EMPLOYEE PARTICIPATION - THE EUROPEAN EXPERIENCE

The paper focuses on recent developments of employee participation within the European Union (EU). Employee involvement has increasingly become a key European issue as a consequence of, for example, technological change, deregulation and privatisation. In addition the persistently high unemployment figures and the accelerating pace of European integration coupled to the globalisation of markets has raised awareness of the necessity of employee participation. The paper discusses the emergence of the European Works Council as an instrument to increase employee participation within the new European social and economic environment. The German works council, which has been subject to numerous detailed studies, provides a detailed example of how works council models of the German type do or do not function.

The European Union Environment

Since the late 1950s the EU has developed with phases of great activity followed by periods of standstill. The Maastricht Treaty of 1991, which converted the European Economic Community to the European Union, marked the beginning of an active phase towards a deeper and larger Europe. In 1992 the European Economic Area was formed, 1993 was marked by agreement on Eastern enlargement and 1995 witnessed Austria, Finland and Sweden becoming full members of the EU. The Intergovernmental Conference (IGC) launched in March 1996, and agreed at Maastricht, will provide for continuation of this active phase.
The IGC has a triple mandate of streamlining EU decision-making and institutions, extending EU responsibility for joint foreign and defence policies, and improving cooperation on immigration, asylum, police and other home affairs matters. At the same time the EU needs to continue balancing common economic interests with national and sectoral economic interests. Crucial to the success of political and economic integration in shaping the post-IGC architecture of Europe will be the European Monetary Union (EMU). The establishment of an EMU, that is a single European currency and a European Central Bank, will have a significant impact on the way labour markets, especially collective bargaining, are going to function in the future. There are two reasons for this. Firstly, supply or demand instabilities in the economy within an EMU framework will impose strict macro-economic guidelines on wage developments. Secondly, there will be an impact because individual countries must satisfy the convergence criteria laid down by Maastricht in 1991. It is beyond the scope of this paper to discuss the impact of EMU on the member states - it will, undoubtedly, be complex but profound on the functioning of labour markets.

The key elements of industrial relations systems, the parties involved, the level of negotiations, the scope of negotiations and of agreements and the shape and evolution of employee participation bodies, will be affected by EMU.

**Employee Participation**

There is a real difficulty in defining the phrase 'employee participation'; difficult because it has different meanings in different countries of the European Union. What exactly constitutes participation is, therefore, a matter of debate. Agreement can, however, be reached on the forms it might take. Thus the
comprehensive and complex German participation system, which to some extent has served as a "European" model, distinguishes between information, consultation and co-determination. It is the last of these that has given rise to the most intense reactions when the issue has been debated. In part this is due to the diverse interpretation given to the concept of co-determination and the ideological principles involved.

In some European countries, for example Germany, the idea of participation has been related to the efficacy of political democracy since Fritz Naphthali argued for a close connection between political and economic democracy. Over and above this there is the aim, from many of the European trade unions, to construct a co-determination model which includes a series of staggered levels: work-place, plant level, enterprise level, national level and international level. In this sense a detailed discussion of the European tradition of employee participation ought to include works councils, supervisory board representation and labour directors.

A pragmatic definition, from the continental European perspective, might include statutory and collective agreement provisions for employee participation through works councils and similar bodies and forms of board-level representation, in addition to provisions for systematic consultation and information disclosure. However, this does not allow for the diversity within the expanding EU nor the richness of arrangements being developed by companies; a broader perspective needs to be applied. Employee participation might be defined as some form of institutional arrangement enabling employees and their representatives to participate in the decision-making process within the undertakings.
Britain, in contrast, has quite a different tradition and, historically, employee participation has generally occurred within the framework of collective bargaining. However, the tradition of joint consultative committees is widely established in Britain and these have been regarded by both management and employees as a useful mechanism for discussing issues. Although formal arrangements have not developed greatly in Britain, Lane makes the point that "Many studies show that British workers in general and craft workers in particular, enjoy considerable control over various aspects of their immediate work environment. Informal understandings between workers and management established by long-standing custom, grant workers a whole range of rights which, in some respects, surpass those enjoyed by German workers".  

