Skorupińska, Katarzyna

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KATARZYNA SKORUPIŃSKA*

Convergence and Disparities in European Industrial Relations

Abstract

The aim of the article is to present the areas of the greatest convergence and disparities in industrial relations in the EU. This paper also aims to identify the causes of such situations and to determine the influence of the economic crisis on the shape of these relations and the attempt to achieve convergence. The study is composed of an introduction, three main sections and a conclusion. Following the introduction, the section 2 discusses the evolutionary process of European industrial relations and social dialogue. The next section is devoted to employee participation in the management of a company, the area of greatest convergence in industrial relations. Special emphasis is placed on the dual system of employee representation (trade unions and works councils), and in particular on the European Works Councils. The final section examines the greatest disparities between the old and new EU member states with reference to trade union density, range, and the level of collective bargaining. This is followed by a summary of conclusions.

1. Introduction

Since the early 1990s the noticeable effects of the previous actions of the European organizations of trade unions and the European Commission in favor of integration in the field of industrial relations can be observed. The Directive

* PhD., University of Łódź, Faculty of Economics and Sociology, Department of Institutional Economics

on the European Works Councils has been a major step on the path to establishing a European dimension to industrial relations, and has allowed for intensification of activities in this area. Subsequent EU directives, together with the member states' obligation to their implement them, were aimed at achieving social dialog at the European level as well as common social and economic aims, and have contributed to the growing convergence in the EU countries. However, the quality of industrial relations and the role of social partners differ significantly from country to country, which is clearly visible in the new member states. It should be mentioned that the majority of those which have already made efforts to build these relations are post-communist states, and are affected to a great extent by the heritage of the past (i.e. lack of tradition of partners' co-operation, monopolistic position of trade unions).

In the case of industrial relations, the European Union promotes the idea of social partnership and co-operation through the establishment of minimum levels of employee representation in the managing bodies of companies. A social dialog at the European level is an important element of the European Social Model and strengthens the processes of integration within the EU. However, the crucial issues in industrial relations i.e. trade union density, scope of collective bargaining, and mechanisms for establishing remuneration are still specific to the individual member states. The aim of this paper is to present the areas of the greatest convergence and those of the greatest disparities in industrial relations in the EU, as well as identification of the causes therefore. This article also aims to determine the influence of the economic crisis on the shape of these relations.

2. Industrial relations and social dialogue at the European level

The system of industrial relations is defined as a social subsystem strictly connected with the political and economic environment. This system includes mutually dependent elements, which may be divided into two groups i.e. the actors and the processes. The actors in industrial relations are: 1) employers, represented by employers' organizations, 2) employees, represented by representative bodies – trade unions or works councils, and 3) the state, together with its organs. The processes shaping industrial relations encompass collective bargaining and industrial conflicts (Dunlop 1958, pp. 5-7). The term "industrial relations" is derived from Anglo-Saxon tradition and may be considered synonymous with another term used in the Polish literature - "labor relations" - which according to Morawski (2001, p. 198) refers to the patterns of mutual relationships between the employer, the employee, and the state. Another term closely connected with the system of industrial relations is 'social dialogue',

which concerns forms and methods of communication, exchanging views, and co-operation between trade unions, workers' organizations and the state. The European social dialog is a dialog between employers and employees at the EU level[1], the aim of which is to create and develop European law with regard to social security, broadly defined.

The system of industrial relations and social dialogue at the European level has its legal basis in the articles of the Treaty establishing the European Community (articles 137-139). However, this is a very weak foundation because it defines the functioning of the EU as supportive and complementary with the national regulations of the member states. The key element of the system is the obligation imposed on the European Commission to support and facilitate social dialog at the European level and to discuss social issues with the social partners. The outcome of this attempt to shape a European dimension in industrial relations was the Tripartite Social Summit for Growth and Employment, established in March 2003. This is an institution which gathers together major European employers' organizations and trade unions, as well as the representatives of the European Commission (Grosse 2007, p. 59).

Some elements of the system of industrial relations at the European level have a long tradition in the EU. This especially concerns the standardization of the regulations governing employee participation in the management of a company. As early as in 1959, a Dutch lawyer (Sanders) presented a project based on a two-level model of management, including a supervisory board and a managing board. The aim of the project was to unify the structure of company management. In 1970, the European Commission, relying on German legislation, prepared a project of a Statute for a European Company – *Societas Europea*. It contained a section devoted to the employee participation, which should be realized by: works councils, workers' representatives in supervisory boards (one-third of the members), and collective agreements concluded between the board of the European Company (SE) and the representatives of trade unions in the company. This project, known as the 'Vredeling Directive' of June 1983, is also worth mentioning. It was an attempt to regulate in a general way the minimum requirements in the field of employee representation rights to gain information and express opinions in some companies operating within the Community. It concerned companies functioning in a given country, but being part of a larger transnational entity.

[1] Social partners at the EU level are: the European Trade Union Confederation (ETUC) and employers' organizations on the European level i.e. UNICE – Union of Industrial and Employers' Confederations of Europe (since 2007 BusinessEurope), and CEEP – European Centre of Employers and Enterprises providing Public services.

