

COMMUNIQUÉ



EUROPEAN FOUNDATION

for the Improvement of Living and Working Conditions

Financial participation

Employee participation, including financial participation, is a productive factor and not a cost factor for enterprises, according to Rosendo Gonzalez-Dorrego (European Commission, DG Employment and Social Affairs). It can make a significant contribution towards one of the main strategic objectives of the EU set out at the Lisbon European Council, to make the Union 'the most competitive and dynamic knowledge-based economy in the world'.

Mr Gonzalez-Dorrego was introducing discussion on the Commission's working paper on financial participation at a recent conference jointly organised by the Foundation and the European Commission, *Employee Financial Participation: Signposts to the Future*. Welcoming responses to the working paper and the general support for the approach taken by the Commission, he listed a number of general principles which underpin the working paper.

In the view of the Commission all schemes should be:

- voluntary and open to all employees
- transparent
- based on clear, comprehensive plans
- without unreasonable risk for employees.



Frank Hickey (centre), Head of Human Resources at Waterford Crystal accepts the international Remy Schlumberger company award for promotion of Financial Participation from David Hildebrandt (l) and Raymond Allouf (r), respectively President and General Secretary of the International Association for Financial Participation (IAFP). Philippe Leboucq (Fondact, Paris) was awarded the individual award.

Schemes should also make clear the distinction between wages and salaries and income from profit sharing or employee share ownership schemes.

There are a number of other important issues which may also be addressed in the Commission's forthcoming *Communication on Financial Participation*. For example, how can financial participation be introduced in small and medium-sized enterprises (SMEs)? What are the obstacles to the introduction of financial participation at national level? How can the transnational barriers, such as legislative, fiscal and social differences be

overcome? Taking into consideration that there are no plans for EU-wide legislation at present, what action can be taken at EU level to promote financial participation?

A second objective of the conference was to launch the Foundation's publication, *Employee Share Ownership and Profit Sharing in the EU*. Professor Andrew Pendleton (Manchester Metropolitan University) presented the key findings of this study. This report and the Commission's working paper provided the background for further, more detailed presentations on financial participation in multi-national companies, by Didier Bloun, (Suez Lyonnaise des Eaux, France) and Frank Bayer (SAP AG, Germany) and on gainsharing in small firms and in the public service by Cormac McConnell (IBEC Ireland) and Blair Horan (CPSU, Ireland).

Employee Share Ownership and Profit Sharing in the European Union Some key findings

- The smaller the company, the less likely it is to have any form of financial participation
- Supportive legislation and tax concessions are important to encourage the introduction of broad-based schemes
- No evidence that financial participation weakens the representative roles of trade unions or works councils
- Broad-based schemes more prevalent in business services / finance than in other sectors where narrow-based schemes (targeted at management levels only) are marginally more common.

Jeff Gates (President, Shared Capitalism Institute, USA) reviewed developments in North America. He argued that globalisation can be a positive force for modernisation but 'under neo-liberal inspired rule making, globalisation is emerging as a formula-driven, capital markets-led, government backed process that radically redistributes wealth worldwide'. His belief is that this process can be reversed by the ownership solution and in the US there are now some 12,000 Employee Stock Ownership Plans (ESOPs), covering 10% of the workforce and holding \$600 million in assets.

Further sessions dealt with the barriers and solutions to financial participation such as securities laws, tax regimes and exchange controls.

In this issue:

Enlargement, EMU and industrial relations • Negotiating role for EWCs? • Gender and working time

Enlargement, EMU and industrial relations

Union membership has declined in many of the Central and Eastern European [CEECs] candidate countries in the last decade leaving a comparatively underdeveloped level of social dialogue.

A recent conference in Stockholm co-organised by the Foundation, NUTEK and the Swedish National Labour Market Board, *EMU and the Future of Industrial Relations*, looked at the future challenges to the European industrial relations model. How social dialogue will be affected by the introduction of the single currency was the principal issue debated by invitees while several presentations made significant points about the industrial relations issues involved in EU enlargement.

Most collective agreements in the CEECs take place at enterprise level and there is little or no social dialogue at sectoral level, according to Daniel Vaughan-Whitehead (European Commission, DG-Employment and Social Affairs) in his keynote speech. Central government retains a central role both as a significant employer and as the instigator of tripartite councils whose impact has been to afford some industrial relations stability in the often painful transition to a market economy.

Enlargement poses the problem of harmonising different industrial relations

structures and approaches to social dialogue but some of the popular misgivings about an expanded EU have little validity, according to Fredrik Segerfeldt (Confederation of Swedish Enterprise). Fears that enlargement will lead to a large-scale migration to existing member states from new member states are exaggerated, he said. Earnings levels in the CEE countries are converging with those in the EU and migration levels are already declining. The impetus to migrate has also been weakened by the rapid spread of information and communication capacity in the new economy.

