the normalisation of industrial relations, particularly in relation to wage bargaining. Tensions, discontent and conflict may be generated, linked also to other issues such as the very poor working conditions of migrant workers. Interestingly, some countries in these clusters – even those of the most market-oriented type – have in common with the state-framed governance group the fact that employment relations are relatively vulnerable to the partisan character of the elected government and its legislative programme, which indicates structural weaknesses and a low degree of autonomy on the part of the social partners.

Changes in government in Ireland in 2020 may facilitate a closer social partnership approach. In any case, stability is expected in the public sector, while in the private sector the collective bargaining process is conducted at company level and leaves hardly any room for developments in sectoral bargaining.

A high degree of uncertainty remains pending the results of negotiations on the future relationship between the EU and the UK following Brexit. The nature of the commitment, if any, to maintaining EU-derived employment rights and protections for workers (level playing field provisions) is one of the sticking points.

Industrial relations in most countries of central and eastern Europe have changed remarkably following the fall of the communist regimes, through their development in the years of transition and their consolidation during the period of accession and eventual full EU membership. In many of these countries, company-based collective bargaining prevails. While the necessary legislative and institutional frameworks are in place, particularly tripartite bodies (of varied natures), the challenge for the years to come is to strengthen bipartite structures at sectoral level, where social partners are weak or even do not exist. Bipartite sectoral social dialogue and collective bargaining should improve their performance and deliver effective outputs.

In this wide and diverse group, trade union density is relatively low and mostly concentrated in the public sector. Should sectoral bargaining in the private sector not be developed, trade unions will face serious difficulties in recruiting new members, especially given changes in production systems and the economy (employment growth in small firms, new start-ups and the subsidiaries of multinational companies operating in the countries) that limit the prospects for unionisation of staff. These shortcomings, along with the extremely fragmented structure of trade unions, also lead to low coverage of collective agreements.

As in other clusters of industrial relations, the situation is not homogeneous, and the future challenges may differ for each of the countries. The intensity of the process of technological change will affect both unions and employers. Trade unions will need to look for new initiatives to represent the interests of workers in non-unionised enterprises and in atypical employment. Clarifying the situation regarding workers' rights in the platform economy should be a goal in Estonia, where there are already a significant number of different forms of work. Another challenge would be to address employees' lack of motivation to join trade unions, as legislation allows most company-level collective agreements to cover all employees working in the signatory parties' companies. As a result, employees do not see the benefit in joining trade unions, resulting in

low membership levels and lack of financial capacity for trade unions. This perpetuates structural weaknesses, with single-employer bargaining predominating.

In Czechia, attracting and recruiting labour from abroad could be one of the key discussions, with strongly divergent views from the social partners. In Hungary, industrial relations actors will need to respond to the erosion of recent years, which has weakened bipartite and tripartite social dialogue structures and processes (which were already underdeveloped). Another challenge relates to the explicit incorporation in legislation of the rules on representativeness of social partners at national level.

Industrial relations in Romania still await the restoration of an agreed social dialogue framework – overcoming restrictions on collective bargaining and industrial action – that the ILO has criticised as non-compliant with its standards. In contrast, industrial relations in Slovakia may expect stability, due to the existence of sectoral multiemployer collective bargaining and the extension of representative collective agreements. Nevertheless, the lack of sectoral bargaining in several sectors, low bargaining coverage and decreasing density of trade unions (particularly in the private sector) as well as a lack of employee representatives in some sectors (particularly the platform economy) all point to continuing challenges.

Conclusion

This report provides an overview of developments in industrial relations and social dialogue in recent years, prior to the COVID-19 outbreak. These are placed in the context of the key developments in EU policy affecting employment, working conditions and social policy, and linked to the work done by social partners – as well as public authorities – at European and national levels.

At European level, the Commission headed by President Juncker created the European Pillar of Social Rights and passed new legislation giving additional rights, protections and responsibilities in the areas of work–life balance and posted workers, and, by means of the Directive on Transparent and Predictable Working Conditions, enacted new rights for all workers, in particular addressing the issue of protection for workers in non-standard and more precarious jobs while limiting the burden on employers and ensuring that the labour market remains adaptable.

Social dialogue was also active and has responded to the main social and employment issues facing the social partners at cross-sectoral and sectoral levels in areas such as digitalisation and new technology, demographic change, the green economy and sustainable development, and the need for skills and competencies to keep pace with all of these challenges.

However, there has been a shift away from agreements towards other forms of joint texts and declarations, and issues remain around the legal status of social partner agreements. The social partners have failed to agree binding texts or have declined to negotiate on a number of topics.

Attention is therefore required to strengthen social dialogue and the capacities of the social partners, recognising that European social dialogue requires effective links to strong national systems.

Bipartite social dialogue and collective bargaining at national level are the core of national industrial relations systems, and efforts to close structural gaps should be underpinned by an appropriately supportive legal framework that respects the principles of subsidiarity and autonomy of the social partners.

Better links between the EU and national levels of industrial relations, including better implementation of European autonomous agreements at national level, would foster more effective social dialogue.