However, the above-mention concepts and projects were strongly criticized by employers' organizations from some of the European Community' countries, and even some trade unions, and they did not result in any particular concrete solutions. In the early stage of the European Economic Community the integration process took place only on political and economic grounds. The concept of a European dimension of industrial relations and a social dialogue at the European level was almost invisible in the discussions. This aspect was not commenced until the meeting organized by the then-President of the European Commission Jacques Delors in 1985 in Val Duchesse, with the representatives of the social partners affiliated to ETUC, UNICE and CEEP. The social dimension of European integration was, at that time, considered as a growth factor of the Community, equal with the economic dimension. In 1986 the so-called Single European Act stressed the role of collective negotiations at the European level and the European Commission was obliged to assist the parties to these agreements (Rybicka 2006, p. 68).

In 1998 the European Commission commenced preparation of the so-called Social Charter, the aim of which was to determine the directions of integration of the European Community in its general social aspect. This Charter was accepted a year later in Strasbourg by the leaders of 11 Member States, excluding Great Britain. It contained a chapter which referred to the necessity to broaden the scope of information exchange and consultations with employees with respect to existing regulations in the EC countries. Another chapter concerned the right of employers and employees to unite freely for the purpose of creating organizations representing their interests. Although this document was only a type of political and moral declaration and did not have legal force, it was a starting point for determining the minimum social standards of the Community (Skorupińska 2009, p.30).

The effect of European social partners' efforts aimed at integration in the field of industrial relations was marked by the introduction of regulations to the Treaty. On October 31st 1991 the representatives of the employers' organizations UNICE and CEEP and trade unions ETUC signed an agreement in which they had defined three fundamental functions of social dialogue i.e. consultations, negotiations, and standardized tripartite actions. The institutions and procedures mentioned in the agreement were acknowledged by the Member States on the basis of the Maastricht Protocol for social policy, which was an annex to the Treaty. This meant that on the day the Treaty came into force, the European Commission would be obliged to consult with the European social partners about initiatives concerning social policy. Moreover, the Treaty of Maastricht opened the way for social partners to conclude agreements at the Community level (Towalski 2007, pp. 23-24).

On September 22nd 1994 the Council of Ministers of the European Community passed the Directive on the establishment of European Works Councils (EWCs), which was a major step toward building a European dimension of industrial relations. The aim of the Directive is to implement mutual negotiations and exchanges of opinions, i.e. exchanging views and establishing a dialogue between the workers' representatives and the company headquarters or other important administrative bodies (Council Directive 94/45/EC, article 2). The Directive imposes a duty to form EWCs (or other mechanisms or procedures to help exchange information and consult with employees) in transnational companies[2] within the Community, as well as in Norway, Lichtenstein and Iceland, signatory countries belonging to the European Economic Area. At the beginning it comprised 17 countries, and it did not include Great Britain[3], which had been already excluded from the Treaty of Maastricht earlier. The enlargement of the European Union in May 2004 extended the reach of the principles of the Directive to as many as 28 states. Since January 2007, along with the accession to the EU of Romania and Bulgaria, the number of countries bound by the regulations of the Directive has grown to thirty.

In the 1990s the European social dialog resulted in three agreements negotiated by the European social partners, which were subsequently changed into EU Directives. They concerned maternity leave (Council Directive 96/34/EC of June 3rd 1996), part-time employment (Council Directive 97/81/EC of December 15th 1997), and fixed employment relationships (Council Directive 99/70/EC of June 28th 1999). European social partners have also achieved some "soft" instruments in form of two framework operating schemes dedicated to equality of sexes and obligatory qualifications and education (Surdykowska 2011, p. 35). In March 2000, within the scope of the Lisbon Strategy, the so-called the Open Method of Coordination was passed. This is based on the idea of mutual learning and comparing experiences and achievements between the Member States in order to identify best practices. It advises the application of so-called "soft methods", in the form of agreements and settlements between the social partners, leaving out rigid regulations such as Directives. The Open Method of Coordination was designed to facilitate changes and influence policy in areas where the competencies are in the hands of individual Member States (Golinowska, Żukowski 2008, p. 309).

[2] Transnational companies are those employing at least 1000 people in the EU countries, and at the same time employing 150 people in at least two EU countries.

[3] After Great Britain accepted the Directive in 1997, the number of countries acceding to this document increased to eighteen.

