

# **Worker interest representation in Europe – Towards a better understanding of the pieces of a still unfinished jigsaw**

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## **Abstract**

European labour relations are becoming more and more like pieces of a jigsaw fitting together specific features of national labour relations (which continue to exist) with cross-border elements of interest representation provided by EU legislation, such as the EWC directive and the European Company (SE) directive. The latter are increasingly driving the dynamics of development towards a more comprehensive model of European labour relations by providing tailor-made arrangements for trans-border operating companies. The links between different pieces of the jigsaw are becoming more obvious and visible. The new web service [www.worker-participation.eu](http://www.worker-participation.eu) supports such a holistic view by providing continuously updated empirical and conceptual information on the subject.

## **1. Introduction: Looking at European labour relations as a still unfinished jigsaw**

The paper aims to enhance understanding of the composition and effectiveness of European labour relations and to make the progressing 'Europeanisation' more visible by compiling empirical evidence available from a new web service [www.worker-participation.eu](http://www.worker-participation.eu) organised by ETUI-REHS.

According to the underlying hypothesis of this paper European provisions on information, consultation and participation in cross-border operating companies (applicable for setting up a European Works Council) and in European Companies (SE/SCE) have further advanced the trans-national character of labour relations. The dynamics which have evolved from the practical application of these new institutions demonstrate that the trans-border interest representation of workers has not remained merely a paper tiger or an opportunity for travel. But the ongoing process of Europeanisation can be understood properly only by looking at it as an interlinked composition of different elements from both national and EU levels.

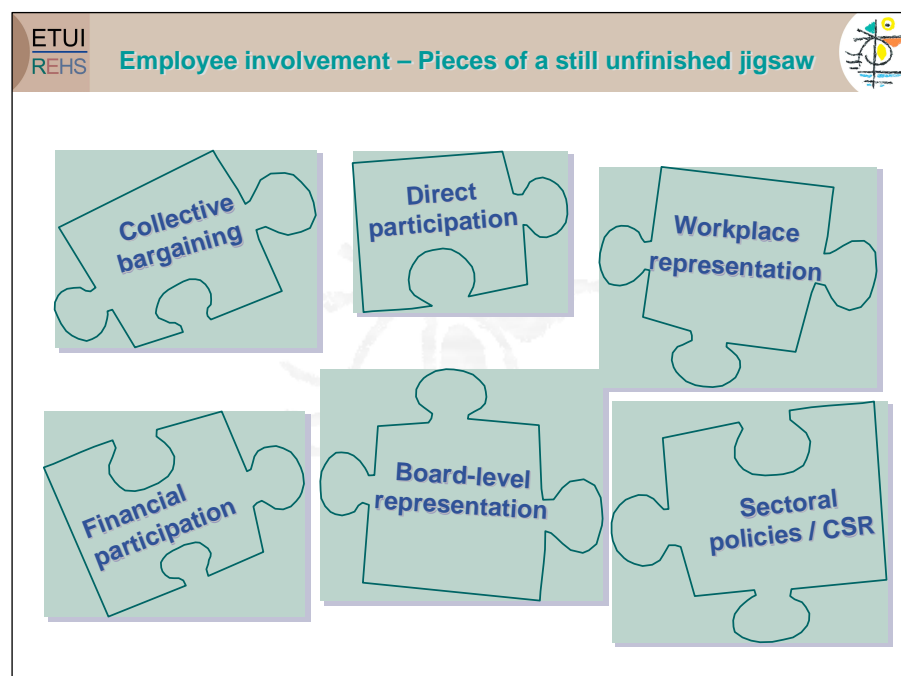
From a European perspective the elements of labour relations in Europe today represent a patchwork which is being further extended, not least through increasing European legislation on workers' involvement. In a more constructive sense one could interpret the current situation as a *jigsaw which is still unfinished* but which could be completed with the use of practices evolving from the application of European directives.

