The quality of industrial relations

1. Introduction: Why quality?

The 'quality of industrial relations' is a topic attracting growing interest at the European level. This is largely a result of the growing recognition of the importance of social dialogue and social partnership to achieving the European Union's (EU) economic and social objectives, and as key ingredients of the good governance of economic change, labour markets and enterprises. As a consequence there is considerable interest in improving understanding of industrial relations practices, not least at a time when the EU has recently enlarged to 10 new Member States, where there is a need for capacity-building in the industrial relations field (see also Chapters 1 and 3).

The importance of social dialogue and social partnership has been recognised at the highest level in Europe. In 2002, the Barcelona European Council defined the European social model as comprising good economic performance, a high level of social protection, education, and social dialogue. Furthermore, in the communication, 'The European social dialogue, a force for innovation and change' [63], the European Commission considers that social dialogue can be one of the driving forces behind successful economic and social reform. The communication highlights the role of social dialogue and partnership in addressing some of the key challenges facing Europe, for example, enhancing skills and qualifications, modernising work organisation, promoting equal opportunities and diversity, and developing active ageing policies (see Chapter 3).

The importance of social dialogue and social partnership are also recognised at the global level. The Chair's conclusions of the G8 Labour and Employment Ministers Conference in Stuttgart on 15–16 December 2003 declared that: 'successful economies in the 21st century will not be possible without a modern system of labour relations and efficient strategies to manage change pro-actively. Effective cooperation between employers and workers and their organisations on a partnership basis and the involvement of workers in accordance with national traditions and practices make an important contribution to promoting the quality of jobs. The report [64] of the International Labour Organisation's (ILO) World Commission on the Social Dimension of Globalisation published in February 2004 calls for a 'focus on people' and stresses that in the context of a strategy for change, strong representative organisations of workers and employers are essential for a fruitful social dialogue. It also emphasises that in the context of economic restructuring, the early involvement of workers' representatives can be beneficial for all and for the good functioning of companies, particularly during difficult transition periods.

The social dialogue or partnership perspective places industrial relations in the broader perspective of social and economic development. Traditional methods and practices of industrial relations — collective bargaining, the expression and resolution of conflict, representation, collective insurance and the handling of grievances — do not lose their importance, but are placed in a wider context. According to the Commission, quality in industrial relations is determined by the capacity to build consensus on both diagnosis and ways and means of taking forward the adaptation and modernisation agenda of the Lisbon strategy, coping successfully with industrial change and corporate restructuring [65], and should reflect the desire not just to defend minimum standards, but also to promote rising standards and ensure a more equitable sharing of the benefits of progress [66].

Although the quality of industrial relations is not easy to define precisely, it should show through in practical terms by improving the quality of the lives of citizens, for instance, the creation of more and better jobs, and higher levels of investment. Taking these elements together, it can be concluded that there are four main dimensions to the 'quality' of industrial relations:

- the creation of a sense of 'fairness' and 'trust' based on jointly agreed rules and partnerships which are mutually advantageous to employees and firms;
- the lowering of (transaction) costs related to the contracting and rewarding of labour and the resolution of conflict;
- the investment in institutions that give adequate flexibility to firms and

(63) *COM(2002) 341 final.*
(64) *ILO (2004),* A fair globalisation — Creating opportunities for all, *report of the World Commission on the Social Dimension of Globalisation, Geneva, 24 February 2004.*
(65) *'Social policy agenda', COM(2000) 379 final.*
(66) *Commission communication on 'Employment and social policies: a framework for investing in quality', COM(2001) 313 final.*

employees, making it possible to adjust and seize new opportunities, and give firms and employees sufficient security for making longer term investments than otherwise would be the case;

- the achievement of the overall objectives of social and economic policy, for instance, as defined by the Lisbon strategy.

2. Quality and the Lisbon strategy

At the Lisbon European Council held in the Spring of 2000, the EU set itself the strategic goal 'to become the most competitive and dynamic knowledge-based economy in the world, capable of economic growth with more and better jobs and greater social cohesion'. The achievement of the Lisbon objectives not only requires a common effort from Member States; its success also depends upon the contribution of 'autonomous', non-State actors and sectors in the economy, including firms, employees and the organisations that represent them, in other words, the social partners. As part of the implementation of the Lisbon agenda, the spring 2004 European Council [67] calls on Member States to build reform partnerships involving the social partners, civil society and public authorities in accordance with national arrangements and traditions. Such national reform partnerships should promote complementary strategies for change, addressing the broad range of policies — economic, social and environmental — encompassed by the Lisbon strategy. At the EU level, the social partners are involved through the Tripartite Social Summit preceding the annual Spring Council (see also Chapter 3). At the 2004 Summit, the European social partners presented their second annual report on the implementation of their 2002 framework of actions on lifelong learning and a first report on social partner initiatives in Member States that are relevant for implementation of the European employment guidelines [68]. In spite of many shortcomings, social partnership involvement and consultation over policy initiatives is a common feature of the European employment strategy (EES) (see Box 2.1). The joint decision to develop a European-wide 'partnership for change' in combination with corresponding national efforts [69] is an expression of this awareness.

Box 2.1: Good governance and partnership — the involvement of the social partners in the EES

The contribution of the social partners to the effective governance of the European employment strategy (EES) is highly recognised (see also Chapter 3). The European Commission and Council's *Joint Employment Report 2003/04* indicates that the involvement of the social partners in developing the national action plans (NAPs) is progressing, and that their contributions to implementation are better presented and reported, but that their involvement could nevertheless still be improved.