Significant influence on the standardization of European industrial relations has been also exerted by the passage of two new Directives dedicated to employee participation i.e.: the Directive of 8 October 2001, providing for employee involvement (through both information and consultation structures or procedures and board-level participation) in European Companies; and the joint Directive of the European Parliament and the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community. According to the first of the above mentioned Directives, employees have a right to participate in corporate supervisory bodies of companies operating at the European level i.e. in European Companies (*Societas Europeae* – SEs). These are supranational forms of companies with a minimum share capital of €120,000, which by definition are considered suitable to the needs of entities conducting cross-border business activities, both from the financial and administrative perspectives. The main aim of second Directive was to standardize the procedures of informing and consulting workers in the European Community, while at the same time taking into account the vast diversity of participatory solutions and respecting existing practices, in particular those in place in the EU Member States. According to the Directive, information and the consultation should embrace the fallowing three groups of issues: 1) information on the current situation and probable development of company, its functioning and economic condition; 2) information and consultations with regard to the state, structure and probable development of employment in the company; 3) information and consultations regarding decisions which may lead to significant changes in work organization within the company (Directive 2002/14/EC, article 4).

3. Areas of convergence in the field of industrial relations

The greatest extent of convergence in EU countries is visible with respect to employee participation in company management – the area of industrial relations which reflects the strongest EU intervention, primarily through the passing of Directives. Forms of employee representation in a company have been established and institutionalized by EU law in the member states on the basis of the 2002 Directive. This brought about the emergence of works councils in the new member states and revised the workers' institutions which had been operating in the former EU-15. The implementation of the Directive also influenced changes in the form of representation of employees' interests in Central and Eastern Europe. It transformed the usual trade union representation in these countries (single channel), into dual representation, or to a less extent –

into monistic but alternative representation (either trade unions *or* works councils). In the former EU-15 member states dual representation definitely prevails in the workplaces i.e. the staff is represented by both trade unions and works councils.

The range of works councils is limited by the so-called employment thresholds established by the Directive, which refer to the minimum size of a company required to set up these institutions. The Directive limits its range of application to undertakings with at least 50 employees, or establishments with at least 20 employees. The choice of a given criterion belongs the individual Member State (Council Directive 2002/14/EC, article 3). However, it should be kept in mind that the fact that works councils are obligatory from a certain employment threshold does not guarantee their automatic existence. In general, there is a need for an initiative from the workers or trade unions themselves to put forward a proposal to create such an institution.

In most of the former EU-15 the existing obligatory employment thresholds were in accordance with the Directive[4]. Only in two countries was there a need to make some changes and amendments to the Acts establishing works councils, and these thresholds were lowered from 150 to 15 employees (Luxembourg) and from 100 to 20 employees (Belgium). The implementation of the Directive by Great Britain and Ireland contributed to the creation of participation structures similar to works councils in companies in these countries that employ at least 50 people (Kohl 2009, p. 94). New institutions of employee participation in the countries from Central and Eastern Europe are usually created in companies employing at least 50 employees (Hungary, Poland, Slovakia, Bulgaria). Romania, Slovenia and Lithuania established this threshold at the level of 20 employees. In Estonia the appropriate regulations are applied to companies with 30 employees, while in the Czech Republic the threshold is 25 employees (*Impact of the Information.…* . 2008, pp. 11-14).

In examining the mechanisms or procedures applied for choosing the members of works councils, it is easy to notice the large participation of trade unions. In France, Belgium and Italy the employees' representatives are chosen by the staff, but only from the lists of candidates nominated by the trade unions. In Denmark the so-called shop stewards, chosen by the trade unions, automatically become members of the works councils. In Hungary priority in nominating employees' representative to the councils is given to trade unions, whereas in Slovenia the candidates are nominated by the employees and the representative trade unions. Research indicates that more than 80% of the works

[4] In Germany and Austria an obligation to establish works councils was imposed on companies employing as few as 5 workers.

councils in Europe contain some members of trade unions, and in more than half of these institutions the trade union members are in the majority.

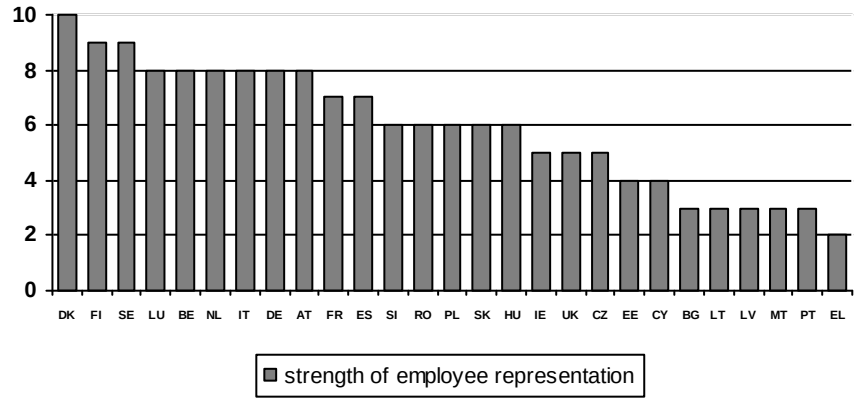
The representation of the employees in workplaces varies in the EU, comprising works councils and/or trade unions (or their representatives). In four countries (Austria, Germany, Luxembourg and the Netherlands) the main form of this representation is works council. Employees' representation in a group of ten countries (Belgium, the Czech Republic, France, Greece, Hungary, Poland, Portugal, Slovakia, Slovenia and Spain) is provided by both trade unions and works councils. In five countries (Bulgaria, Estonia, Ireland, Latvia and the UK), in the past unions were the only channel of workers' representation, but now the 2002 Directive also enables the functioning of elected employee representatives in the workplace. Employees' interests in the remaining eight states (Cyprus, Denmark, Finland, Italy, Lithuania, Malta, Romania and Sweden) are represented through trade unions in the first instance (worker-participation.eu). In the Scandinavian countries, Belgium, France, Luxembourg, Romania, Germany and the Netherlands, over 70% of employees have some institutional form of employee representation in the workplace. In the countries from Central and Eastern Europe (CEE), as well as in Greece and Portugal, the scope of employee representation is significantly lower. The highest institutional representation in CEE countries is in Romania. Trade unions, works councils or individual employee representatives there cover almost 80% of the total workforce. (*Industrial Relations…* 2013, p. 94; *Industrial Relations…* 2011, pp. 43).

