

The project DIRECT II is focused on trends in direct employee participation in seven European countries (Bulgaria, Cyprus, Ireland, Italy, Poland, UK and Spain) aiming to explore the impact of direct employee participation on industrial relations on company level and to explore a number of good practice examples of enterprises in the partner countries that have successfully introduced new technologies (of whatever form) with the full co-operation of employees, through a process of direct participation.

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Expanding and Improving Workplace Democracy as a  
Prerequisite for Humanising Labour and the Work Environment  
**DIRECT II - VS/2020/0101**



# FINAL PROJECT COMPARATIVE REPORT

The project is implemented with the financial support of the European  
Commission – Employment, Social Affairs and Inclusion DG, Budget  
Heading 04.03.01.06

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# Foreword



**Dear fellow trade unionists, partners and interested readers,**

Democracy at work has been the focus of the activities of the trade unions and social partners since the beginning of the democratic changes in our country. After Bulgaria's accession to the European Union, it became the subject of lots of research, discussions, trainings and projects. A number of external and internal environmental factors for enterprises and social partners, such as technical and technological changes (digitalisation, robotics, etc.), economic globalization and growing market uncertainty and enterprise sustainability are prerequisites for enriching industrial democracy with new forms. Forms are increasingly being used to expand direct employee participation in management and to seek mechanisms to improve work motivation, productivity and

employee inclusion in organisations.

Direct employee participation in management is used in a number of EU countries, but it is often not a subject to legal regulation. The use of such practices is usually the result of policies and decisions in individual companies, although in some countries they are more widely used. It is important for us to what extent the use of these forms respects and upgrades the rights of employees, as well as to what extent it „fits“ into and enriches the existing system of industrial relations.

Direct worker participation, as well as a number of other forms of participatory participation and representation, are increasingly linked to the processes of digitalisation and the use of other modern technical systems and

technologies. Digitalisation and the introduction of new technical and technological models and solutions in the economy is and will be one of the main challenges of the XXI century. They change not only the models of production and the nature of labour, but also the skills and attitudes of workers, as well as the perception of human labour. They radically change the way of life - at work and beyond it. The quality of employment, working hours and places, the organisation and conditions of work and the forms of payment are changing.

Digitalisation is most often a prerequisite for the introduction of new production systems and new organization of labour, including and enhanced autonomy and individual responsibility in the workplace and expanding the use of teamwork. These forms generally require the expansion and enrichment of democracy in the workplace, in particular the expansion of the use of direct workers' participation in governance. At the same time, direct worker participation is often a condition for expanding the use

of innovation and facilitating the adoption of new technologies, organisation of production and labour by workers.

CITUB has made the impact of digitalisation for labour and industrial relations a priority since its VIII Congress in 2017 and at the last IX Congress these aspects were expanded and enriched in the adopted Programme.

This project is a continuation of the DIRECT 1 project successfully implemented by CITUB with BIA and partners from 6 EU member-states. The main focus of DIRECT 2 is the interaction between the processes of digitalisation and direct employee participation in management, as well as the impact that these processes have on industrial relations at company level. In addition, DIRECT 2 uses and builds on the results and conclusions of the many projects dedicated to digitalisation and industrial relations and implemented by CITUB, its main members, ISTUR and WETCO in the period 2016-2021.

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

# Executive summary

The project DIRECT II, promoted by the Confederation of Independent Trade Unions in Bulgaria, focuses on trends in direct employee participation in six EU Member States aiming to explore the impact of direct participation on industrial relations at the company level and to explore a number of good practice examples of enterprises in the partner countries that have successfully introduced new technologies (of whatever form) with the full co-operation of employees, through a process of direct participation.

The project also seeks to continue to explore some of the practices of direct participation, which are introduced under traditional technologies and to compare them with the practices of direct participation, which were introduced as a result of the introduction of new technologies. The project is aiming to research if direct participation in management, even in the introduction of new technologies, can improve efficiencies, productivity, better work organisation and the commitment of the workforce, including opportunity for workers to suggest ideas for organisational innovation; contribute to improving workers qualifications and skills;

humanise the working environment through, for example, the introduction of flexible working time; improved occupational health and safety; allow for flexibility in executing tasks, including job rotation and homeworking; as well as appropriate forms of remuneration relating to the introduction of new technologies.

Workplace democracy, especially direct participation in governance (management), besides improving labour motivation and efficiency of production/services, can also be used to humanise work and the working environment and also increase job satisfaction and workforce development. It is a system of work organisation that allows for the input of employees into the day-to-day operations of the enterprise. It can include both consultation and delegation arrangements in the workplace, through individual and/or group participation. The promotion of direct participation can be a competitive strategy for an enterprise, contributing to continued economic recovery within the EU and making European enterprises more competitive in the global marketplace by being more efficient, lowering production costs, allowing for greater innova-

tion and providing for increased commitment among employees. Many previous studies have shown that all forms of workplace democracy, especially direct participation in governance, result in improved worker motivation and increased productivity.

With the rapid advance and application of digital technologies, EU workplaces are changing rapidly. To stay competitive, to retain market share and, most importantly, maintain employment levels, companies and workers must adapt to these changes. In this context, digitalisation refers to integration and application of different digital technologies and innovations across the social and economic fields, such as, computerisation, automation, robotics, manufacturing technologies and social media.

Consequently, the introduction of new technologies allows management and employee representatives, working together, to make the choices best suited to their par-

ticular enterprise and business sector, such as, the appropriate selection of hardware, the design and configuration of software, and the organisational changes required for the use of the technology systems selected. The choices made can have important implications for the success of the technology change, its impact on employment levels, the reorganisation of the workforce, the skill needs and the quality of working life.

Achieving such a work environment would be more effective if it is associated with forms of representative participation, such as provision of information and consultation by management, health and safety committees, options for advisory or full participation in supervisory or management bodies etc., as well as representation by trade unions for the process of collective bargaining.



## Project Beneficiaries and Members of the Project Steering Committee

The project involved eight partners from six EU Member States and the UK, as follows:

**Bulgaria: Confederation of Independent Trade Unions in Bulgaria (CITUB):**

- Ina Atanasova, Project Co-ordinator
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**Confederation of the Employers and Industrialists in Bulgaria (KRIB):**

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**Italy: Fondazione Guiseppe di Vittorio (FDV-CGIL):**

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- Brian McGann
- Tony Murphy
- Mary Ogundipe

**Poland: Szkoła Główna Handlowa w Warszawie (SGH)**

- Andrzej Zybała
- Dorota Konopka

**Spain: Fundación 1º de mayo, CC.OO.**

- Jesús Cruces Aguilera
- Alicia Martinez Poza

### Associated Partners

**Bulgaria: Bulgarian Industrial Association (BIA)**

**UK: Royal Holloway University of London (RHUL)**

- Michael Gold

**Project External Expert**

- Kevin P O'Kelly

# Chapter 1

## Introduction: Definition of Direct Participation (DP); Definition of new technology; Aims of the DIRECT 2 Project; Project methodology

Workplace democracy has been an important focus in European trade union since the 1980s.<sup>1</sup> Employee involvement in management decision-making can be in three ways:

- Representative participation through works councils, consultative fora and employee representatives on company boards
- Financial participation through employee share-holding, either individually or as part of joint employee share-ownership plans (ESOPs)
- Direct participation.

### Definition of Direct Participation

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

Direct participation can be defined as:

*Opportunities provided by management, or initiatives to which they lend their support at the workplace level, for consultation with and/or delegation of 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>2</sup>*

Therefore, it is a different approach to the organisation of work that provides for the input of employees into the day-to-day operations of the enterprise. It can include both consultation and delegation 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 have 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 management or through 'arms-length' arrangements. Group consultation can be either on a permanent or a

<sup>1</sup> The ETUC has continually sought more workplace employee involvement for over thirty years, since the adoption of the Political Declaration at the ETUC 5<sup>th</sup> Congress in Milan, and continues to do so up to and including the adoption of the Strategy for More Democracy at Work, November 2018, and the campaign for more workplace democracy – 2021: Year for More Democracy at Work.

<sup>2</sup> European Foundation for the Improvement of Living and Working Conditions (Eurofound) Conceptualising Direct Participation in Organisational Change – The EPOC Project, Dublin (1994)

temporary basis. Examples of the types of direct participation are set out below:

**Figure 1** Examples of Direct Participation: <sup>3</sup>

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

The promotion of direct participation can be a competitive strategy for an enterprise, contributing to economic recovery within the EU and making European enterprises more competitive in the global marketplace by been more efficient, lowering production costs, allowing for greater innovation and providing for increased job satisfaction and commitment among employees.

#### *Direct Participation and New Technologies*

Studies have shown that all forms of workplace democracy, especially direct participation in governance, result in improved worker motivation and increased productivity. Thus the efficiency of an enterprise's production/services is enhanced by workplace democracy, which also improves the humanising of work, the work environment, job satisfaction and workforce development.

With the rapid advance and application of digital technologies EU workplaces are changing rapidly. To stay competitive, to retain market share and, most importantly, maintain employment levels, companies and workers must adapt to these changes. In this context, digitalisation refers to integration and application of different digital technologies and innovations across the social and economic fields, such as: computerisation, automation, robotics, manufacturing technologies, social media, artificial intelligence, etc.

When the need to stay competitive and profitable requires enterprises to introduce new technologies, either in manufacturing or service

<sup>3</sup> ibid

business sectors, it can result in significant organisational change that present management with a range of challenges:

- How to re-organise management/supervisory structures to allow for greater autonomy for employees using new technologies and devolve control of the workforce
- The introduction of new technologies requires greater workforce skill levels. Investing in expensive technology means also investing in up-skilling of the existing workforce and/or recruiting those with the essential skills to operate the new technologies
- Depending on the industrial relations climate in an organisation, negotiations on the introduction of new technologies will require flexibility and co-operation from both sides as, very often, the introduction of technologies result in a period of 'trial and error' and reaching the final solutions step-by-step. It is, therefore, difficult to reach a definitive agreement at the earlier stages of the introduction process.

Employees, and their representatives, also face a range of difficult challenges when faced with new technologies:

- Will the introduction of a new technology result in job losses? How can employment levels be protected in the inevitable re-organisation of work around the new technology?
- What changes will be needed to the existing organisation of work and to management, supervisory and hierarchical structures to deal effectively with the integration of the new technology into current arrangements?
- What re-skilling and re-training will be provided by the enterprise to existing workers affected by the introduction of the new technology? If recruitment of new skilled workers, with the required expertise, is undertaken by management, how will these new employees fit into the existing workplace structures?
- Related to the issue of skill levels is remuneration – how will the introduction of the new technology, any change in work organisation and possible greater responsibilities be recompensed? How will income structures be affected? Will the expected increase in productivity be shared with the workforce?

### Definition of New Technologies

This project seeks to explore these issues and to explore a number of good practice examples of enterprises in the partner countries that have successfully introduced new technologies (of whatever form) with the full co-operation of employees, through a process of direct participation and, for this study, another EUROFOUND definition is used:

- Automation: the substitution of human input by machine input
- Digitalisation: the transformation of physical objects and documents into bits (and vice versa)
- Co-ordination by platforms: the use of digital networks to organise economic transactions in an algorithmic way (such as that

used by Uber).<sup>4</sup>

For the purposes of this DIRECT 2 project and the case study research, the focus is on the first of these two parts of the definition: a) The introduction of automation and robotics; and b) the use of digitalisations technology, for whatever reason, in the transformation of work.

Content, subject and objectives of the research and the project in general

Previous surveys and projects have found that direct participation is most often associated with a certain type of organisation of production and labour, such as lean production, 'Toyota' type systems, that strive to achieve a reduction in the cost of materials, energy, technological discipline, etc. New forms of work organisation are tied to innovative technological solutions, but can also be applied to more traditional work organisation processes, especially team or group-based work organisation, or to work organisation structures that require a high degree of autonomy for individual employees.

At the same time, direct participation in management decision-making is a factor in improving the organisation of work and production, as well as improving technological support, especially in cases of medium and highly qualified workers. This is a prerequisite for successful management approaches in the introduction of new technologies through the use of direct participation.

Concentrating direct participation only within the context of management styles, without taking into account its impact on workers, can lead to serious employee discontent. If not used prudently, it can have a detrimental impact on:

- The levels of employee satisfaction
- Workers' motivation and changes to working conditions resulting in increased work intensity (not always compensated for by higher incomes)
- Exhaustion and "burn out"
- Conflicts about the allocation of work tasks
- A possible reduction in jobs, resulting in redundancies or re-assignment
- Limiting workers' rights to representation and protection of their interests, including through trade unions.

Alternatively, technologies introduced through a process of direct participation can:

- Improve efficiencies, productivity and the commitment of the workforce
- Contribute to improving workers qualification and skills
- Humanise the working environment through, for example, the introduction of flexible working time and the elimination of repetitive tasks

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<sup>4</sup> Eurofound (European Foundation for the Improvement of Living and Working Conditions) (2021) <https://www.eurofound.europa.eu/publications/flagship-report/2021/the-digital-age-implications-of-automation-digitisation-and-platforms-for-work-and-employment>

Also: Game-changing technologies: Transforming production and employment in Europe (2020) [https://www.eurofound.europa.eu/sites/default/files/ef\\_publication/field\\_ef\\_document/ef19047en.pdf](https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef19047en.pdf)



- Improve occupational safety and health
- Allow for flexibility in executing tasks, including job rotation and homeworking; as well as appropriate forms of remuneration related to the introduction of the new technology.

Achieving such a work environment would be more effective if it is associated with forms of representative participation, such as the provision of information and consultation by management, as well as representation by trade unions for the process of collective bargaining.

It is possible to conclude from the findings of the DIRECT Project (2017-2018) that direct participation, even when viewed more as a managerial perspective, is more widespread and produces better results for both employers and employees in enterprises with a co-operative approach to industrial relations and representative participation.<sup>5</sup>

It is, therefore, the hypothesis for this project that direct participation is an indispensable tool for management and employee representative in dealing with the challenges of introducing new technologies.

### Aims of the project

1. To expand and deepen the study of direct participation in the organisation of work in selected business sectors and enterprises in the partner countries, in particular in the introduction of new technologies
2. To explore in more detail the relationship between direct participation and:
  - humanising the work environment
  - improving skills and workplace welfare
  - improving work satisfaction and workplace motivation
3. In the context of introducing new technologies, to study the links between direct participation and representative participation, in the context of its influence on the working environment
4. To explore the importance of the application of direct participation, industrial relations and trade union representation for improving the working environment in negotiations for the introduction of new technologies
5. To make a comparative analysis of the trends in the partner countries
6. To train workers, workers' representatives, trade unionists and employers on the specifics of direct participation and its links with representative participation (including trade union representation)
7. To organise discussions between trade unionists and other workers' representatives, managers and employers on the role of direct participation in the context of its social dimensions at national and transnational levels, specifically in relation to the successful introduction of new technologies
8. To develop Guidelines for Good Practice of Direct Participation to assist management and employee representatives to smoothly facilitate the introduction of new technologies through enterprise-level joint steering committees and joint implementation groups
9. Make recommendations for the actions of the EU-level and

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<sup>5</sup> [www.direct-project.org](http://www.direct-project.org)

national institutions with a specific focus on new technologies and the modernisation of the EU economy

10. In general, to promote direct participation practices as a way of achieving positive outcomes for social, technical and economic developments in EU Member States.

### Methodology

The study is been undertaken through a series of phases, as follows:

1. A review of the national employment relations systems, including analysis of the role of social dialogue, representative participation and direct participation in each of the six participating EU Member State

2. A questionnaire-based enquiry on the policies and/or attitudes to direct participation of:

- a) The relevant national government ministries and State agencies
- b) National level trade union and employer organisations
- c) Sectoral level trade union and employer organisations
- d) Enterprise level trade union and employer representatives in, at least, two enterprises from two business sectors: <sup>6</sup>
  - Services sector
  - Manufacturing sector

3. Transnational roundtables on the following topics:

- Direct participation and the introduction of new technologies
- The humanisation of the working environment in an age of digitalisation
- Direct participation, job satisfaction, workplace motivation, re-skilling and training
- Improving the social and economic performance of direct participation by linking it to representative participation and collective bargaining for the introduction of new technologies into enterprises.

4. Each national project partner will produce a national report, to be followed by a final European Comparative Report. It is proposed that this Final Project Report will be launch at a key international conference which it is intended will be held in Sofia in the July, 2022.

5. Guidelines for the Good Practice of DP will also be produced and launched at the Final Project Conference.

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<sup>6</sup> These enterprise-level enquiries led to the selection of 'good practice' case studies of enterprises in the six participating EU Member States, both large and small, that apply direct participation and/or workplace innovation as an integral part to the employment relationship.

# Chapter 2

## Overview of Employment Relations Systems in the Partner Countries and the Business Sectors Studied

**Introduction: Industrial Relations systems across the six participating EU Member States**

Industrial relations (IR) systems consist, basically, in the relationships between three sets of key actors: employers, unions and government, which vary greatly across the EU Member State. Commentators agree that these IR systems are located within national business systems that consist of complex interrelationships between forms of corporate, financial and production governance, employment and labour markets. Commentators generally group these national business systems into regional clusters or models across the EU Member States which collectively are known as ‘varieties of capitalism’.<sup>7</sup> In the literature, Cyprus and Ireland fall broadly into the liberal-market model; Italy and Spain into the Southern European model; and Bulgaria and Poland into the Central and East European model.

According to this national business system typology, we would expect Cyprus and Ireland to be characterised by a private sector run predominantly in the interests of shareholders geared to short-term financial markets.<sup>8</sup> Production regimes in these countries have been traditionally low-skill and mass production. Unions tend to be fragmented and collective bargaining decentralised. Labour markets are typically flexible and deregulated.

Italy and Spain are usually clustered by international literature as representative of a broad “Southern” model of employment relations, although Italian experts agree on some similarities, they also underline the different degree of State intervention, which is very high in Spain, but, in Italy, one of the lowest of Europe, where voluntarism and peak level social dialogue prevail and rule on most industrial relations issues.<sup>9</sup> Employers are frequently intransigent and unions fragmented along political or religious lines. Bargaining is generally decentralised though there is sporadic State intervention and State-union crisis pacts. Employment rates are comparatively low by North European standards. Labour markets are regulated but flexible, atypical work predominates among small enterprises.

Placing Bulgaria and Poland within the national business systems

<sup>7</sup> Soskice, D. (1991) ‘The institutional infrastructure for international competitiveness: a comparative analysis of the UK and Germany’, in: A.B. Atkinson and R. Bruneta (eds) *The New Europe*, London: Macmillan; Whitley, R. (1999) *Divergent Capitalisms: The Social Structuring and Change of Business Systems*, Oxford: Oxford University Press; Hancké, B., Rhodes, M. and Thatcher, M. (2007) *Beyond Varieties of Capitalism. Conflict, Contradictions, and Complementarities in the European Economy*, Oxford: Oxford University Press.

<sup>8</sup> Ebbinghaus, B. and Visser, J. (2000) *Trade Unions in Western Europe since 1945*, Basingstoke: Palgrave Macmillan.

<sup>9</sup> Leonardi S and Pedersini R ETUI (2018); Bordogna L and Pedersini R *Relazioni industriali L’esperienza italiana nel contesto internazionale* (2019)

framework is particularly challenging.<sup>10</sup> These countries represent cases of hybrid models of capitalism as the concept of a dependent market economy was formulated that emerged since the 1990s after the collapse of the formerly command economy structures, which were dependent on cheap labour as a pre-condition for remaining competitive and attractive for foreign capital. The Polish IR system is quite adversarial and largely pluralistic, with low density of trade union and employer organisation and a moderate coverage of collective bargaining.

These national business system typologies must, however, be treated with considerable care. More recent work, for example, has identified nine models at the global level,<sup>11</sup> which suggests analysis needs to go well beyond what may often be regarded as these static, somewhat unchanging frameworks.

Within the framework of the DIRECT 2 project, the following are broad outlines of the national employment relations systems within which the objectives of the project have been examined.

### Bulgaria

Trade union density has been declining for twenty years, falling to 16-18% 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 chemical and pharmaceutical production, electronic and electro-technical production, but also in food production; clothing and textiles; leather and footwear; wood and furniture, but less so in machine building, metallurgical industries and paper production.

The overall coverage of collective bargaining for the whole economy is estimated at 26-27%<sup>12</sup> but with deregulation and de-centralisation, there was an indication of a small increase in the years 2020-2021.<sup>13</sup> Other data sources put the figure at between 23% and 37%, while in manufacturing collective bargaining coverage is estimated to be around 30-35%.<sup>14</sup> Within this range some industrial branches, such as the automotive sector, is much lower.<sup>15</sup>

In a number of business sectors there are still collective sectoral

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10 Bohle, D. and Greskovits, B. (2012) *Capitalist Diversity on Europe's Periphery*, Ithaca NY and London: Cornell University Press; Nölke, A. and Vliegenthart, A. (2009) 'Enlarging the varieties of capitalism: the emergence of dependent market economies in East Central Europe', *World Politics*, 61: 670-702.

11 Witt, M.A., Kabbach de Castro, L.R., Amaeshi, K., Mahroum, S., Bohle, D. and Saez, L. (2018) 'Mapping the business systems of 61 major economies: a taxonomy and implications for varieties of capitalism and business systems research', *Socio-Economic Review*, 16(1): 5-38. Available at: <https://doi.org/10.1093/ser/mwx012>.

12 CITUB data

13 Based on the CITUB Annual review of collective bargaining, 2020 and 2021.

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

15 CITUB data and sectoral trade union federations

agreements, such as mining and some manufacturing sectors, for example, metallurgy, machine-building, paper and in construction. In services, there are sectoral collective agreements mainly in public companies, as well as in sectors where there are public/private partnership ownership arrangements, for example in transport. In most of the other public sectors, such as education, health care, culture, etc. there are also sectoral collective agreements.

There are also collective agreements in some companies with a national scope, both public funded (i.e., posts and railways) and private (i.e., telecommunications and some private banks). In public administration collective agreements usually are in particular ministries and agencies whose activities cover all the regions in the country.

There are also collective agreements at the municipal level for sectors and companies, funded from the municipal budgets (i.e., local transport, health care, education). In most of the sectors, both private and public, there are company/organisation level collective agreements, but their numbers are also decreasing

According to the data of the European Company Survey 2019, only 27 % of workplaces have official structures of employee representation, but in 76% of the bigger companies, 51% of the medium-sized companies and only 23 % of the small enterprise, with 10 to 49 employees.<sup>16</sup> Trade unions still play the main role in employee representation, but there are also many companies where other representatives are also elected, such as representatives for information and consultation, health and safety committees, other special employee representatives for the purposes of protection in cases of mass redundancies or the change of company ownership. However, in many companies, mainly micro and small, there are no trade unions and not any other form of employee representatives.

Instead of decentralisation of collective bargaining there is still a strong importance attached to tripartite partnerships, mainly at the national level and, to some extent, at sectoral and regional/municipal levels. The tripartite partnership has a strong influence on the regulation of labour law, the labour market, such as the determination of the minimum wage, labour market activities, social insurance and living standard.

### Cyprus

Cyprus has a relatively high level of trade union organisation, with around 170,000 trade unionists in the country, representing 54% of all employees, but union density may be lower than this, because some union members are retired, so are no longer employees. Figures from the ICTWSS database of union membership put union density lower at 43.7% in 2016.<sup>17</sup>

There are two major trade union confederations, SEK and PEO, and a number of smaller ones, DEOK and POAS, as well as important autonomous unions representing public sector workers, bank

<sup>16</sup> Eurofound and CEDFOP European company survey.2019. Workplace practices unlocking employee potential, European Company Survey 2019 series, Publication office of the European Union, Luxembourg, 2020, p.111.  
<https://www.eurofound.europa.eu>.