The Foundation has recently started a joint project with the Swedish Work Life and Enlargement programme on *EMU/EURO: Anticipating Change in Industrial Relations in the Candidate countries* covering Poland, Estonia, Hungary, Slovakia, Slovenia and Malta.

Other presentations at Stockholm included overviews of the impact of EMU on industrial relations in the private sector and the public sector in the existing EU member states. These presentations by Paul Marginson (Warwick University) and Rene Huiskamp were based on research carried out for the Foundation which will be published early in 2002.



Living Conditions in the EU

Health remains the social policy issue at the heart of citizens' concerns both in individual member states and in the European Union as a whole. When asked about the main factors affecting their quality of life, the majority of European citizens rank health as their number one priority, ahead of income and family life.

This was one of the main findings of the European Commission's second annual report on *The Social Situation in the European Union* which was publicised at a press conference in Dublin in November. Constantinos Fotakis (European Commission, DG-Employment and Social Affairs) gave a presentation of the results of the Commission's broad-ranging overview of social trends in the Union. Details of the European Foundation's new initiative on monitoring living conditions and the quality of life in the EU were also announced.



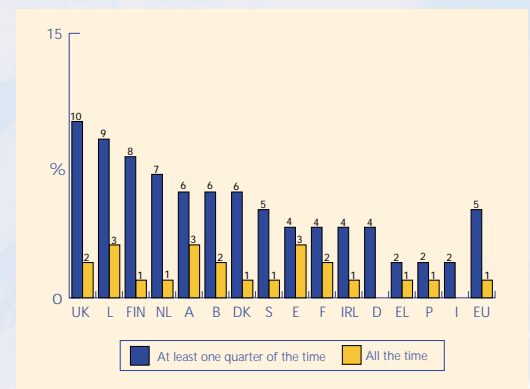
(l to r) Robert Anderson (research co-ordinator), Constantinos Fotakis (European Commission, DG-Employment / Social Affairs), Raymond-Pierre Bodin (director) and Prof. Brian Nolan (Economic and Social Research Institute, Ireland) at the presentation of the *Social Situation in the European Union 2001 report*

research in figures

Telework in the European Union

Teleworking is no longer an exceptional phenomenon. One self-employed person in ten and 4% of all employees telework for at least one quarter of their time. Teleworking on a full-time basis is carried out by just over 1% of the working population (1.5 million). Occasional teleworking is more widespread (5%) particularly among northern European countries. In terms of the category of workers engaged in telework, the proportion of managers (15%) and professionals (12%) teleworking at least one quarter of the time is significantly higher than the norm (5%).

Source: Third European Working Conditions survey



Negotiating role for Works Councils?

In the fifteen years since the first agreement to establish a European Works Council [EWC] at least 700 EWCs have been set up in Community scale undertakings. While works councils provide another forum to representatives of employees and employers to pursue their respective interests, it is not yet clear whether EWCs have developed any significant role in European-level bargaining. Even in large multinationals with a presence in many member states, collective bargaining at national level remains overwhelmingly the norm.

A newly published Foundation report focuses on some of the joint texts agreed by EWCs in order to assess the extent to which they are developing a negotiating function.

The author, Mark Carley, points out that in formal terms the prospects of works councils taking on such a role are not very bright as their principal purpose according to the EWC Directive is to improve information and consultation, in particular in a context of imminent or likely restructuring. Agreements under the Directive rarely state that the negotiation of any joint text should be within the work council's competence.

Nonetheless, a small number of joint texts have been identified (22 in total) and the practice of EWCs agreeing such texts has spread from a single company, Danone, to ten other companies in recent years. Areas covered by the joint texts include gender equality in the workplace, job security and employability, health and safety in the workplace as well as general social charters or codes of ethics. The texts range from broad frameworks of general principles to sets of detailed, often binding provisions in specific areas.

Ten joint texts agreed by the EWCs of well known companies (Air France, Club Méditerranée, Danone, Ford, Phillip Morris,

Deutsche Bank, ENI, General Motors, Suez Lyonnaise des Eaux, Vivendi) are included in an appendix to the report.

In addition to formal joint texts, the report cites anecdotal evidence to suggest that works councils are also generating informal, unwritten agreements on subjects such as employee share options, trade union membership and the introduction of computer systems.

The agreement of a small but growing number of joint texts and evidence of informal EWC accords may be seen as indicative of a growing role for the Works Councils. However, one of the main conclusions of the report is that the issues at the core of most national collective bargaining – pay, working time, working conditions – are dealt with 'very rarely [...] and then usually only very indirectly' at EWC level. The development of any pan-European collective bargaining structures to determine pay and major conditions at intersectoral, sectoral and/or multinational company levels 'remains a distant prospect', according to the author.

