



THE DEVELOPMENT OF DIRECT EMPLOYEE PARTICIPATION AND ITS IMPACT ON  
INDUSTRIAL RELATIONS AT COMPANY LEVEL

DIRECT VS/2016/0305



# DIRECT PARTICIPATION IN EUROPE

## COMPARATIVE REPORT



# direct

The project is implemented with the financial support of the European Commission –  
Employment, Social Affairs and Inclusion DG, Budget Heading 04.03 01 06

The DIRECT Project, promoted by the Confederation of Independent Trade Unions in Bulgaria (CITUB), is focused on trends in direct employee participation in six EU Member States. Its aim is to determine the extent of direct participation in these various countries; to compare different national trends; to analyse the reasons for the development of direct participation; to identify the impact of direct participation on the employment relationship at company level; and to promote the positive impact direct participation on employee representation and industrial relations at the company level.



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**PARTNERS IN THE PROJECT:**

**Confederation of Independent Trade Unions in Bulgaria (CITUB), Bulgaria**  
**Bulgarian Industrial Association (BIA), Bulgaria**  
**Cyprus Workers' Confederation (SEK), Cyprus**  
**Royal Holloway and Bedford New College (RHBNC), United Kingdom**  
**Fondazione Guiseppe di Vittorio (FDV), Italy**  
**Szkola Glowna Handlowa w Warszawie (SGH), Poland**  
**Institute for the Development of Employee Advancement (IDEAS), Ireland**

**AUTHORS:**

Ekaterina Ribarova - ISTUR/CITUB  
Kevin P. O'Kelly - external expert  
Maria Mincheva - BIA  
Dimitar Brankov - BIA  
Sylvester Cronin - IDEAS  
Tony Murphy - IDEAS  
Salvo Leonardi - FDV  
Evangelis Evangelou - SEK  
Christos Pelecanos - SEK  
Michael Gold - RHBNC  
Chris Rees - RHBNC  
Andrzej Zybala - SGH



**GENERAL EDITION:**

Michael Gold - RHBNC  
Kevin P. O'Kelly - external expert  
Ekaterina Ribarova - ISTUR/CITUB  
Ina Atanasova - CITUB

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Dear colleagues, partners and interested readers,

Industrial democracy has for a long time been the focus of the trade unions and social partners in Europe. A number of external and internal business and social environment factors such as technical and technological changes (digitalization, robotization, etc.), economic globalization and the growing insecurity of markets and the sustainability of enterprises are prerequisites for enhancing industrial democracy with new forms. Forms to expand direct labor participation in governance and to find mechanisms to improve employee motivation, productivity and inclusion of workers are increasingly used.

Forms of direct participation have been known in the practice of a number of developed countries for many years, although they generally do not find regulation in national legislations. In some non-European countries like the United States, experiments with direct labor participation were made in the 1920s

and 1930s. After World War II, some specific forms of direct participation were imposed and continued to be used in Japan. In Europe, some forms of direct participation have been implemented in the 1950s and 1960s, and since the mid-1970s, direct participation in various forms has begun to find wider application. It is more common to use these practices primarily as management approaches and as a result of policies and decisions in individual companies.

For the trade unions in Europe, it is particularly important how much the use of forms of direct employee participation in management ensures compliance with and upgrading of the rights of hired workers, and how much it fits into the existing system of industrial relations and enriches it.

That is why the direct employee participation studies in the management of enterprises in Bulgaria and in five other EU Member States, as well as the consultations and trainings of trade union leaders, other workers' representatives, employers and managers would be useful for the introduction of these practices in Bulgaria and in the other partner countries of the project DIRECT. Project activities may be beneficial and their rational use could bring to improvement of the business performance, the rights of employees and workers and the industrial relations systems, in general.

The results of this project can be beneficial for trade unionists, employers and all stakeholders interested in these topics.

I hope this Comparative report will be of benefit to every reader!

**Plamen Dimitrov,**  
**President of CITUB**



## 1. EXECUTIVE SUMMARY

The DIRECT Project, promoted by the Confederation of Independent Trade Unions in Bulgaria (CITUB), focuses on trends in direct employee participation in six EU Member States. Its aim is to identify the extent of direct participation in these various countries; to compare different national trends; to analyse the reasons for the development of direct participation; to evaluate the impact of direct participation on the employment relationship at company level; and to promote the positive impact of direct participation on employee representation and industrial relations at the company level.

In recent decades new ways to organise work have been developing in more progressive European enterprises. These include an increased use of employee involvement in the workplace. New forms of work organisation that involve employees' input can be considered as taking three distinct, but inter-related, forms - representative participation, financial participation and direct participation.

Introducing direct participation as a mean of changing work organisation can be a challenge to traditional hierarchical management structures and requires a different type of management approach and a change in company culture. These changes will also have a knock-on impact on other aspects of the employment relationship, such as internal flows of information on company performance, pay structures and the addressing and resolution of disputes. In the context of the financial and economic crisis, and the need for sustainable growth in European economies, there is a need to consider what the requisite sustainable forms of corporate governance and employee involvement might look like and to consider what role, if any, direct participation might play within them, as compared with more representative forms of participation.

## ***PARTNERS***

The project involved seven partners from six EU Member States, as follows:

- Bulgaria: the **Confederation of Independent Trade Unions in Bulgaria (CITUB)** – the contracting partners with the European Commission and overall co-ordinator for the project
- The **Bulgarian Industrial Association (BIA)**
- Cyprus: **Cyprus Workers' Confederation (SEK)**
- Ireland: **Institute for the Development of Employee Advancement (IDEAS)**
- Italy: **Fondazione Giuseppe di Vittorio (FDV)**
- Poland: **Szkola Główna Handlowa w Warszawie (SGH)**
- United Kingdom: **Royal Holloway and Bedford New College (RHBNC)**

## ***AIMS OF THE PROJECT***

- To study **trends in direct employee participation** in the six partner EU Member States and to identify the main sectors, forms, mechanisms and existing company frameworks for its broader regulation, where applicable;
- To **specify similarities and differences in approaches and practices** of direct employee participation in the six countries;
- To study and analyse the **relationship between forms of direct participation and other forms of employee representation** and industrial relations at company level;
- To analyse the **impact of direct employee participation** on the company strategy, effectiveness and sustainability, labour productivity, social issues at company level, labour relations, working conditions, human resource development, etc.;
- To consider how far direct participation can help in **facilitating the development of stronger forms of stakeholder governance** and contributing towards more sustainable corporate forms;
- To **improve the capacity, knowledge and skills** of shop-stewards/workers'

representatives, employees, managers and employers in relation to the use of systems or practices of direct participation;

- To **disseminate the research results and examples of good practice** among employer and trade union representatives in order to promote implementation of a model of direct participation that is in line with workers' rights;
- To develop ideas for the establishment and **improvement of national legal provisions** regarding the implementation of direct participation in relation to the sustainability of workers' rights and the process of employment relations;
- To **define ideas for initiatives at EU level**, to promote good practices in direct participation, including a balance between employers' and workers' interests.

## 2. PROJECT METHODOLOGY

The DIRECT project was overseen by a Steering Committee representative of the participating organisations. The role of this committee was to agree the project objectives, the detailed methodology and project timeline; agree all documents and questionnaires; and monitor the progress at national level and across the six participating Member States. The Steering Committee met six times, one meeting in each of the six countries, during the two-year period of the project.

### *Objectives of the project:*

- To study how direct participation is used by a select number of enterprises in two business sectors
- To examine the similarities and differences across these business sectors and in six participating Member States – EU15 (Italy, Ireland and the UK), EU13 (Cyprus, Poland and Bulgaria)
- To examine how direct and representative participation forms co-exist and complement each other
- To study how direct participation has (or has not) improved industrial relations in the target enterprises
- To improve the understanding of direct participation across the social partners in the participating Member States

- To exchange examples of 'good practice' between the participating Member States
- To make recommendations to national social partners and to European Commission policy-makers for the promotion and greater use of direct participation across Member States.

To achieve these objectives, and as the project was funded for two years, there was the opportunity for a more in-depth study. Hence the methodology adopted was in five stages:

1. Desk research on the nature and extent of direct participation in each of the six participating countries. Each country overview would then provide a summary of general trends in direct participation at the national level and locate it within the context of the national industrial relations tradition and, more broadly, within the practice of employee participation. This included historical trends, direct participation in practice and the perceived impacts of direct participation.
2. Within the parameters set out in Figure 1 below, the project examined direct participation in enterprises in a services sector and a manufacturing sector in each of the participating Member States. This was undertaken through an agreed survey questionnaire and followed by an agreed number of interviews with management and employee representatives in a number of enterprises operating in the selected business sectors. Only enterprises in which all or a substantial percentage of the workforce is unionised were investigated. One important aspect of the project was to find out the determinants of trade union attitudes such as their support for, or opposition to, direct participation.
3. National workshops were held in each of the participating Member States to discuss the provisional findings of the national studies with social partner representatives, academics and representatives of the relevant government ministries. These national workshops were an opportunity to present 'good practice' examples of the various forms of direct participation from the case study stage of the project.
4. Three transnational workshops were also held in Rome, Nicosia and London, when there were opportunities to hear both national and project-wide presentations on direct participation and other forms of employee participation
5. The writing of a national report based on the findings and outcomes of stages 1 to 4 above, followed by a final international conference to present and discuss the overall outcomes of the project, which disseminated the key findings

to encourage a broader debate about the benefits of direct participation as a means of empowering employees to the advantage of both the workforce and the enterprise.

### 3. WORKPLACE SOCIAL DIALOGUE AND DIRECT PARTICIPATION

#### *Changes in the workplace*

European social partners, enterprises and workers are currently faced with a range of external factors that can determine the pace of diffusion of enterprise-level social dialogue, such as the need for enterprises to respond to rapid technical and technological changes (for example, digitisation, robotics, social media, etc.). These technological advances have also resulted in the emergence of new industries and services and new forms of enterprise and jobs that have resulted in the need for new approaches to how work is organised.

However, recent research suggests that in some EU Member States, especially those that have come late to the use of new forms of employee involvement, the practical results in terms of expanding representation and social dialogue in enterprises have been slow. Indeed, problems have been identified relating to a lack of confidence in the application of alternative forms of representation and the ambiguous attitude of some employers and trade unions with regard to the rights of workers to information, to be consulted, to participate or contribute to management decisions<sup>1</sup>. For example, a Eurofound study found that just 57% of companies in the EU:

*... encourage their employees to participate in company endeavours outside the immediate responsibilities of their job. Companies do this in various ways, ranging from sharing information and consulting with employees – through staff meetings, staff surveys and suggestion boxes – to involving them in strategic and planning operations<sup>2</sup>.  
Direct participation and corporate governance*

In the context of the decade of the global financial and economic crisis and the need for sustainable growth in the EU economy, there is also a need to

<sup>1</sup> For example, the earlier INFORMIA I and II and INFPREVENTA projects co-ordinated by CITUB.

<sup>2</sup> European Company Survey 2013 see also Living and Working in Europe 2017 European Foundation for the Improvement of Living and Working Conditions (Dublin), 2018, pp. 32 and 33.

consider what the role of employee involvement might be in any future forms of corporate governance and to consider what role, if any, direct participation might play within these forms. Increasingly, calls are being made for a more 'responsible capitalism' and a shift to more long-term and sustainable corporate forms of governance, away from emphasis on short-term shareholder returns on investments. It can be argued that post-crisis corporate governance requires more effective worker involvement and participation, since firms are social organisations and employees are the stakeholders with the greatest interest in the longer-term success of the firm.

The challenges of all these technological, economic and social developments of the twenty-first century are important reasons for increasing the direct participation of workers. It is intended, therefore, that this DIRECT project would make a contribution to the debate as to how to find the right balance between economic efficiency, social responsibility, the rights of employees and existing national industrial relations systems that can be rationalised and used across countries, sectors and companies. The project is also intended to inform and educate trade union leaders and other worker representatives, employers and managers on the main aspects of direct participation and to highlight and share good practices and experiences.

### *EU policies*

Within the Social Europe Agenda, it has been a long-term and stated policy of the EU institutions to promote the information, consultation and participation rights of workers. This goes back as far as the adoption of the European Social Charter in 1961, the Charter of the Fundamental Social Rights for Workers in 1989, the Social Protocol of the Treaty on European Union (Maastricht Treaty) in 1992 and the inclusion of employment, social and workers' rights in the Treaty of Amsterdam in 1997.

Under the relevant treaty articles, the institutions of the EU have adopted a wide range of policies to promote greater worker rights, such as the introduction of a number of statutes that give employees the right to company information, to be consulted on proposed management decisions relevant to jobs and the workforce, a role in corporate governance and increased opportunities for traditional employee representation by trade unions<sup>3</sup>.

<sup>3</sup> For example, some of these statutes are the EWC Recast Directive (2009/38/EC), the information and consultation Framework Directive (2002/14/EC), the European Company (SE) Directive (2001/86/EC) and the European Cooperative Society (2003/72/EC).

These policies also strive to promote the need for greater social dialogue at the enterprise level through various forms of employee involvement in the workplace that can be considered as taking three distinct but inter-related forms:

- Representative participation, which the institutions of the European Union have promoted through a range of legislative actions that provide for the provision of company specific information and the right to be consulted on issues relevant to the workforce before management decisions are made. This process is implemented through the election of employee representatives to works councils or other in-company information and consultation structures, including European Works Council in transnational enterprises. Representative participation also includes the participation of elected employee representatives on the governing boards of companies, either on a supervisory board in dual-tier systems or a board of directors in single-tier systems of corporate governance.
- Financial participation, which the European Commission promotes not by way of legislation but through a range of policy papers and Commission Communications. Financial participation (or PEPPER in European Commission terminology<sup>4</sup>) is where employees have opportunities to purchase and hold shares in the equity of the company they work in through employee share ownership plans, either by way of direct employee share ownership or an internal jointly managed trust fund to administer shares on behalf of employees (ESOT), or through a share in the annual profits of the company.
- Finally, Direct participation, which the EU institutions, again, have not promoted through legislation, but through a series of networks bringing together national experts to identify and share 'good practice' approaches to the organisation of work<sup>5</sup>.

More recently, and supportive of this policy framework, the European Pillar of Social Rights (EPSR) was adopted by the European Council at a special meeting in November 2017. The EPSR is intended to re-energise Social Europe and it states that:

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4 See The PEPPER Report (Promotion of Participation by Employed Persons in Profits and Enterprise Results) Social Europe 3/1991 (supplement) and Report from the Commission: PEPPER II Commission of the European Communities, Brussels (1996)

5 For example, the European Work Organisation Network (EWON) during the 1990s and the current European Work Innovation Network (EWIN)

*a The social partners shall be consulted on the design and implementation of economic, employment and social policies according to national practices.*

*They shall be encouraged<sup>6</sup> to negotiate and conclude collective agreements in matters relevant to them, while respecting their autonomy and the right to collective action. Where appropriate, agreements concluded between the social partners shall be implemented at the level of the Union and its Member States.*

*b Workers or their representatives have the right to be informed and consulted in good time on matters relevant to them, in particular on transfer, restructuring and merger of undertakings and on collective redundancies*

*c Support for increased capacity of social partners to promote social dialogue shall be encouraged.*

The focus of the DIRECT Project has been on the last of these three forms of employee involvement – direct participation.

### *Direct participation*

Direct participation and representative participation are complementary to each other, and form an integral part of better internal enterprise social dialogue that can contribute to building trust and commitment within the workforce and between enterprise owners, managers and employees.

*... such practices increase job satisfaction, leading to increased staff retention, less absenteeism and better motivation – in short, improved well-being in the workplace<sup>7</sup>.*

The European Company Survey also found that there is:

*... better workplace well-being in companies that promote employee participation than in companies that are less committed to this<sup>8</sup>.*

The major study of direct participation in the 1990s, the Eurofound EPOC study, defined direct participation as:

*Opportunities provided by management, or initiatives to which they lend their support at the workplace level, for consultation with and/or delegation of*

6 European Pillar of Social Rights (Chapter II, 08.b and c) endorsed by the Presidents of the European Parliament, the Council of the European Union and the European Commission, Gothenburg, Sweden, November 2017, p 36

7 European Company Survey and Eurofound op cit.

8 Ibid.

*responsibilities and authority for decision-making to their subordinates either as individuals or as a group of employees, relating to the immediate work task, work organisation and/or working conditions<sup>9</sup>.*

Therefore, it is a system of work organisation that allows for the individual employee's input into the day-to-day operations of the enterprise, in contrast to the opportunities for input into the strategies and management policies provided through worker representatives. Direct participation can include both consultative and delegative arrangements in the workplace. These are:

- Consultative - when management put in place systems for employees to give their views on work-related issues, but management continue to reserve the right to decision-making;
- Delegative - when management give employees greater discretion and responsibility to organise and undertake their work tasks without reference back to management.

Both forms of direct participation can involve either individual workers or groups of workers. Individual consultation can be either through 'face-to-face' meetings with supervisory management or through 'arms-length' arrangements. Group consultation can be either on a permanent or a temporary basis. Examples of the types of direct participation are set out in Figure 1<sup>10</sup>.

