Industrial relations, social dialogue and workers’ participation in Europe

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www.etui.org

European Social Dialogue Academy
Brussels, 24/09/2018
Overview of the presentation

1. Introduction: the European Trade Union Institute
2. Part I. A ‘macro’ picture
   - industrial relations systems in Europe
   - unions, political parties and social dialogue in Europe
3. Part II. Workers’ involvement at the plant/company level
   - Workers’ participation rights and structures across Europe
   - ETUI resources on industrial relations and employee participation
the European Trade Union Institute

« to support, reinforce and stimulate the European Trade Union movement »

- Established in 2005 through a merger of ETUI, Education and H&S institutes
- Independent research and training centre (vs. Think tank)
- Cooperation with universities, networks, unions & stakeholders
- Multiple audiences
- EU financed
### Output: Publications

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<th>Books</th>
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<td><img src="image" alt="Benchmarking Working Europe 2017" /></td>
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<td><img src="image" alt="Syndicalism: the crisis at the renewal?" /></td>
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Output: Events

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- Organised by the ETUI in Brussels
- Bring together academics, practitioners and policy-makers over themes the ETUI is working on
- Monthly events attended by +/- 50 participants
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- 3-day conference
- More than 500 participants
- 150 speakers
- 7 plenaries and 24 panels
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Worker participation.eu
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- Health & safety
- Labour market, employment & social policy
- Social dialogue and collective bargaining
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- Annual event: EduDays

www.etui.org/Training
Networks

- GoodCorp - the research network on Corporate Governance
- Trade Union related Research Institutes (TURI)
- Workers’ Participation Europe (WPEurope) - the research network on WP and IR in Europe
- The Transnational Trade Union Rights Experts Network (TTUR)
- Netlex – the ETUC network of trade union legal experts
- Network on psychosocial risks
- Workers' Interest Group of the Advisory Committee for Safety and Health at Work (of the EU Commission)
Overview of the presentation

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Post-war ‘European Social Model’

- set of values, norms and policy instruments constituting a uniquely European approach to the socioeconomic policy-making

- core elements: basic universal social security systems, collective bargaining institutions and structures of socioeconomic interests’ representation (Ferrera et al., 2001)

- combining economic efficiency with social cohesion (Vobruba, 2001)
Main pillars of industrial relations systems in Europe (Visser, 2008)

1. relatively strong trade unions
2. a degree of solidarity in wage setting thanks to collective bargaining coordination
3. worker participation structures at the plant-level
4. social partners’ involvement in policy-making

BUT

considerable variety of industrial relations systems across Europe
### Industrial relations systems in Europe: an overview

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Regime</th>
<th>North European</th>
<th>Central-West European</th>
<th>South European (Mediterranean)</th>
<th>Liberal-West European (Anglophone)</th>
<th>Central-East European (CEE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade union density (2000-2009)</td>
<td>73.1</td>
<td>33.9</td>
<td>23.5</td>
<td>33.2*</td>
<td>19.8</td>
<td></td>
</tr>
<tr>
<td>Collective bargaining coverage (2000-2009)</td>
<td>88.4</td>
<td>83.3</td>
<td>74.7</td>
<td>42.1*</td>
<td>36.3</td>
<td></td>
</tr>
<tr>
<td>Predominant level of collective bargaining</td>
<td>sector</td>
<td>sector</td>
<td>sector (FR: company)</td>
<td>company</td>
<td>company</td>
<td></td>
</tr>
<tr>
<td>Predominance of MEB\textsuperscript{a} or SEB\textsuperscript{b}</td>
<td>MEB</td>
<td>MEB</td>
<td>MEB</td>
<td>UK, MT: SEB</td>
<td>SEB</td>
<td></td>
</tr>
<tr>
<td>Practice to extend collective agreements</td>
<td>No (except FI)</td>
<td>Yes**</td>
<td>Yes**</td>
<td>No</td>
<td>Limited</td>
<td></td>
</tr>
<tr>
<td>Statutory minimum wage</td>
<td>No</td>
<td>Yes (DE soon)</td>
<td>Yes (except IT)</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Role of social partners in policy making</td>
<td>Institutionalised</td>
<td>Institutionalised</td>
<td>Varying, politicised</td>
<td>Ad hoc, issue-specific</td>
<td>Politicised; social partners weak</td>
<td></td>
</tr>
<tr>
<td>Role of state in collective bargaining</td>
<td>Limited</td>
<td>Limited; strong legalism</td>
<td>State active, clientelistic relations</td>
<td>State strong but its interventions rare</td>
<td>State dominant, strong legalism,</td>
<td></td>
</tr>
</tbody>
</table>

