

Workers Involvement in Europe – A Still Unfinished Jigsaw

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Introduction

The purpose of this article is to examine what signs there are of a developing Europeanisation of industrial relations, and also what the source of its dynamic is. In particular, have the three European directives on workers' involvement influenced this process? Could they in practice serve as new reference points for a European system of labour relations which could gradually convert the national level? Or could the result of European legislation rather be that the organisation of labour relations at the national level becomes more heterogeneous and increasingly turns into a patchwork of the most variegated elements, some national and some already institutionalised at the European level? Industrial relations in Europe today comprise an unfinished jigsaw puzzle whose pieces are all in hand but have not been fitted together and so do not present a unified picture.

First, we would like to describe the individual pieces of the unfinished puzzle. Our aim is to bring together what are usually thought of as being separate. In that way we will establish a foundation which will enable us to better analyse the connections between the pieces of the puzzle, in both national and European perspectives. At the end we shall make a few remarks and draw some preliminary conclusions. Closer analysis, moreover, is one of the primary aims of the ongoing ETUI project "The influence of the EU directive on workers' involvement in future European companies on the practice of workers' involvement" (SEEUROPE; see www.seeurope-network.org).

Our hypothesis here is that the extent to which employees are recognised as citizens in the enterprise and in the workplace, on the basis of their compulsory inclusion in enterprise decision-making, will fundamentally influence the future of Europe both socially and economically. This can take place in different ways in accordance with national traditions, culture and legislation. However, workers' involvement without legal compulsion is not binding, regardless of whatever fine words and arguments the employers' side might dress it up in. On the other hand, binding involvement is also a source of obligations for employees and the trade unions: they must take into consideration the economic logic of enterprise decisions within the framework of representation of their interests. Co-responsibility for mutual decisions and efforts to develop faster decision-making processes are crucial in this connection.

We know from experience that workers' involvement constitutes not an aim and contents but rather a medium and process design in relation to structural transformation. Depending on the problem context the same instrument of participation can take on a completely different aspect, and under completely different circumstances functional equivalents in different national systems can address the same task. Beyond all the ideological freight affecting the socio-political

debate on workers' involvement, ranging from the idea that enterprises should be subjected to economic planning to the fear that property rights would be fundamentally damaged by codetermination, the issue today is the optimal reconciliation of the different "ownership classes" of capital and labour with regard to global economic competition. Procedures and legally binding processes of workers' involvement constitute the requisite instruments. Their application is context- and process-related. It all depends on what one makes of them in the interests of economic success on the basis of social prosperity. Neoliberalism notwithstanding, the economy is not sufficient unto itself and all other goals ought not to be subordinated to it. On the contrary, successful economic activity is linked to flourishing social welfare, and vice versa.

From the idea of European industrial democracy to the social shaping of the EU internal market

European policy regards highly developed industrial relations as an important condition of realising the aims of the Lisbon Strategy. Social dialogue between trade unions and employers as it was first established in the European Coal and Steel Community as early as 1952, and in the European Economic and Social Committee, is part of the foundations of what is now the European Union. The enhanced role of Europe's employees is underlined by the contents of Article 27 of the European Charter of Fundamental Rights under which the information and consultation of employees is a basic right. This European Charter of Fundamental Rights will, as is generally known, become part of the European Constitution.

Nevertheless, Europe would look different today if the political intentions of the 1960s and 1970s had been realised, to furnish the European Economic Community, as it was known at that time, as an integrated industrial democracy, with institutions subjecting the economy to stronger social controls. It should have been safeguarded in particular by employees' codetermination (Nagels and Sorge 1977; Taylor 2004): thus, in accordance with the European Commission's proposal in the fifth directive on European company law of 1972 in all cross-border enterprises with more than 500 employees the everyday running of the business should be systematically separated from control of the board by means of a supervisory board, 50 percent of whose members should be employee representatives. However, it turned out that agreement could not be reached between the governments – but also the trade unions – of Europe on this conception of a unified model.

Within Europe's trade unions there was fundamental controversy concerning whether and to what extent (i) companies could be made to take responsibility for employees in this manner and (ii) employees should have an influence on management decisions. Apart from in Germany, Austria, and Sweden and Denmark the theme of employee codetermination has never had particular prominence. Where, as in Italy, there is no culture of participation and cooperation in labour relations the search continues for an adequate and compatible variant. The role of employees as joint owner of their company is prominent particularly in trade unions with Christian roots (Baglioni 2003). This can be explained in terms of historically distinct paths of industrialisation and the development of the social institutions which go with them. This fundamental conflict was settled at the latest at the Prague ETUC congress in 2003. It says in the – current – action programme that the ETUC must guarantee the greatest possible workers' involvement in the SE and allow no

opportunity to evade it (Action Point 24 in the chapter “Extension and strengthening of European labour relations”).