Meaningful involvement of the social partners in policies and reforms is not yet fully in place in several countries, and the contribution to policymaking from bipartite social dialogue is limited, with most national peak-level social dialogue being tripartite.

Safeguarding and promoting fair, well-functioning and balanced industrial relations is a key component of ensuring inclusive and sustainable growth and social progress and, in the wake of the COVID-19 pandemic, will be a key mechanism supporting the integration of the economic and social dimensions of the EU, as laid out in the European Pillar of Social Rights.

At national level, the report presents research on varieties of industrial relations and a typology based on key characteristics of industrial democracy. Six clusters of countries are identified. These clusters are referred to in reporting key national developments in industrial relations and presenting data on workplace employee representation and social dialogue.

The report finds that trade unions continue to struggle with a long-term decline in membership, while available data on employer organisation density suggest stability. Bargaining coverage has continued to decline in the EU as whole, and organisational changes in the structure of social partners have been frequent, most of them linked to changes in the economy or responding to reforms imposed on the regulatory frameworks governing social dialogue. Mergers have been common, especially on the trade union side. However, many Member States showed a high degree of stability in their institutional industrial relations frameworks, including collective bargaining arrangements, and there were also examples of consolidating tripartite social dialogue.

Investing in social dialogue in ‘good times’ helps to ensure that it can be resorted to in times of crisis. A mapping of first policy responses to the COVID-19 pandemic has shown that, in half of the cases, social partners in the EU were involved but that the involvement was stronger in those countries where social dialogue has traditionally played a more important role (Eurofound, 2020c, 2020d). Industrial democracy is more important than ever in times of unprecedented change, as more than 3,000 researchers have recently pointed out in a jointly published article (Ferrerías et al., 2020). They call, among other things, for a strengthening of workplace democracy, and, in particular, the provision of works councils with stronger co-determination rights.

To underpin this debate with figures, this report finds that every second worker and somewhat fewer than every third workplace are covered by official employee representation,³¹ leaving two-thirds of workplaces and half of all workers not covered.

And while (with some exceptions) the provision of information to representatives and their involvement works reasonably well, the survey shows that employee representatives are rather sceptical about their (and employees') influence on outcomes: somewhat more than one-quarter of respondents believe that they and/or the employees had no influence at all on major decisions taken since 2016, and another significant group (less than one-third) believe that the influence was either small or moderate.

Finally, to look forward, despite the difficulties of prediction in such uncertain times, some cross-cutting points can be identified as crucial for the years to come.

- In a context of political and governmental instability, it is tempting to look to state intervention in industrial relations to build social partners' capacity and to promote collective bargaining and tripartite concertation. Yet, this may also threaten social partners' autonomy.

- EU labour markets have suffered a severe impact from the COVID-19 pandemic and subsequent measures, and a serious recession is in prospect. The crisis has accelerated existing structural change in companies and sectors, and the digital and low-carbon transitions will further challenge employment and working conditions. The effects on those in atypical employment and the self-employed may be especially serious.
- This macro-restructuring process will affect economic activities with high trade union density and collective bargaining coverage, as well as emerging activities in the services sector, where trade unions seek (in the face of difficulties) to expand. It may disrupt the balance of power between employer and worker organisations in some countries and weaken the commitment on the side of employers to collective bargaining.
- As a result, trade union membership and collective bargaining coverage could be further eroded.
- In a context of high economic and labour-market volatility, the best way to deliver balanced results is to invest in the capacity of social partners to jointly contribute to the governance of the labour market and social protection systems.

³¹ These figures are for private sector workplaces with more than 10 employees.

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Annex

Table A1: Types of employee representatives included in the ECS 2019

	1	2	3	4	5	6	7	8
Country	ERTYPE_A Trade union representative body	ERTYPE_B Trade union representative/shop steward	ERTYPE_C Works council	ERTYPE_D Public sector equivalent of works council	ERTYPE_E Worker delegation or representation	ERTYPE_F Worker delegate or representative	ERTYPE_G Other country-specific body	ERTYPE_H Other country-specific individual
Austria			Betriebsrat	Personalvertretung				
Belgium (Flemish)	Vakbondsafvaardiging		Ondernemingsraad	Bijzonder onderhandelingscomité of Basisonderhandelings comité (BOC)			Comité voor preventie en bescherming op het werk	
Belgium (French)	Délégation syndicale		Conseil d'entreprises	Comité de négociation particulier de base			Comité pour la prévention et de la protection au travail	
Bulgaria	Синдикална организация/секция					Представители на работниците и служителите		Представители за информирани и консултирани на работниците и служителите
Croatia		Sindikalni predstavnik/povjerenik	Radničko vijeće					
Cyprus	Συνδικαλιστική Εκπροσώπηση/Τοπική Επιτροπή							
Czechia	Základní organizace odborového svazu/odborová organizace		Rada zaměstnanců					
Denmark		Tilidsrepræsentant (TR)	Samarbejdsudvalg (SU)					
Estonia (Estonian)	Ametühingu usaldusisik					Töötajate usaldusisik		
Estonia (Russian)	Доверенное лицо профсоюза					Доверенное лицо работников		
Finland		Luottamusmiehis	(Yhteistoiminta) neuvottelukunta			Luottamusvaltuutettu		
France		Délégué syndical	Comité d'entreprise/comité d'établissement			Délégué du personnel	Comité social et économique or délégation unique du personnel (DUP)	