Notes: * without Cyprus and Malta; ** in Austria and Italy: functional equivalent to extension; \textsuperscript{a} 'Multi-employer bargaining'; \textsuperscript{b} 'Single-employer bargaining'

Sources: Marginson and Traxler (2005), ICTWSS (2011), and ETUI (2011).
Trade union density: 2000-2008 vs. 2009-2012/13 and the trend since 2000

Figure 4.8 Union density across countries and different groups of workers (2008-2016) (%)


Note: Sorted by 2016 figures. Union membership is defined as being a member of a 'trade union or similar organisation' for employees aged between 15 and 64 years. Unionisation for different groups of workers is based on data from BE, CZ, CH, DE, EE, FI, FR, IE, NL, NO, PL, SE, SI and UK. Survey weight used: dweight for country unionisation and dweight and pspwght for unionisation among different groups of workers.

Source: Müller and Vandaele (2015)
Union density in CEE countries, 1990-2010
Collective bargaining coverage, 2000 and 2016

Figure 4.7  Collective bargaining coverage (2000 and 2016) (% of employees covered by a collective agreement)

Source: Benchmarking Working Europe 2018

Source: OECD Stats.
Note: data for EE for 2001; for FR, LV, NO and LT, 2002; for CZ, DK, ES, FI, IT, PT, SI, SE and LT, 2015; for FR, HU, IE and LU, 2014; for GR, 2013; for PL, 2012.
Collective bargaining coverage in various IR models, 1994-2014

Figure 3.6. Development of collective bargaining coverage within EU (1994, 2004, 2014)

Source: Author's calculations based on ICTWSS (2016). If no data was available for the given year, data from the closest available year was used.
Unions’ political involvement and social dialogue in Western Europe

- union-party links in Western Europe: traditionally strong - Pizzorno’s (1978) ‘political exchange’ - but weakening due to:
  - secularisation trends
  - change of social democratic parties’ agenda and the rise of neoliberalism
  - growing diversity of political preferences among workers

- 1980s and 1990s: social pacts and ‘competitive corporatism’

- austerity and the erosion of ‘social partnership’ in crisis-ridden countries

BUT

- new European conditionality (fiscal discipline and country-specific recommendations) → re-nationalisation of negotiations and trade union action (Erne, 2015)
- Social dialogue at EU level ‘frozen’
Politics and social dialogue in CEE

- political parties and unions in CEE: *liaisons dangereuses*?
- ‘illusory corporatism’ in the course of the systemic transition (Ost, 2000)
- crisis: social dialogue revival or ‘PR corporatism’?
- reforms in Hungary and Romania: weakened and ‘diluted’ social dialogue structures

⇒ unions moving away from politics towards direct mobilisation and economic unionism (but still politicization + populism);
⇒ ↑ of bipartite negotiations, use of campaigns and direct democracy tools
Variety of challenges to industrial relations systems in Europe

- **common challenges:**
  - decline of large-scale manufacturing industries
  - Falling unionisation
  - rise of ‘atypical’ employment forms
  - ‘globalisation’ and weakened capacity to regulate employment within national boundaries
  - Digitalisation

- **… and threats specific to particular industrial relations systems:**
  - Nordic countries: loosening of union-party bonds; European Court of Justice jurisprudence clashing with the CB mode of wage regulation
  - Southern European countries: austerity and crisis-related reforms considerably weakening CB systems
  - CEE countries: low union density and dwindling resources; identity problems in the aftermath of the systemic transition

- **2008 crisis and legacy – common and country-specific dimension**
- **Transnational Collective Bargaining**
Part II: Workers’ participation in Europe
Democracy at work

WHAT IS DEMOCRACY @ WORK?

- Right to strike
- Workers’ controlled enterprises
- Board-level employee representation
- Health & safety representatives
- Negotiations
- Information & consultation
- Workplace assembly
- Autonomy
- Co-management
- Trade unions
- Collective bargaining
- Direct participation
- Financial participation
- And many more...

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Information, consultation and participation rights in the EU

- The existing Community rights of employees (Charter of Fundamental Rights 2000/2009)
  - to be **informed and consulted**
  - Representation on the company’s **supervisory or administrative board** (participation)

- **Still fragmented**: in total, some 14 EU Directives deal with information and consultation in some kind (general or specific) + 20 on health & safety
  - a clear expression of the willingness at European level to make employees citizens at their workplace.
  - ➔ also mirrored in the **EU Charter of fundamental rights** (referred to in the Lisbon Treaty) which gives information and consultation rights the status of a **basic right of European citizens**.
Worker involvement in Europe – an unfinished jigsaw

- **Horizontal** (interinstitutional) articulation (between various rights and institutions workers’ representation)

- **Vertical** articulation (between levels)

- **Transnational** (European)

- **Local** (plant level)

- **Social dialogue**

- **Direct participation**

- **Corporate governance**

- **Health & safety reps**

- **Workplace representation**

- **Board-level representation**

- **Financial participation**

- **Employment law (ind. & coll.)**

24/09/2018
Why worker participation?