Introducing direct participation as a means of changing work organisation can be a challenge to traditional hierarchical management structures. It requires a different type of management approach and a change in company culture. As employees are given greater scope to undertake work tasks and to make their own work-related decisions, the role of managers and supervisors and the structure of the reporting arrangements will also change. These changes will have a knock-on impact on other aspects of the employment relationship, such as internal flows of information on company performance, pay structures and how disputes are addressed and resolved. In the long term they can also

<sup>9</sup> Conceptualising Direct Participation in Organisational Change – The EPOC Project European Foundation for the Improvement of Living and Working Conditions, Dublin (1994)

<sup>10</sup> New Forms of Work Organisation: Can Europe realise its potential? – Results of a survey of direct employee participation in Europe European Foundation for the Improvement of Living and Working Condition (Dublin) 1997, pp. 16-18. Three of the partner countries in the DIRECT project were also included in the EPOC Study

influence the layers of management and supervisors required, improvements in working conditions and a greater emphasis on on-going training and improvements in skill levels. As an analysis of the European Company Survey found:

*Antagonism between management and employees hinders performance and reduces well-being, creating an environment detrimental to innovative thinking. Trusting relationships, on the other hand, promote joint efforts and an organisational setting that facilitates and supports innovation<sup>11</sup>.*  
 Figure 1 Forms of Direct Participation:

	CONSULTATIVE	DELEGATIVE
INDIVIDUAL	Regular review meetings between employee and immediate manager Employee attitude surveys Suggestions schemes Other internal arrangements that allow for employees to express their views, such as through social media, on-line discussion boards, company newsletters, notice boards, etc.	Individual employees have the right and responsibility to undertake their work tasks without constant reference back to his/her manager/supervisor
GROUP	<u>Temporary</u> or <i>ad hoc</i> groups of employees who meet for a specific purpose for a limited period of time – such as project groups or task forces <u>Permanent</u> groups, such as weekly/ monthly meetings of a work team to deal with ongoing work related issues, for example, quality circles	Rights and responsibilities are given to groups or teams of employees to carry out their common work tasks without reference back to management - also called 'group work'

These are the definitions adopted for the purposes of the DIRECT Project.

<sup>11</sup> European Company Survey and Eurofound op cit

## 4. NATIONAL SYSTEMS OF INDUSTRIAL RELATIONS

In all six countries the industrial relations systems are influenced to some degree or other by trends towards increasing globalisation; by the recent financial and economic crisis; by a lack of economic and employment sustainability; and, in recent years, by the changes in the organisation of work and working conditions, as a result of new technologies, such as digitalisation, robotics, 3D printing, social media, etc.

In **Bulgaria**: trade union density has been declining for twenty years, falling to 18-20% of the workforce during the last five years. Density is higher in most of the public sector, as well as in mining and manufacturing, but is much lower in most of the private services sector. Likewise, in the same period, density of membership in employers' associations has also declined.

Since 2004-2005, the Bulgarian labour market has witnessed a trend towards the de-centralisation of collective bargaining. This is more prevalent in the private services sector, but also in some manufacturing industries, such as electronic and electro-technical production, but also in food production; clothing and textiles; leather and footwear; wood and paper; machine building; and the metallurgical industries.

The overall coverage of collective bargaining for the whole economy is estimated at 26-27%.<sup>12</sup> However, other data sources put the figure at between 23% and 37%,<sup>13</sup> while in manufacturing collective bargaining coverage is estimated to be around 30-35%. Within this range coverage for some industrial branches, such as the automotive sector, is much lower.<sup>14</sup> In a number of business sectors there are still collective sectoral agreements, such as in State-funded sectors, for example, public transport.

In **Cyprus**, on the basis of a long tradition of strong workers' and employers' organisations currently over 60% of workers are organised in trade unions. The Industrial Relations Code recognises the freedom of association of both workers and employers, stressing the importance of collective bargaining and joint consultation in good faith. Moreover, bipartite relations are very important and collective bargaining at sectoral and enterprise levels is

<sup>12</sup> CITUB data

<sup>13</sup> [https://www.eurofound.europa.eu/bg/country/bulgaria#collective\\_bargaining](https://www.eurofound.europa.eu/bg/country/bulgaria#collective_bargaining)

<sup>14</sup> CITUB data and sectoral trade union federations

considered to be the backbone of the industrial relations system, since the majority of employment terms and conditions are determined by collective agreements. According to the Eurofound data the coverage of collective bargaining is 61%.<sup>15</sup>

In **Ireland**, according to some research in the context of the ‘voluntarist’ industrial relations system, there are few institutional forces promoting worker or union participation at enterprise level. Firms are free to choose from any number of models of employment relations. As a result, Ireland has a fragmented system of industrial relations characterised by diversity in employment practices. Ireland’s voluntarist industrial relations system is deemed to be less receptive to workplace partnership than many continental European systems that have institutional frameworks and regulations promoting representative involvement bodies, such as works councils.<sup>16</sup> Trade union density is approximately 36-37%<sup>17</sup> and a 2013 Eurofound study estimated that employees covered by collective bargaining at all levels within the economy was 58%.<sup>18</sup>

In the European context, the **Italian** system of industrial relations stands out in a number of respects; or at least, it lies outside the mainstream in most instances. This is attributable to a virtually unique level of voluntarism and an absence of legal intervention. Legislative intervention, while particularly intense in individual employment relations, has been marginal when it comes to collective bargaining. However, references in the 1948 Constitution to industrial relations are quite wide, including representation, collective bargaining and extension mechanisms, the right to strike and employee participation. Beside this form of ‘voluntarism’, the Italian industrial relations system can be briefly described to have the following features:

- Trade union pluralism, which is historically divided along ideological principles
- Substantial fragmentation of employer associations
- Two-tier collective bargaining system with the primacy of the sectoral level

15 <https://www.eurofound.europa.eu/bg/country/cyprus#collective-bargaining>

16 Dobbins T (2001) New National Centre for Partnership and Performance established.

Available at: <https://www.eurofound.europa.eu/observatories/eurwork/articles/new-national-centre-for-partnership-and-performance-established>

17 Ireland: Industrial relations profile, R Farrelly, IRN Publishing, in EIRO Eurofound (2014)

<http://www.eurofound.europa.eu/observatories/eurwork/comparative-information/national-contributions/ireland/ireland-industrial-relations-profile>

18 <https://www.eurofound.europa.eu/country/ireland#collective-bargaining>

- High-level of multi-employer collective bargaining coverage: 80% to 90%
- Medium-high level of unionisation: about 33-35%
- Single channel of workers' representation at the firm level

In **Poland**, the Statist model of public governance has also exerted its influence on the model of industrial relations as a consequence of a specific positioning of the central and eastern European countries' (CEEC) economies in the context of globalisation and Europeanisation. A key feature has been a strong influence of foreign capital given circumstances of very severe unemployment, organisational weakness in the world of work, low-level labour standards and low pay.<sup>19</sup> This amounted to the subordination of interests in the workplace to large capital groups (mostly foreign), whose overriding interest was low labour costs. The model of capitalism was also relevant to industrial relations, as some academics described it as 'dependent capitalism', with its focus on lowering pay and labour standards, in the hope that capital could continue to be attracted into the economy.

Trade union density is estimated to be around 15%<sup>20</sup> and the level of collective bargaining coverage is between 47% and 54%, according to various data sources.<sup>21</sup>

The most striking feature of the industrial relations system in **the UK** is the predominance of the company and the workplace as the focus for collective regulation – where it exists at all – of both procedures and pay and conditions. Legislation has, of course, established a basic individual and collective regulatory framework, to which a national living wage, improved trades union recognition procedures and family friendly employment policies have been added since 1997.

The State continues to play an extremely limited role in the conduct of industrial relations. This 'hands off', deregulatory approach is generally known as 'voluntarism', which is a form of regulation through:

*... sectional and competitive collective bargaining from which the State was*

19 Bohle, D. and Greskovits, B. (2006) Capitalism without Compromise: Strong Business and Weak Labor in Eastern Europe's New Transnational Industries, Studies in Comparative International Development, Spring 2006, Vol. 41, No. 1..

20 <http://www.worker-participation.eu/index.php/National-Industrial-Relations/Countries/Poland>

21 <https://www.eurofound.europa.eu/bg/country/poland#collective-bargaining>

*only too ready during peacetime to exclude itself except at moments of severe disruption or in situations of exceptional labour weakness.*<sup>22</sup>

Multi-employer (sector-level) bargaining has declined dramatically in recent years, and there has never been a tradition of intersectoral regulation through the peak employers' organisations and union confederations. Currently, data put unionisation at between 27.9% and 57%, according to different sources.<sup>23</sup> The result has been a process of 'disorganised decentralisation',<sup>24</sup> as companies and workplaces have moved centre-stage in collective bargaining and regulating industrial relations, not least through forms of employee participation.

## 5. WORKERS PARTICIPATION IN THE SYSTEM OF INDUSTRIAL RELATIONS

In **Bulgaria**, workers' participation has a supportive role, compared with trade union representation and collective bargaining. However, there are many structures at the company level (such as representatives for information and consultation, health and safety committees, general assemblies and assemblies by proxies of the workers), especially in the large and some medium-sized companies. Most of these company-level structures are either dominated by trade unions, if trade unions are present, or just exist 'formally', without having any real activity.

However, there are some exceptions, mainly among the subsidiaries of multinational companies (MNCs) and in some of the large national companies where there are well established information and consultation arrangements, representing all the workers, leading to good results, together with well developed collective bargaining at company level.

In **Cyprus**, a number of collective agreements both at sectoral and enterprise levels have now incorporated a special clause that refers to social partners'

<sup>22</sup> Fox, A. (1985) History and Heritage. The Social Origins of the British Industrial Relations System. London: Allen & Unwin.; Burgess, K. (1975) The Origins of British Industrial Relations. The Nineteenth Century Experience. London: Croom Helm.

<sup>23</sup> <https://www.eurofound.europa.eu/bg/country/united-kingdom#collective-bargaining>

<sup>24</sup> Traxler, F. (1995), 'Farewell to Labour Market Institutions? Organized versus Disorganized Decentralization as a Map for Industrial Relations, in C. Crouch and F. Traxler (eds) Organized Industrial Relations in Europe: What Future? Avebury: Aldershot, pp.3-19.

intentions to establish information and consultation bodies, according to the provisions of the Law 78(I)/2005 on *Establishing a General Framework for Informing and Consulting Employees*. In practice, however, the most important representative structures at company level are the trade unions. In some cases, worker representatives normally participate in work councils alongside the representatives of management. The main issues work councils deal with are safety and health; production systems; rosters of working time; discipline and personal grievances.

On joining the EEC in 1973, the experiences with worker participation in existing Member States provided the opportunity in **Ireland** to develop such an approach in Irish-based enterprises. Consequently, in 1997 the Worker Participation (State Enterprises) Act was enacted. This legislation provided for the appointment of employee elected representatives (called worker directors) to one-third of board seats in seven State-owned companies. The legislation required that candidates for election must be nominated by a trade union or other body, such as staff association or equivalent that is recognised for collective bargaining purposes in the enterprise concerned. The electorate comprised full-time and regular part-time employees of the organisation (and subsidiaries, in particular circumstances). Once elected, these worker directors would hold office for a three-year term and have the same status, rights and responsibilities as other Government-appointed directors.

The 1977 legislation was updated and amended by the Workers' Participation (State Enterprises) Act, 1988. This Act extended the term of office for worker directors from three to four years. It introduced the requirement for *Consultative Bodies* in thirty-nine State enterprises and agencies – in effect, a type of sub-board works councils. In introduction the draft legislation into the Dáil, the Minister said that:

*... to underpin the development of worker involvement below the level of the board in the semi-State sector. ... We need to legislate in this area in order to stimulate change by means of a concerted effort on the part of management and employee at enterprise level. ... The Bill gives to employees in each State enterprise the right to initiate arrangements for sub-board participation. The enterprise and the representatives of its employees are required to devise between them mutually acceptable arrangements for employee involvement following a request from a majority of employees. Although the Bill provides for a direct initiative by employees*

*within each enterprise, it does not interfere with the freedom of management to develop its own proposals and to approach employee representatives about the development of sub-board participation.*<sup>25</sup>

It also extended the worker director legislation to two additional State-owned companies and a range of State agencies and also gave the Minister for Labour the power by order to vary the number of worker directors, in particular on non-commercial boards, below the one-third ratio but subject to a minimum of two employee elected directors. In the latter years of the 1980s and into the 1990s the worker director system lost political support, resulting in a gradual reduction of board-level representation, so the extent of employee representation and involvement at board-level has diminished in the past two decades, often as a result of the privatisation of former State-owned enterprises and the closure or merging of State agencies. The political climate is therefore no longer amicable towards worker participation or indeed to workers' information and consultation rights either in State-owned companies or in the private sector. However in some enterprises new procedures have indeed been introduced as a result of the EU framework Directive on information and consultation, but they have not made much difference to the diffusion of employee participation. In most cases in Ireland employees are either represented through their unions or not represented at all. Also, with regard to health and safety committees, prior to 1989 only about 20% of Irish workers were covered by occupational safety and health (OSH) legislation despite decades of the trade unions demanding 100% coverage.

In **Italy**, the issue of employee participation has long been a great omission from the confrontational system of industrial relations. The whole system, including the various approaches to employee involvement and participation, is based on voluntarism and collective bargaining. All collective agreements envisage joint committees, monitoring and procedures for a proactive exchange of views on a wide range of issues, for example on the economic situation and expected trends, employment, competitiveness, vocational training and equal opportunities. This so-called *bilateralism* has received strong support through recent legislation and importantly can now be considered the most structured form of participation achieved in Italy in the past 20 years.<sup>26</sup> The provisions of EU legislation for

<sup>25</sup> Speech by Bertie Ahern TD, Minister for Labour, introducing the Bill into the Oireachtas (Parliament), February 1988

<sup>26</sup> Leonardi S, Employee participation and involvement: the Italian case and trade union issues, Transfer, European Review of Labour and Research, n. 1. 2016, Brussels: European Trade Union Institute

information and consultation at the workplace level have been transposed into Italian law and the practices are growing. In most cases information and consultation arrangements are implemented through unitary workplace union structures.

In **Poland**, prior to joining the EU, Directives on information and consultation were transposed into law between 2000 and 2004. However, while trade unions have the leading role for representation at the workplace level, in less than 30% of companies have works councils been elected.<sup>27</sup>

In the **UK**, employee participation may be regarded as a 'mode of workplace regulation'.<sup>28</sup> Several workplace regimes are identified in research publications:

1. Unilateral management decisions, with employee voice restricted to the terms established in individual employment contracts;
2. Management rights limited by collective bargaining, with collective agreements reflecting compromises over conflicting interests;
3. Management rights limited not only by collective bargaining but also by forms of participation (procedures for information, consultation and co-determination);
4. Management rights limited by forms of participation (that is, where there are no unions or collective agreements, but only participative processes that are unlikely to provide much real opportunity for influencing decisions).<sup>29</sup>

In the past 20 years or more, the process of 'disorganised decentralisation' has led to greater fragmentation in workplace régimes across the UK in which it has become correspondingly more important to distinguish in greater detail between *types* of employee participation. For example, even in a workplace in which collective bargaining is in decline, worker influence should be higher in the presence of a joint consultation committee than in one without. Historically, however, the two most predominant forms of employee participation in the UK have been joint consultation and collective bargaining.

<sup>27</sup> 3rd European Company Survey. Direct and indirect employee participation (Eurofound 2015) A Akkerman, R Sluiter and G Jansen (2015) Publications Office of the European Union, Luxembourg, pp 10-11

<sup>28</sup> Knudsen, H. (1995) Employee Participation in Europe. London: Sage

<sup>29</sup> Ibid., p. 27

## 5.1 Summary of development in the practice of direct participation

In **Bulgaria**, under the communist State's so-called planned economy, between 1986 and 1988 various forms of direct participation were to be found at the level of work teams, enterprise subsidiaries and, sometimes, at company level. The purpose of such mechanisms was to improve productivity and work motivation, as well as to increase the support of workers for the regime. However, such participation was rather formal and attempts to have 'real participation' resulted in its suspension in 1989. Since the beginning of political democratic change most forms of workers' participation were neglected because their original purpose was to support the communist regime and because of the strength and increased influence of the trade unions. Between 1997 and 2007 there was a revival of some 'old' forms and the establishment of new forms of direct participation. However, since the second half of the 1990s, many MNC subsidiaries and other large companies have introduced new management methods, which have also included direct participation.

In **Cyprus** as both the economic and the industrial relations systems developed, both representative and direct forms of employee participation have emerged.

In **Ireland**, one example of direct participation placed on a statutory basis as a result of social partnership agreements was the enactment of the *Safety, Health and Welfare at Work Act, 1989*, which provided for workplace safety and health committees. This legislation formed part of the demands of the trade unions during the discussions on the national tripartite agreement in 1987, the *Programme for National Recovery 1988-1991*.<sup>30</sup> These consultation provisions were further strengthened when the 1989 Act was replaced by the Safety, Health and Welfare at Work Act 2005.

In the Irish context of employment relations, direct participation is often referred to as 'workplace partnership'. Although social partnership has evolved at national level, workplace partnership and advanced forms of work organisation have not evolved in parallel or they are widely diffused at local level. According to research data, employers' preferred approach for introducing in-company change is primarily through unilateral management decision-making, particularly in relation to strategic business issues.<sup>31</sup> However, since

30 Programme for National Recovery Government Publications (Dublin) 1987, page 27

31 Dobbins, T., 2001. New National Centre for Partnership and Performance established.

Available at: <https://www.eurofound.europa.eu/observatories/eurwork/articles/new-national-centre-for-partnership-and-performance-established>

2007, there has been some movement towards the development of workplace innovation, which was a prerequisite for the further development of direct participation.