What remains of the fond hopes of industrial democracy in Europe is the avowed political intention of European governments to develop the European internal market socially in all its aspects and to provide employees with a significant degree of participation at the political (“social dialogue”) and the enterprise levels (rights to information, consultation, participation). This falls far short of what many trade unionists had expected from the European Union.

What has emerged from this nevertheless is a standard for workers’ involvement valid and enforceable Europe-wide in cross-border enterprises and a Europe-wide standard for information and consultation. Information, consultation and participation in enterprise decision-making, as envisaged in the directive on workers’ involvement in the European Company, are today no longer national peculiarities but subject to European legislation which obliges all economic actors to implement the relevant laws (within the framework of their national transposition). Thus “codetermination” in Europe does not constitute an option but a legal obligation.

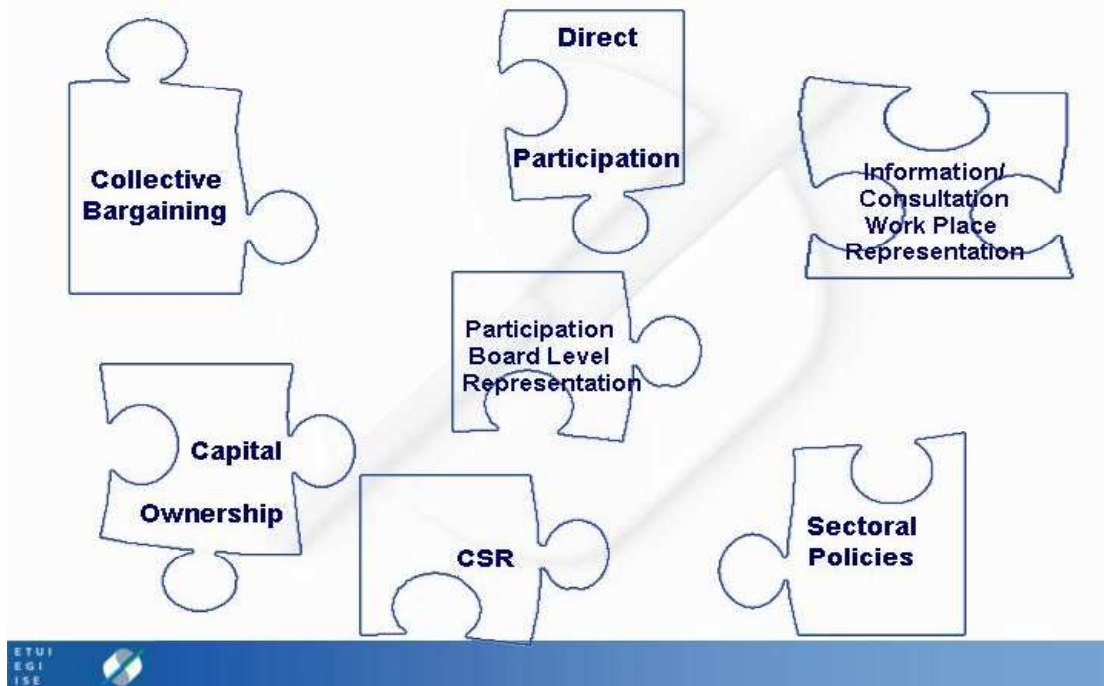
Furthermore, employees from the new, former state-socialist member states will add their own interpretation to workers’ involvement in Europe. It must also be reassuring for them, amidst ruthless economic competition, to find specific, legally established information and consultation rights at the European level.

The pieces of the workers’-involvement jigsaw puzzle in Europe

From a European perspective the elements of labour relations today represent a patchwork which is being further extended, not least on the basis of European legislation on workers’ involvement. Particular national features are not simply disappearing because of Europeanisation but new European elements, such as the European Works Council or, in future, workers’ involvement in enterprise decision-making on company boards or supervisory boards are being added. To what extent the European elements merely extend, supplement or even reform existing ones remains an open question. As a concrete example, the European Works Council can be classified as a first successful “loose institutional coupling” between national and supranational levels (Cattero 2002) which might justify a certain optimism for the future of European labour relations. To be sure, there are thoroughly pessimistic evaluations of the quality of these new European labour relations institutions, as represented, for example, by workers’ involvement in the SE and which exist solely as negotiated agreements (Keller 2002).