	1	2	3	4	5	6	7	8
	ERTYPE_A	ERTYPE_B	ERTYPE_C	ERTYPE_D	ERTYPE_E	ERTYPE_F	ERTYPE_G	ERTYPE_H
Country	Trade union representative body	Trade union representative/shop steward	Works council	Public sector equivalent of works council	Worker delegation or representation	Worker delegate or representative	Other country-specific body	Other country-specific individual
Germany	Vertrauenskörper		Betriebsrat	Personalrat	Mitarbeitervertretung (MAV)			
Greece	Επιχειρησιακό σωματείο		Συμβούλιο Εργαζομένων		Ένωση προσώπων			
Hungary	Szakszervezet		Üzemi Tanács			Üzemi megbízott		
Ireland		Workplace trade union representative	Statutory employee representation forum (works council)		Non-union staff association (company council or 'expected body')		Joint consultative committee	
Italy	Rappresentanza sindacale aziendale (RSA)		Rappresentanza sindacale unitaria (RSU)	Rappresentanza unitaria del personale (RUP)				
Latvia	Arodiedrības institūcija					Darbinieku pilnvarots pārstāvis		
Lithuania	Profesinė sąjunga		Darbo taryba					Darbuotojų patikėtinis
Luxembourg (French)			Comité mixte		Délégation du personnel			
Luxembourg (Luxembourgish)			Betriebsrat		Personalausschuss			
Malta		Shop steward						
Netherlands			Ondernemingsraad	Personneelsvertegenwoordiging				
Poland	Związek zawodowe		Rada pracowników					
Portugal	Comissão Sindical (CS)	Delegado sindical	Comissão de Trabalhadores					
Romania	Organizație sindicală la nivel de întreprindere (Sindicat)						Reprezentanții salariaților	

	1	2	3	4	5	6	7	8
	ERTYPE_A	ERTYPE_B	ERTYPE_C	ERTYPE_D	ERTYPE_E	ERTYPE_F	ERTYPE_G	ERTYPE_H
Country	Trade union representative body	Trade union representative/shop steward	Works council	Public sector equivalent of works council	Worker delegation or representation	Worker delegate or representative	Other country-specific body	Other country-specific individual
Slovakia	Základná organizácia odborového zväzu - (Odborová organizácia)		Zamestnanecká rada			Zamestnanecký dôverník		
Slovenia		Sindikalni zaupnik	Svet delancev			Delavski zaupnik		
Spain	Sección sindical	Delegado sindical	Comité de empresa	Junta de personal		Delegado de personal		
Sweden		Facklig förtroendeman						
UK	Recognised shop floor trade union representation	Shop steward	Works council/joint consultative committee (also called staff/employee councils, company councils, works committees, office committees and employee forums)					

Methodological note on legal size thresholds and the ECS

The legal size thresholds above which representations can be set up are defined either at the level of the company or at the level of establishment. The Information and Consultation Directive leaves the scope of application to the national legislator: its content can apply to either an ‘undertaking’ (a ‘company’ in the ECS) with more than 50 employees or an ‘establishment’ (a part of an undertaking) with more than 20 employees.

In the ECS 2019, the unit of observation is the establishment and information on the number of employees is available only at establishment, not company, level. Most of the interviews from the ECS relate to single-establishment companies. For countries that have opted to link their laws to ‘undertakings’,³² as they are referred to in the directive, company size is unknown for the multi-establishment companies in the ECS. This concerns about 4% of companies in these countries. To take this uncertainty about whether such establishments would be covered by the legislation into account, two estimation approaches were taken: (1) the model was estimated for two different samples, one including all establishments, the other one restricted to single-establishment companies (reducing N to about 14,000 cases); (2) a dummy variable was created for those 4% of cases that relate to countries that use the ‘undertaking’ definition.

The main findings are similar for all models and the estimated percentages differ only slightly; therefore, those related to the full sample of companies are reported, and the term ‘company’ is used in discussing the results.

³² These are Cyprus, Denmark, Finland, France, Ireland, Italy, Latvia, Lithuania, the Netherlands, Portugal, Slovakia and Slovenia, according to Ales (2007).

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As part of its mandate to promote dialogue between management and labour, Eurofound has monitored and analysed developments in industrial relations systems at EU level and in EU Member States for over 40 years. This flagship report is based on the work done in this context during the last programming period (2015–2019). It draws on the extensive monitoring of industrial relations systems and social dialogue carried out by Eurofound on an ongoing basis. The overall aim of the report is to assist policymakers and industrial relations actors both to understand the challenges facing social dialogue and to identify possible ways to contribute to balanced and well-functioning industrial relations systems going forward.

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency established in 1975. Its role is to provide knowledge in the area of social, employment and work-related policies according to Regulation (EU) 2019/127.