Nevertheless, this does not mean a simple shift of competences from the national to the trans-national level. Particular national features are not simply disappearing because of Europeanisation, but new European elements – such as the European Works Councils (EWC) or, in future, workers' involvement in enterprise decision-making within the administrative or supervisory boards of European Companies (SE) – are being added. The potential impact of one

element cannot be assessed properly without linking it to the other pieces making up the whole picture. For example, the effectiveness of an EWC will be assessed insufficiently without considering its links to the basic levels of interest representation at local and national level. Also, the importance of the relationship between an EWC and the trade unions (at different levels) should not be underestimated. The same is true with regard to assessing the importance of employee board-level representation (EBLR). Without strong links to interest representation bodies at the workplace – be it a works council and/or a trade union delegation – it would remain a loose ‘head without legs’, unable to exert any influence on company policies.

In this paper, we examine the progressing Europeanisation by assessing in greater depth the experiences of EWCs and the growing extension of EBLR – mainly due to application of the SE legislation – in a cross-border European perspective.

### Illustration: Employee involvement as a jigsaw



But more empirical investigation of the practice of workers’ involvement in cross-border enterprises will certainly be necessary if satisfactory answers are to be found to this question. If an internally coordinated and effective system of European industrial relations is to emerge from these individual and partly contradictory developments it is advisable to understand the pieces as parts of a puzzle and to examine how they may be fitted together.

At the European level an additional reference system for a Europeanisation of labour relations involving the active inclusion of employees has been added to social dialogue in the past ten years with the three directives explicitly concerning workers’ involvement (Weiss 2002). These directives concern the establishment of European Works Councils (94/45/EC, entry into force: 1996), workers’ involvement in the European Company (2001/86/EC, 2004) and the setting up of a framework for information and consultation of employees (2002/14/EC, 2005). These directives set Europe-wide standards for the involvement of employees in company decision-making. They codify a European standard on information and consultation rights – in some countries having a

significant impact on national labour relations systems – and additional participation schemes for cross-border companies and cooperatives. This doubtless represents an achievement for Social Europe.

The effects of these directives in practice are difficult to assess, not least because they are rather new compared to the national industrial relations systems which have evolved over many decades. But given that their specific implementation is strongly influenced by the origin and corporate culture of the enterprises concerned, it appears that they are certain to have an impact on national practices, too.

## **2. EWCs – An idea proved useful by practical experience**

European Works Councils (EWCs) are regarded as a core piece of the European worker-representation jigsaw (Lecher/Platzer 1996). They are not only the part of the European level of the jigsaw with the longest history, but they are also currently the most important. The significance of this component can be measured by the numbers of employees across Europe who are affected by it: on the basis of the EWC database at ETUI-REHS it is estimated that more than 2000 multinational companies are affected by the EWC directive, employing more than 20 million employees. At the same time, there are currently some 821 functioning EWCs active in 797 multinational companies (MNCs) with an estimated 14,000 European works councillors representing around two thirds of all employees of the companies falling within the scope of the directive. They meet at least once a year and attempt to find common solutions to problems affecting the workforce in Europe and beyond. Corroboration of the statement that EWCs are one of the oldest European elements of the jigsaw is provided by the fact that more than 53% of EWCs have existed for ten or more years, with some dating back to the early or mid-1980s (Source: ETUI-REHS 2007: EWC Database, [www.ewcdb.eu](http://www.ewcdb.eu)).

Nevertheless, to restrict oneself to quantitative findings on EWCs would provide a narrow picture. First and foremost, it is the quality of their work which is ultimately of significance. Many perceive EWCs as the foundation of the European worker representation structure (Knudsen 2004; Lecher/Platzer 1996), developing more and more towards creating a ‘European labour identity’ (Whittall, Knudsen and Huijgen 2007). This presupposes of course that they are powerful and properly equipped to perform this role.

Besides the imprecise and rather weak provisions made by the EWC directive (which have somewhat limited the potential of EWCs as a carrier of the Europeanisation of employee participation) and the hostility of some employers at times, the fact that EWCs are composed of representatives from different countries seems to pose one of the biggest challenges. It needs to be kept in mind that each of the national delegates to an EWC has a specific background. The distinctive features and uniqueness of each representative’s background mainly stem from differences in national systems of industrial relations. These cover different role perceptions, representation concepts and ideas that each of the delegates brings to an EWC derived from experiences at national level.

Such an ensemble of preconceptions concerning strategies of employee representation, contacts with management and approaches to relations with the employer has added value in the sense that it does not represent a mere extension of national bodies of workers’ representation, but stands for a supranational, new quality in comparison to the national level.