<sup>17</sup> See OECD/AIAS ICTWSS database <https://www.ictwss.org/>



employees and teachers. The two main confederations are organised broadly along industry lines, with federations for construction workers, hotel workers and government employees. For example, SEK consists of seven federations and PEO consists of nine. Relations between the different unions are generally good and they have been able to achieve unity in their pay claims and other activities.

The basic framework for negotiations is provided by the industrial relations code, which was agreed between representatives of employers, unions and government in 1977. This includes a procedure for the settlement of disputes and some key mutual commitments, such as acceptance of the rights to organise and bargain. The document is not legally binding but its terms have been effectively observed by both sides.

Collective bargaining takes place at both industry level and company level. Key industry-level collective agreements in the private sector cover hotels, metalworking industries, oil and construction. Since 2012, unions have had a legal right, under certain conditions, to compel individual employers to negotiate with them under the trade union recognition law (Law 55 (I)/2012). If an employer refuses to negotiate, the union can ask the Trade Union Registrar to investigate, provided there are at least 30 employees in the bargaining unit and at least 25% of the workforce are already members of the union. In these circumstances the Trade Union Registrar will conduct a secret ballot, and, if a majority of the workforce vote in favour, the employer is compelled to recognise and negotiate with the union. Recognition is also granted without a ballot, where the union can show that it already has more than 50% of the workforce in its membership.

An important element in industrial relations is the system of mediation and voluntary arbitration. Based both on the voluntary industrial relations code and the service provided by the Ministry of Labour, this has been used to resolve deadlock in collective bargaining and in settling disputes.

Workplace representation is through the union structure. Apart from the area of health and safety, where a committee should be elected by all employees in workplaces where more than ten are employed, there is no other body representing employees. Workplace representation is not closely regulated by legislation, in line with the rest of the Cyprus industrial relations system. However, the industrial relations code makes specific reference to consultation, stating that the employer should engage in joint consultation in any case where the union or the employees believe that

*... a decision ... may adversely affect them [the employees] or may have a repercussion on their relations with their employer.*

In addition, legislation introduced in 2005 to implement the EU Directive on Information and consultation has strengthened the legal framework for workplace representation.<sup>18</sup>

## Ireland

There are some 720,000 members of unions affiliated to the Irish

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<sup>18</sup> Council Directive 2002/14/EC <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0014:EN:HTML>

Congress of Trade Unions (ICTU), a reduction of 80,000 since 2011. Over a quarter (26%) of those at work surveyed in 2021 said that they are union members, so despite a rise in employment the last ten years (2011 to 2021), figures published by the Central Statistics Office Labour Force Surveys (CSO LFS) show that unionisation has declined from 31% in 2011. However, membership density held steady during these ten years (with an increase of just 3%), while employment levels in the Republic increased by over 22%.<sup>19</sup>

Because of the close ties between the British and Irish trade union movements, going back to the nineteenth century when they were united under one Trade Union Congress, the Irish system of industrial relations has evolved from the British voluntarist model, based on an adversarial problem-solving approach. Indeed, for many years after Ireland gained its independence in 1922, both systems of industrial relation and the scope of legal powers given to trade unions were governed by the same set of UK 19<sup>th</sup> and early 20<sup>th</sup> century statutes. The legacy of the industrial and political upheavals in the first decades of the twentieth century are still, to some extent, reflected in the trade union structures today.

The ICTU represents trade unions in both parts of the island of Ireland, therefore, it operates under two different legal jurisdictions and two distinct political and economic entities. It is the only trade union confederation on the island of Ireland, with 45 individual affiliated trade unions. Indeed, internationally the ICTU is unusual in that it also has foreign (UK) unions as members, operating both in the Republic of Ireland (RoI) and in Northern Ireland (NI). It is also important to note that NI has evolved its own structures and particular system of industrial relations, distinct from both RoI and Great Britain (GB).<sup>20</sup>

Although the ICTU plays an important part in relations with governments in both RoI and NI, it is a grouping of independent and autonomous unions, rather than a confederation that dominates and directs member unions. However, through the ICTU the trade union movement develops common positions on matters of national and EU concern, such as employment creation, unemployment, health and safety, education and social welfare, industrial relations reform and legislation. The ICTU also monitors the industrial activities of unions - especially where strikes are likely or on inter-union disputes - it is a channel for solidarity and support, as well as providing services through its industrial relations staff in seeking to resolve issues in dispute.

The Irish Business and Employers' Confederation (IBEC) is the major organisation representing employers in the labour market. Its membership includes some 7,500 businesses and enterprises organised through 40 business and sectoral associations, employing some 70% of private sector workers in Ireland. All business sectors are represented by IBEC, apart from the construction industry, agriculture and various niche organisations, such as creameries producing dairy products. Technology Ireland is a sectoral association within IBEC.

<sup>19</sup> <https://www.cso.ie/en/statistics/labourmarket/labourforcesurvey/fstimeseries/Tables1and2>

<sup>20</sup> The NI Committee of the ICTU deals with the specific issues related to employment relations in NI and liaises with the UK Trade Union Confederation (TUC) on issues related to the UK as a whole.

## Italy

The Italian system of industrial relations is based on a low level of state interventionism in almost all areas of the private sector, and, instead, on a high degree of voluntarism, centred on the primacy of collective autonomy.<sup>21</sup> Over the years legislation has seldom been used to regulate issues like workplace representation, minimum pay, worker participation, strikes and the level of representativeness for the signing of collective agreements, even though they are all covered in the 1948 Constitution, with its main use restricted to regulating the public sector and strikes in essential public services. Instead, social concertation and collective bargaining have played the central role in regulation. There are three principal trade union confederations, CGIL, CISL and UIL, with union density overall of about 33-35%.

Collective bargaining is central to the industrial relation system, which, apart from the public sector, is not governed by legislation but by multi-sectoral tripartite and bipartite agreements. Major multi-sector framework agreements include those signed in 1993, 1999 and 2011. Collective bargaining is based on a dual structure, between the national level of industry-wide collective agreements and decentralised collective agreements at the undertaking or territorial levels. The former established a general floor of minimum rights and standards for the whole workforce, giving social partners the chance to improve pay and working conditions through the decentralised level.

A 1970 law, known as the 'Workers' Statute', transposed the constitutional principle of trade union freedom (Art. 39.1) and translated it into a series of individual and collective rights in the workplace, including the right to elect trade union representatives in production units with over 15 employees (or five employees in an agriculture workplace).

A long-established practice has led towards a 'single channel' model of workplace representation, with works councils elected by all the workers, with no distinction between trade union members and non-members. A tripartite framework agreement, signed in July 1993, governed the nature and functioning of these councils, now called the Rappresentanza Sindacale Unitaria- RSU (Unitary Trade Union Representative Body). Lists of workers of any affiliation can take part in elections. The RSU has the right to negotiate company-level collective agreements and to engage in information and consultation procedures. Furthermore, it has the power to call a strike, except if it is a designated essential public service.

Collective agreements are considered binding for the entire workforce if supported by 50%+1 of the members of the RSU, with the possibility of a referendum at the request of a qualified minority. For small businesses, or where work is particularly intermittent (such as construction, tourism, retail and crafts), multi-company territorial trade union representation is envisaged. It is common in medium to large companies to establish joint committees on the basis of collective agreements. These committees have technical and consultative rights and cannot be considered a proper second channel of representation. A minimum threshold of 15 employees affects the number of these bodies in small and very small enterprises, which make up the overwhelming majority

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<sup>21</sup> Bordogna, Pedersini, (2019) *Relazioni industriali: L'esperienza italiana nel contesto internazionale* Il Mulino

in Italy. In fact, only a minority of companies and workers use these joint committees, thus jeopardising the possibility of having decentralised collective bargaining and more structured industrial relations in a company.

It is estimated that over 80% of Italian employees are covered by national agreements.

## Poland

Industrial and labour relations in Poland have their own particular characteristics, such as:

A system of social partnership, with councils for social dialogue and labour market councils at national and regional levels

Representational participation (such as trade unions and works councils)

Employee participation in management processes and co-decision making, such as through direct participation and board-level employee participation.

In recent years there has been a steadily declining level of unionisation. Also, employers' organisations may also be regarded as weak, with organisational fragmentation and around four hundred such organisations.

Consequently, collective labour agreements have limited scope at both the sector and enterprise levels. The reasons are complex and cultural, but mainly it is the low quality of dialogue between the social partners, low trust levels, structural incompatibility between trade unions and employers' organisations where negotiations on reaching collective agreements is concerned and economic, as employers prefer to avoid having collective agreements. A further cause of the 'agreement gap' is the unfavourable legal situation.<sup>22</sup>

Even in the public sector, collective agreements only cover approximately 200,000 employees (out of a total of over 600,000). Over the years, it has only been possible to conclude 174 agreements, though just 61 were still in force in 2020.<sup>23</sup>

In 1990, union density stood at around 20-30% of the national workforce, but there has been a steady fall since then, so that by 2018 it was approximately 11%, with a similar level among those in the 18-34 age bracket.<sup>24</sup> A study from 2019 indicated that, of the entire adult population, just 6% were trade union members. Union members typically work in the public sector and most of these members were in unions affiliated to one of the three large umbrella confederations. The professions best-represented were technicians and other middle-level personnel, such as nurses, NCOs and police officers' (25%).<sup>25</sup>

Against that background, it is interesting to note that unions are looked upon most favourably by young Poles. Thus 61% of respondents aged 18-24, and 46% of those in the 25-34 age bracket regarded the activities engaged in by unions were worthwhile.

<sup>22</sup> Czarzasty and Surdykowska, (2020): <https://www.google.com/search?client=firefox-b-d&q=Czarzasty+and+Surdykowska%2C+2020%3A28>

<sup>23</sup> Ibid.

<sup>24</sup> Matysiak et al. 2019:14

<sup>25</sup> CBOS Newsletter (2019) <https://www.cbos.pl/PL/publikacje/news/2020/02/newsletter.php>

## Spain

Collective bargaining and social dialogue have played a crucial role in the evolution of Spanish democracy. Once the Constitution recognised the role of trade unions and employers' organisations, a culture of labour relations emerged with the development of negotiation procedures involving trade unions, employers' organisations and the government, and social dialogue, led by the most representative trade unions and employers' organisations.

Comisiones Obreras (CC.OO.) and Unión General de Trabajadores (U.G.T.) are the most representative trade unions, while the Spanish Confederation of Business Organisations (CEOE) and the Spanish Confederation of Small and Medium-Sized Enterprises (CEPYME) are the most representative employers' organisations.

There is a long tradition of collective bargaining and agreements generally apply to all workers whether or not they are union members. Because of this, bargaining at sectoral level (national and provincial) takes on special relevance and the number of workers covered by collective bargaining agreements is relatively high (11,397,600 out of 19,779,300 workers in 2019 – over 57%).

Workers' representation in companies takes place through various means:

- Works councils or labour delegates, depending on the size of the company. Companies with fewer than 50 workers can have up to three labour delegates elected from among the workforce and those with 50 or more workers will have a works council. The number of elected delegates depends on the size of the company.
- Elected health and safety delegates are responsible for specific functions in the area of occupational risk prevention. Companies with 50 or more workers must have a Health and Safety Committee.
- Each company has a union section that represents the employees who are union members. Not only do the unions represent their members but they also play an active role in negotiations with the company.

Nevertheless, collective bargaining and social dialogue have had a bumpy ride with significant ups and downs. The global financial crisis of 2008, which resulted in widespread unemployment, had a negative impact on social dialogue. Although collective agreements were maintained in the hope of reorienting jobs and wage policies, there was no tripartite agreement on major reforms of the labour market, pensions or education. In fact, collective agreements reached in the early days of the economic recovery, from 2014 onwards, faced many difficulties including the negative effects of the 2011 collective bargaining reform and the poor leadership skills of the organisations themselves. Signed in 2018, the latest Collective Negotiation and Bargaining Agreement (IV AENC) acknowledges that the economic situation is improving and recommends reinforcing collective bargaining instruments to consolidate growth in employment and working conditions.

The Covid-19 pandemic has led to a resurgence of social dialogue together with tripartite pacts. In the face of growing political polarisation in Spain, the period of the pandemic represents one of the most decisive for social dialogue in Spain in recent decades,



embodied in the agreement reached on labour reform. For the first time, this reform (Royal Decree-Law 32/2021) attempts to correct some of the factors adversely affecting precarious employment and sectoral collective bargaining on wages.

Since 1996 a series of Agreements on the Out-of-Court Settlement of Labour disputes (ASEC) has maintained an autonomous system for the resolution of collective labour disputes through mediation and arbitration procedures managed by the Inter-Confederal Mediation and Arbitration Service (SIMA).

# Chapter 3

## Direct Participation: Legal Framework, Practice and Experiences

Referring back to our definition of Direct Participation in Chapter 1, it is striking that, across all six of the participating EU Member States in this project, legal requirements have not played any role in its development.<sup>26</sup> In all cases, direct participation is the result of management initiative or voluntary agreement with the trade unions. Indeed, the only common legal right to representative employee participation across the six countries covers rights to health and safety committees.

The European Commission has long been promoting different forms of participation as a means of achieving both greater enfranchisement of employees and modernisation of the way in which work is organised.<sup>27</sup> Participation is seen as a means both of improving conditions of employment and raising the competitiveness of European firms. However, as commentators have pointed out, the European Commission began by focusing on representative participation in the early 1970s, only turning to direct participation in the early 1990s.<sup>28</sup>

The Commission has taken a multifaceted approach to help with the modernisation of work organisation. It has funded both research and new programmes, with a major role played by Eurofound, with the EPOC project among its main outputs,<sup>29</sup> as well as a series of company surveys. In 1999 the Commission set up the European Work Organisation Network (EWON). The objective of this network was the development of new forms of work organisation across the EU Member States. EWON was tasked with promoting a departure from the dominant Taylorist management model towards principles of collective work and self-organisation.<sup>30</sup>

### Bulgaria

Direct participation in the management of enterprises is not a major feature of industrial relations and for this reason it has been rarely studied since 1990. Representational participation is often commented

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26 Indeed, the law plays a very limited role in the development of Direct Participation anywhere in the EU and EEA, apart from encouraging financial participation in certain countries: see Gold, M. and Hall, M. (1990) *Legal Regulation and the Practice of Employee Participation in the European Community*, Working Paper: EF/WP/90/41/EN (Dublin: European Foundation for the Improvement of Living and Working Conditions). Very little has changed over the last 30 years in this respect.

27 Cressey, P. (2009) 'Employee Participation' in: M. Gold (ed.) *Employment Policy in the European Union*, (Palgrave Macmillan) Basingstoke, pp. 139-159.

28 Gill, C., Krieger, H. (2000) 'Recent Survey Evidence on Participation in Europe: Towards a European Model?', *European Journal of Industrial Relations*, vol. 6, issue 1: 110.

29 *Teamwork and High Performance Work Organization*, Dublin: Eurofound, 2007. Available at: [https://www.eurofound.europa.eu/sites/default/files/ef\\_files/ewco/reports/TN0507TR01/TN0507TR01.pdf](https://www.eurofound.europa.eu/sites/default/files/ef_files/ewco/reports/TN0507TR01/TN0507TR01.pdf)

30 EWON 2001, *New Firms of World Organisation. The Benefits and Impact on Performance*, Thematic Presented to DG Employment & Social Affairs. Brussels.

on, but research into the individual aspects of direct participation is lacking. The reasons include a lack of representative selection of examples and good practice and a lack of scientific interest in this aspect of employment relations.

In general, the main forms of direct participation in the management process where they exist, include:

- a) consultative forms – such as surveys of workers' opinions; workplace meetings; systems for collecting employee suggestions and ideas for innovation
- b) delegation of functions – such as participation in quality control; delegation of individual or group autonomy in the workplace; project teams.

The main issues discussed with workers through direct participation are related to the production process, technology, quality, productivity, working hours, workplace health and safety and environmental policy. In some cases, social issues and topics related to work-life balance are also discussed.

Direct participation is referred to in the Eurofound Third European Company Survey 2013. According to the finding of this survey, 53% of the enterprises surveyed in Bulgaria have good mechanisms in place for exchanging information between managers and workers and good communications guaranteeing the inclusion and support of the workers. In 25% there is insufficient effort and few changes to improve the internal information exchange and communications, but some involvement by workers still exists. In 18% of the enterprises the systems for information exchange and communication are at an average level, but there is no support and involvement of workers. In 50% of small enterprises surveyed, workers are included (in one way or another) in management decisions and in 17% they are consulted.<sup>31</sup>

Interestingly, in medium-sized enterprises the relative share of the cases of direct participation in decision making is 37%, whereas for large enterprises the relative share of participation in decisions decreases to 31%. This is probably due to the fact that in small and medium-sized enterprises the opportunities to apply the legally established form of general meetings, as well as the use of other mechanisms of direct participation, are better, whereas in larger companies higher numbers of employees do not provide enough opportunities for direct communications.<sup>32</sup>

A further survey, DIRECT (2016-2018), revealed that among the representatives of the sectoral trade union federations, direct participation is useful for achieving higher productivity, introducing new technological solutions or improving existing ones and stimulating initiative, hence achieving higher competitiveness and sustainable business development. Direct participation in all the selected companies involved various types and forms and usually a broad number of issues was covered. There was no difference in the models of direct participation, based on ownership (private or public) or sector

<sup>31</sup> Eurofound (2013) Third European Company Survey 2013 Publications Office of the European Union, Luxembourg <https://www.eurofound.europa.eu/surveys/european-company-surveys/european-company-survey-2013>

<sup>32</sup> Eurofound (2013) 3rd European Company Survey. Direct and indirect employee participation. Akkerman A, Sluiter R and Jansen G. Luxembourg (2015)

(manufacturing or services).<sup>33</sup>

Direct participation is more effective in companies where particular forms of work organisation, such as lean production are implemented. However, while there is no visible resistance to such work organisation in these companies, trade union representatives generally share certain fears with regard to its actual operation. In particular, these fears centre on work intensity, working time and health and safety issues. It seems that workers' interests require models of work organisation and direct participation, which combine both productivity and quality on the one hand with acceptable working conditions on the other.<sup>34</sup>

In some companies, direct participation exists together with new forms of work organisation and flexibilisation of working patterns. Both internal and external flexibilities are used. However, the influence of workers and trade unions on flexibility is comparatively low or completely absent. There are a limited number of work organisation issues on which workers are consulted. Employees have no influence over working time and work organisation, with the exception of particular decisions on job rotation, absence and so on.<sup>35</sup>

Most respondents to the surveys share the view that the essential conditions for implementing direct participation are the existence of a good working climate, organisational culture, trust between employers and workers and their representatives (including trade unions), the development of social dialogue and the goodwill of the partners. Research results demonstrate a certain correlation between the quality of industrial relations and the use of forms of direct participation. Moreover, contrary to the hypothesis that direct participation would lead to reduced support for trade unions, such practice and results are not confirmed.<sup>36</sup>

Interview data collected during the course of the DIRECT project (2016-2018) indicate that most of the employers and some of the trade union representatives share the view that direct participation and other forms of workplace democracy are interrelated and could support each other. Most of the respondents agree that conflict among the various forms of workplace democracy do not usually appear, with some exceptions, such as where the interests of certain working teams or groups of workers are incompatible with the interests of most of the other workers, for example, cases of shift work, health and safety, or payment systems, as reported by representatives of the sectoral federation of workers of most of the branches in the food industry. All these companies have implemented innovations in work organisation, but they focus on company goals and improvements in productivity and competitiveness, rather than on workers' needs.<sup>37</sup>

### **Direct participation and workers' representation at company level**

Most of the research data from the DIRECT project demonstrates a

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<sup>33</sup> Ribarova E. Atanasova I, Mincheva M, and Brankov D Direct employee participation in Bulgaria. Country Report DIRECT Project –VS/2016/0305. 2018.

<sup>34</sup> Ibid.

<sup>35</sup> Ribarova E, and Daskalova N Going up the high road. Rethinking the role of social dialogue to link the welfare to competitiveness. Bulgarian National Report, 2014, VS/2013/0349

<sup>36</sup> Op cit.

<sup>37</sup> Ibid.

sufficiently stable link between direct participation and information and consultation (I&C) processes, as well as with the committees' working conditions, although aspects of working conditions and health and safety are among the most frequent topics of individual and group consultations. There have been consultations and even negotiations with the trade unions on the mechanisms for implementing of direct participation, but they are not sufficiently informed about all the features and results of its implementation. Indicative evidence suggests that some union representatives and managers underestimate the importance of direct participation and its impact on management, work performance and the quality of working life.<sup>38</sup>

### **Trade unions and employers' views concerning direct participation**

Representatives of trade unions and employers generally view industrial democracy as a means for information, consultation and, to some extent, participation in governance (decision-making), because there is no clear regulatory framework for the latter. Some of the union representatives point out that feedback from information and consultation committees is perceived essentially as a form of direct participation.

Some trade union representatives, both at national and sectoral levels, think that direct participation could improve industrial democracy (including collective bargaining) and industrial relations in general, as well as motivation for work and productivity. Both employers' and trade union interviewees take the view that direct participation is a managerial approach, which addresses mainly improvements in productivity and corporate development.

In many cases, the views of the employer and trade unions on direct participation seem similar. This conclusion follows from the practical forms applied in the sectors surveyed and their importance - they are aimed at improving the production process, labour organisation, productivity and, sometimes, health and safety, with less often reference to sensitive issues, such as wages, social benefits, etc.

### **Direct participation and workers' and employers' interests**

Most research into this issue focuses only on the structural approach and describes management functions and roles. According to the latest research on the performance of business structures in their specific work environments, one of the main determinants for success is continuous improvement in workforce motivation and in particular direct participation (in its various forms) in the process of enterprise activities, management or business structure. In this respect, the goal of continuously increasing the degree of employee participation in decision-making at management level is of particular importance, thus reinforcing the management process. Employee participation is generally guided by managers, based on existing corporate culture and established procedures, but very often this is not enough. As a result, legal standards for the improvement of this process are being created. These have a predominantly indirect effect in the European Union, as they generally oblige employers to take action relating to employee participation through their representative structures, such as trade unions and/or works councils.

The EU's approach to company law and corporate governance is

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<sup>38</sup> Ibid.

characterised as minimalistic, based on minimal regulatory intervention and a focus on the principle of mutual recognition.<sup>39</sup> EU action is limited to removing barriers to cross-border business, not to promoting a European model of corporate governance, so in reality this amounts to a deregulatory approach. Employee participation in decision-making is treated by many employers and employers' organisations in the Member States as a potential burden on businesses, not as an asset or a right to equality.<sup>40</sup> The consequences of this approach are deterioration in employees' participation rights and inconsistency in the application of the *acquis*. Managements of enterprises are free to interpret European law selectively in order to minimise their obligations under national law. They can also organise their corporate structures in order to choose less 'inconvenient' national laws, such as 'mailbox' companies – (companies with an address registration in a country with a favourable tax regime (just with a mailing address), which carry out business in other countries to minimise their tax liabilities).

However, the European Trade Union Confederation (ETUC), certain employers' organisations and academic researchers, try to promote the model of 'good corporate governance', which includes various aspects of employee participation in management, including multinational companies (MNCs) and in the process of cross-border mergers and acquisitions. Information and consultation, as well as worker representation in the supervision and management bodies of the enterprise, are given priority status. Direct participation, although in the background, is steadily making its way both in practice (especially in MNCs) and in discussions between trade unions, academics and sometimes representatives of managers and employers.

Direct participation is present in companies where there are better industrial relations. The links between forms of direct participation and worker representation are still not visible enough.