In **Italy**, the *Consigli di gestione* (joint management councils) constitute the most important – but nevertheless brief – experience of employee participation at workplace level. However these councils have been rapidly absorbed back into the traditional power relationships within firms, which were restored within no more than five years. The employers were determined to reaffirm their exclusive managerial prerogatives against the threat of any prospect of employee participation, even in its weakest form. The Italian variety of Taylorism/Fordism, which at that time was in full flight, did not contemplate any real form of power sharing in business governance and work organisation. The practical forms of direct participation have been used by managers since 1960s, but under the framework of strong trade union power at workplace level.

In **Poland**, the concept of ‘worker self-management’ was under discussion during the time of the communist State and the planned economic system. However, the Solidarnost movement in 1979-1981 forced the Government to seek a response that could stop the strong erosion of workers’ support for the regime. The response of the State was to widen employee involvement through legislation on State enterprises and, through employee ‘self-management’, workforces obtained the right to adopt formal resolutions on enterprise strategies. These self-management arrangements were organised mainly through workers’ councils elected by the whole workforce in the company. However, workplace relations were no longer based on the established trade union structures, but were meant to mirror the direct wishes of the grassroots.<sup>32</sup> This process was developed fully under managerial control. After 1989 most of these forms were abolished as their main purpose was to rescue the previous economic and political order. At the same time, since the latter half of the 1990s and the invasion of foreign capital into the Polish economy, certain new managerial approaches, including some forms of direct participation, have begun to be implemented.

In the **UK**, within the Traxler theory of ‘disorganised decentralisation’, direct

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<sup>32</sup> Kohl H. and Platzer, H.W. (2004) Industrial relations in central and Eastern Europe. Transformation and integration. A comparison of the eight new EU Member States. ETUI. Brussels, p.77.

participation can be considered as a managerial approach designed to increase productivity and competitiveness, which in recent years have become increasingly significant in the conduct of human resource management (HRM). This approach argues that direct participation has much to commend it, provided that unions and/or staff-side organisations are present to monitor and influence its implementation in the workplace. In other words, it is most likely to improve workers' terms and conditions when it forms part of other forms of participation, such as procedures for information, consultation and co-determination (Type 3) above.

## 5.2 *Current situation of direct participation in the partner countries - an overview*

In most of the six project partner countries there is neither special legislation nor other forms of regulation on direct participation. There are, however, some provisions to be found in collective agreements.

In **Bulgaria**, according to the regulatory framework on labour relations that has existed since 1990 and was updated by the transposition of relevant EU legislation between 2001 and 2016, there is one body of workers with influence in company management, namely the general assembly (or if necessary, the assembly of employee representatives) of all employees in the enterprise, which could be defined as a form of direct participation. Legislation regulates what issues the general assembly (or its equivalent) in the enterprise can decide on:

- The election of different representatives of workers and employees envisaged in the Bulgarian legislation
- The adoption of a draft collective agreement, if there are more than one trade unions in the enterprise and if there is no agreement between them
- How funds for social activities are to be spent and how these social funds can be used for the benefit of employees' families and by pensioners who have worked for the enterprise
- Decisions about effective strike actions and settling collective labour disputes.

In **Cyprus**, the forms of direct participation are not regulated by law. However, there are a number of companies, both local and multinational, that hold the accreditation of the *Investors in People* (IIP) standard. This standard focuses on the following:

- *Better Leaders*

- *Developing stronger leaders at every level of the organisation. Ensuring that all people-managers are equipped to provide the best support to their teams*

- *Feedback You Can Measure*

- *Enhancing performance by measuring employee feedback against the IIP framework, which shows what is working and highlights opportunities for improvement*

- *Efficient Structure, Effective Teams*

- *Structure brings comfort – building the right organisational structure and unlocking people's potential, helping to future-proof the business and ensuring sustainable success*

- *Continuous Improvement*

- *Embracing constant change and maintaining improvements with the help of a simple road map for excellence*

- *Dedicated Experts*

- *Drawing on our skills and experience – IIP is the only accredited people-management solution that provides access to a dedicated, highly experienced practitioner*

- *Define Your Culture*

- *Strengthening and embedding organisational culture and understanding how to use your values to drive decision-making at every level, empowering people to deliver exactly what's needed*

- *Employer Branding*

- *Boosting your reputation as a great employer that is determined to attract and retain talented people, a business that genuinely engages with and invests in its people*

- *Benchmarking*

- *Benchmarking and comparing against your industry and peers and securing boardroom buy-in for HR and people strategies by bringing data to the table.*

Therefore, as can be seen, the IIP standard covers more than the definition of the DIRECT project with regard to direct participation, so this might be an indication that direct participation might be more widespread than indicated by available research data. Consequently, though it cannot be verified through research, it raises the question that direct participation might be more diffused than was originally thought.

As an indication of one aspect of direct participation, in the European Working Conditions Survey (2015), when Cypriot workers were asked *Are you able to choose or change your methods of work?* 41% replied 'No', which was higher than the EU average, while those who answered 'Yes' (59%) was lower than the EU average.<sup>33</sup>

In **Ireland**, the legal regulations governing direct participation in both the public and private sectors are related mainly to the requirements for safety and health arrangements at work. However, recent studies indicate that voluntary direct participation is extensive. For example, Ireland participated in the Eurofound EPOC study and the survey associated with this project found that some 82% of respondents practised some form of direct participation ranging from 22% for 'individual arms-length consultation' to 62% for the delegation of decision-making to the individual worker.<sup>34</sup> Also, in the European Working Conditions Survey (2015), when workers were asked *Are you able to choose or change your methods of work?* 31% replied 'No', which matched the EU average, while those who answered 'Yes' (69%) was also the same as the EU average.<sup>35</sup>

In **Italy**, MPs in recent governments of different political orientations have aimed to introduce comprehensive legislation that covers all the different aspects of participation, including information and consultation, financial participation, board-level representation and organisational involvement.<sup>36</sup> Work organisation and change are key topics of the new legal support and fiscal incentive in order to convince companies to adopt new styles and practices in industrial relations.<sup>37</sup> Here indirect participation through firm-level collective bargaining is the objective and direct participation is one of their aims and

33 5th European Working Conditions Survey (2015) – see: <https://www.eurofound.europa.eu/data/european-working-conditions-survey>

34 Eurofound 1997 op. cit.

35 5th European Working Conditions Survey (2015) op. cit.

36 Alaimo A. (2014), *L'eterno ritorno della partecipazione: il coinvolgimento dei lavoratori al tempo delle nuove regole sindacali*, WP, CSDLE 'Massimo D'Antona', 219

37 Vincieri M. (2016) *Riflessioni in tema di coinvolgimento dei lavoratori e pariteticità*, LD, n. 4

expected outcomes. Law no.148/2011 (Art. 8), adopted as a prompt response to the economic crisis and the demands from the European institutions,<sup>38</sup> has resulted in a push for substantial decentralisation of collective bargaining, strictly linking wage growth to the performance of the firm. That norm, still in force though scarcely used, states that ... *the adoption of whatever form of participation, through 'proximity agreements' at firm or territorial level, justifies the possibility of by-passing the rules set by legislation and the national sectoral agreement.*

Italy was also one of the Member States involved in the Eurofound EPOC project and the survey findings indicated that overall 85% of workplaces had some form of direct participation, ranging from 21% having permanent group consultation to 44% with individual delegation.<sup>39</sup> Also, in the European Working Conditions Survey (2015), when workers were asked *Are you able to choose or change your methods of work?* 27% replied 'No', which was below the EU average, while those who answered 'Yes' (73%) were above the EU average.<sup>40</sup>

In **Poland** there is no specific legislation relating to the practice of direct participation at the workplace. Nor is account taken of it where collective arrangements at work are concerned. Thus, where participation does get under way in particular forms, this is dictated by solutions specific to the given place of work, including the organisational culture and main management methods – not least those relying on the participatory management method.

In the European Working Conditions Survey 2015, when workers were asked *Are you able to choose or change your methods of work?* for the 'No' answer, Poland's score was higher than the EU score (35%), while for the 'Yes' answer, the score was lower than the European Union score (66%).<sup>41</sup>

While there are no legal provisions concerning direct participation in the **United Kingdom**, this Member State was the third of the DIRECT participating countries to be involved in the Eurofound EPOC project. This survey indicated that overall 83% of workplaces had some form of direct participation, ranging from 52% having 'face-to-face' individual consultation, to 41% with permanent group consultation.<sup>42</sup> Also, in the European Working Conditions Survey (2015),

38 The ECB confidential letter was sent to the Berlusconi Government one month before, in early August of that year.

39 Eurofound EPOC study 1997 op cit

40 5<sup>th</sup> European Working Conditions Survey (2015) op cit

41 Ibid.

42 Eurofound EPOC study 1997 op cit

when workers were asked *Are you able to choose or change your methods of work?* 30% replied 'No', which was just below the EU average, while those who answered 'Yes' (70%) was also just above the EU average.<sup>43</sup>

### *5.3 Practical implementation of direct participation – General trends in national dimensions*

#### **Bulgaria**

The scope of decisions that may be taken by the general assembly/assembly of proxies is not limited by legislation and it is possible to adopt topics not provided for in specific legal provisions and to make declarations containing opinions, assessments, proposals and recommendations addressed to the employer or others. Other powers that the general assemblies/assemblies of proxies may use in practice, even though they are not mandated by legislation, include:

- The definition of labour standards;
- Solving working time issues;
- The powers of information and consultation of representatives for the protection of workers' interests in special cases, such as on health and safety committees.

In practice, some employers have used the general assemblies/assemblies of proxies as a form of information and consultation forum if there are no elected representatives for information and consultation in the enterprise and no trade unions, or if the unions are too small and their influence is weak.

Another aspect of using workers' direct participation in management not specifically provided for in legislation is the practice in some enterprises (mainly MNC subsidiaries and some large Bulgarian companies) to promote bilateral communications in the workplace, for example, arrangements for workers to make proposals and to participate in quality control and in the introduction of new work organisation procedures. This implies greater autonomy for individual workers as well as for work teams. However, these practices are not widespread in Bulgarian industrial enterprises.

The issue of direct participation is examined in the Eurofound *3rd European 43 5<sup>th</sup> European Working Conditions Survey (2015)* op cit

*Company Survey 2013*. With regard to Bulgarian enterprises, 53% of the surveyed enterprises had in place *good systems and mechanisms for exchanging information between managers and workers and good communications guaranteeing the inclusion and support of the workers*. In 25% of enterprises it was found that there was insufficient effort and few changes to improve the internal information exchange and communications, but some involvement by workers was found still to exist, and in 18% of enterprises the systems for information exchange and communication are at an average level, but there is no support for or involvement of workers. Also, the study found that 34% of enterprises had 'conventional' forms of direct participation, such as regular supervisor/individual worker meetings or regular staff meetings with management.<sup>44</sup>

It could be presumed that direct participation in both forms - consultation or delegation - need to be further enhanced through support from management, employers' organisations at sectoral and national level and the trade unions. It also becomes one of the most important prerequisites for effective management and overall corporate development, as it can also attract talented and best performing employees and enhance their skills development and competence.

## Cyprus

Based on the Eurofound *3rd Company European Survey*, fewer than 9% of Cypriot companies have autonomous work teams. Moreover, the incidence of delegation of decision-making on daily tasks is least likely to be found. Also, from the same report, while the proportion of establishments offering employees the possibility to (within certain limits) choose the time they begin and finish their working day, so-called 'flexitime', is on the rise in most of the EU countries, it remained the same in Cyprus. The study also indicated that 45% of enterprises had 'extensive' direct participation – where 'employee/management communications is top-down, bottom-up and interactive'.<sup>45</sup>

Furthermore, the 5<sup>th</sup> European Working Conditions Survey tries to identify the task discretion provided to employees in different EU countries, referring to the level of control that employees could exercise over their immediate work tasks. Based on the results of the survey, the figures tend to be quite low for the Cyprus case. Also based on the same survey, human resources capacity in Cyprus was not significantly associated with the presence of high involvement

44 Akkerman, A., Sluiten, R. and Jansen, G. (2015) op. cit. page 41

45 *ibid*

organisations.<sup>46</sup>

Analysis from the DIRECT project reveals no clear relationship between direct participation and any national characteristics of the country. On the one hand the way the economy has been structured and the way the industrial relations system has been set up seem to favour representative (indirect) participation. There is no clear indication resulting from the research that demonstrates a relationship between direct participation and the institutional context.

Consequently, the following characteristics might constitute direct participation on either an individual or group level:

- Regular meetings with immediate management
- Training and development review meetings
- Regular performance meetings
- Attitude surveys
- Suggestion schemes
- The organisation of work
- Health and safety issues
- Quality of product or service. Management consider this as their main advantage when they make a comparison with competitors
- Customer relations
- Introduction of new technologies.

## Ireland

In Ireland 'workplace partnership' and 'direct participation' are synonymous. The creation of the National Centre for Partnership and Performance (NCPP) in 1997 was prompted by concerns that, although social partnership was evolving at national level, workplace partnership and advanced forms of work organisation were not widely diffused at local or workplace levels. Research findings show that workplace partnership arrangements between employers and unions were rare, as were advanced forms of work organisation that

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<sup>46</sup> 5<sup>th</sup> European Working Conditions Survey (2015) op cit

provide workers with direct participation opportunities.<sup>47</sup>

In setting up the NCPP, the Government sought to implement an innovation and workplace strategy with the objective of improving innovation capability by increasing the role of workplace innovation in the national innovation policies through the adoption of an integrated and coherent approach to workplace and workforce development

The findings of the Eurofound *3rd Company European Survey*, as these relate to Ireland, showed that some 60% of respondents had 'extensive' direct participation structures in place.<sup>48</sup>

## Italy

The current changes experienced in managerial culture and practices have found Italian companies to be in a receptive mood for new ideas. Surveys over the past few decades have revealed the diffusion of these new approaches. The extent and diffusion of these new ideas and the available data is derived from a mix of sample surveys and qualitative studies. Based on a series of parameters, the Eurofound *3rd Company European Survey* shows that Italy has limited forms of direct participation in the organisation of work, with just 28% of establishment having either 'conventional' or 'extensive' forms.<sup>49</sup>

Another survey conducted on sectoral and company-level collective bargaining (ADAPT, 2015) produced similar results: from a sample of roughly 800 texts, direct participation is, in all these cases, a fundamental part of the internal reorganisation. However, it varies from case to case depending on the range of management solutions for workplace innovation. As it is largely pursued through informal and un-written agreements, direct participation is better known and investigated through qualitative studies, which are in fact increasing around so called 'best practices'.<sup>50</sup>

What emerges from these case studies is a map of heterogeneous approaches and experiences, with a mix of direct and indirect tools. Most of them can

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47 National survey of employee relations and human resource practices in Ireland (see: Collaborative production and the Irish boom: Work organisation, partnership and direct participation in Irish workplace by WK Roche and JF Geary, University College Dublin (UCD), in the Economic and Social Review, 51(1) 1999

48 Akkerman, Sluiten and Jansen op. cit.

49 ibid

50 For example, Pini (2008); Carrieri et al. (2015); Pero and Ponzellini (2015); Mosca and Tomasetti (2015); or Equipe2020 (2017).

be allocated to the category of 'Industry 4.0' and are strongly related to the aims of higher performance and productivity. Some of them are concentrated in industrial districts with high levels of innovation and specialisation with a relevant role for MNCs, as in the case of German corporations in Emilia Romagna.

According to the *Smart Working Observatory of the School of Management* at the Politecnico di Milano, 30% of companies with more than 250 employees adopted some 'agile work' projects (in 2015 it was 17%).<sup>51</sup>

## Poland

There have been a series of studies, undertaken by sociologists specialising in labour relations, which have examined direct participation on the basis of the Eurofound EPOC Project (1997) methodology and definition. The largest of these was in 2011 and based on 254 enterprises.<sup>52</sup> The authors made comparisons with the results of the EPOC study in ten EU Member States which had revealed that at least one of the six types of direct participation were found in 82% of private sector and public sector workplaces. It was discovered that, using the same methodology as EPOC, direct participation in Polish enterprises stood at 80%.<sup>53</sup>

However, the co-author of the study concluded that although 'the result points to the quite widespread use of participation, its intensity is low (with organisations most often applying just two forms at the same time)'.<sup>54</sup> In fact, only 7% of workplaces practised participation in all its forms. Among the six forms of participation identified, it was individual delegation of tasks that

51 Lo Smart Working in Italia, 2017. Cases where the employee can work from home or remotely are provided in a growing number of large companies: GM Powertrain, Nestlè, Unilever, Ikea, Basf, Eni, Enel, Prysmian, Vodafone, Wind, Luxottica, Endress-Hausser, Generali, IntesaSanpaolo Bank, UniCredit, BNP Paribas, ZF Marine.

52 Research within the framework of the Rodzaje, zasięg i ekonomiczna efektywność bezpośrednich form partycypacji pracowniczej w Polsce na tle starych krajów EU project funded by the Polish Ministry of Science and Higher Education

53 Research from the years 2011-2012 (Łochnicka) commissioned by 58 enterprises located in one voivodeship (province); 2007 research commissioned by 188 enterprises from one voivodeship (Moczulska); 2006 research commissioned by 62 Polish enterprises (Piwowarczyk); research carried out in the years 2012-2013 commissioned by 82 enterprises from Lubelskie, Łódzkie and Świętokrzyskie voivodeships) (Łochnicka); research carried out in 2003, commissioned by 240 enterprises (Widerszal-Bazyl and Warszewska-Makuch).