This feature of EWCs is made even more distinctive by the fact that they are an arena for the encounter of different national and often countervailing interests. The conflict of interests characterising individual subsidiaries, often even individual plants, belonging to an MNC has been increasingly fuelled by the quickly accelerating pace of globalisation and increasing competition that has propelled intensified processes of almost 'permanent restructuring'. As a consequence, many companies have also introduced intensified internal competition. Each individual plant thereby becomes a competitor on the global market and, above all, a rival in an internal struggle for survival within the framework of the mother enterprise.

These phenomena have had an especially strong influence in the automotive industry where in the past decade many companies have found themselves in fierce competition with producers from other countries and stagnating demand for vehicles. Restructuring plans, including mass redundancies, have grabbed the headlines and public attention in the past few years. Probably the most prominent example for our context is General Motors (GM). It is significant from the point of view of employee representation in the sense that it involves conflicting national interests, relocation of production, tensions between EWC and management and a constant struggle for solidarity in facing the implications of change.

After a phase of dynamic development and the opening of new plants in Central and Eastern Europe (Poland, Hungary) in the second half of the 1990s, GM's situation started to deteriorate, partly due to a policy imposed on the European management by the American head office which resulted in a striving for short-term returns and a reduction of expenditure on investment and new production technologies. This brought about comparative disadvantages and forced the management to introduce remedial measures (Haipeter 2006). These included launching a system of internal tenders for production of specific platforms in which each individual plant makes its own offer, independent of regional structures (e.g. GM Europe, GM Asia, etc.). At the same time, individual products (car models) were replaced by standardised 'platforms' which stand for packages of modules and components common to several products.

Since these measures seemed insufficient, more drastic restructuring plans involving reduction of production and mass redundancies were adopted, including the Olympia Programme of 1998 (decrease of 350,000 production units) and 2004 (reduction of costs by 500 million euros by means of an employment reduction of 12,000 workplaces). In the course of implementing these measures the central management attempted to interpret them as merely of local significance. This would have meant that the EWC at GM had no competence over them. The contradictory views of the management and the EWC brought about a tense relationship characterised by conflict and a constant struggle for recognition on the part of the EWC to become accepted as a negotiating partner.

The EWC at GM was therefore confronted by extremely difficult circumstances. They can be divided into two kinds. On the one hand, wishing to function effectively it needed to prove itself as a constructive partner of the management that wanted to implement the corrective measures quickly according to its own conception. On the other hand, the EWC itself was internally sharply divided as each national representation tried to defend its interests and secure the highest possible volume of production for the future. The latter issue became particularly pressing from the late 1990s when newly acquired plants in Central and Eastern Europe offering lower labour costs were benefiting from steadily increasing production quotas.

Despite these great challenges the GM EWC quickly proved itself to have 'European added value' as it provided employee representatives with access to information on the different European

production sites which previously was not available even to the traditionally well-informed German *Betriebsrat*. A first litmus test for the EWC was the announcement of the closure of the factory in Luton (UK) and the dismissal of 6,000 employees in Europe (Herber/Schäfer-Klug 2002). These drastic plans were countered by a Europe-wide protest action involving 40,000 employees from all sites, and ultimately resulted in the signing of a framework agreement with the management. The new EWC's position as a negotiating partner was confirmed in 2001 during negotiations for the implementation of the Olympia Programme which foresaw a reduction of production capacities. In handling this issue the EWC adopted an approach of 'sharing the pain', meaning tackling the consequences of workplace cutbacks in solidarity between the different European production sites.

Having acquired such experience the EWC in 2004 went on to negotiate with the management the principles governing criteria to be applied to internal tenders for production platforms and managed to force through a set of indicators guaranteeing transparency in this procedure. Obviously, there are situations in which an EWC reaches the limits of its capabilities and, however otherwise effective, cannot make the management change its decisions. This was the case in 2006 when the closure of the plant in Azambuja, Portugal, was announced: although the EWC organised protests and received good media coverage, it did not succeed in convincing the management to sign a framework agreement.

