



European Company Survey 2009



Overview

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Research project: European Company Survey - Flexibility practices and social dialogue



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European Company Survey 2009

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Foreword

Improving labour market flexibility is one of the key elements of the Lisbon Strategy to make Europe more dynamic and competitive. Eurofound's second European Company Survey (ECS) examines flexibility practices and social dialogue in 27,000 establishments throughout Europe. The survey finds that working time flexibility is the most common type of flexibility in European companies, showing a substantial increase compared with four years ago.

About two thirds of surveyed establishments use some form of contractual flexibility such as temporary agency work, fixed-term employment or freelance work. The majority of establishments regularly check the need for further training, which is a crucial aspect of functional flexibility and innovation. In addition, the survey considers wage flexibility through variable pay elements such as performance-related pay and financial participation, and attitudes to these; the global economic crisis is likely to cast such schemes in a new light.

The ECS also explores management and employee views and experiences regarding workplace social dialogue. Six out of 10 employees in Europe are represented by a trade union or works council. The survey findings paint a picture of robust practices of workplace social dialogue in Europe, but also point to limitations and to important country differences.

In a time of economic challenge, it is useful to investigate aspects of company performance. We trust that this overview report will contribute towards assessing and improving flexibility practices and social dialogue in Europe.

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Director

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Deputy Director

Country codes

- EU15 15 EU Member States prior to enlargement in 2004 (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the UK)
- NMS12 12 New Member States, 10 of which joined the EU in 2004 (Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia) – and are sometimes referred to as the NMS10 – and the remaining two in 2007 (Bulgaria and Romania)
- EU27 27 EU Member States
- CC3 3 candidate countries (Croatia, the Former Yugoslav Republic of Macedonia and Turkey)

EU27

AT	Austria	LV	Latvia
BE	Belgium	LT	Lithuania
BG	Bulgaria	LU	Luxembourg
CY	Cyprus	MT	Malta
CZ	Czech Republic	NL	Netherlands
DK	Denmark	PL	Poland
EE	Estonia	PT	Portugal
FI	Finland	RO	Romania
FR	France	SK	Slovakia
DE	Germany	SI	Slovenia
EL	Greece	ES	Spain
HU	Hungary	SE	Sweden
IE	Ireland	UK	United Kingdom
IT	Italy		

Candidate countries

- HR Croatia
- MK¹ The Former Yugoslav Republic of Macedonia
- TR Turkey

¹ International Organization for Standardization (ISO) code 3166. Provisional code that does not prejudice in any way the definitive nomenclature for this country, which will be agreed following the conclusion of negotiations currently taking place under the auspices of the United Nations (http://www.iso.org/iso/country_codes/iso_3166_code_lists.htm).

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Executive summary

Introduction

The second large-scale European-wide establishment survey launched by the European Foundation for the Improvement of Living and Working Conditions (Eurofound) – known as the European Company Survey 2009 (ECS 2009) – focuses on two topics in the field of company policies that are widely debated in the EU: flexibility practices and employee participation at the workplace.

Following on from the first Eurofound establishment survey in 2004–2005, the ECS 2009 was carried out across the 27 EU Member States and in the candidate countries of Croatia, the Former Yugoslav Republic of Macedonia and Turkey. In more than 27,000 establishments with 10 or more employees of both the private and the public sectors, human resources managers and employee representatives – where available – were interviewed about flexibility measures applied at the establishment and the involvement of employee representatives in their set-up. The survey covers different forms of working time flexibility (flexitime and working time account systems, part-time work, overtime work and work at unusual hours), the application of non-permanent employment contracts (external flexibility), aspects of wage flexibility as well as modes of enhancing the employability of staff for different tasks (functional flexibility).

Moreover, the survey investigates the general structures and practices of company-level employee representation in Europe, shedding light on the different channels of representation, on available resources and on the impact of social dialogue on company decisions in different areas. The findings provide a unique insight into the flexibility strategies of companies as well as into workplace social dialogue structures and practices.

Policy context

In the Lisbon Strategy, the EU set ambitious aims of making the European economy the most competitive and dynamic knowledge-based economy in the world, and of creating more and better jobs for the people in Europe. The enhancement of labour market flexibility and other forms of flexible work organisation are considered as key policy elements in this context. However, although generally favouring these practices, recent EU policies have also shown concern about the potential negative aspects of flexibility measures on the inclusiveness of labour markets and on the working conditions of employees. This is reflected in a series of EU framework legislation and recommendations, for example, on the quality of part-time work, on temporary agency work and on financial participation. Such concern is also apparent in the emphasis put on the importance of employee participation in decision-making at workplace level. Employee participation,

whether directly by employees or through institutionalised representation structures, is considered to play a crucial role in shaping flexibility measures and working conditions more generally at the level of the establishment.

Key findings

The ECS 2009 shows that companies in Europe apply a broad range of flexibility measures. Generally, these are not applied in isolation, but are combined with each other. Although none of the measures is exclusive to specific geographic regions or sectors of economic activity, some pronounced regional and sectoral differences emerge regarding their application.

Working time flexibility is the most widely used form of flexibility investigated in the ECS and its use has further increased in recent years. It is most prevalent in the Nordic and Continental countries. Southern European establishments make much less use of instruments such as part-time work, flexitime arrangements and overtime work. While part-time work clearly prevails in the services sector and is often found among largely female workforces, other forms of working time flexibility are less concentrated in specific sectors.

In a considerable proportion of establishments all over Europe, employees work in non-permanent contractual arrangements – temporary agency workers, freelancers or employees on fixed-term contracts – with large regional variations regarding the use of the different forms. The proportion of the workforce affected by non-permanent contractual arrangements is however relatively small in all countries.

The flexibility potential of companies can also be increased by enhancing the employability of staff for different tasks, for example by task rotation, autonomous teamwork or further training. The survey shows that a majority of European establishments recognise the importance of further training. This pays off: enterprises regularly monitoring the training needs of employees rated better than others in terms of economic performance, labour productivity and staff motivation. However, training is not equally distributed among all workers.

Variable performance or profit-related elements of pay is another option for companies in flexibly adapting to changing market conditions. While the EU has encouraged some of these schemes, only a minority of European establishments make use of them. Findings show that the incidence tends to increase with company size. Where such schemes are used, staff motivation and productivity increases are the dominant motives, while wage flexibility plays only a minor role. Performance or profit-related pay schemes proved to

be positively correlated with the reported economic situation and labour productivity.

Social dialogue structures and practices in European establishments are the other main topics of the survey. Overall, the results show an encouraging picture of workplace employee representation, with a majority of employees in the EU being covered by a statutory form of employee representation and by a collective wage agreement at either the establishment or a higher level. A total of 86% of these representational structures have a trade union link, while 63% of them have a union majority. Furthermore, the majority of employee representatives have access to vital resources such as training measures, information on the economic and employment situation of the establishment, and enough time off from their normal work to fulfil their representative duties. A majority of employee representatives and managers are generally positive about the effects and climate of social dialogue at the workplace.

However, the survey also identifies some limitations of social dialogue structures and practices at the workplace. For example, a significant minority of workplace representatives do not receive sufficient information and are not granted time off to properly fulfil their representative duties. Moreover, in a range of establishments, employee representation is limited to health and safety matters. A less developed implementation of social dialogue structures and different, more confrontational processes of statutory employee participation can be distinguished in southern European countries.

The influence of workplace employee representation on the diverse flexibility practices varies. While a majority of representatives are involved in the establishment of rules and procedures related to working time issues, the influence

on contractual arrangements and other human resources measures is much more limited. For example, many of the applied profit-sharing schemes are not co-determined by the employee representatives.

Commentary

The findings reveal a remarkable variety in the application of flexibility measures across Europe. These originate not only in different national company cultures and frameworks, but also in the channels and quality of social dialogue at workplace level. Although the survey findings point to a generally positive picture of social dialogue structures and practices, it also becomes apparent that employee representation at workplace level differs widely between countries and also between large and small organisations. Directive 2002/14/EC establishing a general framework for informing and consulting employees in the European Community has been a landmark development in establishing common guidelines for employee participation in the workplace. Nevertheless, in view of the importance of decisions made at company level in shaping flexibility measures and working conditions, the topic of employee participation is likely to remain on the policy agenda.

The current economic crisis had already begun when fieldwork for the survey was conducted in the spring of 2009. This is likely to have had an impact on some of the indicators, such as the extent of flexible contractual arrangements. Among other effects, the economic crisis may cast new light on financial participation schemes based on share ownership, which might now appear more attractive for employers seeking capital but might also appear to be of greater risk to employees.

Introduction

In the spring of 2009, the European Foundation for the Improvement of Living and Working Conditions (Eurofound) launched a large-scale representative survey addressed to managers and employee representatives. The European Company Survey 2009 – Flexibility practices and social dialogue (ECS) is the second cross-country establishment survey carried out by Eurofound in recent years. The ECS is focused on documenting the flexibility strategies of companies and it is a unique source of comparative information on social dialogue at the workplace.

The European Union considers the enhancement of labour market flexibility as one of the key elements required to achieve the aims of the Lisbon Strategy, namely to become the most competitive and dynamic knowledge-based economy in the world, and to create more and better jobs for European citizens. At the same time, the EU is concerned that flexibility measures do not become too one-sided at the expense of employees. Therefore, in recent years, a series of framework laws and recommendations were enacted which set rules for major flexibility instruments as well as for the consultation and participation of employees in matters related to work organisation.

Previous research at Eurofound has shown that companies use different flexibility practices not in isolation but in combination. The survey studies different measures of internal and external quantitative and qualitative flexibility.

A total of four different categories of flexibility can be distinguished (see Chung et al, 2007, p. 5):

- external numerical flexibility – referring to the number of workers employed from the external labour market. A crucial aspect of this flexibility type is the employment of workers on a temporary basis, be it through the employment of temporary personnel or relaxed hiring and firing practices. Some of these jobs might be a stepping stone into permanent employment or suit the needs of the employee;
- internal numerical flexibility – referring to flexibility in relation to the workers already employed in the organisation. This is achieved by adjusting working hours to match the quantity of labour without hiring new or dismissing existing staff. It might also stem from a demand from employees to adjust their working hours to suit their private needs;
- functional flexibility – referring to the extent to which enterprises adapt their work organisation to changes and

new challenges by transferring employees to different activities and tasks within the company. The way that work is organised, for instance by using autonomous teamwork, might have a positive impact on learning at the workplace and enhancing the employability of the worker;

- wage flexibility – defined as the degree of responsiveness of wage costs to economic conditions. It might also be used as an incentive to motivate workers, to reward them for good work or to share the profits of a company with the employees.

Social dialogue is vital to managing business and employment change in the European social model. In order to address these challenges, the ECS interviewed managers as well as employee representatives, where possible, to gain insights into the structure and role of social dialogue at company level. The survey also maps flexibility measures and strategies, and the role of social dialogue in establishing them.

Against this background, Eurofound launched the ECS in 2008–2009 in all 27 EU Member States (EU27) as well as in the three candidate countries (CC3): Croatia, the Former Yugoslav Republic of Macedonia and Turkey. It covers establishments with 10 or more employees in both the private and the public sector from all relevant economic sectors except agriculture and forestry.² As part of the survey, personnel managers in 27,160 establishments were interviewed about a set of flexibility practices applied at company level, including different working time practices, variable pay schemes and contractual employment agreements. The managers were also questioned about social dialogue structures, and some information on company performance was collected.

At the same time, in those establishments where a formal employee representation existed and was available for interview – amounting to a total of 6,569 units – the chair of this body was asked for the position of the employee representation on the various flexibility forms considered in the management interview. In addition, the survey posed some general questions on the resources of the employee representation and its degree of involvement in different work-related matters in this context.³

Fieldwork for the survey was carried out in the spring of 2009 – mostly March to April. At that time, the current global economic crisis had already begun, although some countries and sectors were more affected than others. When

² Also not included are sectors NACE Rev.1.1 P (private households with employed persons) and NACE Q (extra-territorial organisations and bodies), according to the General industrial classification of economic activities within the European Communities (*Nomenclature générale des activités économiques dans les Communautés européennes*, NACE). These are both sectors of negligible size in relation to the company sample size of 10 or more employees.

³ See Annex 1 for more details on the interviews with employee representatives and for further information on the survey methodology.

interpreting the results, it should be noted that the crisis and its timing has an impact on some of the indicators. This is especially apparent in the questions on flexible forms of contractual agreements or in indicators related to the current economic situation. In these areas, the crisis might distort some results, by showing for example smaller proportions of workers in atypical employment contracts than in the months and years before.

Where not explicitly stated otherwise, results shown in this report are proportionally weighted according to establishment. They represent the real distribution of establishments with 10 or more employees in the countries surveyed. It should be noted that averages tend to reflect the situation in small enterprises (with 10 to 49 employees) more than that in the larger companies since the broad majority of establishments are small in size. Furthermore, EU averages tend to reflect the situation in the large countries more than that in the smaller ones.

This overview report first provides a descriptive analysis of the flexibility indicators covered in the survey. Chapter 1 focuses on the indicators collected for working time flexibility:

flexible working time arrangements, overtime work, part-time work and work at unusual hours. Chapter 2 considers human resources (HR) practices, such as autonomous teamwork, contractual flexibility and training.

The third chapter examines variable pay and financial participation. It looks at profit-sharing schemes as well as share-ownership schemes. It also explores attitudes towards performance-related pay.

Social dialogue and employee participation are introduced in the fourth chapter, which outlines general aspects related to the structure and resources of establishment-level employee representation. It then examines the degree of influence of the employee representation on company decisions related to working conditions and on the application and shape of flexibility measures in particular.

Finally, Chapter 5 considers company performance indicators and assesses them in the context of the economic crisis. It also explores the link between performance and training, as well as between performance and pay practices.

Working time flexibility 1

The ECS 2009 considers a range of flexibility practices at establishment level, starting with different forms of working time flexibility. In the survey, data were collected for the following flexible or atypical working time arrangements:

- flexitime arrangements, including working time accounts;
- overtime work;
- part-time work;
- non-standard working hours and shift work.

The survey tackled each of these forms of working time flexibility, focusing on an approximate quantification of their usage and further aspects regarding their application.

Flexitime arrangements

Flexitime arrangements can generally be divided into two groups. On the one hand, there are basic flexitime arrangements which allow employees to vary the start and end time of work on a day-to-day basis, but do not allow for variations in the length of the daily work schedule. On the other hand, there are more advanced schemes in which flexitime regulations are combined with a so-called (working) time account. These allow for a much broader variability of working times, including variations in the length of the working day or week. Hours worked above the contractually or collectively agreed amount are banked as 'credit hours', while working hours falling below that amount are considered as 'debit hours'. Differences between the agreed and the factual working time usually have to be balanced out within a certain reference period, the length of which varies considerably from company to company. Some systems require a monthly balancing while others have to be settled on an annual basis only. There are also systems where no reference period has been specified or where the working time accounts explicitly have a 'lifelong' horizon, enabling employees to bank time for the purpose of early or phased retirement or for sabbaticals.

Flexitime schemes with the possibility to bank hours are frequently considered as a type of flexibility that can meet the interests of both employers and employees. For employers, the instrument opens up a broad range of flexibility in the management of all types of workload variations, enabling them to react flexibly to changing market conditions. The broader the leeway for the accumulation of working hours, the larger the flexibility gains for the employer tend to be. For employees, the benefits consist mainly of an increase in their time sovereignty and the possibility to improve their work-life balance.

Whether a flexitime scheme is more beneficial for the employer or for the employee, or whether both benefit equally from it, depends to a large degree on the rules set for the handling of the system and the extent to which these are put into practice in the day-to-day business. If there is a sound balance between the interests of the employer and those of the employees, allowing employees to take time off from the account when they need it and allowing the employer to count on the additional performance of the employee in times of high work pressure, then these systems can be considered as a 'win-win situation' for both parties.

The previous wave of the establishment survey conducted by Eurofound in 2004–2005 – the Establishment Survey on Working Time and Work-life Balance (ESWT)⁴ – showed that both managers and employee representatives of companies practising flexitime schemes considered this as a positive form of work. About two thirds of both managers and employee representatives perceived a higher job satisfaction and a better adaptation of working times to the workload as a major outcome of the introduction of flexitime schemes in their organisation. The greater the leeway of the system applied in an establishment, the higher the level of satisfaction tended to be on both sides. Negative aspects, in turn, were rarely cited (Riedmann et al, 2006, p. 9).

Incidence and take-up of flexitime

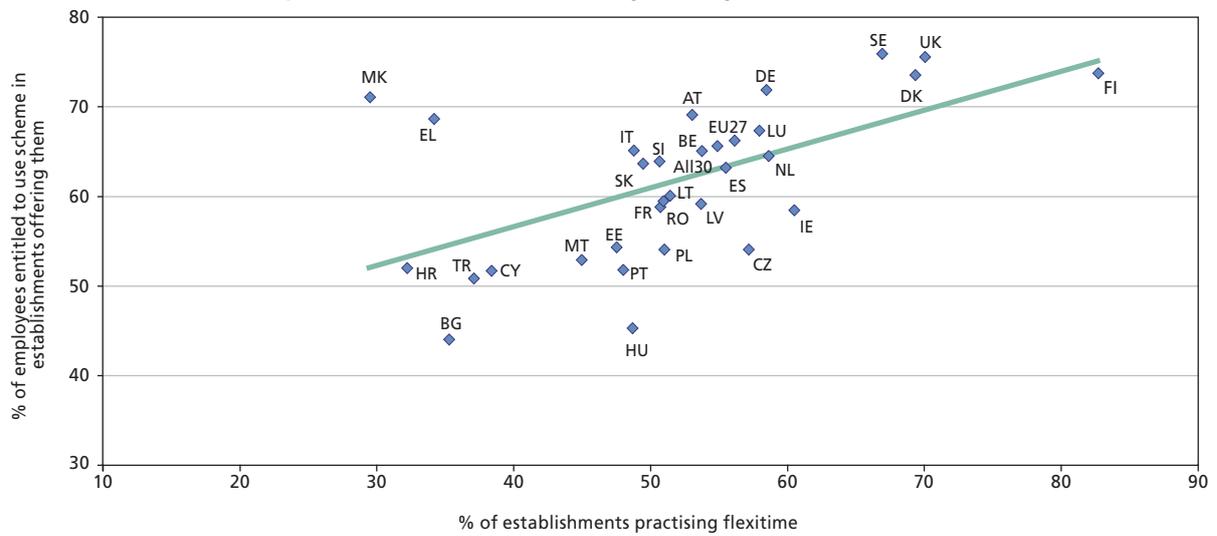
The flexitime questions in the ECS 2009 were asked in incremental steps, starting with the existence of flexitime in a broad sense as the possibility to adapt, within certain limits, the time when they begin or finish their daily work according to their personal needs and wishes. Establishments offering such flexibility were then asked whether the applied system allows them to accumulate hours by working longer on some days and compensating for this later by working less on other days and, if so, whether the accumulated credit hours can be taken in the form of entire days off from work. Finally, the existence of long-term working time accounts was investigated, defined as accounts with a settlement period of more than one year.

On average, more than half (56%) of all establishments with 10 or more employees in the EU27 offer employees flexitime arrangements in the broad sense, including highly formalised working time account systems as well as more informal flexitime arrangements without the possibility to bank time.

These flexible time arrangements are however not necessarily open to the entire workforce, but are sometimes restricted to specific groups of employees, such as clerical staff, employees in management positions or employees not working any shift scheme. In the establishments offering these schemes,

⁴ <http://www.eurofound.europa.eu/surveys/companysurvey/2004/index.htm>.

Figure 1: Incidence and take-up rates of flexitime schemes, by country (%)



Notes: Base for x-axis = all establishments with 10 or more employees. Base for y-axis = establishments with 10 or more employees offering any flexitime scheme. See p. vi for list of country codes and groupings.
Source: ECS 2009

on average about two thirds of the workforce are entitled to make use of them. Thus, the flexibility schemes are an instrument open to the majority of workers. In almost half (45%) of all establishments practising such schemes, they are available to the entire workforce.

As Figure 1 shows, the average proportion of employees entitled to use the flexitime scheme on offer varies between about 45% and 75%, indicating that in all countries on average a substantial share of employees is included in the scheme. In countries where flexitime schemes are widespread at establishment level, the proportion of employees entitled to use the existing scheme tends to be higher than in countries where only few establishments are practising them. However, there are a few exceptions to this rule; for example, the Former Yugoslav Republic of Macedonia and Greece have a low incidence of establishments with flexitime schemes, but a high proportion of persons entitled to use them within these companies. No country has a take-up rate close to 100%. This finding points to the existence of some ‘natural’ limits in the application of flexitime schemes: for certain types of workplaces, the instrument is obviously considered as not adequate. A closer look at the data reveals that companies with atypical operating hours – those practising shift work, night work or weekend work – for example, more often limit the application of the flexitime scheme to subgroups of the establishment than enterprises which do not have such atypical operating hours. Furthermore, the schemes applied in the services sector are generally open to a broader part of the workforce than those in industry.

Incidence of flexitime schemes with time accounts

Two thirds of the applied flexitime schemes are not restricted to flexibility regarding the start of the working day but also include the possibility to bank time in a working time account or a similar system. Taking all establishments with 10 or more employees as a base, this means that almost four out of 10 (38%) establishments have working time accounts.

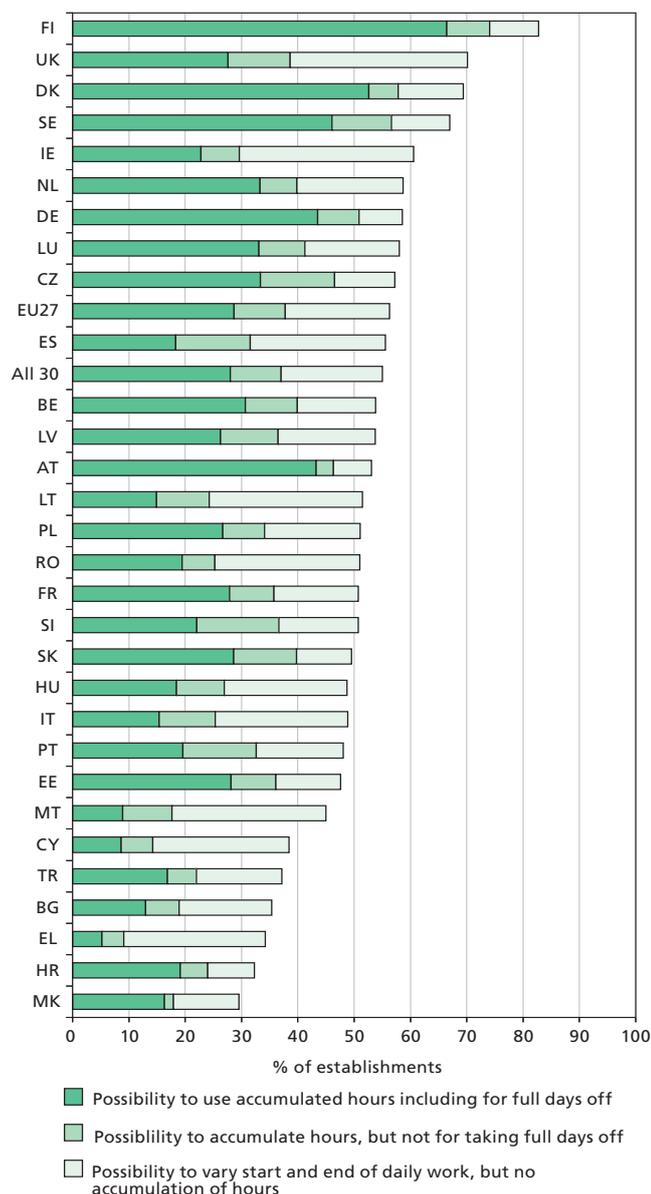
The flexitime schemes in just over three quarters of the establishments with a time account allow the workers to take off whole days from the accumulated time credits, thus indicating that the majority of time account schemes in operation are designed for broader flexibility. In relation to all establishments – that is, not only those with time banking – this means that 29% of all companies with 10 or more employees offer flexitime schemes with enough flexibility to allow for whole days to be taken off work.

As Figure 2 shows, pronounced country differences emerge in both the general implementation of flexitime schemes and in the flexibility leeway that they allow to employees.

- Flexitime is most widespread in Finland, with more than eight out of 10 establishments practising a flexitime scheme. High shares of more than two thirds of establishments applying flexitime arrangements are also found in the United Kingdom (UK) (70%), Denmark (69%) and Sweden (67%).

- In Bulgaria, Greece and the candidate countries (CC3), flexitime schemes are least widespread, with only about a third of establishments offering them.

Figure 2: Flexible working time arrangements, by country and flexibility scope (%)



Notes: Base = all establishments with 10 or more employees. The top end of the data bars shows the proportion of establishments using any type of flexitime scheme. The different legend keys show the scope of the applied schemes. In the EU27, for example, 56% of establishments use some form of flexitime scheme. This total comprises 28.7% using working time accounts with the possibility of taking whole days off (bottom of the column), plus 9% using accounts allowing just some hours to be taken off (middle of the column) and another 18.5% using basic flexitime schemes not allowing for time banking (top of the column).

Source: ECS 2009

- The schemes applied in the Nordic countries, in Germany and in Austria generally allow for very high flexibility, mostly including the possibility to bank hours and even take full days off from the accumulated time credits. In contrast, the schemes in Hungary, Ireland, Lithuania, the UK and most southern countries do not often allow for any time accumulation. Flexitime in those countries is more often limited to options regarding the start and end of daily work.

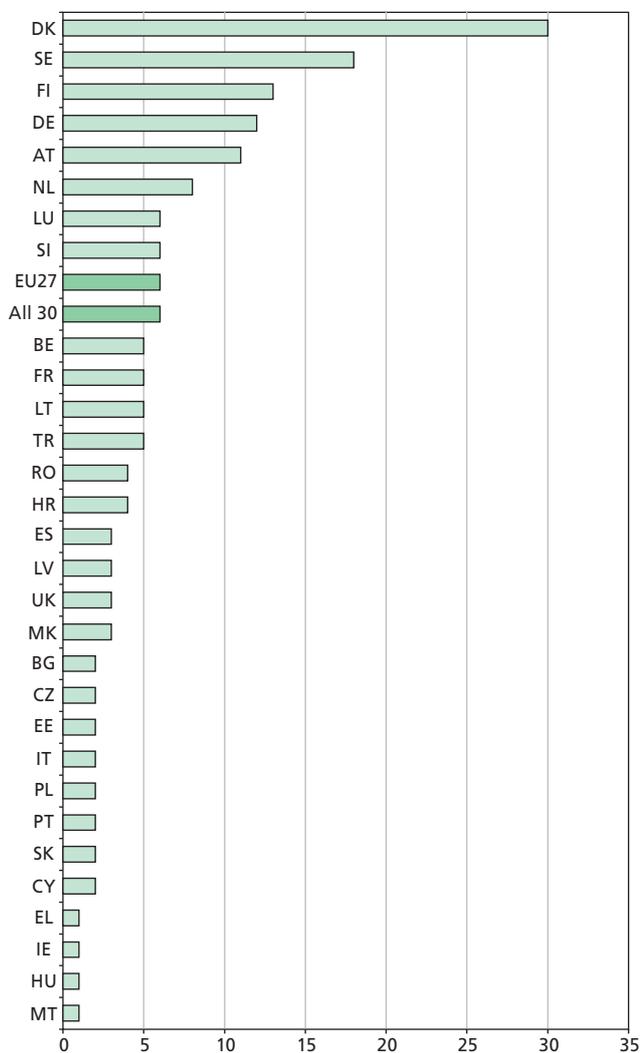
Long-term working time accounts

Long-term working time accounts offer the widest flexibility leeway. The ECS defined them as *accounts allowing employees to accumulate hours for periods of more than one year on a so-called long-term time account*. Within the EU27, only 6% of establishments with 10 or more employees offer such long-term time accounts (Figure 3). The highest incidence by far is measured in Denmark, where close to a third (30%) of all establishments with 10 or more employees offer such an account to at least some of the workers. Other countries with a significant proportion of establishments practising long-term accounts are Sweden (18%), Finland (13%), Germany (12%) and Austria (11%). In southern Europe and in most of the new Member States (NMS) that joined the EU in 2004 and 2007, on the other hand, long-term time accounts are seldom available.