54 Skorupińska K., 2013, Direct employee participation in the menagement of Polish Companies, Journal of Positive Management, vol. 4. no. 1 , p. 83

proved to be practised most regularly, applied in 52% of enterprises (compared to 54% for the EPOC study), followed by individual 'face-to-face' consultations at 51%, compared to the EPOC finding of just 35%.

However, the Eurofound *3rd Company European Survey* shows that in Poland 10% of enterprises had 'consultative' ('top-down'/bottom-up' only) communications practices, while 35% had 'extensive' direct participation.<sup>55</sup>

## UK

In recent years direct participation has become increasingly significant in the conduct of human resource management (HRM) in the UK. On the 'continuum of participation' direct participation lies broadly in the categories of information disclosure/consultation. As such, it forms part of a body of 'integrative' HRM practices designed to integrate employees into management objectives, aims and structures. By contrast, 'redistributive' practices, such as joint consultation and collective bargaining, are generally introduced through negotiation and are pluralist in scope, functioning through trade unions and other employee representatives, and designed to protect employees' collective interests, not least by redistributing organisational profits and surpluses in favour of employees.

Integrative HR practices (such as performance-related pay, performance appraisal and team-building exercises, as well as forms of direct participation) are generally management initiated and often linked to company culture and attitudinal change, engaging employees with the organisation's objectives and performance on an individual rather than a collective basis.<sup>56</sup>

The most common or popular forms of direct participation include the following:

- Workplace meetings, team briefings
- Newsletters
- Staff surveys
- Suggestion schemes
- Problem-solving groups, quality circles
- Team work
- Task-based involvement

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<sup>55</sup> Akkerman, Sluiten and Jansen op. cit.

<sup>56</sup> Sisson, K. and Storey, J. (2002) *The Realities of Human Resource Management. Managing the Employment Relationship*. Buckingham: Open University, chap.4.

- **Financial participation.**

There has been a marked diffusion across UK workplaces of the principal forms of direct participation between 2004 and 2011 as a means of engaging employees as individuals. The incidence of all staff workplace meetings now covers four in five of UK workers, team briefings two-thirds and disclosure of financial information six out of ten. The use of staff surveys had flat-lined while the number of problem-solving groups has fallen very slightly. According to some surveys the implementation of many forms of direct participation, with exception of problem solving groups, increased over seven years by between two and eleven percentage points.<sup>57</sup>

Indeed, the *3rd Company European Survey* shows that over 50% of enterprises have 'extensive' forms of direct participation, where employee/management communications is 'top-down', 'bottom-up' and interactive.<sup>58</sup>

#### *5.4 What do the social partners think of direct participation?*

##### **Bulgaria**

The opinions expressed by trade union representatives differ with some nuances about the importance of direct participation as a means of disseminating information and consultation.

According to a representative of CITUB at national level, direct participation in management should be realised

*... through direct and immediate access to the management of the enterprise and should be distinguished by a high degree of free decision-making by workers on specific tasks that have been previously determined by the employer in an organisational document of the company.*

The view of some other trade union representatives, both at the national and sectoral levels, is that direct participation could improve industrial democracy (including collective bargaining) and, in general, industrial relations as well as improving workers' motivation and enterprise productivity.

Employers' opinions are that direct participation is part of broader company policies related to engagement, motivation, sympathy creation and loyalty of the workers to its goals, mission and vision. It does not have a sole and highly independent role and therefore should be viewed as such. The Bulgarian

<sup>57</sup> Van Wanrooy, B., Bewley, H., Bryson, A., Forth, J., Freeth, S., Stokes, L. and Wood, S. (2011)

The 2011 Workplace Employment Relations Study: First Findings. London: Department of Business, Innovation and Skills, p.18.

<sup>58</sup> Akkerman, Sluiten and Jansen, op. cit.

Industrial Association's (BIA) policy is to increase the amount of informed, motivated and engaged people and to improve workplace satisfaction within the context of implementing voluntary management standards, such as ISO 9001 and ISO 14001. Some of the other sectoral employers' associations report that they also have such policies, but this varies by sector.

Both the employers' and trade union representatives consider that direct participation is a managerial approach which is mainly designed to address improvements in productivity and corporate development.

At the same time, both the national employers' and trade union organisations do not have an explicitly and clearly defined policy regarding direct participation. The improvement of workers' participation (including direct participation) is mentioned in the recent program of CITUB but without details. In general, within the sectoral federations there is support but in the context of all the other forms of employee participation, including information and consultation arrangements.

In general employers and trade unions express different opinions with regard to the regulatory approach. Most employers believe that the more these issues are regulated by the State, the less effective they are. Therefore most think that it is not necessary to establish a legal framework for direct participation, with the exception of the representative of the Association of the Companies in the Road Transport, whose representative suggested that some particular issues might require a legal framework. Trade union representatives, on the other hand, think that regulation is needed to protect employees from possible 'work intensification'. Some sectoral trade union representatives surmised that some frameworks concerning direct participation could be agreed between the trade unions and employers at the company level.

## **Cypus**

For the trade unions (SEK), direct participation sounds like the involvement of employees in employment issues and also organisational politics that in the end affect employment. It is not a matter for trade unions if the company requests the input of employees in relation to the kind of product to introduce into the market, what sales strategy to adopt and so on, but rather it would be of interest to the trade unions for employees to gain a reward out of the introduction of new products and company profitability.

The ideal would be for direct participation to involve all aspects of the company, but if this is not a real life situation the trade unions would be more interested in direct participation in relation to employment issues rather than management issues, for example, the trade unions would lean towards employment-oriented direct participation than a managerial orientation. SEK is also of the view that direct participation and the national characteristics of its industrial relations are complementary to one another and that they correlate and coexist, supporting and promoting industrial democracy. It would therefore greatly help in collective agreements and reinforce the role of trade unions.

Despite the above, however, SEK is sceptical whether direct participation would become a managerial HRM tool, used to diminish the power of trade unions especially in those working environments where there is no strong trade union representation, or no trade unions, or working environments where there is no proper industrial relations system in place. In all these cases direct participation could be used as a managerial HRM tool to take advantage of the employees without any rewards. Although SEK is sceptical of the use of direct participation, it is not against but rather, as the General Secretary of SEK stated, in favour of encouraging a more widespread adaptation in the correct framework.<sup>59</sup>

Although there are little real data available, the Cyprus Employers and Industrialists Federation (CEIF) believes that direct participation can lead to improved productivity, improved levels of job satisfaction and greater autonomy on behalf of employees that can have a positive impact on the economy and the industrial relations system. CEIF believes that the motivation for management to introduce direct participation is to improve job satisfaction and productivity, which tends to derive from unilateral and managerial HRM tools and strategies.

The Federation is convinced that direct participation has a positive impact:

- For employers in terms of improved work efficiency, higher productivity, lower absenteeism, better company performance, etc.,
- For employees in terms of skill development, job enrichment, greater autonomy, job satisfaction, etc.

Since the Federation believes it can have a positive impact for both employers and employees then, for the Federation, it can definitely lead to win-win situations and potentially high trust employment relationships. The reason is that direct

<sup>59</sup> Andreas Matsas, General Secretary, SEK, speaking at the 3rd DIRECT Seminar, Nicosia, January, 2018.

participation is not the only factor to be taken into consideration when evaluating the development of high-trust employment relationships.

CEIF does not see any negatives in terms of higher workloads, employee stress, lack of pay returns and so on, arising from the implementation of direct participation. It is interesting with regard to its negative effects that the Federation accepted that direct participation might lead to the marginalisation of the trade unions, but that this is not a reason to put it in place.

## Ireland

The workplace innovation programme, which also includes direct participation is supported by the social partners and Government. Consequently, SIPTU adopted a policy of not initiating industrial disputes but of working with companies in trouble to assist them protect employment through the introduction of joint workplace innovation arrangements. The objective was to make Irish companies more competitive and to preserve Irish jobs. However, for this to be successful all parties had to 'buy-into' the process, including senior and middle management, the workforce and the trade unions. The IDEAS Institute is a key player in this strategy by providing training and advice for all levels within participating companies.

## Italy

Social partners recognise that direct participation is above all a cultural challenge although, it must be stressed, most of the initiatives come from the managerial side, putting the unions on the defensive.<sup>60</sup> It is argued that

*Direct participation, especially on the themes of the work organisation, should be enhanced by the unions, because it is able to stimulate the innovation of collective bargaining.*

Nevertheless, according to the critical view of this influential scholar:

*... the Italian trade unions enunciate but do not carry out, consequently, the theme of participation at company level as a true strategy for its future action. Trade union responses to the challenges of the times have been predominantly defensive and the search for innovative strategies – also due to the ideological disputes among the confederations – are still far from indicating safe paths.<sup>61</sup>*

60 Pero L and Ponzellini A (2015) Il nuovo lavoro industriale tra innovazione organizzativa e partecipazione diretta. In: Carrieri et al. La partecipazione incisiva. Idee e proposte per la democrazia possibile nelle imprese. ASTRID, Bologna: Il Mulino: 45-70.

61 Treu T (2017) Le relazioni industriali dopo la crisi: tendenze italiane ed europee, in l'Annua-

CISL is historically the union confederation most convinced about the challenges of this new horizon which is faithful to its original inspiration, an identity-dictated choice for *participation* in all possible forms and decentralised bargaining and a reluctance to accept any interference through law.<sup>62</sup> In a CISL publication (2017), micro-organisation and network contents are examined according to their attitude to

- Increases, or not, in the cognitive content of workers' tasks
- Multi-functionality
- Autonomy
- The adoption of team work
- Improvements in ergonomic, safety and less physical fatigue
- Space and time flexibility.

Compared with CISL (and UIL), CGIL has practised a more adversarial form of unionism, is favourable to centrally coordinated collective bargaining and initiates most social protest. As the country's largest confederation and through a lively internal debate, CGIL has gradually and at last fully accepted participation, including the long rejected board-level employee representation and financial participation.

Now the three main confederations consider direct participation more or less as an opportunity for achieving a stronger employee voice, sustainable organisations, equality, fairness, job security, and increased union membership. On 14 January 2016 the three main Italian confederations (CGIL, CISL and UIL) signed an inter-confederation agreement entitled *A modern system of industrial relations for an economic development based on innovation and quality of work*. On participation, the three confederations agreed to put into practice the Constitutional goal of Article 46, with three different classes of decisions:

- a) Corporate governance, with the request for a law on the dual system and workers' representation at the board level
- b) Economic and financial
- c) Organisational participation.

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rio del Lavoro.

62 Baglioni G (2011) *La lunga marcia della Cisl: 1950–2010*. Bologna: Il Mulino.

The latter is the decision that includes a focus on direct participation. It concerns in particular small and medium-sized enterprises (SMEs) by contributing to the process of production innovation and job qualification, such as collaboration on design and organisational plans that are functional to business and commercial choices; technological innovation; digitalisation; the diversification, specialisation, implementation, and dissemination of innovative skills and professional skills, especially of the new generation of workers.

From a manager's point of view, the reasons and motivations for direct participation rely on organisational perspectives, such as to improve efficiency; to gain competitive advantage; to enhance innovative capability; to become an attractive employer; to enable acceptance by employees; to enable the introduction of new technologies and ICT; and to improve industrial relations with trade unions. Their objective, in terms of results and outcomes, is efficiency; more sustainability; competitiveness; innovation; satisfied client and customers; effectiveness; profitability; and the good image in the labour market. Employers and managers seem to be favourable for direct and financial participation, but against strategic and board-level representation. In the recent *OECD Employment Outlook* (2017), a graph sets out the quality of industrial relations, as assessed by senior executives, in terms of what they consider the level of cooperation in labour-employer relations. In such a survey it is striking to see Italy placed in the last, with the lowest quality.<sup>63</sup>

## Poland

Polish trade unions are sceptical about or even opposed to direct participation, given that they do not act as intermediaries in this form of participation.<sup>64</sup>

Publications on industrial relations point to the existence of different types of correlation between the presence of trade unions and the scale of organisational participation.<sup>65</sup> Considered in this context is the degree to which, from both an employer and trade union perspective, workplace participatory projects are designed to weaken or undermine trade unions, or else to involve unions in

63 OECD Employment Outlook 2017, Paris (see – [https://www.oecd-ilibrary.org/employment/oecd-employment-outlook-2017\\_empl\\_outlook-2017-en](https://www.oecd-ilibrary.org/employment/oecd-employment-outlook-2017_empl_outlook-2017-en))

64 Rudolf S. (2001), *Partycypacja pracownicza. Echa przeszłości czy perspektywy rozwoju?* [Employee Participation. Traces of Past or Bright Future] Wydawnictwo Uniwersytetu Łódzkiego, Łódź.

65 Ackers P, Marchington M., Wilkinson A., Dundon T., 2004, *Partnership and voice, with or without trade unions* in Stuard M., Martinez Lucio M. (eds) *Partnership and Modernization in Employment Relations*, Routledge.

actions that could introduce greater accountability and encourage them into a better understanding of the complexity of a firm's operations.<sup>66</sup>

## UK

It is generally accepted that direct participation is restricted to operational not strategic issues, which is very much in line with the survey results noted above. It is generally introduced at management initiative and so is considered to be a management tool, for example, through communications, employee surveys and team briefings, rather than as a means to redistribute power and influence at the workplace. In addition, skills and resources are required to make direct participation work, so that it is not regarded merely as a form of public relations.

Trade unions generally accept direct participation as part of the management function, but seek to adapt it to their own agenda through enhanced skills for union learning representatives and learning agreements, and the unions believe that it works best alongside union forms of representation and collective bargaining. The social partners also agreed that direct participation may also be delegative, and so potentially transformative - hence 'surface' forms of direct participation co-exist alongside 'deeper' forms. These deeper forms transfer decision-making over work processes and organisation to workers, either individually or (more usually) to groups, and thereby alter workers' relationships with management from a top-down function to a genuinely participative one.

## 6. COMPARISON OF THE TRENDS OF DIRECT PARTICIPATION ACROSS THE SIX PARTICIPATING EU MEMBER STATES

### 6.1 *Direct participation by sector*

#### 6.1.1 *Sectoral dimensions – general*

In **Bulgaria**, according to the majority of employers' and trade union representatives at sectoral level, direct participation is mainly used in large companies but also in non-union companies. This, according to interviews, includes many big Bulgarian companies and subsidiaries of MNCs, in sectors such as manufacturing; transport; information technology; and finance, including banking and insurance. In some public sector organisations also,

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<sup>66</sup> Ibid, p.20.

such as health care; education; science; culture, including live performance; audio-visual arts; radio and TV, there are some specific forms of direct participation, based on the professional competences and job characteristics

In **Ireland** trends for the implementation of direct participation were found in the main employment sectors, as shown by a study by the NCPP:

*Public sector workers are much more likely to report the presence of direct participation in their workplaces (53 per cent) than are private sector workers (42 per cent), and public sector workers are also much more likely to report that they are personally involved in such participation. Workers in the manufacturing sector are most likely to report the presence of such arrangements (59 per cent) and of personal involvement (47 per cent) followed by workers in the education sector. Construction sector workers are least likely to report such participation.*<sup>67</sup>

All the main forms of direct participation were found:

- Individual consultation
  - 'Face-to-face' – discussions between individual employee and immediate manager concerning special subjects like performance review, training and development, appraisal
  - 'Arms-length' - expressing individuals' views through third-parties or similar, or through attitude survey and suggestion schemes
- Group consultations - temporary groups for specific purposes or permanent groups
  - Individual delegation
  - Group delegation.

However, in recent years a significant increase in teamworking as been observed, with employers now the key instigators, often in pursuit of organisational change. This contrasts with earlier initiatives that were worker and trade union driven and designed to improve the quality of employees' working life.

In **Italy**, an empirical survey was conducted in two sectors: the metal industry and banking. Key findings were that workers participation and involvement are

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<sup>67</sup> National Workplace Survey 2009 - The Changing Workplace: A Survey of Employees Views and Experiences P O'Connell, H Russell, D Watson and D Byrne, National Centre for Partnership and Performance (NCPP) (Dubin) 2009, page 52

often approached through a complex set of reward systems. There are also some cases, though rare, where direct and organisational involvement finds a reflection in financial participation, through various forms of employee share ownership plans.

Direct participation, through informal work teams, is now very popular. However, *Improvement Groups* do not foresee the involvement of union delegates or workers representatives.

According to a survey carried out by the largest association of metalworking employers, 61% of workers emphasised that the collaboration between workers and entrepreneurs was *appropriate, because it benefits everyone*. For 38% it should be about *talking to workers, listening to their ideas about work, putting them into practice*. For an even greater number it should be about *periodically consulting the workers in the most important choices concerning company objectives*, while a large majority of workers declared that their employer *informs workers in a transparent manner about the company choices made*.<sup>68</sup>

For the largest and most influential employers' association, Federmeccanica, the *Centrality of the Person* is a key factor in post-Fordism and for the Fourth Industrial Revolution. Based on effective participatory systems, it contributes to management innovation and is essential for the accountability and success of the enterprise.

The coverage of direct participation in **Poland**, in both public and private sectors, is similar to the average for the EU.<sup>69</sup> In industry it is implemented in 71% of companies (compared to 79% average for the EU). Also, 71% is the coverage in construction, which is higher than in the EU average for the sector (69%). In retail (85%) and commercial service (82%), the shares are almost equal to the EU average of 84% and 81% respectively. The coverage in the public service is just lower than in the EU (85% of Polish organisations, compared to 87% in the EU).<sup>70</sup>

This research from 2011 covered both managers and employees in 188 enterprises operating within Lubuskie voivodeship and employing at least nine workers. The factors selected for study by the author were:

68 Federmeccanica, 2016 (see – <https://www.federmeccanica.it/relazioni-industriali/contratto-collettivo-nazionale-di-lavoro-ccnl.html>) (Italian only)

69 Bezpośrednie formy partycypacji pracowniczej K. Skorupińska and S. Rudolf, Polska na tle starych krajów Unii Europejskiej, Wyd. Uniwersytetu Łódzkiego, (Łódź) 2012.