Trade unions in all the companies surveyed are in favour of direct participation and in two of the companies they are even involved in the negotiations for its implementation, but trade union involvement in the implementation of direct participation practices could still be improved.

<sup>41</sup> Trade unions need more information concerning the forms and results of direct participation and its impact on the quality of working life and workers' rights. This is also true for the relationship between other forms of workers' participation and representation.<sup>42</sup>

## Cyprus

### **Direct Participation: national legislation**

The way in which industrial relations have developed in Cyprus has led to a preference for representative forms of employee participation

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<sup>39</sup> Gold, M. (2009) 'Overview of EU Employment Policy', in: M. Gold (ed.) *Employment Policy in the European Union. Origins, Themes and Prospects*. Basingstoke: Palgrave Macmillan), pp.1-26.

<sup>40</sup> Based on the data provided by employers' organisations.

<sup>41</sup> The companies involved in the research carried out the framework of the previous DIRECT project were Bulgarian subsidiaries of Carlsberg (2 units) and the Airport of Sofia. See *Direct employee participation in Bulgaria*. Country report DIRECT –VS/2016/0305. 2018. Op.cit.

<sup>42</sup> Ibid. See also *Going up the high road. Rethinking the role of social dialogue to link the welfare to competitiveness*. VS/2013/0349. Bulgarian National Report. 2014. Authors Ribarova E and Daskalova N, op.cit.



over direct forms, with the participation of employees evident through representation by the trade unions. The system of managing industrial relations in terms of labour and social security is largely through tripartite cooperation, which is achieved through a network of advisory bodies, committees and boards, both permanent as well as ad hoc. This network deals with various labour and social issues, such as:

- Employment
- Working conditions
- Vocational training
- Occupational health and safety
- Social security and welfare.

In addition, bipartite relations are very important and collective bargaining (at sectoral and enterprise levels) is the backbone of the industrial relations system since the majority of employment terms and conditions are determined by collective agreements. Social dialogue constitutes a longstanding and well-established practice between government, employers and trade union organisations, having set the framework and the basis for national social and labour policies. Social dialogue has been accepted by all parties involved, since the early 1960s and various tripartite advisory bodies are established in the framework of social dialogue:

- The Labour Advisory Board
- The Economic Advisory Committee
- The National Employment Committee.

Finally, several ad hoc committees have been established as specific needs arise in order to be able to discuss and implement various issues in the framework of tripartite cooperation. Board-level employee representation in decision making (EBLR) does not exist in Cyprus.

However, works councils do exist and function satisfactorily. Representatives of workers participate in works councils, alongside representatives of management and they focus on:

- Safety and health,
- Production systems
- Rosters of working time
- Discipline and personal complaints.

From the findings of the research and based on the system in place since the 1960s and all of the analysis above, it is clear that representative (or indirect) participation is the main form of employee representation.<sup>43</sup> Moreover, the Fulton study, Worker Representation in Europe states that:

*Workplace representation in Cyprus is through the union structure. Apart from the area of health and safety, where a committee should be elected by all employees in workplaces where more than 10 are employed, there is no other body representing employees.<sup>44</sup>*

<sup>43</sup> Kapartis C, Social Dialogue and Social Systems-The case of Cyprus, March 2003

<sup>44</sup> Fulton L National Industrial Relations, an update (2019-2021)

Furthermore, Eurofound's report, Living and Working Conditions 2017 states that:

*Cyprus has a weak tradition in terms of the existing structures for employee representation at the establishment level. In this context, the main representation structures to date refer to the trade union representation and safety committees, while recently established structures such as the European Work Councils (EWCs) do not seem particularly viable.*<sup>45</sup>

Eurofound's European Company Survey 2019 reveals some further interesting facts that emphasise Cyprus's representative form of employee participation: 40% of companies are in favour of command-and-control structures and around 55% offer selective autonomy. In addition, 53% of the managers questioned believed that employee direct involvement caused delays.<sup>46</sup>

Another Eurofound study, the Third European Company Survey 2013 shows that fewer than 9% of companies have autonomous teams and involvement in decision-making on daily tasks is least likely to be found in Cyprus.<sup>47</sup> The Fifth European Working Conditions Survey (2010) tries to identify the degree of task discretion provided to employees in different EU countries, referring to the level of control that employees could exercise over their immediate work tasks.<sup>48</sup> This survey shows figures that tend to be quite low for Cyprus. According to the same study, human resources capacity was not significantly associated with the presence of high involvement organisations.

Based on our analysis it is obvious that direct participation has no clear relationship with the national economy. The way the economy has been structured and the industrial relations system set up to favour representative participation. Moreover, there is no clear indication resulting from our research that demonstrates 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 cases where employees are not unionised, then wage levels are completely in the hands of the employers.

It seems that all the social partners also favour representative participation. From our previous research (for the first DIRECT Project, 2016-2018) and even though the trade unions will not demand direct participation, they will not object to its introduction and they will support it up to the point where they feel it does not constitute a threat for them. There is also no indication that Governments throughout the years have provided any incentives to the social partners to promote direct participation.

All these issues did not create or stimulate the need for any form of social dialogue with respect to legislation related to direct participation. It is evident that based on the project's definition the

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45 Cyprus: Working life country profile: <https://www.eurofound.europa.eu/publications/report/2015/cyprus-working-life-country-profile>

46 Eurofound European Company Survey 2019 <https://www.eurofound.europa.eu/surveys/2019/european-company-survey-2019>

47 op cit

48 Eurofound Fifth European Working Conditions Survey (2010) <https://www.eurofound.europa.eu/surveys/european-working-conditions-surveys/fifth-european-working-conditions-survey-2010>

term ‘direct participation’ as a whole does not exist in Cyprus. However, one of the issues that attracts much attention and is referred to by the social partners, deals with health and safety committees which are regulated by legislation and in most cases are considered a form of direct participation. Establishments with more than 10 employees it is a legal requirement to set up a committee that includes employees to oversee working conditions with respect to occupational health and safety. Although the term working conditions might somehow relate to certain aspects that are seen in the definition of direct participation, this analysis argues that this should not be the case and that direct participation as a whole is not evident throughout the economy at least terms of the project definition of direct participation (see page 6).

### **National trade unions and employers’ views**

Direct participation, therefore, is not a feature of industrial relations. Indeed, the Government representative has stated very clearly that there is no government policy in regards to direct participation.<sup>49</sup> Bearing in mind that levels of social dialogue and tripartite cooperation are high, if direct participation featured high on the Government’s agenda, then it would have been the basis for opening social dialogue between all the parties for its regulation and introduction, but this has never happened. Furthermore, both the trade unions and the employers, at the highest levels, do not have a policy on direct participation.<sup>50</sup>

However, the unions and employers both refer to establishments affiliated to their organisations that have introduced direct participation.<sup>51</sup> Employers state that such implementation was the decision of management in 50% of cases, an initiative by the trade unions in 30% and a request from the workforce in 20% of cases. In contrast, the trade unions do not refer to the introduction of direct participation as a result of their own initiative in the study interviews, which is again an indication that they are not willing to demand direct participation, for the time being at least. It would be surprising if this were the case, since the first DIRECT Project found that the unions, although not against direct participation as such, are quite sceptical about its misuse by management and would be somewhat reluctant to launch an initiative for its implementation.

There is some misunderstanding, demonstrated throughout the study, of what direct participation involves. For example, the references made by the trade unions clearly refer to health and safety committees and to ad hoc committees to deal with personnel issues in the semi-Governmental sector. These cannot form the basis for direct participation, especially with respect to the delegation of authority and autonomy given to employees for their day-to-day execution of their employment duties and responsibilities. In addition, the Employers’ Federation mentions, but does not specify, a form of direct participation implemented at company level. Further examination of its responses show that these references are closely associated with

49 Head of Industrial Relations Department following the interview of DIRECT II second stage analysis industrial relation stakeholders

50 Based on the second stage analysis of DIRECT II and the views expressed by both the General Secretary of Cyprus Workers Confederation (SEK) and the Director of Industrialists and Employers Federation (OEB)

51 Ibid.

the operation of information and consultation arrangements and, of course, health and safety committees.<sup>52</sup>

Both the trade unions and the Employers' Federation believe that direct participation would lead to positive outcomes, such as improvements in work organisation, workplace health and safety, the environment, worker well-being, working arrangements, work-life balance, job satisfaction. Furthermore, the employers' side is of the opinion that direct participation will also lead to changes to remuneration. Government representatives believes that direct participation would lead to better work organisation.

It seems that all the social partners can understand the importance of direct participation and the gains it can offer which might be an indication for future discussions on its implementation. However, it is the opposite in regards to the effects of direct participation. As the trade unions say, it leads to:

- Increased work intensity
- Increased workplace stress
- Changes in working-time arrangements
- Greater responsibility without improved working conditions
- Greater responsibility without increased remuneration,
- Less collective action and reduced remuneration.

The employers totally disagree with the unions' view and say that none of these adverse impacts are the result of direct participation.

Of course, if we were to adhere to the project definition of direct participation, our overall analysis of the national employment relations structures and the fact that representative participation already exists, but no legal basis for direct participation, nor any solid examples of its implementation at the workplace, these responses from both the trade unions and the employers remain hypothetical. It must be stressed, however, that, based on the responses available to this project, there are indications of some sort of direct participation in the economy. This participation, however, derives mainly from legislation and seems mostly isolated in the form of health and safety committees and personnel committees found in the Governmental and semi-Governmental sectors.

The national social partners state that direct participation is present in the labour market, and this must be the case, but they are not aware of specific examples of such instances. It seems that their responses are somehow guided by their perception of the functioning of the committees mentioned above though we know that they cover only part of the definition of direct participation in terms of its consultative aspects. Since there is no evidence for the delegated aspects of direct participation and its effects, it is obvious that some responses would be hypothetical, hence these comments. This does not mean that the national social partners are wrong in their judgement in any way, but the partial aspects of their focus do need to be mentioned.

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<sup>52</sup> Based on the second stage analysis of DIRECT II and the views expressed by the Director of Industrialists and Employers Federation (OEB)

## Ireland

**Representative participation**

There is no statutory system for permanent employee representation in the private sector in Ireland. Those who work in unionised workplaces have representation through the trade unions. In most cases, employees are either represented through their unions, or are not represented at all. However, new legislation to facilitate such arrangements was introduced as a result of the EU Information and Consultation Framework Directive (2002/14/EC).<sup>53</sup> Unfortunately, there are no recent definitive studies providing information on how many, if any, company-level agreements have been concluded as a result of this legislation.

However, within the public sector, State agencies and semi-State commercial companies do have statutory works council type bodies for information and consultation – so-called sub-board or partnership structures – as part of a general framework of participation, but, again, these function in parallel to the adversarial industrial relations arrangements. Also, five semi-State companies and six State Agencies have board-level employee representative (BLER) arrangements, known as worker directors.<sup>54</sup>

**Direct participation**

One aspect of the National Partnership Agreements (from 1987 and 2009) was the inclusion of a series of local social dialogue agreements, that led into the development of workplace innovation and were evolved further into enterprise-level direct participation arrangements. This development was also in the context of a range of employee involvement legislation at the EU level, such as the Directive on workplace information and consultation, European works councils (EWCs) and board-level employee representatives in European Companies (SEs). With regard to EWCs, trade unions have found these useful for getting advanced information on transnational company policies and proposed changes and as an early-warning system.

Research findings published over a period of some 70 years demonstrate convincingly that the introduction of empowering workplace practices, including direct participation, leads to significant gains in productivity (between 20% and 60% in some studies)<sup>55</sup> and other performance indicators, including employee engagement, health and well-being. Survey evidence appears to show that only 15% of companies operating within the EU are estimated to use workplace innovation practices systematically throughout the organisation. The major obstacle to the introduction of workplace innovation is the reluctance of management to relinquish control within the enterprise or to admit that it would improve productivity and output. The challenges of digitisation add

<sup>53</sup> O'Mara C (2003) Informing and Consulting with the Workforce - What the New Directive means for Ireland's Voluntarist Tradition Commercial Law Practitioner 15 at 16

<sup>54</sup> O'Kelly K P (2020) Challenges and way forward for worker participation in Ireland PowerPoint presentation to ETUI Conference, Dublin, 23 January 2020. See also 'Board-level employee representation in Ireland', in: Gold M, Kluge N and Conchon A (eds) (2010), 'In the Union and on the Board': Experiences of Board-level Employee Representatives across Europe European Trade Union Institute (Brussels), pp. 117-135.

<sup>55</sup> Presentation by Prof Peter Totterdill, UK Work Organisation Network and Workplace Innovation Europe CLG. to the DIRECT Joint IE / UK seminar, op cit.

further urgency to the question.<sup>56</sup>

There is a powerful technological narrative around the potential of automation to remove repetitive work and enhance the rational organisation of work, but this sits uneasily with new ways of unleashing human potential through employee-driven innovation based on dialogue to bridge this gap between technology and workforce potential. European workplaces need to create a culture of innovation based on synergies between:

- ‘Voice’ at the strategic level, regular opportunities for reflection, creative thinking and continuous improvements
- Re-structuring of the organisation as a whole to reduce hierarchy and remove silos
- Self-management teams and individual job discretion.

This approach is a key part of the Essential Fifth Element:

*... an integrated approach to workplace innovation, creating high performance, engagement and great places to work. It builds workplaces where people at all levels can use their knowledge, talent and creativity to the full.*<sup>57</sup>

#### **Role of the IDEAS Institute**<sup>58</sup>

Consequently, trade unions, and SIPTU in particular, have adopted a policy of seeking to work with companies in trouble to assist them in protecting employment through the introduction of joint workplace innovation arrangements. The objective was to make Irish companies sustainable and to preserve jobs. However, for this to be successful, all parties have to ‘buy-into’ the process – i.e. senior and middle management, the workforce, the trade unions and so on.

The IDEAS Institute was established in February 2001 by SIPTU as a limited liability company. It is an independent corporate body that operates within the commercial sector and is a registered charity.

The Institute provides workplace innovation and training with the aims of sustaining employment and union membership, reducing job losses, helping to create new jobs, enhancing workers’ skills, and promoting union organisation while also assisting company competitiveness. It is a key player by providing training for all levels within participating companies. It is estimated that every job lost in the economy cost the State €20,000, so the preservation of employment is prioritised.<sup>59</sup>

Its purpose is to facilitate change in enterprises through genuine employee involvement. The work of the Institute with Irish enterprises follows on from a commitment in the National Social Partnership Agreement, Towards 2016, to set up a High Level Group to develop a strategy for the manufacturing sector.<sup>60</sup>

The Group’s report in 2008 noted that:

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<sup>56</sup> *ibid.*

<sup>57</sup> See: <http://www.goodworkplaces.net/Default.aspx?PageID=13734666&A=-SearchResult&SearchID=1043885&ObjectID=13734666&ObjectType=1>

<sup>58</sup> Presentation by Tony Murphy, The IDEAS Institute, to the DIRECT Joint IE / UK seminar, *op cit.*

<sup>59</sup> Gerry McCormack *op cit.* See also <http://ideasinstitute.ie/about/>

<sup>60</sup> Government of Ireland, Dept of An Taoiseach Towards 2016: Ten-year Framework Social Partnership Agreement, 2006, page 20



*Successful firms will engage in developing a participative culture, where management and staff work collectively to ensure the success and longer-term sustainability of the firm to the benefit of all.*<sup>61</sup>

Consequently, in November 2011 a Joint Policy Initiative to implement workplace innovation through SIPTU's Manufacturing Division was adopted at a Strategic Manufacturing Conference. To implement this strategy all stakeholders, including the relevant Irish State agencies, would be involved and the key policy objective was to save jobs:

*... we must change, develop and improve, if we are to ensure survival and growth into the future ...*<sup>62</sup>

Keegan and O'Kelly noted that change is difficult, so workplace innovation is a challenge to all players within a company. All those involved need to understand and 'buy-into' why workplace innovation is being introduced and why change is necessary. At the outset, there is a need to 'win hearts and minds'!

When it is decided to introduce change within a workplace it can be done by:

- Rational discussion (which rarely works)
- Power, most common approach (which generates opposition)
- 'Hearts and minds' (the preferred option, but requires real leadership).

Interventions by the IDEAS Institute use a combination of the positive elements of all three approaches by adopting a joint trade union/management approach and it is organised as following:

- A joint steering committee is set up to oversee the process
- Joint team training to develop the 'vision for the future'
- A joint steering group is responsible for monitoring progress and providing support.

This 'winning' philosophy that underpins the process:

*Builds TRUST and UNLOCKS the CREATIVE POTENTIAL within the ENTIRE WORKFORCE!*

In academic literature seven areas of waste in production have been suggested - Transport; Inventory; Motion; Waiting; Over-production; Over-processing; Defects

The IDEAS Institute adds an eighth to this list, which, it argues, is the greatest waste of all:

### **Skills**

Therefore, the focus of the IDEAS Institute is on tackling the waste of SKILLS in the companies it works with. Having observed the approach of management and company owners in many client enterprises, when they are considering introducing new technologies, either for automating manufacturing processes or for office data management,

<sup>61</sup> See [http://edepositireland.ie/bitstream/handle/2262/76799/forfas080402\\_manufacturing\\_report.pdf?sequence=1&isAllowed=y](http://edepositireland.ie/bitstream/handle/2262/76799/forfas080402_manufacturing_report.pdf?sequence=1&isAllowed=y)

<sup>62</sup> Keegan R and O'Kelly E Applied Benchmarking for Competitiveness – A guide for SME owner/managers Oak Tree Press, Dublin, (2004)

the IDEAS Institute has noted:

*... that most of the problems that occur happen at the interface of sophisticated automated production systems and the human intervention. A lot of planning, time and money, etc. goes into developing automated production systems, but the same effort is not applied to providing the human support systems.* <sup>63</sup>

### Italy

The traditional forms of representational participation, based on delegation and union type mandates, are flanked and expanded by new forms, this time direct, i.e., not mediated by formal mandate and delegation and based on more or less direct collaboration between workers and management.<sup>64</sup>

Compared with representational forms of information and consultation (I&C), Italian experts consider direct participation to be a new method of 'bottom-up participation',<sup>65</sup> which is in some ways innovative and experimental.<sup>66</sup> It focuses largely on autonomy and control, based on that informality and self-activation which was long and systematically denied by the old Taylor-Fordist organisation of work.

'Lean production' models, inspired by the Toyota Production System (TPS) principles of kaizen,<sup>67</sup> of continuous improvement, especially in the manufacturing sector, under the banner of World Class Manufacturing (WCM) techniques. These are integrated systems for excellence in the entire logistics-production cycle, with a very precise definition of techniques and working methods, which, in addition to just-in-time and the elimination of defects and conflicts, pursue the spontaneous self-activation of workers. The socio-organisational corollaries of this new paradigm, on the part of the workforce, lie in the unprecedented value attributed to professional skills, results and performance, which can be measured in detail. <sup>68</sup>

All this should lead to 'zero-sum' structures that are no longer

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<sup>63</sup> Tony Murphy, the IDEAS Institute, presentation to the DIRECT 2 Irish National Seminar, May, 2022.

<sup>64</sup> Akkerman A., Sluiter R., Jansen G. (2015), Third European Company Survey-Direct and indirect employee participation, Eurofound; Lippert I., Huzzard T., Jurgens U., Lazonick W. (2014), Corporate Governance, Employee Voice, and Work Organisation; Oxford University Press; Cremers J. (2011), Management and worker involvement: cat and mouse or win-win? In: Vitols S. and Kluge N., The Sustainable Company: a new approach to corporate governance; ETUI; Regalia I. (2006), Review on the Position of the Social Partners on Direct Participation,

<sup>65</sup> Caruso B. (2020), Il sindacalismo fra funzioni e valori nella 'grande trasformazione', in Caruso B., Del Punta R., Treu T. (eds.), "Il diritto del lavoro e la grande trasformazione", Il Mulino; Ponzellini A., Della Rocca G. (2015), Continuità e discontinuità nelle esperienze di partecipazione dei lavoratori all'innovazione produttiva, "Economia & Lavoro", n. 3.

<sup>66</sup> Carcano M., Ferrari R., Volpe V. (eds.) (2017), La partecipazione dei lavoratori alla gestione delle imprese, Guerini Next.

<sup>67</sup> Schonberger R.J. (1996), World class manufacturing. The next decade, New York, Free Press; Ohno T. (2004), Lo spirito Toyota, Einaudi.

<sup>68</sup> Pero L., Ponzellini A. (2015) Il nuovo lavoro industriale tra innovazione organizzativa e partecipazione diretta, in Carrieri M., Nerozzi P., Treu T. (eds.), La partecipazione incisiva. Il Mulino; Roà S., Pallante A. (2017), Le esperienze partecipative dei gruppi di lavoro (IWS) nella letteratura e nella prassi internazionale, in Carcano et al. (eds.)

conflictual, but to new scenarios of collaboration between capital and the workforce, in which, in a win-win situation, the needs of the company for a quantitative-qualitative increase in production which intersects with the workers' need to see the value of their creative and professional contribution enriched and recognised.<sup>69</sup> However, the advantages for trade unions are much less evident, with the risk of their progressive marginalisation in terms of the organised mediation of representation.

### **Workers' participation**

Although Article 46 of the 1948 Italian Constitution provides for the right of workers to 'collaborate' in the company, no law has ever transposed that objective into any form of employee representation on company boards, not even in State-owned enterprises. The real pillar of the 'Italian way of participation' is constituted by the rights to I&C, provided for by law in certain specific cases, almost always of EU origin (collective redundancies; company transfers; health and safety), but above all by collective agreements, both national and decentralised.<sup>70</sup>

Direct participation is rarely adopted on the basis of firm-level collective agreements, but is used by management informally as part of its human-resources management (HRM). However, more widespread forms of direct participation include suggestion boxes, internal surveys on corporate culture and wellbeing, but above all teamwork, which is gaining momentum.<sup>71</sup>

Both employers' associations and trade unions, albeit from different points of view, seem to be active in reconsidering the meaning and value of participation in all its possible forms. The social partner organisations often invoke a profound cultural change aimed at enhancing a feature that has been considered to be lacking in the Italian system of industrial relations.

In the Protocol of January 2016, CGIL, CISL and UIL (the three main trade union confederations) together demand a greater role in corporate governance in all its possible forms: organisational, financial and strategic. Part of this list of objectives was negotiated and transposed into a new framework agreement at the inter-sectoral level with the largest and most influential association of employers (Confindustria) in March 2018, called the 'Factory Pact'. Contrary to the original ambitions of the trade unions, which intended to achieve the three forms of participation (organisational, financial and strategic), this social pact has implemented and underlined the importance of organisational participation, while there is no mention of the financial participation. Strategic participation is vaguely mentioned as a possible opportunity only in a weaker and more voluntary form of joint consultation.

Companies and their associations consider direct participation as an indispensable step towards that authentic 'cultural revolution' that they aspire to in the field of industrial relations. Among the unions, judgments vary. For example, the more favourable, for example the

<sup>69</sup> Lopes H, Calapez T., Lopes D. (2015), The determinants of work autonomy and employee involvement: A multilevel analysis. In "Economic and Industrial Democracy".

<sup>70</sup> Leonardi S. (2016), Employee participation and involvement: the Italian case and trade union issues, in *Transfer*, vol. 22, no.1. ETUI (Brussels)

<sup>71</sup> Pero L. and Ponzellini A., 2017.

metalworkers of CISL (FIM), consider these forms of participation as a modernising factor in industrial relations moving towards increasingly smart and stimulating work.<sup>72</sup> The more sceptical are the metalworker members of CGIL (FIOM), that see the risks, in addition to intensifying work levels and fatigue<sup>73</sup> and the possible gradual replacement of the union delegate with that of the team leader.<sup>74</sup>

### **Direct participation in the main areas relating to working conditions**

Health and safety is the subject of a very intense and specific legal and contractual discipline.<sup>75</sup> A framework law of 2018 establishes an extremely extensive and detailed obligations on employers and the rights of workers and trade unions regarding the prevention of risks to health and safety in the workplace. However, nothing (or almost nothing) is left to direct participation, which can only play a role as a result of changes to the organisation of work.