In their first report on social partner actions in Member States to implement the employment guidelines, the cross-industry social partners stressed the following elements [70].

The social partners were usually consulted during the preparation of the NAPs. In most countries, employers and trade union organisations submitted separate comments (Italy, Portugal, Spain, the Netherlands, and the UK) whereas in some (Belgium, Denmark and Sweden) joint social partner contributions were included as an integral part of the NAP in a summarised version and added as annexes. In Germany, Greece and Portugal the involvement of social partners improved compared with previous years.

In terms of quality, the consultation was seen as too superficial in several cases due to the absence of discussions with government (Austria), the lack of in-depth discussions on policy content (Denmark) or insufficient time for consultation (Finland, Belgium, the Netherlands).

Ways of involving the social partners did not change significantly with the synchronisation and streamlining of the broad economic policy guidelines (BEPGs) and the EES. No link could be perceived between social partner involvement in constructing the NAP employment and drawing up the national reports on implementation of BEPG, with the exception of Luxembourg where social partners delivered an opinion on the BEPGs. In Belgium, social partners explicitly asked to be involved, in both the preparation of the BEPGs and the evaluation of their implementation.

Bilateral and tripartite initiatives aimed at supporting employment and economic development through a comprehensive set of measures, were reported at national level or regional level in six countries. Concerning bilateral initiatives at national level, a collective agreement was signed in Finland and Belgium and a 'pact for development' concluded in Italy. In Belgium, a tripartite agreement including measures to create more jobs was prepared at national level, and bilateral or tripartite pacts for employment at regional level. In Spain, social partners signed an interconfederal agreement for collective bargaining containing common criteria for collective bargaining at national, provincial, regional and company levels on a wide range of labour-market-related issues. In the Netherlands, the social partners and the Dutch Government reached an agreement on measures to support economic recovery and increase employment. Discussions in view of a tripartite social pact for competitiveness and employment were at an early stage in Portugal.

(67) Presidency conclusions, *Brussels European Council, 25/26 March 2004.*
(68) *ETUC, UNICE/UEAPME, CEEP (2004),* Framework of actions for the lifelong development of competencies and qualifications, *Second follow-up report, 5 March 2004; ETUC, UNICE/UEAPME, CEEP (2004),* 2004 Report on social partner actions in Member States to implement employment guidelines, *5 March 2004.*
(69) *Presidency conclusions, Brussels European Council, 25/26 March 2004.*
(70) *ETUC, UNICE/UEAPME, CEEP (2004), op.cit.*

The Lisbon approach is also important in another sense. Based on the benchmarking approach used in the Treaty-based European employment strategy, the Lisbon European Council proposed the open method of coordination (OMC) as a means of 'spreading best practices and achieving greater convergence towards the main EU goals', whereby convergence is furthered through setting common objectives, targets and timetables, accompanied by a process of peer review, benchmarking and exchange of good practices. The OMC is a new mode of multi-level governance based on a mutual learning process through which domestic policy actors learn to respect each other's differences while accepting a common purpose and agenda for change. It is a way of dealing with the problems resulting from the integration of European markets in policy areas which already have long traditions at the national level, and where different national preferences and policy approaches make it difficult to adopt common European rules. The field of industrial relations shares these characteristics and it is therefore an interesting area in which to explore the use of some aspects of the OMC, in particular the process of benchmarking and best practice learning, supported by common indicators. While encouraging the autonomy of the social partners at the European level, the High Level Group on Industrial Relations and Change in the EU recommended some modest steps in that direction [71]. The view of the group was that it would raise awareness of common problems and provide useful solutions among social partners across Europe and contribute to mutual learning. The cross-industry social partners' framework of actions on lifelong learning is the first example of a social partner text to be implemented by an OMC adapted to the social partners (see Chapter 3).

What would be useful criteria for assessing the quality of industrial relations? This is a difficult question, largely due to the fact that such criteria have to be developed and shared by the industrial relations actors themselves if they are to serve as guidance for their action. The high level group suggested a list of 14 possible criteria (see Box 2.2), 10 of which were output-related and more or less derived from the EES guidelines. Criteria 11 to 15 relate to the quality of the institutions and the process of industrial relations: Are the negotiating organisations representative? Do the agreements which they negotiate offer wide-ranging coverage and protection, including to those with marginal positions in the labour market? Do these agreements offer effective low-cost mechanisms for the resolution of conflicts, for instance, without too much delay and undue (or expensive) recourse to litigation in courts? Do they encourage the participation and

Box 2.2: The criteria for establishing the quality of industrial relations proposed by the High Level Group on Industrial Relations and Change in the EU