More empirical investigations 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.

Workers Involvement – Pieces of a still unfinished jigsaw



Compulsory workers' involvement is a core element of European labour relations because, regardless of national variety, it has shown itself to constitute a comparative advantage in global economic competition, both economically and socially. In particular, it makes low cost economic transactions possible for enterprises which rely upon the knowledge of their employees. That is the result of a trust-based culture which promotes the motivation and productivity of the individual without neglecting differences in interests.

There is much to indicate that trust in labour relations is even more important if structural transformation in knowledge-based industry and service enterprises is to be successful. Such enterprises of the future – as hitherto – require adequate institutions, such as a legally coordinated system of workers' involvement. Such institutions exist to transform the relevant cultural experiences into rules for economic life and to make trust-based relations appear profitable for all participants (Abelshausser 2004). To reduce workers' involvement to nothing more than information and consultation practices without codetermination rights, however, as eagerly recommended by the employers' side in the national debates on corporate governance, would deprive this institution of its point of anchorage and therefore of its desired economic effects, too.

Accordingly, compulsorily regulated workers' involvement, also in a European Company which is increasingly organised or at least coordinated supranationally, would not only be a way of organising enterprise and economic transformation. It has turned out that it makes a decisive contribution to the success of enterprises with highly developed and at the same time globally competitive products and services (Frick, Kluge and Streeck 1999). This conception of the enterprise is in full accord with the policy programme of the Lisbon Strategy the aim of which is economic success in the global economy at a high social (and ecological) level. This policy is

based on the corresponding assumption that European enterprises do not wish to operate in the global economy at any price or exclusively by means of pure cost competition, with low wages and inadequate social services.

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 last ten years with the three directives explicitly concerning workers' involvement (Weiß 2002). These directives are on European Works Councils (1994), workers' involvement in the European Company (2001) and information and consultation (2002). In the first place they set Europe-wide standards for the inclusion of employees, information and consultation as a codified European standard with consequences for national labour systems, and additional participation in cross-border companies and cooperatives. This represents an achievement for Social Europe.

The effects of these directives in practice are difficult to assess because they are so new. However, given that their specific implementation is strongly marked by the origin and corporate culture of the enterprises concerned, it appears that they are certain to have an impact on national practices, too. How else, for example, could the great consternation expressed by German, Austrian, Dutch or Swedish economic actors at the initiatives on workers' involvement in the future European Company be explained? And how otherwise could we interpret the equally great consternation of British, Polish, Hungarian or Czech economic actors at the directive on information and consultation which either, as in the UK, provides the possibility for the first time for regulated enterprise interest representation or openly raises the question of the relationship between familiar trade union interest representation in the enterprise and works councils which are formally independent of them?

In what follows we shall very briefly present the individual pieces of the puzzle. Their institutional quality shall serve as the criterion for the presentation and analysis of their significance. It is ultimately decisive for the effectiveness of these elements that employees should be able, with reference to their civil rights, to influence and shape the future European Company. In addition, we shall take a brief look at the relationship between the national and European levels.

Collective enterprise interest representation

Collective enterprise interest representation means the right of employees to organise in the enterprise and to be informed and consulted, compulsorily, concerning all enterprise decisions which affect them. In law making and practice it is envisaged that this shall take primarily two forms, which exist in all European countries, including the new EU member states, in one form or the other: (i) the right to establish a works council and/or (ii) the right to trade union interest representation in the firm.

Legal provisions concerning the minimum size of company in which interest representation is possible, as well as the everyday functioning of an interest representation, differ considerably across Europe.

As of 2002 around one in 17 employees was represented by a European Works Council in the countries of the EU-15 (Kerckhofs 2002).

If the thematic scope and the effectiveness of the representative bodies differ greatly from country to country (EIRO 2004) they are united by the outcome that compulsory collective workers' involvement of this kind at least leads to a situation in which employers must justify their decisions to their workforce. The aim of the

European legislature in the directive on information and consultation of 2002, that information and consultation must take place “in good time” and “in the right place”, aptly summarises the desired substance of collective participation. The point is systematically to influence enterprise decisions in such a way that they are also evaluated in terms of their social consequences, alternatives can be assessed, and economic and social considerations can be balanced as a whole.

In order to be able to evaluate the quality and status of this element of the puzzle, national, historical and cultural differences between institutions must be acknowledged and respected. For example, for historical reasons in some countries – particularly in the new EU member states of central and eastern Europe – enterprise trade union organisations and works councils find themselves in competition with one another, while in countries such as Germany they coexist and the works council has developed into the centre also of trade union interest representation in the enterprise.