### **Skills and professional training**

Collective bargaining, at all levels, recognises the strategic importance of ongoing training as an indispensable condition for the updating and requalification of employees' skills. It is part of the 'anticipation of change' which is a fundamental objective in the union strategy of managing consensual change. The biggest challenge is obviously represented by the new technological revolution, through the growing diffusion of robotics, digitisation, the use of algorithms and remote working.

Direct participation plays a significant role in specific training for middle and senior managers by the companies themselves, which emphasise its strategic value in terms of a new culture of industrial relations and HRM. In some large companies this culture is based on the principles of the Toyota Production System.<sup>76</sup>

### **Organisation of work**

Collective bargaining and traditional representational participation play a primary role in the field of work organisation. However, empirical evidence shows that it provides the greatest possibilities for direct participation.

The 2016 and 2017 parliamentary budgets introduced a 10% tax reduction on that proportion of salaries linked to increasing

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72 Bentivogli M. et al. (2015), *SindacatoFuturo in Industry 4.0*, ADAPT University Press.

73 Gaddi M. (2021), *Sfruttamento 4.0. Nuove tecnologie e lavoro*, Edizioni Punto Rosso.

74 Leonardi S. (2018), *Cambiamenti del lavoro, partecipazione diretta e relazioni industriali: i risultati italiani di uno studio europeo*, Annali della Fondazione Di Vittorio, 2017; Garibaldo F., Rinaldini M. (2021), *Il lavoro operaio digitalizzato*, Il Mulino

75 With the outbreak of the Covid-19 crisis, the Italian social partners played a decisive role, signing two tripartite protocols with the government (March 2020 and September 2021), which were implemented in corresponding legislative decrees which set out a list of obligations, duties and recommendations, aimed at averting the risk of contagion at work. Further sectoral protocols and company agreements were signed in all branches.

76 Sai M. (2017), *Industria 4.0: innovazione digitale e organizzazione del lavoro*, in "Quaderni di Rassegna Sindacale", n. 3

productivity, when negotiated collectively for an agreement on forms of participation in the company. These are known as Participatory Organisational Schemes for Innovation, relating to project groups, targeted training and communication campaigns for innovation, or Participatory Management Programmes, to be understood as planned teamwork, smart working, community of practices and corporate social networks. Since 2017, thousands of corporate agreements have been signed, thanks to these incentives.

### **Digitalisation**

The provision of laptops, tablets and smartphones, robots, optical scanners and other hi-tech equipment has become a common way in which companies change the organisation of work. The recent and sensational use of smart/remote working has accelerated this trend, which has extended – in varying ways – to almost all office work and enhanced concerns (for collective bargaining) over rights to the use of personal data, to disconnect and to the security of appliances. Direct participation helps to establish a direct connection between the command incorporated in algorithmic technology, the corporate hierarchy and the workers.

### **Sustainability and wellbeing at work**

So-called corporate welfare policies have represented one of the most important recent innovations in collective bargaining.<sup>77</sup> Tax legislation favours agreements that regulate the transformation of productivity gains for the company into non-monetary goods and services. In general, these are aimed at greater wellbeing for workers through providing facilities to support their health, sporting activities and work-life balance.

In addition to savings for companies, these tools lead to a ‘welfarisation’ of productivity and a personalisation of remuneration.<sup>78</sup> Since the worker joins on a personal and voluntary basis, the role of representational participation is considerably reduced in favour of a more direct forms.

### **Direct participation and quality of work: evidence**

Direct participation, as such, rarely appears in the texts of collective agreements, including those at company level. Because of its intrinsically informal nature, it rarely receives separate attention in agreements. Instruments such as suggestion boxes, audits and team work usually come under the organisational choices of management over which there may be simply consultation with workers’ representatives on joint work organisation committees.

Quantitative reports and qualitative analysis converge in underlining how information and consultation rights represent the most widespread form of involvement and are also recognised in decentralised agreements. Research by FDV-CGIL, based on a sample of about 1,700 texts signed in the last three years, show that 43% of agreements contain provisions on involvement and participation. Direct involvement is present in:

<sup>77</sup> Carcano et al. (eds.), 2017; Treu T. (2017), Rimedi, tutele e fattispecie: riflessioni sui lavori della Gig economy, in “Lavoro e Diritto”; 367 ss

<sup>78</sup> Gabrielli G. (2017)

- 1% of these texts,
- 1.2% in the case of the introduction of new technologies,
- 1% of quality systems
- 0.3% for teamwork.

A number of case studies, however, are more encouraging.<sup>79</sup> These are usually best practices in medium-large and relatively well-known companies, particularly focusing on global markets and product innovation. For example, research into banking shows a selection of forms of participation, both representational and direct, particularly teamwork.<sup>80</sup>

A survey of the quality of work, conducted by the National Institute for the Analysis of Public Policies,<sup>81</sup> shows that 26.8% of the sample of local businesses use organisational participation practices and:

- 94.9% foresee regular meetings between management and workers
- 78.4% contemplate the sharing of certain decisions
- 69.9% provide training initiatives.

Businesses with over 250 employees (42%) are most involved. The survey concludes that the adoption of participatory organisational practices produces benefits, both for workers (a higher quality of work) and for employers (better performances), especially in the crossover with processes of technological innovation.<sup>82</sup>

## Poland

Work carried out under the first DIRECT Project indicates that the scope of employee or worker participation is broadening, even though many barriers remain. These barriers may be cultural in nature implying they are hard to remove given their origin in entrenched models of social relations developed over many years. Other barriers reflect top-down forms of management, the degree to which co-decision making is valued, as well as the level of voice that employees have.

Direct participation seems to be increasingly practised in certain sectors and types of enterprise, especially in those dependent on hi-tech. Participation, as an element of management, is increasingly seen as a factor that increases enterprises' levels of competitiveness, as a source of innovation and a better use of human capital. Research also finds that employees, in particular the youngest generation, anticipate being given some room for independent manoeuvre as they carry out their work and respect shown to them as enfranchised workers.

While legislation in Poland has institutionalised representative forms

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<sup>79</sup> Among others, Carrieri M., Nerozzi P. Treu T. (eds.) (2015), *La partecipazione incisiva*, il Mulino; Pero and Ponzellini, 2017; ANPAL (2017), *Efficienza, qualità del sistema, innovazione, produttività ed equilibrio vita lavoro*; Carcano M. et al., 2017; Fondazione Unipolis (2017), *La partecipazione dei lavoratori nelle imprese*, il Mulino; Gramolati A, Sateriale G. (eds.) (2019), *Contrattare l'innovazione digitale*, Ediesse

<sup>80</sup> Pero L. (2015), *Industry 4.0: tecnologie, organizzazione e ruolo del sindacato*, in Bentivogli M. et al., *SindacatoFuturo in Industry 4.0*; ANPAL, 2017.

<sup>81</sup> INAPP (2019), *I mercati digitali del lavoro. Lavoratori delle piattaforme*, Rome

<sup>82</sup> Canal T., Gualtieri V. (2020), *Pratiche partecipative e risultati d'impresa: quando il datori di lavoro coinvolge*, "Economia & Lavoro", n. 3.



of employee participation, such as workers' councils or through trade unions, the authorities have never developed regulatory frameworks for direct forms of participation.<sup>83</sup> However, the wider Polish society has never exerted much pressure on government with a view to introducing adequate regulations. Direct participation is not a subject that attracts the attention in Poland because of the existing dominant economic culture. So, employee participation is not high on the public agenda.

On the other hand, there are pressures in support of an overall interest favourable to participation, in reality as well as in theory. EU institutions, including the Commission, have consistently advocated its importance. However, within Poland that has had little impact when it comes to the capacity to put proposals into practice, which is somewhat paradoxical, given the country's continued high level of support for EU membership.

Supported by EU funding, some trade unions and employer organisations have been in a position to pursue certain projects relating to this concept of management. These have, to some extent, promoted dialogue and joint action at enterprise level between managers and workers. One example is a project run jointly by employers' organisations (the Business Centre Club) and the unions (Forum Związków Zawodowych) that surveyed the state of employee participation, as well as firms' organisational cultures. However, it is hard to assess the influence of this kind of activity had on management practices and, not least, on the scale of participation as such.

However, many barriers to direct participation remain. The critical dimension seems to be the perception of owners of the nature of private ownership or property in the economy (or an enterprise). What is at stake is the extent to which owners are considered to have the right to exert total control over the assets of their enterprises and hence the degree to which the rights of others can be curbed when it comes to the benefits accruing from activity associated with the concept of 'property'.

This question is central to 'the right of ownership' and gives rise to the perceived right to make unfettered decisions on how work in an enterprise is actually performed.<sup>84</sup> Such decisions would rule out any involvement of employees in policies or practices that deploy company 'assets', whatever form these may take.

Existing workplace culture reflects perceptions of these rights of ownership among owners, managers and even employees. According to research carried out in 2016, only 11.2% of 18 to 30-year-old workers, who simply 'carry out' routine tasks, definitely believed they should have some influence on the management of the firms in which they are employed, though a further 35.7% believed it was rather true that they should. These results are in sharp contrast with those of other young people, for example, in Germany, where 40% of those surveyed believed it was definitely true that employees should influence their own

<sup>83</sup> Zybala, A. (2019) Zarządzanie i partycypacja pracownicza w Polsce. Od modelu folwarcznego do podmiotowości, Oficyna Wydawnicza SGH, Warszawa: 18-21.

<sup>84</sup> op.cit.

firms' management, with 34.4% falling into the rather true category.<sup>85</sup>

Quantitative research can only provide inconclusive results as regards the scale on which participation is practised. The largest study was carried out in 2011 on the basis of a sample of 254 enterprises.<sup>86</sup> At the same time, the authors made comparisons between the results from the Polish study and in ten other EU Member States.<sup>87</sup> Across all business sectors surveyed, participation was practised in at least one of six different identifiable forms in 79.9% of enterprises, compared with 82% of businesses in the private and public sectors across all EU Member States surveyed. The co-author of the research indicated that participation was quite widespread, if of limited intensity. Workplaces were generally applying just two forms of participation at the same time, while only 7% pursued participation in all its forms.<sup>88</sup>

Participation is practised more often in the services sectors compared to those in industry, with a particularly low level in construction. It is most often practised in:

- Commerce (85%)
- Public-sector institutions (health and welfare, 86.4%)
- Public utility (85.7%)
- Banking and insurance (85.7%).

Participation was found most extensively among business entities employing between 200 and 499 employees, while achieving its greatest level (70.6%) in those employing more than 500. Forms of ownership were not found to correlate with the scale of employee participation.

Participatory activity was most often found among employees operating in a technical capacity, with operatives (those employed in production, distribution, transport and storage) involved to a lesser extent. Employees engaging in participation were far more likely to be involved in complex activities. Those employed to perform more routine and repetitive tasks participated to a more limited degree. Participation was also more widespread among organisations where the skills and qualifications required were more exacting. The highest level of popularity from among the six forms of participation was individual delegation of tasks, followed by individual-level consultations.

According to another study, the real level of participation remains low, as the consequential economic benefits have made clear. It notes how:

*... many entrepreneurs concede that they prefer a centralised*

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85 Gardawski, J. (2020) 'Wizje gospodarki dobrze zarządzanej młodzieży polskiej i młodzieży niemieckiej', w A Mrozowski, J Czarzasty (red.), *Oswajanie niepewności. Studia społeczno-ekonomiczne nad młodymi pracownikami sprekarzowanymi*. Wyd. Naukowe Scholar, Warszawa: 295

86 Research carried out under a project on direct forms of worker participation in Poland in comparison with EU-15 Member States, entitled *Rodzaje, zasięg i ekonomiczna efektywność bezpośrednich form partycypacji pracowniczej w Polsce na tle starych krajów UE*. See: Skorupińska, K. (2013) *Direct Employee Participation in the Management of Polish Companies*, *Journal of Positive Management*, vol. 4, no. 1.

87 Study undertaken in 2011-2012 (Łochnicka), on the basis of a sample of 58 enterprises based in a single region, among other studies.

88 Skorupińska, (2013) *Direct Employee Participation in the Management of Polish Companies*, *Journal of Positive Management*, vol. 4, no. 1: 323.

*system of management, feeling that decision-making is the domain of the manager, not the employee.<sup>89</sup>*

However, the degree to which participation is implemented in Poland can be viewed as inadequate when set against levels in such countries as the USA, Japan and countries in western Europe:

*It would seem that employers still fail to treat their employees as if they were sources of ideas potentially capable of improving the economic outcomes of firms' activity.<sup>90</sup>*

Another series of studies under the heading Pracujący Polacy (Working Poles) also provide data about the level of participation.<sup>91</sup> These relate to participation in the form of information meetings and consultations with employees, as well as the influence employees are able to exert on firms' decision-making. Some 55% of employees confirm that the firms they work for organise meetings at which it is possible to ask questions and make proposals. While 75% of employees declaring that they take part in workplace-level consultations as defined broadly, even though they admit that these mainly concern matters of 'lesser' rather than 'weightier' significance.<sup>92</sup> This is more so in State-run enterprises, or in those with a share of foreign capital, than in the private sector:<sup>93</sup>

- 46% of employees claim they have influence on decisions regarding their posts and work stations<sup>94</sup>
- 64% consider that their firms are in favour of freedom, originality and innovation
- 76% feel that their place of work is characterised by subordination and the requirement to carry out instructions precisely, with 90% of respondents in largest enterprises.<sup>95</sup>

As the authors note, the above forms of direct participation do more to prevent monotony and boredom at work than allow for real co-decision making. Some firms apply methods relating to the 'enrichment' of work, which denotes the delegation to workers of the right to plan and direct the tasks they perform, which also implies a raising of levels of

89 Pałubska, D. (2013) Zakres i efekty stosowania bezpośredniej partycypacji pracowniczej w polskich przedsiębiorstwach, Zeszyty Naukowe Wyższej Szkoły Bankowej we Wrocławiu, nr 4/36: 160.

90 Pałubska, D. (2012) Participative Forms of Work Organization as a Source of Intrapreneurship in a Company, International Journal of Business and Management Studies, vol. 4, No 1: 65.

91 Work began in 2005 and results published in Polacy pracujący 2006. Further research was carried out a year later. Kolejne badania odbyły się w następnym roku; [http://konfederacjalewiatan.pl/upload/File/2007\\_09/Pracujacy%20Polacy%202007%20-%20raport%20do%20druku.pdf](http://konfederacjalewiatan.pl/upload/File/2007_09/Pracujacy%20Polacy%202007%20-%20raport%20do%20druku.pdf)

92 Czarzasty, J. (2009) 'Warunki pracy i kultura organizacyjna', w: J Gardawski (red.), Polacy pracujący a kryzys fordyzmu, Wyd. Naukowe Scholar, Warszawa: 398.

93 Gardawski, J., Męcina, J., Bartkowski, J., Czarzasty J. (2010) Working Poles and the Crisis of Fordism, Wyd. Naukowe Scholar, Warsaw.

94 Gardawski, J. 2007, Pracujący Polacy 2007, Konfederacja Lewiatan, Warszawa: 31.

95 Czarzasty, J 2009, 'Warunki pracy i kultura organizacyjna', w: J Gardawski (red.), Polacy pracujący a kryzys fordyzmu, Wyd. Naukowe Scholar, Warszawa: 398.

responsibility.<sup>96</sup>

Findings from two direct participation studies are set out in Table 1:

**Table 1: Forms of direct participation in Poland**

FORM OF PARTICIPATION	SHARE OF FIRMS APPLYING IT
Regular meetings between employees and their direct superiors	63.9
Increasing the scope of tasks	51.8
Rotation of activity in the post held	50.6
Problem-solving teams	39.8
Project groups	38.6
Enrichment of work	36.1
Checking the opinions of employees	21.7
Autonomous groups	8.4
Quality circles	3.6

*Source: Pałubska (2013: 164)*

It is also worth citing international studies contained in the 2017 OECD Employment Report which relate to the quality of the cooperation reflected in employee-employer relations. That situation was assessed by senior business executive and Poland accordingly was placed in 31<sup>st</sup> place, out of 38. Further research confirms the conclusion that employees are not ready or willing to concern themselves with the matters of their enterprises and Polish managers are, in any case, not too willing to grant them powers of co-decision making.<sup>97</sup>

The Eurofound Third European Company Survey 2013 found that the prevalent type of participation in Polish firms and organisations is at the lower level of intensity (consultation), especially when set against the situation in other EU Member States. Only Italy and Portugal have lower levels of participation of the most-advanced type (delegation). Some 30% of firms and organisations engage in the former, while the situation is quite different in, for example, Sweden reporting up to 80% and the Czech Republic almost 60%.<sup>98</sup>

In another Eurofound study published in 2020 (research carried out in 2015) also shows a relatively poor performance and for Poland it found that almost 40% of workers are employed in organisations where the level of engagement is low, while another 20% are working in enterprises that have high engagement levels.

Janusz Hryniewicz suggests that a lack of interest or readiness to engage might reflect the experience with an authoritarian style of

<sup>96</sup> Pałubska, D. (2013) Zakres i efekty stosowania bezpośredniej partycypacji pracowniczej w polskich przedsiębiorstwach, Zeszyty Naukowe Wyższej Szkoły Bankowej we Wrocławiu, nr 4 (36): 163).

<sup>97</sup> Beck-Krala, E. (2008) Partycypacja pracowników w zarządzaniu firmą: nowy sposób wynagradzania i motywowania, Wolters Kluwer Polska, Warszawa: 95

<sup>98</sup> Further key data worth taking account of are to be found in the Eurofound studies from two series – the Working Conditions Surveys and the European Company Surveys. <https://www.eurofound.europa.eu/op.cit>.

management. Indeed, this is true of 17–18% of managers.<sup>99</sup> Yet it is not the only source of a lack of readiness and it is one that can affect only a small group of employees. Research has failed to find a direct, statistically significant relationship between experience with a particular style of management and a readiness to play an active part in decision-making.

### **The stance of the social partners**

It is hard to give a precise analysis of the positions adopted by the unions and employers where participation is concerned. This is all the more so given the lack of formalisation of relevant positions, such as declarations or publications. Matters of participation are not the subject of collective agreements.

Introduction of participation in practice is dependent on solutions that given workplaces adopt, taking into account organisational culture and prevailing styles of management. On the other hand, social partners typically react positively to the word 'participation' as they generally associate it with the impact of their organisations on operations at the workplace.

Perceptions of participation depend, at least partly, on the opportunities to negotiate away certain barriers that hamper its introduction in practice. Union activists are inclined to point to middle-managers as regular blockers of participation, with their lack of willingness deemed to reflect fears of loss of position or prestige. The fear seems to be that the expectations of subordinates (for example, with respect to higher earnings and promotions) may rapidly 'get out of hand'.

Meanwhile, representatives of employers' organisations seem to be influenced by management publications that stress the significance of managers in pursuing policies of inclusion regarding employees and delegating work tasks, etc. They are also aware of the cultural limitations that may make it hard, or even risky, to put participation into practice.

### **Spain**

The democratic era, which began in Spain following the death of Franco in 1975, ushered in a whole set of rights and freedoms across various areas, including participation in political, social and economic life which represents a central theme of the new citizenship.<sup>100</sup> The Spanish model of worker participation is based on the collective representation of interests, recognised at different regulatory levels: constitutional law, labour law, collective bargaining laws and even laws on the prevention of occupational risk. Below are the key elements, spaces and contents associated with the direct participation of workers within the Spanish model of participation.

### **Constitutional framework and labour law**

The constitutional framework establishes that:

*The public authorities shall efficiently promote the various forms of participation within companies and shall encourage*

<sup>99</sup> Hryniewicz, J. (2007) *Stosunki pracy w polskich organizacjach*, Wyd. Naukowe Scholar, Warszawa: 164.

<sup>100</sup> Aparicio, J. and Baylos, A. (1992): *Autoridad y democracia en la empresa*. Ed. Trotta. Fundación 1º de Mayo.

*cooperative societies by means of appropriate legislation. They shall also establish means to facilitate access by the workers to ownership of the means of production*<sup>101</sup>

As in other European countries, worker participation is linked to the representation of interests in the system of labour relations, based on conflict and compromise between management and labour. Labour laws do not limit the existence of different forms of participation, since each form of participation contains the potential for cooperation and conflict.<sup>102</sup>

The Spanish model of representation is a dual model based on unitary representation (works councils and delegates) and union representation (union sections and delegates). Unlike others where there is a differentiation of functions, the Spanish model adopts a mixed formula of legitimacy in collective bargaining. Thus, it recognises that

*...the legitimacy to negotiate company or lower-level agreements is shared by the works councils and the unions, although the former enjoy preferential legitimacy when the agreement affects all the company's workers.*<sup>103</sup>

Both forms of representation share similar powers (in line with ILO Convention 135 on Workers' Representatives, 1971). The unitary representatives (works councils and workers' delegates) have the power to negotiate, inform and/or consult, monitor and control, along with other powers (Article 64 of the Workers' Statute). The union representatives (union delegates) have the right to receive the same information and documentation that the company provides to the unitary representatives in companies with more than 250 workers. They also have the right to attend - and to speak, but not to vote - at meetings of the works committees and internal bodies on matters such as health and safety and to be consulted by the company prior to the adoption of collective measures (Article 10.3 of the Law on Trade Union Freedom).

To understand the scope of direct participation of workers in the Spanish legal framework, one must first understand the levels or degrees of participation that are recognised. Under the law there are two main levels of participation:

- a) an information and consultation level, where information is shared and questions are asked (with greater or lesser intensity);
- b) a level of participation in the company's decision-making, monitoring and/or control bodies, in line with the European framework.<sup>104</sup>

### **Levels of worker participation**

Information and consultation require that the employer and the

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<sup>101</sup> Spanish Constitution, 1978; Article 129.2 <https://www.boe.es/legislacion/documentos/ConstitucionINGLES.pdf>

<sup>102</sup> Aparicio and Baylos (1992).

<sup>103</sup> Galiana, J. M. and García, B. (2003): "La participación y representación de los trabajadores en la empresa en el modelo normativo español", en Revista del ministerio de trabajo y asuntos sociales, Vol. 43. Ministerio de Trabajo y Asuntos Sociales.

<sup>104</sup> Castro, M. A. (2014): "Participación de Los Trabajadores En La Empresa." Revista Del Ministerio de Trabajo y Asuntos Sociales (108):319-54.



workers' representatives act 'in a spirit of collaboration', taking 'into account the interests of both the company and the workers' (Articles 64.1, Workers' Statute). This does not include situations in which the labour representatives defend the workers' interests, for example, in matters such as the payment of wages, the payment of social security benefits (Article 29.4) or notice of termination for cause (Article 52). As previously mentioned, while some of the information and consultation rights are linked to the right to representation in the areas of collective bargaining and union activity, others fall under the heading of participation rights.