These rates reflect only the proportion of establishments offering such schemes. They do not allow any conclusions on the share of employees entitled to use them. Even if the general flexitime model practised in the company is open to a majority or all employees, this does not automatically mean that long-term accounts are also open to everybody. Moreover, case studies carried out in the context of a German research project on the usage of long-term accounts have shown that even in establishments where these schemes are offered to all or most employees, only a minority of workers used them for long-term banking. Among these employees, there was an over-proportionally high share of older workers who used the accumulated hours for early retirement plans (Wotschack et al, 2008).

In the current economic crisis, many companies are using the accumulated hours in the working time accounts as a buffer for coping with – often substantially – reduced order volumes. Companies that were successful in the boom period preceding the economic crisis and have been practising long-term time accounts for several years may have accumulated a considerable amount of hours in these accounts. The clearance of working time accounts may help to avoid or at least postpone dismissals or the introduction of other far-reaching measures such as short-time work. Long-term working time accounts can thus have a certain employment-

Figure 3: Establishments offering long-term time accounts, by country (%)



Note: Base = all establishments with 10 or more employees.
Source: ECS 2009

securing effect and help the employer to avoid the loss of skilled workers.

The current economic crisis, however, also highlights some of the potential dangers related to the use of long-term working time accounts from the perspective of employees. Not all working time accounts are sufficiently secured against the risk of business failure. For the employees concerned, this means that, in case of company collapse, they not only lose their job but also the time credits accumulated in the account through long periods of overtime hours, without any compensation in the form of time off or money. Recent

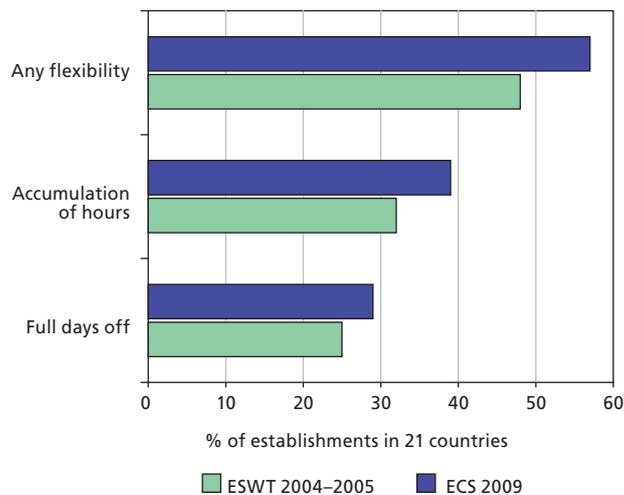
research has shown that even in countries that have drawn up laws and rules for securing time accounts, these are often not implemented.⁵

Long-term time accounts – especially those with a lifelong perspective – are partly targeted at specific purposes. This could be plans for longer periods of further training, for sabbaticals dedicated to the care of dependent persons or – particularly in the case of older workers – for early retirement. In economically difficult times, employees may be urged to use up the accumulated time credits, thereby rendering long-term life plans void.

Trend developments in use of flexible working time arrangements

The ECS 2009 repeated several of the questions on flexible working time arrangements that had been asked in the ESWT 2004–2005, thus allowing for the first time the observation of pan-European trends in the development of this flexibility arrangement at company level (Figure 4).

Figure 4: Incidence of flexibility schemes, 2004–2005 and 2009 (%)



Notes: Base = all establishments with 10 or more employees from the 21 countries covered by the ESWT. The 21 countries included in this comparison are the 15 Member States before EU enlargement (EU15) and six of the NMS: CY, CZ, HU, LV, PL and SI.

Sources: ESWT 2004–2005 and ECS 2009

The comparison shows that on all levels measured by the trend questions, the proportion of companies making use of flexitime schemes has notably increased in the past four years.

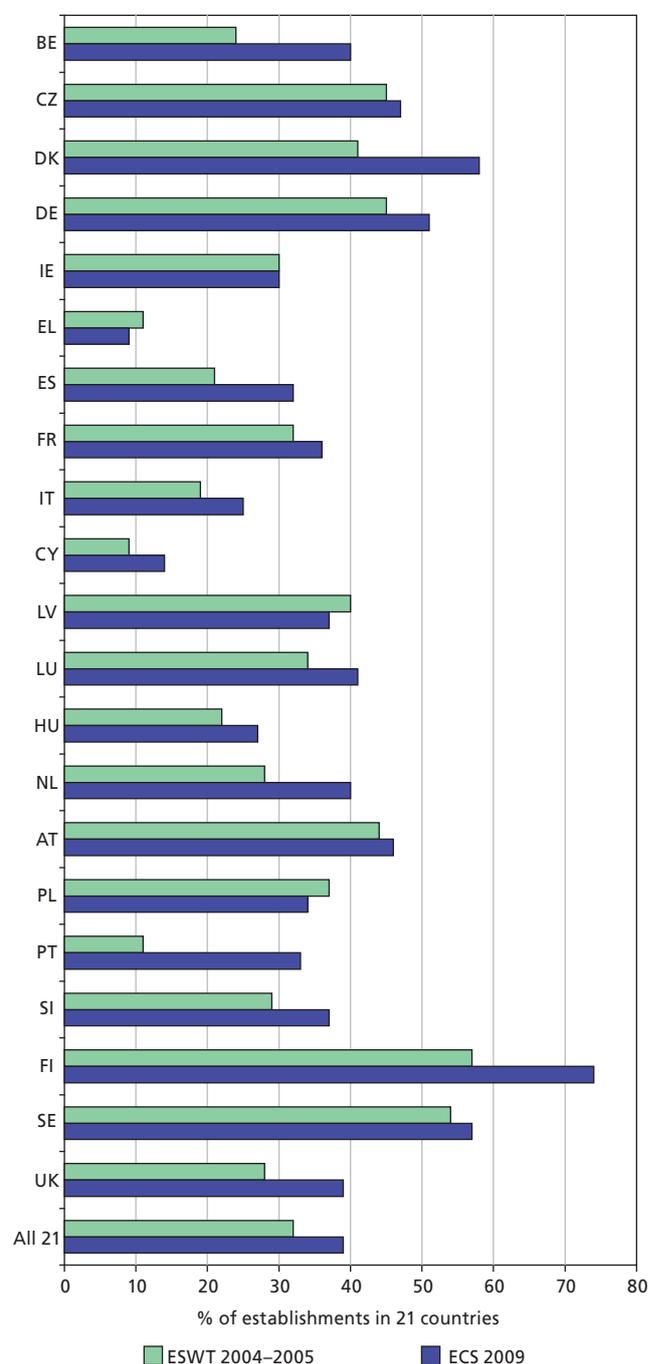
⁵ For example, according to the German IAB Establishment Panel, conducted by the Institute for Employment Research (*Institut für Arbeitsmarkt- und Berufsforschung, IAB*), in 2006 only a third of the German establishments – with at least one dependent employee liable to social security contributions – offering separate long-term working time accounts had secured these accounts against business failure or were planning to do so (Fischer et al, 2007, p. 83). Smaller companies in particular had often not (yet) made provisions. In Germany, protection against bankruptcy is obligatory only for certain types of long-term accounts – those managed in monetary terms and targeted at specific purposes. Nonetheless, the high proportion of unprotected accounts calls for attention to this matter.

- According to the ESWT, almost every second establishment (48%) with 10 or more employees across the 21 EU Member States surveyed offered employees some type of flexibility regarding the beginning and end of daily working time. This proportion has increased to 57% in the ECS 2009 in the same set of 21 countries.
- In the ESWT, almost one third (32%) of the establishments offered schemes with the possibility of accumulating hours in some type of working time account. The ECS 2009 finds a significant increase of seven percentage points in this regard, with 39% of establishments now offering working time arrangements of this kind.
- The ESWT identified that every fourth establishment (25%) provided working time accounts allowing for an even greater degree of flexibility, measured by the possibility to take full days off from the account as compensation for credit hours. In the ECS 2009, the proportion of establishments in these 21 countries offering this broader flexibility has risen to 29%.

These trend results show that in the 21 Member States where trends can be observed, there has been substantial progress in the further spread of this form of internal flexibility over the past four years. Figure 5 shows an increase in the use of arrangements allowing for an accumulation of working hours in all countries except for Greece, Ireland, Latvia and Poland, where the level has remained about the same over the past four years.⁶ Particularly high increases were reported in Portugal, Finland, Denmark and Belgium. Considerable increments were also found in the Netherlands, Spain and the UK. In Finland and Denmark, a high proportion of establishments were already using working time systems allowing for the accumulation of hours in 2004. By way of contrast, Portugal measured a very low level in 2004 but is now in the medium range. The Netherlands and Belgium also had comparatively low levels in 2004 and are now among the countries where time banking systems are widespread, with 40% of establishments using them.

Regarding the proportion of employees entitled to use the flexible schemes, there is little difference between the ESWT and the ECS. According to both surveys, on average about two thirds of the workforce are entitled to make use of the flexitime scheme in the establishment where it is offered.

Figure 5: Flexible working time arrangements with possibility to accumulate hours, by country 2004–2005 and 2009 (%)



Note: Base = all establishments with 10 or more employees from the 21 countries covered by the ESWT.

Sources: ESWT 2004–2005 and ECS 2009

⁶ The slight decreases in Poland, Latvia and Greece visible in the graph do not necessarily indicate a real decline in the use of these schemes. In samples of 500 or 1,000 establishments, changes of up to three percentage points are normal measurement variations.

Table 1: Establishments with flexitime schemes, by sector, EU27 (%)

Economic sector	Basic flexibility	Possibility to accumulate hours	Possibility to take whole days off	Long-term accounts
Manufacturing and energy	52	35	27	5
Construction	43	27	20	4
All industry sectors	50	33	25	5
Wholesale and retail trade, repair of goods	54	34	26	5
Hotels and restaurants	63	37	28	8
Transport and communication	52	31	24	5
Financial intermediation	69	50	40	6
Real estate and business activities	70	48	35	8
Public administration	63	50	38	5
Education	46	31	22	3
Health and social work	55	40	29	6
Other community, social and personal services	69	51	43	6
All services sectors	59	41	30	6
All sectors	56	38	29	6

Note: Base = all establishments with 10 or more employees in the EU27.

Source: ECS 2009

Characteristics of establishments offering flexitime schemes

The use of flexitime schemes – both with and without working time accounts – is not restricted to particular sectors of economic activity. Even sectors such as wholesale and retail trade and repair of goods, or hotels and restaurants – where availability for clients at specified times is an important requirement – have introduced flexitime schemes to a significant extent (Table 1). There are nevertheless some differences in the application of this instrument, with the largest concentration of flexible working time arrangements in real estate and business activities, in financial intermediation, and in other community, social and personal services. Flexitime schemes were found to be least common in the construction and education sectors.

Larger establishments are more likely to practise flexitime schemes than smaller enterprises, regardless of the degree of flexibility that the system offers. However, a notable proportion of smaller establishments also practise flexitime schemes – even the more complex arrangements allowing for time banking. In view of the considerable investment required for the set-up and administration of a time account system, this is remarkable and is a sign that, even in small enterprises where the investment of running a time banking system is comparatively high per employee, employers consider the advantages of these schemes to clearly outweigh the costs. Long-term time accounts, however, are only rarely applied in smaller units: while 12% of the establishments with 500

or more employees practise long-term accounts, only 5% of those in the smallest size class of 10 to 19 employees do so (Figure 6).

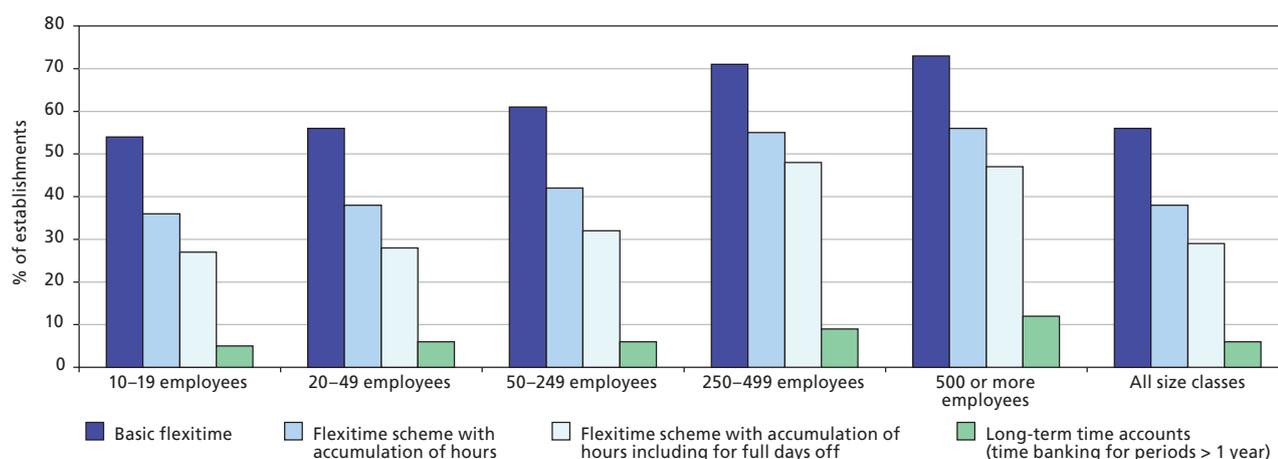
All investigated types of flexitime schemes are applied more often by establishments for which major variations of the workload within the day, within a working week or within the year are part of the normal business than by enterprises normally not having to cope with any such variations. Differences are however relatively small, of about five percentage points. For the application of long-term working time accounts, the existence of regular variations in the workload plays an even smaller role.

Overtime work

The most traditional company strategy to cope with temporary workload peaks is the use of overtime hours. This normally means that the contractually or collectively agreed number of daily or weekly working hours – and thus the overall volume of working hours – is temporarily extended, enabling the establishment to cope with workload peaks without having to recruit and train additional staff.

In the ECS, managers were asked about the occurrence of overtime in the past 12 months as well as about the type of compensation granted for it. For staff with flexible working time arrangements allowing for time banking, only the time credits remaining in the working time accounts at the end

Figure 6: Flexitime schemes, by company size, EU27 (%)



Note: Base = all establishments with 10 or more employees in the EU27.

Source: ECS 2009

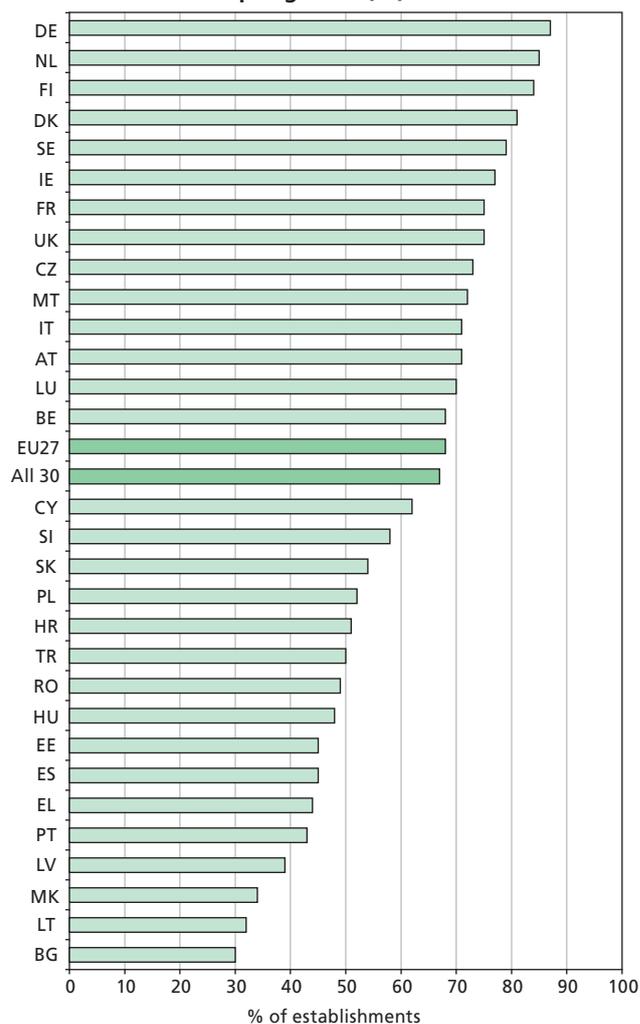
of the agreed adjustment period were to be considered as overtime hours.

Incidence of overtime work

In just over two thirds (68%) of establishments in the EU, overtime hours according to this definition were worked in the reference period (Figure 7). Within the establishments that had worked any kind of overtime, on average almost half of all employees were involved in overtime work. However, this average value conceals large differences between enterprises. While 29% of the establishments had less than 20% of their workforce doing overtime hours, in a similar proportion of companies (26%) all or almost all of the employees were involved (80% or more). The ECS did not collect data on the overall volume of overtime in terms of number of hours since many establishments would not be able to give a precise figure on this, especially not ad hoc in a telephone interview.

At national level, establishments in particularly Germany, the Netherlands, the Nordic countries, Ireland, France and the UK resorted to overtime more than establishments in southern Europe and in the central and eastern European NMS. The Czech Republic, Malta and Italy, however, are exceptions to this rule, with greater proportions of overtime than the EU average of 68%.⁷ Data from the ESWT 2004-2005 showed similar country patterns, with Germany and Ireland having the highest proportion of establishments

Figure 7: Establishments with overtime work in the 12 months to spring 2009 (%)



Note: Base = all establishments with 10 or more employees.

Source: ECS 2009

⁷ Country differences in the measurement of overtime incidence in the ECS do not necessarily always reflect general differences regarding the attitude towards overtime. Its occurrence is also influenced by variations in the economic cycle. In countries booming at the time of the survey, overtime is more likely to occur than in countries with a less favourable economic situation. Nonetheless, the national results for overtime work measured four years ago in the ESWT are very similar, indicating that the country patterns in the use of overtime do not just result from differences in the economic situation.

doing overtime work and most southern European Member States practising this work form to a lesser extent.

Overtime work is relatively evenly spread across the different sectors of economic activity. In practically all sectors, about two thirds (between 61% and 74%) of establishments had practised this work form in the past 12 months. Larger enterprises were slightly more likely to avail of overtime than smaller companies. On the other hand, overtime in the larger establishments on average affected a smaller part of the workforce within the establishment.

Compensation of overtime hours

The traditional way of compensating overtime is payment in monetary terms, by an extra hourly wage for each additional hour paid on top of the monthly salary – be it with or without any additional overtime bonus payments. The ECS 2009 results show that payment for overtime hours is still the prevailing form of compensation: just over one third (35%) of establishments in the EU generally compensate overtime work in monetary terms. Almost a quarter (23%) of establishments offer compensation by time off as a general rule. In addition to these two exclusive alternatives, organisations more commonly offer both types of compensation: 37% of establishments indicated that they compensate overtime hours by time off or by pay. This does not necessarily mean that employees can freely choose between both forms – it is also possible that some groups of employees generally receive monetary compensation while others are compensated by time off, or that overtime hours up to a certain threshold are compensated by time off while hours beyond that threshold are compensated by payments.

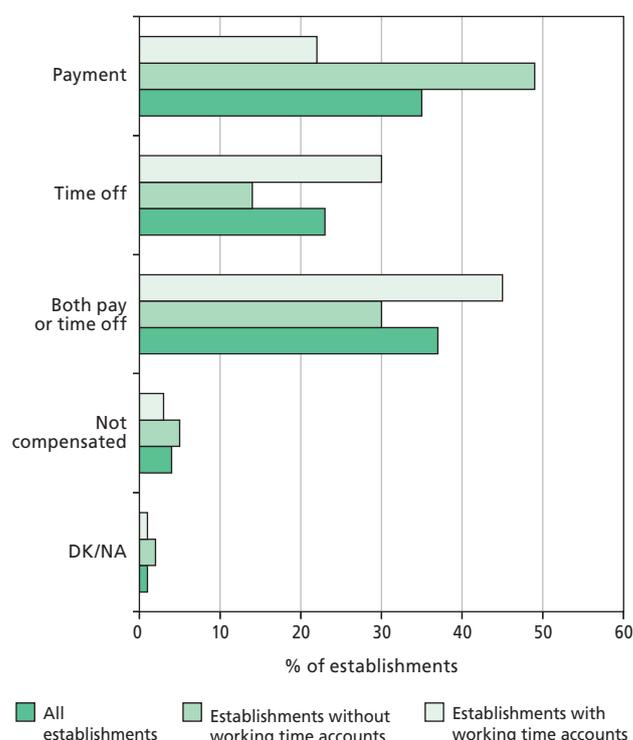
In a small minority of 4% of all establishments with overtime hours in the reference period, overtime work is generally not compensated at all. This practice is almost non-existent in the manufacturing sector (2%), but is somewhat more common in services (5%) and especially in the sectors of real estate and business activities (8%) and education (7%). This form of ‘compensation’ is evidently the least favourable one from the perspective of the employees. With regard to well-earning employees in higher positions, however, a certain amount of overtime is often expected and included in the salary. Indeed, most of the establishments indicating that they do not compensate overtime hours in the ECS have a high proportion of employees working in highly skilled positions. Among establishments with fewer than 20% of workers in highly skilled positions, only 2% of the enterprises generally do not compensate overtime hours; however, this proportion increases in line with the share of skilled workers,

reaching 9% in establishments where 80% or more of the positions were classified as high-skilled.⁸

In the services sector, compensation with time off as a general rule is much more frequent than in industry (27% compared with 14%), whereas in industry, payment of overtime hours is more prevalent (46% compared with 30%).

A comparison of the forms of overtime compensation between establishments offering working time accounts and those not using them shows pronounced differences between the two groups. While almost half (49%) of all establishments without time banking options generally compensate overtime hours with pay, less than a quarter (22%) of enterprises with time accounts do so (Figure 8). Accordingly, time off is the sole form of compensation in only 14% of establishments without time banking but this is the case in almost a third (30%) of companies practising such a system. Nonetheless, the most frequent mode of compensation in establishments practising time banking is the application of both pay and time off.

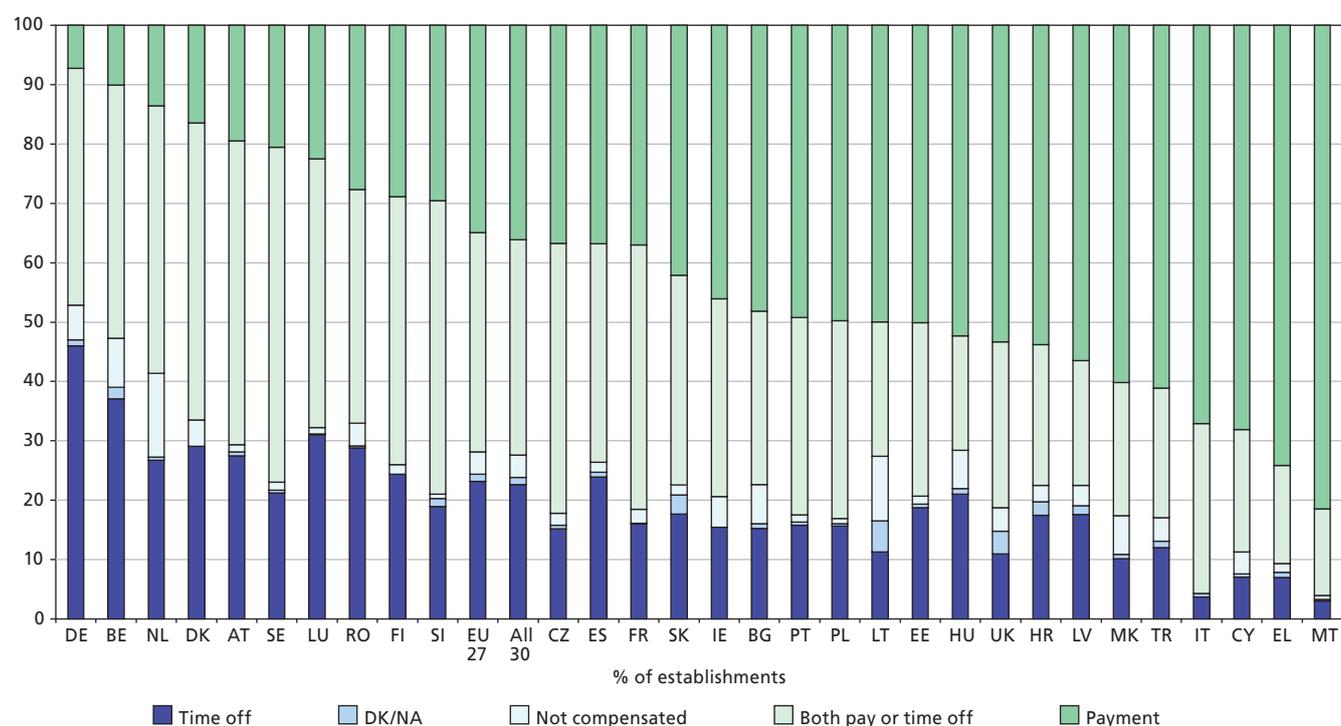
Figure 8: Forms of compensation for overtime hours in establishments with and without working time accounts, EU27 (%)



Notes: Base = all establishments with 10 employees or more availing of overtime work in the past 12 months in the EU27. DK/NA = Don't know/No answer.
Source: ECS 2009

⁸ This pattern is however not uniform throughout all of the countries. In Hungary and Lithuania, for example, there is no clear correlation between the proportion of employees in high-skilled positions and non-compensation of overtime hours.

Figure 9: Forms of overtime compensation, by country (%)



Note: Base = all establishments with 10 employees or more availing of overtime work in the past 12 months. DK/NA = Don't know/No answer.
Source: ECS 2009

Significant differences exist between countries with regard to the compensation of overtime hours.⁹ In German establishments, the compensation of overtime hours by time off is most widespread at company level, with almost half of the establishments (46%) compensating overtime solely in this manner (Figure 9). Other countries with high proportions of establishments offering this form of compensation as a general rule are Belgium, Luxembourg, Denmark and Romania. In most Mediterranean countries, with the notable exception of Spain, this form of compensating overtime is least common, with only 3% of establishments in Malta, 4% in Italy and 7% in Greece and Cyprus practising it as a general rule. In these countries, both forms of compensation are rarely applied. Instead, compensation in the form of payment prevails. Generally, payment as the sole form of compensation for overtime is also widespread in most central and eastern European Member States as well as in the UK.