There are, however, some significant differences between the works councils in different EU countries with respect to the rights granted to these institutions. The councils in Central and Eastern Europe have considerably fewer rights, encompassing only information and consultation. The EU Directive, by virtue of which these institutions have been created, does not provide for the right of co-determination. Such an entitlement, although to differing extents, is possessed by some countries of the former EU-15 (Germany, Austria, the Netherlands, Belgium, Luxembourg, France). Among the new Member States the strongest position in this respect is held by Slovenia. The councils in this country have been given the codetermination rights concerning such aspects as: application of social tools, determining the criteria of promotion or the rate of efficiency, and granting annual leaves. If the employer does not receive an approval from the council concerning the above mentioned issues, the problem will be settled by arbitration.

Figure 1 shows the indicator of the strength of employee representation in the companies in the EU, calculated according to four ratios. The first ratio refers to the rights to information and consultation granted to employee representations in the companies and implemented by these institutions (0-2 pts.)

The second ratio refers to the mutual relations between the employee representation bodies and trade unions (0-4 pts.). The range of subjects covered and the level of employee representation rights were the basis for the third ratio (0-3 pts.). The last ratio refers to the direct involvement of employee representation in the negotiations concerning pay, working hours and conditions of the firm's workforce (0 – 2 pts.). The highest strength indicators are in the Scandinavian countries, in which employees' representatives possess broad access to information, consultation and negotiation on agreements with their employer, and their relations with trade unions are based on co-operation and trust. Further down the scale is a group of continental European countries - the Benelux, Germany, Austria and Italy, and then France and Spain. The works councils in these countries have a relatively strong position (with the right to make joint decisions), but the level of their co-operation with trade unions varies to a great extent. The lowest strength indicators are in the Baltic States, as well as Malta, Bulgaria and Greece. The councils there have significantly less rights and it very often happens that some functions of the councils and trade unions are duplicated, which increases the competition between them. Generally, the coverage of employee representation is larger in those countries where it has a stronger legal basis, broader powers, trade union support, and is involved in remuneration negotiations with management (*Industrial Relations.*… 2011, p. 43).

Figure 1. The strength of employee representation in the EU in 2010



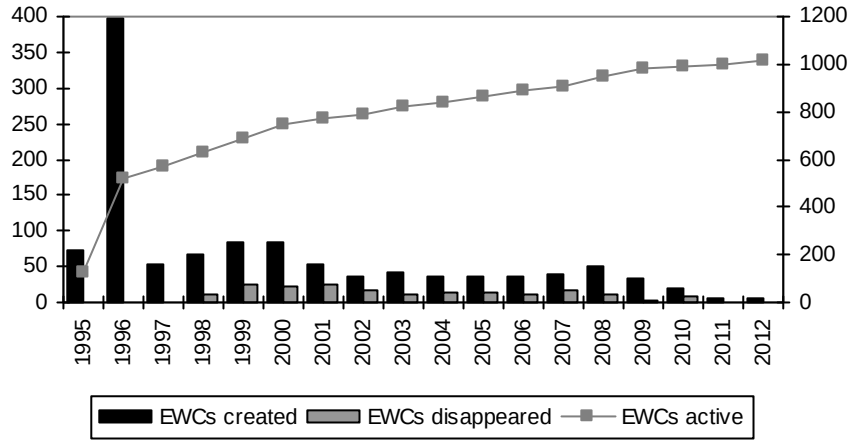
Source: author's own work based on ICTWSS database version, 3 May 2011.

Employee representation at the European level in the international companies takes the form of European Works Councils (EWCs). The Member States were obliged to implement the Directive on EWCs into their national law within two years of its passage. For fourteen members of the EU and three

countries of the European Economic Area this time frame ended on September 22nd 1996, and for Great Britain – December 15th 1999. Another ten countries had to implement the Directive before joining the EU i.e. before May 1st 2004. The implementation deadline of the Directive by Romania and Bulgaria ended on January 1st 2007. While today EWCs operate in only about 38% of the transnational companies which are subject to the provisions of the Directive, they already represent almost 18 million employees in the EU, which is significantly more than half of the total number of persons employed in the transnational companies that are potentially covered by the Directive (Skorupińska 2011, pp. 71-72).