Be that as it may, British multinational companies and trade unions are recognising continental European employee participation models; and this despite the 'social opt-out' from the UK Government. The motivation for this clearly stems from the need all European countries have to respond to recent social and economic changes.

**Driving Forces**

The 1970s already produced significant challenges for labour and management: the oil crisis of 1974, the economic recession and the high levels of unemployment in western Europe, 11.7 million, that is 10.4% of the labour force, in 1983 in the EEC. The manufacturing sector declined during this period while the tertiary sector saw a steady increase in growth. These challenges resulted in the transformation of economies and labour markets as companies responded through industrial restructuring in which technological innovation played a central role. Economic performances, government policies and macro-economic
variables mean that there is diversification between European countries but as Baglioni and Crouch have pointed out: "Today, the outcome of the processes of economic change is in some respects similar from country to country, but some differences have persisted, while others have emerged."  

This, of course, applies to European industrial relations systems. The question is what differences have emerged and what common structures and features have evolved? European countries have since the Second World War undoubtedly developed individual industrial relations styles with which the social partners have had to come to terms. Industrial relations systems have, unquestionably, been shaped by the broader political, social, economic and historical forces which have contributed to the development of individual European States.

But the process of European integration, since the Rome Treaties of 1957, has also had an impact on the labour markets of the EU member states, and since the mid-seventies this has been subject to significant structural changes in the European economy. In particular the advent of new patterns of technological developments has created an environment of intense technological competition. The implementation of the new technologies, and the decline of the "Fordist" mode of regulation of the economy, imposed the need for difficult structural adjustments. These forces have created pressures on institutional rigidities in labour markets; the result has been inevitable moves towards flexible models of adjustments. Related to this has been an increased decentralisation of the wage setting process. It is in this context that the debate concerning the demise of corporatism in the Nordic and Germanic countries has taken place. Table 1 shows that a more decentralised structure of collective bargaining is now more common than the centralised model in EU countries.
Table 1

Centralised/Decentralised Collective Bargaining Structures

<table>
<thead>
<tr>
<th>Collective Bargaining Structure</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly Centralised</td>
<td>Austria Finland Sweden (?)</td>
</tr>
<tr>
<td>Moderately Centralised</td>
<td>Belgium Denmark France Germany Netherlands Portugal Spain</td>
</tr>
<tr>
<td>Decentralised</td>
<td>Italy Greece Britain</td>
</tr>
</tbody>
</table>

Source: Author’s compilation from ETUC data, 1995.

What manifests itself is a tendency towards decentralised bargaining structures; and this reflects a fragmented labour market and wage setting process.

However, there are also many similarities which have emerged and since the creation of the European Community there have been additional forces moving EU countries towards a "European style" of industrial relations in contrast to, for example, the North American or Japanese model.

Three major general impulses, having their source in market driven factors, have contributed to this:

• Firstly, to remain competitive in world markets business enterprises in European countries had to take full advantage of the potential for increased productivity that is provided by the strategic management of employees;
• Secondly, within Europe, and especially the European Union, a change in the industrial relations pattern of one country - which results in improved productivity, wages or employment conditions - can become a precedent for other countries;

• Finally, the European internal market, which became a reality in January 1993, has engendered a dynamism which is providing a crucial momentum in terms of draft proposals and legislation pertinent to the industrial relations sphere.

Europe is thus experiencing a period of extreme change, and as companies evolve merger and acquisition, alliances and external growth strategies, larger perspectives open up. The new, enlarged Europe has around 370 million people and the EU is one of the largest markets in the world. This means, of course, that Europe is also becoming one of the largest traders in the world.