- the contribution made to social cohesion, competitiveness and socially sustainable economic growth;
- the extent to which full employment is an overarching objective while ensuring, at the same time, fair and decent terms and conditions of employment for all workers;
- the creation of quality employment by fostering the employability and the modernisation of the regulatory framework in line with the changing organisation of work;
- the promotion of active ageing with the aim of enhancing the capacity of and the incentives for older workers to remain in the labour force;
- the facilitation of better access for all workers, including those with atypical contracts, to lifelong-learning thereby increasing the proportion of the adult working-age population participating at any given time in education and training;
- a contribution to preventing skills shortages, including by promoting occupational and geographical mobility;
- effective preventive and active policy measures to promote the integration into the labour market of groups and individuals at risk or with a disadvantage, in order to avoid marginalisation, the emergence of 'working poor' and a drift into exclusion;
- appropriate measures to integrate into the labour market, workers with disabilities, ethnic minorities and migrant workers as regards their integration into the labour market;
- better application at workplace level of health and safety legislation, and more training and promoting measures for the reduction of occupational accidents and diseases (in traditionally high risks sectors);
- the mainstreaming of gender;
- highly-representative social partners, i.e. partners able to represent most employers and employees, either through direct membership or via other channels (e.g. support in industrial action);
- a wide coverage of collective bargaining, which includes all forms of atypical employment;
- improving ways of preventing and/or settling labour disputes, via non-judicial mechanisms, such as mediation, conciliation and arbitration in both collective and individual cases;
- improving the level of participation of employees in decision-making, including financial participation thereby enhancing the productivity of the workforce.

(71) Report of the High Level Group on Industrial Relations and Change in the European Union, Employment and Social Affairs DG, European Commission, Brussels, January 2002, pp. 38–39.

commitment of employees in the employing organisation and help to raise productivity? Some of these institutional questions have been covered in Chapter 1.

A report prepared for the European Foundation for the Improvement of Living and Working Conditions, discusses the quality of industrial relations under three different perspectives [72]: (a) the general EU policy context, in particular the involvement of the social partners in the implementation of the Lisbon agenda; (b) the specific outcomes, in particular those relating to the management of change, comprising the entire range of employment conditions and reconciliation of work and non-working life; and (c) the institutional framework, in particular the relationships between the various actors and levels in industrial relations. In a follow-up report, also for the foundation, the feasibility of developing a reliable set of social dialogue indicators on the actors, processes and outcomes has been explored [73]. Indicators and benchmarking techniques are of course used for a variety of purposes. As was emphasised in Chapter 1, the focus in this report is on their use for the specific purpose of facilitating international comparisons of actual outcomes — for instance, wage developments or earnings distributions or patterns of labour market reforms — achieved by rather different approaches in national industrial relations systems marked by diversity. Having developed some common indicators on union and employer organisation, bargaining strength and coverage, centralisation, coordination, the role of government, etc., in the previous chapter, the remainder of this chapter will be used to provide some promising examples of 'quality' outcomes [74].

3. Examples of quality in industrial relations

Along the lines of the above-mentioned quality elements of industrial relations, various examples illustrating the issues involved in collective bargaining at European and national levels show interesting developments testifying to the capacity of the social partners, often supported by labour law, to enhance their negotiation agenda. Such examples, which address some of the most important issues underlined by the high level group and by the Council with regard to quality in work and the challenges to be met in the context of the Lisbon strategy, are summarised below. The examples are not of course exhaustive, but concentrate on the best known areas. New issues are emerging which it will also be interesting to explore in the future – such as the potential impact of industrial relations on innovation – however, too little is currently known about these in order to address them here.

3.1. Investment in work ability and training

In a number of Member States important actions have been undertaken by the social partners in order to enhance participation in the labour market. In Finland, next to ongoing improvements concerning vocational training as agreed by the central labour market organisations, a comprehensive approach has been undertaken in a number of programmes carried out on a tripartite basis to develop a better human resource management approach to employment. An important aspect of these programmes is the improvement of 'work ability' and professional skills. Various elements of this programme will be taken forward in a new generation of Finnish tripartite programmes on employee well-being, the improvement of productivity and the quality of working life. Action in education and training figures prominently in the latest 2002 national income agreement covering 2003 and 2004. In Denmark and Sweden, the social partners, often together with the public authorities, are involved in enhancing existing schemes for competence and skills development. Especially in the State and local government sector, the Danish social partners have taken major initiatives. In the Netherlands, collective agreements covering 35 % of employees include provisions on employability. In many sectors there are collective 'development and training' funds. In Germany, the social partners are strongly involved in campaigns to increase apprenticeship training and a path-breaking agreement on continuous training was signed in the metalworking industry of Baden-Württemberg. In 2003, employers and trade unions in France and Luxembourg concluded central agreements on continuous vocational training. The French central agreement was a significant event in so far as it was signed by all major trade union confederations, for the first time since 1995. The agreement establishes an individual training right for employees, based on a 20-hour 'credit' per year for training inside or outside the company after 12 months of service, with pro rata entitlement for part-timers. The agreement in Luxembourg — some provisions of which require implementation via legislation — includes new schemes for unpaid and individual training leave. A year earlier, in 2002, as a result of

(72) *A. Weiler (2003),* Quality of industrial relations: Development of comparative indicators*, report for the European Foundation for the Improvement of Living and Working Conditions, Dublin, mimeo, May 2003.*

(73) *V. Cortebeeck, R. Huys, G. Van Gyes and T. Vandenbrande (2004),* Quality of industrial relations: Country profiles*, background paper of a data set commissioned by the European Foundation for the Improvement of Living and Working Conditions, Dublin, mimeo, March 2004.*

(74) *A multi-variate quantitative study, intended to discover causal relationships, is beyond the scope of this report, though it certainly offers material which might facilitate such analysis.*

tripartite discussions, Poland inaugurated its first national-scale programme for the vocational activation of young people, seeking to enable new labour market entrants to acquire their first work experience. In Portugal, and more recently in the UK, the government and social partners joined forces to improve initial and continuing vocational training.