In September 1994, when Council Directive 94/45/EC was passed, there were 49 EWCs in existence. By 1996, 396 such institutions had been created. This rapid increase was brought about by the possibility, still in effect that year, to create the Councils on the basis of voluntary agreements. In the following years the pace of establishing new Councils decreased considerably (see Figure 2 below). According to the data from the European Trade Union Institute, as of the end of November 2012, there were 1017 EWCs in existence (out of 1196 which were created - some EWCs ceased operations for various reasons, mainly connected with mergers or takeovers).

Figure 2. European Works Councils

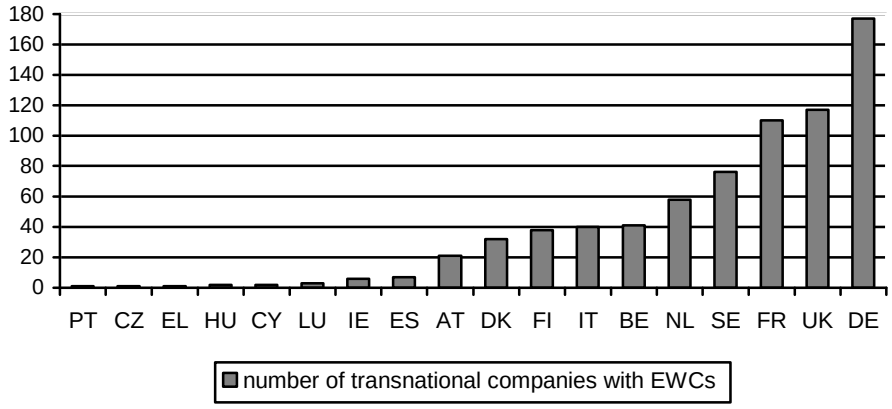


Source: *European Trade Union Institute*, EWC database, November 2012.

European Works Councils are not equally distributed among the EU countries. Figure 3 below illustrates some noticeable and significant differences with respect to the number of EWCs in transnational companies, whose

headquarters are situated in different Member States. The largest economies in Europe (Germany, Great Britain, France, the Netherlands, Sweden and Belgium) hold the top positions in the ranking, having together 552 EWCs, or 55% of all such institutions in operation. However, these Councils constitute only part of the total number of all such institutions at the European level which, according to the provisions of the Directive, should have established EWCs. At the other end of the scale are two transnational companies with their headquarters in Hungary, one in the Czech Republic and two in Cyprus. These five companies with EWCs represent the total number of Councils established in the transnational companies with their headquarters in the 12 new Member States. Together they are only 0.5% of all active EWCs (Jagodzinski, Pas 2011, p. 15).

Figure 3. EWCs currently active by country of headquarters



Source: Jagodzinski, Pas 2011, p. 16.

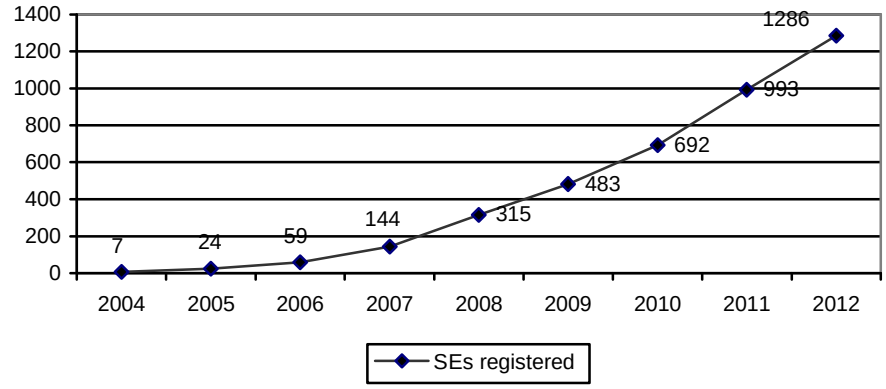
In most cases, EWCs play only a strictly informative, or informative and consultation role, and do not have any significant influence on the decisions taken at the headquarters of the transnational companies. Nonetheless, the functioning of these institutions do bring about a number of benefits, which include: access of the employees to information concerning the situation and plans of the transnational company which employs them, exchanging knowledge and experiences between the members of the Councils, and increased status of the company within the group. The central management of transnational companies consider the EWCs as an instrument to communicate with the employees and to increase their involvement in the company. The amendment of the Directive on EWCs of May 2009, although it does not include all the previously suggested corrections, nonetheless strengthens the operation of these institutions and may accelerate the process of establishing new Councils.

Although the EWCs seem to be an obvious tool for transnational social dialogue, the economic crisis has highlighted the difficulties many councils face in obtaining timely information and providing consultation, especially in terms of restructuring. The rapidly changing business landscape requires quick decisions by the employer, and the crisis has exposed the flaws of slow-moving operations of multinational committees such as the EWCs. As a result, EWCs have reacted defensively to restructuring proposals and have not been able to take advantage of the opportunity to act in a proactive and strategic way (*Social dialogue.*…2012, p. 18).