These "Driving Forces" are in part exogenous to the European Union, dependent on the complexities and interdependence of global economies and trade. In part they are endogenous, generated by the determination of the European Union decision making apparatus and from individual inputs by Member States. It is this wider picture which determines specific changes in the internal organisation and operation of enterprises. The resultant new management styles and new forms of work organisation have taken on a crucial role in enhancing competitiveness. Participation of employees has increasingly played a part in enhancing the performance of enterprises in internationally competitive markets. For the European Union this point was recognised clearly in the Commission's White Paper on Social Policy which stated that good working conditions and proper employee involvement contribute to enhancing the performance of enterprises.
Employee Participation in Western European Countries

In many Western European countries employee participation, in one form or other, is mandatory as a consequence of statutory provisions. The countries belonging to this group include Austria, Belgium, France, Germany, Greece, Luxembourg, Netherlands, Portugal and Spain. In other European countries, the Nordic countries for example, participation is provided for by national collective agreements. The most common structure to involve employees has been the works council or an analogous body. It is this feature which can, perhaps, be regarded as the most characteristic feature of continental European industrial relations.

Access to information represents one of the most significant aspects of employee participation and the right to information varies considerably. In Belgium and Austria, for example, information rights are clearly stipulated. In the Belgian case, works councils have access to the firm’s competitive position, financial structure, production and productivity levels and numerous additional issues.

Consultation may be regarded as the next form that employee participation takes; this allows employees to articulate opinions concerning relevant issues within the firm. France, for example, has works councils which are required to be consulted on such diverse matters as changes affecting working conditions, technological innovation, vocational training, profit-sharing and redundancies.

Co-determination, a form of joint decision making, is a central feature of the German works council. However, it also applies to statutory provisions for employee representation on company boards. Denmark, France, Germany,
Netherlands and Luxembourg are countries which have evolved this form of participation through statute.

This diversity of employee structures reflects national predispositions and the context-specific industrial relations systems which have evolved in member states of the EU.

**Employee Participation at the European Level**

The central nature and importance of employee participation as an issue in the EC can be gauged from the fact that it has been on the agenda for a considerable time. The Fifth Directive on Company Law\(^8\) came before the Council of Ministers in 1972 and applied to public limited companies with over 500 employees. This original proposal was revised and modified in 1983 when, for instance, companies affected were reduced to those who had over 1000 employees. At the heart of these drafts were the arrangements for employee representatives on supervisory boards. The 1972 draft envisaged employees having representation on an obligatory supervisory board whereas the modified 1983 directive provided for choices, for example, between employee representatives on a supervisory board, or employee representatives as supervisory non-executive members of a single board or an employee only company-level representative body.

The European Commission published, on the 12th November 1975, a Green Paper on Employee Participation and Company Structure in the European Community\(^9\), to stimulate debate on the decision-making structures of companies. There were no detailed proposals but certain orientations as focal points for discussion; the aim was to move towards some form of consensus on
structures required. In particular, the Commission indicated the desirability of the dual board system for public companies’ structure not found in, for example, the United Kingdom. Supervisory and management boards of public limited liability companies are nevertheless seen as the most effective structures for implementing an influence by employees in the decision making process of companies.

The amended Draft Fifth Directive of 1983 shifted the substantive elements in the 1972 directive away from employee representatives being able to cover all subjects dealt with by the supervisory board to selected issues. Subjects covered were now, in all cases, regular information and consultation on all aspects of the company's situation, progress etc., and such information as specifically requested. The locus had shifted to information and consultation rights only.

It was this dimension of employee representation which the draft "Vredeling" (Vredeling was the member of the European Commission responsible for Social Affairs) directive of 1980, to affect multinational and national firms with subsidiaries employing 100 or more employees, distinctly emphasised. Whereas previous proposals had their genesis in policies concerned with restructuring Member states participation machinery, Vredeling was a reaction against rising unemployment, technological developments and increasing dominance of inter- and multinational companies. The prominence given to the right for regular information on a wide range of economic, financial, business and employment issues made this quite clear. The thrust was consultation on decisions likely to affect employees' interests. Managerial prerogatives, for instance, closure, transfers, modifications relating to working practices or production methods were to be subject to an employee input. The opposition to
the Vredeling proposal was very strong indeed, not only from within the EC but also from outside, particularly from the USA. The Commission realised that it could not achieve consensus for these proposals and, therefore, modified them. The amended version, of 1983, raised the threshold for firms to be covered to 1000 employees, emphasised the need for confidentiality and attempted to define the type and frequency of information. Vredeling demonstrated that only consensus between management and employees could establish a viable participation model.