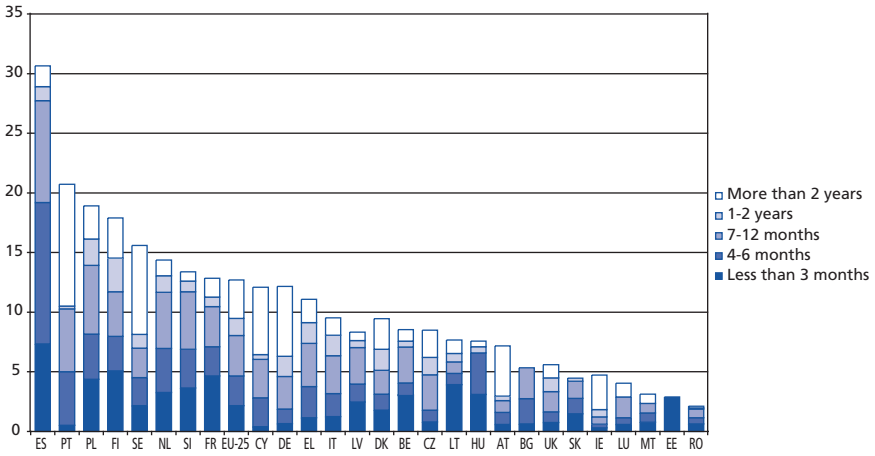
In Belgium, the social partners took action with regard to setting aside training funds for employees and disadvantaged groups as well as supporting employers who seek work for redundant elderly workers through outplacements. In Greece, funds financed by the social partners can subsidise the employment of persons nearing retirement. In Italy, sector-wide funds are being used to promote the training of workers who are made redundant. A special foundation, set up by the social partners in Austria together with the public employment service, seeks to qualify the unemployed for targeted local labour demand. In Portugal, the new labour code negotiated between the government and social partners contains important provisions relating to training based on the employment and vocational training agreement concluded in February 2001. The Irish social partners are strongly involved in enhancing continuing training activities in enterprises. In May 2002, Irish employers launched a new initiative on upgrading the skills of employees in order to meet the requirements of a more knowledge-based economy. In Spain, following consultation of the social partners, a new funding scheme for continuous training has been set up, which gives greater responsibility to the regions and to individual employers.

Participation in continuing vocational training is more substantial in enterprises that have collective agreements or agreements between management and the workforce than in other companies of all sizes without such agreements [75]. This finding clearly underlines the important role of social partnership in this policy area. Vocational training and lifelong learning have also been important topics for the European social partners (see Chapter 3). In March 2002 the cross-industry social partners adopted a framework of actions on the lifelong development of qualifications and competencies in the EU and two follow-up reports have been produced on implementation of the priorities identified. The European sectoral social partners have also addressed the topic through the adoption of joint texts (agriculture, banking, electricity) and developing practical tools such as manuals on training and tutorship (private security, cleaning industry, construction). In many other sectors it is an important priority in their work.

3.2. New forms of work organisation and adapted working-time arrangements

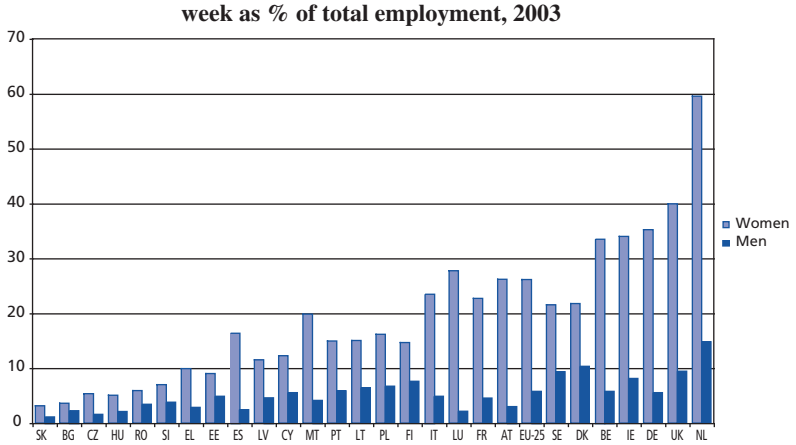
The growth in 'atypical', 'non-regular' and other non-standard forms of employment — such as temporary work (mainly fixed-term contracts and temporary agency work), part-time work, telework, 'economically dependent' work but without an employment contract, on-call work — is a common long-term trend across the EU. However, the new forms of work are not growing equally across Member States (see Charts 2.1 and 2.2).

Chart 2.1: Share of temporary employment by contract duration, 2003



NB: LU, EU-25: 2002. EE: only % for total temporary employed. *Source*: Eurostat.

Chart 2.2: Share of persons working less than 30 hours per week as % of total employment, 2003



NB: DE, LU, AT: 2002; EU-25 estimated. *Source*: Eurostat.