70 *ibid*

- Individual participation (ways of performing tasks, the scope of obligations in the post, the influence on the manager's management style, the choice of forms of remuneration and the choice of place and hours of work)
- Group participation (group organisation of work, team meetings, quality circles or autonomous groups)
- Content-related elements of the process of co-participation in decision-making (e.g. levels of participation, stages to the decision-making process in which employees are included, the degree to which participation is voluntary, and results)
- Factors conditioning interviewees' decisions to engage in participation
- The ways in which enterprises operate (structure, means of pursuing tasks).

In the Polish banking and food sectors, direct participation would seem to constitute one of the mechanisms by which the organisation of work is achieved, as well as a way in which to lay out the relationship between management and employees. It would also seem to be a factor influencing the results of company operations, their organisational cultures and so on. Qualitative research shows that a variety of ways of engaging in participation are visible in both the sectors involved here, as are factors that can potentially favour its application, such as relatively favourable economic conditions, as well as those capable of hindering it.

### 6.1.2 Main trends in particular sectors

#### **Bulgaria**

The sectors selected for the Bulgarian case studies are in food and beverages and transport. A number of partial studies were also undertaken in a range of other sectors, such as metallurgy; machine manufacturing; commerce; catering; tourism; personal services; craft manufacturing; and the recycling industry. In most of these sectors direct participation is mainly consultative with both individual and group participation.

In the brewing industry, direct participation is used in *most of the subsidiaries of MNCs and large companies*. According to the representatives of the Beer, food and beverages trade union and the branch Chamber of the brewing industry, in two-thirds of the enterprises, surveys of employees' attitudes are conducted and

proposals for the improvement of the labour process are collected. Production meetings, briefings and competitions for new ideas are also in place.

Direct participation is used in 20% of the food manufacturing companies with trade unions (except brewery and tobacco), according to the chairman of the Federation of the independent trade union organisations in the food industry, an affiliate of CITUB. The representative of the Branch employers' association for fruit- and vegetable-processing enterprises stated that direct participation is in place in 50 companies affiliated to the association that have a low trade union presence. In some of the enterprises in the food industry, mainly in MNC subsidiaries, partial autonomy of working groups and/or workplaces is used as a means of direct participation.

The employers' representative for the road transport sector indicated that direct participation is used every day to deal with work-related issues, for example in task distribution, meetings between management and employees, both with individuals and work groups, and communications.

In metallurgy and machine building, especially in new companies and MNC subsidiaries, direct participation is also used mainly as a management approach for increasing productivity and competitiveness. Indeed, it was the view of some employer representatives that direct participation requires a better level of workforce skills and competences, including soft skills.

According to a representative of the Branch chamber of the recycling sector, direct participation in its member enterprises is also mainly consultative. In particular, instructions for the application of legislative requirements are given to employees, during which they can make suggestions and recommendations, but the final decisions are taken by management.

### *6.1.3 Subject area of direct participation: main issues*

The main issues discussed with the workers through direct participation structures are related to the production process, such as technology; quality; productivity; working time; health and safety at work; and environmental policy. In some cases social issues and issues related to work-life balance are also discussed.

In the brewing industry, the focus of discussions through direct participation are mainly on productivity; improvement of the work process; optimising and

facilitating the implementation of work tasks; organisation of work; innovative technological changes; changes in the working environment; control over health and safety at work; raising employees' qualifications and skills; and in some cases pay and work-life balance.

In the recycling sector, direct participation is mainly used to improve the quality of work and is seen as a managerial approach to staff management. It includes continuous improvement of the work process, the organisation of work and labour efficiency.

In the retail, tourism and services sectors the main issues of direct participation are work organisation; working time; health and safety at work and work-life balance.

## **Ireland**

In recent years there has been a significant increase in team working in Ireland (with employers now the key instigators), often in pursuit of organisational change. This contrasts with earlier initiatives that was worker/trade union driven and were designed to improve the quality of employees' working life.

The experience with direct participation is varied and the emphasis may be different, depending on the sector, company size and enterprise culture. It may be used to encourage team working or to focus on specific important issues such as workplace health and safety. There appears to be universal agreement that most workers are involved in some form of direct participation.

A wide range of issues appears to be covered by the different forms of direct participation, but mainly the common demoninator in its use by management is to get employee involvement to resolve production difficulties and improve processes. Monitoring safety performance and discussing operational issues would appear to be the most common application. While the attitudes of employees are mostly positive, there is still an element of suspicion about management's motives, indicating low levels of trust as barriers to progress that exist in many organisations.

## **Italy**

### **DP in the metalworking sector**

In the metal industry there are some of the most meaningful experiences of innovative work organisation and employee involvement. Direct participation through individual and collective audits, team work and suggestion boxes are

some of the pillars of the new organisational paradigms. As already indicated, there are examples of good practices from some highly innovative companies in the automotive, bio-mechanical, robotic and packaging sectors.

The theme of workers' participation and involvement is often approached through a complex set of rewarding systems. There are also some cases, though rare, where direct and organisational involvement is reflected in financial participation through forms of employee share-ownership schemes.

Direct participation, through informal work teams, is now very popular. However, *Groups of Improvement* do not foresee the involvement of trade unions or worker representatives.

### *DP in the banking sector*

Various forms of direct participation are practised as part of HRM policies, complementing the traditional forms of representation and social dialogue, which in the banking sector remain by far the most significant pillars of the employment relationship. One of the most common and widespread examples here is the *climate surveys* or focus groups with staff on specific topics.

The most recent national sectoral agreement focused on *well-being in the workplace*. The social partners aim to foster *a collaborative and constructive atmosphere in the workplace* and indicated that the parties will conduct, with criteria and modalities to be agreed,

*... a sectoral climate survey through third parties with proven experience and qualifications, whose results will be analysed by the Committee itself. The parties will examine in a specific working group any phenomena that may be relevant in connection with the issue of well-being in the workplace.*

Also, the preparation of ethical codes or integrity cards has been achieved through widespread participation of workers.

Another form of direct participation is related to the issue of work-life balance, pursued through direct agreement between employees and banking executives. So-called *smart, agile* or *flexible* work is the most common way through which the banks and their employees on a voluntary basis set out an individual agreement concerning working time flexibility and work organisation. In Italy, the financial sector is a sector where smart working is gaining in importance in changing work organisation. Individual agreements are framed within the rules and guidelines established by collective agreements, aiming at preventing any

possible discretionary use by the companies.

For example, companies must inform the worker of the specific working procedures related to this new form of working. Opting for working from remote or with a non-standard working time arrangement may not be detrimental to the employee in terms of the opportunities offered for professional development or any other effect of the employment relationship. Their use must be in full compliance with certain guarantees. The teleworker has the right to change a working time agreement to the contractual pay corresponding to that of other employees with the same classification who undertake their duties by traditional methods.

## Poland

### *Direct participation in banking*

During the course of the case study, one interviewee stated that 'direct participation' was *an important and resonant term currently in the context of management goals and long-term efforts to ensure business development*. Equally, a trade union interviewee was of the view that the idea is not well-understood.

An opposite approach to any form of employee participation was seen as the norm by those who adopted a directive style of management, which included the issuing of orders, hierarchical structures, titles, posts and positions defined formally and a culture of *the shareowner being superior to the employee*.

In the Polish banking sector, direct participation is perceived as something specific to the way management engages with issues and a system by which delegation is achieved, especially when it comes to setting up a new project team. It is a system that assumes freedom of action, albeit in the face of a principle that planned outcomes are to be achieved. Managers also point to the concept of the organisation based around participation, of which a specific feature is support for an exchange of opinions with respect to how tasks may be implemented and information conveyed, including in crisis situations.

One manager working in such a role for 10 to 15 years noted that few people make daily use of the concept of participation even though in theory it is appreciated and understood as a form of empowerment, or a way in which an individual feels s/he has some influence over solutions adopted by a firm. It is seen as a way of shaping the workplace and achieving employees' engagement, commitment,

identification with the workplace and building a positive experience for staff.

There was however an emphasis on the security of banking operations in connection with the way banks have responsibility for a great deal of money - *there is no participation where people are held personally accountable.*

People simply became used to a hierarchy, to management structures in which the power of superiors over subordinates is of key importance. Consequently, employees are left with limited room for manoeuvre for independent activity.

There was a widespread feeling that bank authorities and most managers encourage participation, joint decision-making, inclusion and power-sharing on an *official* level, but, in reality, practice departs greatly from all the fine words and slogans. A head of a HR department in one bank pointed to pressure on managerial staff to show awareness of the importance of participation, even though there was not a great deal of success with actually putting conditions for employee participation in place. However, it was the view of staff interviewees that younger managers are more inclined to work to practise more employee participation and are also more responsive to these kinds of ideas.

A modern approach to banking has become ever-more widespread in the sector: *A convergence of branches is taking place, with banking in this situation in competition with many other sectors and making the necessary adjustments.*

#### *Participation and sector-specific challenges: food industry*

According to our respondents, the nature of the food industry does not necessitate the development of any particular new forms of participation – nor does it set up any significant barriers to participation. Nevertheless, some of our interviewees indicated that production is highly automated and the work involves is mostly routine. This leaves very little room for ongoing interaction between staff and management. It is noted that there is the tendency to determine, more or less precisely, the method by which work is to be done. In one of the companies, an employee interviewee complained not so much about a lack of cooperative decision-making with respect to the organisation of work, but about a lack of cooperation in social matters, or ways to motivate workers to innovate.

The most tangible lack of participation can be seen in the production process. Job descriptions are written by managers who, according to one of the workers, show limited awareness of the specific responsibilities of the role: *Here the art of matching the worker to one of several production lines comes into play.* He sees the need for participation in the organisation of work and how this could save

money for the company.

One manager interviewee highlighted the way that participation is not widespread in Poland. This is the result of a strong *feudal* tradition, relating to a specific method of labour organisation which was the common practice over several centuries on agricultural estates belonging to the gentry. Feudalism was specific to a time when serfs were deprived of civil and economic rights. They were tied to the land and made to labour on plots which they did not own. Now this feudal tradition is referenced in cases where a great social chasm exists between managers and workers, accompanied by a lack of communication, a confrontational relationship and even an inclination to engage in conflict.

So-called, project teams are frequently formed for the purpose of group consultations. These seek opinions on new products, the use of new technologies or new methods of production-line organisation. While groups meet regularly, one interviewee said that participation in these group meetings is broadly speaking compulsory which cannot, by definition, be considered classical participation. Nonetheless, as our interviewee emphasises: *people do not have to be persuaded to join – they are eager to do so independently*. At the same time, it is the management that decides on the employees' work tasks. Managers also decide on the extent to which solutions suggested by each group are implemented. The group leader is usually a member of the management team.

Feedback and consultation usually occurs through trade union channels rather than directly. Monthly meetings are held with the directors during which matters relating to wage increases, the management of the company Social Fund and employee training are raised (in the latter case representatives of the groups organising training are also present, since in many cases such workshops are set up to explain the use of particular types of machinery). A current 'hot topic' is Sunday working.

#### 6.1.4. Social partners' views

##### **Bulgaria**

In general, most of the trade union and employer representatives accepted the definition of direct participation as presented in the project research programme.

Most of the employer representatives recognise the importance of direct participation for workplace motivation, increasing productivity and improvement

of the company results. According to employers, in micro-companies and SMEs, direct participation is the most natural workplace environment, as the contact between management and employees is always direct!

Some trade union leaders at sectoral level indicated that direct participation has on occasion been discussed between the social partners, including during bipartite consultations, as well as within the context of collective bargaining at both sectoral and company levels. As a result, in a few collective agreements at sectoral and company levels there are provisions for direct participation arrangements.

## Italy

During interviews for this study, on the trade unions side, Gianni Alioti, a National Official of the FIM-CISL, said that:

*Labour and capital must have equal dignity and industrial relations must be based on a principle of reciprocity, in search of shared and sustainable solutions. In this perspective, direct participation is a fundamental added value for the present and future challenges. As a union, we have to encourage and expand direct participation, alongside indirect (representative) forms of participation and, above all, economic participation (profit-sharing systems) at company level, through collective bargaining which allocates to workers a share of productivity gains and efficiency in the use of resources (from energy to materials) and product quality. Furthermore, job rotation, team work, participation in continuous improvement groups and so on must find a fair professional recognition of the workers' skills, with a new to updated classification system.*

In such an approach:

*... the different forms of participation are not in conflict with each other, but complementary. Indirect participation, consisting in joint committees to oversee some contractual issues, must be integrated with direct participation for improving certain working conditions, development of skills and variable wages.*

According to another interviewee, Valentina Orazzini, the responsible international official for FIOM-CGIL:

*Direct participation represents an attempt to establish a cultural hegemony on the side of the management. In the absence of strong forms of workers' participation, what remains are only the suggestion boxes, newsletters and other forms of*

*direct involvement which are, in fact, the most widespread realities in Italian metalworking companies.*

According to Massimo Brancato, another national FIOM official:

*Good direct participation is one framed through collective bargaining. The role of joint committees should be enhanced, preventing companies from using them as an alternative to works councils. In companies, we already have positive experiences, where changes and organisational innovation are not the unilateral result of management strategies but are the object of a real confrontation with worker representatives.*

Agostino Megale (General Secretary of FISAC-CGIL) thinks that:

*Industrial relations inspired by a participatory approach, the continuous training of employees and the search for innovative forms of work organisation are the channels through which the sector can positively pass through the crisis that affects it. In an extraordinarily unionised sector, with very intense levels of negotiation and collective consultation, the search for direct participation - without the participation of union representatives - is sporadic.*

However, another national official of FISAC-CGIL said that:

*... direct participation has always bothered me because I consider it conceived by the company as a way to evade or remove the role of the union. Even among workers, those who accept this plan are viewed with mistrust by colleagues who consider it as an attack on solidarity, in an attempt at co-option by management.*

According to the head of industrial relations of the *Italian Banking Association (ABI)*, Giancarlo Durante:

*Technological innovation is the pivot on which the future relationships within banks revolves. The reorganisation of the (banking) sector requires more and more flexibility of work, aimed also at satisfying the growing and changing needs of customers.*

## **Poland**

Some interviewees lacked a crystallised opinion on the influence of unions on participation. One interviewee noted that unions have forced participation, albeit in a fragmented way, on issues of concern to unions. The impact, however, did not take into account all the complex activities of banks, or all spheres of

their operations. Another interviewee claimed that trade union activities were confined to negotiating motivation systems and bonuses.

It was noted by another interviewee that unions do not represent the whole workforce and were not in a position to encourage an atmosphere of participation: *I saw that there were unions, but their membership was usually just a trace. Unions came into being more to protect groups of workers threatened with layoffs, or even individual workers. They become active in times of threat.*

However, a union representative pointed to efforts to organise so that employees could have as much influence as possible on the processes underpinning their work, and as much autonomy as possible when it came to the performance of that work. A union activist working in the food and drink sector noted that: *... unions in my firm often play the role of go-between, that is, between the employer and employees, when it comes to task delegation. They encourage workers to get involved in projects linked to the development of the firm, as well as involvement in the community.*

Another union activist working in the same sector claimed that the unions were very much for the widest possible employee participation: *It's not just higher wages that we want. We meet representatives from HRM and those in charge of output and we present our ideas on how participation can be strengthened.*

Nevertheless, a question of key theoretical relevance revolves around the attitude of trade unions to participation, given a reasonable assumption that their involvement in direct participation is actually limited. On the one hand it may be that unions are too weak to extend much support to participation, while on the other hand they may be too adversarial in their attitudes towards owners and management to allow for any partnership in resolving issues linked to the organisation of work.

## 6.2 Case-studies:

### **Bulgaria**

Three main companies were selected for the project case studies - two from manufacturing (food processing: brewery and beverages) and one from the service sector (air transport). The manufacturing companies are privately owned subsidiaries of MNCs, while the transport company is a publicly, State-owned enterprise.

**1. Carlsberg Bulgaria** is a subsidiary of the Danish company which brews beer and other low alcohol drinks. The total number of employees is 509 working in a lean production environment. Trade unions are present in the two production sites and in one of the storehouses in Bulgaria, involving around 60% of the workforce. The sectoral collective agreement for brewery in Bulgaria has been implemented in the two sites and there are also collective agreements at enterprise level in both production units. Information and consultation arrangements are implemented, but mainly through trade union channels or through representatives appointed by the trade unions and through annual meetings of the Assembly of Proxies. Since 2014 there has been a Bulgarian representative on the Carlsberg European Works Council (EWC).

There is a system of direct participation in the Carlsberg subsidiary, which takes various forms, mostly consultative, but also some delegation of functions and both individual and group participation. The main direct participation forms in use are ordinary meetings with supervisors; meetings to report implementation of work tasks; individual consultations to study the views of workers, a process called *Your Views* and also worker suggestions schemes.

The focus of individual direct participation is as follows:

- Efficiency of the production process
- Quality of products
- Health and safety at work
- Vocational training.

Consultation and delegation are also used in work groups, with the main issues including:

- Distribution of work tasks
- Allocation of time and work schedules
- Implementation of new technologies (mainly via consultation)
- Health and safety at work
- Improvement productivity.