The case of GM and its EWC is, nonetheless, a very instructive one. Clearly, we can conclude that the European level of employee representation can have significant added value. Second, it also shows that it is neither desirable nor possible to replace national identities and interests with a common and uniform European 'personality'. What is efficacious and positive about an EWC is the fact that it represents a space in which competition between individual countries or production sites can be curbed and attempts to play one country off against the other can be countered. Consistent solidarity in tackling difficult issues of restructuring and mass redundancies cannot be achieved without adjusting and synchronising national responses at international level. This is undoubtedly a new quality in comparison to uncoordinated action taken by employee representatives and their unions in different countries and can make an EWC a successful organisation able to develop into a recognised partner of the management.

On the other hand, it must be noted that, despite such success, the EWC at GM – and probably other similarly active EWCs – has reached its limits by negotiating and signing framework agreements in reaction to measures announced by the management. From this point of view, without securing a better footing for EWCs in legal terms further progress in strengthening employee representation in Europe in this form will not be possible.

Focusing on the positive aspects of EWCs, it should be noted that a crucial resource in fostering effective international cooperation within an EWC is the assistance and coordination provided by the respective European Industry Federation (EIF). Their support – in the form of expertise and the contribution of a coordinator (mostly as an expert assigned to the EWC) – is of the utmost importance, as it fits in well in the network-like nature of an EWC.

An EWC can indeed be regarded as a network, or should strive to be one, since this approach has proved to be the most efficacious (see the GM case). EIF coordination, among other things, often takes the form of acting as an external referee who helps to find common solutions, work out joint positions and arrive at compromises, both between various national representations – that is, at international level – and within them.

The latter issue is not to be underestimated as sometimes even representatives from the same country but from different plants or trade unions find it difficult to adopt a common position. EIF coordination assists EWCs in this task and supports the effective anchoring of these bodies in trade union structures at the local, national and European levels (Pulignano, 2006). Such an approach enables EWCs to evolve from bodies designed to focus on employee information and consultation to platforms for cross-border information exchange and cooperation in local company bargaining (Arrowsmith et al., 2004).

According to research (Pulignano 2005), EIFs have developed coordination models that are based on cross-border coordination of bargaining and efficient exchange of information and consultation, combined with efforts to reinforce interdependencies between supranational and national/local trade union structures. According to Pulignano (2006), this *'co-ordination approach does not aim at harmonising local structures of collective representation ... [but] it assumes the continued existence of nationally-based interests in a context of rationalisation and internal competition'*. Moreover, it is rightly aimed at creating synergies and positive interdependencies between unequally positioned employee representatives from individual member states.

Adopting such coordination from European level a trade union organisation can contribute to the better positioning of an EWC in contacts with management. This is of considerable importance if employees in Europe are to be able to respond to global challenges and pressures from the global economy. Unfortunately, as research shows, this is still a distant aim. A survey of EWC counsellors conducted by Jeremy Waddington in 2005 (Waddington, 2006) indicates that information and consultation with EWCs on plant closures and cutbacks, which are core subjects for EWCs, takes place only in around 28% of cases. At the same time, research by Sigurt Vitols (2006) shows how differently this is viewed by management: with regard to the same question about consultation on plant closures managers replied that they had fulfilled their obligation towards EWCs in 66% of cases.

These data corroborate the view that there is still much unused potential as far as the consultation capacities of EWCs are concerned. Coordination of their functioning by EIFs, as depicted by the case of GM, can lead to making EWCs at large more effective in handling challenges. One precondition of this seems to be that EWCs need to become organised as networks and, at the same time, should be viewed as parts of networks. They can no longer be seen as the sole vehicles of the European representation of employee interests, acting in isolation. In order to foster their further development and to develop a system of European employee representation they need to become interlinked with other parts of the European jigsaw of labour relations.

### **3. Employee board-level representation: New dynamics through the European Company (SE)**

The role of employee board-level representation (EBLR) can be seen not only as an extension of interest representation at workplace level into the boardrooms of companies, but also as a positive factor promoting companies' economic success by fostering a high level of productivity. In light of these two functions, EBLR can be seen as a dual institution, realising democracy in the workplace and long-term economic performance and competitiveness.