- ‘accumulating evidence from north-western Europe shows that well-functioning employee representation can play an important role in the modernisation and performance of a workplace’ (EU-Commission 2006: 77), even if some managers still regard employee involvement as an unnecessary burden;

- company decisions are becoming increasingly centralised, leaving little space for autonomous management action at local or national level
  - EWC I&C rights provide worker reps with access to first hand information with the central management + to consult with competent management

- Issues dealt by central management are of transnational nature – the need to match the levels of management and worker representation

- The SE directive on employee involvement opens the door for labour to be able to have an organised and serious voice at the central level
  - social interests to be considered in management decisions, not only the interests of shareholders and investors.
Added value of social dialogue at company level

• Stakeholder vs. shareholder approach
• Democracy at work strengthens political democracy
• Workplace democracy and sustainable use of property
  • Social sustainability of companies
• Democracy at work keeps inequality at bay
• Democracy at work means better jobs
  • Employees’ life satisfaction
  • Higher wages
  • improves health & safety of workers + working conditions
Impact of democracy at work

Democracy at work means more sustainable companies

Note: Data on social and environmental performance based on ASSET4 data of 534 companies. Number refers to the average company score on composite indicators on the social and environmental performance of the companies. Democracy at work here measured by presence or absence of a European Works Council (EWC) and Board Level Employee Representation (BLER). Low = No EWC and no BLER. High: EWC and BLER.
Added value of transnational dialogue

What is ‘Added Value’ of the EWC

✓ The range of issues regarded by managerial interviewees as constituting added value appears to be broader now compared to the range observed in earlier studies.
✓ In particular, more sophisticated mechanisms to promote bottom-up communication are reported as developments in added value:
  ✓ facilitate change,
  ✓ enhance a better understanding of what business is,
  ✓ create a constructive counterweight to Mgt,
  ✓ promote preparation among managers,
  ✓ facilitate corporate restructuring,
  ✓ create leverage between the EU and local levels to facilitate the introduction of strategic initiatives
Does the article of EWC operation affect its impact on corporate restructuring decisions?

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**Corporate Restructuring Impact of EWC – Symbolic or active EWCs**

- **SAMPLE** - 49% of companies which either informed or consulted the EWC with regards to restructuring event:
  - 61% indicated that consultation had no meaningful impact on the proposal
  - 10% indicated a marginal impact
  - 29% reported impact

WP in Europe: we are very different

**Figure 4.9. European Participation Index (EPI) in 2013, by EU28 country**

**EPI Components:**
- Board-level participation
- Establishment-level participation
- Collective bargaining participation


- Source: ETUI and ETUC (2017) Benchmarking Working Europe (p. 58)
<table>
<thead>
<tr>
<th>Europe 2020 Headline Indicator</th>
<th>Group 1: Countries with stronger participation rights</th>
<th>Group 2: Countries with weaker participation rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment rate, age group 20-64, 2009</td>
<td>72.1</td>
<td>67.4</td>
</tr>
<tr>
<td>Gross domestic expenditure on R&amp;D (GERD), 2008</td>
<td>2.2</td>
<td>1.4</td>
</tr>
<tr>
<td>Greenhouse gas emissions (reduction in baseline between 2003-2008)</td>
<td>4.7</td>
<td>4.2</td>
</tr>
<tr>
<td>Share of renewable energy sources in gross final energy consumption, 2008</td>
<td>12.3</td>
<td>6.1</td>
</tr>
<tr>
<td>Energy intensity of the economy, 2008</td>
<td>171.2</td>
<td>181.7</td>
</tr>
<tr>
<td>Early leavers from education and training, 2009</td>
<td>14.0</td>
<td>16.1</td>
</tr>
<tr>
<td>Tertiary educational attainment, age group 30-34, 2009</td>
<td>36.6</td>
<td>31.1</td>
</tr>
<tr>
<td>Population at risk of poverty or exclusion, 2008</td>
<td>19.1</td>
<td>25.4</td>
</tr>
</tbody>
</table>

Company level employee participation

Figure 4.7. Company-level employee participation in Europe

Source: European Working Conditions Survey 2015 (Eurofound).
Note: proportion of employees answering ‘yes’ to the question: ‘Does your organisation have a trade union, works council or a similar committee representing employees?’
Figure 1: Percentage of establishments having different forms of employee representations, EU-27