Legislation has configured this participation in the company by recognising a series of information and consultation rights that are distributed among the different representative bodies, which in one way or another assume the power to provide information, either actively or passively. When there is a passive disclosure of information, the representative body becomes a mere recipient of the information, such as on:

- Economic and financial aspects of the company,
- Hiring,
- Disciplinary powers and grave misconduct,
- Absenteeism,
- Matters concerning prevention of occupational risk
- Payment of wages,
- Social security benefits,
- Functional and geographical mobility,
- Modification of working conditions,
- Business transfers,
- Consultation periods
- Collective redundancies.<sup>105</sup>

The active disclosure of information involves assemblies and meetings with workers. Different levels of participation can be identified when there is both disclosure of information and consultation. On one level there is disclosure of information from the employer to the workers' representative(s), who may prepare a report before certain decisions are implemented by the employer. Such a report might address:

a) The organisation of work in the company: restructuring of the workforce, reduction of working hours, changes in facilities, occupational training plans, establishment of bonus and incentive systems and performance appraisals, systems for organising and supervising work; tribunal (jurisdictional) claims in matters involving occupational regrading;

b) A change in the legal status of the company.<sup>106</sup>

Under no circumstances is there any chance of vetoing the company's decisions, which prevail even if there is no agreement.

The second level involves participation in the company's decision-making bodies in cases where a higher degree of participation is required, as recognised in the Occupational Risk Prevention Law

<sup>105</sup> This section draws heavily on Castro (2014).

<sup>106</sup> Galiana and García (2003).

(Ley de Prevención de Riesgos Laborales, LPRL). The law recognises the right to consultation prior to decisions that affect the planning and organisation of work and the introduction of new technologies, in terms of their impact on worker health and safety. The degree of participation is greater in these types of consultations since the law recognises the right of workers to collaborate with management to improve measures to prevent occupational risk.

Hence, workers have the right to participate in company matters regarding occupational risk prevention (Article 34, LPRL) which is different from the right to consultation (Article 33, LPRL). The law establishes that workers can participate in the drafting, implementation and evaluation of the company's risk prevention plans and programmes. They can also promote initiatives to introduce methods and procedures for effective risk prevention, making proposals to the company on how to improve conditions or to correct deficiencies (Article 39, LPRL). They must also be consulted on other activity that could have a material impact on worker health and safety (e.g., training).

In summary, then, there are two basic forms of individual and group participation: consultation, where management encourages employees to express their views on various work-related issues, but reserves the right to take final decisions; and delegation, where workers are given greater discretion and responsibility in organising and performing their work.

### **Areas of direct participation**

Spanish labour relations allow for the development of new forms of participation within the collective bargaining framework. These include participating in certain areas that raise the level of workers' involvement in the company, fostering participation through joint committees or workers' access to the company's governing bodies. In most cases, the rights of workers to participate in the company are exercised through their representative bodies.

The right of workers to participate in the company's occupational risk prevention plan was included in the Occupational Risk Prevention Law (LPRL) from 1995. One of the basic principles of preventative action is that workers have the right to participate 'in the framework of all matters affecting occupational safety and health'. Workers have the right to make proposals to the employer and to the participatory and representative bodies on ways to improve the levels of health and safety protection in the workplace' (Article 18.2, LPRL).

Here, workers' participation rights are two-pronged (Article 34, LPRL). On the one hand, individual workers have a legal right to participate in all matters relating to risk prevention in the workplace; and on the other, there is a collective dimension that guarantees workers' participation through their representatives.<sup>107</sup> The purpose of this dual dimension is to accommodate companies of different sizes. Direct and individual worker participation applies more broadly to small companies (up to six workers) while indirect, collective and representative participation

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107 Prieto, A. (2009): "El reforzamiento del derecho de participación de los trabajadores en las actividades preventivas de la empresa", en Revista Universitaria de Ciencias del Trabajo. 10/2009. Universidad de Valladolid.

is more suited to larger companies (more than ten workers).<sup>108</sup>

Workers also have the right to be consulted and to participate directly in matters relating to risk prevention, without prejudice to the establishment of a system of participation through union representatives and other specialized bodies. This right of workers to direct consultation is one of the few instances in which a labour law regulates the direct participation of workers. However, LPRL does not set any rules on this direct consultation procedure, which can therefore be implemented in many different ways. The assembly is one of them, but not the only one. The purpose of direct consultation is not for the workers to form a majority opinion but to allow them to express their opinions and influence the employer's decision-making process.<sup>109</sup>

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108 García Miguelez (2009): "La participación de los trabajadores en materia de Prevención de Riesgos Laborales", in Pecunia: Revista de la Facultad de Ciencias Económicas y Empresariales, Universidad de León.

109 Valdés Dal-Ré, F. (1996): "La participación de los trabajadores en la ley de prevención de riesgos laborales". Derecho y Salud, Vol. 4 Julio-Diciembre. Asociación Juristas de la Salud.

# Chapter 4

## Technology change through DP: experiences and good practise examples from the six partner countries

There are many forms of new technologies been applied and in use in European workplaces and much study and research has examined these and their impact on the working life of European workers. However, for the purposes of this DIRECT 2 project the definition of new technology is derived from the definition used by the European Foundation for the Improvement of Living and Working Conditions (Eurofound) and focuses on those technologies that are impacting on the organisation of work, on working practices and locations and on job security in all manufacturing and services sectors – Automation and Digitalisation (see chapter 1).

As outlined in Chapter 1, Automation is defined as the substitution of human input by machine input and Digitalisation is defined as the transformation of physical objects and documents into bits and vice versa. Bits in this case refer to the smallest unit of digital information (or data) in a computer that have an economic value and are designed to store data and execute instructions.<sup>110</sup>

There is also a third technology dimension – Platform technology – which is the use of digital algorithms to organise economic transactions, such as the services as delivery services, holiday lets and forms of taxi services. For the purposes and focus of this project this third form of new technology was not studied.

According to Eurofound Digital Age series of studies, the main barriers to introducing new technologies are mainly with automation and robotics in industrial, manufacturing sectors. However, in both the services and manufacturing sectors automation technologies have the potential for job losses, but also job creation, not necessarily with the same workforce.

In manufacturing, new technologies can result in the elimination of manual tasks and their replacement with monitoring and machine-controlled tasks ... resulting in a demand for specialised, highly digitally skilled workers, such as mechatronic engineers and data scientists.

While in service sectors, work tasks have, for many decades, been moving away from 'intellectual' input and 'paper records' to the digital storage of information and, consequently, providing more services to the public electronically.

*A recent analysis of changes in work tasks over the past 20 years reveals that in sectors, such as financial intermediation, real estate, renting and business activities and public administration have recorded a significant and consistent decline in tasks*

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<sup>110</sup> Eurofound (2018) Automation, digitalisation and platforms: Implications for work and employment European Foundation for the Improvement of Living and Working Conditions, (Luxembourg 2018)

*involving external social interaction (with customers).<sup>111</sup>*

These changes have an impact on the employment relationship and on social dialogue through a possible gap between highly skilled workers and those who lack the necessary skills to keep up with the changing demands of the new digital labour market. Also, an issue for possible dispute is how the distribution of the expected productivity gains, resulting from the new technologies, will be distributed between the work force and the company.

Apart from investments in the technology ‘hardware’ and ‘software’ that is the challenge to traditional jobs, workplace cultures and the conditions of work. Agreement on and investment in skills training to provide existing employees with the ability to adapt to the new organisation of work which will be essential to justify the investment. Another important reason given for moving to greater automation in manufacturing enterprises is to reduce and, if possible, eliminate workplace accidents and improve employee health and safety.

With these challenges in the EU economy, how do the participating enterprises in the twelve DIRECT 2 project case studies fit with the workplace changes resulting from the digitalisation and automation of workplaces?

It is estimated that there are approximately 23,000 employees working in these twelve companies.

### **Manufacturing companies**

Of the twelve case studies, six can be designated as ‘manufacturing’ companies in metal processing, white goods and paint sectors and in health-related manufacturing - pharma, chemicals and medical devices. All of these companies have introduced automation in recent years.

With regard to the first group, in Italy the Electrolux company, which manufactures ‘white’ goods and household appliances, has a tradition of participation in its plants, included direct participation. The company employs approximately 5.000 workers across five major sites. The project case study was conducted with interviews with some National and Regional officials in charge of the Group, including a focused workshop, where the management and some workers’ representatives from the Lombard plant in Solaro participated. This manufacturing sector was traditionally an assembly-line process, with the emphasis on workers required to a work on repetitive tasks, which, often, resulted in injuries, and muscular strains. In recent years has seen a move to robotics and automated production systems, resulting in better working conditions and less pressures on assembly-line workers.

The company now delegates control of

- Safety
- Quality

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<sup>111</sup> Eurofound (2020) Game-changing technologies: Transforming production and employment in Europe European Foundation for the Improvement of Living and Working Conditions (Eurofound), (Luxembourg 2020).

Also: How computerisation is transforming jobs: Evidence from the Eurofound’s European Working Conditions Survey, Bisello M, Peruffo E, Fernández-Macías E and Rinaldi R; European Commission, (Brussels 2019)

- Breakage
- Control, including recognition and reporting of 'abnormal' conditions
- Internal audits to verify conditions and maintenance.

to work-stations/work areas.

In Susegana the company is investing €130 million in a new automated assembly-line which, it is estimated, will reduce the level of manual tasks on workers by 51%. To operate this new assembly-line, workers will be issued with electronic tablets to assist in operating this new technology, such as communicating with the robotic systems and shift colleagues. The installation of this new semi-automatic assembly-line will secure the jobs of the 1,500 existing workers.

The Stellantis Group in Poland (resulting from the merger of the FCA Group and the Peugeot Group) is a car manufacturing group formed from a merger of the Fiat and Chrysler companies, but now globally covers a wide range of auto brands.<sup>112</sup> In 1992 the Polish Fiat Group, which had operated under licence since 1965, was privatised. This State-owned company employed 16,000 workers at the time of privatisation, but this had reduced to 3,000 within ten years.

There are now three main plants sites within the Grupa FCA Poland, including the Tychy site where cars are assembled. The introduction of 800 robots for a new automated assembly-line was introduced in 2002 for the manufacture of a new range of cars, the Panda. The objective of this automation was to 'free up' employees from the regime of the manual assembly process, but they would remain with responsibility for monitoring this robotic assembly. For example, hand-welding (2,500 welds per chassis) was eliminated with the introduction of robot precision welding, with no possibility of 'human error'.

A similar total automated process was introduced into the paint shop and in the production area for the mounting of heavy parts, such as installing the seats and screwing in the wheels. In total there were over 2,000 workers in these three areas whose jobs were automated. However, they were re-assigned to other related tasks so there were no job losses. A number of other technologies were also introduced, such as 3-D printing for the production and processing of 'stub' axles and the production of car engines.

These new technologies were introduced with co-operation between Italian management and the Polish trade unions, an arrangement derived from World-Class Manufacturing (WCM), called co-creation which involved the workforce in decision-makings, such as organisational changes, changes to working conditions and training needs. However, within this WCM method workers are expected to annually provide a number of suggestions to streamline production and improve efficiencies – the Kaizen process. This system is supported by the trade unions by assisting in the streamlining of Kaizen so that workers would be comfortable with the concept by ensuring that any savings from a suggestion and authorship are recognised.

At Volkswagen Poznań (Poland) there is a plant-level participation system, at least in part, arising out of provisions of the so-called

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<sup>112</sup> Including Alfa Romeo, Abarth, Chrysler, Citroën, Dodge, Fiat, Jeep, Lancia, Maserati, Peugeot, Opel and Vauxhall.

Labour Relations Charter. The Corporation's Board signed up to this in 2009, along with several other entities, such as the European and World Works Councils of the firm, and the International Metalworkers' Federation IMB<sup>113</sup>.

The signing of this document took place at the annual meeting of the Concern's World Works Council and Board.<sup>114</sup> The Volkswagen AG Concern is the first motor-industry enterprise in the world to have an agreement of this type in operation.<sup>115</sup>

The provisions of the Charter refer to three rights of workers – to information, to consultation and to co-decision-making. Areas in which these rights may be exercised (and enforced) are set out in the document. At the same time, the employees' right to co-decision-making is accompanied by a provision on joint accountability for decisions taken and, hence, for the enterprise and its workforce considered as a whole.

The Charter also includes provisions on plant-level union setups, which are taken to have co-decision-making rights concerning the remuneration system. In practice, each change in the table of remuneration and bonuses has to be negotiated with the unions, to the extent that changes may only be introduced with the consent of both sides.

What is foreseen are various different forms of contact between workers and their immediate management, as well as with higher levels of management. In the view of the Solidarity head, employees have many opportunities to make those contacts. They can participate at an annual Symposia, at which management at the Poznań company takes the opportunity to update the whole workforce on output, the state of finances and any personnel-related issues. In addition, there are twice-yearly meetings at the level of the firm's different plants, that provide an opportunity for every single employee to be reached. Beyond that, week-by-week meetings are held to deal with everyday employee issues, as well as social matters.

At Departmental level, the union also organises question/answer sessions, as well as arranging more localised meetings in relation to spraying, assembly, quality control, etc. A further aspect to participation involves management communication channels, not least the plant's Bulletin. Also, each year, employees receive an anonymous questionnaire to fill out. In practice, around 90% of the workforce take part in this survey. However, one observation is that the questions were very general in nature.

The Metallurgy Foundry in Spain is a family business founded in 1911, although for ten years it was foreign owned, concentrating on the automotive industry. Back under the family ownership since 2007, it has now expanded with subsidiary companies across the EU, Far East, South Africa and the US. It has an annual turnover of €70 million and employs 200 in a single site in Spain (in the Basque Country), split 50/50 between 'shop-floor' workers and office/administrative staff. Further temporary workers are employed during peak production times.

<sup>113</sup> <https://volkswagen-poznan.pl/en/responsibility/employees>

<sup>114</sup> <https://volkswagen-poznan.pl/pl/odpowiedzialnosc/pracownicy>

<sup>115</sup> <https://porscheinterauto.pl/assets/download/normy-spoleczne.pdf>



The workforce is represented by four trade unions and employment relations are considered to be good, with an active works council which meets monthly. Collective agreements are negotiated every three to four years. Following board meetings, held three times a year, all staff are briefed on business figures, strategic plans and other relevant issues, through small group meetings of 15 to 20 employees. The Health and Safety Council is also an important dialogue forum and it has devised an Equality Plan.

DP is an ongoing way of operating, with the workforce been involved in:

- Drafting of Strategic Plans
- Departmental self-managing teams hold daily work meetings
- A weekly digital newsletter is distributed
- TV screens, located throughout the plant, that are used to display messages, documents or comments
- A Monitoring Plan reviews all these participation fora to assess they are functioning effectively.

Management are committed to a transparent sharing of company information on its business policies, linked to the sustainability of the company and to jobs. It is open to suggestions and comments from the trade unions and their participation in various aspects of the DP strategy. This has resulted in 'good' relations, with less disputes, making reaching agreements easier and improving the well-being of the workforce.

There is also a voluntary employee financial participation scheme in place, with company shareholding split between the owner-family (70%) and 50 workers who signed up to purchase shares (30%). New share options for the employees are offered every three years and to qualify workers must be employed for at least two years. Over the last 15 years some 20% to 30% of company profits have been shared with the workforce. Economic literacy training has also been made available to workers to help them understand and interpret company financial statements, which has also fostered DP.

In recent years the company has gradually introduced automation and robotics, thus moving away from 'physical work resulting in the re-skilling of foundry workers. This change was undertaken through consultation with affected staff and a sharing of the resulting profits (if any) either through the share-ownership scheme or through a profit-sharing arrangement. DP has facilitated this shift to automation by the resulting in improving safety and health, thus limiting occupational illnesses and also through the re-skilling of workers.

Management's view is that DP and the introduction of automation technology has resulted in increased skills, sustainable jobs, increased motivation and involvement of the workforce

### **Health related companies**

The Bulgarian pharma company, Sopharma, established in 1933; from 1946 it was a State-owned company and was privatised in 2000. It is part of a group of 7 companies owned by a group of Bulgarian investors and its shares are traded on the Bulgarian Stock Exchange. The company is also registered with the Warsaw Stock Exchange.

In 2004 Good Manufacturing Practices (GMP) certification and in 2005 Good Distribution Practices (GDP) certification. In 2007 the Bulgarian Stock Exchange initiated the adoption of the National Code for Corporate Governance, which Sopharma also signed up to.

The company headquarters are based in Sofia and it has three production plants across the country, which employ almost 2,000 workers. The company has a stable and long history, with a sustainable business and a vision for its future development, providing employment security. Consequently, it has a good working environment, which has created a sustainable and safe environment for the health and safety of its employees. Traditional forms of communications have been used in this enterprise for many years, such as meetings with supervisors and/or middle managers; pre-shift meetings; health and safety briefings; quality circles, etc.

For fifteen years the company has invested in new technologies, such as

- Automation in its production processes
- The use of electronic communications
- Intranet
- New software.

In recent years, new forms of work organisation have been introduced, including teamworking and job rotation. Together with technology changes, these have resulted in improved workplace relations and no serious industrial relations conflicts have been recorded in recent years.

In addition, digitalisation, in the form of internal communications have been used within the company keeping the workforce informed of all important issues regarding the business, for example:

- Production and sales updates
- The financial and economic situation
- Business developments plans
- Organisational and structural changes.

The Cypriot pharma company, Medchemie, is the leading pharmaceutical manufacturer in Cyprus, founded in 1976. It is now one of the top generic pharmaceutical companies globally, employing almost 1,900 employees, 950 of these in Cyprus, and accounting for 28% of the country's exports. Generally, employment relations within the company are good, with trade unions playing a key role in industrial peace. There is also an effective process of internal communications, with the use of all the traditional channels of communications and information sharing. The main topics covered are around technology and organisational changes, health and safety and corporate social responsibility.

It is agreed by both management and trade union representatives that there is a culture of trust within the company resulting in a constructive relationship and this is confirmed by regular in-house surveys carried out every few years. There is also a commitment to job security for employees.

Direct participation is not a feature of employment relations, with both employees and management saying that the nature of the business and

production limits the flexibility required for DP. The company is highly regulated, with no margins for deviating from the required standards. Where possible, management does work to involve the workforce where aspects of the business allow for employee involvement, such as:

Performance Management Systems, which it is proposed to introduce. This is intended to lead to improvements that will further enhance the workers. It will involve employee feedback, allowing them to set their own targets, organise meetings directly with their supervisor/manager. It also envisages employees evaluating their supervisor/manager anonymously

Participation in Committees: employees take part, and have an active role, in a number of internal committees, such as the environmental committee. These committees feed into the company's Corporate Social Responsibility commitments.

However, any such employee involvement is restricted to consultation with no possibility for the delegation of decision-making.

In recent decades, as the business grew new technologies were introduced, such as

- Automation
- Computer hardware and software
- Communications.

Employees had an input into the introduction of these new technologies and it is agreed by both management and the trade unions that they have had a positive impact on the workforce, with up-skilling and better health and safety standards. Employees have been positive about these developments, as they have had the opportunities to acquire new qualifications, have a safer workplace and improvements in wellbeing. The introduction of new technologies has also resulted in an increase in employment.

It is generally agreed by both management and trade union representatives that the new technologies have had a positive impact on workers, work organisation, safety standards, better health and well-being. Workers have also had opportunities to acquire new qualifications and skills. New technologies have also resulted, in recent years, in increased employment.

A related manufacturing enterprise is the medical devices company, based in Ireland.<sup>116</sup> It is a MNC with sites in Europe, the Middle East and Far East. It employs 1,600 in its plant in Ireland, which was threatened with closure in 2007-2008. After the implementation of a rescue programme agreed with the trade unions that resulted in the company cutting costs and 150 voluntary redundancies, investment in new high-speed automated technologies, new production systems and new production lines, which have made the plant highly competitive.

This site got into competitive difficulties when compared to other sites within the company and was required by its owners to make savings. After an investigation, supported by both management and the trade unions, by the Workplace Relations Commission recommendations

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<sup>116</sup> This enterprise has agreed to participate in the DIRECT 2 project on the basis of anonymity.

were made on savings and restructuring. There were two key outcomes from the WRC survival plan – 150 voluntary redundancies and that the IDEAS Institute would work with management and the trade unions to implement Workplace Innovation and a formal agreement on its implementation was signed in 2016. As a result of its implementation, formal accredited training was made available to any workers who wished to participate, building up momentum for training across the whole workforce.

As a result of the introduction of Workplace Innovation, workers are now actively engaged in identifying and fixing production problems in their work areas. Also, work teams are formed to investigate problems, make decisions on how to fix these and/or make recommendations that are supported and implemented, thus eliminating such problems. To assist these actions, the company has now set up an internal department to facilitate problem-solving activities.

The site is considered by employees as a clean, safe environment to work in, with good pay and conditions negotiated through the trade unions. It has a history of long-term employment, as some of the older workers have never been employed anywhere else and new recruits are anxious to get employment in the company.

As a result of the success of the agreed recovery plan brokered by the WRC, the company has made significant investment in the site, with expanding production capacity and the size of its operations. New automated high-speed technologies have been introduced, with new production systems, new production lines and automated inspections, all resulting in large increases in higher specification products. The introduction of all of these new technologies has resulted in upskilling of the workforce and an ongoing requirement of additional training. All this has ensured job security for employees.

To achieve this, workers were provided with intensive training, leading to accredited qualifications and necessary re-skilling for the new production lines. This has all resulted in job security for the existing workforce and a significant increase in employment to 1,600, which is a significant increase, after the labour force cuts of a decade ago.

The second Irish case study examined changes in a small manufacturing company, Fleetwood Paints. Again, this company, employing, 150 workers, was severely impacted by the economic and financial recession of a decade ago. It adopted two survival strategies, first, it sought and acquired new export markets in West Africa and, second, it introduced a change in workplace relations, with agreement on a new participative management approach.

This included the introduction of Workplace Innovation to change the company culture, the poor internal relations and production challenges. There was a lot of scepticism among both management and the workforce. However, a key 'selling point' was the opportunity for workers to get six days of structured training which would be formally accredited – many of the un-skilled/semi-skilled workers would have had no such formal qualifications.

The training resulted in eliminating existing barriers between management and the workforce, resulting in the old adversarial industrial relations climate changing. While the more established, older, managers found it difficult to change, newer, younger middle/

supervisory management were more at-ease with these new ways of working, helping to change the company culture. A new and safe participative environment provides a safe forum to address any employee and business issues. It is generally agreed that this new approach of Workplace Innovation, has contributed to an improvement in the company's competitiveness and business.

Because of the success of the company in recent years, it is building a new production unit on the site. To design this new facility a joint committee was established, consisting of the project manager, the production manager, laboratory workers and production operators. This committee set out the 'foot print' of the new unit, laid out the position of machinery, addressed access/egress for fork-lifts and other mobile machinery and the position, windows and lighting for the on-site laboratory. This approach utilised the expertise of all levels of employees, thus minimising any problems later.

As this approach has been seen as successful, it is also been used in the development of an accompanying storage warehouse to store the increased production, which, it is proposed, will have up-to-date technologies for storage inventory, ordering and 'voice-picking' technologies

## Telecom

This sector has seen major technology changes in recent decades, in particular since the emergence of mobile communications in the 1980s, providing two-way communications, computing devices and network technologies that connects them. This mobile technology has expanded to include internet-enabled devices, such as smartphones, tablets and watches. Two of the case studies are on telecommunications companies, in Bulgaria and Poland, and these companies have had parallel experiences, both previously in State-ownership, but, also, with having to modernise of their telecommunications services, requiring a move from the old analogue system to digitalisation, as technologies developed and customer demands changed, but also changing from a culture of a State agency to operating commercially in competitive markets.

BTC-Viacom, is the main Bulgarian telecommunications operator, providing both fixed-line and mobile 'phone services, as well as internet and cable TV. Established in 1894, it was a State-owned company until its privatisation in 2004. Since privatisation it has changed ownership and management many times. It has a workforce of 5,200 employees.