According to the interviewees, trade unions are informed and consulted about

the implementation of the various forms of direct participation. They also participate in some negotiation on mainly work organisation, group work and individual communications.

Managers/supervisors have important roles in the process of participation. At the same time, bearing in mind the level of trade union density and the quality of industrial relations in the company, there are opportunities for better integration of the forms of direct participation and worker representation. There are also some positive results from the direct participation process, especially regarding:

- Workforce development
- Increasing of productivity and quality
- Increasing wage levels.

This means that direct participation has become more useful both for the workforce and management.

**2. CocaCola Hellenic Bottling Company (CC-HBC)** *is a subsidiary of a major US MNC, mainly registered in Greece. The company has the largest share of production of non-alcoholic drinks in Bulgaria. The total number of employees is 1,300. The subsidiary implemented some elements of quality management, environmental protection and the management of safety of foods, based on the ISO 9001; OHSAS 18001; ISO 22000.*

There is a transnational company agreement in place, signed by CC-HBC central management and the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) in 2005, which covers the rights for organising in trade unions, collective bargaining and the prevention of discrimination.

Trade unions are present within the group of undertakings, but density is low (less than 15% of the workforce). There has been a collective agreement in the company since 2016. There are also elected information and consultation representatives and the *Assembly of Proxies* is also present. The Bulgarian workers have representatives on the CC-HBC EWC

Direct participation in CC-HBC is mainly consultative, taking several forms such as meetings with supervisors; meetings with general management; individual worker/manager meetings; and surveys of workers' views.

The main subject of individual consultation includes:

- Quality of products and services
- Relations with clients
- Health and safety at work
- Training and development of skills.

Consultative forms also include team work and group consultations. These cover the same topics as above for individual consultations, but also include technical and technological improvements. According to the HR manager, both the trade unions and employee representatives, who are involved in the information and consultation process, are informed and consulted about the practice of direct participation.

Although there is large number of issues discussed in the process of individual and group consultations, there is no information on the possible impact of direct participation, either on production efficiency, quality or on the improvement of work and wages.

Trade union influence, although still weak, shows some improvement. It seems that there are conditions for better integration of direct participation and other forms of worker representation and for improved results for the company and for workers. However, this depends on the will and efforts of the management team and, to some extent, on the trade unions.

### **3. The Airport of Sofia.**

*The airport is a State-owned company, although some steps have been taken in 2017-2018 for concession procedures. Sofia Airport EAD holds all necessary licences, technical equipment, trained and certified personnel. As a leading provider of ground-handling services in Bulgaria, the company serves about 10,000 aircrafts annually, which represents 44% of the market share.*

The airport has 2,100 employees and 55% are members of trade unions. The company has a collective labour agreement and there are also sectoral collective agreements. The company has an information and consultation system that is implemented through the trade unions. *Big Hall* meetings are held with managers including with the Chief Executive.

The company uses various forms of direct participation, mainly consultative, but also a delegation of functions both to individual employees and to the work group. Individual consultation is conducted through regular meetings between workers and their line managers; training sessions; meetings reporting on progress; and on the performance of tasks. These forms are directly related to and are an indispensable part of the work process. An additional form of consultation is the use of surveys to sound workers' opinions. According to the HR manager, the main topics that are discussed through the individual consultation process have a broad scope:

- Organisation of work
- Working time
- Health and safety at work
- Training and staff development
- Quality of the services provided
- Relations with customers
- Introduction of new technologies, etc.

Managers also delegate responsibilities to the individual employee relating to:

- The preparation of the schedule for work tasks
- The quality of the services
- Elaboration of the work process
- Working conditions; task schedules
- Deadlines, etc.

In team work there are group consultations which cover most of issues above but also the implementation of new technologies. The delegation of responsibility to the groups is narrower in scope and mainly covers the distribution of tasks, preparation of work schedules and the quality of work.

Both the HR manager and trade union representative confirmed that trade unions are informed and consulted about the practices of direct participation and even in some cases participate in the discussion on work organisation and

group work.

There have been a number of positive results from direct participation such as the improvement of the recognition of skills; improvement in policies related to employee development; the implementation of bonus payment systems; and preparation of a plan for financial participation.

The company applies a system of direct employee involvement (mainly consultative, but also partly delegated). Developing and improving this process in the future could also lead to better employee results. The model is negotiated with trade unions which monitor it on a regular basis and investigate independently the views of the members on the process of direct participation and its impact on different aspects of their work.

*Summary, comparison and conclusions:*

- In all the case studies the forms of individual participation, team work and group participation are used
- In all three companies there are regular working groups as well as specialised groups, such as quality circles or project teams. The power distribution regulating the composition of the work team and selected issues for discussion is either shared between the workers and supervisors or in some cases fully dependent on the workers
- The focus of direct participation in all three case studies is on production and service logistic issues, for example, work schedules, the distribution of work tasks and for group working, improvements in the production and work process; quality of products and services; relations with clients; the implementation of technologies and so on. Some labour issues, which are closely related to production and logistics, are also often discussed, such as work organisation, health and safety at work, training and development of the workforce.
- There is a visible impact on management and organisation, in particular on the recognition and improvement of qualification levels and wage formation in Carlsberg units in Bulgaria and in the Airport of Sofia.
- In all three case studies trade unions and other worker representatives are informed and, in some cases, consulted about the forms of direct participation. In Carlsberg and in the Airport of Sofia trade unions also participate in negotiating the practices and forms of direct participation. There are some

differences between the views of trade union representatives and managers on the particular implementation of work group practices and also on the impact of direct participation on production efficiency. This means that either trade unions do not have the whole information, or that there are various practices in the different work groups. With regard to the evaluation of the impact of direct participation, it is clear that the managers value the results more highly than the trade union representatives.

### ***Cyprus***

There are two case studies: a company in food manufacturing and one from the telecommunications sector.

**1. Charalambides-Christis Dairies Ltd** This is an enterprise in the food industry that manufactures milk products but also distributes products. Its workforce is about 550 employees and 85% are members of trade unions. The terms of employment are covered by collective agreements at the enterprise level.

With regards to forms of direct participation, management communicates and consults with individual employees in different ways, through:

- Regular meetings with line management
- Training and development review meetings, in order to decide in which areas staff needs to develop in order to be more efficient
- Regular performance meetings
- Attitude surveys - these surveys take place from time to time and what they aim to discover is the opinion of middle management and first line employees on specific issues affecting different sectors of the organisation
- Suggestion schemes.

The views that the company seeks from employees on an individual basis on a monthly basis are the following:

- Health and safety issues
- Training and development
- Quality of product or service
- Customer relations.

The company seeks the views of employees in groups on issues such as:

- The organisation of work
- Training and development
- Product and service quality
- Customer relations.

The work groups are mainly consulted on a needs basis, depending on the issues that have to be discussed and dealt with, but groups with a specific role, for example the sales department or the production department, have monthly meetings. Group consultation is compulsory for the groups set up by management, but is voluntary when the company asks the employees to create a group to deal with a certain task or to come up with a certain idea.

Consultation and delegative arrangements on important organisational and other changes are discussed with the trade unions. For example, representatives are informed over changes to the work process, but consulted over issues concerning management systems that might affect employees. Management gives space to the work group on decision-making and how to undertake their tasks without reference back to the line management-level on issues and matters such as time keeping or attendance and absence control.

The company's view is that the introduction and the devolution of decision-making (both individual and to work groups) has not resulted in any changes to the remuneration system.

**2. CYTA (Cyprus Telecommunications Authority)** *CYTA is a semi-governmental organisation that competes with private companies operating in the telecommunications and electronic communications sector. The workforce is about 2,500 employees. Trade unions have a strong representation in the enterprise, as 90% of the workforce are unionised and the terms of their employment are covered by a collective agreement.*

CYTA's management seek to consult with individual employees in two ways, first, through regular performance meetings in order to find out where employees need to improve their skills to be able to plan the relevant training and development seminars. Second, management undertakes attitude surveys from time to time, to identify the opinions of middle management and first line employees on specific issues in the organisation. On the other hand, the issues that are raised by employees on an individual basis are the following:

- The organisation of work
- Health and safety issues (CYTA has set, as one of its priorities, to keep a safe and healthy environment, not only for its employees but also for its customers)
- Training and development
- Product and service quality
- Customer relations
- The introduction of new technologies.

Management usually seeks to consult employees on a work group basis through regular meetings, targeting groups with specific tasks on an ongoing basis, such as quality circles in different sectors of the organisation, and on a temporary basis with groups that are dealing with specific tasks, such as project groups to work on the introduction of new products and new technologies.

In such work groups the views of employees are sought on:

- The organisation of work. Management believes that workers can offer a great deal in this process
- Training and development - employees are one of the most valuable assets in the organisation and must be well educated in order to have an advantage over the competitors
- Product and service quality
- Customer relations, a major issue for the organisation due to the fact that satisfied customers play a key role in the company's marketing. The link between the organisation and customers is the front-line employee
- The introduction of new technologies according to the needs of customers and the market in general
- The introduction of new management systems that promote equality and give initiatives to the employees
- Management gives space to the work group on decision-making and how to undertake their tasks without reference back to the immediate line manager on issues and matters such as:
  - the allocation and scheduling of work within project teams

- time keeping.

The company believes that the introduction and the devolution of decision-making (both individual and work group) has resulted in changes to the remuneration system in the workplace, especially in the performance related bonus for hourly paid employees. Therefore, since direct participation has led to changes in the remuneration system, further changes have also been required in formal skill qualifications – hence the organisation gives additional increments that are paid for pre-specified formal qualifications; bonus payments based on individual attitudes or individual or team performance; and quality.

### ***Ireland***

The survey undertaken by the project team provided an opportunity to test the reality of direct participation in two Irish companies, namely Fleetwood Paints and Bord na Móna:

***1. Fleetwood Paints is a small family owned paint manufacturer. There are 115 currently employed by the company. In 2012 a major re-structuring took place with resulting job losses. This difficult process was not managed well and it resulted in a low trust environment. However, a new progressive management team was appointed and they were prepared to explore new methods of working and to start rebuilding trust.***

In 2016, with the assistance of IDEAS, team implementation of workplace innovation was started. All factory staff completed a two-day *Introduction to Teamwork* course and, at present (in 2018), three further teams, made up of 33 employees, are attending formally accredited FETAC/QQI/EQF Level 5 teamwork training (see: <https://www.qqi.ie>).

The current company situation ('warts and all') is understood and agreed:

- A vision for the future of the plant that seeks, through investment and meaningful employee involvement (i.e direct participation), to improve overall performance, increase productivity and so remain competitive in a very difficult market
- To encourage the entire workforce to engage in the process
- A comprehensive functional joint union/management steering team (JUMST) with a clear and agreed purpose, aims and objectives.

This company has come through a difficult period, but with strong management and trade union leadership, and a clear joint vision for the future, they have

embarked on a continuous improvement journey that will lead to improved competitiveness and subsequent increased business. This is a real example of direct participation in action.

**2. Bord na Móna (BnM)** *is a State-owned commercial company founded in 1946 to develop the peatland in the midlands of Ireland. This involved the mechanisation of the harvesting of peat for use as a solid fuel for domestic use and electricity generation purposes.*

BnM has over 2,000 employees spread over many locations in Ireland, UK and USA. The workforce is strongly unionised with a very traditional adversarial culture. While the company was originally set up to provide a local cheap source of native fuel and to provide badly needed jobs in the midland areas, it has now become a diversified, multi-national commercially aware enterprise. This was not an easy transformation to make.

The company has a long tradition of direct participation. It has

- Four board-level employee representatives (work directors)
- Strong inter-union co-operation through a *Group of Unions* forum
- Annual employee engagement surveys
- Regular meetings between management, groups and individuals
- Local teams established with a Performance Related Payment (PRP) schemes

However, there is a very hierarchical decision-making structure in place that continually frustrates local teams and team leaders as they strive to be innovative. Some quotes from a recent training session serves to highlight this important issue:

*I hope decisions can now be made at a local level*

*... now management and shop stewards can see the positive side of trying to solve problems locally.*

BnM realise the true potential of direct participation, but appear to struggle with the mechanics of its day-to-day implementation.

*Summary and comparison of the two case studies*

Both organisations, in different ways, are fully aware of the real benefits of direct participation.

Fleetwood, with a small 'hands-on' management team prepared to encourage direct participation with a workforce, is now willing to engage. The company has already begun making the large *intangible investments* required to change its working culture. This is a work-in-progress, but, to date, the results have

been positive.

BnM is a large geographically scattered organisation with a rigid hierarchical structure that nominally promotes direct participation, but in reality appears to lack the skills, leadership, energy and commitment to deliver locally. Since the IDEAS project began, the company announced the closure of a factory and a depot with the total loss of 172 jobs, resulting in a really difficult climate in which to promote and introduce direct participation.

## **Italy**

As part of the Italian phase of the study, two case studies were undertaken in the metalworking and banking sectors.

**1. FCA (Fiat Chrysler Automobiles)** is the result of a global strategic alliance in mid-2009 between two historic vehicle manufacturers, the Italian Fiat Group and the American Chrysler Group. In 2017 FCA had a turnover of €111,018 billion and a net profit of €1,814 billion. FCA operates in 140 countries, with 159 manufacturing facilities and 236,000 workers. In Italy, the group has 54 manufacturing plants, the largest of which are Melfi (7,468 employees), Mirafiori (5,815), Pomigliano (4,750) and Cassino (3,860). The company is unionised and collective agreements are in place, with some controversial company-level agreements signed between 2009 and 2011 by two of the three main trade unions (FIM-CISL and UILM-UIL, while FIOM-CGIL did not participate) which brought about significant innovations. Among these innovations one was the adoption of and extension of World Class Manufacturing (WCM) to all the factories, a new metric and ergonomics system, an industrial relations system through which only the trade union signatories of group agreements are entitled to have their own representatives in the workplace.<sup>71</sup>

WCM is the standard for the FCA production process. It is considered as a rigorous and integrated manufacturing system that leverages the involvement and development of the employees. As the official webpage says: *It is the foundation not only of our production processes, but first and foremost of the*

<sup>71</sup> The company left the national employers' association and its stratified system of agreements, to sign a new, unprecedented first-level agreement, valid for all the Group, and not linked to the metalworking industry-wide agreement. The new system recognises a workplace representation to the signatory organisations only (no matter how many members they have or votes they received).

*Group's industrial culture.*<sup>72</sup> Direct participation is a pillar of the new system and is implemented through workers' suggestions for continuous improvement and an expanding use of the team working.

Suggestion boxes have been a common practice since 2008. Over 800 projects were implemented to improve logistics, quality, safety and the environment as a result of worker suggestions. At the Pomigliano plant, for example, workers have made over six thousand suggestions, more than 30 per year per worker, with a reduction of industrial costs estimated around 4% to 5% per annum. All this requires individual workers to have a greater mental (not only manual) engagement in the management and control of both the production process and the quality of the product. At the Pomigliano and Melfi plants, on the new assembly line, each worker and each work station have their own fixed iPad connected to the central system. Employees' work becomes increasingly autonomous, intelligent and creative. Of course, there are still some *dirty jobs*, such as cleaning, but even in these cases there are examples of automation and new technologies.

In addition to the suggestion boxes, the true backbone of the WCM is **team working**. Its achievement so far is uneven, as not all the plants have implemented it to the same degree. Pomigliano is one of those supposed to be at the vanguard. The team working structure is set out on the Group's official webpage: *Staff at the assembly line is organized into small teams of six workers, with a team leader.*

While there is one team leader for every six workers, there is one shop steward for every ten teams. The consequences of this different ratio could not be more corrosive for trade unions. Consequently, team leaders know the workers' situation much better, thanks to a daily face-to-face professional and personal relationship. In this way, the company builds its consensus system, creating the groundwork in the medium term to marginalise the role of the trade unions.<sup>73</sup>

Workers have declared their satisfaction for what concerns them - improving the working environment; the intellectual content of the work; information and training systems; participation in continuous improvement; and job rotation. The survey also revealed a number of areas of criticism, such as low-skilled worker teams; little time for discussion in the team (35%); little feedback for workers' suggestions; and poor satisfaction with bonuses (only 23% positive).

<sup>72</sup> See - [www.fcagroup.com](http://www.fcagroup.com)

<sup>73</sup> Interview with Massimo Brancato, FIOM-CGIL

Worker/ management power relations are not balanced.

According to FIOM-CGIL, work intensity has now been greatly increased and only partially compensated for by some ergonomic improvements. Through the systematic removal of all the *non-added value activities*, managers' control over workers' performances, although more indirect and comfortable, has never been so pervasive. Besides working conditions, the other crucial and open issue remains democracy at work and the opportunity to give workers a voice to elect freely their representatives, either in the works council or work teams, in the same way that they vote on the drafts of collective agreements.