The role of the works councils in dealing with issues related to corporate restructuring is however increasingly evident and it is significant that one of the most recently agreed joint texts (General Motors, March 2001) contains very detailed provisions relating to the company's controversial restructuring initiatives announced three months earlier. According to the report this 'collective agreement-like EWC joint text appeared to play a major part in resolving a Europe-wide industrial dispute'

Full report available for download at www.eurofound.ie/publications/EF0152.htm

For further information, contact gdb@eurofound.ie 


Gender and working time

A majority of women nowadays expects to combine employment with childraising. Whether their expectations can be met however depends largely on the type of employment available to them and how this fits with childcare responsibilities.

A recent report by the Foundation, *Gender, Employment and Working Time preferences in Europe*, looks at the gender dimension of working time preferences and highlights some of the obstacles to increased female participation rates, one of the main stated objectives of the current EU employment policy.

More than one in three full-time female employees (37%) and more than one in two female jobseekers (57%) would prefer to work part-time – nearly twice the equivalent figures for the male population – but, the report finds, they are deterred from doing so by various factors including:

- employers' reluctance to allow this type of work
- possible loss of career advancement
- reduced levels of social protection
- loss of salary.

In addition to calling for the creation of better quality part-time work, the authors also point to other aspects of working time flexibility – sabbaticals, wider adoption of flexitime, opportunities to work at home – which could serve to enhance the balance of work and non-work responsibilities for men and women alike. 



Publications mentioned

Bargaining at European level? Joint texts negotiated by European Works Councils

Available in EN
www.eurofound.ie/publications/EF0152.htm

Employee share ownership and profit-sharing in the EU (summary)

Available in EN and FR
www.eurofound.ie/publications/EF0157.htm

The impact of EMU on industrial relations (summary)

Available in ES DA DE EN IT NL PT FI SV

Negotiating collective agreements on employment and competitiveness

Available in EN €20
Cat. no. TJ-38-01-899-EN-C

Recent trends in employee financial participation in the EU (summary)

Available in EN and FR
(to be published in all EU languages)
www.eurofound.ie/publications/EF0117.htm

Recent trends in employee financial participation in the EU (report)

Available in EN (to be published in DE FR also)
€ 22
Cat. no. TJ-37-01-477-EN-C

New publications

EIRObserver 6/01

Available online on EIROnline at
www.eiro.eurofound.ie/eirobserver.htm

Quality in social public services (summary)

Now available in all EU languages
www.eurofound.ie/publications/EF0101.htm

Ten years of working conditions in the European Union (summary)

Now available in all EU languages
www.eurofound.ie/publications/EF00128.htm

Working conditions in atypical work (summary)

Now available in all EU languages
www.eurofound.ie/publications/EF0159.htm

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Working Conditions: a global approach

A series of press conferences in member states throughout 2001 has generated extensive press coverage of the Foundation's Third EU working conditions survey (2000) and the main message – that working conditions in the EU are not automatically improving – has registered loud and clear. A selection of the coverage in newspapers such as *Le Monde*, *Algemeen Dagblad*, *ABC* and *Jornal de Noticias* can be accessed at www.eurofound.ie/newsroom/links.htm.


Third EU Working Conditions survey (2000) Some key trends

- Growing number of work-related health problems
- Increased intensification of work
- More flexible employment practices

In addition to publicising the most recent survey, the Foundation has sought to build on this work by diversifying the geographical focus of its research into working conditions. The survey has been extended this year to cover several candidate countries in Eastern and Central Europe [CEE] and work has also begun on developing a network of national working conditions experts in the EU and other major industrialised nations.

The aim of the network: to identify all national-level working conditions surveys in the EU as well as in the USA, Japan, Canada and Australia. The fruits of this collaboration will be a comprehensive bibliography of such surveys which it is hoped in time to make available as a web resource on the Foundation website. Researchers from the Instituto Nacional de Seguridad e Higiene en el Trabajo (INSHT, Spain) will also be carrying

out a comparative description and analysis of the methodologies and data collection methods involved in the various surveys. A first meeting of the Network on Working Conditions' Surveys, A Global Approach took place in Brussels in November.

The full-text version of the Third Working Conditions survey is now available in print. A survey of working conditions in the candidate countries will be published in 2002. 

Quality of Work conference summary

A short summary report of the conference *For a Better Quality of Work* is now available on the Foundation website (www.eurofound.ie/publications/ef0168.htm).

The Belgian presidency event was co-organised by the Foundation and took place in Brussels in October. According to Laurette Onkelinx (Deputy Prime Minister, Belgium) in her concluding remarks, the work of the conference will be carried forward and discussed in detail at the EU summit meeting in Laeken this month (December 14-15). 

communiqué

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