It was, therefore, a logical continuation that any proposals for a European Company Statute should, as a matter of course, include carefully considered participatory principles. The Draft European Company Statutes, 1975 and 1989, which are to set up "EuropeanCompanies" under EC law had consequently had unambiguous employee participation objectives. Indeed, the 1975 draft mooted a European Works Council made up of employee representatives; an objective which disappeared in the later version of 1989. Where the concept of co-determination on some employment-related issues had been explicitly stated, the Draft European Company Statute of 1989 returns to the concepts of information and consultation.

The European Company, as a new corporate structure within the European Community, places two mandatory configurations at the centre of its proposals: the first is the creation of a two-tiered corporate board structure, already in existence in many Member States, and the second is the creation of a European Works Council.

The European Works Council
The most recent proposal by the European Commission, submitted to the Council of Ministers in December 1990, is for the establishment of a European Works Council (EWC). The Social Charter, a declaration of social rights, endorsed by the European Community in December 1989 and the Treaty on European Union (Maastricht, 7 February 1992) provided an additional input for evolving participatory bodies. There is a crucial point. The issue of employee rights to representation when employers take decisions was recognised but was not central to the Single Market programme.

The EWC is, however, a linear descendant of the quest for employee participation which began with the Draft Fifth Directive in 1972. But it is also a greatly reshaped document from that first proposal for legal norms to be established at Community level. Directive 94/45 on the creation of EWC's was finally adopted in September 1994 and was implemented on the 22 September 1996.

The central provision of the EWC statute is the right of information and consultation of employees in companies or groups of companies with subsidiaries in two or more Member States. Information to be provided at annual meetings has to include future developments of the firm in terms of business, production and sales, the economic and financial situation and the employment situation and investment prospects. Companies with more than 1000 employees within the EU, with at least two establishments in different Member States, each with at least 150 employees are required to establish an EWC. Employee representatives and management are able to determine, by written agreement, the nature, composition and operation of the EWC.
In fact, multinational companies have, since the late 1980's, placed European level information and consultation bodies into operation. The first general survey at European level of these bodies was published by the European Trade Union Institute in November 1995.\textsuperscript{13} Using the criteria laid down in the EU Directive for EWC's, it identified a total of 1152 companies, with their headquarters in 25 countries. Table 2 clearly shows Germany in first place with 274 companies, followed by the United States, 187 companies and France with 122 companies. Almost one third of the companies, 376, fall in the metal products, machinery and equipment, transport equipment sector, followed by 147 companies in chemicals, rubber and plastic products sector. The third largest block of 105 companies are found in manufacturing of food, beverages and tobacco products.

\textbf{Table 2}

\textbf{European Works Council}

\begin{tabular}{|l|}
\hline
\textbf{Number of affected companies} \\
\hline
\textbf{Situation per selected country} \\
\hline
\end{tabular}
Multinational companies have, therefore, moved (on a voluntary basis) towards establishing EWC style structures well in advance of EU legislation. Early agreements include those between the French company of Thomson Consumer Electronics and the European Metalworkers' Federation who placed information