(75) *Eurostat,* Continuous vocational training statistics, *reference year 1999.*

On average, some 13 % of all employees in the EU were employed on temporary contracts in 2003. As shown in Chart 2.1, there is a huge variation across Member States, with very high rates in Spain, followed by Portugal, Poland, Finland, Sweden, the Netherlands, Slovenia and France, all with an above-average share of temporary employment, and a very low incidence of temporary contracts in the UK and in most of the new Member States. In most new Member States, this type of contract was virtually non-existent until the early 1990s (see Chapter 6). The opposite position of Spain (a high incidence of temporary work) and the UK (a low incidence) suggests that temporary work is being used by employers as a way of recruiting new labour market entrants to escape from highly protected standard jobs. The issue is then how 'security and flexibility' could be better redistributed between secure and insecure jobs. Chart 2.1 also brings out the variation in the use of very short temporary contracts — again, quite widespread in Spain but also in Poland. If employees end up having several short temporary jobs, incentives for investment in skills are likely to be poor. Part-time work (if defined as persons working less than 30 hours per week) accounts for 30 % of all female employment and 6 % of male employment in EU-15 (see Chart 2.2). There are massive variations across countries, with very high rates for the Netherlands, followed by the UK, Denmark and Ireland, and rather low rates in Greece, Spain, Portugal and Finland. The incidence of part-time employment in EU-10 is considerably lower, at under half the current EU figure. A common factor is that part-time work is predominantly a female phenomenon, as 33.5 % of all female employees work part-time (2002, Eurostat figure). At 10.3 % in 2002, the proportion in EU-10 is much lower and part-time employment would seem to be also associated with disabilities and other conditions that constrain both men and women to work full-time. It would also seem that a larger proportion of part-time work is involuntary (see Chapter 6). Telework/telecommuting is also increasing, but differences in definition make comparisons difficult. According to the Commission, there are about 4.5 million employed teleworkers in EU-15, amounting to around 2.8 % of total employment. Telework is not yet, however, thought to have developed significantly in EU-10.

A number of reasons are often cited for the overall growth of these non-standard types of employment contracts (temporary work, on-call employment, self-employment contracts) such as employers' wish to achieve greater flexibility in order to help cover periods of varying workload and to access expertise and specialists, and the desire by employees to balance their work and meet other (family, study, social) responsibilities. The situation varies between countries and forms of work in terms of the extent to which employees positively choose new forms of work or accept them because they cannot find 'regular' work (see also Chapter 6).

A framework regulating a number of new forms of work is being created at EU level, seeking to promote new forms of work, prevent discrimination against the workers involved and promote quality and flexibility in such forms of work. Directives, based on social partner agreements, have regulated some aspects of part-time work (1997) and fixed-term work (1999). In July 2002, the European-level social partners concluded an agreement on telework, which is to be implemented by the national member organisations of the signatory parties within three years (see also Chapter 3.) The overall thrust of EU regulation is to promote equal treatment between employees on different types of employment contracts where possible and to make it easier for employees to accept non-standard forms of employment contracts.

At the national level, all EU-15 and some of the EU-10 regulate various aspects of new forms of work, with implementation of the above-mentioned EU directives leading to legislation even in countries which formerly had no regulation in this area. For instance, in Greece and Italy temporary agency work has only been formally permitted in recent years. In July 2003, new legislation regulating fixed-term and part-time employment came into force in Hungary. The new provisions of the labour code seek to transpose the EU directives on these issues, and also address the issue of telework. In Slovenia, as of January 2003, new legislation has been introduced which seeks to regulate temporary agency work, increase the flexibility of the Slovenian labour market and provide adequate protection for temporary agency workers. New legislation has been adopted on temporary agency work and fixed-term contracts in Poland.

While there has been a widespread tendency to promote and permit various new forms of work, this has generally been accompanied by the establishment of a number of rules for their operation, often with the possibility of deviating from the rules by collective agreement, as is the case in Germany, the Netherlands and Denmark, and is now under discussion in France. New regulations on temporary agency work in Germany, introduced in 2002, specify that temporary agency workers must be paid the same wages as 'permanent' employees, but that this rule can be deviated from by collective agreement. At present, the remuneration of workers hired out by commercial temporary work agencies in Germany is on average 30 % below the level paid in the user company. The new acts on part-time work and fixed-

term employment relationships, which came into force on 1 January 2001, are proving to be fairly effective in encouraging part-time work.

Changes have occurred in some Member States with a high level of regulation in areas such as fixed-term contracts, especially by relaxing the grounds on which such contracts are allowed, their length and renewal. Deregulation has usually been accompanied by re-regulation. In EU-10, the regulation of various new forms of work has been subject to rapid change in many cases in preparation for EU accession, including the implementation of the relevant EU directives. This has involved both new regulation and relaxation of previous restrictions.

Collective bargaining also plays a role in regulating new forms of work. As seen above, the issue has been an important one in negotiations between the European-level social partners. At national level, collective agreements have varying roles in this area. Aspects of part-time work are covered by agreements at various levels in countries such as Austria, Belgium, Denmark, Germany, Italy, the Netherlands and Spain. These include: assisting conversion into full-time contracts; maximum and minimum working times and overtime; part-time work for older workers; rights to reduce working time; and training provisions. Some collective agreements (mainly sectoral) include provisions on fixed-term contracts in countries such as Denmark, France, Italy, the Netherlands, Spain and Sweden, dealing with matters such as the maximum proportion of such contracts, limits on their duration and rules on circumstances in which they may be used.

While collectively agreed provisions on part-time and fixed-term work are often relatively well established, a more recent trend is towards collective bargaining relating to temporary agency work. Specific sectoral collective agreements for the temporary agency work sector have been concluded in recent years in Austria, Belgium, France, Luxembourg, the Netherlands, Portugal, Spain and Sweden. These agreements tend to cover issues such as pay and conditions, benefits, representation rights and training. There are also some company-level agreements between individual temporary work agencies and trade unions, as in Germany at Randstad Deutschland and Adecco. Another approach to temporary agency work is to include provisions in the collective agreements of sectors and companies that use agency work. This is the case, for example, in many Italian sectoral agreements, specifying the conditions under which the use of temporary agency work is allowed or not allowed; the maximum number of agency workers permitted; and the conditions of pay and working hours.