Workers’ involvement at the highest level of the enterprise

The directive on workers’ involvement in the European Company (and in the European Cooperative) creates a new European standard for workers’ involvement understood as representation and influence on management decisions at the highest level of the enterprise – depending on the form of corporate governance, on the board or the supervisory board of a company. For the first time in a European-level legal regulation, over and above information and consultation, the “participation” of employees was defined – and as a right – as also entailing involvement in the appointment or dismissal of members of the managing board. This was in 2001 – to be implemented from October 2004 – the result of a long political quest, lasting over 30 years, for a form of workers’ involvement at the management level of enterprises which is acceptable to all EU member states.

The SE directive not only safeguards existing employee codetermination rights but on top of that offers more employees than hitherto the opportunity to have their interests represented in the enterprise’s highest bodies. Employee representatives in this way obtain access to information on the company’s impending strategic decisions.

The solution arrived at respects the fact that national regulations and practices in this area are different. No country shall be forced to accept a uniform legal basis. To be sure, enterprise managements shall be obliged to seek an agreement-based negotiated solution concerning their representation with the employees of the enterprise becoming part of an SE. Minimum legal requirements come into play only if this effort comes to nothing.

There are legal regulations in the majority of EU countries on workers’ involvement in the highest enterprise bodies, with the exception of the UK, Belgium, and Italy in the EU-15, and the Baltic states and Cyprus in the new EU countries. To be sure, in many countries they apply only in state or privatised enterprises or in certain sectors. In Belgium, Italy and Cyprus participation practices have been established on the basis of an agreement in some companies, even though the legal foundations for that are lacking.

Overview : Board Level Representation (BLR) in the EU-15

*including
privatised
companies.

	LEGISLATION ON BLR		NUMBER OF REPRESENT.	APPOINTMENT BY			ELIGIBILITY: ONLY E ?	COMPANY STRUCTURE	
	STATE OWNED C*	PRIVATE C		TU	WC	VOTE			
AT	●	●	1/3		●		●	D	
BE									
DK	●	●	1/3			●	●	M	
FI	●	●	agreement		●		●	M D	
FR	●		1/3 resp. 2-3 members			●	●	M D	
DE	●	●	1/3 – 1/2	● (TU seats)		●	● (except TU seats)	D	
GR	●		2-3 members			●	●	M	
IE	●		(mostly) 1/3			●	●	M	
IT									
LU	●	●	(max.) 1/3	● (TU seats in iron & steel C)	●		●	M	
NL	(●)	(●)	WC have the right to recommend and oppose appointment of Supervisory Board members						D
PT	●		1 member			●	●	M	
ES	●		2 members	●				M	
SE	●	●	2-3 members	●			●	M	
UK									

Abbr.: C= Company E= Employees TU= Trade Unions WC= Works Council /Elected worker representatives
M= monistic structure D= Dualistic structure



Workers' involvement at the highest level has developed into a core element of successful enterprise management – albeit in different forms – in Germany and Austria, Scandinavia, and the Netherlands. In Austria, for example, 15% of employees have interest representation in the supervisory board, while in Germany the figure is 24.5%. In the Scandinavian countries employee representatives on the board of directors, even in smaller companies, is the norm. They are a component part of a system of industrial relations in which the trade union representation of organised employees is envisaged as extending from the workplace to the decision-making level. It is therefore not surprising that for Denmark is reported an employee representation rate of 60% (see ETUI/ Hans-Böckler-Stiftung 2004).

The way in which workers' involvement functions at the enterprise level can be seen only in interaction with the other enterprise and trade union levels of interest representation and may be explained only against the relevant economic-historical background. It cannot be understood as an isolated element of a universalistic model of enterprise management. In places where employee representations are also involved at the highest level of enterprise decision-making that fact has also found expression in the political self-understanding of the trade unions involved. Where there is a way of influencing enterprise decision-making in favour of the employees the trade unions are in a position, also in the associated industrial, regional and socio-political environment of enterprises, to act in order to secure existing jobs or to open up new employment opportunities through cooperation in future-oriented investment decision-making. They see their role at the decision-making table and not

merely as passive recipients of decisions which have already been made, to which they can only react.