<table>
<thead>
<tr>
<th>Country</th>
<th>No. of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>122</td>
</tr>
<tr>
<td>Belgium</td>
<td>21</td>
</tr>
<tr>
<td>Denmark</td>
<td>38</td>
</tr>
<tr>
<td>Germany</td>
<td>274</td>
</tr>
<tr>
<td>Spain</td>
<td>21</td>
</tr>
<tr>
<td>Ireland</td>
<td>5</td>
</tr>
<tr>
<td>Italy</td>
<td>38</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>1</td>
</tr>
<tr>
<td>Netherlands</td>
<td>89</td>
</tr>
<tr>
<td>Portugal</td>
<td>4</td>
</tr>
<tr>
<td>UK</td>
<td>106</td>
</tr>
<tr>
<td>Sweden</td>
<td>58</td>
</tr>
<tr>
<td>Austria</td>
<td>29</td>
</tr>
<tr>
<td>Finland</td>
<td>32</td>
</tr>
<tr>
<td>Norway</td>
<td>15</td>
</tr>
<tr>
<td>Liechtenstein</td>
<td>2</td>
</tr>
<tr>
<td>Switzerland</td>
<td>59</td>
</tr>
<tr>
<td>USA</td>
<td>187</td>
</tr>
<tr>
<td>Japan</td>
<td>32</td>
</tr>
<tr>
<td>Canada</td>
<td>9</td>
</tr>
</tbody>
</table>

Source: Adapted from European Works Council Inventory of Affected Companies, European Trade Union Institute, Brussels, November 1995.
and consultation machinery in place in 1989. The German Volkswagen company has had a European Enterprise Works Council since 1990, which at that time represented 200,000 employees from German, Spanish and Belgian companies. The Volkswagen structure was based on 17 employee representatives: 10 from Germany (Volkswagen and Audi AG), 5 from Spain (SEAT SA) and 2 from Brussels (Volkswagen Bruxelles).

Gold and Hall\textsuperscript{14} evaluated the activities of these bodies in 1992 and noted that there were relatively small numbers of European-level information/consultation bodies at the time their study was published in 1992; their prediction that these bodies would increase was to be proven correct. They noted that the structures they investigated shared common characteristics: most arrangements provided only information, there was little consultation and no negotiations, and outside such bodies a wide variety of other arrangements, many informal, existed. A final point the study emphasised was that existing arrangements influenced the debate on the EWC Directive.

\textbf{Voluntary Structures - European Forum}

As the date for implementing the EWC Directive loomed nearer, those multinationals which had no structure in place were rapidly rectifying this position. Although the EWC Directive does not apply to employees working in Britain, as the Directive was agreed under the Social Protocol to the Maastricht Treaty from which the British Government opted out, British multinationals are establishing information/consultative bodies.

This may be illustrated by a major multinational company resident in the Netherlands\textsuperscript{15} which decided to incorporate its British companies in a European
participatory structure. The Group decided as late as January 1996 to establish, by voluntary agreement, a European Forum instead of setting up an EWC as defined in the Directive. The first reason for moving towards an EWC type structure was that the Group argued that the European single market would continue to grow and the trend towards globalisation of economies develop further. The second reason was that the group envisaged this to be increasingly reflected in the business strategies the Group adopts in the coming years in Europe. "The Group recognises, therefore, the mutual need and benefits in establishing a co-developed information and communication process between the employees and the Group on issues of a transnational nature." Although the company perspective emphasises the benefits of this communication process in terms of the better understanding, challenges and opportunities employees and the company face at a transnational level, it ultimately regards it as improving the overall competitiveness. On this basis, the Group established a transnational Forum, known as the European Forum, in which the Groups employees from eighteen countries/territories are represented.

The negotiations for the Forum were concluded in July 1996 with an agreement reached after employee representatives from the eighteen countries/territories had an inaugural meeting in the Netherlands. The agreement was, therefore, on a voluntary basis before the EWC Directive became law in September 1996. The Group’s British companies moved surprisingly fast; at a meeting in April 1996 they elected a representative, under the auspices of the Electoral Reform Society, to the initial meeting of all employee representatives who were to become signatories to the final agreement.

The argument given by the Group for a voluntary agreement was that it would give more flexibility than the Directive and offers a possibility of developing a
model which was appropriate to that particular company. It would also allow those countries not covered by the Directive, Britain and Switzerland, to be involved. Central to the proposed European Forum is the definition of consultation, which varies from country to country, and the Group has taken its definition from the text of the EWC Directive, i.e. the exchange of views and the establishment of a dialogue. However, the company also wishes to avoid some of the more bureaucratic elements of the Directive. For example, avoiding the separate procedures for a Special Negotiating Body and EWC, and especially, the complex keys to calculate the number of delegates related to the number of staff covered per country, and resulting in a large, and less manageable, Forum.