Establishments not compensating overtime hours were most frequently reported in the Netherlands (14%) and Lithuania (11%). Belgium (8%), Hungary and Germany (6% each) also have above average shares of establishments that do not compensate overtime work at all.

From both a flexibility and work-life balance perspective, overtime hours compensated with time off differ substantially from overtime hours compensated in a monetary form. In establishments not practising any working time account system, overtime hours compensated by time off can be regarded as a kind of interim measure between classical overtime work – compensated in monetary terms – and time account systems. Employees compensated by time off do not in the long run work more hours. For the employer, the practice of compensating overtime hours with time off has clear advantages: if the time off is taken in periods of low workloads during which otherwise 'idle' hours would have to be paid, the overtime hours do not lead to any additional costs. In terms of work-life balance, furthermore, this form of overtime tends to be more favourable than paid overtime. However, the possibilities for employees to decide on when to work overtime and when to take time off are likely to be much more limited than in working time account systems with established rules. In addition, for some groups of workers – especially those whose basic salaries are very low – overtime payments might be an essential part of their income and thus be their preferred form of compensation.

⁹ The observed country patterns in the practice of overtime compensation largely remain the same if the analysis is limited to establishments not practising any working time account system.

Part-time work

Part-time work is one of the most widely known forms of non-standard working time arrangements in Europe. It allows establishments to adapt the workforce to variations in the workload within a day or week and is also often considered as being favourable for employees since it tends to facilitate the combination of work with family or household obligations.

EU Council Directive 97/81/EC¹⁰ concerning the Framework Agreement on part-time work concluded by the European social partners made provisions for eliminating the discrimination of part-time workers and improving the quality of part-time work. Nevertheless, the framework conditions set for part-time work vary between countries. The quality of part-time employment from a work-life balance perspective depends to a large degree on the specific conditions under which part-time jobs are offered and the way that such work is practised in the establishments.

The main focus of the ECS with regard to part-time work is not to provide statistical data on its incidence – these figures are already available from the Labour Force Survey. Instead, the ECS tries to explore the nature of the part-time work offered within an establishment by investigating selected aspects of the organisation of part-time work and by gauging the quality of the part-time employment on offer. In addition, the survey considers the significance of part-time work within the set of flexibility strategies that establishments implement to adapt to changing market situations.

Establishments using part-time work

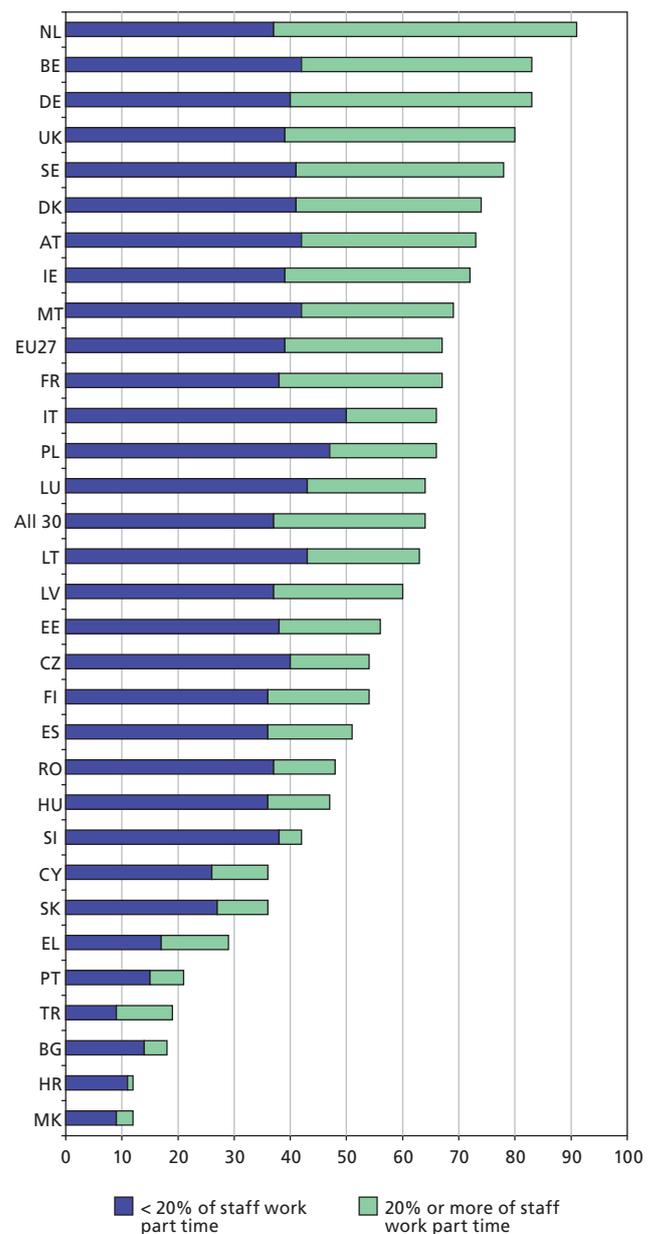
In the ECS 2009, the incidence of part-time work was measured from the establishment perspective by asking for an approximate indication of the proportion of part-time workers among the workforce. This question makes it possible to distinguish between three groups of establishments:

- establishments with no part-time workers;
- establishments with a low proportion of part-time workers only – less than 20% of the workforce;
- establishments employing a substantial proportion of part-time workers, amounting to 20% or more of the workforce.

Overall, two thirds (67%) of all establishments with 10 or more employees in the EU currently employ at least one employee on a part-time basis (Figure 10). However, the proportion of establishments using part-time work varies enormously between countries. The Netherlands has the most widespread use of part-time work, with 91% of establishments with 10

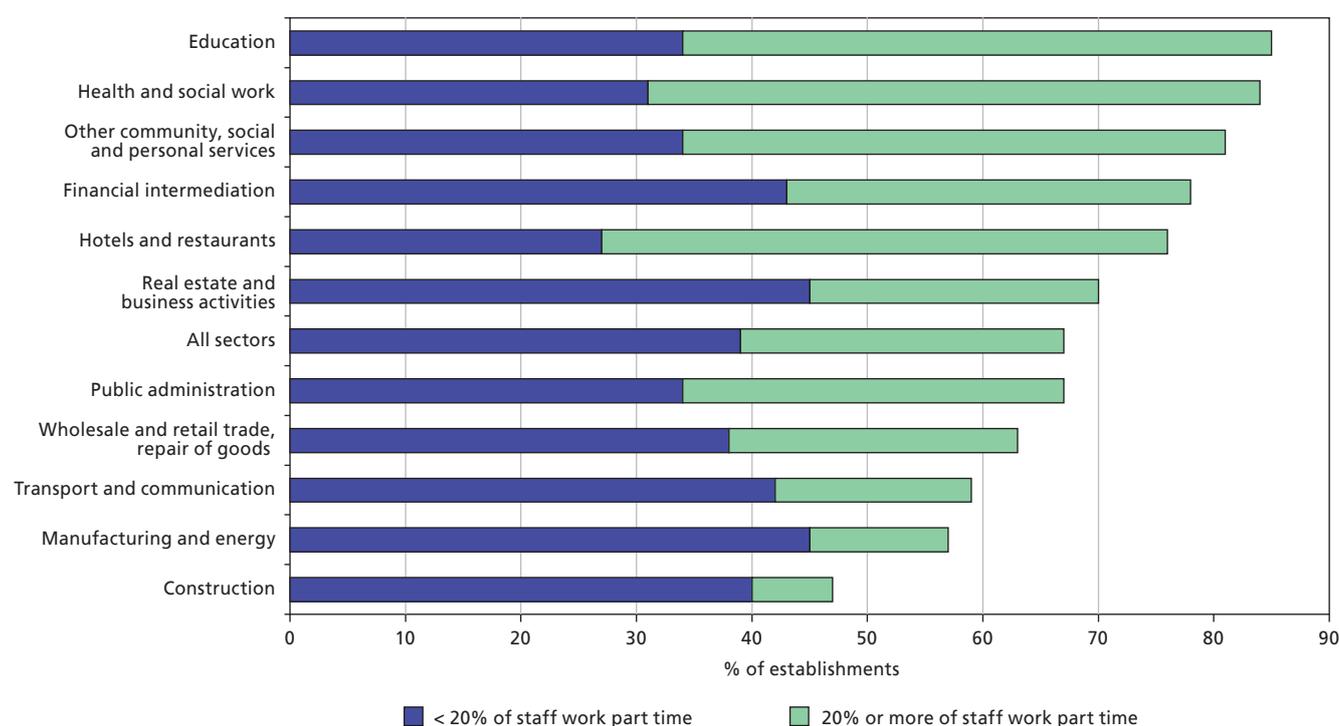
or more employees currently employing some people on a part-time basis. Other countries with a very high proportion of more than three quarters of establishments applying part-time work are Belgium, Germany, the UK and Sweden. Part-time work is least common in establishments in the CC3, as well as in Bulgaria, Slovakia and the smaller of the southern European Member States (Portugal, Greece and Cyprus).

Figure 10: Establishments practising part-time work, by country and proportion of part-time staff (%)



Note: Base = all establishments with 10 or more employees.
Source: ECS 2009

¹⁰ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31997L0081:EN:HTML>.

Figure 11: Part-time work, by sector, EU27 (%)

Note: Base = all establishments with 10 or more employees in the EU27.
Source: ECS 2009

When limiting the ECS sample to the 21 countries that were part of the ESWT 2004–2005 and comparing both surveys, a slight increase can be observed in the proportion of establishments using this work form, from 64% in 2004–2005 to 69% in 2009. This trend is found in almost all of the 21 Member States under study, but it is strongest in the southern European countries and in Slovenia and Luxembourg. In Poland, on the other hand, the proportion of establishments using this work form has slightly decreased.

The sectors of economic activity where part-time work is most widespread at company level are all within the services sector. Moreover, establishments in which a substantial proportion of personnel work part time – defined for this study as 20% or more – are heavily concentrated in the services sector, especially in hotels and restaurants, education, health and social work, and other community, social and personal services (Figure 11). These are also the sectors with the highest proportion of female employees in the workforce. As the analysis of the ESWT 2004–2005 showed, in a large number of companies, part-time work occurs exclusively among women, with as many as 55% of establishments with this form of work not having a single man among their part-time workforce (see Anxo et al, 2007, p. 26).

Patterns of part-time work

Part-time work can be organised in different ways. The manner in which it is organised is an important determinant for qualitatively evaluating part-time work practices. The most common method of organising part-time work in European establishments is still the traditional approach, with some fixed hours being worked every day. In four out of five establishments (78%) where part-time work is practised, it is at least partly organised in this way (Table 2).

Close to half (45%) of all establishments with part-time workers, however, also offer other fixed cycles, for example full-time hours on some days and full days off on other days. Both forms of organisation can be considered as being rather employee-friendly, with fixed schedules and thus a certain predictability. For the establishment, however, the flexibility gain – as compared to standard full-time employment – is limited in these forms of part-time organisation. It mainly consists of the possibility to reinforce the work teams with additional personnel during regularly occurring and largely foreseeable workload peak times. In addition, part-time work allows for the employment of adequately skilled personnel for tasks where there is not enough work to employ somebody on a full-time basis.

Table 2: Organisation of part-time work, by country (%)

	Some fixed daily working hours	Other fixed cycles	Flexible working hours on demand	Other forms
AT	83	36	33	10
BE	65	73	29	18
BG	72	29	34	23
CY	78	42	41	15
CZ	78	25	31	18
DE	80	47	47	17
DK	81	57	35	15
EE	49	38	26	24
EL	75	38	25	2
ES	87	20	34	9
FI	45	54	45	36
FR	76	52	25	13
HU	79	29	23	9
IE	73	69	53	18
IT	88	23	17	3
LT	79	35	26	6
LU	72	57	38	10
LV	64	49	48	10
MT	61	30	56	7
NL	67	87	30	14
PL	81	32	21	9
PT	74	15	26	5
RO	84	18	28	3
SE	72	60	34	18
SI	80	12	16	7
SK	82	13	20	6
UK	76	56	48	16
HR	45	12	16	32
MK	81	32	40	13
TR	75	53	57	27
EU27	78	45	35	13
All 30 countries	78	45	36	13

Note: Base = establishments with 10 employees or more with part-time staff.

Source: ECS 2009

Slightly more than a third (35%) of enterprises, however, organise at least some of the part-time jobs as flexible working hours which are fixed only a few days or hours in advance according to the establishments' needs. Some groups of part-time workers – for example, students – may have more flexibility leeway than others and might even prefer a certain spontaneity regarding their work schedule. However, this form of part-time work is normally the least favourable for employees since it requires them to organise their private duties flexibly on an ad hoc basis around the work schedules. Moreover, this part-time work form makes it very difficult to combine different part-time work arrangements with each other, an aspect which is especially important if a person works part time involuntarily due to not

finding a full-time job and seeks to combine different part-time jobs in order to have a sufficient income. From the point of view of the employer, nonetheless, this form of part-time work offers the widest range of flexibility since it allows the establishment to adapt the workforce at very short notice to the actual workload.

Other forms of part-time organisation than those mentioned here are practised by 13% of establishments. These other forms can be, for example, full-time work for several months with part-time payment – for instance, in the context of a partial retirement scheme – alternating with time off, or flexible part-time work schedules where it is mostly the employee and not the employer who determines the schedules according to his or her own needs.

When comparing the organisation of part-time work at national level, some differences emerge in regional patterns. While the traditional form of part-time work for some hours each day is overall by far the most widespread form, in the Netherlands, Finland and Belgium other fixed cycles slightly prevail (Table 2). Flexible part-time work on demand is most frequently found in Turkey (in 57% of establishments with part-time workers), Malta (56%), Ireland (53%), Latvia and the UK (both 48%) and Germany (47%).

Table 3: Organisation of part-time work, by sector (%)

Economic sector	Some fixed daily working hours	Other fixed cycles	Flexible working hours on demand	Other forms
Manufacturing and energy	83	35	28	9
Construction	78	31	29	9
Wholesale and retail trade, repair of goods	80	41	33	8
Hotels and restaurants	74	50	63	20
Transport and communication	77	36	40	18
Financial intermediation	79	51	36	14
Real estate and business activities	75	51	34	13
Public administration	81	51	33	20
Education	78	45	30	13
Health and social work	76	57	43	17
Other community, social and personal services	76	50	43	18
EU27	78	45	35	13
All 30 countries	78	45	36	13

Note: Base = establishments with 10 employees or more with part-time staff.

Source: ECS 2009

Regarding sector of economic activity, it is notable that flexible hours on demand are most prevalent in hotels and restaurants – a sector in which the workload is often strongly dependent on unforeseeable factors such as the weather or

specific events (Table 3). In manufacturing and energy, as well as in construction and education, this form of part-time organisation is practised least often.

A comparison with the results from the ESWT 2004–2005, where this question was also asked, reveals an increase of between six and nine percentage points for each of these forms of part-time work organisation (Table 4). Thus, part-time work organisation has diversified, with more companies using multiple forms now than four years ago. Part-time work on demand has not over-proportionally increased at establishment level. Moreover, it is likely that the greater diversity of part-time work practices has also widened the possibilities for employees to choose the form of part-time work that most suits them.

Table 4: Organisation of part-time work, 2004–2005 and 2009

	ESWT 2004–2005 (%)	ECS 2009 (%)	Change 2004–2005 to 2009 (percentage points)
Some fixed daily working hours	69	78	9
Other fixed cycles	38	46	8
Flexible working hours on demand	27	36	9
Other forms	7	13	6

Note: Base = establishments with 10 employees or more with part-time staff in the 21 countries covered by the ESWT.

Sources: ESWT 2004–2005 and ECS 2009

Marginal part-time work

In the ECS 2009, managers were asked whether any of their part-time employees usually work less than 15 hours a week. This question is designed to capture the existence of so-called ‘marginal part-time jobs’ within the establishment. Such jobs are often characterised by low hourly wages and high demands on the flexibility of the employees.

Across the EU, about a third of all establishments (32%) with part-time employees have among their workforce at least one person doing marginal part-time work (Figure 12). Such work is most widespread among establishments in Malta, the Netherlands, Ireland, the UK and Germany, where more than 40% of the establishments with part-time work employ some or even all of their part-time staff on employment contracts amounting to less than 15 hours a week.¹¹

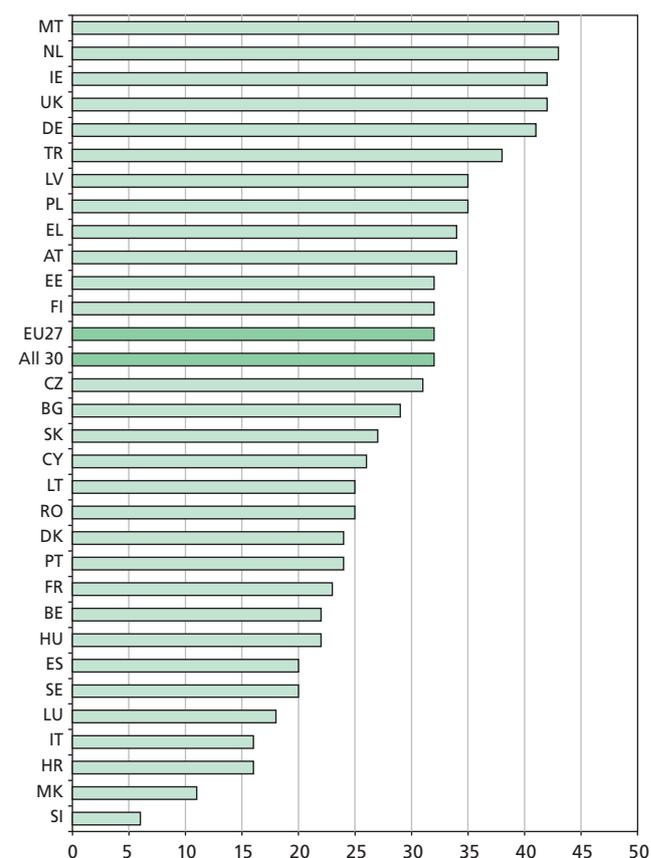
Table 5: Marginal part-time work, by sector (%)

Economic sector	%
Education	48
Other community, social and personal services	42
Hotels and restaurants	42
All sectors	32
Wholesale and retail trade, repair of goods	32
Health and social work	31
Financial intermediation	31
Public administration	31
Real estate and business activities	28
Transport and communication	28
Construction	26
Manufacturing and energy	21

Notes: Base = establishments with 10 employees or more with any part-time staff. Marginal part-time work is less than 15 hours a week.

Source: ECS 2009

Figure 12: Establishments with marginal part-time jobs, by country (%)



Notes: Base = establishments with 10 employees or more with part-time employees. Marginal part-time jobs amount to less than 15 hours a week.

Source: ECS 2009

¹¹ Measured as a proportion of all establishments with 10 employees or more – that is, not only related to those currently employing any part-time workers – about a fifth (21%) of EU establishments employ marginal part-time workers. On this basis, the countries with the highest concentration of marginal part-time work are the Netherlands (39%), Germany (35%), the UK (33%) and Ireland (31%).

Establishments in the education sector most often have employees working in a part-time arrangement of less than 15 hours a week, with almost half (48%) of all organisations in this sector employing marginal part-time workers (Table 5).¹² In other community, social and personal services, and in hotels and restaurants, marginal part-time work is also frequent (42% of establishments). In the manufacturing and energy sector, on the other hand, only 21% of the companies practising any part-time work have marginal part-time workers among their staff.

Part-time workers among staff in highly qualified positions

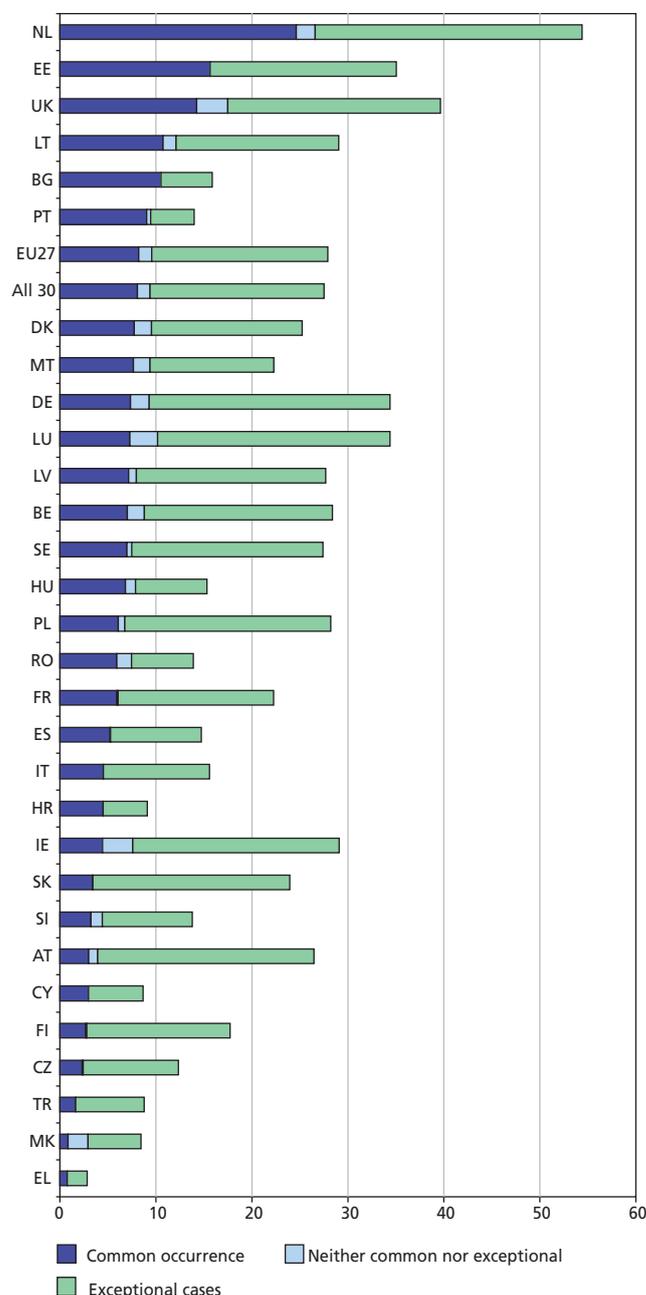
The ECS asked all respondents from establishments employing part-time workers whether any of their staff in highly qualified positions or in a supervisory role were working part time. In a subsequent step, the establishments with part-time workers in highly qualified positions were further asked: ‘Are these very few exceptional cases only? Or are part-time arrangements at this workplace a common phenomenon in this type of position?’ These two questions were introduced into the survey as an indicator of the quality of the part-time work within the establishment and, indirectly, of the career prospects of part-time workers.

If part-time workers in highly qualified positions or supervisory roles exist or are even commonly found, this does not yet allow an assessment of whether their career prospects are equal to those of full-time workers. It indicates, however, that the career prospects for part-time workers in the establishment tend to be favourable and that part-time work in the organisation is not necessarily a dead end for employees with career aspirations.¹³

Figure 13 shows the results for these two questions, with proportions referring to a common base defined as all establishments with any highly skilled positions and with at least one employee working part time.

On average in all EU Member States, slightly more than every fourth (28%) establishment with part-time workers and also highly skilled workplaces¹⁴ currently has at least one part-time worker in a highly qualified position or a supervisory role. In the majority of cases, however, having part-time workers in such positions is not a very common occurrence. In about two thirds of the establishments where there are currently part-time workers in highly skilled positions or supervisory roles,

Figure 13: Establishments with part-time workers in highly qualified positions, by country (%)



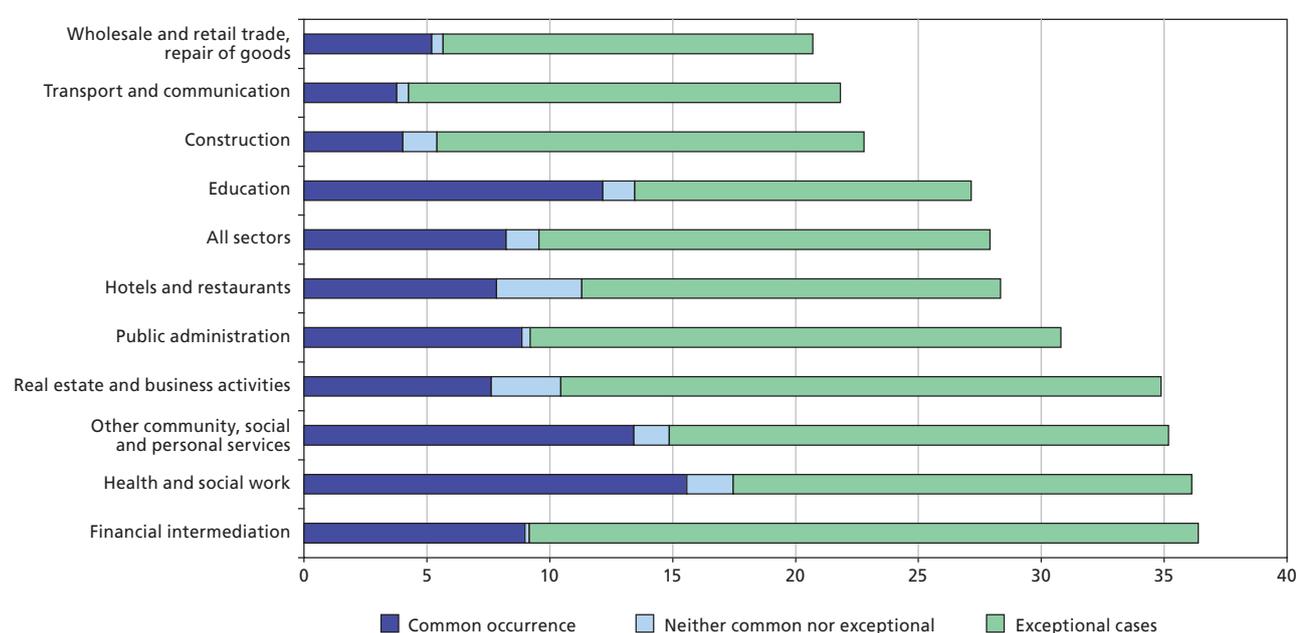
Note: Base = establishments with part-time employees and highly skilled positions.

Source: ECS 2009

¹² In the education sector, the definition of weekly working time often poses problems. Some respondents probably count only the teaching hours of their staff but not the hours foreseen for preparation, which are also part of their employment contract. In terms of teaching hours, most 50% part-time engagements will fall below the 15-hour limit for marginal part-time work. In the education sector, the incidence of such work, as defined in the ECS, is therefore to be interpreted with caution.

¹³ If an establishment does not have part-time workers in highly skilled or supervisory positions, this is however not necessarily due to the company's personnel policy, but might also be because none of the employees in such a position wishes to work part time.

¹⁴ This restriction of the base is made because part-time workers in highly skilled positions can obviously exist only in establishments having such positions. If taking all establishments with part-time workers into account, the proportion is slightly lower: 26% instead of 28%.

Figure 14: Establishments with part-time workers in highly qualified positions, by sector, EU27 (%)

Note: Base = establishments with part-time employees and highly skilled positions in the EU27.

Source: ECS 2009

these were classified as an exceptional case. This means that 18% of all the EU establishments included in the base for Figure 13 have part-time workers in highly skilled positions as exceptional cases. These exceptional instances might be, for example, a consequence of legal prescriptions such as the right to work part time when rearing small children. It is thus not necessarily a sign of an establishment's openness to part-time work in all positions and to a general equal treatment of part-time and full-time workers.