EBLR therefore seems to be absolutely in line with the aims of the famous 'Lisbon goals' – now become something of a mantra – of becoming by 2010 'the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and

better jobs and greater social cohesion' (European Council, Lisbon, March 2000). The view that involving employees in decision-making at all levels is an important element from which both sides of industry can gain, not to mention society as a whole, is however not much reflected in the current debate on the reform of corporate governance in Europe (European Commission 2003; Kluge 2007).

At European level this inclusive approach to company decision-making is mirrored by the so-called 'Davignon report' of 1997 which made possible the breakthrough for finalising European legislation on the European Company (SE), liberating the issue from a political deadlock that had lasted more than 30 years:

*'Globalisation of the economy and the special place of European industry raises fundamental questions regarding the power of social partners within the company. The type of labour needed by European companies – skilled, mobile, committed, responsible, and capable of using technical innovations and of identifying with the objective of increasing competitiveness and quality – cannot be expected simply to obey the employers' instructions. Workers must be closely and permanently involved in decision-making at all levels of the company'.* (Davignon Group 1997)

EBLR today represents an important element of many national corporate governance and industrial relations systems across Europe. This is the case in both the former EU-15 (and Norway) and the 12 new member states. It is deeply rooted in a considerable number of European societies. In twelve European states EBLR is widespread in the sense that employees have the right to elect or propose candidates onto the boards of both state-owned and private companies. Norway and Sweden in particular demonstrate that EBLR functions not only in so-called two-tier board systems (management board and separate supervisory board, as in Germany, the Netherlands and Austria), but also in one-tier systems (single board: board of directors/administrative board). The experiences of these two countries are all the more important as they have very low thresholds for EBLR – 25 or 30 employees – so that it is not confined to large companies, as in Germany, where only companies above 500 (or 2000) employees have access to this right, thereby limiting its application significantly.

**Table: Employee thresholds in the 12 European countries where EBLR is widespread**

Country	Minimum number of employees as criterion for application of EBLR legislation
Austria	0 public limited companies 300 limited liability companies
Czech Rep.	0 state-owned companies 50 private public limited companies
Denmark	35
Finland	150
Germany	500/2000 1000 iron, coal and steel industry companies
Hungary	200

Luxembourg	0 state-owned companies 1000 private companies
Netherlands	100 one of several criteria required for application
Norway	50
Slovakia	0 state-owned companies 50 private public limited companies
Slovenia	500 public limited companies (but: EBLR is triggered by other criteria as well)
Sweden	25

Source: Kluge/Stollt 2007, adapted.

The concrete ways in which employees are integrated into decision-making processes at boardroom level differ significantly depending largely on the national industrial relations and corporate governance system. Clearly, however, EBLR is deeply rooted in countries with a tradition of social partnership and rather less adversarial industrial relations. This means that EBLR is particularly embedded in the 'Nordic corporatism' and 'Continental European Social Partnership' approaches, whereas the 'pluralistic Anglo-Saxon' and strongly conflictual 'Latin-Southern European' models (for the distinction, see Ebbinghaus/Visser 1997) have historically not built strong participation regimes at board level, except in some (formerly) state-owned companies.

Another wave in the dissemination of EBLR took place at the beginning of the 1990s when the formerly communist countries started the far-reaching transformation of their political and economic systems. Hungary, the Czech Republic, Slovakia and Slovenia all adopted a two-tier board system close to the German/Austrian model and, as a consequence, included EBLR. The main motive was probably to copy the successful model of their neighbours, but in some cases there was also the idea of involving employees in the 'painful' privatisation processes which took place in these countries (Kluge/Stollt 2006).

Because of the differences existing between EU member states on this topic (board-structure system for plcs: one-tier/two-tier; national regulation on EBLR: yes/no; percentage of employee seats; selection procedures for employee representatives, etc.) it was clearly difficult to harmonise this feature of representation at European level. The most intensive debate on this issue took place in the 1970s when the European Commission proposed a draft for its so-called fifth company law directive which foresaw that all companies with 500 or more employees should have a two-tier board structure and that the workforce would be represented on the supervisory board with a third of its seats. As the member states did not manage to agree on this proposal the directive was never adopted. The reasons for this were that the Commission's concept very much favoured one model (notably the German) and that some member states feared the obligation of introducing a feature not known to their system of industrial relations (for example, the UK), whereas other countries were afraid of seeing their national EBLR rights being watered down.