In order to achieve its new participatory system, FCA did not hesitate to dismantle the traditional industrial relations order and, in the process, undermine representative organisations, such as FIOM. This was demonstrated in the recent elections for employees' safety and health delegates.<sup>74</sup> The model pursued by FCA, for FIOM, is *participation without democracy*.<sup>75</sup>

**2. Intesa Sanpaolo Bank (ISP)** *is an Italian banking group resulting from the merger in 2007 between Banca Intesa and Sanpaolo IMI. ISP is among the top banking groups in the Eurozone, with a market capitalization of €52.2 billion, 1,100 branches and 90,807 employees worldwide in 2016. It is now the largest banking group in Italy, with approximately 4,700 branches, 65,000 employees and 12.3 million customers. The Group is around 85% unionised and collective bargaining is firmly established across the whole range of employment relationship issues. Industrial relations are inspired by principles of fairness and respect for roles, compliance with the rules, and the aim of constantly achieving convergence in growth, competitiveness and sustainable employment. Information, consultation and negotiation are conducted through a National Joint Committee on Welfare, Safety and Sustainable Development comprising 70 members.*

In 2014, ISP signed some innovative agreements with the trade unions, aimed at recognising a greater organisational and production commitment. The agreements awarded the free allocation of Intesa Sanpaolo shares to individual employees, a co-investment scheme that gives the opportunity to access an investment plan (the Leveraged Employee Co-Investment Plan,

<sup>74</sup> Unlike the works council, ruled by collective agreements (and excluding FIOM), the election of the safety and health delegates is set out in legislation and cannot preclude all unions bypassing certain eligibility criteria.

<sup>75</sup> La FIOM mette FCA sotto inchiesta M. de Palma, (Nat. Resp. Automotive, FIOM-CGIL), "Inchiesta", n.195/2017; p.73

LECOIP) that allows employees to participate in the expected growth in value of the company through the implementation of the Business Plan. Overall, 79% of the employees have participated in this employee share ownership plan.

### *The experience of flexible work*

Discussions also opened in 2014 about a project for smart working, as requested by the trade union, which aimed to convince management on the usefulness and advantages for the company of new work solutions. The company agreed to the request and on December 2014 an agreement was signed for the start of the experiment (*Flexible Work*) in locations different from the usual assigned workplaces, for example, from home, a hub or a customer location. The key element of the project lies in the flexibility of the place where the work is performed, while all other working conditions remain unchanged - working time, worker's rights and duties and the power of the employer.

The model adopted in ISP envisages that managers indicate structures that are compatible with the performance of flexible work. At that point, all workers can benefit from the flexible work schemes as long as their own role is compatible with the new location outside the office, whereupon the company will provide a portable PC. Access is strictly voluntary and can be revoked by both the worker and his/her manager at ten days' notice.

Flexible work must be programmed and can be used for a maximum of eight days per month if carried out from home, while no limit is foreseen if working in a hub or a customer location. It does not alter working time, the individual's flexibility, lunch breaks (there is no control and no clocking-in from home), or the rights and duties of workers. Neither does it alter the managerial and disciplinary power of the employer - the worker must be contactable (through in-company media, such as Skype).

After a first phase of experimentation, the system was established with a new agreement signed in 2015, which confirmed *Flexible Work* as a way of working that brings together the needs of the company with those of the employees and their families. For workers employed in locations where it is not yet possible to carry out *Flexible Work*, a Protocol for the Group's Sustainable Development signed in 2017 allows for the development of *Flexible Work* on an individual basis, to assist family members with serious illnesses and for those over 60 with serious personal or health needs.

From the start of the experimentation communication was considered very important, with the creation of a dedicated section in the company's Intranet unit and some video clips launching the new opportunities and a classroom course for managers and staff managers with online training for the participants. Furthermore, the online procedure was set up to forward the application for individual requests and booking of workstations in the work hubs.

Involvement of the leaders and the 'learning effects' from one office to another have allowed a progressive and continuous enlargement of the scheme and consequently of the number of employees who have been able to access *Flexible Work*, allowing the initiative to succeed.

Now, almost four years after its first experimentation, the results include: participation by some 8,000 employees (54% men and 46% women); 91% working from home; a 28.4% decrease in the incident of absenteeism; and a 24.6% drop in one-day sick leave. Participants work under *Flexible Work* in more than 500 offices and 59 corporate hubs. The objective is to have up to 24,000 involved in the next three years.

The advantages for workers are clear and workers appreciate this new opportunity. A survey carried out after the first phase of experimentation, highlighted a strongly positive assessment. The most appreciated benefits were:

1. the reduction of travel time between home and work, with the saving of transport costs and a better work-life balance; and
2. greater peace of mind in the performance of work tasks.

For management, the decision to introduce *Flexible Work* has reduced the number of staff attending the office and has hence led to a reduction in costs.

For the unions, flexible working gives a chance to meet workers' needs, by widening the scope and items for collective bargaining. In their view,

*... the greatest impact is on management. In fact, for managers and team leaders, it requires a change in mentality and behaviour by giving employees responsibility and trust in the organisation of work (planning, autonomy, flexibility) and in leadership styles (team inclusion and management). In the next few years, managers will be more and more required to organise virtual teams, which is different from the traditional management of the physical team, and this will*

*be a big challenge for the employment relationships at company level, either individually and collectively.*<sup>76</sup>

## **Poland**

Two case studies were also undertaken by the project's Polish partners, in the banking and food industry/hospitality sectors

**1. BZ WBK (Bank)** *Material relating to participation is included in the HR strategy of the bank, which speaks of striving to match given indicators on a high level of employee engagement, the target of becoming the best employer in the banking sector and working conditions in the bank conducive to a positive working experience. However, there is no mention of processes specific to direct participation, delegation or consultation.*

Moreover, the bank has adopted a concept of development that references an *agile* organisation of work. This presupposes a flexible and interactive model, which is more people-oriented than process-driven, more focused on the context in which work is undertaken than the engineering of action plans. It aims to achieve the goal of a workplace highly adaptable to changing conditions. In this context, a practice of ongoing interaction and communication is encouraged over the rigid adherence to established procedures for relaying information. The importance of concentrating on effectiveness in problem-solving (rather than precisely documented problem-solving methods) is also heavily emphasised.

The bank has put in place a network of inter-disciplinary teams to develop ideas to help achieve its goals in business and other fields. At least a part of these tasks are delegated to employees to complete autonomously.

A manager interviewee admits that certain employees at managerial level have an authoritarian management style, which some of them have, at least, attempted to ameliorate by making use of the available workshops –

*Sometimes things go off the rails at work as people think actual bullying has taken place, which leads to a high turnover of staff and results different from those that were planned.*

### *Participation and banking career paths*

Our interviewees assert that the practice of participation and its forms are very much dependent on which banking career path is taken. Advisors to wealthy

<sup>76</sup> Fumagalli, shop steward, ISP

clients typically have a high degree of autonomy, assuming they comply with certain results-based parameters.

The situation of front-desk employees is different and this work has been described as 'McDonaldisation'. Other employees have access to a range of different banking products, which they can sell to interested parties. In this area, the degree of participation depends on how the employees are managed. The most problematic feature of this area is that work is often reduced to numerical targets (numbers of products sold, clients won and so on).

In this regard, EBA guidelines<sup>77</sup> based on EU Directive 2013/36/EU are beginning to play an increasingly important role, relating as they do to the shaping of a system of remuneration for employees of banks offering financial products. Such remuneration should depend not only on the volume of sales but also on their quality (adaptation of the product to the needs and expectations of the client).

### *Participation and trade unions*

Our interviewees find it hard to determine the impact of trade unions on the depth and range of the practice of participation. A union representative indicated the success of his organisation's attempts to lobby for the greatest possible influence of employees over their work and the greatest possible degree of autonomy in its execution.

For their part, managers indicated that the unions are too concerned with matters relating to salary demands to be effective promoters of participation: *Their main area of operation is defending against layoffs. All their training is in how to oppose things. Away from that they don't bring much to the table and they are not able to understand today's world.*

### *Barriers to the development of participation*

According to an employee representative, middle management often sets up roadblocks to participation. Managers fear for their own position and prestige, concerned that their subordinates will want to earn more and be promoted. Some

<sup>77</sup> Guidelines on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013 European Banking Authority EBA/GL/2015/22, December 2015 (see: [https://www.eba.europa.eu/documents/10180/1314839/EBA-GL-2015-22+Guidelines+on+Sound+Remuneration+Policies\\_EN.pdf](https://www.eba.europa.eu/documents/10180/1314839/EBA-GL-2015-22+Guidelines+on+Sound+Remuneration+Policies_EN.pdf))

feel more threatened by their subordinates than by their fellow managers and sometimes lack the culture to encourage the development of fellow employees. An employee representative said that the attitudes of some managers may change in the near future in proportion to the fall in unemployment rates.

**Win-win?** According to one employee interviewee, employees in general do not see participation as a win-win scenario. However, managers believe that participation is equally beneficial to employees, because it offers them the opportunity to be seen and appreciated. They believe *without a doubt* that participation creates the conditions necessary for higher productivity, innovation and experimentation with new modes of work.

In the opinion of one manager, the bank's directors believe that participation can assist in building trust, giving rise to feelings of collective responsibility, and binding the employees more tightly to their firm.

According to a manager, the high standard of interpersonal relations at the bank is conducive to participation. He highlights the importance of maintaining good relations externally with clients but also internally with members of other organisational sub-groups. *There is a visible focus on values, especially respect for others.*

However, digitalisation of certain operations is a great challenge for the bank because it decreases the scale of participation through the increasing automation of routine operations. The employee thus follows top-down instructions from a computer.

### *Instruments of participation*

Forms of participation depend on the nature of the job performed. Some methods are more universal, such as group consultation through anonymous surveys, which allow the employee the opportunity to express his or her opinion about all matters relating to the job, managers and so on.

Surveys relating to the scale of employee engagement are also conducted by the consulting firm Hay, with the aim of identifying the barriers to such engagement. The questionnaire provides space for employees to give additional comments.

According to a manager, in each of the bank's structures and at every level, there is a culture of organising meetings at least once a month. Their aim is not

only to sum up financial results but also to analyse problems emerging at the bank and to develop methods of managerial support for employees, amongst other issues. A system of stars has also been implemented – each employee can commend a colleague she/he thinks worthy of distinction at a given time and rewarded with a star. The best are then rewarded financially.

Participation often relates to matters such as employee training courses and the matching of employee competencies to the changing needs of the market. The HR department organises a series of workshops in which employees are required to construct a system of goal management to analyse the efficiency of task performance and to assess the quality of work and its results. Workshops in which employees can discuss their training needs are also organised.

**2. Company M** *The firm, referred to here as M, is a family enterprise located in southern Poland. It was re-established after 1990, and members of the family maintain its connection to a company founded in 1900 by an ancestor, though this was a shop with 'colonial' wares. Later, a restaurant was opened by the same family, and finally a concrete-laying company.*

### *Participation*

One unionised worker in the firm says that the corporate climate was not conducive to participation, especially given the relationship between the factory workers and their superiors. Managers treated workers as if they were machines. They saw no value in getting their opinions and management based their leadership style on fear.

The workers suspected that certain matters had been resolved in contravention to the rules. One example was the competition for 'packer of the year'. The selection criteria were not made clear and the prize was won by a worker outside the production division. Only in 2017 did the new head of production promise that the workers themselves would be able to choose an individual to win the award. In line with the new rules, the criteria for judging a worker worthy of the prize should include a limited number of complaints (which occur when one product is mixed up with another). Moreover, managers had not taken into account the responsibility of workers to train new colleagues, who were then only able to learn on-the-job, thus lowering productivity and increasing the number of complaints received.

The atmosphere was one in which a worker should be trusted to work, not

speak up and be happy to receive any remuneration at all. In periods of high unemployment, managers threatened to lay workers off if they did not follow orders or caused trouble. The managers said that beyond the factory gates there were many willing to work! Currently, the threat looms predominantly over Ukrainian workers, who are indeed ever more frequently employed in place of local Polish workers and constitute some 20% of the workforce.

According to one interviewee, a firm will always lose out through bad treatment of employees as the quality of production will be lower and the rate of product returns will increase. In his opinion, middle management are responsible for the mistreatment of at least some of the workers. The heads of production show little initiative in the face of their direct superiors. The real state of the firm is not openly discussed. The problem is their low level of competence and education which leaves them very servile. In order to strengthen their own positions, they constantly reassured their superiors that they were the ones who guaranteed contentment on the production lines.

### ***United Kingdom***

In the UK, two case studies were also carried out: the first, in the private sector, in motor manufacturing; and the second in public services, a hospital trust.

#### ***1. Toyota Motor Manufacturing (UK)***

Toyota Motor Manufacturing (UK) was established at two sites in the UK in December 1989: car manufacturing and assembly take place at Burnaston (Derby) and engine manufacturing at Deeside (North Wales). The Burnaston plant opened in 1992, and celebrated its 25<sup>th</sup> anniversary in December 2017, having manufactured 4.2 million cars over that period. It currently makes Avensis and Auris models, with 60% production of hybrid vehicles. In 2017, Toyota announced further investment of £240m in the Burnaston plant.

The company employs 3,000 workers (who are known as 'members'), with 2,500 at the former site and 500 at the latter. Of the total, 90% work in production and 10% in office and support. The site operates as one plant, with single status employment throughout, and recognises only one union, Unite, which has 55% density.

*Employee representation* The Toyota Members' Advisory Board (TMAB), which covers both sites, consists of 12 members, plus the full-time union convenor. Since 2014, all members of the TMAB must belong to Unite the Union, and

only Unite members may be represented by the union. The TMAB covers all company issues, including information, consultation, negotiation of the annual pay round, health and safety and dispute resolution.

In addition to the TMAB, Toyota also uses a variety of direct participation methods to communicate with its workers. These include staged events with company directors; cascade briefings through teams/ sections/ groups: ten briefs (10 minutes at 10.00); communications slots built into each shift; and notice boards and videos displayed in plant entrances. The Unite full-time (FT) convenor stated: 'Communication is king'.

However, Toyota is best known for its just-in-time (JIT) management techniques, which require high levels of commitment and motivation from its workers. Indeed, high levels of commitment and motivation are *required* for JIT to function. The reduction of inventory potentially gives workers greater opportunities to disrupt production as managers do not hold the stock necessary to provide a buffer in case of work stoppages. Techniques designed to create a sense of identity between worker and company are, in such situations, not merely optional but essential to guarantee smooth and uninterrupted flows of production.

In order to establish a unified field of norms and values shared by workers and managers, Toyota runs both an individual delegative form of DP (*kaizen*) and a group form (quality circles). *Kaizen* – the process of 'continuous improvement' – covers a range of production areas, such as quality, costs, environment and H&S. It operates at all levels (teams/sections/groups), and there is an expectation that each worker will come up with two *kaizen* per month, an expectation that feeds into the appraisal system (that is, promotion is based at least partly on production of *kaizen*). In addition, there are special *H&S kaizen* – two Mondays a month, on which teams evaluate a work process with specific reference to health and safety (H&S) issues. By contrast, *quality circles* are a means to promote problem-solving skills on a group-task delegation basis, which go into greater details than *kaizen*. There are one or two quality circles a year in each shop, with a specific area selected for problem-solving. Overall, the Toyota Way reflects the Extensive Type 1 of direct participation, as defined by Eurofound.

An implication of JIT production methods is that workers need to be multi-skilled. Lean production, by its nature, makes versatility essential. For this reason, Toyota uses a single grading system with no occupational categories

other than member, team leader, group leader and section leader. Each worker is proficient in at least two production processes (such as assembly, paint and welding), and these processes are themselves largely designed and shaped by the workers who use them. With time, the original process designed by engineers is streamlined and refined by the workers themselves. The Unite FT convenor summed up workers' attitudes to such work processes: 'We don't know anything different', he stated: 'kaizen becomes second nature'.

A natural concern about such work processes is that they might lead to work intensification. However, the 'Toyota Way' focuses on long-term stable employment, and the HR manager explained that 'kaizen won't work if it threatens jobs'. The intention is to remove job content through kaizen in order to reduce the burden on workers. Line speed is determined by customer demand, so what changes is the number of processes required to build a car (e.g. reduction from 100 to 75 over the course of a production cycle).

The principal source of conflict at the site is contracted overtime. Each worker may be required to work a maximum two hours' overtime on the day at 90 minutes' notice. Though this policy is enshrined in the employment contract and guarantees flexible production for the company, it remains a major source of tension amongst the workers. As the Unite FT convenor stated: 'You never quite know when you're going home'.

### *Reasons for success*

Toyota Manufacturing UK is acknowledged as a high-productivity site characterised by stable and committed employment. There are a number of reasons for its success. One is that it is a greenfield site which was set up from scratch along Japanese manufacturing lines ('We don't know anything different'). Linked to that is its recruitment processes. It has a very large number of applications per vacancy – during the last significant recruitment round in 2016, the company received 11,000 applications for 150 posts, which allows it to screen applicants very carefully for suitability. Applicants fill in their form for initial sifting, but also undertake on-line testing, psychometric and numeracy tests and then – if they progress so far – are invited on site for a day's work simulation involving mock processes in key skills such as spot-welding, assembly and logistics. The company operates a strong internal labour market, with internal promotions and rewarding long-serving workers. Turnover amongst directly employed workers is 2%. However, the company also uses an

agency (Blue Arrow) for numerical flexibility and as an employment filter (10% workers are employed through the agency, and it is significant that their turnover is much higher, at 20%). Pay and conditions are locally competitive, and the company guarantees no redundancies or work intensification. Management continuity is also marked, which helps to engender stability in the company's approach to human resource issues.

## **2. Leeds Teaching Hospitals NHS Trust**

The National Health Service (NHS) is the world's fifth largest employer, after the US Department of Defence, the People's Liberation Army (China), Walmart and McDonald's (Nuffield Trust, 2018). With a headcount of around 1.7 million employees, it is the UK's largest employer. However, technically, the NHS is not a single organisation. In legal terms, each statutory organisation is a hospital (for example, in relation to employment tribunals) which is regulated by the NHS Care Quality Council (CQC), NHS Improvement and other such bodies. Trust boards are quasi autonomous, with membership prescribed by law – for example, they must contain a Chief Executive, Chief Nurse, Medical Director and Finance Director, while other posts (such as HR or Informatics) are a matter of discretion for individual Boards.