Part-time workers in highly qualified positions are considered as a common feature in less than a third of the establishments where there are currently any such workers in these positions. Thus, this is the case in only 8% of all enterprises with any part-time workers and highly qualified positions. In another 1% of establishments, the part-time workers in highly qualified positions were described by the managers as being neither a common nor an exceptional feature.

Figure 13 shows pronounced differences between countries. In the Netherlands, part-time workers in highly qualified positions are much more frequently found than in all other countries, with 54% of the Dutch establishments with part-time workers and highly skilled jobs employing such workers in highly qualified positions or in a supervisory role. In every fourth Dutch establishment with part-time workers, their presence in highly qualified positions is not an exceptional case but a common occurrence. This is not too surprising in view of the high proportion of enterprises in the Netherlands with substantial shares of people working part time.

There is, however, no direct correlation between the proportion of part-time work practised in a country and the share of establishments where part-time workers in highly qualified or supervisory positions are a common feature. It is interesting that among the seven other countries with a clearly above average proportion of organisations with part-time work – Germany, Belgium, the UK, Sweden, Denmark, Austria and Ireland – only the UK shows an above average share of establishments where part-time workers in highly qualified positions were considered as a common feature. On the other hand, some central and eastern European countries – especially Estonia and Lithuania – with an overall low proportion of part-time work rate quite well from this perspective.

A sectoral analysis shows that establishments with part-time workers in highly qualified positions are to be found most often in health and social work, and financial intermediation, followed by other community, social and personal services, and real estate and business activities (Figure 14). In all of these sectors, 35% or more of establishments with part-time workers and highly skilled workplaces have such workers in highly skilled positions or in a supervisory role. Focusing on whether part-time workers in such positions are a common feature, the ranking changes somewhat, with health and social work, other community, social and personal services, and education being the sectors where part-time workers in highly qualified positions or in a supervisory role are most common. All three sectors are characterised by

predominantly female workforces and show a high incidence of highly skilled employees in the workforce; therefore, the result is not that surprising.

Non-standard working hours

The ECS 2009 provides some basic information on the operation of establishments at unusual hours. Unusual hours are defined as working time regimes that substantially differ from the standard pattern of work during week days and at daytime. Thus, the non-standard hours in the survey and in this chapter refer to night work – defined as work between 23.00 and 06.00 – and work at weekends, as well as shift work.

Overall, in about 44% of the establishments within the EU, there are employees who regularly have to work at unusual hours. By far the most common atypical working time is work on Saturdays, with four out of 10 establishments (40%) within the EU operating on this day (Table 6). Sunday work is considerably less widespread than work on Saturdays, with almost a quarter (24%) of establishments having employees working on that day. The least widespread of the three atypical working times is work at night between 23.00 and 06.00, with close to a fifth (18%) of the establishments with 10 or more employees having people regularly working at that time. A comparison with the ESWT 2004–2005 results shows that the proportion of establishments with unusual operating hours has overall remained stable. Only the incidence of Saturday work has slightly increased.

No particularly clear country patterns emerge regarding work at unusual hours, although the following observations can be made.

- Work at night is practised by a particularly high proportion of establishments in Turkey (36%), Latvia (31%), Malta (27%), Poland (25%) and the UK (24%). The lowest shares of enterprises working at night are to be found in Italy (11%), Greece and the Netherlands (both 12%).
- Work on Saturdays is also most widespread in Turkey, where almost three out of four (73%) establishments are open on Saturday. Among the EU Member States, Malta (65%), Cyprus (59%), the UK, Ireland and Latvia (54% each) have a particularly high proportion of enterprises operating on Saturdays. The lowest incidence of Saturday work is reported in Hungary (24%).
- Sunday work follows a country pattern similar to Saturday work, with Latvia (42%), the UK (40%), Malta (36%) and Ireland (33%) again showing the highest proportions of establishments working on this day of the week. In Germany, Greece, Hungary, Italy, the

Netherlands, Portugal, Romania and Spain, by contrast, Sunday work is particularly rarely practised, with between 14% and 18% of enterprises in these countries opening on Sundays.

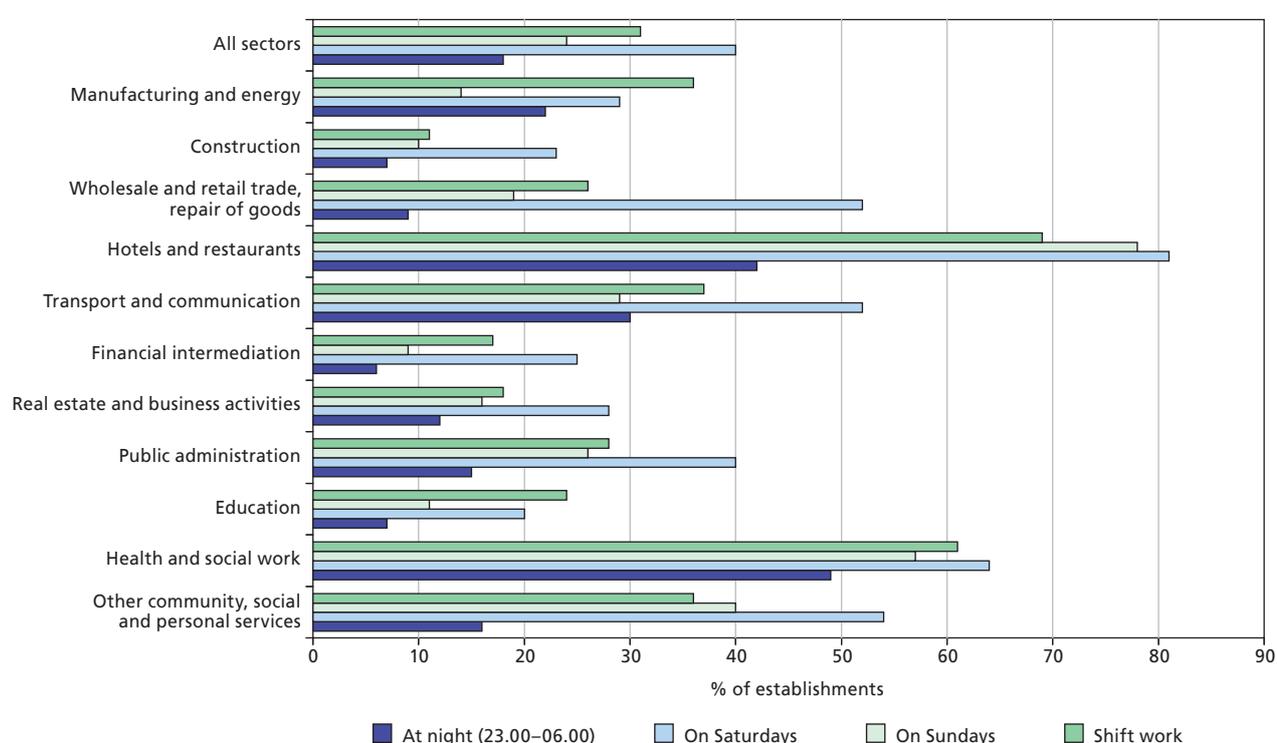
Table 6: Work at atypical hours, by country (%)

	Night work	Work on Saturdays	Work on Sundays	Shift system
AT	17	36	21	18
BE	20	52	29	31
BG	23	44	35	36
CY	17	59	31	27
CZ	22	33	28	40
DE	16	38	18	31
DK	14	30	25	14
EE	19	37	31	36
EL	12	39	15	31
ES	17	34	17	29
FI	21	38	28	36
FR	19	47	26	36
HU	14	24	16	22
IE	21	54	33	35
IT	11	38	14	27
LT	22	37	29	36
LU	17	47	26	28
LV	31	54	42	41
MT	27	65	36	30
NL	12	36	18	15
PL	25	37	26	44
PT	18	34	18	19
RO	14	29	17	28
SE	19	36	33	27
SI	16	39	24	39
SK	22	32	27	35
UK	24	54	40	36
HR	20	47	29	43
MK	22	62	22	45
TR	36	73	35	36
EU27	18	40	24	31
All 30 countries	19	42	24	32

Note: Base = all establishments with 10 or more employees.

Source: ECS 2009

The need to work at unusual hours is closely related to the economic activity of an establishment. Both weekend work and night work are particularly frequent in the hotels and restaurants sector and in health and social work (Figure 15). These two sectors also have the highest proportion of establishments where at least part of the work is organised in shift systems. Other community, social and personal services is another sector often operating at weekends. In all of these sectors, the nature of the work often requires a service around the clock, at least with emergency staff. The concentration of work at unusual hours in these sectors shows that this work form is often not just a strategy for maximising economic success or for coping with workload peaks, but reflects to a

Figure 15: Work at atypical hours, by sector, EU27 (%)

Note: Base = all establishments with 10 or more employees in the EU27.

Source: ECS 2009

large degree the need to maintain essential services such as healthcare or the provision of hotel services on a 24-hour basis.

Conclusion

Working time flexibility is a widespread form of flexibility in Europe. Nevertheless, some significant differences arise in the use of the various instruments of working time flexibility, both across countries and across sectors of economic activity.

- Alongside overtime work, part-time work is the most widely used form of working time flexibility in European establishments, with just over two thirds of establishments resorting to it. However, while a substantial proportion of establishments all over Europe and across all sectors of economic activity uses overtime, the use of part-time work is much more concentrated in certain countries and sectors. In parts of southern Europe and in the candidate countries, part-time work is still relatively rare.
- The quality of part-time work is still a matter of concern. Survey findings such as the high proportion of establishments with marginal part-time work and the low incidence of establishments having part-time workers working in highly skilled positions or supervisory roles, for example, suggest that the quality of part-time work is not always equal to that of full-time work. This is in

line with other Eurofound findings (for example, Fourth European Working Conditions Survey).

- The most dynamic element of working time flexibility is the spread of flexitime arrangements, including working time accounts. The proportion of establishments offering such schemes has increased substantially since 2004–2005, with almost four out of 10 EU establishments now using systems that allow for time banking.
- As noted, overtime work is widespread throughout Europe. The practices of compensating overtime have however diversified: overtime hours are no longer necessarily compensated in monetary terms. Almost a quarter of establishments generally compensate overtime hours by time off and more than a third of them apply various forms of compensation. Overtime compensated by time off tends to offer more flexibility leeway for the employer than paid overtime.
- Work at non-standard hours remains at a stable level and is used by considerably fewer establishments than other forms of working time flexibility. Economic sectors where atypical working hours are common are mostly characterised by the need to provide 24-hour services to the public.

Human resources practices 2

Over the last decades, a number of work arrangements and human resources practices have become more prevalent in Europe which have in common that they contribute to enhancing the flexibility of the company. This chapter will take a closer look at the following practices which were investigated in the ECS:

- autonomous teamwork, as an important element of functional flexibility – that is, the possibility to adapt the work organisation to changes and new challenges by transferring employees to different activities and tasks within the company and to involve them more in problem-solving activities;
- contractual flexibility in terms of the employment of staff on fixed-term contracts, temporary agency workers and freelance workers;
- the provision of further training as a measure to enhance the skills level of employees for different tasks.

Autonomous teamwork

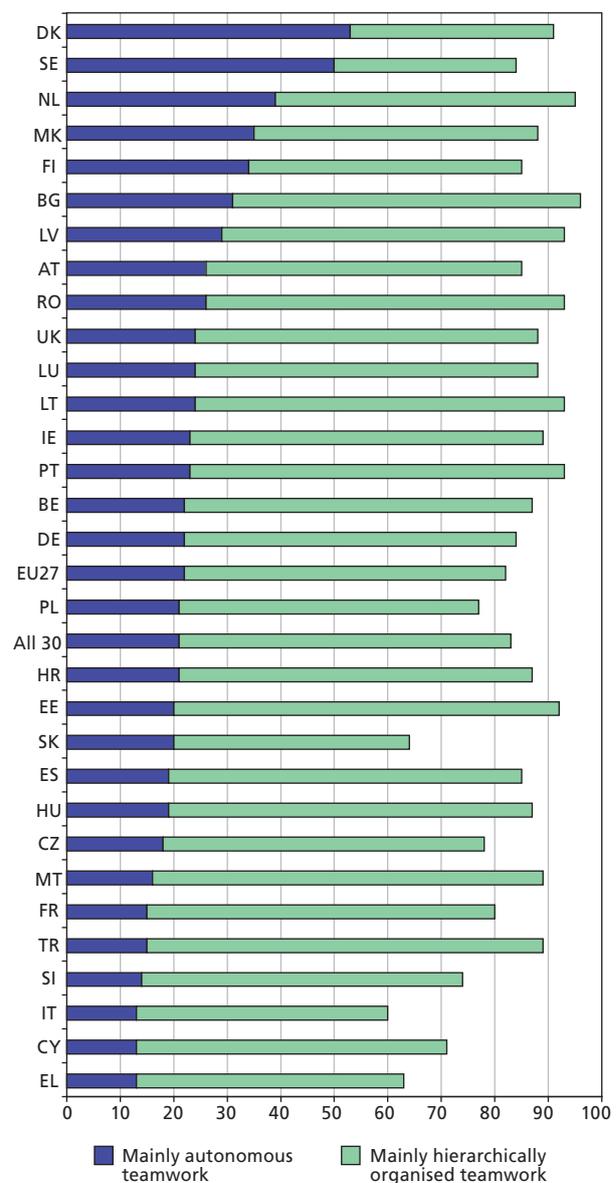
It is difficult to arrive at a single definition of teamwork. In research, it has been described in various ways (see Vašková, 2007). Moreover, due to cultural differences in European countries, the understanding of the term may differ considerably, making it difficult to survey teamwork in a comparable manner across countries. Nevertheless, research offers two aspects for defining teamwork: according to the definition proposed by Delarue et al (2003, p. 7), key features of teamwork are to have some collective tasks (communality) and the possibility to mutually regulate the execution of these tasks (autonomy) within the team. The ECS focused on the latter aspect. Teamwork was considered in a two-step approach. In a first question, managers were asked whether work in teams is an important characteristic of the work organisation in their establishment. In a subsequent step, establishments where teamwork is considered as being important were asked whether the team members decide among themselves how and by whom the tasks are to be performed or whether a superior usually distributes the tasks within the team. This question is designed to capture the incidence of autonomous teamwork, which is of interest in the context of a company's flexibility.

Extent of teamwork in Europe

In the EU, slightly more than four out of five establishments indicate that teamwork is an important characteristic of work organisation. In larger companies, the incidence of teamwork is higher than in smaller establishments, but differences are only small: 81% of the smallest establishments with 10 or more employees consider teamwork as being an important element of their work organisation, while 90%

of the largest establishments with 500 or more employees do so. Differences according to sector of economic activity are not very pronounced either – in most sectors, about 80% to 90% of establishments characterised teamwork as being an important element of their work organisation. Only the transport and communication, and manufacturing and energy sectors stand out with a somewhat lower incidence of 70% and 75%, respectively.

Figure 16: Establishments with teamwork, by degree of autonomy and country (%)



Notes: Base = all establishments with 10 or more employees. The difference between the totals and 100% represents establishments where teamwork is generally not considered as being an important characteristic of the work organisation.

Source: ECS 2009

Between countries, differences in the incidence of teamwork are larger. In Bulgaria (96%) and the Netherlands (95%), almost all establishments indicate that teamwork is an important characteristic of the work organisation. However, in Italy (60%), Greece (63%) and Slovakia (64%), fewer than two out of three enterprises do so (see Figure 16).

Extent of autonomy in teamwork

As mentioned above, an important aspect of teamwork is the level of autonomy of team members in making decisions about their work and tasks. On this basis, it is possible to distinguish between more standard forms of teamwork and self-directed or autonomous teamwork. Autonomous teamwork is more characteristic of work organisation models like the Scandinavian ‘socio-technical systems’ or like ‘learning organisations’, and previous research has shown their positive impact on competitiveness and quality of work.

Other than teamwork in general, autonomous teamwork as defined in the ECS is practised only in a relatively small proportion of establishments. In more than two thirds of enterprises which identified teamwork as being an important characteristic of the work organisation, a superior distributes the tasks within the teams, leaving the teams only limited autonomy as regards their work organisation. Overall, less than one out of four establishments (22%) within the EU practises predominantly autonomous teamwork (Figure 16). The highest proportions of autonomous teamwork are to be found in the Nordic countries, in the Netherlands and

– perhaps surprisingly – in the Former Yugoslav Republic of Macedonia. In most southern European countries, autonomous teamwork is quite rare.

In sectoral terms, autonomous teamwork is most widespread in education, health and social work, and other community, social and personal services (Figure 17). In manufacturing and energy, and in construction, autonomous teamwork is least common.

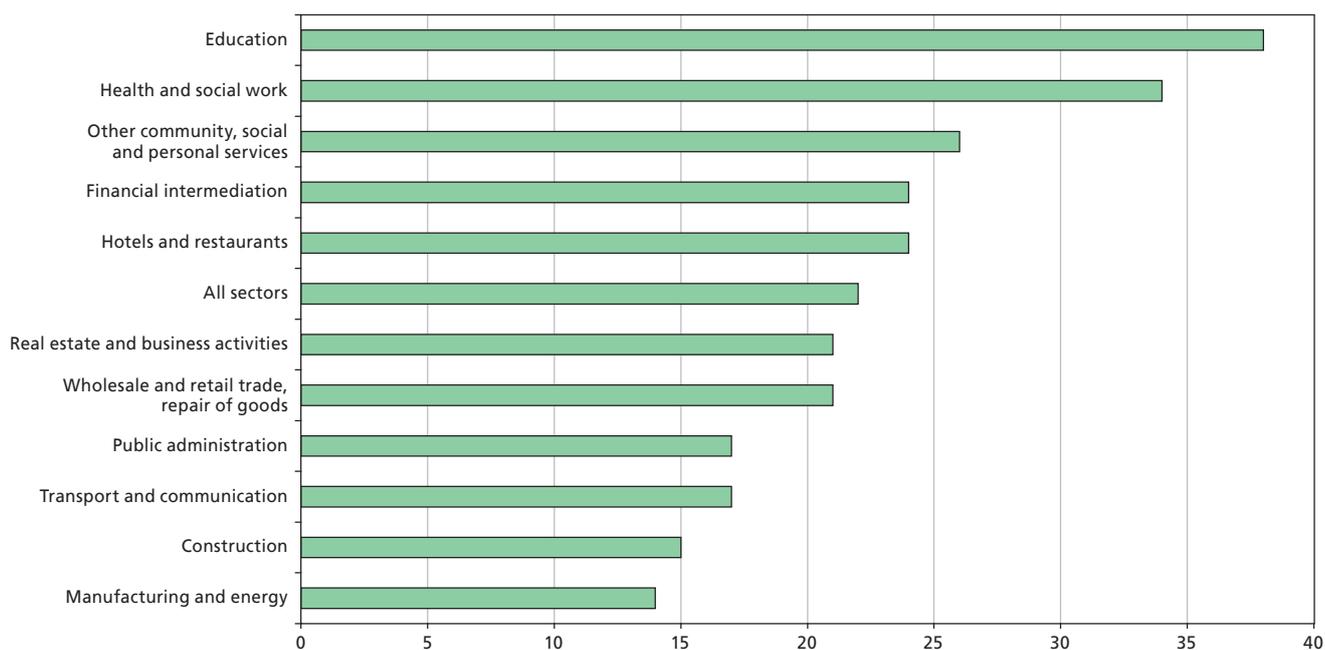
Generally, the incidence of establishments practising autonomous teamwork is positively correlated with the proportion of high-skilled positions in an establishment. While autonomous teamwork is found in only 19% of establishments with fewer than 20% of employees in high-skilled positions, this proportion increases continuously with the share of such positions. Among companies where all or the majority of employees are working in highly skilled positions, about a third of them practise autonomous teamwork.

Contractual flexibility

Fixed-term employment contracts

Having staff with a fixed-term employment contract has become a common occurrence in European establishments. In more than half (54%) of all establishments covered by the ECS 2009, at least one employee had a fixed-term contract in the last 12 months (Figure 18). The incidence of fixed-

Figure 17: Establishments with autonomous teamwork, by sector, EU27 (%)

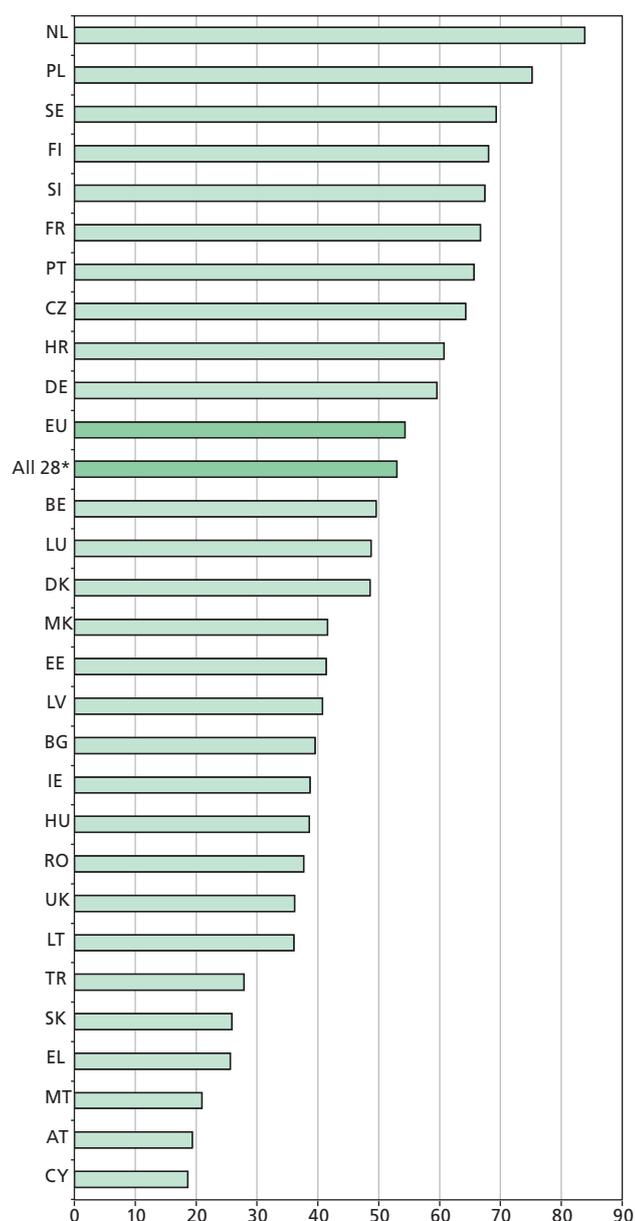


Note: Base = all establishments with 10 or more employees in the EU27.

Source: ECS 2009

term employment varies considerably across EU Member States. In the Netherlands and in Poland, more than 70% of establishments with 10 or more employees use fixed-term employment contracts, whereas in Cyprus, Austria and Malta only about two out of 10 companies employed staff on a fixed-term contract in the last 12 months. In the remaining countries, the use of fixed-term employment contracts ranges between these two extremes.

Figure 18: Establishments with staff on fixed-term contracts in last 12 months, by country (%)



Notes: Base = all establishments with 10 or more employees.

*Italy and Spain are not included in this analysis due to the lack of comparable data.

Source: ECS 2009

The incidence of fixed-term employment contracts increases with the size of the establishment. On average, slightly less than every second establishment in the smallest size class of 10 to 19 employees had staff on fixed-term employment contracts within the last 12 months, whereas in the large units with 250 or more employees almost nine out of 10 establishments had employed at least one person on a fixed-term employment contract in the last 12 months.

Establishments in the education sector were found most often to have employees on fixed-term contracts, with three out of four organisations having had fixed-term employees within the last 12 months. On the other hand, in wholesale and retail trade and repair of goods, fewer than half of the establishments indicated this situation. Nevertheless, overall, differences between the sectors are moderate and fixed-term employment contracts were found to be quite widespread in all sectors of economic activity. It is however interesting to note that fixed-term employment contracts are more commonly applied by public organisations than by private enterprises (67% compared with 51%).

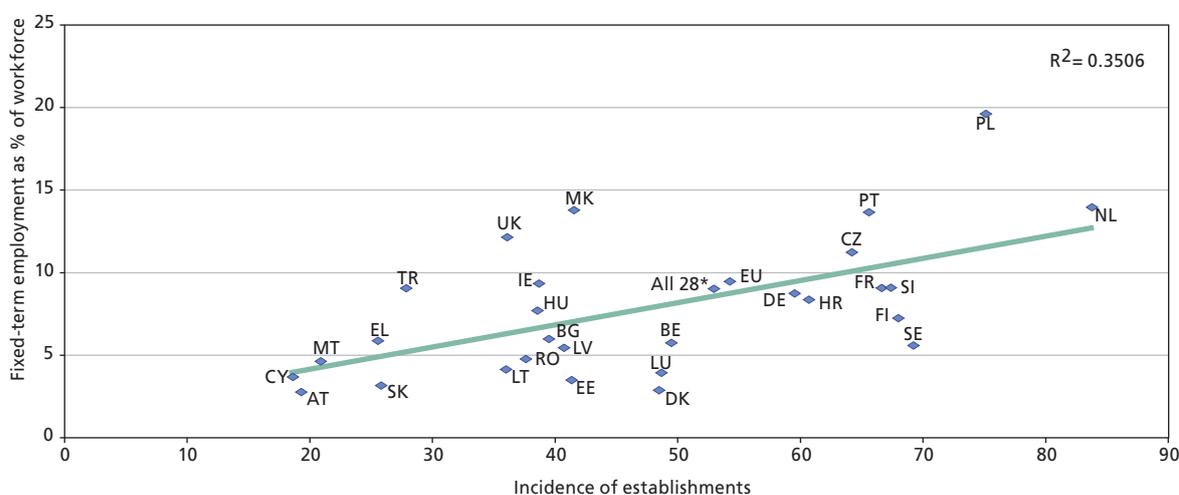
In the establishments that had staff with fixed-term employment contracts in the 12 months preceding the interview, these accounted on average for 17% of the workforce. Related to all establishments with 10 or more employees – that is, including companies not having any staff on fixed-term contracts in the last 12 months – this signifies an overall proportion of 9% of employees on fixed-term employment contracts. The highest proportion of employees with a fixed-term contract is found in Poland (20%), followed by the Netherlands, the Former Yugoslav Republic of Macedonia and Portugal (14% each).

Figure 19 maps the association between two dimensions: the incidence of fixed-term contracts and fixed-term employment as a proportion of total employment in establishments with 10 or more employees. The figure shows a correlation at national level between these two dimensions.

Among the establishments that had used fixed-term employment contracts in the last 12 months, 18% of them no longer had an employee with a fixed-term contract at the time of the survey interview (Figure 20 on p.27). This was either because the fixed-term employment contracts had been made permanent or because the employees did not work for the organisation any more. More than half of the establishments (54%) indicate that fewer than 20% of their current employees have a fixed-term contract. This finding shows that, for the majority of companies, fixed-term employment contracts are not the main form of contractual relationship.

In a significant minority of 8% of establishments having used fixed-term employment contracts in the past 12 months,

Figure 19: Establishments with staff on fixed-term contracts in last 12 months and proportion of employees working on fixed-term contracts, by country



Note: Base = all establishments with 10 or more employees. * Italy and Spain are not included in this analysis due to the lack of comparable data. The R-squared coefficient of determination in statistical terms is 0.3506.