Telework is another issue, which is increasingly subject to bargaining in some countries. Agreements providing for equal treatment with other employees and regulating matters such as the voluntary nature of telework, training, equipment, monitoring and health and safety have been signed in Austria (e.g. in electricity supply, telecommunications, information technology services, mineral oil production and information consulting); Denmark (in finance and commerce); Germany (in railways and at Deutsche Telekom); Italy (in commerce, public administration and for SMEs); Sweden (trade, commerce and services); and the UK (British Telecom). The implementation of the EU-level social partners' agreement on telework is stimulating further joint approaches on this theme (see Chapter 3).

Finally, in many Member States individual choices concerning working time, the annualisation of working hour calculations and, often, also family-friendly working-time regimes are a matter of collective bargaining. In Finland, working life will be studied taking account of the long-range features of working-time development. Reference can also be made to e-work and telework, notably in Ireland and Finland, or to certain new forms of work such as on-call work, project work and combined work/training contracts in Italy. However, a Finnish tripartite working group failed to agree on the conditions to apply to a permanent sabbatical leave scheme, to succeed the current experimental system. The main issue of contention was the length of prior employment required for employees to be entitled to a sabbatical. In German collective agreements, a number of long-term working-time savings accounts have been developed which can help to better organise the work/life-balance. Also in Sweden, Finland and Luxembourg, this approach has been taken further. The three-year collective agreements concluded in Denmark in 2004, offer greater scope for negotiated flexibility at the local level and for individual choice in working-time arrangements. A similar choice approach already exists in many Dutch agreements. While in Sweden the government financially supports efforts to reduce involuntary part-time work, in Greece certain efforts are being undertaken in the public sector to create jobs on the basis of part-time work, which so far is not widely used. In Germany part-time work may also have increased as a result of the right to work part-time, already existing in the Netherlands since 1999 and now also under discussion in Austria. In Austria, Germany and Italy, nationwide collective agreements have recently been signed for temporary agency workers. The new labour code in Portugal, foresees, *inter alia*, the extension of fixed-term contracts to six years and a reduction of the period defined as

night work. Incentives also exist to encourage companies to convert fixed-term contracts into permanent ones. In Spain, within the most recent national framework agreement on collective bargaining, efforts to reduce recourse to temporary work are continuing.

3.3. Health and safety at work

In response to the Council resolution of 3 June 2002 on a new Community strategy on health and safety at work (2002–06) [76], which calls on the Member States to 'develop and implement coordinated coherent prevention policies, geared to national conditions, with measurable targets set in this context for reducing accidents at work and occupational diseases, especially in those sectors of activity in which rates are above average', some Member States, especially the UK, Denmark, France, Greece and, to a minor extent, Portugal have set national targets for the reduction of occupational accidents and diseases. In Denmark, in 2001, the government took the initiative of regulating the 'psychological work environment', including sexual harassment and bullying. This provoked protests against the infringement of the bargaining autonomy believed to be typical of 'the Danish model'. The subsequent agreement on these matters covering industrial sectors opened the usual channel for settling industrial disputes for dealing with these matters. In Finland, on the other hand, a legal approach was taken and in 2003 a new Act on occupational safety and health, extending the existing protection to issues such as the burden of work, working alone and harassment, was adopted.

Other countries have adopted a tripartite approach, for instance, in Luxembourg, in June 2001, tripartite discussions resulted in agreement on a partial disability pension in addition to the existing full disability pension. Employers will be responsible for offering internal redeployment to employees in receipt of the partial disability pension. In the event of non-compliance, the employer will be liable to pay a compensatory tax of 50 % of the minimum wage for up to 24 months. In Sweden also the government launched tripartite talks with the social partners on the issue of 'increased health in working life' in November 2001, against the background of increasing levels of sickness absence. The intention was to put into effect an 11-point programme drawn up by the government. Earlier in the year, unions and employers in the private sector had signed an agreement improving the terms of the collective work injury insurance scheme. Changes have also been made in two other insurance schemes based on collective agreements, those covering sickness and redundancy. In February 2001, the Portuguese Government and social partners signed an agreement aimed at improving working conditions and health and safety at the workplace and combating accidents at work. The agreement provides for measures aimed at preventing and combating workplace accidents, and improving services designed to ensure health, safety and hygiene at the workplace. It also creates a number of joint bodies to implement its provisions. Policies in the field of health and safety are often combined with more and better training such as in Denmark and Sweden, modernisation of notifications of accidents (Spain), better supervision of health and safety matters (Finland), targeted information measures for small and medium-sized enterprises (the Netherlands) and upgrading safety management, training and consultation (Ireland, Austria).

In recent years some agreements addressing the issue of stress and excessive workloads have been reached (Belgium, Denmark, the Netherlands and Sweden). Increase of individual choices with regard to the elements laid down in collective agreements, e.g. less cash pay against better non-monetary working conditions and/or payments into pension funds, are aspects which are likely to be interesting for many workers. Inspiration could be provided by the 1999 agreement in the Dutch Foundation of Labour on a 'multiple-choice model of employment conditions' and hence could be developed further to increase the attractiveness of work and working environments.