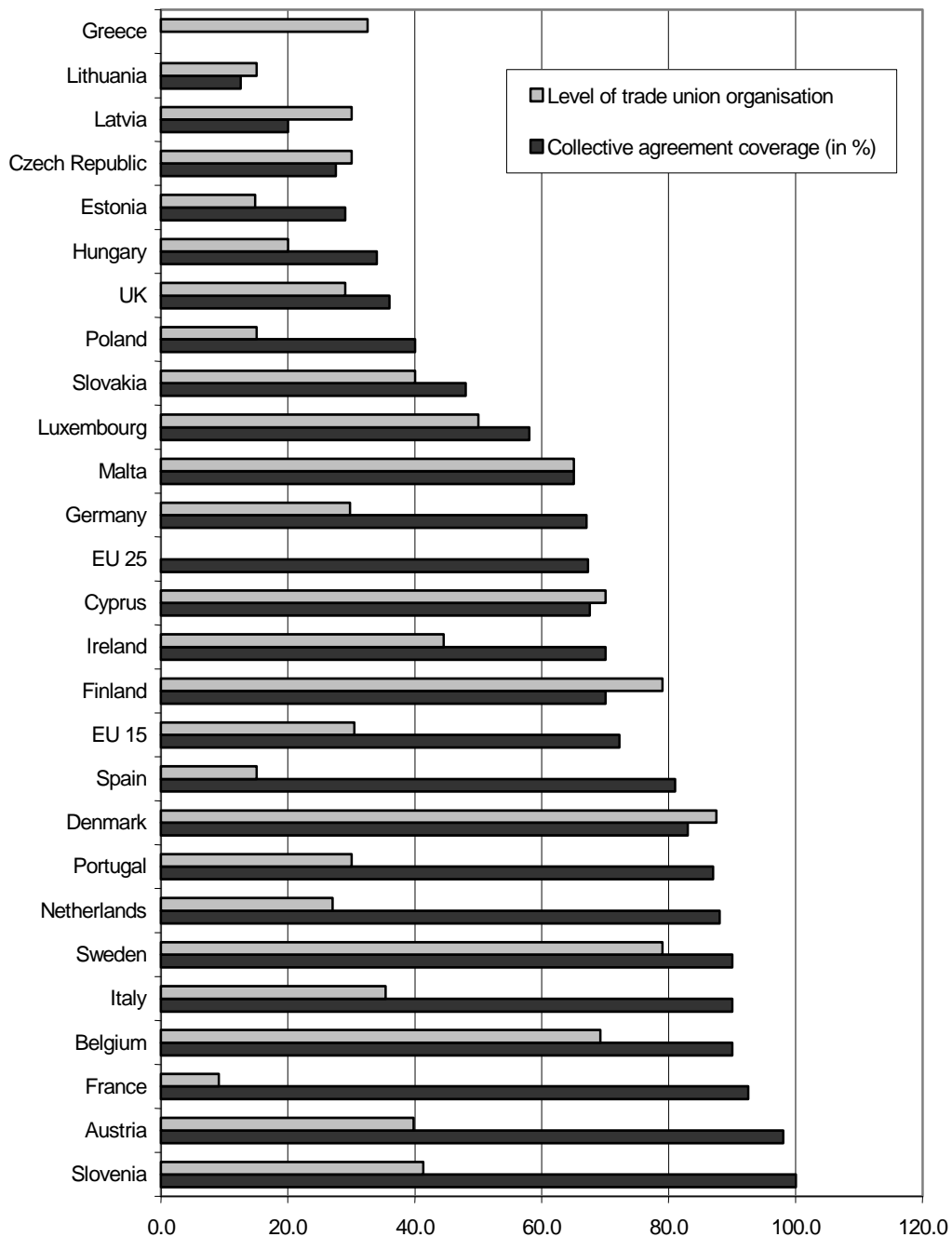
Trade union interest representation/industry-wide collective agreements

The territorial collective agreement is a core element of almost all national labour relations systems, in particular at sectoral level. Although in all European countries it has come under pressure the interaction between the collective agreement level and enterprise interest representation, whether by trade unions or a works council, forms the core of trade union activities (Schulten 2004). Each of the two levels takes some of the strain off the other: the clearer it is that collective agreement provisions are of practical relevance in the enterprise because they are implemented there by enterprise actors, the greater the likelihood that the industry-wide level will be taken seriously by all participants. To be sure, it may with good reason be doubted whether a primarily nationally institutionalised and relevant level of action such as the collective agreement is particularly appropriate as a European field of action (Hassel 2004 – in this volume).