Source: ECS 2009

however, 80% or more of the workforce are employed on this basis, meaning that fixed-term contracts are by far the most common contractual arrangement in these enterprises. The countries with the highest proportion of establishments working almost exclusively (80% or more) on the basis of fixed-term employment contracts are the UK (26%), Turkey (22%), the Former Yugoslav Republic of Macedonia (19%) and Ireland (16%).

With regard to economic sector, establishments with 80% or more of employees working on fixed-term employment contracts are concentrated in health and social work, other community, social and personal services, hotels and restaurants, and construction. Companies in the latter two sectors are characterised by strong seasonal variations in their workload.

An important policy issue is to assess the insecurity of fixed-term employment and whether it provides access to more long-term employment opportunities. The ECS provides new and relevant information on this issue, indicating that in more than half (54%) of all establishments in the EU, most or all employees holding fixed-term contracts were offered a further contract in the same company (Figure 21 on p.27). About four out of 10 establishments reported that only some or none of their staff with fixed-term employment contracts were offered a further contract. Moreover, the ECS shows some sectoral effects regarding the further employment of employees with expired fixed-term contracts. While establishments in the financial intermediation sector more frequently (62%) indicated that most or all employees with fixed-term contracts were offered a further contract in the

same company, organisations in public administration did so least frequently (42%).

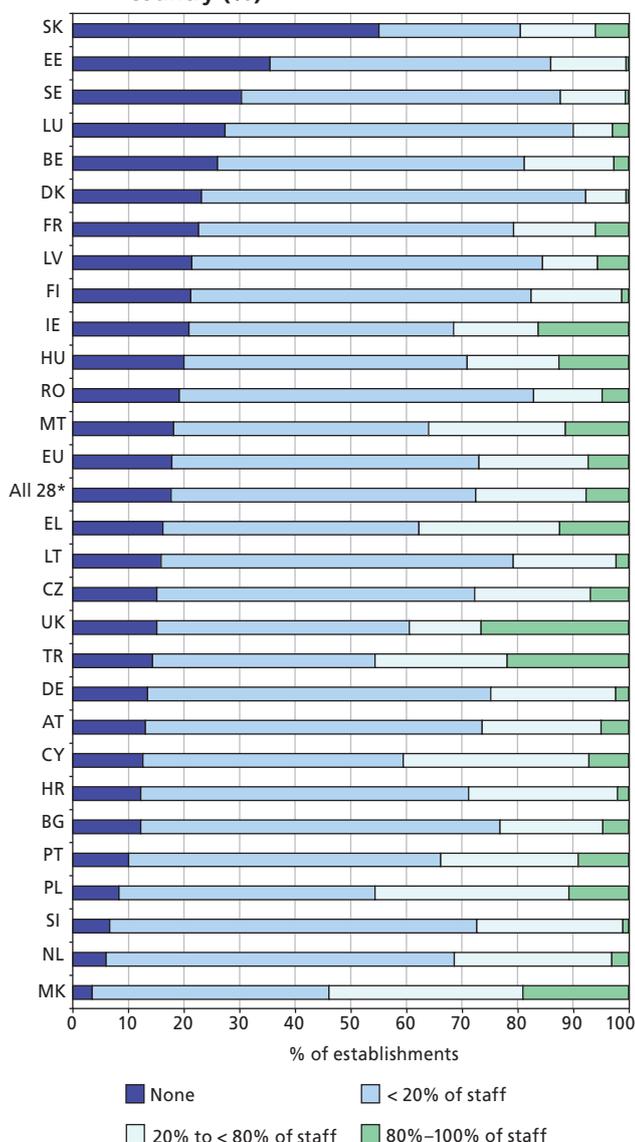
Across EU Member States, practices differ considerably in this regard. In the Netherlands, Slovenia and the Czech Republic, more than 70% of establishments which employed staff on fixed-term contracts in the last 12 months indicated that most or all temporary employees whose contracts expired received a further contract in the company immediately afterwards. However, in Estonia, Denmark and Lithuania, less than 30% of establishments reported this practice. Part of these differences might be attributed to the current economic crisis since companies that need to downsize their staff often do not renew fixed-term contracts as a first measure.

Temporary agency work

Temporary agency work is a growing sector of employment in most EU Member States, but is macro-economically still not very relevant. In some countries, its use in absolute numbers and its regulation are extensive and well established, whereas in other countries temporary agency work is a relatively new feature (Arrowsmith, 2006, 2008).

Measured in terms of the number of establishments using temporary agency work, it is a quite common practice (Figure 22 on p.28). Slightly more than every fifth establishment employed temporary agency workers in the 12 months preceding the survey interview. At national level, the biggest users of temporary agency work in the EU include Belgium, Denmark, France, the UK and Finland. The smallest proportionate users appear in the NMS – with the exception of Bulgaria and Slovenia – at less than 10%. This may be a result of the missing or underdeveloped framework for the

Figure 20: Staff in fixed-term employment, by country (%)



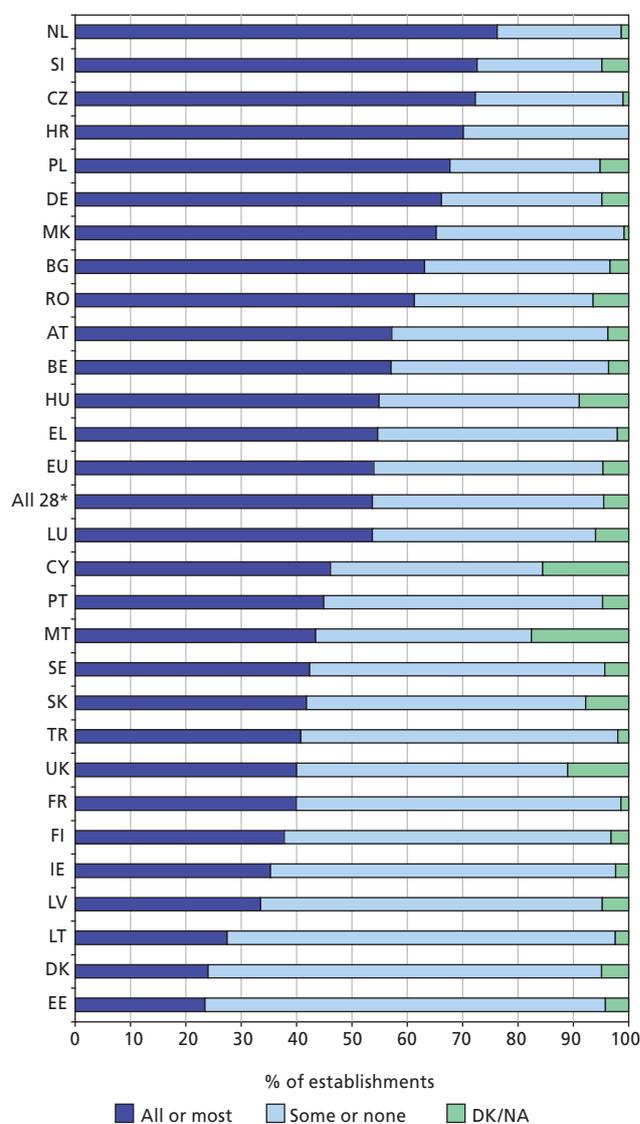
Notes: Base = establishments with 10 or more employees with staff on fixed-term contracts in the past 12 months. * Italy and Spain are not included in this analysis due to the lack of comparable data.

Source: ECS 2009

regulation of temporary agency work in a few of the smaller NMS (Cyprus, Estonia, Latvia, Lithuania and Malta) or the non-existing tradition of temporary work (Arrowsmith, 2008).

In Europe, temporary agency work is mostly practised by larger companies. On average, slightly more than every second establishment of larger size with 250 or more employees uses temporary agency work, compared with only 15% of the smallest establishments with 10 to 19 employees. The ECS 2009 also finds a sectoral effect: establishments in the hotels and restaurants sector, as well as those in public administration and education, employ temporary agency

Figure 21: Employees with fixed-term contracts who received a further contract in the establishment immediately afterwards, by country (%)



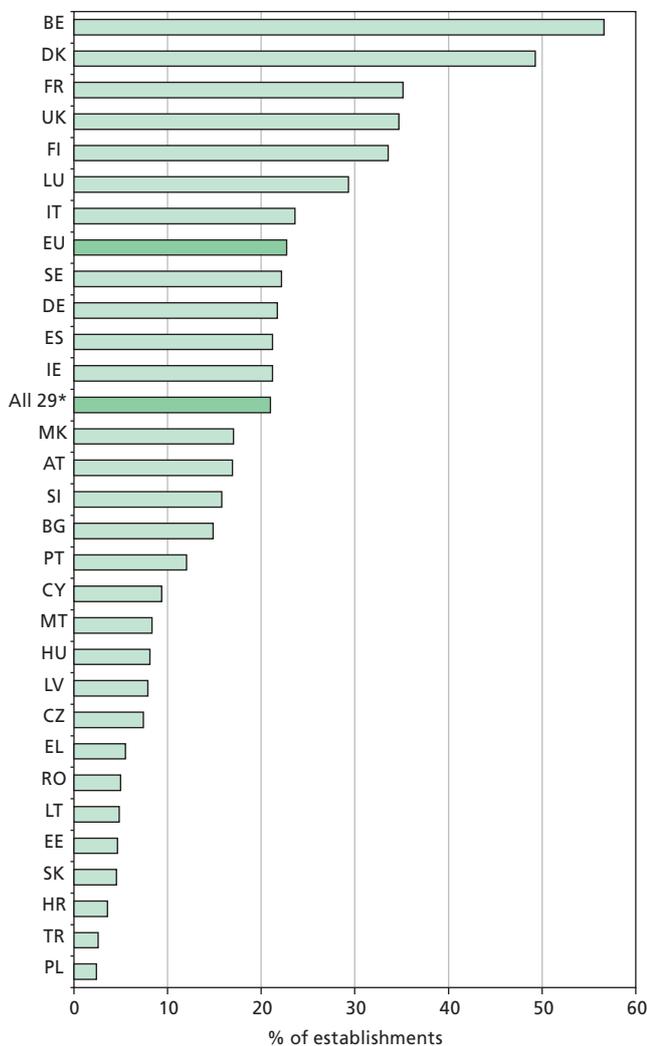
Notes: Base = establishments with 10 or more employees with staff on fixed-term contracts in the past 12 months. * Italy and Spain are not included in this analysis due to the lack of comparable data. DK/NA = Don't know/No answer.

Source: ECS 2009

work less frequently than establishments in other sectors. Less than 20% of enterprises in these three sectors hire temporary agency workers.

Figure 23 shows that establishments have recently reduced their use of temporary agency work substantially. While about 20% of all establishments covered by the ECS 2009 indicate that they have used temporary agency work in the last 12 months, half of those enterprises were not employing

Figure 22: Establishments with temporary agency workers in last 12 months, by country, 2009 (%)



Notes: Base = all establishments with 10 or more employees. * The Netherlands is not included in this analysis due to the lack of fully comparable data.

Source: ECS 2009

any temporary agency worker at the time of the interview. Some 44% of them were employing between one and 19 temporary agency workers and only 4% were employing 20 or more temporary agency workers. Establishments no longer availing of temporary agency work at the time of the interview are mostly small in size, with fewer than 20 employees, whereas bigger establishments rarely abandon their use of temporary agency work altogether. Larger establishments might nevertheless have substantially reduced their number of temporary agency workers – this cannot be inferred on the basis of the available data.

This finding seems to indicate that the global economic downturn has had a considerable impact on the demand for temporary agency work, although seasonal effects could also

Figure 23: Number of currently employed temporary agency workers, by country (%)



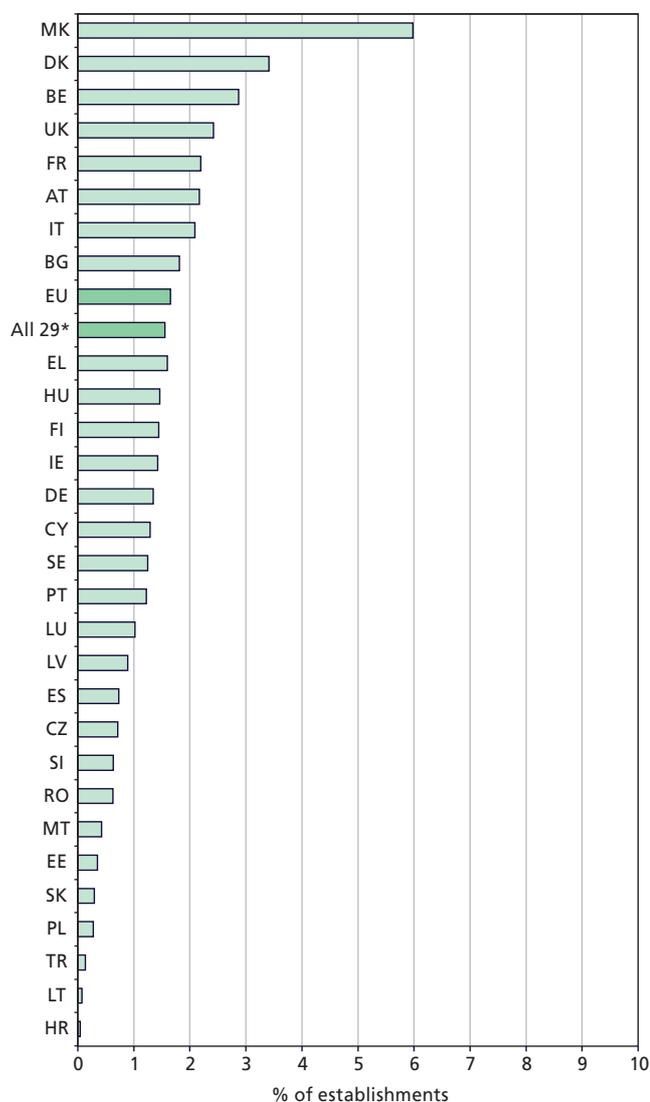
Notes: Base = establishments with 10 or more employees with any temporary agency workers in the past 12 months. * The Netherlands is not included in this analysis due to the lack of fully comparable data.

Source: ECS 2009

have contributed to the situation. Many establishments do not use temporary agency work on a continuous basis but only for relatively short periods of workload peaks.

In seven countries – Croatia, Slovakia, Lithuania, Estonia, Spain, Luxembourg and the Czech Republic – more than 60% of the establishments which indicated that they had hired temporary agency workers in the 12 months preceding

Figure 24: Temporary agency workers as proportion of workforce, by country (%)



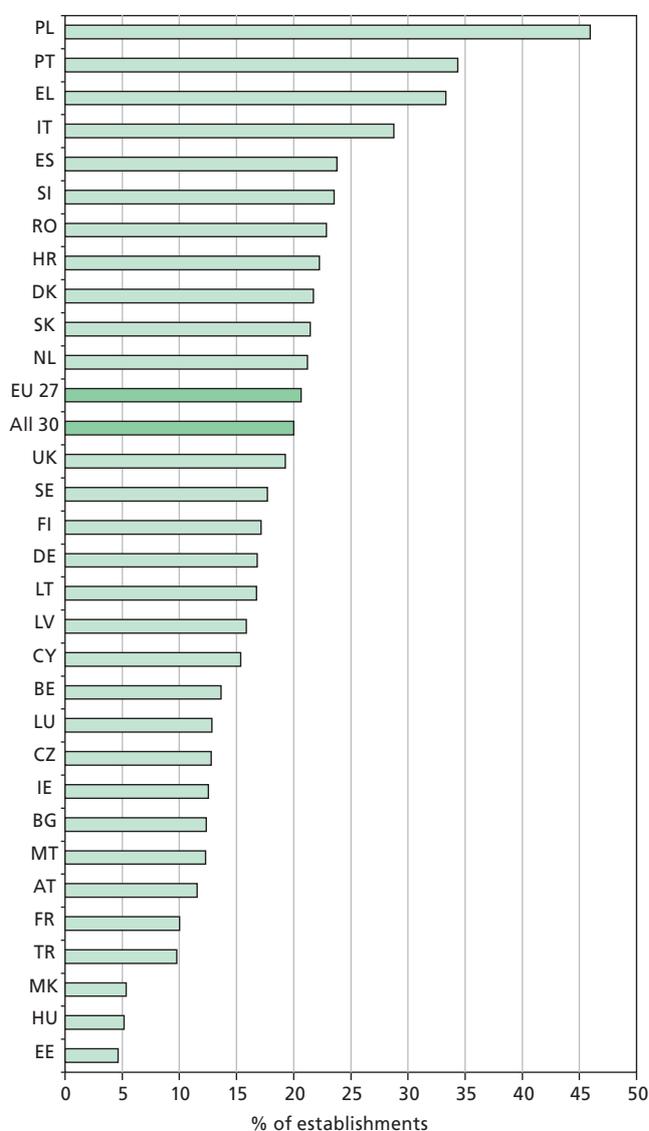
Notes: Base = all establishments with 10 or more employees. * The Netherlands is not included in this analysis due to the lack of fully comparable data.

Source: ECS 2009

the survey were no longer using temporary agency work at the time of the interview (Figure 23).

In terms of employment, temporary agency work is still a very small segment. In the establishments that hired temporary agency workers in the last 12 months, on average these personnel accounted for only 4% of the workforce at the time of the survey interview. Calculated on the basis of all establishments with 10 or more employees, this means that less than 2% of staff are temporary agency workers (Figure 24). In five EU Member States, less than 0.5% of

Figure 25: Establishments with freelance workers in last 12 months, by country (%)



Note: Base = all establishments with 10 or more employees.

Source: ECS 2009

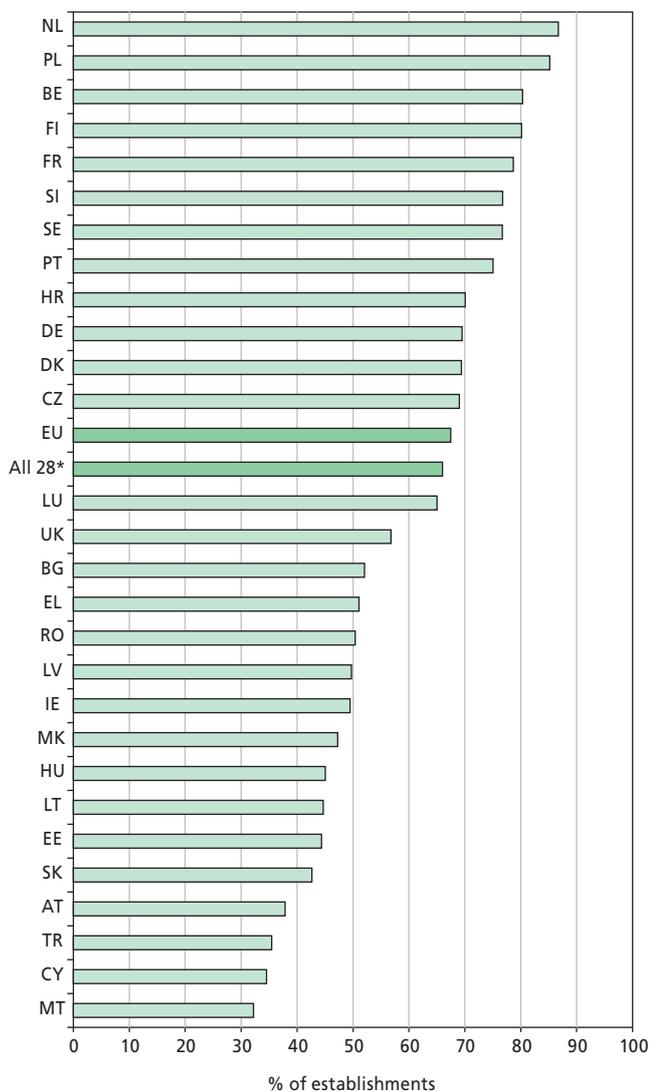
the workforce are temporary agency workers: Lithuania, Poland, Slovakia, Estonia and Malta. However, in the Former Yugoslav Republic of Macedonia (6%), Denmark and Belgium (about 3% each), this type of employment is somewhat more widespread than the European average.¹⁵

Freelance workers

The usage of freelancers is comparable to that of temporary agency work. Some 21% of all establishments covered by the ECS 2009 have employed at least one freelance worker in the last 12 months. At national level, the incidence of

¹⁵ The public and political awareness that the segment of temporary agency work is a significant form of employment in most Member States is based on measurements in absolute numbers of employees.

Figure 26: Establishments with any temporary work contract, by country (%)



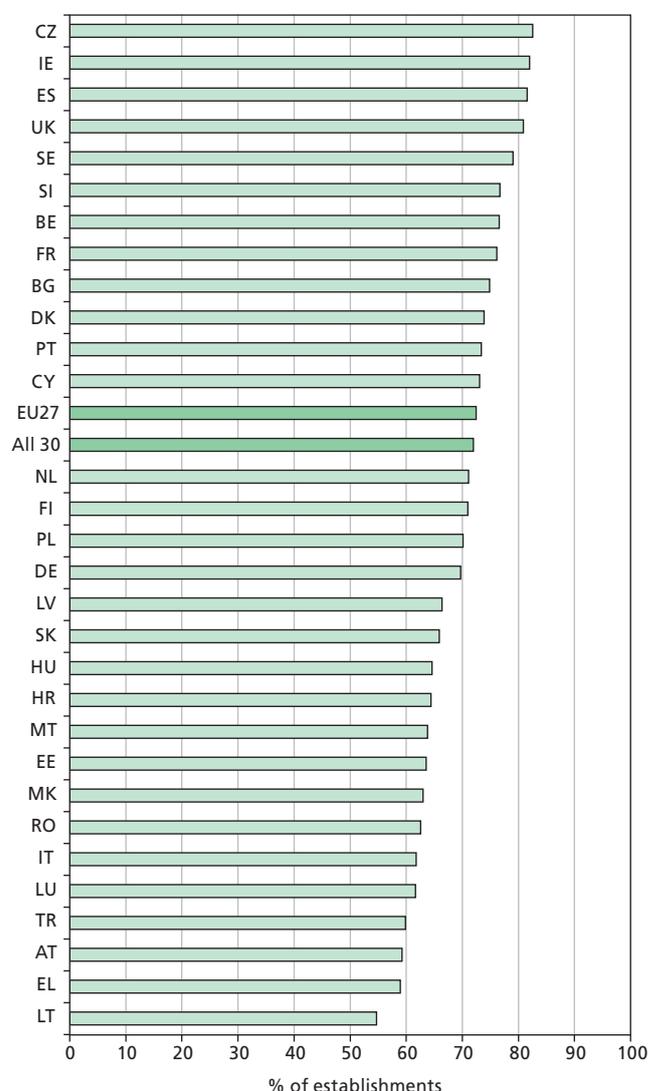
Notes: Base = all establishments with 10 or more employees. * Italy and Spain are not included in this analysis due to the lack of comparable data.

Source: ECS 2009

establishments with at least one freelancer in the past 12 months differs considerably (Figure 25). While in Poland, Portugal and Greece, more than three out of 10 establishments employ freelance workers – indeed, this is the case for almost one in two Polish enterprises – in Estonia, Hungary and the Former Yugoslav Republic of Macedonia, only about 5% of organisations do so. On average, slightly less than 20% of establishments with 10 to 19 employees hire freelance workers, whereas in the larger enterprises of 250 employees or more, over 30% have freelancers.

In sectoral terms, up to 15% of establishments in the hotels and restaurants sector, public administration, and wholesale

Figure 27: Establishments systematically checking need for further training, by country (%)



Note: Base = all establishments with 10 or more employees.

Source: ECS 2009

and retail trade and repair of goods employ freelance workers, compared with almost 30% of establishments in real estate and business activities, and other community, social and personal services.

Overall, according to the ECS 2009, about two out of three establishments indicated that they used temporary work arrangements such as temporary agency work, fixed-term employment contracts or freelance workers (Figure 26). A cross-national perspective reveals countries with an above average incidence (the Netherlands, Poland, Belgium and Finland) and Member States with a below average incidence (Malta, Cyprus and Austria). Larger establishments employ

staff on temporary contracts more frequently than smaller establishments. There is only a slight sectoral effect: establishments in the education sector employ staff on temporary contracts significantly more often than other sectors.

Further training

Further training and lifelong education of workers is crucial for companies' functional flexibility, as well as for their capacity to innovate. Globalisation, technological change, an ageing population and wider societal changes have contributed to increasing uncertainty about future labour market needs. 'Addressing these issues requires an integrated policy strategy that facilitates transitions, fosters a highly educated workforce, and modernises labour market institutions' (European Commission, 2008, p. 18). In other words, lifelong employment and sustaining a company's competitiveness presupposes lifelong education and training. An important issue remains to what extent people who are in temporary employment are considered in further training measures. The main focus of the ECS 2009 questionnaire in relation to further training is to provide figures on the incidence and extent of further training and the coverage of various groups of employees.

Monitoring training needs

Among the establishments covered by the ECS 2009, almost three out of four enterprises (72%) indicate that they periodically check the need for further training in a systematic way (Figure 27). Cross-national differences in the incidence of establishments systematically checking training needs are relatively moderate. In the Czech Republic, Ireland, Spain and the UK, slightly more than 80% of organisations regularly check the need for further training, while in Lithuania, Greece and Austria slightly less than 60% do so.

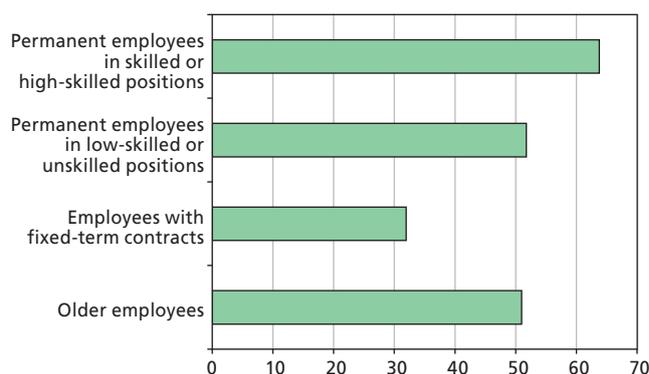
On average, two out of three establishments in the smallest size class of 10 to 19 employees check the need for further training in a systematic way, while almost nine out of 10 of the larger companies of 250 employees or more indicate that they do so. Nonetheless, further training may be monitored in smaller enterprises in a more informal way. Among establishments in the manufacturing and energy sector, systematic checks of training needs are least common, while such monitoring is most prevalent in education and in health and social work. Sectoral differences are however moderate.

Coverage of further training

While training needs are assessed in a systematic way, this assessment might not lead to providing training for all

employees. When asked about training for specific groups of employees¹⁶ (Figure 28), a large difference exists between permanent employees and those with fixed-term employment contracts. More than half of establishments check the need for further training in a systematic way for permanent employees regardless of the skill level, whereas only one in three organisations does this for employees with fixed-term contracts. The second disparity is between permanent employees in skilled or high-skilled positions and permanent employees in low-skilled or unskilled positions. While almost two out of three establishments (64%) check the need for further training in a systematic way for permanent employees in skilled or high-skilled positions, only about every second enterprise (52%) does this for permanent employees in low-skilled or unskilled positions. Training needs of older employees are also regularly checked in only about every second establishment.

Figure 28: Establishments systematically checking need for further training, by employment group, EU27 (%)



Note: Base = all establishments with 10 or more employees in the EU27.