In May 2004, the European social partners concluded an agreement on work-related stress which was, once formally adopted in October 2004. It will be implemented at the national level by their national affiliates. Such approaches are premised on the idea that good social policy, in this case adequate policies on health and safety, but extending to other matters affecting the 'well-being' of employees, contribute to sound economic policy. In simple terms, companies should be better off if their employees are happy.

3.4. Active ageing

To develop a sustainable employment culture, the short-term concerns of flexibility of companies and workers have to be balanced against medium- and long-term (lifetime) capacity empowerment in the context of a competitive environment and the continuous need to manage change. Attention to issues of training, health and safety, the work-family balance, and variation of working hours over the life cycle are all inter-related, even though they are often treated

(76) Communication from the Commission, 'Adapting to change and work in society: a new Community strategy on health and safety at work 2002–06', COM(2002) 118 final.

separately. Demographic developments mean that greater efforts are needed to bring about sustainable work organisations by optimising the experience and accumulated knowledge of all, including older workers, e.g. through career development, a reconsideration of the parameters for payment systems taking into account justified seniority and performance-related elements, and more possibilities for internal mobility as well as outplacement and mobility across firms or sectors. A stronger integration into collective bargaining of measures improving competence management and training is vital, as are the measures that reduce health risks and provide realistic alternatives for early retirement.

Employer-provided training is currently inversely related to age, but positively related to education levels and skills. In other words, those that need additional training most, tend to receive less of it. The social partners have a special role to play in abolishing age stereotypes and developing new forms of work and training in order to facilitate the continuous integration of ageing workers, including equal access to training opportunities, providing for flexible working-time schedules allowing workers to retain their health and to continue active participation.

Voluntary guidelines agreed by the European social partners in the commerce sector in March 2002 in support of age diversity stress the importance of an age-neutral approach to employment, recruitment, vocational training and the distribution of positions within companies. These guidelines may provide useful inspiration to social partners in other sectors. The cross-industry European social partners will hold a seminar in 2004 at which they will discuss various case studies and explore the possibility of undertaking further actions (see also Chapter 3).

In view of demographic trends and in line with the recommendations of the report of the Employment Taskforce, the discussions between the European social partners exploring possible joint actions with regard to the ageing workforce could play an important role in helping to shift policies towards maintaining older workers in employment. In a large number of Member States (Finland, Netherlands, Greece, Belgium, Austria and Denmark) actions have already been undertaken to reverse recourse to early retirement, but these need to be enhanced and intensified [(77)].

3.5. Equal opportunities and integrating people at a disadvantage in the labour market

In spite of the law, equal pay and equal opportunity between men and women is still elusive. Although social partners in many Member States (Belgium, Denmark, Finland, Sweden, Spain, Ireland at the cross-industry level) are seeking ways of addressing the issue and improving the situation through collective bargaining, EU-wide statistics show that the reduction of the pay and career gap is a slow and difficult process. Promising examples include a cross-industry agreement in France on gender equality and gender workforce composition signed in April 2004, covering matters such as narrowing the gender pay gap, preventing maternity leave from adversely affecting women's careers and addressing labour market segregation. In Denmark, a nationwide agreement has been concluded which extends fully paid maternity/paternity benefits from 14 to 20 weeks, as well as introducing further pregnancy leave of four weeks for women. Swedish industry agreements foresee the establishment of joint funds for, *inter alia*, parental leave.

The European social partners are currently negotiating a framework of actions in this field, which should help to move forward in a more comprehensive and coordinated way than in the past, helping thereby to tackle the underlying factors leading to discriminatory behaviour. An EIRO comparative study on gender equality plans at the workplace finds that so far the issue is rarely dealt with in collective agreements above the company level [(78)].

As emphasised in the employment guidelines, both governments and social partners are called upon to undertake action to improve the situation of immigrants and ethnic minorities in the labour market. A recent EIRO comparative report on migration and industrial relations [(79)] shows that the issue of migrant workers has not yet achieved a significant place on the social partners' agenda. Some positive developments have taken place at the cross-industry level in Belgium and, through a national agreement, in Denmark. In May 2002, Danish social partners and municipalities signed an agreement with the government to strengthen measures to integrate immigrants and refugees into the labour market. The agreement establishes a three-stage integration process, involving training and experience preparing for employment. A year earlier, the German Confederation of Trade Unions

(77) *Report of the Employment Taskforce, chaired by Mr. Wim Kok,* Jobs, jobs, jobs — Creating employment in Europe, *November 2003. On active ageing see also the communication of the Commission, 'Increasing the employment rate of older workers and delaying the exit from the labour market', COM(2004) 146 final.*
(78) *EIRO (2004),* Gender equality plans at the workplace, *March.*
(79) *EIRO (2003),* Migration and industrial relations, *May.*

(DGB) presented a new programme calling for the introduction of a federal immigration committee and quotas for certain types of non-EU immigrant workers. This programme comes at a time when the federal government as well as the Confederation of German Industries (BDI) have highlighted the need for future large-scale immigration and are seeking to find ways of attracting high-skilled foreign labour to Germany. The debate focuses not just on the rules governing immigration, but also seeks to offer foreign workers support for their integration into German society. In recent years, the Dutch Government has been adopting a tougher approach to the illegal employment of non-EEA foreign nationals. The Dutch Trade Union Federation (FNV) has focused attention on the circumstances under which illegal immigrants are being employed, and the central employers' federation, VNO-NCW, wants to relax regulations that hamper the arrival of high-skilled staff. In Greece and Ireland, nationwide non-discrimination agreements have been signed and, in Finland, the working conditions of migrant workers have been addressed at the central level. However, at the sectoral and company level attention to the migration issue is rare.