All the same, from the trade union standpoint the collective agreement represents at the European level a fundamental point of orientation for the strengthening of labour relations as a whole. This explains the aim of the ETUC and of most European trade union federations to wish to coordinate national collective bargaining at the European level. The annual determination of a coordination formula (wage rise = productivity increase plus inflation) on the basis of the regular reporting on the results of national collective bargaining is the tangible expression of this political will (ETUI: Collective Bargaining in Europe). If there was above all a better understanding of national mechanisms and the particularities of the collective agreement system (Mermet 2001) at the start of the European coordination efforts, these efforts have been given impetus not least by the introduction of the euro and the increasing cross-border operations of multinational enterprises. The collective bargaining level is in addition the social and economic policy variable – encompassing workplace and enterprise – which may be influenced by the social partners themselves.

Enterprise interest representation in interaction with the collective agreement as trade union level of action, as well as the link between interest representation at the establishment and enterprise levels, constitute the strength of institutionalised labour relations in different European countries. The extent to which this basic arrangement is supplemented or weakened by further, less structural levels of labour relations can be addressed in the description of further elements of the puzzle.

Trade union interest representation



Source: WSI Handbuch Tarifpolitik 2004, own calculations.

Direct participation in the workplace

Direct participation in the workplace has neither a national nor a European legal foundation. However, it is a declared intention of European policy to promote direct participation as an essential element of the “high performance workforce” (European Commission: Greenbook New Partnership 1997).

As a rule, this element of labour relations takes the form of a unilateral and voluntary proposal by the enterprise side to transfer work tasks to individuals or a

team for implementation on their own responsibility. Direct participation is in practice part of strategic human resource management which departs from hierarchical and centralised work organisation and aims at releasing individual productivity reserves. This variety of human resource management was introduced particularly in US enterprises in order to separate employees from their trade unions and to drive the latter out of the enterprise.

In some countries and enterprises direct participation has been combined with collective interest representation. The amended German Works Constitution Act of 2002, for example, allows the partial and reversible transfer of codetermination rights. The works council can temporarily delegate certain codetermination rights – for example, decisions on the team’s working time and vacations. This legal regulation reflects practice in the enterprise, where it turns out that direct participation is particularly good in interaction with institutionalised enterprise interest representation. In the best case, they complement one another. The works council as an instance of collective interest representation in this way even changes its way of working. It remains an agency of protection for employees who feel their rights have been infringed, but it is increasingly becoming something of an adviser in relation to the employees and a co-shaper of enterprise processes (Weitbrecht and Mehrwald 1999).

Wherever interaction between collective interest representation provided by law and individual participation is organised in a comprehensible fashion it contributes to the institutional quality of workers’ involvement. At the same time, the often deliberate hostility which characterise direct participation as compared to collective interest representation can constitute a major practical problem unless the delegation of responsibility to individuals goes hand in hand with the possibility and authority to make decisions concerning work processes. Without this authority, individual responsibility cannot function in practice. Correspondingly, it is not surprising that the potential of direct participation has not been exhausted by any means (EPOC 1997). It is precisely the success criteria of compulsoriness and universal validity which direct participation is lacking.

Because direct participation is rather a component part of management practices than participation in the classical sense a reference legal framework in respect of this element of labour relations at the European level is scarcely to be expected. Its significance lies in successful coupling with the more binding forms of workers’ involvement.

Employee Ownership

In some, above all southern European countries employee ownership is important as a strand of the participation debate. Moreover, that applies equally to most of the new EU member states.

Employees’ financial participation today has two principal motives: (i) strengthening of the individual’s identification with “his or her” enterprise, of which he or she is a “co-owner”, as well as through the incentive provided by receiving, in addition to shares, additional benefits on top of regular wages; and (ii) organisation of (additional) enterprise provision for old age. In countries with fund-based occupational pension schemes the possibility of exercising influence, beyond the investment decisions of the fund, on enterprise decision-making plays a not inconsiderable role in trade union discussions (see, for example, Gribben and Olsson 2003).

European comparative studies indicate that this form of individual and direct participation in the enterprise – through employee ownership – and in enterprise profits (through financial participation payments) is more likely to be encountered where trade union influence on labour relations has become weaker. This applies, for example, to France where in the 1990s more than five million or around 22.5 percent of all employees received an additional or regular part of their remuneration in the form of profit-sharing. It also applies to the UK where studies show that around 21.2 percent of the workforce receive profit-related wage components (Hardes and Wickert 2000).

This element of labour relations also lacks institutional compulsoriness at present, although for various reasons its significance for attitudes to workers' involvement is obvious. To be sure, a comparison of the possible influence on enterprise decision-making of an employee shareholder on the one hand, or of an employees' representative in a top-level enterprise committee on the other, shows that these are two quite different dimensions: while participation constitutes a collective right to exert influence, in the first case it is an individual, even if also organised collectively, who is acting as a (co-)owner. The two can complement one another but this is by no means inevitable, and the first certainly could not be a substitute for the second.