The board of Leeds Teaching Hospitals NHS Trust comprises the Chair (appointed Feb 2013), Chief Executive Officer (appointed Oct 2013), as well as six executive directors, including the Director of Human Resources and Organisational Development and eight non-executive directors. It covers seven hospitals which together employ almost 17,000 staff.

One of the key issues in the study of HRM is the degree to which practices transfer successfully across organisations, sectors and national business systems. The case of the 'Toyota way' is no exception. Attempts have been made over many years to introduce and adapt elements of Toyotism – such as just-in-time, *kaizen* and quality circles – into both manufacturing and service sectors in a range of industrialised economies across the world. Our project accordingly focused on the introduction into the NHS of Toyota-style management strategies following a crisis at Mid Staffs Hospital (2005-09), where – according to the Francis Inquiry Report (February 2013) – patient care had been downgraded in the pursuit of cost controls resulting in between 400 and 1,200 unnecessary deaths between January 2005 and March 2009 at Stafford hospital, a small district general hospital in Staffordshire (*Guardian*, 6 February 2013).

As a result of the Mid-Staffs scandal, the NHS (now NHS Improvement, the regulatory body that since 2016 has been responsible for overseeing foundation trusts and NHS trusts and thereby holds providers to account)

made £12.5 m available to five NHS Trusts<sup>78</sup> to buy into the training methods advocated by the Virginia Mason Institute, an institute based in Seattle that has dedicated itself to refining management in healthcare (Virginia Mason Institute, 2018).

Leeds Teaching Hospitals NHS Trust was one of the five successful bidders, which led to the introduction of the Leeds Improvement Method (or the 'Leeds Way'), championed by the Trust Chair and CEO on their appointment in 2013. It has been defined as 'the consistent approach to continuous improvement that we are developing across the Trust' (Leeds Teaching Hospitals NHS Trust (n.d.(a): 26). The term 'continuous improvement' links it to the aim that underpins kaizen and the use of quality circles at Toyota – that is, to instil a culture in which employees are continually seeking to improve and streamline work methods.

The Trust carried out a crowdsourcing exercise amongst all 17,000 employees to establish 'our values' (to which 5,000 contributed). The intention was to ensure that all employees 'owned' the values as they had helped to create the Trust's priorities (Leeds Teaching Hospitals NHS Trust (n.d.(b): 11):

- Patient-centred (consistently delivering high quality, safe care)
- Fair (treating others how we would wish to be treated)
- Accountable (acting with integrity and true to our word)
- Collaborative (recognising we are all one team with a common purpose)
- Empowered (empowering colleagues and patients to make decisions).

Our research focused on the last of these priorities, 'empowering colleagues and patients to make decisions'. In association with these values are a series of goals relating to: patients; people; research, education and innovation;

<sup>78</sup> These are:

Barking, Havering and Redbridge University Hospitals NHS Trust

Leeds Teaching Hospitals NHS Trust

Shrewsbury and Telford Hospital NHS Trust

Surrey and Sussex Healthcare NHS Trust

University Hospitals Coventry and Warwickshire NHS Trust

(NHS Improvement, 2018)

integrated care; and finance. To take 'people' as an example, the goal explains that, to attract the best possible workforce, the Trust needs to become one of the best places to work.

To achieve these goals, the Leeds Method introduced a variety of Toyota-style management practices, including kaizen, 'from porters to professors', and rapid improvement weeks. Other, more established forms of direct participation, such as 'town hall type meetings' and 'safety huddles' have been retained alongside.

### *Kaizen*

Work improvements may originate from individuals or from crowd sourcing techniques. In 2017, the top ten suggestions from each Directorate at the Trust were subsequently crowdsourced for a vote to place them in order. Through this process the Trust discovered that consultants were writing to each other through the external rather than the internal post, a wasteful practice that was then stopped. All our interviewees gave further examples: ensuring that patients were visited by the relevant staff in one office, rather than having to walk between offices; refurbishing on-call rooms where staff have to sleep at night to make them more comfortable; ensuring accessible storage facilities; streamlining pre-employment checks; reducing the error rates in electronic staff records; restructuring reception and waiting areas; and mistake-proofing payroll systems, amongst others. The process that underpins all these examples is *continuous* improvement, a point emphasised by all our interviewees.

### *Rapid process improvement weeks*

A team of employees selects a work process for improvement and engages in intense discussions about how, for example, to reduce waste. They may spend a week making and testing proposals for trial 30-day periods (using 5S techniques: sort, simplify, shine, standardise and sustain). Examples of improvements given by interviewees included rationalising reception areas for hospital trolleys and improving patient records. However, the Chair of the Staff Council admitted that taking a representative team out of their work for such a period might seem 'cataclysmic to the department that they have left behind'.

### *Role of the Staff Council*

Other techniques introduced through the Leeds Way include a variety of schemes to change the Trust's culture through staff induction and leadership development programmes. However, the role of the *Staff Council* must be also

be emphasised. The Staff Council comprises fourteen 'staff side organisations', including Unison and the Royal College of Nursing (RCN) as the two largest, followed by Unite and GMB, and other organisations such as the Royal College of Midwives and representatives of radiographers, physiotherapists and so on. Union/ staff organisation density across the Trust is around 50%. It meets once a month to discuss matters on which it needs to arrive at a collective view to take to the management team which it meets – also once a month – at the Terms and Conditions Negotiation Committee (TCNC). While the appraisals policy has been one of its successes, there have been other areas in which it has proved more difficult to achieve consensus across the member organisations, such as unplanned absence policy and on-call arrangements. However, overall, the Director of HR and Organisational Development believes that in the public sector 'the trade unions have played a vital role in speaking truth to power', adding: '...in the NHS, trade union power has been enhanced as trade unions and employers have worked more and more in partnership, recognising similar concerns, for example, to increase patient safety and the quality of care organisations provide, and then working in partnership to develop solutions' (Royles, 2018: 38).

#### *Toyota and Leeds NHS Trust: comparisons and contrasts*

In summary, the Leeds Way reflects the Extensive Type 2 of direct participation, as defined by Eurofound, not least because of its reliance on crowdsourcing techniques and employee surveys for its implementation.

However, the transfer and durability of direct participation at its most transformative – Extensive type 2 in Eurofound's terminology – involves many factors, which may be summarised as follows:

- Greenfield/ brownfield site
- Continuity of management
- Dependence on champions
- Control over recruitment
- Nature of local labour markets
- Nature of the work itself (Hospitals are more complex than car plants)
- And, of course, the role of the unions.

Our research concludes that the transfer of the 'Toyota Way' is possible between

both countries and sectors, but that implementation and adaptation require close attention to the configuration of these factors.

### *6.3. Some general trends and views*

#### *6.3.1 Factors favouring participation, according to the social partners*

In **Bulgaria**, most of the national and sectoral social partners indicated the importance of good social dialogue, high levels of industrial relations, trust and a well prepared and motivated work-force for the extension and effectiveness of direct participation. The particular work organisation in place is also a prerequisite for direct participation.

According to the views expressed by the social partners in **Cyprus**, organisational change is an important characteristic for most organisations. An organisation must develop adaptability to change, and organisational change is inevitable in a progressive culture. Therefore, organisational change refers to the alteration of structural relationships and people's roles, and it calls for a change in the individual behaviour of the employees. It is obvious that all the positive outcomes that have been identified in this project would greatly facilitate organisational change that enterprises must undergo in order to survive.

In **Ireland**, the most important factor seems to be the promotion of workplace innovation and social partnership.

In **Italy**, most of the respondents highlighted the need for improving motivation for work, increasing productivity and competitiveness, prevention of bankruptcy, the development of smart industries and innovations, as well as the development of flexible work organisation.

In **Poland**, in the opinion of one union member, participation and cooperative decision-making are the result of a specific method of corporate organisation and ideology. The intensity of participation depends on the extent to which company leadership can motivate managers to delegate tasks to workers and give them ownership of their projects. Also, when management is willing to delegate tasks for employees to complete autonomously, direct participation could be implemented.

#### *6.3.2. The interaction of direct participation with the other forms of industrial democracy and the other mechanisms of industrial relations process*

##### **Bulgaria**

##### *Direct participation and the other forms of industrial democracy/workers' participation*

The case study interviews indicated that most of the employers and some of

the trade union representatives share the view that direct participation and the other forms of industrial democracy are inter-related and could support each other. Most of the respondents agreed that conflicts between the various forms of employee involvement do not usually appear, with some exceptions - in cases where the interests of some work teams or groups of workers are confronted with the interests of most of the other workers, such as in cases of shift work, health and safety at work, payments and so on.

### *Direct participation and collective bargaining at sectoral and company level*

The representatives of CITUB and the sectoral trade union federations believe that the processes of collective bargaining can outline the framework of the forms of direct participation used. On a broader scale, representatives of CITUB indicate that in a number of collective labour agreements at company level, it is a practice to negotiate information and consultation procedures that involve the implementation of the process through representatives, but also directly with the active participation of all workers through production or reporting meetings, consultations and works meetings. Such agreements include procedures for seeking feedback from workers in order to examine their specific views on the issues under discussion. The brewing industry agreement includes different forms of encouragement of employee proposals to improve the work process.

## **Cyprus**

Based on the analysis it is obvious that direct participation has no clear relationship with the national characteristics of the country's system of industrial relations. On the one hand, the way the economy is structured and the way the industrial relations system has been set up have favoured representative, indirect participation. Moreover, there is no clear indication resulting from the research that there is a relationship between direct participation and the institutional context. Wage coordination still remains in the hands of the trade unions where employees are unionised and in the areas employees are not unionised it is completely in the hands of the employers, and it seems that all the social partners are in favour of forms of representative participation. From the research it does not seem that trade unions demand direct participation. They might not object to it but definitely they will support it up to the point that they feel it does not constitute a threat for them. There is also no indication that governments have, over the years, provided any incentives to the social partners to promote direct participation.

## Ireland

In Ireland there is a well developed system of collective bargaining, especially at the workplace level. There is some representative participation through works councils and health and safety committees and with board level representation in State-owned companies. Workplace innovation and direct participation are synonymous in the direct involvement of employees. According to the research data, there are some concerns expressed that direct participation can reduce trade union influence, with just 33% of respondents believing that this will not happen.

## Italy

There are many indications that direct participation is supported by trade unions, but on the basis that it is integrated into the whole system of industrial relations at the company level. This involves collective bargaining, indirect participation and other forms. Trade union representatives admit that direct participation should be part of the whole system of workplace industrial relations and should support the system of workers representation.

## The UK

Direct participation is generally introduced at management initiative, and so is seen as a management tool (e.g. communications, employee surveys, team briefings), rather than as a means to redistribute power and influence at the workplace. Trade unions generally accept it as part of the management function, but seek to adapt it to their own agenda, for example by enhancing skills, and believe that it works best alongside union forms of representation and collective bargaining. The social partners agree that direct participation may also be delegative, and so potentially transformative - hence 'surface' forms of DP co-exist alongside 'deeper' forms. These deeper forms transfer decision-making over work processes and organisation to workers either individually or (more usually) in groups, and thereby alter workers' relationships with management from a top-down function to a genuinely participative one.

### *6.3.3. Impact of the direct participation on the management and working life*

In most of the partner countries the respondents recognised the importance of direct participation for the improvement of management (including work organisation, productivity, work motivation and so on). In some cases trade unions also recognise the positive impact on skills development, the indirect impact on wage increase and improvements in health and safety at work. However,

sometimes some negative impacts on work intensity, work related stress and working climate were found.

#### 6.3.4. *The future of direct participation*

In **Italy**, many respondents think that technological and organisational innovation drives direct participation. For managers, this can bring about huge advantages, through for example employee suggestions that can impact on problem-solving. The most common forms of direct participation are still individual and informal and in general they are weak. However, there are some best practices where the use of team work functions well, or where the use of social networks among workers, enhances horizontal cooperation and technical skills socialisation.

Many respondents in **Poland** remarked that the future of participation depends mostly on the level of trust and conviction amongst managers and an understanding that the ordinary employee also wants what is best for the factory and has the competencies to engage in joint decision-making. This depends more on personal culture than officially regulated guidelines for participation.

In **the UK**, research concluded that the transfer of the 'deep' forms of transformative direct participation is possible across sectors, but that its implementation and adaptation depends on a variety of factors, including whether it involved a greenfield or brownfield site, continuity of management, control over recruitment and the role of the unions.

In **other countries** the respondents also support the view that direct participation could be extended in the future as a mean to meet new challenges of technological innovation, crises and a lack of a qualified workforce, amongst other factors.

## 7. CONCLUSIONS AND RECOMMENDATIONS

### 7.1. *Conclusions*

1. There are practices of direct participation in all the six partner countries. However, in some it is more popular or/and more advanced. Both consultative and delegative and both individual and group participation were found. Direct participation is used in various sectors and in companies of various sizes, but more often in larger companies, including the subsidiaries of MNC.

2. Most employer and trade union representatives accept and confirm the definition of direct participation commonly accepted in theory and practice. There are some detailed differences in the understanding by employers and

their organisations and trade unions at various levels, but most respondents appreciate the importance of direct participation, with positive assessments and conclusions about its impact dominating.

3. There are no regulatory frameworks in most of the partner countries, with the exception of some partial regulations in Bulgaria and Ireland and some provisions in the collective agreements and national agreements in Italy and Ireland.

4. The views of the social partners are supportive of direct participation, underlining its impact on management effectiveness, productivity, worker motivation and democracy at work, the possible effects on skills development, workplace health and safety, remuneration and workplace innovation. However, most of the trade union representatives, although they are positive with regard to direct participation, have reservations with respect to its possible negative impact on working conditions, such as stress intensity, the possible individualisation of labour relations and, consequently, the erosion of trade union influence (in Bulgaria, Cyprus and Ireland). The trade unions also indicated that this is a managerial approach, a point of view shared by the employers' representatives and some managers. Some of employers do not believe very much in the abilities of workers to be involved in the participation in management (Bulgaria) or are still too authoritarian (Poland). Some trade union representatives said that direct participation should be well integrated into the existing systems of industrial relations and worker representation (Bulgaria, Ireland and Italy).

5. In some of the countries (Ireland and Italy) the social partners and also the Government (Ireland) are engaged in programmes for the improvement of workplace relations, including promotion of direct participation and workplace innovation.

6. This comparative research seems to suggest that the success of direct participation depends on, amongst other factors, particular forms of work organisation and technology, workplace innovation, the style and approaches of management, corporate culture, the good will of employers, the level of skills and culture of the workforce, as well as the trust between employers and workers, and good social dialogue and industrial relations. The role of greenfield sites may also be significant.

7. In most of the countries direct participation is not integrated into the system of industrial relations and worker representation. In most cases there is not enough

evidence that trade union influence has been eroded by direct participation. This may not be because of direct participation itself, but because of the particular forms of work organisation (such as work flexibility and individualistic workplace relations). However, direct participation could be implemented in non-unionised companies as well.

8. The positive impact of direct participation on management and company competitiveness, as well as on labour issues, must also be taken into account. Some respondents, mainly trade union representatives, were worried about the possible negative impact of new forms of work organisation and direct participation on working conditions, such as stress, intensification of work, relations between individual workers in the work groups, and between groups.

## *7.2. Recommendations*

1. The positive impact of direct participation requires further theoretical rationale and empirical and analytical research, as well as reasoned debate between the social partners, State administrations and academic communities to promote its further development and diffusion. Diffusion is demanded by the speed of development of new technology, digitalisation and the concerns that workers may be replaced by machines in certain sectors.

2. At the sectoral and national levels, the social partners can organise different forms of exchange of experience and promotion of good practice of direct participation in individual enterprises. Through the work of European works councils, good practice from other countries can be disseminated. Information from trade union and employer organisations obtained from their counterparts in other countries and from the European and international organisations can also be used.

3. Social partners should also engage more actively with more specific issues in direct participation and its implementation, to provide opportunities and frameworks in collective bargaining at sector and company level. At the same time, trade unions may propose the formulation of rules for the application of direct participation in enterprises, whether individual, integrated into codes of conduct, or through separate agreements signed with employers. Managers at different levels in enterprises should provide more and clearer information on the various forms of direct participation to the trade unions and other worker representatives and make efforts to promote the forms of direct participation and their outcomes among workers.

4. Within enterprises managers, with the support of trade unions, should make efforts to improve coordination between the different forms of participation and representation (including direct participation) and the various corporate governance structures and bodies. The purpose should be to achieve as many positive results both for the enterprises and workers as possible. The very forms of direct participation can be a source of useful information for managers and management bodies, as well as for the information and consultation systems, committees on working conditions and other representative structures.

5. Trade union organisations can make better use of the information from direct participation for the preparation of collective bargaining and for the prevention of collective labour disputes. Moreover, the information from some practices, such as workers' opinion surveys and group consultations, is an important source of material for trade unions to develop their policies and activities and to increase their influence among workers.



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Introducing direct participation as a mean of changing work organisation can be a challenge to traditional hierarchical management structures and requires a different type of management approach and a change in company culture. These changes will also have a knock-on impact on other aspects of the employment relationship, such as internal flows of information on company performance, pay structures and how disputes are addressed and resolved. In the context of the financial and economic crisis, and the need for sustainable growth in European economies, there is a need to consider what the requisite sustainable forms of corporate governance and employee involvement might look like and to consider what role, if any, direct participation might play within this, as compared with more representative forms of participation.

[www.direct-project.org](http://www.direct-project.org)

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