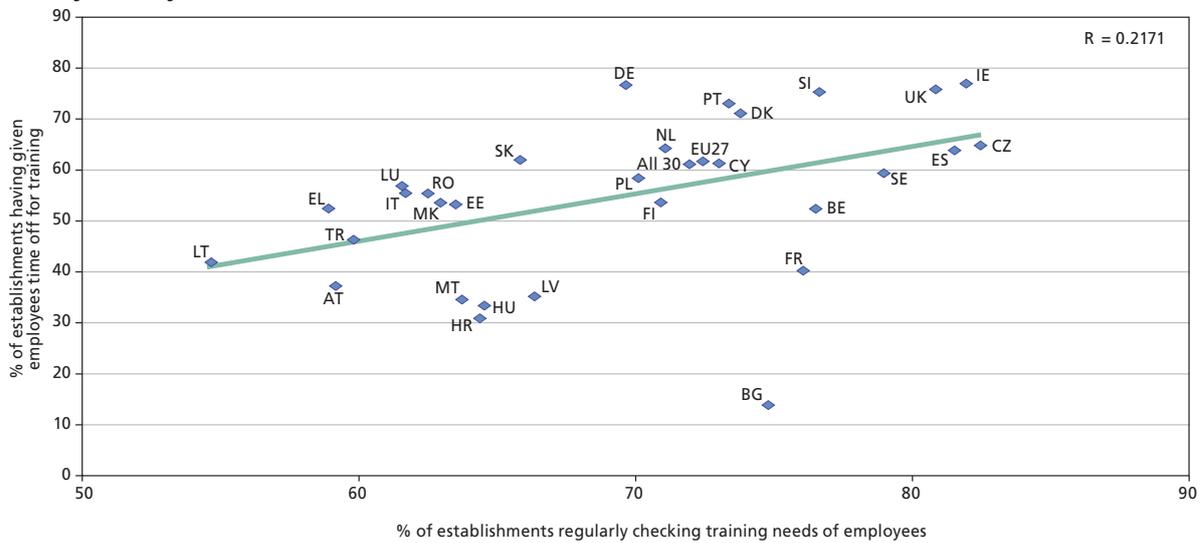
Source: ECS 2009

Provision of further training

As already outlined, three out of four establishments check the need for further training in a systematic way. However, this does not mean that further training takes place. To quantify the incidence of establishments actually providing further training, the ECS 2009 asked whether any of the employees had been given time off from their normal duties in the past 12 months in order to undertake further training. Some 62% of establishments had given employees time off from their normal duties during this reference period, which is a smaller proportion than that of enterprises indicating that they systematically checked further training needs.

¹⁶ This was covered in a separate question than that shown in Figure 27, which goes some way in explaining the disparities between Figures 27 and 28.

Figure 29: Relationship between systematic checks of training needs and provision of time off for training purposes, by country (%)



Notes: Base = all establishments with 10 or more employees. The R-squared coefficient of determination in statistical terms is 0.2171. Source: ECS 2009

The data show a strong correlation between the undertaking of regular checks on training needs and the granting of time off for further training activities. Figure 29 maps this relationship from a cross-national perspective. In Germany, Ireland, the UK and Slovenia, more than three out of four establishments have given employees time off from their normal duties for training purposes, whereas in Bulgaria only about one in seven enterprises has done so. A low incidence does not necessarily mean that hardly any further training is occurring. This might also be the result of a culture that considers training to be the private responsibility of employees, encouraging workers to use their spare time for training measures.¹⁷

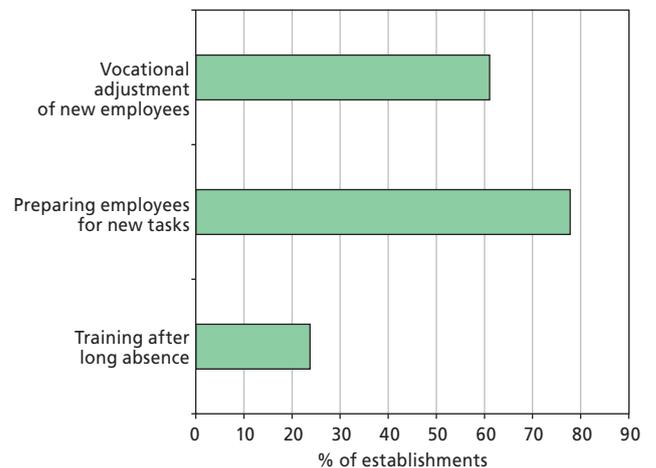
A comparison of establishments checking the need for training in a systematic way with those not doing so shows a strong correlation between these checks and the application of training measures. While about 70% of establishments that regularly check the need for training have given their employees time off in order to undertake further training, only about 40% of enterprises not carrying out such checks have provided training measures for their employees in the reference period.

Motivation for further training

There are various motives for establishments to engage in further training, such as the vocational adjustment of new

employees, preparing employees for new tasks or training after a long absence. Figure 30 shows that vocational adjustment and preparation for new tasks are the main reasons for further training measures.

Figure 30: Reasons for applying training measures, EU27 (%)



Note: Base = establishments with 10 or more employees having given workers time off from their normal duties for training in the EU27.

Source: ECS 2009

¹⁷ Results of the 2005 European Working Conditions Survey (EWCS), conducted among individual workers, show that in Finland and Sweden more than 50% of the employees received training paid by their employer. However, in Bulgaria and Turkey, fewer than 10% of the employees did so. In the remaining countries covered by the EWCS 2005, the proportion lies somewhere in between (Parent-Thirion et al, 2007, p. 49).

Variable pay and financial participation schemes 3

The ECS 2009 includes a series of questions related to the pay systems applied in the establishments surveyed. These questions do not aim to map the full spectrum of wage bargaining and pay systems. Instead, they focus on two aspects: the identification of variable elements of pay as components of a company's flexibility instruments, and the involvement of employees and/or their representatives in the setting of pay as an important aspect of social dialogue.

In this regard, the survey starts with a mapping of the general methods of pay determination – individual negotiations or collective wage bargaining at different levels. These questions are analysed in Chapter 4 dealing with employee participation. This chapter focuses on analysing specific performance-related variable elements of pay paid on top of the basic salary.

Regardless of the level at which pay is generally negotiated and fixed, specific elements of pay related to the performance of the individual, the team, the working group or the department can be paid in addition to the basic salary. Two pay groups can be distinguished according to the method by which the amount of payment is determined:

- payments by results. These are pay elements related to specified productivity targets such as the number of pieces to be produced (piecework rates), the percentage of products finalised without defects (or similar quality bonuses), or the volume of purchases made (commission payment). The characteristic of this type of performance-related bonus is that the amount is not dependent on the discretion of a superior, but can be precisely calculated on the basis of previously defined objective measures;
- merit or performance-related pay elements based on management appraisal. These depend on a subjective assessment of the work performance of an individual, team or group.

The ECS 2009 mapped both types of pay elements without distinguishing between payments by results and merit or performance-related pay elements based on management appraisal. Questions were explicitly related to 'specific elements of pay'. Career advancements or higher wage increases in salary negotiation rounds due to good performance were thus not to be included in the answers.

Additional elements of pay related to the success of the whole company, known as profit-sharing schemes, follow a distinct logic: pay is not related to specified productivity targets but is determined by the success of the company on the market. The most commonly used criterion for the determination of these pay elements is the profit made by

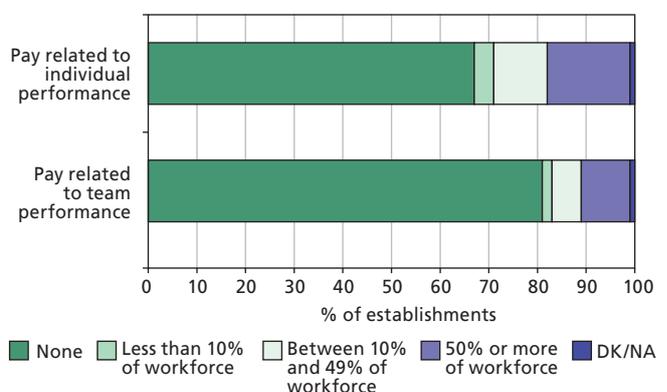
the company within the business period, although other measures such as financial turnover or labour productivity can also be applied. In determining these pay elements, a distinction is often made according to whether the amount of additional pay is calculated on the basis of a fixed formula or whether its level is defined on an ad hoc basis, be it entirely by the employer or in negotiations with the workforce or its formal representatives.

The last element of pay considered in the ECS is share-ownership schemes, that is, the possibility for employees to receive ownership shares of the company in which they work. There are two basic variants of such schemes: schemes in which employees can buy shares of their company, usually with preferential conditions, or plans whereby employees are rewarded in the form of company shares for good individual, group or company performance. This latter form of share ownership overlaps considerably with the other specific pay elements discussed above, in particular with those related to the success of the company.

Pay elements related to individual or group performance

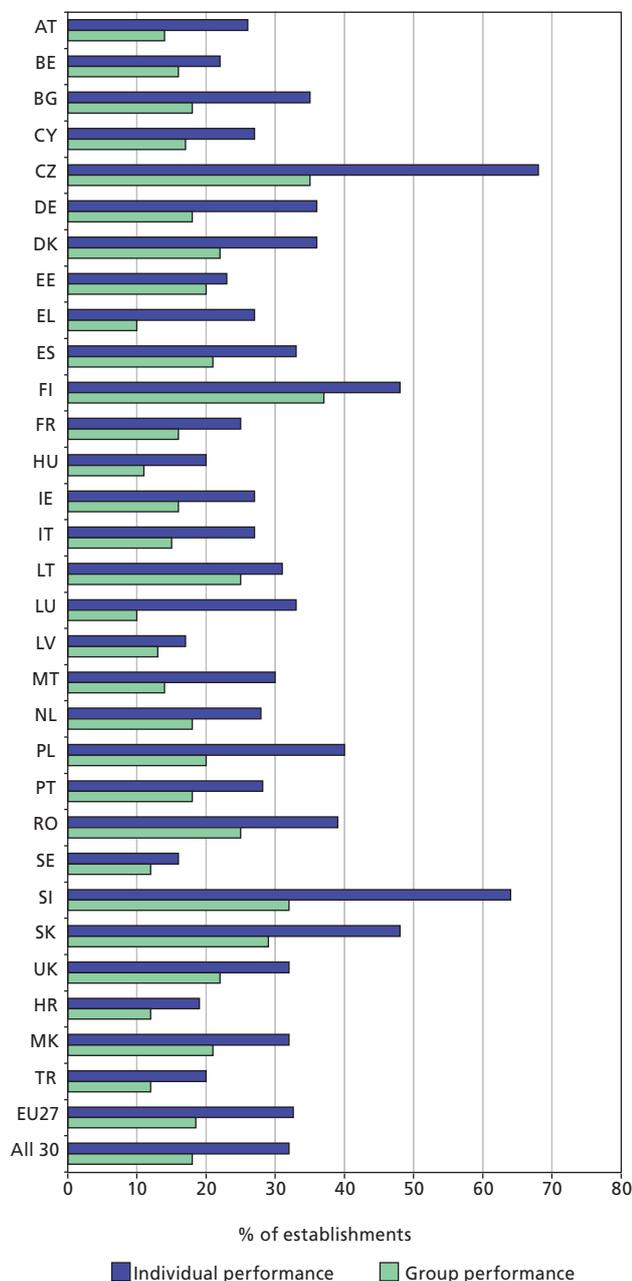
Across the EU, a third of establishments with 10 or more employees use elements of pay that depend on individual performance, be it for all employees or only for some of them (Figure 31). In 17% of establishments, half or more of the workforce is included in a bonus system based on the performance of the individual. In 11% of enterprises, 10% to 49% of employees are included, while 4% of companies

Figure 31: Pay elements related to individual or group performance, by incidence and proportion of eligible workforce (%)



Note: Base = all establishments with 10 or more employees. DK/NA = Don't know/No answer.
Source: ECS 2009

Figure 32: Pay elements related to individual or group performance, by country (%)



Note: Base = all establishments with 10 or more employees.
Source: ECS 2009

practise schemes applying to a small minority of less than 10% of the workforce. On average, within the establishments using pay elements related to individual performance, slightly more than half (53%) of all employees are involved.

Specific elements of pay that depend on the performance of the team, work group or department are less frequently used in European establishments than elements related to individual performance. Only 19% of all establishments have introduced such pay elements for at least part of the

workforce (Figure 31). Within the enterprises practising this form of remuneration, the proportion of employees to whom the system applies is similar to that of individual pay schemes, at 56%.

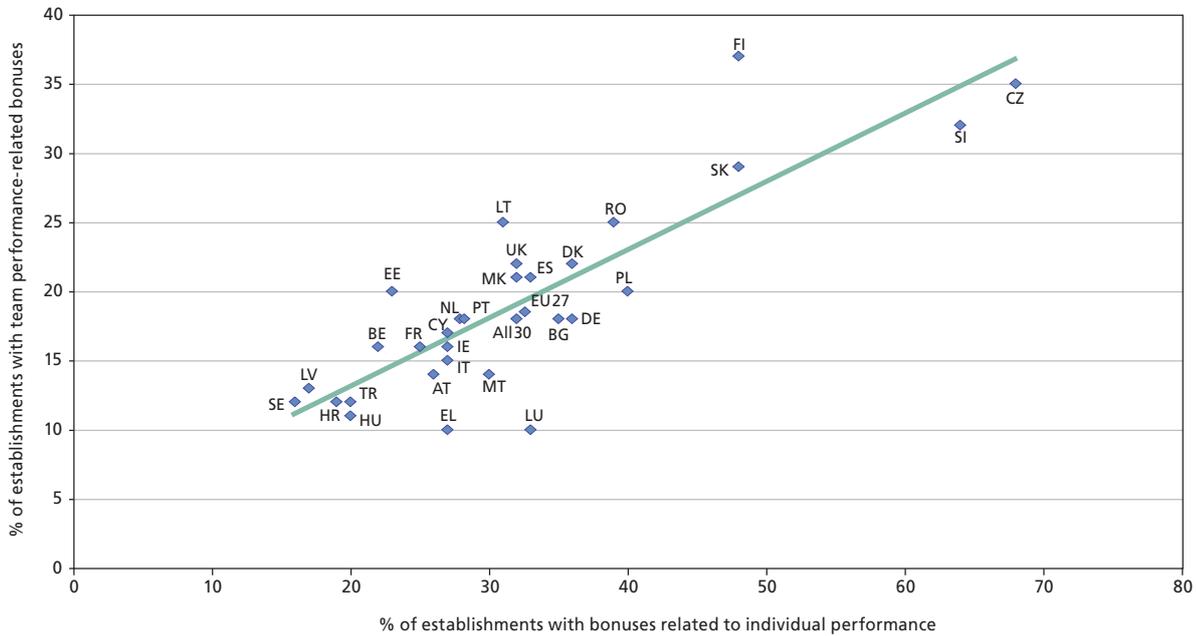
Figure 32 shows national differences with regard to the application of specific pay elements related to either individual or group performance. The two countries which stand out the most in terms of applying performance-related individual pay elements are the Czech Republic and Slovenia, where the interviewed managers of about two thirds of all establishments stated that they applied this practice. These two Member States are followed by Finland and Slovakia, where almost half of the establishments apply performance-related individual pay elements. In Sweden (16%) and Latvia (17%), this pay form is least widespread.

Pay elements related to team or department performance are also particularly often reported from Finland, the Czech Republic and Slovenia, with about a third of establishments in these countries applying part of the overall remuneration in this way. In Greece, Luxembourg, Hungary, Croatia, Sweden and Turkey, however, team or department-related pay is uncommon, with only around 10% of establishments practising this form of remuneration.

Pay elements related to the performance of the individual and those related to a group, team or department are closely correlated, as Figure 33 shows. The countries where bonuses related to individual performance are common are also those where team or group-related pay elements are most widespread – although the overall proportion of establishments paying team bonuses is considerably lower in most countries. The interrelation between both types of bonus at national level is not surprising. Both forms of bonus payments follow the same logic and can be considered as characteristic of a specific management style or culture which considers financial incentives to be important drivers of a person’s commitment to the work.

This high correlation between individual and team or group-related pay elements at national level can also be observed at company level. A majority of 87% of establishments that apply team or group-related pay elements also apply elements related to individual performance, resulting in a high overlap between these two practices. The proportion of establishments applying any of these two basic forms of performance-related pay is, at 36%, therefore only slightly higher than the share of enterprises practising pay elements related to individual performance.

Figure 33: Relationship between use of individual and group performance-related payments, by country (%)



Note: Base = all establishments with 10 or more employees.
Source: ECS 2009

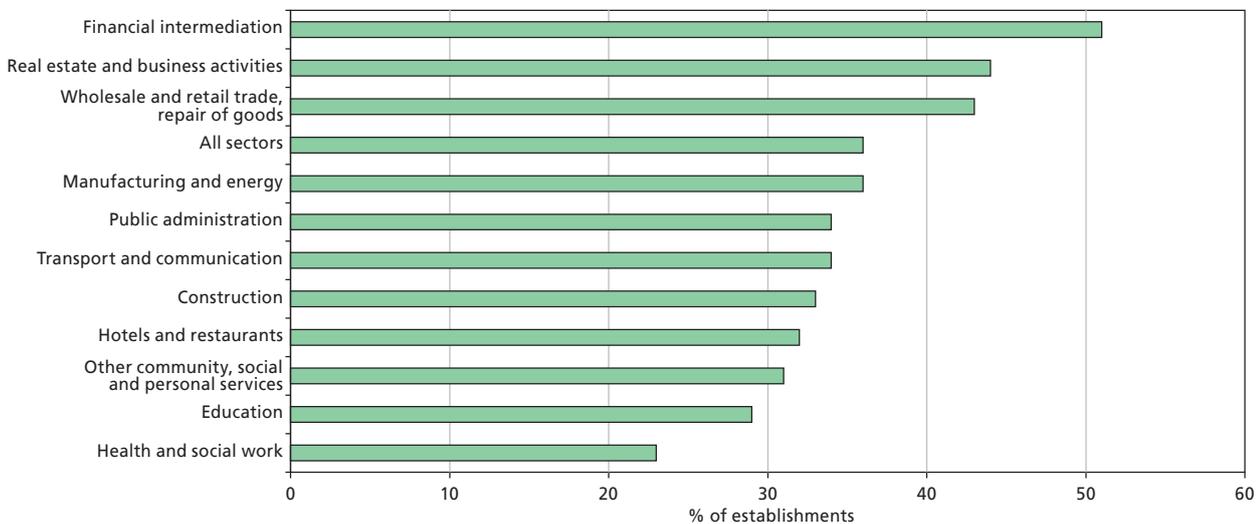
Characteristics of companies applying performance-related pay elements

The application of elements of pay related to the performance of the individual, team or department is positively correlated with the size of an establishment. While a third of establishments with 10 to 19 employees apply such pay schemes, this proportion continually rises with company size and reaches 57% in enterprises with 500 or more employees.

The schemes applied in smaller organisations, however, tend to be more often applicable to the whole workforce and not to only part of it.

The sector of economic activity where performance-related pay elements are most common is financial intermediation, where every second establishment applies them to at least part of the workforce (Figure 34). Such forms of pay are least common in health and social work and in education, where

Figure 34: Pay elements related to individual or group performance, by sector, EU27 (%)



Note: Base = all establishments with 10 or more employees in the EU27.
Source: ECS 2009

less than three out of 10 establishments make use of this instrument. Whether an establishment belongs to the public or private sector has no significant influence on the incidence of pay elements related to individual performance. However, group or department-related elements of pay are less often applied in public organisations than in private companies.

Irrespective of company size, establishments in foreign ownership – or those more or less equally in foreign and domestic ownership – apply individual or team-related performance pay considerably more often than enterprises in domestic ownership (Table 7). This holds for all countries with the exception of some NMS. In Bulgaria¹⁸, the Czech Republic and Estonia, domestic establishments are more likely to apply these schemes while, in Romania and Slovakia, little difference arises between domestically and foreign-owned enterprises in this regard.

Table 7: Pay elements related to individual or group performance, by company size and ownership, EU27 (% of companies)

	In domestic ownership	Domestic and foreign ownership in equal parts	In foreign ownership
10–19 employees	32	22	50
20–49 employees	35	66	60
50–249 employees	47	56	62
250–499 employees	58	78	68
500 or more employees	61	65	76
All size classes	35	46	58

Note: Base = private establishments with 10 or more employees in the EU27.

Source: ECS 2009

Some forms of performance-related pay, such as piece rates in production, are mainly aimed at motivating employees to perform well at monotonous tasks requiring limited vocational qualifications. Nonetheless, ECS data suggest that the application of performance-related elements of pay is more associated with high-skilled than with low-skilled tasks: the higher the proportion of employees in highly skilled positions in a company, the more likely it is that the company applies such pay elements.

The payment of team or work group bonuses can be an important element in an establishment's efforts to promote work in team structures. Thus, a positive correlation can be supposed between work in teams and the application of bonus

payments related to the performance of a team, work group or department. ECS data indeed show that establishments considering teamwork as an important feature of their work organisation are more likely to pay group-related bonuses. Group, team or department-related bonuses are applied by 20% of establishments where teamwork is considered to be an important element of work organisation, but by only 11% of enterprises where this is not the case. Whether teamwork is predominantly organised in a hierarchical way or as autonomous teamwork does not influence the application of such pay elements significantly.

In establishments where wages are negotiated individually, separate bonuses related to the performance of the individual or team might be supposed to be less important as motivating factors than in systems where pay is determined by means of collective agreements. The latter tend to treat all employees of a specific age, skill level and functional group equally, although they also allow some room for rewarding especially good performance. However, the data do not find any clear evidence supporting this assumption. No significant difference is found in the application of performance-related bonuses between establishments with a collective wage agreement and those without such an agreement. The presence of an employee representation in the establishment, however, has a positive influence on the application of pay schemes related to either the individual or to groups, teams or departments within the company. Enterprises with an employee representation are slightly more likely to apply such schemes than those without representation.

Financial participation

The types of performance-related bonuses discussed so far use the quality or quantity of the work output of either the individual or a specific group within the establishment as the determining criterion. This type of bonus is largely independent of the financial performance or profitability of the company as a whole on the market. Bonuses related to the performance of the whole company have a quite different character with regard to both the flexibility potential and the motivation for their introduction.

Different varieties of pay elements are related to the financial results of a company. Often, these are summarised under the more general notion of 'financial participation'. In its European Industrial Relations Dictionary, Eurofound defines financial participation as

¹⁸ The result for Bulgaria has to be interpreted with caution due to the small absolute number (28) of foreign-owned establishments in the survey.

an arrangement operating in some companies whereby employees are able to participate in the company's financial results. This may take the form of a share in the profits, over and above the remuneration normally paid to employees, or a share in the ownership of the firm.¹⁹

Based on this definition, the ECS questionnaire differentiated between profit-sharing schemes and share-ownership schemes. The essence of both schemes consists of linking a part of the employee's remuneration to the financial success of the company.

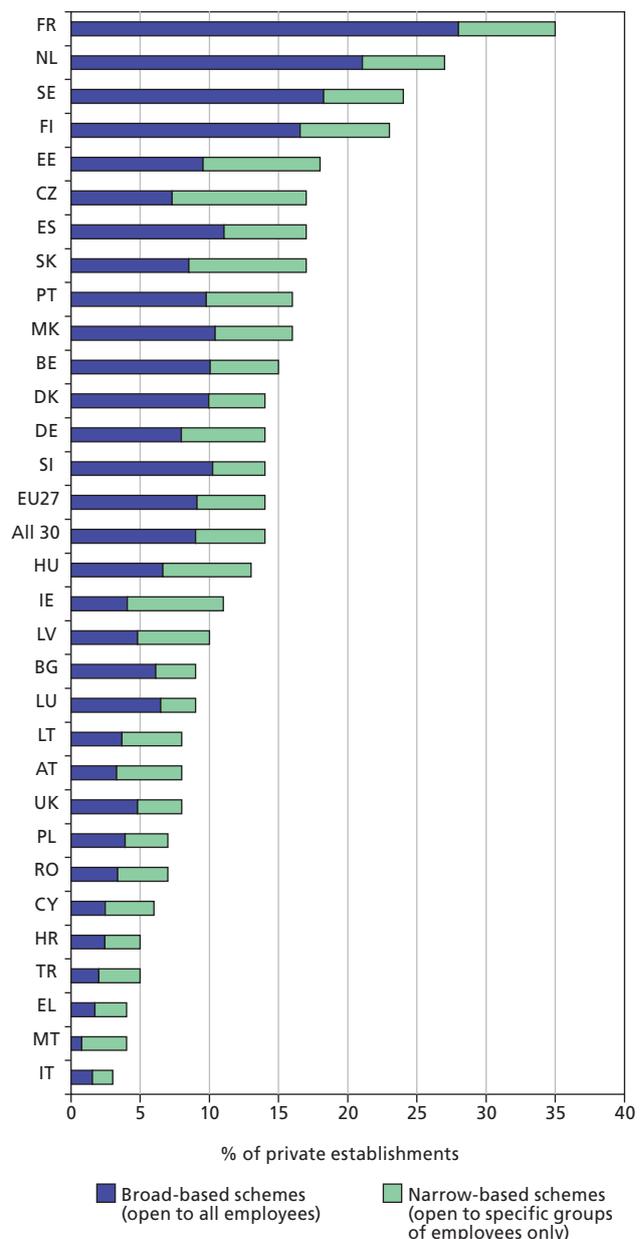
Profit-sharing schemes and, even more so, share-ownership schemes are instruments mainly associated with undertakings in the private sector. Although some forms also exist in public enterprises, for example in the manufacturing sector, the following analyses will be limited to private establishments.

Profit-sharing schemes

According to the ECS data, 14% of all private establishments with 10 or more employees within the EU currently practise some form of profit-sharing scheme (Figure 35). The highest incidence by far is reported in France, where more than a third (35%) of all private companies are operating a profit-sharing scheme. The Netherlands (27%), Sweden (24%) and Finland (23%) also show clearly above average rates. The EU Member States where profit sharing is least widespread are Italy (3%), Greece (4%), Malta (4%), Cyprus (6%), Poland and Romania (7% each). No particularly clear country patterns are discernable, except for a tendency towards a low incidence in southern European countries, with the notable exceptions of Spain and Portugal. Among the central and eastern European Member States, Poland, Romania and Bulgaria show a low incidence while the remaining countries are in the medium range.

A majority of two thirds of the profit-sharing schemes applied within the EU are open to the whole workforce. However, Figure 35 shows interesting differences between countries regarding the relative distribution of broad and narrow-based schemes, referring to whether the plans are accessible to all or only some employees. In those countries where profit-sharing schemes are generally very widespread – France, the Netherlands, Sweden and Finland – the majority of the applied schemes are broad based. Meanwhile, in countries with a comparatively low overall incidence rate, the existing schemes are more often narrow based, that is, open only to specific groups of employees. It can also be observed that, with the exception of Slovenia and Bulgaria, schemes tend to be less often broad based in the central and eastern European Member States than in the Nordic or continental European countries.

Figure 35: Profit-sharing schemes, by country (%)



Note: Base = private establishments with 10 or more employees.
Source: ECS 2009

Characteristics of companies applying profit-sharing schemes

The application of profit-sharing schemes in the EU is clearly correlated with company size (Table 8). While only 13% of establishments with 10 to 49 employees apply these schemes, the proportion increases to 22% in units with 50 to 199 employees and 28% in those with a workforce of 200 or more people. However, these average values conceal pronounced differences between the countries.