The other form of employee representation at the European level is employee participation in corporate supervisory bodies of the European Company (SE). An agreement regarding the involvement of employees is a prerequisite for creating an SE. The involvement of employees is defined in the Directive as a mechanism according to which, through information, consultation or even participation, the employees' representatives may have an influence on the decision-making process in the SE. The regulations of the Directive of October 2001, which complement the statute of the SE with regard to employee participation, were supposed to be introduced in the Member States by October 8th 2004 (Council Directive 2001/86/EC, article 2 and article 14).

As can be seen from the data of the European Trade Union Institute (ETUI-REHS), the number of the SEs is still growing (see Figure 4 below). As of June 2012, 1286 new SEs have been established. However, only one-sixth of them are running a "real" business with employees, the so-called "normal SEs". Many of the SEs are so-called "shelf" companies which are for sale, most of them registered in the Czech Republic, or "empty/micro" SEs, operating but apparently without actively employing people (or employing only a few people). With regard to many companies there is no information available (these companies are referred to as "UFO SEs"). However, in practice the number of standard SEs may be considerably higher due to an information gap about employment caused by insufficient regulations concerning publications with respect to legislation concerning SEs.

Figure 4. Total number of registered European Companies 2004-2012



Source: ETUI ECDB http://ecdb.worker-participation.eu (1 June 2012).

Nowadays, European Companies can be found in 25 countries out of the group consisting of the EU and 3 countries of the European Economic Area. However, the geographical location of these companies is very irregular. Almost half of the "normal" companies are run in Germany, while the Czech Republic has the highest results with respect to the overall number of companies. Apart from these two countries a crucial role with respect to SEs is also played by other countries which serve as the headquarters of SEs, such as: the Netherlands, Slovakia, Great Britain, France, Luxembourg, Austria and Cyprus. Most of the "normal" SEs have been established through a transformation of existing companies or through mergers[5]. An agreement on information and consultation with employees has been concluded in 78 European Companies (SEs). Most of the agreements contain the same rights to information and consultation which are present in the standard regulations. Some of them add an additional provision about the right to consult in "specific circumstances", while 42 agreements concern employee participation in the supervisory bodies of the SEs. The involvement of employees in the European Companies is not regarded as being of a "contractual" nature, but as an integral part of the corporate governance in the EU (*Employee involvement.*…2011; worker-participation.eu).

[5] The Council Regulation of 2001 on SEs provides four basic methods of their creation: merger, creation of a joint holding company, creation of a subsidiary; or when a single EU-based company is transformed into an SE.

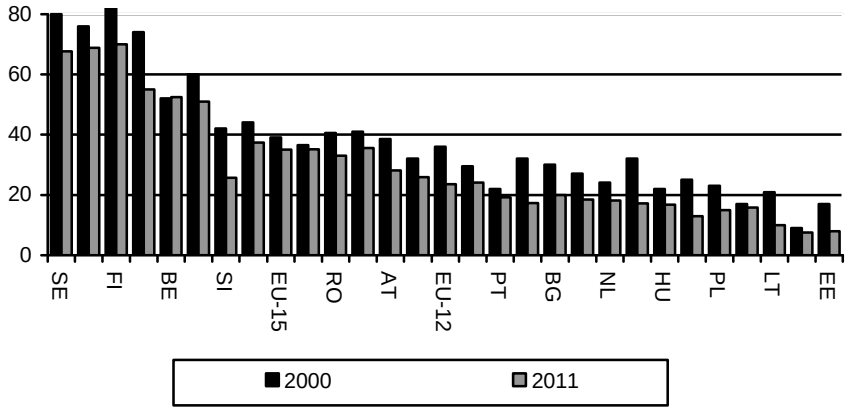
4. Areas of disparities in the field of industrial relations

In the EU countries, trade unions' rights and the right to collective bargaining are the fundamental social standards of Community law. However, this social minimum is constantly put to the test due to the conflict of priorities i.e. on the one hand their consistency with the principles of market freedom, and on the other – with the social rights of employees. The "trade union" aspect has been somewhat overlooked by the EU in its pre-accession strategy for new member states (Kohl 2009, p. 13). This crucial issue in the area of industrial relations has been left subject to the regulation of individual countries. The greatest disproportions between the new and old member states refer mainly to their "unionization"[6] and the scope and level of collective bargaining, which is shaped mostly by the national tradition, practice, and the role of labor relations in a given country.