Source: European Company survey (2009). Data refer to establishments, not companies.
Health and safety representation

Figure 4.7. Forms of specialised health & safety representation

Source: ETUC ETUI Secaf 2014.
Worker participation on European level

- **Information and Consultation directive**
  - (from March 2005)
  - National minimal standards on information and consultation

- **Directive on establishment of European Works Councils**
  - Transnational information and consultation rights in community scale undertakings
  - Directive 94/45/EC and 2009/38/EC

- **Directive on employee involvement in the European Company (SE)**
  - (from October 2004)
  - Obligatory worker involvement:
    - Information, Consultation and co-determination
Interest representation (plant level) systems in Europe

• I&C framework directive 2002/14/EC
• Competition potential between unions and works councils
• Problem in SMEs: no union, no works council
Interest representation across the EU

In the 28 EU states + Norway:

- main representation is **through works councils with no statutory provision for unions at the workplace** (Austria, Germany, Luxembourg and the Netherlands), elected by all employees
- **Representation essentially through the unions** (Cyprus, Denmark, Finland, Italy, Lithuania, Malta, Romania and Sweden
- **mixture, although sometimes unions dominate** (Belgium, Croatia, the Czech Republic, France, Greece, Hungary, Norway, Poland, Portugal, Slovakia, Slovenia and Spain – by law; Norway, by collective agreement)
  - major differences between the countries:
    - In Greece, Portugal, Poland and others works councils **more in theory than in practice**
    - Works councils rare in Czechia, where, for a period, works councils could only be set up if there was no union.
    - In Hungary, Slovakia and Slovenia, the rights and duties of the works council and the local union body **overlap to some degree**
    - In Croatia, possible for the rights & duties of the works council to be **taken on by the union representative** if no works council exists (common)
    - Belgium and France, the union is clearly the dominant partner
  - **unions have been the sole channel, but legislation now offers additional options** (Bulgaria, Estonia, Ireland, Latvia and the UK)

In many countries, national legislation implementing the EU’s information and consultation directive has **complicated** the picture.

One common feature of most states is that **unions play a central role**.
Works Councils in Europe

Source: EIRO 2014 (Carley et al.)
Worker participation on European level

Information and Consultation directive

- (from March 2005)
- National minimal standards on information and consultation

Directive on establishment of European Works Councils

- Transnational information and consultation rights in community scale undertakings
- Directive 94/45/EC and 2009/38/EC

Directive on employee involvement in the European Company (SE)

- (from October 2004)
- Obligatory worker involvement:
  - Information, Consultation and co-determination
the 2009/38 legal framework

- undertakings concerned

1000 (+)

150 (+)

150 (+)
the 2009/38 legal framework

- subsidiary requirements: competences of the EWC

- structure of the group
- economic and financial situation
- development of activities, production and sales
- changes in the organisation
- situation and trend of employment
- new working methods
- transfers of production
- collective redundancies
- mergers, cut-backs or closure of undertakings

information + consultation
meeting with management, obtain a motivated response to any opinion
In practice I&C exchange

New areas of I&C:

- Changes to working methods / organisation
- Company structure
- New technology policy
- Reorganisation of production
- Research and development policy
- Collective redundancies
- Vocational training
- Equal opportunities
- Health and safety
- Environmental protection

- Trade union rights
- Working time
- Corporate social responsibility / Sustainability
- Human resource management practices
- Data protection
- Profit sharing/financial participation
- Pensions
- Parental leave
- Pay
EWCs: at a glance

1071 EWCs are currently active

On average over the last five years, 25 NEW EWCs have been established per year

8% of EWCs are established as SE Works Councils

86% of the EWCs have a Select Committee

Less than one in ten EWCs have competences extending beyond information, consultation and giving opinions

Only 25% of agreements explicitly entitle representatives to visit the company premises

In 40% of EWCs, representatives of European Trade Unions are allowed to attend meetings

3% of the EWCs have the competence to negotiate with the management on transnational issues

1 in 3 EWCs have NO training provision
How did EWCs grow over time?
EWCs: what sector do they come from?

Figure 6 EWCs’ sectoral distribution

- Metal: 373
- Services: 239
- Chemicals: 190
- Food, hotel and catering: 95
- Building and woodwork: 79
- Transport: 37
- Textile: 26
- Public services: 20
- Unknown/other: 12

More than 3/4 of all EWCs are in the metals, chemicals and services industries.
What country do they come from?