The same destiny seemed to await the European Company (Societas Europaea, SE). For many decades the adoption of this new European corporate form was blocked in the EC Council, one of



the most disputed questions being whether all SEs would have mandatory representation at board level. The breakthrough came with the report by the high-level expert group on employee involvement in Europe (the Davignon Group) published in 1997, which paved the way for what can justifiably be called a historic compromise. The report highlighted the fact that national systems are extremely diverse and general harmonisation therefore is not possible. The solution proposed by the group was based on the mechanisms of the already adopted European Works Council directive which foresaw free negotiations between management and workforce representatives based on minimum standard rights which would apply if the two sides failed to reach agreement. For the 'hot topic' of EBLR the main criterion was whether or not EBLR rights already existed in one of the participating companies (the so-called 'before-and-after principle'). More than 30 years after its initial proposition the SE Regulation and the complementary SE directive on worker involvement were adopted in 2001, enabling companies from October 2004 to voluntarily choose this new corporate form which is considered by some the 'Flagship of European Company Law' (Wenz 2004).

### ***Does the SE bring anything new to the jigsaw of European employee involvement?***

The European Company (SE) represents a further step in the strengthening of company-level social dialogue at European level. Every company that wants to set itself up as an SE needs to find, together with the employee representatives from the countries concerned, a solution on employee involvement before its registration. This means that, contrary to the EWC directive, no employee threshold exists for the right to set up transnational information and consultation arrangements. Also in other regards the SE legislation goes further than the EWC directive. This includes in particular a better definition of information and consultation rights (adequate time, manner and content!) and, for example, an explicit right of SE works council members to time-off for training. Consequently the SE set a new reference for interest representation in companies operating cross-Europe, so also setting the minimum standard for the long-awaited revision of the EWC directive.

From an industrial relations perspective, however, the most fundamental innovation of the SE is that for the first time negotiations on transnational worker involvement also include the question of EBLR. In line with the 'before-and-after principle' a company which did not have EBLR before is not obliged to grant its employees this right in the new SE, although of course it can be introduced on a voluntary basis. On the other hand, a company in which EBLR existed in one country cannot prevent its extension to employees in other countries if the employee side asks for this.

By June 2007, at least 74 European Companies had been registered in 17 European countries. However, only a minority – around 20 – can be considered as 'normal SEs' in the sense that the company has employees (Schwimbersky/Kelemen 2007). The variety of employee involvement solutions is indeed striking and reflects the differing company and national backgrounds.

In the context of the SE it becomes obvious how important the links between the different pieces of the representation jigsaw are. Only in SEs does there exist a formal connection between the SE works council and board-level representation. For a well-functioning system of employee involvement it will be very important that formal links are established between the SE works council and the representatives on the SE's board. This is reflected, for example, in the agreements of Allianz SE and MAN Diesel SE which give the employee board-level representatives the right to participate in the meetings of the SE works council.

The SE might also contribute to a better assembly of the different national and European 'pieces of the puzzle' of a functioning system of European worker involvement. Especially the link to the so far at European level 'forgotten' level of EBLR will be strengthened by the international composition of the worker's side in the SE's administrative or supervisory board. This can represent a major challenge for the representatives and the trade unions involved coming from very different national traditions of industrial relations. As we are in an early stage of the implementation of the SE statute it is not possible to predict the outcome of this 'experiment'. But it is surely an interesting development that in Allianz's supervisory board the employee representatives now come not only from Germany but also from the UK and from France, two countries with no or rather limited experience in board-level representation. The case of MAN Diesel SE also represents a novelty: the employee side on the supervisory board is made up of representatives of Germany and Denmark, two systems which are familiar with EBLR but between which nevertheless significant differences exist.

An important benchmark for the future will be whether the SE board representatives manage to act together at board level and exercise a 'European mandate' (as requested by the European Trade Union Confederation), or de facto solely represent the interests of the employees from their country of origin. In the case of the MAN Diesel SE this approach is underlined by the fact that the employee board members have to be elected with a two-thirds majority by the SE works council.