¹⁹ <http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/index.htm>.

Table 8: Profit-sharing schemes, by company size and country (% of private companies)

	All size classes	10–49 employees	50–199 employees	200 or more employees
FR	35	29	64	82
NL	27	25	37	41
SE	24	23	27	34
FI	23	20	37	34
EE	18	17	22	18
CZ	17	16	26	30
ES	17	17	16	19
SK	17	17	18	22
PT	16	16	18	36
MK	16	14	21	22
BE	15	16	11	18
DK	14	13	18	16
DE	14	13	21	22
SI	14	15	8	12
EU27	14	13	22	28
All 30 countries	14	12	21	27
HU	13	13	11	17
IE	11	10	13	22
LV	10	9	17	30
BG	9	9	10	12
LU	9	9	10	13
LT	8	6	17	20
AT	8	7	11	30
UK	8	7	13	16
PL	7	7	10	14
RO	7	6	11	16
CY	6	5	8	25
HR	5	4	3	11
TR	5	5	5	12
EL	4	4	9	13
MT	4	4	5	14
IT	3	2	10	17

Note: Base = private establishments with 10 or more employees.

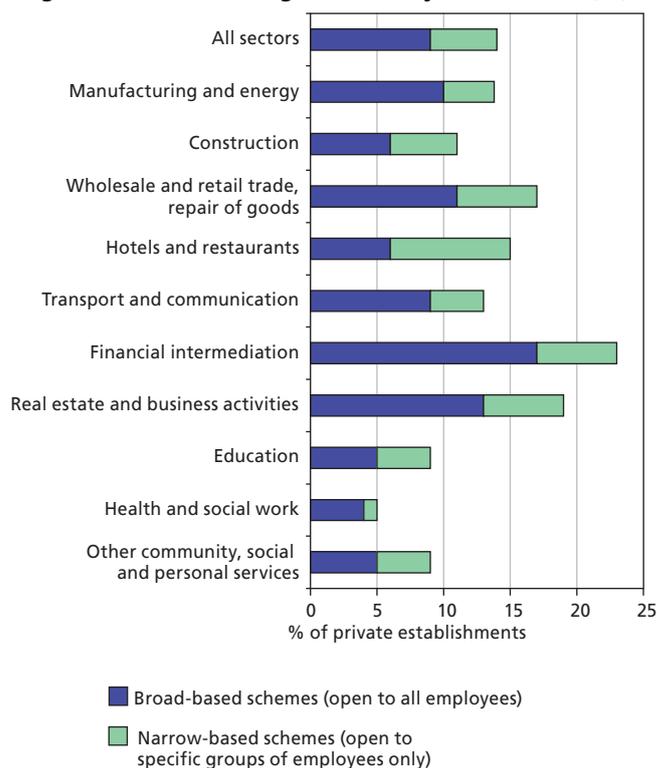
Source: ECS 2009

- In Italy, profit sharing is hardly existent in small establishments, but is fairly common in larger units.
- A large increase according to company size can also be observed for Cyprus, Austria, Malta, Latvia, Lithuania and France. The extremely high incidence measured in the bigger establishments for France is mainly due to legislation: from 50 employees onwards, the application of profit-sharing schemes is compulsory in France.²⁰

²⁰ Despite this legislation, the ECS measured only an incidence of 68% among non-public establishments with 50 or more employees in France. This is mainly because the ECS sample also comprises a series of non-profit organisations, mostly in services sectors like education, health and social work, or other community and social services. In these sectors, profit-sharing schemes are much less widespread, while more profit-oriented sectors such as wholesale and retail trade and repair of goods (96%), manufacturing and energy (86%) or construction (86%) show very high values for establishments with 50 or more employees.

- In Estonia, Belgium, Spain, Bulgaria, Denmark, Slovenia, Hungary and Slovakia, differences between the company size classes are relatively small. In Slovenia, profit-sharing schemes are even more widespread in the smallest size class than in the medium and larger sized units.

Profit-sharing schemes are most commonly applied in the financial intermediation sector (Figure 36). This is not surprising since, in the sale of insurance or financial products, links between the income of the individual and the success of both the individual and the company have traditionally played an important role as a work incentive. In manufacturing and energy, the spread of profit-sharing schemes is in the middle range, with a level almost equal to the general average. However, national differences are found: in the Netherlands and Finland, for example, the proportion of establishments applying profit-sharing schemes within the manufacturing and energy sector is notably above the average within these countries.

Figure 36: Profit-sharing schemes, by sector, EU27 (%)


Note: Base = private establishments with 10 or more employees in the EU27.

Source: ECS 2009

Table 9: Profit-sharing schemes, by company size and employee representation, EU27 (% of private companies)

	a) Existence of a profit-sharing scheme			b) Establishments with broad-based schemes, among those with a scheme		
	All private establishments	Without employee representation	With employee representation	All private establishments	Without employee representation	With employee representation
10–19 employees	12	10	19	70	64	81
20–49 employees	14	11	18	67	64	70
50–249 employees	22	14	27	74	57	80
250 or more employees	27	11	30	76	46	79
All size classes	14	10	21	71	63	77

Notes: Base = a) private establishments with 10 or more employees in the EU27; b) private establishments with 10 or more employees applying any profit-sharing scheme in the EU27.

Source: ECS 2009

Apart from economic sector, company size and country, the presence of an employee representation can also be expected to have an influence on the existence of a profit-sharing scheme. The introduction of such a scheme may relate to the issue of wage settlement and wage negotiations, one of the most important competencies of trade unions not only at sectoral or national level but also at company level; this competency may also lie with the works council representation at the establishment. The attitude of employee organisations towards profit-sharing schemes can thus be an important explanatory factor for the existence and shape of such a scheme. Not all trade union organisations or works council representations are in favour of these systems. Especially at sectoral or national level, some trade unions oppose their introduction – one reason being that the unions fear losing bargaining power over wage issues since profit-sharing elements tend to be negotiated at a decentralised level only. Moreover, the juxtaposition of the basic interests of employers and employees – capital versus labour – risks becoming blurred.²¹

Generally, the ECS data show a strong positive correlation between the existence of an employee representation and the application of a profit-sharing scheme. Among private establishments with an employee representation, 21% apply such a scheme while in companies without a formal employee representation, only 10% do so (Table 9). This effect is largely independent of company size, as a more detailed analysis shows which controls for the size class. Nonetheless, differences in the incidence rate of profit-sharing schemes grow as the company size increases. The presence of an employee representation also has an influence on the scope of the applied systems: in establishments with an on-site employee representation, the profit-sharing schemes tend to be more often broad based than in companies without an

employee representation. This difference in the scope of the applied systems is also stronger in the larger establishments.

According to the managers surveyed, in almost two thirds of the private establishments (63%) applying profit-sharing schemes, these are determined by the management only, while in less than a third (29%) of the enterprises, the management negotiates the schemes with the employee side. Another 4% of the private companies practising profit sharing apply negotiated schemes as well as systems determined by the management. Negotiation is more frequent in establishments where there is a formal employee representation than in companies where negotiation would have to be directly with employees. In establishments with an employee representation, their involvement occurs in less than four out of 10 enterprises (39%). This proportion increases only slightly if limiting the analysis to broad-based schemes. This finding is not in line with the European Commission's concept of effective financial participation (Communication of 5 July 2002 on a framework for the promotion of employee financial participation):

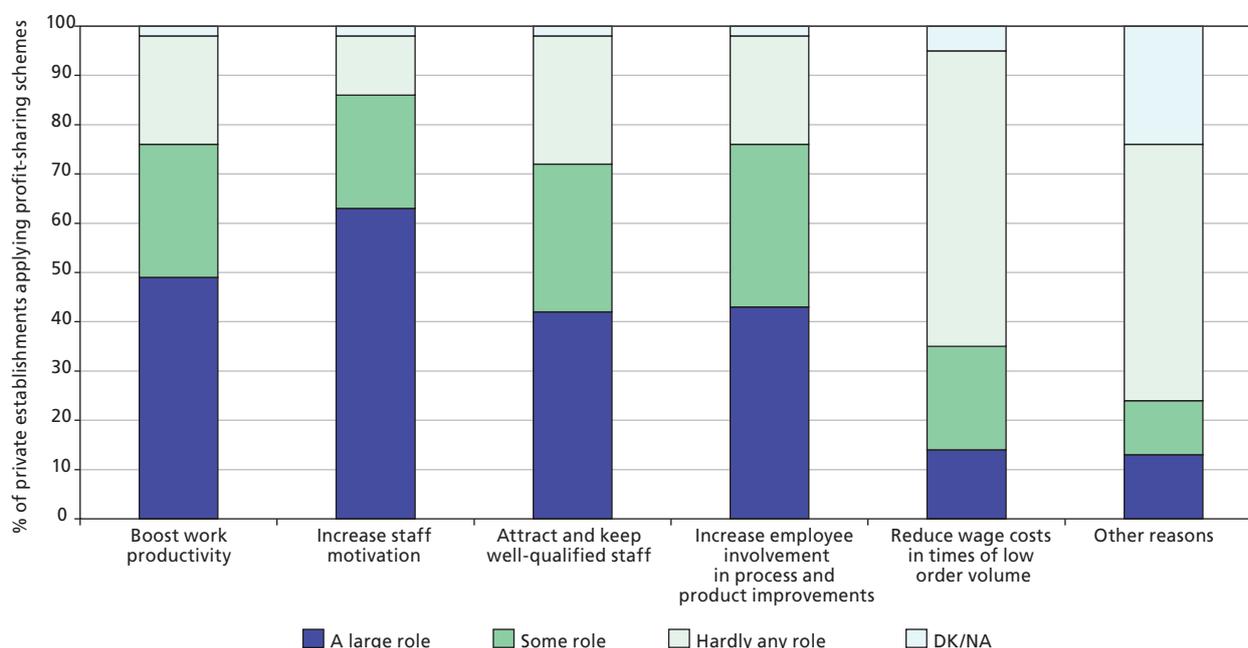
There is strong evidence suggesting that the benefits of financial participation are greatest when such schemes are introduced through a partnership approach and when they are embedded in an overall approach of participative management.

Motives for applying profit-sharing schemes

One of the underlying ideas of financial participation schemes is that linking employees' financial rewards to the establishment's performance and profitability leads to increased motivation and enhances the success and profitability of the undertaking. The ECS data do not allow an analysis to establish clear causal relationships between

²¹ For a detailed overview of the national statutory frameworks as well as the positions of national governments, employer organisations and trade union organisations on financial participation schemes, see Pendleton and Poutsma, 2004 or Lowitzsch et al., 2008 (p. 22ff).

Figure 37: Motives for applying profit-sharing schemes (%)



Note: Base = private establishments where profit-sharing schemes are applied in the EU27. DK/NA = Don't know/No answer.
Source: ECS 2009

the application of profit-sharing schemes and the motivation of staff or the profitability of the enterprise. Nonetheless, the survey results give an insight into the motives underlying the management's decision to introduce profit-sharing schemes and thus into the positive effects that the management associates with profit sharing. It is interesting to note that reducing wage costs is not the primary reason for introducing such schemes. However, prolonged economic difficulties could leave companies with little profit to share, thus possibly impacting on the effectiveness of such a scheme.

The most important motive for introducing profit sharing is to increase staff motivation. For 63% of the managers, this reason played a major role in the introduction of the scheme, while another 23% attribute at least some role to it; for only a minority of 12% of the managers, this motive played hardly any role (Figure 37). Closely related to this motive is the intention to increase employee involvement in the improvement of work processes and products, as well as the aim to boost work productivity through this process. These three motives are all directly related to improving company performance and all three were shown to play an important role in the introduction of profit-sharing schemes. A majority of managers also consider the schemes as a helpful instrument for coping with problems related to recruitment and personnel fluctuation: in almost three quarters of establishments with a profit-sharing scheme, the

attraction and retention of well-qualified staff played at least some role in its application.

The aspect of being able to reduce wage costs in times of low order volume by applying profit-sharing schemes plays a subordinate role as a motivating factor: only 14% of managers attributed a large role to it, while another 21% conceded that it played at least some role. Establishments where the motive of wage reductions in times of low order volumes is more important than on average show some common features, as outlined below.

- Establishments in the smallest size class name this reason more often (16%) than those in the other size classes, where the averages range between 9% and 12%. However, apart from this concentration in the smallest size class, no clear correlation with company size is discernable.
- Enterprises in the sectors of wholesale and retail trade and repair of goods (19%) and construction (17%) attribute a large role to this motive more often than establishments in other sectors.²²
- Establishments without an employee representation cite this reason slightly more often than companies with an employee representation: 15% compared with 12%.

²² The same is true for the education sector; however, only 28 establishments (unweighted) in this sector practise profit-sharing schemes, which is too small a base for any conclusions of that kind.

Overall, these differences are nevertheless small. Much more striking are the national differences. Among the nine countries where more than 20% of the establishments with profit-sharing schemes cited the possibility of reducing wage costs in times of low order volumes as an important motive, there is only one EU15 Member State – Ireland, with 27%. All of the other eight countries belong to the central and eastern European NMS. Profit-sharing schemes in these countries thus seem to be more often considered as an aspect of downward wage flexibility. Nonetheless, even in these countries, downward wage flexibility was not the dominant motive for introducing the scheme.

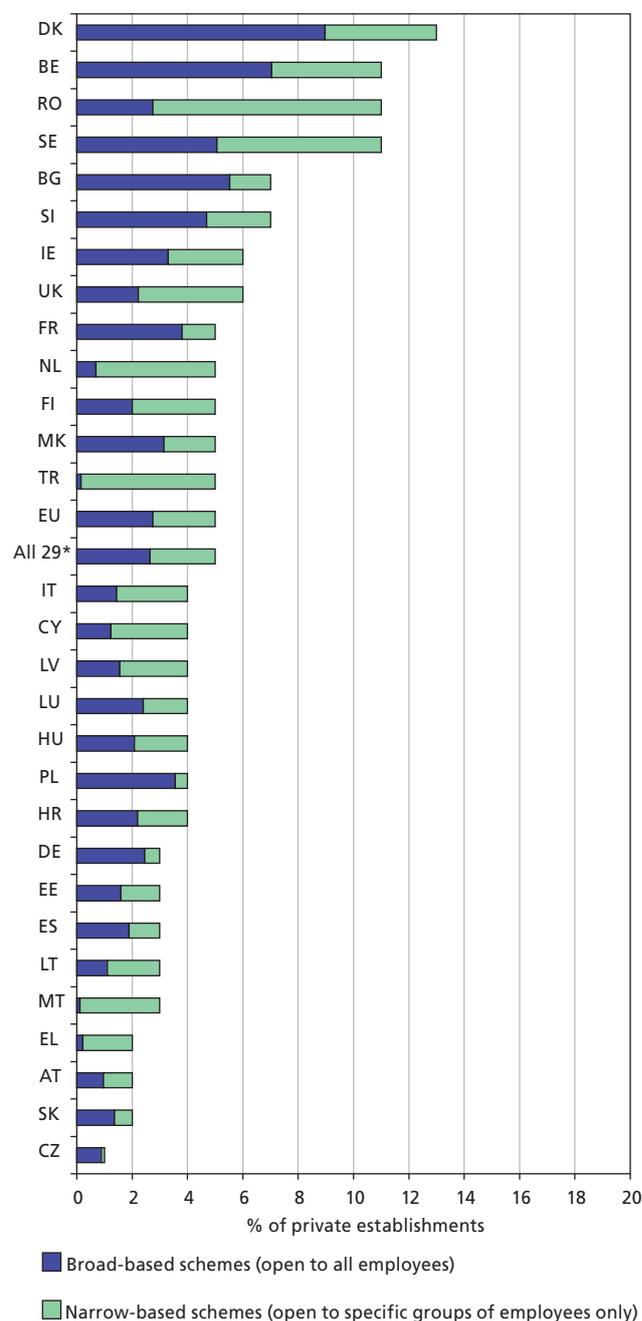
Share-ownership schemes

Share-ownership scheme is a ‘catch-all’ term for a broad variety of schemes which all have in common that employees participate in the stock capital of the company where they are employed. Differences between schemes are mostly related to the ways in which shares are acquired and how they are administered. Within such schemes, shares can either be distributed to employees as rewards in the context of a profit-sharing scheme or employees may be entitled to buy shares of the company for which they work, often under privileged conditions. The shares are sometimes administered collectively, for example in the form of a trust. In other cases, individuals are responsible for administering their own shares.²³

Share-ownership schemes are much less widespread within the EU than profit-sharing schemes. Overall, only 5% of all private establishments with 10 or more employees in the EU offer such plans. In slightly more than half (56%) of these, the existing schemes are offered to all employees, while in 44% of the establishments this offer is limited to employees in specific positions. In essence, this means that no more than 3% of establishments with 10 or more employees in the EU27 currently operate a share-ownership scheme which is open to the whole workforce.

However, marked country differences arise with regard to both the overall incidence of share-ownership schemes and the proportion of broad-based systems among these. Share ownership is most widespread in Denmark, where 13% of private establishments with 10 or more employees apply such schemes (Figure 38). Belgium, Romania and Sweden also have relatively high rates (11% each), although the schemes in Romania and Sweden are more often only narrow based. With a spread of 7% or less, in all other countries share-ownership schemes are rare. The strong influence of establishment location in the spread of share-ownership

Figure 38: Share-ownership schemes in private establishments, by country (%)



Notes: Base = private establishments with 10 or more employees.

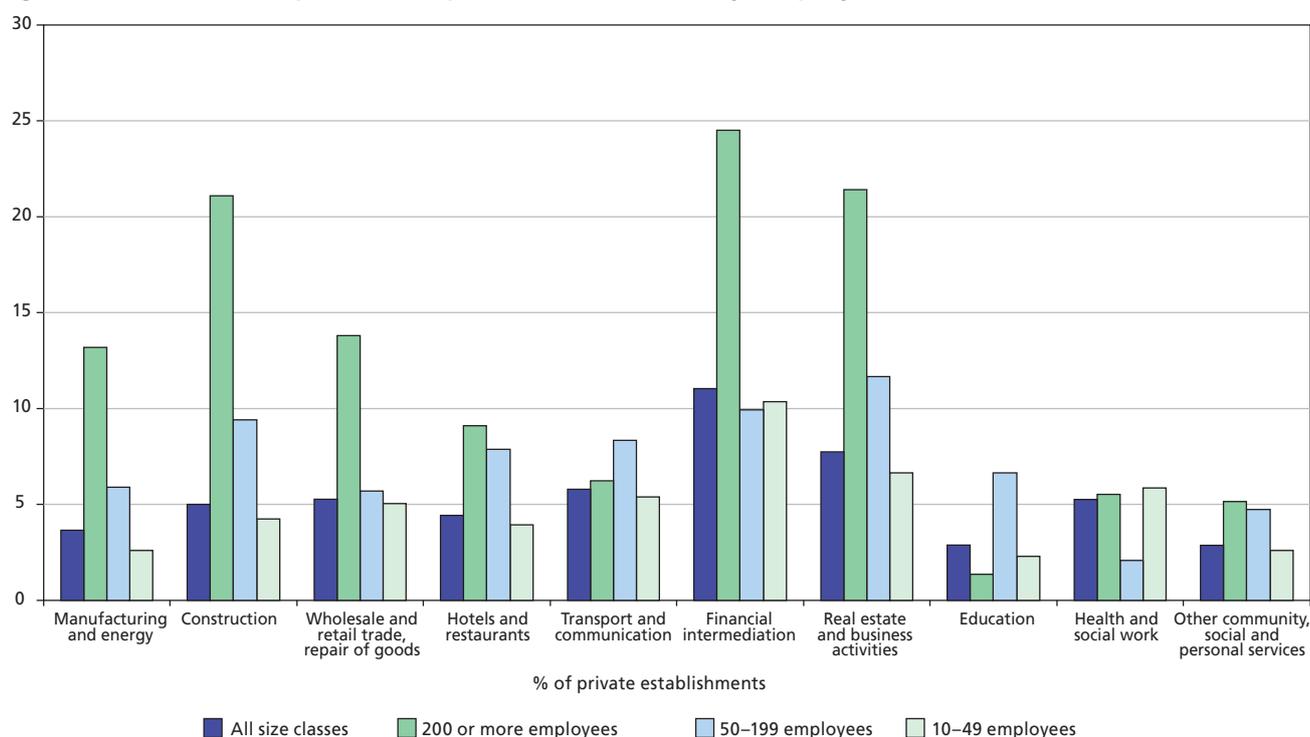
*Portugal is not included in this analysis due to the lack of comparable data.

Source: ECS 2009

schemes – as well as in profit-sharing schemes – is probably largely due to national differences in the legal framework, including tax legislation, and to the attitude of the social partners in these countries.

²³ For more details on the different varieties of share ownership and their specifications, see Lowitzsch et al, 2008, p. 89.

Figure 39: Share-ownership schemes in private establishments, by company size and sector (%)



Note: Base = private establishments with 10 or more employees.

Source: ECS 2009

The existence of share-ownership schemes is strongly correlated with company size (Figure 39). This is not unexpected in view of the different ownership structures of small-sized establishments, many of which are family owned. Furthermore, the benefits of share ownership tend to be greater for larger establishments: one of the advantages of such schemes, for example, is that they are thought to enhance the intrinsic motivation of employees, thus making other control mechanisms less urgent. This aspect is less important in small organisations, where a close direct control of all employees is easier. Moreover, the set-up and administration of share-ownership schemes usually generates costs which are comparatively higher if only few people participate.

The sector of economic activity where share-ownership schemes are most widespread is financial intermediation (11%). In the manufacturing and energy sector, such schemes are surprisingly rare (4%) considering that this sector often requires high capital investments.

Establishments in foreign ownership are much more likely to apply share-ownership schemes than those in domestic ownership. While only 5% of the establishments

in domestic ownership offer such schemes, twice as many (10%) among the foreign-owned companies do so. Among establishments which are approximately equally in foreign and domestic ownership, the proportion lies in between these two values (7%). The differences between domestic and foreign-owned establishments regarding the spread of the schemes can be observed throughout all size classes; the disparities are thus not just a consequence of the different size structure of domestic and foreign units – the foreign-owned establishments in the survey sample are, on average, considerably larger in size.²⁴

The current economic crisis might shed new light on financial participation schemes based on share ownership. On the one hand, the crisis is likely to raise the attractiveness of the instrument for some employers, for example as a source for capital enlargement in times where banks have become more reluctant to grant loans to undertakings. On the other hand, the crisis has also made the risks for employees more visible. Even formerly economically sound companies have become affected or endangered by bankruptcy, thus reaffirming the preoccupations of some trade unions which do not support the instrument because of the double risk for employees of

²⁴ One reason for this observed difference might however be variations in the ownership structures. While especially small and medium-sized enterprises (SMEs) in domestic ownership are often family owned, foreign establishments are mostly branches of joint stock companies. Share-ownership schemes are easier to set up and make more sense in a joint stock company than in a family-run business. The legal form of establishments cannot be controlled for since the ECS does not include a variable for this factor.

losing both their job and part of their investments in case of bankruptcy. Furthermore, the tendency of share-ownership schemes to blur the juxtaposition between employers and employees becomes more problematic in economically difficult times.²⁵ It will thus be interesting to follow the further development of financial participation schemes during and after the current economic crisis.

Attitudes of employee representatives towards performance-related pay schemes

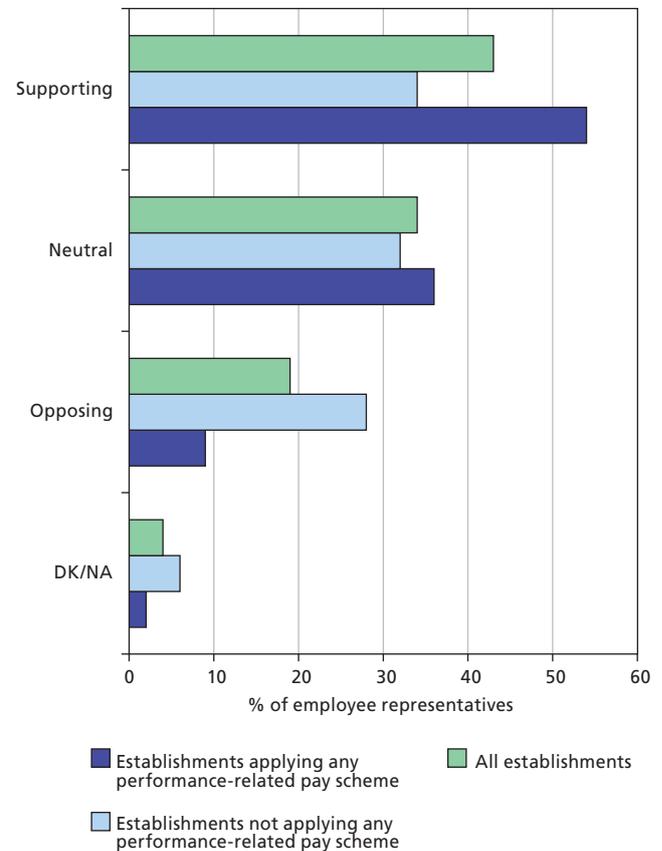
As mentioned in the introduction of this report, the ECS consists of two separate questionnaires: a management questionnaire directed at a high-ranking representative of the management and an employee representative questionnaire. While the former type of interview took place for each establishment interviewed in the context of the study, the latter was only conducted in enterprises where there was a formalised company-level employee representation and where this entity was available for interview.

The questionnaire for employee representatives also contains a module on performance-related pay, aiming to analyse the attitude of the employee representation towards this form of work organisation and the degree to which it is involved in setting up performance-related pay schemes. These questions referred to 'any performance-related elements of pay', thus including not only profit-sharing schemes and share-ownership schemes related to profit-sharing models but also performance-related pay elements linked to the individual or the team, work group or department.

The set-up of performance-related pay schemes is an issue of some importance both for the companies and for the working conditions of employees. However, the involvement of employees and/or their representatives in the decision-making process related to the setting up of such schemes is not a matter of course.

- A total of 38% of the employee representatives interviewed in private sector establishments with a performance-related pay scheme stated that they were involved in the discussions on whether to introduce the plan.
- Another 15% were not involved in the general decision about the set-up, but had at least a say with regard to decisions on practical details.

Figure 40: Attitude of employee representatives towards performance-related pay elements (%)



Note: Base = private sector establishments with an employee representative available for interview. DK/NA = Don't know/No answer.