The company has been gradually modernising telecom services since 2004, with major investment in the telecommunications network, including:

- The automation of services
- Application of electronic communications
- New computerisation
- Intranet connections
- Electronic platforms / algorithms
- Application of new software.

With these new technologies, innovative forms of work organisation have also been introduced, including teamworking and new forms of

personnel administration using online self-service applications, which have eliminated a lot of paper documents. Other changes include:

- Changes in employment, such as a reduction in staffing levels
- Improvements in the qualifications and skills of staff
- New rules for safety and health
- Changes in the organisation of working time
- Online electronic messaging, including video briefings.

The subjects of these internal communications include, for example:

- Technological developments
- Services and sales updates
- The financial and economic situation
- Business developments plans
- Organisational and structural changes
- Employment and staff training issues
- Benefits and bonus schemes.

The six trade unions within the company also use special intranet channels to connect with members and for intra-union communications, to inform members of work and employment updates.

Also the Polish telecommunications company, Orange Polska, was a State-owned company until this French Telecom Group, a major global telecommunications MNC., took over full control of the State-owned company in 2001. During the 1990s the old analogue telephone exchanges were gradually replaced by digital exchanges to bring the service into the modern telecommunications age and from 2006 there was investment in technology to provide internet access, thus providing customers with a range of new technology services.

Orange Polska has a workforce of 10,000 employees. After many redundancies, starting soon after 1990, when the workforce was almost 70,000. Modern equipment is less likely to fail and does not require specialist installation skills. In the 1990s, the State-owned company might reasonably have employed around 100 office workers, managers, sales personnel and installation technicians, etc.

*... the larger the amount of electronics present in telecoms devices, the less need there is for human labour!*

Seventeen trade unions, representing 25% of the workforce, operate within the company. There is also a works council in operation, which deals with changes to employment structures, plans for recruitment and redundancies and any changes to job structures, etc. Worker representatives participate in the Orange EWC. There is general agreement that new technologies were essential and these were introduced with the support of the workforce and unions.

Changes in company organisation were the subject of discussions/ negotiations between management and unions which, eventually, over a protected period and numerous agreements on the numbers of redundancies, timeframe and severance payment, training and assistance in job-searches. Also, to facilitate continuous change within the company, a special office (TP S.A.) was established, which included employee representatives, both through the trade unions and other worker groups. As a result of the work of this group two affiliate

companies were set up tasked with the design, build, renovate and modernise telecom networks.

Furthermore, a number of company employment programmes are used to engage with the workforce, such as:

- Me and My Firm: provides employees with the opportunity to participate in an assessment of relationships within work-teams, as well as supervisory/management relations with employees
- Employee Social Barometer: is a research programme to ensure that employees can give their opinions, such as on levels of job satisfaction, leadership, labour conditions, etc. and have access to senior management to provide feed-back
- Cultural Change and an Organisational Health Survey: building a 'feed-back' culture and the development of trust-based co-operation between different areas of the firm.
- Feedback 360: an assessment programme to measure how a culture of openness, enhancing the quality of co-operation and the effectiveness of workplace engagement.

Since 2018, employees also have the opportunity to participate in online monthly meetings with company board-members in a question-and-answer session.

### Services

There were three case studies that fall into broad category of 'Services' – i) a Spanish co-operative savings bank, ii) a Cypriot public sector health insurance agency; and iii) the Italian State-owned highway company, which could be loosely designated as a service company. All three enterprises have introduced a range of new technologies appropriate to their respective businesses as these were developed and became available.

I. A Co-operative Savings Bank in the Basque Country, Spain, which is a workers' co-operative within the Mondragón group. The bank has almost 2,000 co-workers / partners within its 300 offices. As a co-operative, the bank operates through various aspects of direct participation in all essential elements of its business. It is governed by the General Assembly of the partners, including representatives of clients, which appoints members to various internal governance bodies, such as:

- The Governing Council, which has 15/16 members - 5 of whom are working partners. This is a joint body in charge of senior management, the supervision of directors and representation of the co-operative. It has responsibility for hiring/firing the General Director, appointing auditors, the remuneration committee and the risk committee. It is also required to provide all partners with a copy of the Co-operative's Statutes (internal regulations), profit & loss accounts, annual reports, etc.
- The Resources Committee deals with claims made by a partner, if he/she doesn't feel they have been represented through the Social Council on contentious or disputed issues. As a co-operative, there is no trade union representation, as unionisation is considered contrary to the co-operative concept
- The Social Council is the key participation body for the representation of workers (partners) in dealing with employment



relations and internal governance issues through an appointed spokesperson. It has 20 members selected by the direct vote of the partners. All partners, with the exception of members of the Governing Council, the Board of Directors or the Resources Committee, can also be candidates for election to the Social Council. It also has a key role in the dissemination of internal information, such as decisions of the Governing Council, and feeding-back issues raised by workers – a two-way process of information!

- The Assessment Committee is a joint committee, made up of an equal number of members of the Governing Council and the Social Committee, where all decisions are made by consensus. The Committee deals with such issues as wage levels and sanctions.

The balance of interests is fundamental to the success of direct participation. All of these internal structures contribute to participation within the organisation. However, direct participation is also an important part of every-day operations through meeting schemes which deal with the organisation of work by work-teams and through inter-work-team meetings at different levels of responsibilities. Consequently, direct participation is how the savings bank operates across all its various business activities and has resulted in:

- Greater efficacy of the work process
- Greater speed of implementation of company policies
- Greater level of commitment to the co-operative
- Lower work-related stress levels, less inter-departmental and inter-personal tensions.

While technology has been part of the banking sector for many years, in recent years this bank has undertaken a rapid transition to and significant investment in digitalisation and online banking, and the transition has impacted on all operations and almost all workers. This process has been undertaken through the involvement of all partners and teams through the existing participative structures.

Training is also a key part of this transition, with the drafting of strategic training plans and internal re-skilling programmes to which partners have access. Also, new skilled personnel have been recruited, such as mathematicians, who are necessary for the transition to and operation of digital banking technology.

II. The Cypriot Health Insurance Organisation is a State agency set up by legislation in 2001. Its function is to administer and implement the General Healthcare System (GHS) in accordance with GHS legislation in 2001 and 2017. Its Board of Directors consist of representatives from Government, employee, employer and patient organisations. There are 150 employees, with a 90% trade union membership. There is general agreement that there is a good climate of employment relations, good working conditions, job security, additional staff benefits, such as life assurance plans and welfare fund, and a friendly work environment.

With regard to social dialogue, there is ongoing consultation through the trade unions to deal with industrial relations issues, as they arise. Collective agreements determine working conditions and employee benefits and internal employment related communications are through the traditional channels, such as internal memos and other 'print' materials; the intranet, texts and e-mails; management staff briefings, in particular by senior (very rarely!) and middle management through

departmental meetings; and through trade union channels. Topics covered by these forms of communications are:

- Financial and economic issues
- Business development plans
- Motivation schemes
- Employment trends
- Staff training and development
- Technology and organisation changes.

However, apart from these more formal structures, more often communications between management and staff are informal and issues are addressed at the middle-management level. The most frequent issues addressed revolve around the last three bullet-points above. However, any engagement on these issues, or any forms of employee involvement are restricted to consultation with no possibility for the delegation of decision-making.

So as to effectively administer and to provide access by citizens through a friendly-user system to all services provided by the GHS, the introduction of new technologies is an ongoing process, including hardware, software, intranet and automation systems. With the introduction and updating of technologies, the qualifications and skills of some staff need continuously upgrading. However, other staff miss out on this up-skilling, such as some support staff. In some areas of the organisation, new technologies have also impacted on the organisation of work, resulting in further job enrichment and job rotation. Team-working has also been introduced within the past two years as a result of new technologies. However, there is no indication if this has resulted in delegation to the work-group or is simply a process of consultation.

III. Autostrade per l'Italia (ASPI) is the Italian group of companies responsible for the maintenance and running of the national autostrade (motorways) network, including tolls. The group consists of a range of companies, including Autostrade Tech, which is responsible for the development and application of new technological solutions and innovative systems.

Overall, the group employs 5,000 workers with another 4,000 employed in its subsidiaries. The largest number of employees (1,200) work as toll collectors across the network. However, this number is reducing as the toll gates are automated. Unionisation within the group is high by Italian standards, at 60%, and as toll operators are the biggest, but dwindling group, unionisation is falling.

The current Business Plan, to 2024, provides for the transformation of the group into an integrated 'mobility operator', with an investment of €14.5 billion in new organisational structures and the creation of new subsidiaries to oversee the Strategic Plan. In recent years there has also been significant investment and roll-out of a range of new technologies, organisational modernisation and investment in staff training and qualifications, led by Autostrade Tech. To quickly achieve the goal of transformation to a new organisational structure, the Strategic Transformation Plan was adopted in 2020 which lists four key objectives: Transparency; Quality; Accountability; and Performance.

As part of this Plan, ASPI has established a number of joint trade union / management committees on:

- Health and safety
- Quality of services
- Continuous training
- Diversity and equal opportunities
- The fight against bullying and sexual harassment; and for
- Conciliation.

Direct participation is considered indispensable in achieving the ambitious targets set out in the Plan, both at the individual and group levels. To achieve these objectives, there is an extensive use of staff audits and opinion surveys, cultural training, mapping of professional skills, team-working and corporate welfare. This includes a listening and training project (Dare Valore) where a focus group of 200 employees was set up, supported by external consultants. Over 1,000 employees have also participated in a survey focused on organisational change and a group of 160 employees are now tasked with implementing the outcomes.

Digitalisation is one of the key objectives of the Strategic Transformation Plan. The role of a new company within the group, Tecne, is to bring together in a single organisation all the actions for the study, design and construction of autostrade and the co-ordination of safety throughout the network – Digital Transformation: Let's make a road for the future. For example, using artificial intelligence (AI) technology and fully digitalised engineering processes, Tecne is changing how maintenance is managed and through this digital transformation the group aims to anticipate technological and social trends.

Another AI platform is used to monitor works on the autostrade network, including bridges, flyovers and tunnels through the use of drones and 3D modelling. Using these techniques, it is possible to X-ray materials for possible deterioration and risk of collapse. Consequently, the way maintenance work was traditionally carried out is now changing to the use of precision technology, with inspectors using electronic tablets equipped with new digital systems. This has resulted in the number of employees engaged in maintenance falling through retirements and redeployment. The company is now focused on the recruitment of engineers, technicians and researchers – 800 new staff have been recruited during 2020.

The application of AI and other new technologies are significantly changing the way the group's employees work and to achieve the objectives of the Strategic Plan, the group will invest €60 million during the next five years. There is, however, some resistance through the trade unions, mainly from older workers, to these changes, but these workers are facilitated, where possible, by retirement agreements.

As a commitment to new technologies and new ideas the offices of Tecne are also set out for 'smart spacing', through new and different architecture for space and offices:

*... a new way of conceiving the work environment in order to make it more recognisable and more shared ... the ultimate goal is to facilitate interaction ...(and) ...the generation of new, more suitable and comfortable ideas and is more attentive to the needs of the employees, their psycho-physical wellbeing and their natural need for interaction.*<sup>117</sup>

<sup>117</sup> Autostrade Informa 2/2021 Smart Spacing – un nuovo modo di lavorare

# Chapter 5

## Comparisons of the role of Direct Participation in technology change

### Main trends

#### Bulgaria

According to the data of the new European Company survey 2019, there is regular direct employee participation, with high influence, in 1/3 of the establishments in Bulgaria, while in 31% of establishments there is irregular employee participation with limited influence. However, the most domination forms are indirect participation, mainly through the trade unions.<sup>118</sup>

There is already registered impact of direct participation on the results of enterprise management, labour and industrial relations at company level. It concerns the improvement of the practical skills of the workers, recognition of non-formal and formal qualifications and also increase of productivity. There are also opportunities of improving the results, increasing motivation for work.

The results of previous studies show similar attitudes of both employers and union representatives in the understanding that direct participation could improve corporate governance and sustainability due to the more efficient use of human capital. It is about finding effective mechanisms to stimulate the development of this process. The representatives of the employers' organisations justify the importance of direct worker participation with the need to improve the work results and according to them it makes sense mainly for this purpose.

At the same time, digitalisation of the individual sectors (as a whole for the country, as well as those included in the scope of research of the DIRECT 2 Project and those from the first DIRECT Project) is with varying degrees of progress. The very processes of digitalisation do not always affect directly the work organisation and the direct employee participation in management in enterprises and industries. In some industrial sectors (e.g. the metal industry, in particular some branches of mechanical engineering, electronics and electrical engineering, chemical and pharmaceutical industry, production of cement and other construction materials), as well as in the service sector (some transport branches, telecommunications, information services, finance and banking and others), digitalisation is more advanced in comparison with other sectors. There are some enterprises with modern forms of work organisation and well-developed direct employee participation in management.

In addition, the COVID pandemic has had an impact on "forced" digitalisation and the introduction of forms of work such as teleworking or home-based work, as well as mobile ICT work, both for those working in some industries (mainly those employed in enterprise management) and in the sphere of services (on-line trade, banking and insurance, transport - ticket sales, reservations, work of employees in energy management, water and sewerage, etc.) and those employed in

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<sup>118</sup> Eurofound / CEDEFOP European Company Survey 2019. Luxembourg (2019)

the budget sphere (public administration, education, science and research - where possible). Broader implementation of electronic communications and tele work/ICT based mobile work could increase the autonomy of work-places (especially individual autonomy) and these could lead to better conditions for direct workers participation.

### Cyprus

In the Eurofound European Company Survey 2019 there are some interesting facts that support the case that Cyprus has indirect forms of employee participation. Forty per cent of companies are in favour of command-and-control structures and around 55% offer selective autonomy. In addition, 53% of managers interviewed believed that employee direct involvement would cause delays. Based on the Eurofound Third Company European Survey (2013), fewer than 9% of the companies had autonomous teams and incidence of decision-making related to a worker's daily tasks are least likely to be found in establishments in Cyprus.

Based on our analysis it is obvious that direct participation has no clear relationship between itself and the national characteristics of the economy. The way the economy has been structured and the way the industrial relations system has been set up favour indirect (representative) participation. Moreover, there is no clear indication, resulting from our research, that can state that there is a relationship between direct participation and the institutional context.

However, both the trade unions and employers refer to establishments, affiliated to their organisations, that have introduced direct participation. The employers state that such implementation was the decision of the management by 50%, an initiative by the trade unions by 30% and a request by the workforce by 20%. Both the trade unions and the Employers Federation believe that direct participation would lead to positive outcomes, such as improvement of work organisation, improvement of workplace health/safety, improvement in the environment and in worker well-being, better working arrangements, better work-life balance, increased job satisfaction and increase remuneration (based only on the employers' side). The Government is of the opinion that direct participation would lead to better organisation of work. It seems that all the social partners understand the importance of direct participation and the positive gains it can offer, might be an indication for a future discussion on its implementation.

### Ireland

One aspect of the National Partnership Agreements (from 1987 and 2009) was the inclusion of a series of local social dialogue agreements, that lead into the development of workplace innovation and were evolved further into enterprise-level direct participation arrangements. This development was also in the context of a range of employee involvement legislation at the EU level, such as the Directive on workplace information and consultation, European Works Councils (EWCs) and employee board level representatives in European Companies (SEs).

Research findings published over a period of some seventy years demonstrate convincingly that the introduction of empowering workplace practices, including direct participation, leads to significant

gains in productivity (between 20% and 60% in some studies<sup>119</sup>) and other performance indicators, including employee engagement, health, and well-being. Survey evidence appears to show that only 15% of companies operating within the EU are estimated to use workplace innovation practices systematically throughout the organisation. The major obstacle to the introduction of workplace innovation is the reluctance of management to relinquish control within the enterprise or to admit that it would improve productivity and output. The challenges of digitisation add further urgency to the question.<sup>120</sup>

There is a powerful technological narrative around the potential of automation to remove repetitive work and enhance the rational organisation of work, but this sits uneasily with new ways of unleashing human potential through open innovation and employee-driven innovation based on dialogue to bridge this gap between technology and workforce potential. European workplaces need to create a culture of innovation based on synergies between:

- ‘Voice’ at the strategic level, regular opportunities for reflection, creative thinking and continuous improvements
- Re-structuring of the organisation as a whole to reduce hierarchy and remove silos
- Self-management teams and individual job discretion.

#### Italy

Direct participation is rarely adopted on the basis of firm-level collective agreements, where the unilateral initiative of management prevails, which uses it more or less informally as part of its human resource management policies. A more widespread form is that of the suggestion box, of internal surveys on the corporate atmosphere and wellbeing, but above all of teamwork, which is gaining momentum, particularly in conjunction with the adoption of those socio-organisational paradigms mentioned above.<sup>121</sup>

The biggest challenge is represented by the new technological revolution, through the growing diffusion of robotics, digitisation, the use of algorithms and of remote working. In various sectors, and especially in large manufacturing groups, in the financial and telecommunications sectors, ad hoc plans and protocols have been introduced to promote the dissemination of digital literacy and skills. Where direct participation returns to play a significant role is in the specific training aimed at middle and senior managers by the companies themselves, which emphasise its strategic value in terms of a new culture of industrial relations and HRM. Some large groups have set up their own schools or academies, in which, often with the assistance of Japanese consultants, the values of the centrality of human capital are transmitted and the principles of the Toyota Production System (TPS) – Kanban, Gemba, Muda, etc., are taught, in which the involvement and responsible, high-performance self-activation of staff constitutes an

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119 Peter Totterdill presentation to UK Work Organisation Network and Workplace Innovation Europe to the DIRECT 1 Project Joint IE / UK seminar, op cit.

120 *ibid.*

121 Pero and Ponzellini, (2017) Il nuovo lavoro industriale tra innovazione organizzativa e partecipazione diretta in Carriere et. al La partecipazione incisive Il Mulino

authentic pillar.<sup>122</sup>

### **Organisation of work.**

Of all the possible areas, this is undoubtedly the one in which the greatest possibilities appear for involvement and direct participation. There is a variety of empirical evidence – more through qualitative case studies than from the quantitative monitoring of company bargaining – to attest to this general trend and not only in Italy, for the general transformations that we evoked initially.

The State budgets for 2016 and 2017 introduced a 10% tax reduction for the part of salaries relating to increasing productivity and also through collective agreements for the creation of forms of participation in the company. These are Participatory Organisational Schemes for Innovation (“SOP”), relating to project groups, targeted training and communication campaigns for innovation; or Participatory Management Programmes (“PGP”), to be understood as planned teamwork, smart-working, community of practices and corporate social networks. From 2017 to date, thousands of corporate agreements have been signed, thanks to these incentives.

### **Digitisation**

The provision of laptops, tablets and smart phones, robots, optical scanners and other hi-tech equipment has become a common way in which companies are changing work organisation. The recent, dramatic use of smart working has accelerated this trend, which has extended, in varying ways, to almost all office work, especially in public administration, banking and insurance, communications and research institutes. Areas in which the unprecedented use of remote digital tools have been combined with a radical transformation in working hours, with the right to the reserved use of personal data, the right to disconnect and the security of the hardware and data. This all links with direct participation by making it more possible than in the past to establish a direct connection between the command incorporated in robotic or algorithmic technology, the corporate hierarchy and the workforce.

### **Poland**

We could learn about the scale of participation from a series of studies under the heading Pracujący Polacy (Working Poles).<sup>123</sup> These relate to participation in the form of information meetings and consultation with employees, as well as the influence employees are able to exert on a firms’ decision-making. Fifty-five per cent of employees confirm that their firms organise such information meetings, where it is possible to ask questions and put forward proposals.<sup>124</sup> Seventy-five per cent of employees declared that they take part in workplace-level consultation, defined broadly, even as they concede that these mainly concern matters of lesser significance, as opposed to more important

<sup>122</sup> Sai M, (2017) Industria 4.0: Innovazione digitale e organizzazione del lavoro in QRS no.3

<sup>123</sup> These studies began in 2005 and results were published in Polacypracujący 2006. 1,021 adult inhabitants, aged 18-65, were interviewed. Further research was carried out in 2006. Kolejne badania odbyły się w następnym roku: [http://konfederacjalewiatan.pl/upload/File/2007\\_09/Pracujacy%20Polacy%202007%20raport%20do%20druku.pdf](http://konfederacjalewiatan.pl/upload/File/2007_09/Pracujacy%20Polacy%202007%20raport%20do%20druku.pdf)

<sup>124</sup> Czarzasty 2009:



workplace issues. This is even more true of State-run enterprises or those with a share of foreign capital, than in the private sector. Also, 46% of employees claim they have influence on decisions regarding their posts and work, while 64% consider their workplaces are in favour of freedom, originality and innovation, though it is the view of 76% respondents that their place of work is in favour of a hierarchical structure and the precise discharge of orders – this percentage is exceeded in 90% in the largest enterprises.<sup>125</sup>

Other research on SMEs, found that 28% of employees said that they can influence the organisation of work where they are employed.<sup>126</sup> At the same time, 81% of the employees researched felt that the participation of employees in management would represent a harmful influence. Forty-five per cent of owners say that employees take no interest in participation, or else do so when and if the subject matter is their own earnings or their particular duties. Studies show that employees in Poland are expecting to receive clear orders from their bosses, as opposed to any involvement in the decision-making process.

At the same time, studies have shown how participation seems to be practised more often in certain sectors and types of enterprise, especially in advanced technology enterprises. Participation, as an element of management, is more and more coming to be seen as a factor that can increase the levels of competitiveness of enterprises. It is also perceived as a source of innovation and the better use of human capital. It is true that work is complex and requires a level of autonomy on the part of employees. Research has also found that employees, in particular of youngest generations of workers, anticipate having more room for independent decision-making as they do their work.

### Spain

The implementation of participatory practices is a complex process which does not have a one-size-fits-all solution and does not affect all workers in the same way, even within the same company.<sup>127</sup> Worker participation can be a decisive element in improving the workplace environment, considering a wide range of aspects, such as employment conditions, organisation of work, continuous job training, occupational health and safety, etc.