Surely an international board composition will make 'going solo' on the part of national employee representatives more difficult and it will increase the need to establish networks facilitating good information flows and to build up trust relations between the employee representatives from the different countries. Whereas this doubtless represents an ambitious task in the beginning, it seems in a longer perspective to be the precondition for an international workforce to be able to raise its voice in a globally organised company and to prevent one location being played against another. This might explain why, for example, in Germany both the unions and the employers pronounce themselves in favour of the integration of representatives from foreign countries in the supervisory boards of MNCs. There are already a number of examples of this, having been done on a voluntary basis by the unions.

Contrary to some voices from the world of business which consider EBLR as something which should not be a statutory right, in the future the application of the SE will indirectly spread participation rights throughout Europe. For example, Allianz SE is operating in almost all EU member states. Consequently, employees from Allianz subsidiaries will now enjoy the full range of information, consultation and participation rights, even if national laws in some of these countries do not provide for such rights. For this reason, the ETUC welcomed the spread of EBLR in SEs as a new milestone.

As shown above, the SE adds new facets and innovations to the European jigsaw of employee representation, particularly by providing the employees with a direct channel to where company decisions are taken. Objections to this hypothesis might be raised because of the small number of 'normal SEs' so far. It should be taken into account, however, that we are still in an early phase of the implementation of the SE statute. A significant number of large companies have already started their conversion process and will follow the pioneers in becoming SEs (for example, Porsche, Fresenius, BASF, Nordea). Moreover, the SE mechanism on EBLR contained in the SE directive is the reference model for upcoming EU directives such as the 10th (cross-border mergers) and 14th (cross-border transfer of seat) company law directives.

## **4. worker-participation.eu - The gateway to information on worker participation issues in Europe**

The new web service of the ETUI-REHS, [www.worker-participation.eu](http://www.worker-participation.eu), went online in May 2007. Whereas its 'predecessor'<sup>1</sup> focussed mainly on the implementation of the European Company (SE) and the related question of board-level representation, the new website follows a broader topical and conceptual approach. The website mirrors the view proposed in this paper that employee representation in Europe today is composed of several interconnected elements belonging to a larger whole. In the months and (hopefully) years to come [worker-participation.eu](http://www.worker-participation.eu) will contribute to a better understanding of the different pieces of the jigsaw and fuel discussions on the interrelations between them. Moreover, the website also gives the topic of worker participation as a specific European tool for combining economic with social aims a place in the world wide web.

[worker-participation.eu](http://www.worker-participation.eu) is designed as a European information platform on the issue of worker participation. It is addressed to national and European practitioners of worker participation and their trade unions, as well as to academia, political institutions and an interested public.

With more and more companies operating Europe-wide (or even globally) the transnational level of employee interest representation is becoming more and more important, as we have seen. This requires that company management, employee representatives and their trade unions deal increasingly with cross-border questions of worker participation on different levels. This website seeks to meet the increasing need for accurate and easily accessible information by giving its users access to what is happening at European level in the field of employees' rights to information, consultation and board-level representation (participation). It makes available information on the following topics:

- European Works Councils (EWC)
- European Company (SE) / European Cooperative Society (SCE)
- European Information, Consultation & Participation Framework
- Corporate Governance & EU Company Law
- European Social Dialogue
- Financial Participation (in preparation)
- EU-27 Industrial Relations Backgrounds

Whereas the first six topics focus on European developments the last section provides key information on the national industrial relations backgrounds. The aim of this section is not to systematically observe developments in the EU member states (a task already performed outstandingly by [eironline<sup>2</sup>](http://eironline2)), but to contribute to better mutual understanding by offering basic information (and further documents and links) on all EU member states in respect of trade unions, collective bargaining, workplace representation, health and safety, board-level representation and the selection procedures for EU-level bodies (European Works Councils, SE Works Councils).

Cross-cultural knowledge seems to be a precondition for organising effective transnational employee interest representation. In order to be able to cooperate with each other, the persons

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<sup>1</sup> The project website [www.seeurope-network.org](http://www.seeurope-network.org) which has been integrated into the new website.