The final agreement reached for the Group European Forum may be summarised as follows:

1. It will consist of 23 delegates drawn from Austria, Belgium, Denmark, Finland, France, Germany, Gibraltar, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the UK. Initially the Group had pressed for one delegate per country but during negotiations a formula was agreed where companies in each country/territory would be represented according to the number of employees. Three representatives if there were 5000 or more employees, two if there were between 1000 to 5000, and one for 1000 or fewer. Employee representatives in the European forum were to be elected or selected in accordance with national or local practice for a four year term of office.

2. The Parent Company shall appoint a representative who will be fully authorised to represent the Parent Company and its Board of Management.
3. The Forum is to discuss issues of a transnational nature, i.e. at least two of the countries represented would have to be involved. Issues include:

- Societal and economic issues, such as the structure, economic and financial situation;
- The probable development of the business and of production and sales;
- The situation and probable trend of employment;
- Investments;
- Substantial changes concerning organisation;
- Introduction of new working methods or production processes;
- Transfers of production and other activities;
- Mergers and acquisitions;
- Cut-backs or closures of undertakings, establishments or important parts thereof;
- Collective redundancies;
- Health, safety and environment;
- Issues agreed between the management representative and the coordinating committee as being of interest.

4. The employee representatives will elect a coordinating committee of three delegates. The function of this committee is to assist communications between the management representative and The Forum.

5. The Forum would normally meet once a year and the medium of communication, written and verbal, would be in English. Issues arising between annual meetings, if due to exceptional circumstances, are to be dealt with in a special meeting between the representative of Central Management, the
Chairman of the Forum, and the representatives of the countries involved in the issues.

Obviously the proposal has incorporated many features of the EWC Directive while at the same time including company specific proposals. Nevertheless the distinguishing feature of this proposal is that it focuses on the company employees; the agreement for the Forum would be negotiated with employees and only employees would sit on this body. Trade unions, be it at national level or at the European level, are not envisaged as participating in formal discussions or negotiations or to be signatories to the agreement. From the British perspective, such a voluntary agreement would give the company more flexibility in defining how transnational information and consultation would operate and would avoid the legalistic procedures of the EWC Directive.

But the central provision of the agreement remains the obligation that the Forum and/or the Coordinating Committee will be informed on those issues which fall within its competence and scope prior to the implementation of a decision so as to permit a meaningful exchange of views. The emphasise on information and debate is a very muted form of participation if it is compared, for example, with existing practises in Germany.

**The German Works Council Experience**

There are, of course, Member States which already have national legislation placing works councils on the statute books and European multinational companies who have voluntary arrangements providing for a European style works council. National legislation and voluntary institutions provide some evidence on how works councils function in practice.
Germany is, perhaps, the best example of a country which has a long historical tradition of works councils; the democratic experiment of the Weimar Republic included works councils. However, it has to be emphasised that the German works council is not a 'European' works council. Nevertheless, the German co-determination model of employee participation in general and the German works council model has been influential in shaping European level concepts. Moreover, since German unification the German works council model has been subject to severe stresses as centralised collective bargaining has come under increasing pressure. But even before unification German works councils were adapting, despite their rigid legal framework, to a new bargaining environment.

In 1952 the new Federal Republic of Germany legislated for works councils and they have become an almost universal feature within German industry. In contrast to the European initiative of the EWC the German works council has provisions which are far more extensive in terms of employee participation. It stipulates that the works council has an effective co-determination right; this means that in some areas of employee interests, works councils enjoy parity with management in the decision making process. The German system supports this through compulsory arbitration in case of non-agreement. This is, however, rarely resorted to, suggesting that the institution of the works council is integrated in the German industrial relations system and finds acceptance from the parties involved.