Industry and Sectoral Policy

Although there is no coherent framework of action among points of view on participation, industry policy in particular played an important role in Europe from the beginning in thematising and influencing economy and society "in the same breath". Employees' participation was part of the EU from the very outset: it was stipulated by agreement in the treaty on the European Coal and Steel Community (ECSC).

For 50 years (until 2002), for both former key branches of coal and steel (Contact Office Inter Trade Union Committee of Miners' and Metal Workers' Free Trade Unions 1994) employee representatives, like employers and traders, had in the form of the Joint Committee the possibility of influencing industrial policy decision-making affecting the future, fixed by statute. It was within their competence to cooperate concerning the improvement of employment protection, health and safety, vocational training and exercising influence over the allocation of research funds with a view to enhancing the innovativeness and competitiveness of these industries.

This possibility was not curtailed by the fact that soon after the ECSC treaty came into force the management of social crises caused by closures or falling sales became the order of the day. It is certainly not least thanks to the cooperative approach of the ECSC that this structural transformation for the most part took place peacefully.

The financial core of the ECSC was the levy. By paying their contribution the employers (and coal and steel traders) acknowledged the social and societal dimension of their industries' transformation and the common responsibility to bring it under control. If not in terms of form, at least in terms of contents this well-established mechanism lives on in European politics today in the form of a special working group in the Economic and Social Committee.

Sectoral social dialogue in particular today embodies even more strongly the original approach of the ECSC, making it possible for social partners at the European level to give structural transformation a social dimension and to shape the approach

taken to it. To be sure, institutionally it is comparatively weak, which may be one reason why this instrument has so far been used only hesitantly, particularly in relation to binding agreements (Keller 2003). Social dialogue has been formally instigated in 29 sectors.

As regards more specific questions, in more recent times the practical realisation and bindingness of enterprise social responsibility in general have also been at issue. For the sugar industry a special agreement has been concluded – so far the only one – on the social responsibility of enterprises (Corporate Social Responsibility or CSR) (Nordestgaard and Kirton-Darling 2003). The trade unions fear that this theme of societal responsibility could increasingly be used to put the goal of binding agreements on the back-burner, bringing the principle of voluntariness more strongly to the fore instead.

Therefore the existing “harder” – from the employees’ standpoint – intervention options must be broached in this connection. A coherent presentation of this, however, has not yet been forthcoming.

Here too what is at issue is the relationship between binding codetermination and realisation of the Lisbon Strategy, which is staked on modern, knowledge-based industries. It is not surprising that in this connection also the effectiveness of the industrial-policy intervention options comes into focus. In 2004 the European Commission presented a communication with the title “Fostering structural change: an industrial policy for an enlarged Europe” (COM 2004/274) with the aim of introducing concrete preparatory considerations into the debate on an industrial-policy action plan for Europe. In this communication it is acknowledged that Europe’s competitiveness depends on its modern industries. Such an action plan does not have to begin from scratch, but will be able to go on from the activities already commenced under the heading “Anticipating and managing change” and from the different intervention possibilities with industrial-policy relevance at both European and national level. To some extent they are institutionally of high quality for employees, although they have not been utilised pro-actively so far (for example, in European merger control, see COM 2002/711).

The interface between industrial policy interventions and workers’ involvement lies in the combination of the enterprise level with industry-wide and horizontal levels of action. It is obvious that strong employee participation at the establishment level and in the management and supervisory committees of the enterprise also influences the general direction of the enterprise’s industrial strategy. On the other hand, an industry-wide industrial policy can give actors in enterprises outline and direction. It is ultimately enterprises and their employees which are able to put industrial policy concepts into practice – or not. This situation has so far not been sufficiently examined. It comprises a crucially important research task, namely to make more concrete the interaction between different policy and action levels and diverse actors.

Promotion of enterprises’ social responsibility (Corporate Social Responsibility or CSR)

Corporate social responsibility has been a topic of public discussion for quite a long time. Currently, this theme seems to be filling a gap which opened up as a consequence of enterprises operating globally in the absence of corresponding supranational regulation of labour relations (apart from the ILO’s basic labour standards). Included in the concept of corporate social responsibility (CSR) are requirements formulated in the political sphere, as well as by consumers’

associations, academics and trade unions, and expanded on by enterprise representatives themselves in relation to enterprise behaviour which, alongside economic goals, should pay more attention to social and ecological interests. Where possible, CSR can at least for Europe be made into a comprehensive common reference point for the further debate on how (and by whom) the role of the enterprise as a social actor can in future be conceived and organised.