With a view to integrating and mobilising the full labour potential in the medium term the inclusion of this issue in the agenda of the social partners can be given more weight. A recent study for the Commission on the costs and benefits of diversity finds that workforce diversity policies identify important benefits that strengthen long-term competitiveness and, in some conditions, produce short- and medium-term improvements in performance [(80)]. In this light, a better integration of all groups into the labour market is not only a measure for social cohesion but also of paramount economic interest for the EU in general.

3.6. A culture for managing change

Change is a wide concept, covering many issues, including new technology, new working methods, the need for lifelong learning, and, sometimes, restructuring. In line with many other reports, and much academic research, the Employment Taskforce has underlined the need for Member States, social partners and enterprises to increase their capacity to anticipate, trigger and absorb change in a mutually acceptable way. This affects first of all company industrial relations and calls for responsible corporate management as well as provisions for the information and consultation of employees in enterprises and establishments (see Chapter 5). However, it is also an issue for collective bargainers, at all levels (company, regional, sectoral) and, as a way of promoting frameworks for action on particular issues, at the European level.

In response to the requirements and challenges of accelerated economic change and industrial adjustment, the nature of collective agreements has also gradually changed. Most agreements have become richer in the sense of addressing a wide range of issues. At the same time they have become more procedural — regulating how, rather than what must happen. The thorny issue of 'opening' or 'opt-out' clauses, discussed in Chapter 1, and the possibility of deviating from legal provisions by way of collective agreement are examples of this development. As a consequence, the role of central and sectoral organisations and wage-bargainers is also changing. Their role is becoming more one of an insurer of last resort, providing the facilities and incentives for local initiatives as well as a balance between management and employees, making it possible for both to negotiate adequate and sustainable mixes of flexibility and security. In such a context, management and employees can be encouraged to take a longer-term view, anticipated by appropriate action and human resource management.

Social partners, often together with governments, are thus called upon to negotiate the right framework conditions, within which enterprises can be maximally empowered to create and maintain competitive jobs for all at fair working conditions and to be put in a position to recruit easily from the external labour market thus balancing internal company adjustment measures. There are already some encouraging examples, such as the adjustment agreement in the private sector in Sweden, discussed in Chapter 1. Built on an adjustment insurance scheme, workers who are made redundant can receive financial benefits, education and training, help to find a new job or to set up an enterprise. The Severance Act, negotiated in Austria by the social partners, also has the potential to increase flexibility and mobility in the labour market and increase re-employment possibilities for unemployed persons. So-called 'transfer social plans' are being developed by some German trade unions in order to assist works councils in cases of restructuring. In some Belgian agreements there are now provisions for the transition of older workers in cases of redundancy resulting from corporate restructuring into other jobs, with the help of training and personal coaching and as an alternative to early retirement. These efforts might be supported through territorial agreements, widening the scope for effective reconversion plans as for

(80) The costs and benefits of diversity, Brussels, Employment and Social Affairs DG, European Commission, November 2003.

instance initiated in France, and through a more pro-active use of severance payments linked to training and re-employment.

In an exploratory opinion of September 2003 the European Economic and Social Committee [81] emphasised the importance of social dialogue among all actors involved in order to cope with the causes and consequences of industrial change. The Barcelona European Council of March 2002 [82] invited the social partners to find ways of managing corporate restructuring through dialogue and a preventive approach. In response, the European social partners have issued some 'best practice' orientations on managing company restructuring, based on case studies (see Chapter 5).

4. Conclusion

There are no quick fixes on how to handle the various challenges entailed by the innovative management of change. What is clear, however, is that with a view to achieving a competitive knowledge economy characterised by sustainable development, a partnership approach can complement the functioning of markets and reduce coordination and efficiency failures.

One of the key challenges is of course to strike a balance that does not stultify, but stimulates change. In other words, from the procedural point of view, 'high quality' industrial relations should have low transaction costs related to contracting, administration, regulation and conflict resolution of employment relations. In terms of outcomes, 'high quality' industrial relations should encourage an effective balance between flexibility for firms and security for employees, with a view to supporting the objectives of competitiveness and employment.

The examples of industrial relations outcomes provided in this chapter demonstrate the large diversity of approaches — both bipartite and tripartite — being pursued by the social partners. This indicates that a variety of solutions can produce beneficial results. Social partners in the EU can, as a consequence, learn a great deal from each other, and the European social dialogue can make an important contribution to this process by promoting the exchange of best practice, and providing some coordination of the pursuit of certain shared objectives. Through the social partners' adoption of agreements and other joint texts, the European social dialogue can also help to stimulate national bargaining agendas. It will now be important to ensure effective interaction between the European and national levels of industrial relations players to ensure that these European level initiatives have a real impact.

(81) *Opinion of the European Economic and Social Committee on the practical application of the European Works Councils Directive 94/45/EC and on any aspects of the directive that might need to be revised, exploratory opinion, 24 September 2003.*
(82) Presidency conclusions, *Barcelona European Council, 24/25 March 2002.*