<sup>2</sup> European Industrial Relations Observatory (EIRO) : <http://www.eurofound.europa.eu/eiro/index.html>

involved must have at least a rough understanding of the different national systems and traditions involved. Many EWCs have already made considerable progress in this internal 'cultural capacity building process', developing a better mutual understanding of how things work in other countries. The need for transnational information is reconfirmed by the experiences of the first SEs. In the case of Elcoteq SE, for example, a serious lack of knowledge seems to have hampered the employee side in formulating its own strategy in negotiations with the employer. Besides an insufficient knowledge of SEs a key problem was the absence of any knowledge of the different systems of worker representation (including board-level representation) in the countries affected by the establishment of the SE (Stenstrand, Bruun and Neumann 2007). Also, the case of MAN Diesel SE demonstrates how important the (non-) existence of a history of open transnational communication and coordination is, which includes an understanding of the different traditions and systems involved (Knudsen, Müller and Rehfeldt 2007). In this regard mutual understanding can be seen as a precondition for building-up relations of trust among the employee representatives from the different member states, which is probably their key resource.

The website supports these processes by offering information on all countries, as well as online tools such as the 'Compare Countries' function which makes it possible to quickly compare countries with regard to one or more industrial relations aspects. This tool will be further developed in the coming months and topically extended, enabling users, for example, to compare the key differences between the national transposition laws of the SE directive (such as how the national delegates to the so-called special negotiating body are selected).

The sections on European Works Councils and on the European Company (SE) in particular offer a broad range of information relevant for both research and practice. The European Works Council Database contains the details and texts of agreements by which European Works Councils have been established, as well as agreements negotiated by EWCs on specific topics (substantive agreements). The database also contains (brief) information on multinational companies falling within the scope of the EWC directive. The database service has existed for more than ten years now and has been widely used as a reference source by assorted EU and national institutions, as well as research and academic centres, and also represents a useful tool for practitioners dealing with EWCs and employee participation in their daily work. Because of the strong links between EBLR in trans-national companies and the EWC topic the SEs will be integrated into this data service in the future.

The European Company (SE) section represents mainly the continuous work of the SEEurope network, a project conducted by an international network of researchers from all EU member states and Norway, Liechtenstein and Iceland under the leadership of the ETUI-REHS. For practitioners it provides access to key information on SEs. With the SEEurope Fact Sheets the website gives information on all SEs set up so far, with a specific focus on worker involvement.

## **5. Conclusions – Forecasts on the further Europeanisation of work relations**

It is not theoretical considerations but rather empirical evidence from current processes of structural change fundamentally affecting the world of labour which clearly indicate the interrelations between different channels of interest representation in industrial relations. In this paper we have focussed on only two such channels. Of course, the strong link between workplace interest representation by legal bodies (such as works councils) and autonomous collective

bargaining has to be considered for a proper understanding of the functioning of the whole system.

It is not merely an academic exercise to take such a holistic view of the different elements of labour relations and interest representation channels. More than ever, particularly in cross-border perspective, the dynamics of economic change require a view of the division of work between different national and European channels, while at the same time accepting ongoing differences in this respect at national levels. As the EU Commission's report on Industrial Relations in Europe 2006 (EU-Commission 2006) states: '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' (77), even if some managers still regard employee involvement as an unnecessary burden.

Prospectively, interest representation at EU level will no longer serve merely to extend national structures to the European sphere (in the sense of using European structures to serve particular national interests), but will develop its own function which is to become a platform for balancing national and/or local interests and developing joint strategies. Nevertheless, the European level will not replace local and national institutions which also in future will be the main actors in defining a common European approach and afterwards will have to interpret and implement the strategies developed at transnational level.

As the first experiences with SEs – but also management practices in multinational companies in general – show, company decisions are becoming increasingly centralised, leaving little space for autonomous management action at local or national level. The SE directive on employee involvement opens the door for labour to be able to have an organised and serious voice at this level. Sitting in the boardrooms of cross-border national companies or European Companies gives workers a substantial voice in the running of a company and its businesses: social interests have to be considered in management decisions, not only the interests of shareholders and investors.

The new web service [www.worker-participation.eu](http://www.worker-participation.eu) provided by ETUI-REHS is intended to underline the importance of workers' participation by means of comprehensive compilation of information and by providing empirical evidence on how workers' participation anchors social Europe at workplace level and contributes qualitatively to better economic performance and sound corporate governance. This differs from the currently dominant approach that focuses solely on transparency, to the benefit of only one stakeholder group, the shareholders.

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