At the political level in Europe support for such enterprise initiatives is emerging, as well as their incorporation in the set of instruments available for the evaluation and integration of social (and ecological) responsibility – however this might be organised – into the aims and management of enterprises. The UK has had its own government minister responsible for CSR since 2000; in Austria the national CSR network was established at the end of 2003 under the patronage of the government; and at the EU level a comprehensive CSR consultation process has been under way since 2001.

Also of relevance for trade unions in a number of countries is CSR against the particular background of funded enterprise old age pensions (or their introduction). Here the approach of some trade unions is to see whether they will be able to exert influence, beyond social-ecological capital investments, also on enterprise investment policy. In practice, however, it is unclear what is meant by the concept of socially responsible capital investment and how a socially responsible enterprise management could be reflected in mere facts and figures. The most critical point of this element is that only voluntariness is insisted upon from actors, above all the enterprise, and frankly highlighted as a condition of success. This element of labour relations can attain institutional quality in the sense of the present article, however, only if compulsoriness in relation to transparency and verifiability can be established as much as possible at the supranational level.

CSR has therefore been received with caution and reserve by the trade unions. It is feared – more or less openly – that the tendency is, in the case of an approach above all geared towards the voluntary and so nonbinding integration of “social responsibility” in enterprise policy, to water down hard participation rights or even to substitute them with voluntary regulations. Against this it has been argued that both “hard law” and “soft law” would combine well as the basis for social dialogue at the European level (Schömann 2004, in this volume).

How could all this fit together? Europeanisation as a real/inevitable orientation

European legislation on workers’ involvement both supplements and extends employees’ existing legal and de facto possibilities to shape enterprise decision-making along social lines and to influence its direction. No national system of workers’ involvement can or should be substituted by standard European legislation. This would in practical terms be neither conceivable, meaningful nor achievable.

It is clear today that the institutional make-up of a national economic system cannot and should not be replaced by anything which is alien to the system: what really determines the extent to which enterprises are able to operate successfully is the system’s ability continuously to adapt and to optimise. Furthermore, there are neither meaningful grounds for supposing nor the prospect that a “European system” of labour relations will be able to replace its national components. European labour relations are for the time being simply the sum of their national parts.

Cross-border employee participation has been under way for a long time as enterprises have internationalised. The EU directives, however, give it a legal basis. They make it possible for political consensus to be reached on making agreed

common standards on information, consultation and participation justiciable. It can be assumed that participation rights at the European level also have positive effects on the relevance and stabilisation of collective bargaining, both national and supranational.

This new legislation makes workers' involvement in the highest enterprise bodies standard in Europe. This represents a historic achievement with significant consequences. In the coming years it must be ensured that this standard is not eroded in successive EU company-law legislation (for example, on the merger of companies limited by shares from different member states and on the cross-border relocation of enterprises from one EU country to another). The touchstone for the future will be whether the position of employees in cross-border enterprises is strengthened rather than marginalised.

Legal regulation – or as in the UK the non-existence of such regulation – of workers' involvement is always an expression of national philosophy and practices. The latter will also in the future affect the practice of the social shaping of enterprise decision-making. Behind this lies the general question of how the social role of enterprises is to be understood and who, and with what instruments, shall undertake the balancing of social and economic interests. The societies of Europe have each found a specific historical path of industrialisation in relation to how and to what extent the different interests of employees and employers can be adapted, balanced and taken into consideration in conformity with society and whether for that purpose conflictual or consensual solutions were preferred. In the end, it comes down to the socially beneficial and continuous management of structural transformation of the economy. The European approach exhibits unambiguously consensual features. As a result, the provisions of European legislation on workers' involvement have particularly strong consequences for countries which so far have conducted their labour relations along more conflictual lines.

Although today economic decisions are still oriented towards anticipating their effects on global capital markets and long-term international investors, ultimately they must be implemented locally. Even if the current situation seems to indicate otherwise, the economic success of a multinational company ultimately depends on the successful local adaptation of enterprise decisions. That includes not only the "detailed work" of management decision-making but very much also its correction. Measured by the European requirement of achieving high economic efficiency alongside high social quality this process of the successful adaptation or correction of economic decisions in accordance with social reality is in essential respects not possible without the employees. The enterprise and workers' involvement or labour relations constitute the operative ground level. Policy provisions must ultimately be realised in the enterprise and in the workplace. The normative value of workers' involvement lies in the concrete codetermination of this level and in accordance with the wishes of the citizens.

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