In recent decades, there have been worker participation experiences in the following areas:

- **Restructuring processes.** In the early 2000s, the ARCELOR group undertook a restructuring process in different European countries, implementing a cost reduction plan and introducing the direct participation of workers. The plan was designed by company management with the consulting firm McKinsey but without the participation of the group's European Works Council. In Spain, the plan focused on the Asturias plant and was endorsed by two of the

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125 Gardawski, J. (2007), *Pracujący Polacy 2007*, Konfederacja Lewiatan, Warszawa: 31 (Working Poles); Gardawski, J. et.al. (2010) *Working Poles and the Crisis of Fordism*, Wyd. Naukowe Scholar, Warsaw. Also, Czarzasty 2009: 398

126 Participants were the owners of firms employing up to 250 employees. See Gardawski 2001

127 Aragón et al., (2005). *Journal of Small Business Management* vol 43.3 (2005); Taylor & Francis, London <https://www.tandfonline.com/doi/abs/10.1111/j.1540-627X.2005.00138.x>

company's leading trade unions, UGT and USO. The main object was to reduce costs and the workforce was cut by 1,600 jobs <sup>128</sup>

- **Worker cooperatives.** These are business organisations with democratic structures and operations. They operate on the widely accepted principles of cooperation, duly regulated in regional, national and international mechanisms: voluntary and open membership, democratic management, participation of members in earnings, education, training and information. The Mondragón group is the classic international benchmark, but in Spain there are about 6,800 cooperatives and 92,850 members registered in the Social Security database (in 2018), most of them in the services sectors
- **Quality management.** In the early 1990s, Basque manufacturing companies underwent a restructuring process to enhance the quality of their processes and products. To do so, a series of worker participation formulas were introduced. Studies have confirmed that these experiences, focused on autonomy in the workplace, not tied to workers' demands, have led to changes in how work is organised and controlled <sup>129</sup>
- **Safety and health in the workplace.** There have been several participative initiatives in Spain, some proposed by management and others by prevention delegates. At Croce Ibérica, a working group was created by management made up of workers, prevention delegates, technicians responsible for health and safety at the company and government officials from the Generalitat de Catalunya. The initiative was led by company management. <sup>130</sup> Numerous initiatives have been launched by Comisiones Obreras' prevention delegates with the support of its Occupational Health and Safety Institute (ISTAS) in different sectors and industries. These initiatives have included direct worker participation through working groups to improve working conditions at the company.
- **Participatory ergonomics.** Application of the ERGOPAR method, a participatory method to improve working conditions. Participation promoted by the health and safety committee and accepted by management. An "ERGO group" is made up of the workers and their representatives (prevention delegates), technicians from the company's prevention service and other agents. This methodology was implemented at the Hospital del Mar in Barcelona in 2013. <sup>131</sup>

## 2. National and sectoral dimensions of direct participation and its impact on the digitalisation: Results from the national reports

<sup>128</sup> Köhler et al (2005): La participación de los trabajadores en programas de reducción de plantilla: el caso del grupo Acelor Revista Universitaria de Ciencias del Trabajo, Universidad de Valladolid <https://www.jstor.org/stable/41676619>

<sup>129</sup> Sánchez A (2004), La Participación de Los Trabajadores en la Calidad Total: Nuevos Dispositivos Disciplinarios de Organización del Trabajo Reis (106.63)

<sup>130</sup> Figueras Esgleas J (2013), Liderazgo de la dirección y participación de los trabajadores en el ámbito de la seguridad y salud en el trabajo Medicina y Seguridad del Trabajo, 59 Suplemento Extraordinario

<sup>131</sup> García M et al (2016), Participación para mejorar las condiciones de trabajo: evidencias y experiencias Gaceta Sanitaria 2016:30 (S1)

## Bulgaria

The survey of branch organisations - members of KRIB, indicate that the introduction of direct worker participation in some sectors could contribute to:

- Improving work organisation and working time
- Increasing skills; Improving workplace welfare
- Better work-life balance
- Improving employee satisfaction and motivation.

These factors affect labour productivity and the profitability of the enterprise, as a whole, and hence its competitiveness. In some of the sectors surveyed, their members have introduced new technologies in the last five years, mostly in the form of automation, communications, computer hardware and software. The introduction of new technologies has mainly had an impact on the change in the staff qualification requirements, changes in employment levels, health and safety rules and procedures and the organisation of working time. These changes are generally easier to implement with greater employee involvement, which is achieved through various forms of direct communication and direct employee participation in management. At the same time, some of the changes brought about by digitalisation in themselves reinforce the role of the human factor and the autonomy of workers, which is achieved by introducing direct participation in management.

Several sectors of industry were selected for the purposes of the study – mining, production of building material and chemical and pharmaceutical industries, also construction and from the sphere of services: communications. The main sources of information were opinions and information sets of national and branch employers' organisations and national and sectoral trade unions.

Specifically in the pharmaceutical industry, there has been the introduction of new technologies, such as automation, use of electronic communications, computer hardware, intranet, platform work (algorithms) and others. New production systems, such as lean, "just in time", "world class manufacturing" (WCM) have also been introduced. Where these technologies are used, they have an impact on the organisation of work; enrichment of the content of labour for individual jobs; rotation of jobs; group/team organisation of work. According to the representatives of the Bulgarian Generic Pharmaceutical Association, the introduction of new technologies leads to an increase in the number and relative share of environmentally friendly jobs, as well as to improved actions to ensure decent, safe and healthy working conditions.

In the mining industry and the production of construction materials automation, electronic communications, computers, software have been introduced. Out of the production systems, "world class" manufacturing and lean production have been introduced. New forms of work organisation are used as in the pharmaceutical industry, such as: enrichment of jobs; job rotation; group/team organisation of work.

In construction the new technological solutions are mainly represented by automation and wide application of electronic communications. The representatives of the Bulgarian Construction Chamber also point out the use of computer hardware, software, platform work (algorithm)

and others. The new production systems include lean production, “total quality management” (TQM), “world class” manufacturing and others. Both the representatives of the employers’ organisation and those of the trade union federation note the use of technologies related to “workplace risk assessment” in the construction sector.

In communications the COVID pandemic has led to a resurgence of postal and courier services, especially due to the growth of online shopping and delivery. Expectations are for the development of deliveries with drones and autonomous vehicles, use of robots, etc. in the future.

In telecommunications, digitalisation processes have been steadily developing for years, with management processes taking into account the impact on employment, working hours and working conditions.

According to employers’ representatives in the pharmaceutical industry, direct participation can contribute significantly to increasing company productivity, competitiveness and profitability, but can also improve the quality of work and promote greater social cohesion. This is very important when using information and communication technologies, which are a key part in new production and management processes, change organisational boundaries and transforming patterns of value added, competition and consumption. For the pharmaceutical industry, employer representatives also comment on the impact that direct participation and the accompanying or preceding innovations in production systems and/or work organisation, can have in terms of wage formation.

For the mining and production of construction materials industries, employer representatives indicate that direct participation leads to improved individual output and, also, to group output due to the fact that group work results in greater flexibility. The representatives of the Federation of Independent Construction Trade Unions (an affiliate union of CITUB) point out that after the introduction of new technologies direct participation can lead to effects such as: improving the efficiency of enterprises; increasing productivity; improving work organisation; and the humanising of the working environment.

### **3. Impact on the activity of enterprises**

From this analysis, most results are indicated as positive, including:

- Innovation development (mining industry, production of construction materials, pharmaceutical industry)
- Easier and quicker implementation of new production systems (mining industry, production of construction materials, pharmaceutical industry)
- Improving labour productivity (mining industry, production of construction materials, pharmaceutical industry)
- Improving production and labour efficiency and competitiveness of enterprises and products/services (pharmaceutical industry)
- Improving the quality of products/services (pharmaceutical industry).

In general, it is noteworthy that the positive results and impact on the activities of enterprises are indicated only by industry representatives. There are no such positive trends indicated by the construction and

communications representatives. For the latter, the degree of impact on performance and activities of enterprises is generally less easily measurable, due to the fact that they provide typical services and depend heavily on supply and demand and on customer and consumer attitudes. For construction, since there is less progress in terms of direct participation, it is also difficult to assess its impact on the activities of enterprises in this sector.

It seems that in those business sectors where technologies are more advanced, the positive impact of direct participation is higher. However, the data on the telecommunications sector, where the technological advantage is also significant, are an exception. This is probably due to a lack of available data to the employers' organisation<sup>132</sup> and due to the limited direct participation in the selected company.<sup>133</sup>

#### **4. Impact on work and employment.**

There are both positive and some negative consequences on the impact on work. Among the positive outcomes and consequences, emphasis is placed on:

- Improving the skill level of the workforce (pharmaceutical industry, construction)
- Improving work organisation (all sectors studied)
- Improving the organisation of working time, work and leisure regimes (all sectors studied, excluding communications)
- Improving occupational safety and health: (pharmaceutical industry, construction, communication)
- Improving work-life balance: (pharmaceutical industry, construction)
- Improving wage formation and additional remuneration mechanisms (mining industry, production of construction materials, pharmaceutical industry)
- Introduction of forms of employee financial participation: (pharmaceutical industry;
- Workplace welfare development (mining industry, construction materials industry, pharmaceutical industry)
- Increasing work motivation: (mining industry, building materials industry, pharmaceutical industry; construction).

The positive impact of direct participation in management on work and employment is reported in all sectors studied. Particularly for communications it is weaker, as direct participation impacts mainly OSH and work organisation. For construction, no impact is recorded on formation and amount of wages, financial participation and workplace welfare. Conversely, for the mining industry the main results indicated an impact on the formation and amount of wages, welfare in the workplace, motivation for work, but there is no impact on skills and safety and health at work, which is very specific and important for these industries. The representatives of the pharmaceutical industry register a positive impact in almost all areas. However, it is noteworthy that no

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<sup>132</sup> No information has been collected by the employers' organisation from the telecommunication, as far as such associations exist, but they are only business associations and do not participate in social dialogue

<sup>133</sup> In the selected company for the case-study of Vivacom, direct participation consists of forms for providing information

positive results are reported on job security and the development of industrial relations and collective bargaining.

The representatives of the social partners also point to negative effects of direct participation, new forms of work organisation and production systems:

- Increased labour intensity: (construction, communications)
- Increase in the volume of work and responsibilities, but without improvement in working conditions: (construction)
- Unfavourable working time regimes (construction, communications)
- Increased stress at work: (construction)
- Less collective action and solidarity (mining industry and production of construction materials).

Regarding the impact on labour there is a significant diversity across the sectors, where a higher impact of direct participation could be observed, both in sectors with more advanced technology and in the other sectors and a negative impact is more often found in construction and communications. The construction sector is slower to take advantage of digitalisation, but in the telecommunication sector, where digitalisation is more advanced, an exception could also be observed.

### Cyprus

Throughout this section, interviews were held with the Employers Federation Manager of Industrial Relations and three General Secretaries from the Federations of Manufacturing, Transport and Semi-Governmental Employees (affiliated members of SEK).

The representative of the Employers Federation say that new forms of technologies were mainly in automation, software and intranet, with the latter two been mainly introduced due to dealing with the Covid-19 pandemic. All the representatives of the trade unions say that the introduction of the new technologies has led to changes in employment levels. However, there is no indication that the employment levels have decreased; changes in qualifications requirements; changes in workplace health and safety rules and procedures; and changes in working time arrangements - there is no reference that working time has increased, but rather the reference made is to the need to add additional shifts, mainly due to the introduction of automations.

On the other hand, the representative of the Employers Federation states that the introduction of new technologies has led to changes to the staff qualification requirements and changes to health and safety rules and procedures. It seems that, overall, the introduction of new technologies was by agreement between the stakeholders, but a more detailed analysis of the responses indicates that these are influenced by the nature of their representation, since it seems that management is reluctant to touch on issues, such as working time, that might be the subject of negotiations and refers only on issues that are somehow regulated.

All the respondents state that the introduction of new technologies has led to changes in the work organisation in terms of introducing lean production systems, just-in-time and TQM, as well as the introduction

of work groups, job enrichment and job rotation. It is important to note that, despite the fact that all the respondents make a reference to work groups in regard to work organisation changes due to the introduction of technologies, there is no reference to group delegation, hence, once again, there is no indication of the delegation of decision-making to work teams. From the responses it is important to note that the introduction of new technologies has not resulted in any changes in the terms of employment, so, at least there have not been any negative changes.

There is a good level of communication between management and employee and respondents point to regular in company magazines; leaflets and brochures; communications via the intranet, emails and texts; through trade union channels; and through worker/management meetings at all levels.

The employers' responses did not mention any negative effects from direct participation, stating that there is no data available. The introduction of consultative direct participation has led to increased innovation, increased quality of products and services and improvement in production systems but there is no data on changes in the remuneration system.

The trade unions responded by stating they have no direct participation policy in place and although they say there is no reference to any enterprises that have implemented direct participation, they are of the opinion that direct participation has been the result of union initiatives.

Once again it is important to note that none of the respondents refer to any negative outcomes resulting from the implementation of direct participation. Moreover, the implementation of direct participation has not led to any changes in the workers' remuneration and it has not affected industrial relations, which is contrary to what the employers believe.

## Ireland

The agreed questionnaires for the DIRECT 2 project were distributed to a number of selected managers and employees. The respondents were from a range of business sectors: pharmaceuticals; manufacturing; medical devices; and chemical. They were from enterprises that are all 100% unionised and all had well established forms of internal communications with high levels of 'social dialogue' through the trade union representatives, but also included well established collective bargaining arrangements (83%) and agreed internal problem-solving mechanisms (also 83%). There were also high levels of other employee participation arrangements in these enterprises, such as representation through works councils (67%), with workforce representatives participating in European Works Councils (EWCs) (83%).

However, only a third of respondents said they have a policy on direct participation, as outlined in the definition, with 50% saying that some form of direct participation has been introduced into their enterprise. Another third state that the main form of direct participation is Consultation with the Work Group and a further 33% said that work related decisions are delegated to the work group.

With regard to changes as a result of the introduction of direct participation, the responses show that there was no change to



employment contracts, but that it did result in changes to the remuneration system in 33% of enterprises – there is no indication from the replies what these changes were.

Fifty per cent of the respondents said their enterprises introduced some form of new technology within the past five years, with automation (50%) and new software (33%) been the most frequent forms. The introduction of new technologies also resulted in changes to the levels of employment (67%), however, there is no indication was this an increase or a decrease in employment levels. There was also an 100% increase in skill levels and in the qualifications in workforces, in new production systems, such as lean production (50%), and in work organisation (67%), with the introduction of team working in 50% of responding enterprises. However, few changes to health and safety rules were noted (just 33%), or to working time arrangements (17%).

The observations on direct participation of respondents in an associated focus group, were as follows:

Characteristics of direct participation: 56% of the focus group participants said that their places of employment had some form of participation, with monitoring safety issues and performance the operational issue where there were forms of participation. Responses from participants revealed that some form of DP was in place in their place of employment, indicating that:

- a. Tool-box meetings were held every week, mainly to discuss safety issues
- b. There is day-to-day interaction between staff and management.

How extensive is direct participation?: Where some form of DP is in operation, it would appear to vary greatly in importance. Tool-box meetings seem to be popular, but, as one respondent observed: 'these don't lead to anything'

What forms of direct participation are in place?: In those enterprises where direct participation is used, the comments on the forms in place were:

Some 'token' consultation when there are large changes underway

Supervisors and managers are invited to attend Safety Committees

There is no individual direct participation, all forms are in 'work groups'.

What is the most common form of direct participation?: A third of the members of the focus group said that tool-box meetings were the only form in their workplaces. Also one-to-one meeting were held with supervisors in 22% of cases.

What categories of employees participate in direct participation?: From the responses, the categories of involved employees is extensive in the focus groups participants' workplaces

All staff in a third of enterprises

In 22% of enterprise, 'select' members of staff are involved.

What issues are covered by direct participation?: A wide variety of issues were highlighted, such as:

- a. Health and safety issues
- b. Change in the company logo

c. Job completions

d. IT and staff issues.

What were the reasons for introducing direct participation?: A wide variety of reasons were proposed. Most seem to be positive, but some responses indicate an element of mistrust in management motives:

- To break down barriers
- To pacify workers!
- Introduce or impose change
- Improve levels of safety
- To make staff aware of issues
- Improve communications

Solving problems before they 'get out of hand'.

Does direct participation reduce the influence of the trade unions?: While there were some concerns about the impact on trade unions, a third of the focus group participants did not think so. Other responses included:

- a. It can reduce unions' influence, both positively and negatively!
- b. If done properly, it could reduce the influence of unions!

Italy

Direct involvement is present only in 1% of the texts for teamwork.<sup>134</sup> Interesting data also comes from European surveys, such as the data that emerged in 2015, Italy ranks quite low in the table for the quality of involvement.<sup>135</sup>

It is worth noting the important survey on the quality of work, conducted by the National Institute for the Analysis of Public Policies (INAPP) 2015, with its references to the extent of participation, autonomy and control. This found that:

- 26.8% of the sample of local businesses use Organisational Participation Practices (OPP)
- 94.9% foresee regular meetings between management and workers
- 78.4% contemplate the sharing of certain decisions
- 69.9% provide training initiatives.<sup>136</sup>

Businesses with over 250 employees (42%) were most involved. The correlation with performance, i.e. productivity and quality, is highly relevant, as it is also with regard to the introduction of new processes and new technologies. The conclusion of the survey is that the adoption of participatory organisational practices produces benefits, both for workers (a higher quality of work) and for employers (better performances), especially in the crossover with processes of technological innovation.<sup>137</sup>

For workers hired on standard contracts in the manufacturing sectors,

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<sup>134</sup> Fondazione Di Vittorio-CGIL Secondo Rapporto sulla contrattazione di secondo livello al tempo del Covid-19 Rome {2019}

<sup>135</sup> Eurofound European Working Conditions Survey 2015 Luxembourg (2025)

<sup>136</sup> National Institute for the Analysis of Public Policies (INAPP) (2015)  
<https://www.inapp.org/it/ProgettiCompetitivi/EQUAL/organizzazione>

<sup>137</sup> Canal, Gualtieri, 2020

the biggest challenge comes from automation and the growing and massive adoption of new digital technologies in the routine and organisation of work. Here the workers' representatives, including the trade unions, are called on to participate in anticipating changes and innovation in work, through the traditional tools and channels of both representative and direct participation.

The picture is very different with regards to employment relationships in the Gig economy, where the problems are even more radical and concern legal status, access to the protections of the welfare state, digital Taylorism and the "tyranny" of algorithms. Furthermore, there is an enormous problem of representation, as it is very difficult to bring together these dispersed and very fragile workers in the labour market.<sup>138</sup>

With regard to Italy, it is necessary to start from some data on its diffusion in the economy and society. With respect to the data on digital and socio-technical innovation, Italy is a country with strong dualisms. While, at present, some areas of excellence are able to compete with the best international experiences, there is still a significant reality based on traditional organisational models.

#### Poland

According to research carried out in Poland in 2016, only 11.2% of 18-30 year-old members of a workforce who simply "carry out" tasks (being superior to no one) consider that they should have some influence on the management of the firms at which they are employed. However, the latter figure was the share of those suggesting that the former was "decidedly" true, as a further 35.7% of respondents were in the "rather true" category.

Participation is more often found in the services sector than in industry, in particular, with a low level in construction. It was most often practiced in commerce (85%), in public-sector institutions (health and welfare, 86.4%), in public utilities (85.7%) and in banking and insurance (85.7%).

Participation was found to be most extensive among business entities employing between 200 and 499 employees, while at its highest (70.6%) in those with more than 500 employees. The form of ownership was not found to correlate with these levels of participation. Participatory activity was more a matter for employees operating in a specialist capacity, while involving operatives, such as those employed in production, distribution, transport and storage, only to a more limited extent.

#### Motor industry

Employees and managers are usually aware of the influence new technology will have on the organisation of work, as well as on (reduced) levels of employment. International studies show how around 47% of all posts, spread among various different tasks, are threatened with job loss, as different elements of computerisation are brought into the manufacturing processes. Among aspects involved here are more-advanced forms of production, robotics, new materials, progressing digitalisation, AI and product innovation. Automation processes are most likely to affect posts at which qualifications are only on a low or

<sup>138</sup> Lassandari, 2017; Forlivesi, 2018; Faioli, 2018; Vandaele, 2018

medium level.<sup>139</sup>

In many motor-industry plants operating there is a continuous innovation process in place, as new technologies are introduced and a principle that 5% savings should be achieved each year. This ensures a slimming-down or delayering, with efforts made to optimise costs and processes. Robots are brought on to the production line, but also “co-bots” i.e., those that can work alongside people on the assembly-line. The view of one manager is that robotisation is now standard in the motor assembly industry and seen as the only way forward for the sector to develop further.

The introduction of new technologies in firms has had an influence on their organisational structure, on the situations that employees face, and on the way in which the latter carry out their tasks at work.

<sup>140</sup> Post-1990, there were major reductions in levels of employment, also as a consequence of changes on the market for motor vehicles. Therefore, this included changes in demand for different categories of vehicle and, as a result, certain car plants in operation pre-1990 went bankrupt. The most spectacular case was the collapse of the Fabryki Samochodów Osobowych (FSO) (Passenger Car Factory), based near Warsaw. The firm had entered into an alliance with different producers, but the ultimate effect was for it to close.

The nature of work influences how intensive participation can be. Factory work often means an operating system involving a moving assembly line. Most aspects to such jobs are controlled by strict workplace regulations. In the FCA Group (FIAT) factory management has shown the advantages accruing from the concept of collaborative manufacturing. <sup>141</sup> One case study respondent considered that the challenge for those installing new technology is to have sufficient skill to bring workers into the process by which co-creation can actually go ahead.

Yet another noted that:

*... a worker doing physical work – as the actual user of the technology – does not have very broad possibilities to take part in actions of this kind, precisely because of the kind of work that is done and the speed at which it has to be carried out.*

In the view of another,

*... the employees should be a part of the co-creation concept. They should not be outside it and, in fact, should be co-creators and a part of the process, as some kind of advisory body able to pass on remarks and observations.*

Respondents furthermore pointed to the need for equilibrium to be part of the processes by which new technologies are introduced. The key challenge is to ensure that the inclusion of new employees does not result in the exclusion of other group of workers, all the more so if those concerned are in older age groups. So there needs to be a

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<sup>139</sup> ILO 2020:28.

<sup>140</sup> Bogusław Korzeniowski.2019. Motoryzacja w III RP, to że się wszystko udaje to cud. Magazyn Motomi (12.06); <https://magazynmotomi.pl/2019/06/12/motoryzacja-w-iii-rp-to-ze-sie-udalo-to-cud/>

<sup>141</sup> This is before the FCA joint the Sellantis Group.

balance between the latter (not too willing to participate in the change process) and their younger fellow workers. Older workers will not face exclusion where they have access to training sessions as, with training, these older workers do have the chance to keep abreast with technology changes.

At Volkswagen Poznań there were a series of undertakings introducing new technologies.<sup>142</sup> Recently, the most important technological change was in the welding shop in 2020, where robots were installed to manufacture the new supply vehicle known as the Caddy. Automation was linked with a need to reduce levels of employment by around 750.<sup>143</sup> Furthermore, in the course of the COVID-19 pandemic, there were plans to lay off a further 450 workers.<sup>144</sup> On the other hand, as the head of the firm makes clear, it was because of automation that a further Volkswagen plant came was commissioned, in association with the launch of the production line assembling Crafter supply vehicles. The company gave advance notice of the introduction of automation, as this had been earlier part of firm's strategy. The unions entered into negotiations, including what the criteria was underpinning the redundancies, as well as having a support package for employees in place for those losing their jobs.

Employees were trained – to ensure their preparedness to do work in the new conditions. At the same time, the actual introduction of robots into the work place was associated with changes in the way labour was organised. One employee noted how management had been very much influenced by raising worker efficiency as a priority goal. Each year, management looks for chances to make savings and increase levels of efficiency.

However, it is those at the higher management levels who take unilateral decisions on how to increase the workload and then monitor the workplace to assess how things are going. They assume that technological change makes work less burdensome for workers, who are then able to do more and work more efficiently. That in turn ensures reduced numbers of employees at some work stations, with the duties and tasks redistributed among remaining employees.

One result of this approach was for employees to rotate through different work stations – an idea that one affected employee considered to result in a worsening of working conditions for certain members of the workforce. Good jobs were lost by some employees as they were allocated work on repetitive assembly line work, resulting in employees suffering from depression in the light of their changes of jobs and loss of status.

This period of technological and organisational change saw the unions

<sup>142</sup> The company commenced with its manufacturing activity in Poland back in 1993 (first becoming involved in the assembly of cars).