Figure 7 EWCs' headquarter countries

151 EWCs have been set up in companies with their HQ in the US

20% of EWCs are established in companies headquartered in Germany

EEA = EU28 + Iceland + Norway + Liechtenstein
EWCs: how frequently they meet?

**Figure 21: Plenary meetings**
- 70% meet once a year
- 23% meet twice a year
- 3% meet more than twice a year

1/4 of EWCs meet more than once a year in a plenary meeting.

50% of the EWCs have plenary meetings spread over more than one day.

**Figure 22: Preparatory & debriefing meetings**
- 41% preparatory
- 44% preparatory and debriefing
- 15% unknown/unspecified

**Figure 31: Minimum guaranteed select committee meetings**
- 8% meet once a year
- 9% meet twice a year
- 4% meet more than twice a year
- 5% meet 3 times a year
- 3% meet 4 times a year
- 11% meet 6 times a year
- 11% meet on request
Employers’ assessment of EWCs potential

Figure 27: Overview of views of companies on benefits associated with operation of EWC (%)

- More effective decision making:
  - Disagree/Strongly Disagree: 10%
  - Neutral: 23%
  - Agree/Strongly Agree: 44%

- Improved understanding of management decisions:
  - Disagree/Strongly Disagree: 82%

- Improved relations between management & employees:
  - Disagree/Strongly Disagree: 76%
  - Neutral: 22%
  - Agree/Strongly Agree: 8%

- Increased trust:
  - Disagree/Strongly Disagree: 29%
  - Neutral: 29%
  - Agree/Strongly Agree: 33%

- Better exchange of information:
  - Disagree/Strongly Disagree: 63%
  - Neutral: 12%
  - Agree/Strongly Agree: 8%

- Better corporate culture at European level:
  - Disagree/Strongly Disagree: 60%
  - Neutral: 28%
  - Agree/Strongly Agree: 11%

- Helped in a situation of organisational change:
  - Disagree/Strongly Disagree: 62%
  - Neutral: 35%
  - Agree/Strongly Agree: 44%

- Enhanced productivity:
  - Disagree/Strongly Disagree: 62%
  - Neutral: 63%
  - Agree/Strongly Agree: 76%

- Better ability to talk directly to Group management:
  - Disagree/Strongly Disagree: 79%
  - Neutral: 10%
  - Agree/Strongly Agree: 10%

- Better ability to talk to employee reps from other countries:
  - Disagree/Strongly Disagree: 88%
  - Neutral: 8%
  - Agree/Strongly Agree: 12%

Source: GfK survey based on responses from 49 companies

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Informia II final conference: EWCs as an opportunity for I&C rights
Worker representatives’ assessment of EWCs

Figure 28: Overview of views of employees on benefits associated with operation of EWC (%)

Source: GHK survey based on responses from 41 EWC employee delegates
Worker participation on European level

**Directive on establishment of European Works Councils**

- Transnational information and consultation rights in community scale undertakings
- Directive 94/45/EC and 2009/38/EC

**Information and Consultation directive**

- (from March 2005)
- National minimal standards on information and consultation

**Directive on employee involvement in the European Company (SE)**

- (from October 2004)
- Obligatory worker involvement:
  - Information, Consultation and co-determination
What is a European Company (SE)?

- **new, supranational company form since October 2004**
  - Stock company
  - Scope: EU and EEA („EU-28 + 3“)
  - Common EU standard, but for many questions national law continues to apply
  - It’s an option, not an obligation
  - Over 30 years long project (since the 1970s)

- **Goal: increasing/facilitating the cross-border flexibility**
  - Cross-border mergers, transnational company structure, transfer of seat (HQ), European image/reputation…
  - Taxation
  - EU image
Co-determination / participation in Europe

Participation (Mitbestimmung) is "right, to nominate a part of members of supervisory or executive boards" (SE-Directive)

„Scope“:

Comprehensive participation
State-owned and private undertakings
(11 MS + Norway)

Limited participation
State owned or private undertakings
(7 MS)

No / very limited participation
No legal or collective agreement based regulations (only occasional)
(7 MS)
Total number of registered European Companies (SEs) by year of establishment (2004 – 12.03.2018) *

* Transformed/deregistered companies are excluded.
2,943 European Companies (SEs), registered in 27 countries

Number of SEs per country vs. Number of identified SEs with >5 employees (n=526)

Employee involvement in SEs (n=2 943)

“Information and consultation procedures at transnational level should (...) be ensured in all cases of creation of an SE”

SE Directive, recital 6

- SEs with no involvement rights or unknown
- SEs only with information and consultation rights
- SEs with information, consultation and participation rights

Employee involvement is the exception, not the rule in SEs.