In practice the German works council has two significant legal provisions which have shaped its evolution since 1952. Firstly, it clearly is an employee representative body, elected by all employees in a company every 4 years.
Secondly, the Works Constitution Act places a “peace obligation” on the parties by stating that they must work for the benefit of the firm. This obligation prevents works councils from initiating overt forms of industrial conflict and has fostered a climate of cooperatism. The rights given to the works council range from information to co-determination and have established the cooperatist industrial relations for which the German system has become known.

The German works council cannot be perceived as a homogenous structure - research by Kotthoff shows that management and works councils have adapted their operation according to factors of plant size, technology, location and numerous other variables. What is also interesting is that Germany has established a works council culture, albeit a diverse one. This culture rests solidly on the linkage between trade unions and works councils.

Given the long and sustained periods of economic, and particularly industrial, growth that West Germany has enjoyed, it can not be argued that the extensive system of co-determination has necessarily had a negative impact.

On the contrary, a recent study by Krieger for the European Foundation for the Improvement of Living and Working Conditions revealed that Germany, with Denmark, belongs to the top-ranking EU countries in terms of the form and quality of participation, in regard to technological change. The general conclusion of the study was that: "At the overall European level, relations between management and employee representatives in high-tech companies have largely been consensual and co-operative, and our survey leads us to suspect that, despite the differences between the two sides, this spirit of consensus is likely to continue."
In the German case it is the works council which has seen a gradual increase in its activities and been instrumental in new technologies being effectively, and speedily, introduced in German industry. This has, of course, reinforced the bargaining position of these representative bodies. Most remarkable, but beyond the scope of the present paper, is the flexibility German works councils have shown in the post-unification period as unemployment has increased, trade union membership declined and the established centralised system of collective bargaining placed under enormous strains.19

Conclusion

The objective of the European Commission proposals for the establishment of EWCs, to improve the information and consultation of employees in Community-scale undertakings and groups of undertakings, has partly been realised in some countries at national level through appropriate legislation. A second movement towards EWC style bodies has come from transnational companies, either with the co-operation of a perceptive management, or management forestalling legislation or from employee representative organisations.

The evidence from research suggests that there are benefits for management and employees from European Works Council type bodies. The Gold and Hall study concluded that: "Management representatives were, on the whole, positive about their experiences with these information/consultation arrangements.." According to them: "Overwhelmingly, employee representatives stated that Euro-level information and consultation arrangements gave them the chance to gather information direct from senior
management, make new contacts with international colleagues and exchange views and best practice.”

Krieger's study for the European Foundation for the Improvement of Living and Working Conditions, based on the analysis of 35 voluntary agreements, concluded that there were a huge variety, some weaknesses and many sophisticated provisions within these agreements. This supports the conclusion from the German works councils that managers and employees in companies create agreements which will be efficacious for their particular needs and objectives. The German works council experience also suggests, that given certain legal paradigms and dependent on the system of industrial relations, it can develop an effective bargaining mechanism.

The EWC has a considerable distance to cover before achieving this but historical predisposition's suggest that it may move in this direction and, as Gold and Hall propose, may evolve as a platform of European-level collective bargaining.
Notes

1 This paper is based on an invited paper given at the 33rd Annual Conference of the Canadian Industrial Relations Association, Brook University, St. Catharines, Ontario, May 1996.


5 This section and section on Employee Participation at the European level based on : Koch, K. (1993) *Industrial Relations in Europe - Employee Participation*, in European Management Unlimited - Dynamics of an Emerging Process, Results of the efmd Annual Conference in Vienna, Hernstein International Management Institute, Vienna.


8 Proposal by the Commission, Reference: COM (72) 887.

9 Proposal by the Commission, Reference: COM (75) 150


Based on authors discussions with 'Company' U.K. Limited April/July 1996 and documents made available.

Agreement on the European Forum, Friday 5th July 1996, Amsterdam. The Agreement to become effective from 1 August 1996.