The strength of trade unions is determined by many different factors, such as: the number of union members, the legal framework, unity and co-operation within and outside the union movement, their internal structure, their relations with other entities, and the reputation of unions in public opinion. In general, for more than 30 years the level of "unionization" in the EU has been decreasing, but the differences between particular states are significant. The percentage of employees belonging to the unions in the EU-27 as a whole decreased from 27,8% in 2000 to 23,4% in 2008. This means that trade unions lost almost 3 million members during this time. The major reasons for this are the decreasing interest in establishing trade unions by the younger population, difficulty in gaining new members in the service sector and in small companies, and the increasing role of flexible forms of employment. Trade unions are getting 'older' and to a great extent they are based on the public sector. The highest percentage of membership losses can be seen in the countries of Central and Eastern Europe (Lithuania – 48%, Estonia – 44%, Slovakia – 43%, the Czech Republic – 28%, Poland – 25%), which was mainly influenced by the industrial transformation and the change of the unions' role (*Industrial Relations…*, 2011, pp. 25-26). Only seven countries in the EU (Belgium, Cyprus, Ireland, Italy, Luxembourg, Malta and Spain) have experienced an increase in the number of the union members among the labor force. In most of these countries, except for Belgium (see Figure 5), this increase has lagged behind the very strong increase in employment, which means that in the given period the level of "unionization" decreased in per capita percentage terms.

[6] The level of "unionization" (trade union density) is defined as the percentage of the active employees belonging to trade unions in a given country.

Figure 5. Union density by country in the EU, 2000-2011



Source: *Industrial relations*… 2011, OECD Database on Trade Unions, worker-participation.eu.

In comparing the levels of "unionization" in the EU, it can be seen that in the new Member States from Central and Eastern Europe the rate of union membership is considerably lower than in the former EU-15 (see Figure 5 above). Three Scandinavian countries (Sweden, Denmark and Finland) occupy the top positions in the ranking, with almost 70% of their employees belonging to trade unions in 2011. Out of the EU-15, the next ranking position belongs to Belgium, with a "unionization" level at 52%. The strong position of trade unions in these countries results from the fact that they perform a social and economic role vested by the governments (the Ghent system), and that they are especially responsible for dealing with unemployment benefits. In addition to this, in the old states of the EU there is a very long tradition of harmonization of interests between capital and the labor, and unions are deeply rooted into the network of social institutions (Gardawski 2009, p. 438).

Taking the new Member States into account, in as many as nine of them (Estonia, Lithuania, Poland, Latvia, Hungary, Slovenia, Slovakia, Bulgaria, the Czech Republic), the trade union density is lower than the EU average. Only in Romania does the level of "unionization" exceed 30%. In addition, in Malta and Cyprus the participation of employees belonging to the unions is above 50%, which results in an over-valuation of the level of "unionization" in the remaining new Member States. However, it should be remembered that Malta and Cyprus differ considerably from the EU-12, as they have had a long tradition of a market economy. The decrease in the level of "unionization" in Central and Eastern Europe has been brought about by the low attractiveness of unions and

a lowering of their prestige in society, which happened mostly because they carried out political rather than strictly union activities.

The level and scope of coverage of collective bargaining are also highly differentiated in the particular Member States. These agreements cover a considerable majority (about 66%) of European workers, but they vary from almost 100% in Austria to less than 20% in Lithuania. In ten EU countries (all from the 'old' EU-15), collective agreements cover over 80% of workers. This high rate is mainly due to the tradition, commonly applied in Western Europe, of covering the employees that do not belong to the unions. In the Central and Eastern European countries the scope of coverage of collective bargaining is low, amounting to 43%. Furthermore, most of these countries (Estonia, Poland, Slovakia, Slovenia, Bulgaria) have experienced a decrease in this dimension. In Hungary and the Czech Republic the rate is stable and has remained unchanged. Only in Latvia and Lithuania has the coverage of collective bargaining increased, albeit from a previously very low level (*Industrial Relations…* 2011, p. 36).

In the Central and Eastern European countries (apart from Slovenia and to a certain degree Slovakia, Romania and Bulgaria) collective bargaining is mainly concluded at the company level. However, even in the four aforementioned countries, complementary bargaining is conducted in companies (Kohl 2009, p. 28). The prevailing level at which the remuneration is negotiated in the EU-15 is the sectoral level, but this pattern is under strong pressure. There are some actions to decentralize the agreements, and voices can even be heard to abandon collective bargaining altogether. The economic crisis has led to more rapid structural changes in the field of collective bargaining. According to the new regulations, employers in Greece and Spain can negotiate working conditions at the company level, which are usually lower than those negotiated at the higher sectoral level.

Another visible change in industrial relations in Europe is the fact that a statutory minimum wage has become more common. Out of the new Member States, only in Cyprus is it restricted to specific professional groups with a low level of "unionization". This trend means that a minimum wage determined by law is currently in force in 20 EU Member States. In the remaining 7 countries (Austria, Germany, Denmark, Sweden, Finland, Italy and Cyprus) collective bargaining, mainly at the industry level, plays a significant role in shaping the remuneration (Fulton 2011). One of the consequences of such a form for determining the minimum wage is that they are not the same and differ among industries, occupations, or even regions. In general, the level of the minimum wage in Central and Eastern European countries is considerably lower than in the former EU-15. In 2012 the minimum wage varied from €138 monthly in

Bulgaria to €1801 in Luxembourg. However, taking into account purchasing power discrepancies, the 'real' differences in minimum wages are smaller, within the range of a one to five ratio. However, in 2004-2010 the countries with a statutory minimum wage were the leaders in increasing the nominal minimum wage. Latvia raised the minimum wage by 113%, Slovakia by 108%, Romania – 107%, and Bulgaria – 101%. The slowest rate of increase of minimum remuneration was observed in the old Member States i.e. in the Netherlands and France, where the minimum wage increased by 11%, and in Great Britain by only 2%. This trend has the effect of reducing the minimum wage gap between the member states, although the process can still be considered very slow (Eurostat statistics).