<sup>143</sup> Monika Paślawska. 2020. Moja kariera nie przebiegałaby tak, gdybym nie był członkiem związków - mówi prezes Volkswagen Poznań. Gazeta Wyborcza 19.06; <https://poznan.wyborcza.pl/poznan/7,36001,26042894,w-niemczech-ludzie-sa-juz-nasyчени-polscy-pracownicy-sa-pelni.html>

<sup>144</sup> Monika Paślawska. 2020. Volkswagen. Przy dźwiękach „Bella Ciao!” żądali przedłużania umów dla pracowników. Gazeta Wyborcza, 3.06. <https://poznan.wyborcza.pl/poznan/7,36001,25999768,volkswagen-przy-dzwiekach-bella-ciao-zadali-predluzania-umow.html>

in constant contact with management. Various forms of participation were engaged in, with the unions involved, as well as workers in different organisational units. However, it was also suggested that automation ought to have helped workers to tackle the heaviest and hardest jobs, as opposed to giving rise to the layoffs that it actually did cause, even as certain groups of workers continue to engage in intensive labour.<sup>145</sup>

### **Telecommunications**

Telecoms is a sector that has gone through enormous technological change during the last three decades. This has had a far-reaching impact on the provision of services, but also on levels of employment. The best example is the scope of change in the company that took over the role from the old State-owned monopoly. At the beginning of the 1990s, when the provision of services in the telecommunications sector was organised into a commercial company called TP SA, that employed almost 70,000 people. However, by 2020, the company had around 10,000 directly employed workers. It is anticipated that by 2022-3 employment will have further decline to around 1,400.<sup>146</sup> During these three decades, there has also been a major growth in the numbers of subscribers to telephone services.

In this sector it is possible to discern certain types of direct participation. Employers are very willing to resort to the method of the workplace questionnaires, in which staff may give opinions on a series of key aspects of their work, such as job satisfaction, working conditions, and attitudes displayed by management. Firms also convene special project teams to deal with the streamlining of key business processes, such as, for example, in customer relations where the opinions of employees are sought in how to improve the quality and efficiency of customer services.

Standard methods of participation are also applied to the pursuit of certain key projects, such as changes in applied technologies and methods of organising work. In those circumstances, meetings with employees are held, questionnaires distributed and information posted on company portals.

### **Spain**

According to the literature, participation is interpreted managerially in most of the participation experiences recorded in Spain. According to this view, workers should be involved in the values and norms of the new organisational culture, becoming participants in the business objectives. In this regard, participation could contribute to making the company more efficient (reducing costs, increasing productivity and quality) and reinforcing the workers' commitment to business objectives through assimilation of the company culture or organisational culture.<sup>147</sup> This could be seen as a risk to trade unions when they must collaborate with or oppose worker participation proposed by management.

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<sup>145</sup> Interviews with Piotr Obrys, Chair of NSZZ "Solidarność and Marcin Siwczak, Head the Trade Union, Inicjatywa Pracownicza,

<sup>146</sup> "Umowa Społeczna w Orange na lata 2022 - 2023 podpisana" (08.12.2021), <http://www.skpt.pl/aktualnosci/932-umowa-spoleczna-w-orange-na-lata-2022-2023-podpisana>

<sup>147</sup> Sánchez A (2012), *La Participación de Los Trabajadores en la Empresa: Criticas y Riegos* Anuario sociolaboral 2012, Madrid, Fundación 1º Mayo

Support could be weakened if workers perceive their participation to be increasing, transmitting suggestions and complaints directly to management and diminishing the influence of unions in the workplace.

Driven mostly by groups of workers in collaboration with prevention delegates, the following experiences are worthy of note:

Improved working conditions at FC Barcelona pubs. Management and workers' representatives jointly designed working groups as spaces where the company listens to and implements proposals for changes to the way work is done and services are rendered. There were weekly planning meetings and monthly departmental meetings where CCOO prevention delegates proposed preventive measures <sup>148</sup>

Preventive measures for work organisation at the health centre for people with intellectual disabilities and mental health issues (Centre Assistencial Sant Joan de Déu d'Almacelles). The prevention of psychosocial risks is addressed by having the workers participate in different issues such as the organisation of breaks and holidays, clarification of tasks and responsibilities, etc. This is a participatory prevention process led by the Comisiones Obreras prevention delegates and the Director of Administration and Human Resources <sup>149</sup>

Prevention measures in the street cleaning sector. Initiative developed by the Federation of Private Services (CC.OO.), the Federation of Public Services (UGT) and the Association of Municipal Cleaning Companies, with the support of ISTAS and funding from the Occupational Risk Prevention Foundation. Workers participate in decisions and contribute their knowledge. They are asked about the assigned equipment and the route. They can propose ideas and measures which are passed on to management and delegates. Workers are also consulted before purchasing equipment such as lorries, containers, bins, garbage bags, etc., so that they can have a say in the decisions that involve their work tools

Transformation of work organisation at Hotel Colón. Initiated by prevention delegates and management with the support of ISTAS, this initiative focused on the prevention of psychosocial risks. In terms of results, it brought about a real transformation in the organisation of work, specifically in the form of worker participation. The working group pointed out the need to change the working methods at this location. Department meetings were held as spaces for information, discussion and decision-making on daily operations and incidents, with the aim of reducing harmful exposures to psychosocial risks. Workers improved their influence over the day-to-day work. Their knowledge and experiences were validated and they received the support of superiors and co-workers. <sup>150</sup>

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148 Álvarez, et al, (2016), Democratizar la organización del trabajo en los bares del Barça in Por Experiencia, Revista de Salud Laboral, Num 74, ISTAS-CC.OO

149 Bárzazo, S; Ruiz, I. Scarpetta, M. (2014) 'La prevención en origen de los riesgos psicosociales es posible de forma participativa'. Por Experiencia, Revista de Salud Laboral. No. 66. ISTAS- CC.OO

150 Haro et al., (2013) '¿Cómo conseguir que la participación de los trabajadores sea un hecho?', Por Experiencia, Revista de Salud Laboral. Num, 59. ISTAS- CCOO.



# Chapter 6

## Comparisons on how COVID-19 was addressed across the six partner countries

While it was not the original intention of this project to include the experiences of workers and enterprises in responding to COVID-19 and it was not part of the project submission for European Commission funding, but, as the pandemic spread across EU Member States just as work on DIRECT 2 was getting underway, it was decided to explore how the case study enterprises reacted to the pandemic.

The responses to this additional part of the case studies indicated four key outcomes:

Employees' health and safety was the foremost concern of all enterprises and, in most enterprises, special joint management / trade union COVID Committees were set up

Remote / home working was facilitated, where possible, in all enterprises the necessary equipment, such as computers, printers, software, internet access, etc. were provided and it is expected by many companies that this way of working will continue into the post-pandemic future

For those workers who could not do their work remotely, in, for example, production jobs considered 'essential' for communities and the economy, or after the ending of total lockdowns across the EU Member States, extensive precautions for the safety of staff were introduced

Internal meetings stopped and workplace communications moved online, with an increased use of intranets, video conferencing and e-mails.

The information provided by the case studies on how enterprises responded to COVID-19 showed the extent they went to in order to provide safe working environments under very difficult circumstances:

### Manufacturing:

- The use of electronic communications and information technology was already in extensive use in the Bulgarian pharmaceutical company, Sopharma, but the pandemic provided an additional impetus to further develop teleworking. Where possible, it was introduced, together with an increase in the use of other forms of electronic communications, such as mobile 'phones, e-mails and video conferencing/meetings. While this new form of working is limited by the nature of the manufacturing process, it is anticipated that, where possible, this use of digital communications will continue to be used into the future
- The Cypriot chemical company, Medochemie, continued production, as it was considered an essential service during the COVID emergency. However, it introduced a series of actions to protect the workforce, such as no overlapping of shifts or on shift 'hand-overs, ensuring that members of shifts were never in the same building at the same time. The company also imported 'rapid' tests for use by the workforce, before these were available

from the State or more widely available to the general population. The company Health and Safety Officer (workers' representative) worked closely with HR management to ensure the safety of the whole workforce. So, employees in those departments that could work remotely, mainly in administrative areas – finance, marketing, HR, etc. - were facilitated and provided with the necessary technology to do so. The company also facilitated parents who needed to care for children during the pandemic by, for example, making changes to shifts to accommodate these family responsibilities. The pandemic resulted in an increase in the use of technologies, in particular ICT, to facilitate home-working through the use of the internet, e-mails and texting. Tele-conferencing was also used for online meetings. It is expected that the use of such communications technologies will continue after COVID.

- The Irish paint manufacturer, Fleetwood, was also designated as an 'essential service' during the pandemic and staff safety was given a high priority. A special joint COVID health and safety committee was established to address any issues related to the pandemic. Those who could work-from-home were facilitated to do so and were supplied with all the necessary technology to do so – computers, printers and improved broadband was installed.

**To continue production:**

- Work 'bubbles' for safe working areas were introduced,
- Screens were installed to segregated staff 'bubbles'
- Temporary canteen facilities were set up so that workers could stay within their 'bubbles'
- PPE equipment were provided and the company made its own hand sanitizers.

One major challenge during the pandemic for Fleetwood was the break-down in the 'just-in-time' supply chain and securing the essential components for its manufacture process. The pro-active approach by the company in response to the pandemic and keeping production going has resulted in increased goodwill among the workforce and it is agreed that the experience of working together and the culture shift in recent years has made it easier for both management and employees to co-operate in dealing with the challenges of COVID.

- The Metallurgy Foundry company in Spain had to close suddenly with the onset of the pandemic. The existing direct participation model made it possible for a fast response for both management and the trade unions to reach agreement on how to deal with the temporary closedown. As the lockdown was shorter than expected and, with the resumption of production, a high level of demand and resulting additional profits, management decided to discard the original agreement with the trade unions and pay all incomes lost to workers and to share these additional profits. Procedures to deal with the lockdown were agreed through the Health and Safety Committee and a special COVID Committee, which met weekly. Again, in this company, remote working was promoted for those workers who could do so, which extended the Work-life balance policy already in place. Face-to-face meetings were held outdoors and meetings were also held remotely. There doesn't seem to have been an additional use of ICT, as it was already in place

before the outbreak of the pandemic.

- As with Fleetwood, and, indeed, for other industrial manufacturers, a major challenge and negative outcome of the pandemic for Electrolux, in Italy, was the disruption of the components supply-chains, which resulted in a re-appraisal of the 'just-in-time' system and decisions were made to bring the production of components closer to the manufacturing plants. The company also took a lead role in the drafting of a national protocol for the safety of workers' health during COVID. This is considered to have been a benefit in finding workplace solutions for dealing with the pandemic. Mask wearing was introduced on the resumption of work, in March, 2021, and screens were fitted in the departmental canteens. Staggered exit and entrance times were also introduced so as to avoid gatherings at shift changes. The possibility of remote working was introduced for administrative office staff. After the lockdown in 2020, Electrolux was back in production in 2021 and there was a strong latent demand for its products. One point of interest, which was the only such experience highlighted by the case studies, was the objections of a number of employees to the wearing of masks during shift work, as they considered them too uncomfortable during the hot summer months and, again, with the end of the state of emergency at end-December, 2021, the Covid-19 Green Certification (the Green Pass) made it compulsory to wear masks when enter public and private workplaces, under Law Decree no. 127/2021, and, again, this resulted in widespread protests among workers in the site.

- Before the COVID pandemic there were a range of internal joint meeting arrangements in place in the Irish based medical devices company, such as regular local area meetings on the 'shop-floor', monthly production meetings attended by trade union representatives, bi-monthly meetings of senior management and the trade unions. However, with the onset of the pandemic, all of these arrangements ceased and the emphasis shifted to the work of the joint COVID health and safety committee to deal with the logistics and agreeing protocols. All workers' concerns were addressed through this joint committee, resulting in the movement of staff and materials around the site been restricted, shift change-overs was regulated so that there would be no mixing of 'work bubbles' and entrances and exits to the site were segregated. Management continued to regularly consult with the workforce on a range of issues, such as proposed changes in working conditions or any revision of shift patterns that became a priority as the COVID restrictions were implemented across the plant. As a high-production medical devices facility, which was exempted from the restriction regulations, it was not possible for most workers to work-from-home. However, those who could were accommodated and provided with the technology to do so. The intranet and e-mails were used to maintain contact with all employees and for any concerns a worker might have could be dealt with directly electronically, through the HR Dept or the special COVID health and safety committee.
- FCA Polska – At the beginning of the pandemic, management introduced a strategy to deal with health and safety issues and protection against infection. The unions were invited to comment of the management approach and to make proposals and management was open to considering any suggestions. Some

30% of all the COVID rules and regulations brought in to ensure better safety during the pandemic were proposed by the unions. Naturally, ideas from both unions and employees themselves were primarily concerned with reducing the chances of people becoming infected. For example, workers were encouraged to bring their own individual bottles of water, rather than using the large communal sources on site and regulations designed to avoid crowding in communal areas, such as the cloakrooms, etc., were put in place. Entrances and exits were also regulated and workers were advised not to touch anything when entering or exiting through the gates. The company also provided extra buses for workers, to and from the plant, to ensure that proper distances between people were maintained as journeys were being taken.

### Telcom

- While a large number of workers in telecom company, BTC-Vivacom where new technologies are more advanced, employees are already entitled to remote or teleworking of up to five working days per month and this has been a part of company operations for many years. However, as a result of the pandemic and as frontline workers have become more cautious when dealing with customers, work schedules have been changed with part-time work, on-call and working-from-home arrangements, where possible, have been extended. Some 40% of employees were teleworking for extended periods during 2021. In general, (in both Bulgarian case studies) the pandemic resulted in a general increase in the internal use of electronic communications, an increase use of the intranet, of mobile 'phone communications, such as instant messaging and e-mails, as well as video meetings, while training activities were also conducted online.
- Orange Telecom (Poland): all the safety procedures and communication to deal with the new circumstances were prepared by the company through its units and departments. The trade unions or any other employee bodies had no input or participated in this process. One union leader says that everything needed was prepared perfectly in line with all the COVID regulations and in good time. There were no objections raised by the unions to these emergency policies, when it comes to, for example, to new work arrangements, remote work, etc. The company has not tried to change the wage agreement and there were no reasons for the unions to raise this issue.

### Service organisations

- The Cypriot Health Insurance Organisation was able to continue its work during the pandemic due to the advanced technology already in place. However, work organisation was disrupted and remote-working had to be introduced. To facilitate this, advanced technology and software were introduced to support remote/home-working, such as smart 'phones, video conferencing, the intranet and e-mails. Remote-working was agreed by both management and staff as essential to protect the health of employees and to ensure continued service to the public.
- Within the Spanish Co-operative Savings Bank digitalisation was accelerated by the pandemic which allowed the bank to continue

to operate its services. However, there was very little culture or experience with remote / home working. While there was already a safety and health committee in place, a special Coronavirus Committee was established for the duration of the pandemic to coordinate the bank's response. So as to assist workers to adjust to this 'new' reality, it developed a number of support services to assist with any difficulties with remote working, including a remote working guide and an emotional wellbeing guide and it issued over thirty communications to support staff in 2020 alone.

- In Italy during the national lockdown there was a total ban on the use of the autostrade network. With the easing of restrictions in 2021, smart working for 1,400 administrative staff in Autostrade per l'Italia (ASPI) was introduced, which resulted from two agreements between management and the trade unions – some 40% of staff, mainly in administrative roles worked remotely. These agreements also allowed some 8,000 employees to also avail of smart working and to be able to organise their work schedules on a weekly basis, agreeing with management when to disconnect and to facilitate, for example, supporting children with remote learning during the educational closures as a result of COVID. To deal with the challenges of lockdown and remote working, a 'listening desk' was set up with a psychological service. A digital cultural and entertainment service was also established and available to all staff, which included a facility to download e-books, a digital video library and e-learning language courses. A people-care online service (Autostrade Together) was also set up with the objective to keep both professional and personal relationships active.

# Chapter 7

## Conclusions and Recommendations

### Conclusions

The DIRECT 2 project is a follow-on to a study undertaken into direct participation in six EU Member States and the objective of this first DIRECT project, from 2016 to 2018 (VS/2026/0305) was:

*... to compared the different national trends; to analyse the reasons for the development of direct participation; to evaluate the impact of direct participation on employment relations; and to promote the positive impact of direct participation on employee representation and industrial relations at the company level.*

The conclusions of that first DIRECT project included:

- That there was some direct participation to be found in all six participating Member States, but with varying degrees of application, but more often in larger companies
- Most employers and trade union representatives accepted the definition of direct participation used in the project (and also in DIRECT 2), but with some differences in understanding by employers and their organisations and by trade unions.
- In general, there was social partner support for direct participation, with some reservations among worker representatives regarding possible negative impacts on jobs and working conditions and they viewed direct participation as a managerial approach
- The importance of direct participation was recognised by the respondents
- However, there was no regulatory framework in most of the participating countries, apart from some partial regulations in Bulgaria and Ireland and some provisions in the collective agreements and national agreements in Italy and Ireland
- However, direct participation is not integrated into the national or sectorial systems of employment relations
- Finally, the success of direct participation depends on a number of factors, such as particular forms of work organisation, technology, workplace innovation, corporate culture, management styles and, in particular, trust levels between the workforce and management.

Taking these findings as a starting point, this DIRECT 2 Project looked specifically at how direct participation, as an operational approach, is used, or could be used, in the introduction of new technologies and found that:

1. The case studies show that a wide range of new technologies have been introduced in recent years across all business sectors studied, but, in particular, there have been intensive technological developments in:

- Manufacturing, such as automated assembly-lines and robotics,
- Telecom companies through the introduction of new information communications and digital technologies (ICT)

- Service based enterprises, through the computerisation of work tasks.

2. Direct participation is not widely practised in most Member States in the introduction of digitalisation, information and communication technologies and other new forms of automated production and, if it is, it is more likely to be through the sharing of information and, in some few cases, consultation on a limited range of issues, but the delegation of decision-making and self-managed teams is not widespread.

3. In a number of countries there is a level of scepticism among both management and the trade unions regarding direct participation and there are concerns, in particular among some trade unions, about the impact on their representative roles within enterprises and the possible usurping of the local trade union organiser by team-leaders or other leadership functions resulting from the introduction of direct participation.

4. The delegation of decision-making to individual workers and/or to work-teams is not widespread and there is a marked difference in the approach in manufacturing enterprises and the introduction of new automated technologies, where a determined effort is made to involve workers and to protect employment levels through training programmes, re-skilling and re-deployment programmes (Electrolux; Fleetwood).

Pharmaceutical enterprises (Sopharma; Medochemie) operate in a highly regulated environment and this presents a challenge to design the organisation of the production process through direct participation. However, some actions taken by management, such as formal information and consultation arrangements, are used, while in the medical devices company all aspects of the manufacturing process are undertaken through the complete application of forms of direct participation.

Another manufacturing enterprise (Metallurgy Foundry) is an example of a highly participative organisation, operating advanced automation in its manufacturing process, which has a works council, high levels of consultation and delegation, both to individual employees and to work teams.

In contrast, in telecom enterprises, where new ICTs have been introduced, has resulted in major job losses, as these companies adjust to the shift from old analogue to new digital technologies and from the old State-owned telecom companies to operating in competitive markets. (Orange Telecom; BTC-Vivacom).

In the service organisations studied, a range of office type computerisation and data storing technologies are in use. (Health Insurance Organisation). However, in one case study highly sophisticated technologies have been introduced, including drones (Autostrade per l'Italia). The study of the Spanish co-operative bank is particular in that it is a completely worker-owned and is governed by the co-workers through a series of councils and committees and is a technically advanced enterprise.

5. In Chapter 1 a number of questions (hypotheses) were posed regarding how workers' representatives might respond when faced with the challenges of the introduction of new technologies. From the



case studies, how can the following questions be answered?

**Will the introduction of a new technology result in job losses? How can employment levels be protected in the inevitable re-organisation of work around the new technology?**

There is no doubt that new technologies impact on employment levels. However, how enterprises respond is key to protecting jobs. In a number of the manufacturing enterprises the study found that efforts were made to maintain employment levels through up-skilling, re-training, re-deployment and changes to work organisation to facilitate the introduction of robotics, automated assembly lines, etc.

However, in contrast in the telecommunications sector the case studies found that the availability and application of new information, communications technologies, resulted in major reductions in workers. However, through negotiations with the trade unions and co-operation from the workforce, these reductions were achieved by agreement.

**What changes will be needed to the existing organisation of work and to management, supervisory and hierarchical structures to deal effectively with the integration of the new technology into current arrangements?**

As noted by the IDEAS Institute, through its work with various types of enterprises, when introducing new technologies, more emphasis is placed on the costs, planning, design and installation of technologies than on investment in support for the impact on affected workers.

The case studies also indicate that new technologies require changes in the organisation of work, no matter what business sector is examined. They also show that the introduction of new technologies has resulted in changes to the traditional management, supervisory and hierarchical structures.

If these changes are undertaken through direct participation, the involvement of workers at all stages of the planning, selection, design and installation of the new technologies and the resulting reorganisation of work can result in the elimination of supervisory/middle-management levels, as individual employees and/or work teams take on self-management roles.

**What re-skilling and re-training will be provided by the enterprise to existing workers affected by the introduction of the new technology? If recruitment of new skilled workers, with the required expertise, is undertaken by management, how will these new employees fit into the existing workplace structures?**

It has been established in some of the case studies that the bare minimum of training is provided to affected employees when new technologies are introduced.

Good employment relations would indicate that if enterprises are to get the best returns on the financial investment in new technologies - whether in the automation of existing manual work and/or of assembly lines, or in the introduction of less expensive computerisation - a serious programme of training of employees should be designed and run concurrent with the selection, design, planning and installation of the new technologies. The existing workforce should be provided with the opportunities to up-skill, before new skilled workers are recruited.

**Related to the issue of skill levels is remuneration – how will the introduction of the new technology, any change in work organisation and possible greater responsibilities be recompensed? How will income structures be affected? Will the expected increase in productivity be shared with the workforce?**

In a number of the case studies, increases in pay levels recognised the additional skills and responsibilities following the introduction of new technologies. However, it would be considered good practice to reward re-training and the acquirement of new skills, ideally with formal State accreditation, through related increases in remuneration. Also, as efficiencies emerge, resulting from the new technologies, improvement in profitability should be financially shared with the workforce.

#### COVID-19

The COVID-19 pandemic took hold across Europe as this project got under way, so a number of questions were added to the research questionnaires to examine the impact of the crisis on workplaces. In general, the responses to these additional questions indicated that all enterprises emphasised that the health and safety of staff was their primary consideration and all companies adapted procedures and policies to ensure the safety of all personnel.

In the first phase of the pandemic, a number of companies had to close down, while others were designated as essential and remained open within strict regulations. For the former companies, on re-opening special arrangements were put in place to ensure the highest levels of workers' safety. The case study enterprises involved the existing Safety and Health Committees and approached the situation in a co-operative and consensual way, involving all concerned in the decision-making on protective policies.

A longer-term outcome is, for those who could safely do so and having had the opportunity of remote/home working, the possible reluctance of these workers to return full-time to their work-site and their preference to continue to work remotely. As technologies now makes remote working possible, many Member States are proposing to legislate to give these employees the right to request working remotely and, in the long-term, this may become a new feature of employment and a legacy of COVID-19.

#### Recommendations

Again, the following Recommendations complement those found in the Final Comparative Report of the first DIRECT project.

Pointing overall to the desirability of a defined package of actions and with a view to putting in place conditions for the development of direct participation, in particular the role of the European Commission (DG Jobs and Social Rights) and the governments of the Member States in providing support, encouragement and financial incentives:

Funding support should be extended to places of work where the social partners are seeking to enter into agreements on the introduction of direct participation, such as the Italian tax reductions in the 2016 and 2017 State budgets to reward increase in productivity

Direct participation Ambassadors from the trade unions and employers' organisations (and from their associated research organisations)

should be identified, trained and be available to advise those social partner organisation and enterprises wanting to make the cultural shift to direct participation

Information on where to access good practice examples of and guidelines for direct participation should be made publicly available through the websites of the EU and the Member States, as well as through readily available official publications

The European Commission should regularly monitor the implementation of direct participation and publish a series of reports presenting the latest research on the dissemination of direct participation across the Member States.

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