5. Conclusions

The picture of industrial relations in the European Union is characterized by great diversity. There are still significant differences between "the old" and "the new" Member States with regard to the strength and density of the unions and the level and scope of coverage of collective bargaining. This is an area where the authority of the EU is limited, shaped mainly by the tradition and practice in the particular countries. In the new Member States from Central and Eastern Europe, the level of union membership is considerably lower than in the former EU-15. The participation of employees whose pay and working conditions are shaped by collective bargaining is also significantly lower. Moreover, in the new Member States these agreements are mainly established at the company level, while in the "old" EU countries they occur at the sectoral level. The common features of the "union" aspect of industrial relations are that union density is decreasing throughout the entire EU, there is an increasing trend toward decentralization of collective bargaining agreements, and that a statutory minimum wage is becoming more popular and its 'real' value less differentiated between the EU countries.

The tendencies toward convergence in industrial relations are clearly visible in the areas of the EU's most active interference i.e. the establishment of employee representation in a company. As a result of the implementation EU Directives, employee participation in companies has grown – both at the national and transnational levels. The scope of employee representation at the company level in form of the works councils is almost twice as large as the scope of trade union coverage. However, the works councils in Central and Eastern European countries have less authority than the long-standing works councils in the 'old' EU Member States. A stronger position of the councils in Eastern Europe may

result from a stable relation between the councils and the unions, developed on the basis of a clear distinction of competencies between them. The European Works Councils constitute the institutions that contribute most to the Europeanization of industrial relations, the internationalization of union co-operation, and the improvement of supranational information and consultations. Almost 18 million employees in the EU have their representatives in 1017 EWCs. In most countries of the EU the employees also have representation in the corporate governance bodies. The employees' right to choose their own representatives to the supervisory boards or even the managing boards currently exists – to a greater or lesser degree – in seventeen Member States. Since October 2004 employees have been allowed to participate in the supervisory bodies of companies at the European level, i.e. in European Companies.

It should be mentioned that dialog between social partners has played a crucial role in moderating the effects of the economic crisis, through the implementation of agreements concerning aspects such as: the shortening of working time, sharing work, slowing down pay increases, or training. The report *Industrial Relations in Europe 2010* (2011, pp. 99-101) distinguishes two factors which have exerted influence on the effect of the social partners' reaction in the EU countries on the consequences of the economic crisis. The first factor is an economic one and refers to the impact of the crisis mainly on the condition of public finances and the level of employment in a given country. The other factor, an institutional one, refers to the bilateral and tripartite agreements reached in the field of social dialogue. In 12 EU Member States there was a prevailing consensus between the social partners, and when the crisis began they concluded an agreement to mitigate its consequences. This group included countries from both the former EU-15 (Austria, Belgium, Denmark, Finland, Germany, the Netherlands), with their traditionally strong models of industrial relations, as well as some countries from Central and Eastern Europe (Poland, Slovakia, the Czech Republic), which had weak institutions of social dialogue. This means that although the crisis has highlighted some differences in the quality of industrial relations and the role of social dialogue in different countries, these discrepancies have not prejudged the issue as to whether conflicts or agreements will be the dominant mode in the groups of the "old" and the "new" Member States.

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Streszczenie

ZBIEŻNOŚCI I DYSPROPORCJE W OBSZARZE EUROPEJSKICH STOSUNKÓW PRZEMYSŁOWYCH

Celem artykułu jest przedstawienie obszarów największych zbieżności i dysproporcji w zakresie stosunków przemysłowych w UE. Artykuł ma także na celu zdefiniowanie przyczyn takiej sytuacji oraz określenie wpływu kryzysu gospodarczego na kształt tych stosunków i dążenie do ich konwergencji. Opracowanie składa się z trzech zasadniczych części i podsumowania. W punkcie drugim omówiono proces tworzenia europejskiego wymiaru stosunków przemysłowych i dialogu społecznego. Kolejna część poświecona została kwestii partycypacji pracowniczej w zarządzaniu przedsiębiorstwem jako obszarowi stosunków przemysłowych o największym zasięgu konwergencji. Szczególny nacisk został tutaj położony na dualny system reprezentacji pracowników w przedsiębiorstwie w postaci związków zawodowych i rad pracowników oraz na Europejskie Rady Zakładowe. W punkcie czwartym przeanalizowano zaś największe dysproporcje między starymi i nowymi krajami UE, które dotyczą poziomu „uzwiązkowienia" oraz zasięgu i poziomu zawierania układów zbiorowych.