Source: ECS 2009, employee representative interviews

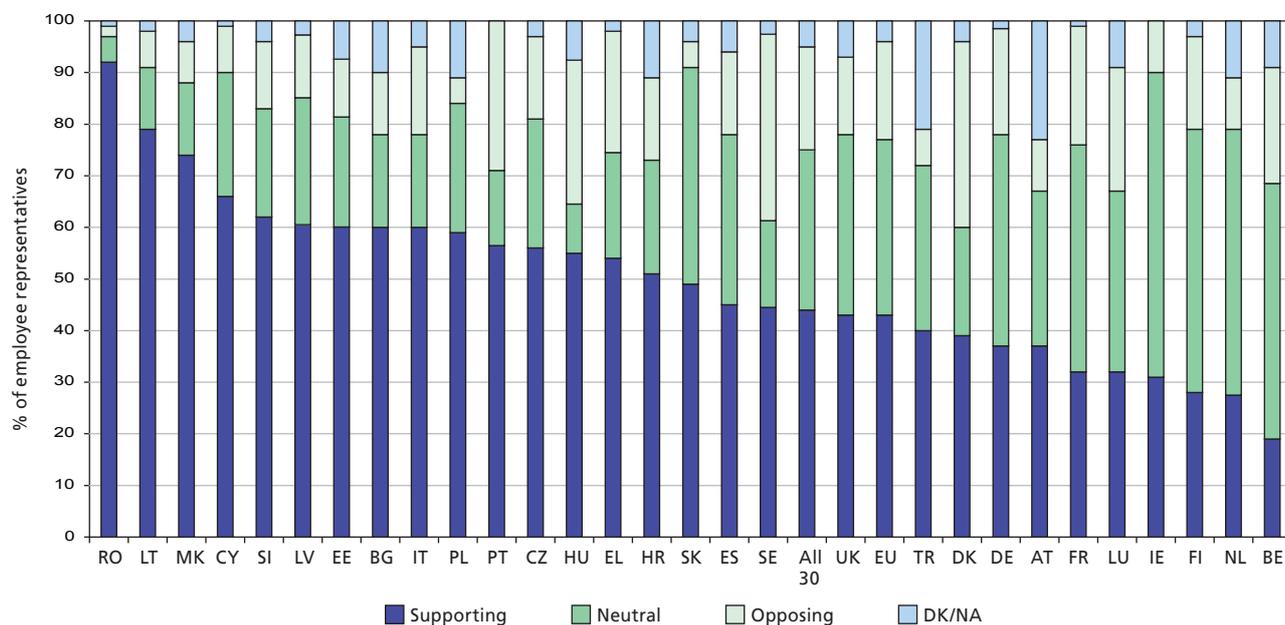
- Some 13% of employee representatives were informed after the decisions on the set-up of the system had been made, thus not being able to exert any major influence in this respect.
- In 26% of establishments, the employee representatives stated that they had no involvement in the set-up of the performance-related pay system.²⁶

In establishments where performance-related pay schemes are applied, only a small minority of 9% of employee representatives reported that they were generally opposed to this practice (Figure 40). By contrast, over half of the representatives (54%) broadly support these schemes. Slightly more than a third (36%) are neutral about them.

²⁵ While from the employer's perspective, a downsizing of the company as a reaction to decreased order volumes might be considered unavoidable, such a drastic measure is harder to implement in a system where a majority or even all of the employees are at the same time owners of the enterprise, albeit usually with only a small amount of shares.

²⁶ For establishments currently not applying any performance-related pay elements, the question was: 'Would the employee representation generally support the introduction of performance-related pay elements in this establishment, would it have a neutral position about that or would it be opposing such a practice?'

Figure 41: Attitude of employee representatives towards performance-related pay elements, by country (%)



Notes: Base = private sector establishments with an employee representative available for interview. Results for Malta are not shown due to the small sample size of less than 30 cases. DK/NA = Don't know/No answer.

Source: ECS 2009, employee representative interviews

Employee representatives of establishments where currently no performance-related pay scheme is practised were also asked about their position towards such pay elements, albeit in a hypothetical form.²⁷ Among these, the opposition rate is considerably higher: only 34% of these employee representatives would support the introduction of such a system, while a similar proportion of 32% would be neutral about it and 28% stated that they would be opposed to such a scheme. The higher rate of opposition of employee representatives in this group is not surprising because some establishments will not have introduced performance-related pay schemes precisely due to this opposition.

Combining the answers of employee representatives from both the establishments currently practising performance-related pay schemes and those not practising them provides

an interesting overall picture of the attitudes of employee representatives on this issue.²⁸ Employee representatives in most central and eastern European Member States are largely in favour of performance-related pay elements. However, support is much smaller and opposition stronger in the Nordic countries, especially in Denmark and Sweden where opposition reaches the highest values, with 36% of employee representatives opposing performance-related elements (Figure 41). Relatively high degrees of opposition to such pay elements can also be observed in Portugal²⁹, Hungary, Greece, Luxembourg and Belgium. In Belgium, Finland, the Netherlands and Ireland – the countries with the lowest proportion of employee representations supporting the schemes – employee representatives are mostly not opposed to them but are neutral in this regard.

²⁷ For establishments currently not applying any performance-related pay elements, the question was: 'Would the employee representation generally support the introduction of performance-related pay elements in this establishment, would it have a neutral position about that or would it be opposing such a practice?'

²⁸ It should be noted that, in the survey, the chairs of the local employee representations in the establishments were interviewed. Their opinion might differ significantly from the opinion of sectoral or national-level trade union or works council organisations.

²⁹ The results from Portugal and Greece should be interpreted with caution due to the low size of the employee representative samples in these countries.

Workplace social dialogue 4

This chapter focuses on the social dialogue module in the survey. Social dialogue is in this regard defined as industrial relations processes where recognised employee representatives are involved in decisions concerning the employment relationship at the workplace. Such involvement may be limited to being informed by management, or may extend to consultation, negotiation or joint participation in decision making. Among quantitative, cross-country studies of industrial relations, this kind of company-level employee representation and social dialogue has received little attention. Comparative studies on workplace industrial relations are often limited to a study of the institutional arrangements and not the actual practices. The ECS provides unique comparative information on the nature and quality of workplace social dialogue in Europe, albeit with some methodological limitations.

Methodology

The chapter findings are mainly based on interviews with a key employee representative in the establishment, although some of the questions were included in the management questionnaire. This means that, when dealing with perceptions, the findings present a unilateral view. The interviews with the employee representatives are further bound by some methodological constraints. Besides the general constraints of the ECS – telephone interviewing

of a limited duration – the following two issues are very important.

- Firstly, due to methodological as well as pragmatic considerations, access to the employee representative could only be gained through management. In cases where management either refused to take part in the study or managers denied access to the employee representative, no data could be gathered from the employee bodies. This mode of interview selection may lead to a certain bias in the data. In total, the management respondents of 8,568 establishments provided contact details for the employee representatives, amounting to 65% of all establishments with an identified body of employee representation.
- Secondly, as the selection and interviewing of employee representatives was linked to the management survey, the response not only depends on the cooperation of the management but also on the spread of this statutory employee representation throughout the economy. Small sample sizes are obtained when this distribution is low, the country sample of establishments is limited to 500 and/or the response rate is not high enough; this was the case for Cyprus, Estonia, Greece, Malta, Portugal and Turkey. These small samples are also more restricted to specific segments of the economy, which makes comparison with bigger samples representing larger segments of the economy difficult.

Key features of the EU information and consultation directive (2002/14/EC)

The purpose of the directive is to establish a general framework setting out minimum requirements for the right to information and consultation of employees. The directive is drafted in broad terms and allows Member States considerable flexibility in implementing its terms. However, the following points are defined as being crucial to the framework regulation.

- 1) Member States have to choose whether to apply the directive to undertakings with at least 50 employees or establishments with at least 20 employees.
- 2) Information and consultation are defined as taking place between the employer and employee representatives. The directive requires:
 - a) information on the recent and probable development of the undertaking's or the establishment's activities and economic situation;
 - b) information and consultation on the situation, structure and probable development of employment and on any anticipatory measures envisaged, in particular where there is a threat to employment;
 - c) information and consultation, with a view to reaching an agreement, on decisions likely to lead to substantial changes in work organisation or in contractual relations.
- 3) Information and consultation arrangements defined by agreements between management and labour, including at undertaking or establishment level, may differ from those set out by the directive.
- 4) Employers may require employee representatives to treat information as confidential, and need not inform or consult where to do so would seriously harm or prejudice the undertaking or establishment.

Although time schedules differed according to company size and country, the directive had to be implemented at the latest before March 2008 in all Member States.

On average, interviews with a key employee representative could be carried out in every second establishment (50%) where there is an employee representation, which is a good response rate.

For further information on this methodological framework, see Annex 1. The study checked for a possible bias in relation to where an interview with the employee representation took place. The analysis shows that, besides significant national differences, the employee representative interviews are not systematically biased towards establishments with a particularly good social dialogue and they can thus be considered as being representative in this regard.

Profile of employee representation

Forms of employee representation at the workplace have been legally established and institutionalised in most of the EU Member States. In recent history, EU directives have fostered the formation and revision of institutional arrangements for workplace representation, not least in the NMS. Directive 2002/14/EC³⁰ establishing a general framework for informing and consulting employees in the European Community has been an important landmark in this context (see box).

However, a great variety of institutional structures exists among the Member States with regard to the formal organisation of employee representations. Differences between the structures of employee representation in the Member States at workplace level can be related to the following three dimensions.

- Union-based or works council type – the basic differentiation between these two broad types of employee representation is that trade unions represent their registered members, while works councils are legally established representations, elected or appointed by all employees at an establishment, irrespective of their membership in a trade union.
- Single or dual channel – employee representation at the workplace can involve, on the one hand, collective bargaining and the accompanying right to organise a strike and, on the other hand, participation in information and consultation procedures. In a number of countries, both functions are accorded to one single channel representation, usually the trade union organisation at workplace level. However, in a range of countries, the collective bargaining powers and the information and consultation rights have been split between two separate channels, with the bargaining powers being assigned

to the trade union body, and the information and consultation rights to the works council type.

- Complementary or exclusionary – countries with a dual channel system usually consider the two types of bodies (trade union and works council) as being complementary, with a division of labour between the two entities. However, in some countries, the works council or non-union employee representation type ceases to exist when a trade union is established at the workplace, indicating some kind of hierarchy between the trade union and works council type of employee representation.

The size of the workforce at company level is an important determining factor of employee representation procedures. Rights with regard to information and consultation apply to workplaces with a certain minimum workforce (see box on the EU directive). Before the directive, Member States had already often introduced varying workforce-size thresholds above which the creation of an employee representation body could be triggered by the employees.

It is important to note that several countries have different regulations for the public sector, although these often amount to nominal differences only.

Institutional differences also exist in the powers assigned to works councils, in particular whether the works council has only consultation rights, as established through the EU directive, or co-determination rights – that is, the right to decide jointly. Works council regulations in Austria, Germany and the Netherlands, for instance, include co-determination powers in specific areas.

Trade unions and/or works councils

In practice, the conceptual division between the two channels of employee representation by means of trade unions and works councils is not always clear cut. In many countries, the trade unions exert a dominant influence over the works councils and many works council members are also active in trade union organisations, a fact that is confirmed by the ECS data.

The employee representatives interviewed could indicate how many of the employee representatives at the establishment belonged to a trade union. The results show that 86% of these employee representation structures have a membership link with a trade union – that is, at least one of the representatives is a member of a union. Even if the analysis is limited to workplaces with only a general works council type, the link to trade unions is well established, with 84% of works councils having trade union representatives.

³⁰ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0014:EN:HTML>.

Furthermore, about 63% of all institutional employee representations surveyed in the ECS have a majority of trade union members as representatives. Among establishments with only works councils as representation, this proportion is 56%.

Although different institutional settings exist or are possible, the representation of employees' interests and rights at the workplace is, in other words, largely a trade union story in Europe.

Incidence of employee representation

When looking at the incidence of different structures of employee representation at establishment level, as reflected in the ECS data, basic breakdowns will be made according to country, company size and economic sector. Taking the institutional diversity into account, the data are differentiated according to the following realities at workplaces:

- the incidence of legally established or institutional forms of employee representation at establishment level, which can be a trade union representation and/or a general works council type, depending on the country;
- the incidence of a legally established form of employee representation at company level, although the managerial respondent of an establishment belonging to a multi-site company indicated that no institutional form of employee representation existed at that particular workplace;
- the incidence of establishments indicating that no institutional employee representation – that is, no works

council and no trade union representation – existed, but that forms of ad hoc employee spokespersons, joint committees or roundtables were present;

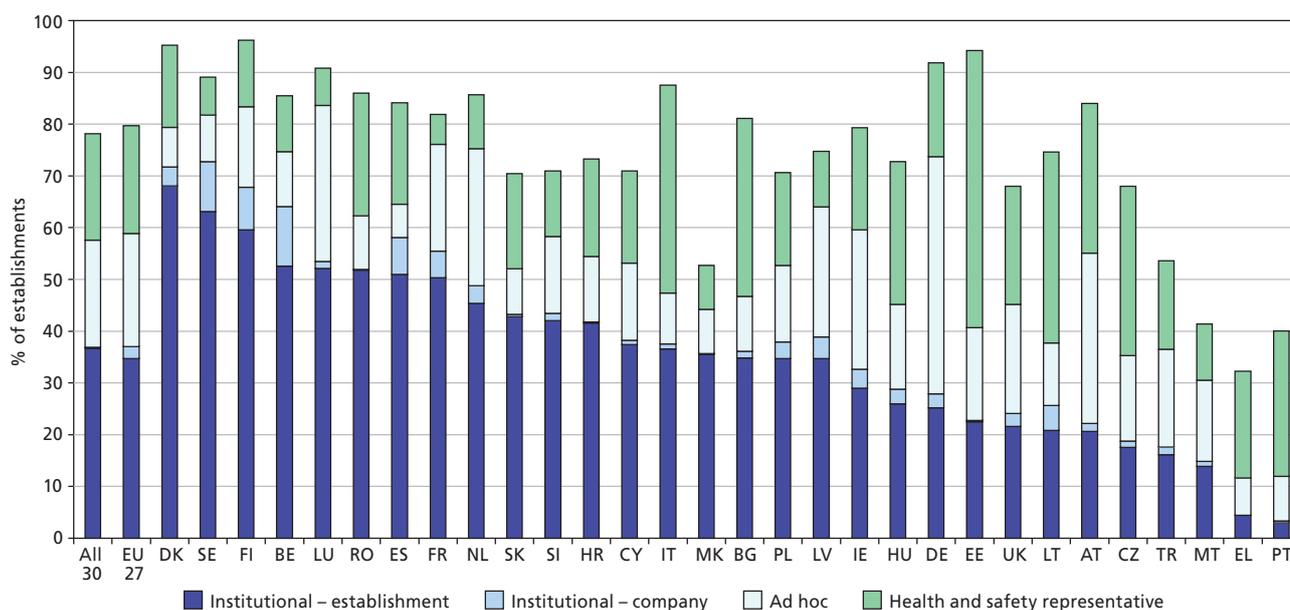
- the incidence of establishments which indicated that a person or committee in charge of representing the employees in issues of health and safety at work was available at the workplace, but no other form of institutional or ad hoc representation.

Figures 42 and 43 present the data both with regard to the proportion of establishments and the share of employees covered by these different forms of employee representation.

Taking the 30 countries together, about 37% of the establishments have an institutional form of employee representation, which covers more than 60% of the employees. The data furthermore show large national differences. In one group of countries, a majority of the establishments have an institutional form of employee representation at the workplace, with more than 70% of the employees being covered in this manner. The group is led by the Nordic countries of Sweden, Denmark and Finland, and includes Belgium, Spain, France, Luxembourg, Romania and the Netherlands. Countries with a low incidence and coverage are situated in the south of Europe, with Portugal and Greece revealing the lowest rates in this regard. The country figures show no relationship with the type of institutional setting – that is, works council and/or trade union type.

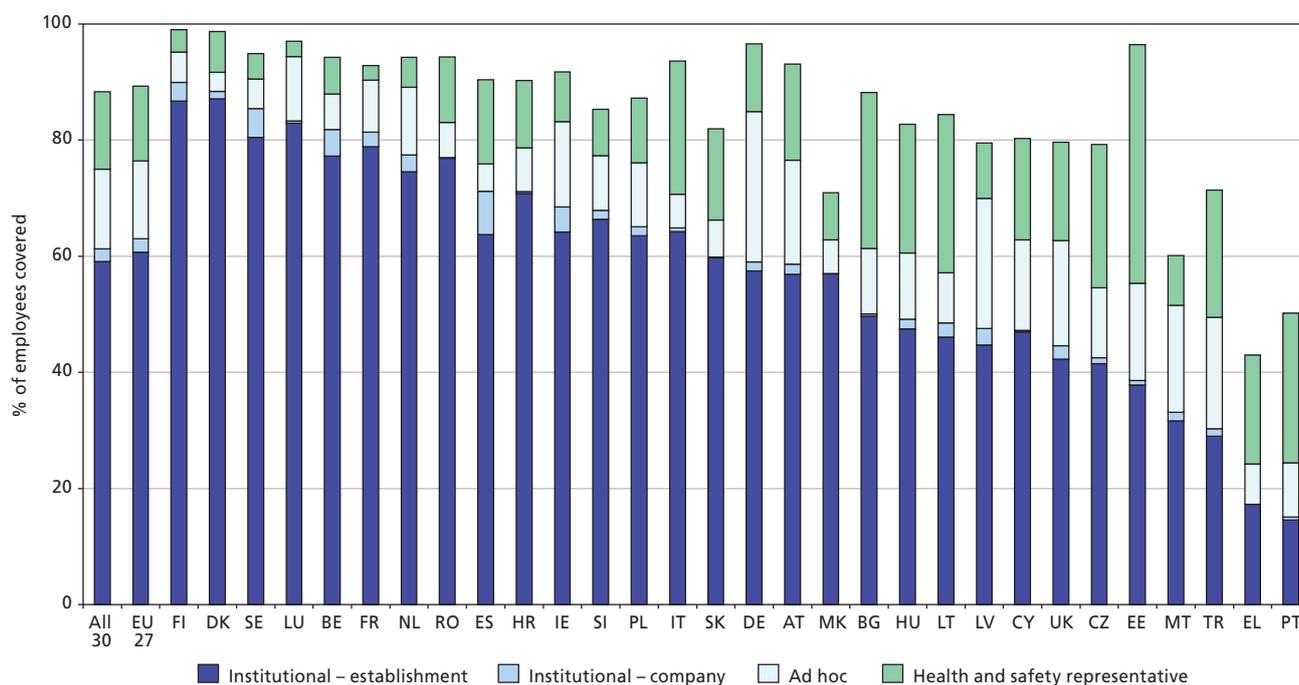
It makes a big difference if the data also include the presence of a person or committee in charge of health and safety,

Figure 42: Incidence of different types of employee representation, by country (%)



Note: Base = all establishments with 10 or more employees.

Source: ECS 2009, management interviews

Figure 43: Coverage of different types of employee representation, by country (%)


Note: Base = all establishments with 10 or more employees.

Source: ECS 2009, management interviews

which is often legally provided for in regulations and labour codes. When taking this latter, minor form of employee representation into account, figures rise considerably, with an 80% incidence and a 90% coverage in the weighted ECS sample. This difference is strongest in Estonia, where only 22% of establishments have a form of institutional employee representation but more than 90% indicate that they have at least a person or committee in charge of health and safety issues.

When not only institutional forms of employee representation but also ad hoc bodies and employee spokespersons are taken into account, the position of Germany and Austria in the ranking clearly changes. The incidence then rises to more than 70% of establishments for Germany and the coverage rate to more than 80%; for Austria, the rates increase to more than 55% and 75%, respectively.

Company size and sector

When limiting the description to the institutional bodies for workplace social dialogue – trade union representation and/or works council type at establishment or company level according to the country – and analysing the data by economic sector and company size, clear differences emerge (Table 10).

Incidence and coverage are highest in public services and lowest in private services. The difference between the latter and industry is not large for the total ECS sample. This pattern is confirmed in most of the countries and is particularly pronounced in Bulgaria, Germany, Romania, Slovenia and Slovakia (Figure 44). For example, the employee coverage of the German works council type is over 40% in private services, above 60% in industry and reaches 80% in public services. Substantial differences between public services

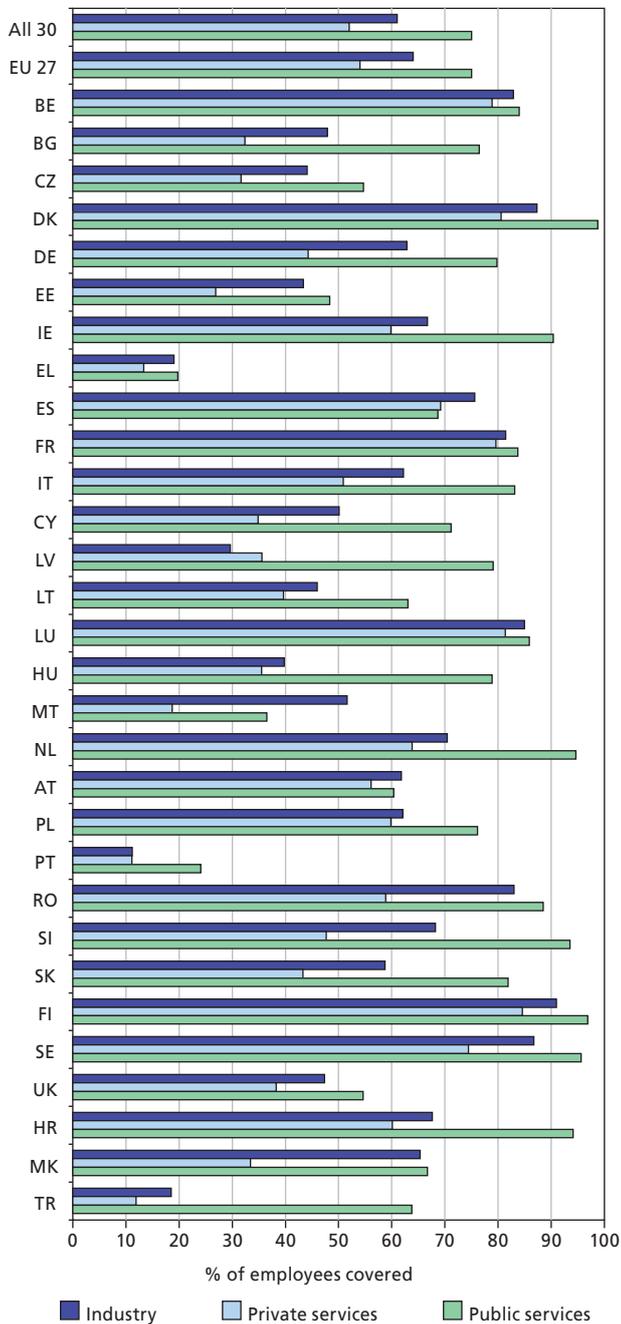
Table 10: Establishments with institutional employee representation, by company size and sector (%)

Sector	Incidence	Coverage	Company size	Incidence	Coverage
Industry	34	60	Small (10–49 employees)	30	33
Private services	30	52	Medium (50–199 employees)	66	66
Public services	54	75	Large (200 or more employees)	85	87

Notes: Base = all establishments with 10 or more employees. Institutional employee representation at establishment or company level = trade union representation and/or works council type according to the statutory recognition of the country. Incidence = how many establishments covered. Coverage = how many employees covered.

Source: ECS 2009, management interviews

Figure 44: Coverage of institutional employee representation, by country and sector (%)

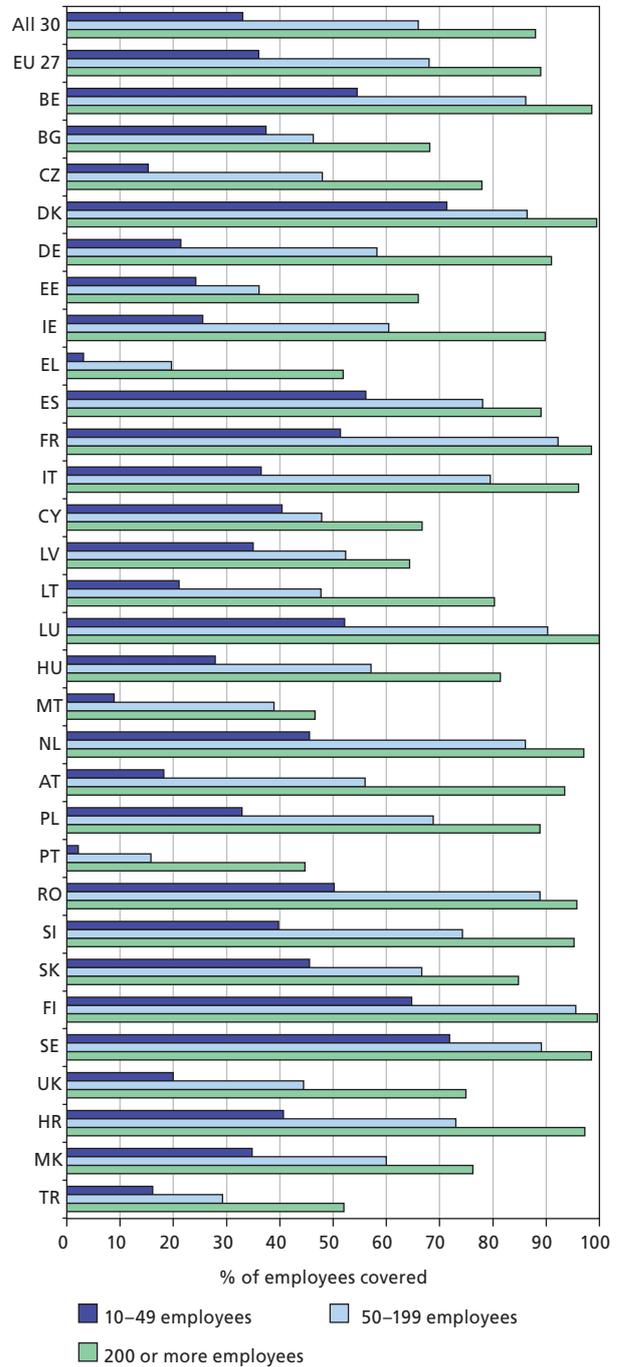


Notes: Base = all establishments with 10 or more employees.
 Coverage = how many employees covered.
 Source: ECS 2009, management interviews

and the other two broad sectors can be detected in Turkey, Latvia, Hungary, Portugal, Lithuania, Croatia, Ireland, the Netherlands and Poland.

The differences according to company size are even more pronounced, with only one out of three employees in a small establishment being covered by an institutional employee representation; in medium-sized enterprises,

Figure 45: Coverage of institutional employee representation, by country and company size (%)



Notes: Base = all establishments with 10 or more employees.
 Coverage = how many employees covered.
 Source: ECS 2009, management interviews

this coverage increases to two out of three while, in large establishments, almost 90% of the employees are covered (Figure 45). This pattern is extreme in countries like Austria, Germany and the Czech Republic. The difference between the large establishments and the other size classes is bigger in Lithuania, Greece, the UK, Estonia, Ireland,

Table 11: Determinants of institutional employee representation

Model I	Model II	Model II	Model IV
Business characteristics	Ownership	Employment structure	Flexible work
Size	Independent or not	Female workers	Shift work
Sector	Foreign owned or not	High-skilled jobs	Weekend work
Country	Private or public		Part-time work
			Fixed-term employment contracts

Note: The table shows an overview of available explanatory variables in the ECS 2009.

Source: ECS 2009

Portugal, Hungary, Croatia and Turkey. Looking at the large establishments only, just 11 countries have a coverage rate of less than 80%: Portugal, Malta, Greece, Turkey, Latvia, Estonia, Cyprus, Bulgaria, the UK, the Former Yugoslav Republic of Macedonia and the Czech Republic. Institutional employee representation is almost zero in small Portuguese or Greek establishments. It is also low – with coverage lower than or equal to 20% – in Malta, the Czech Republic, Turkey, Austria, the UK, Germany and Lithuania.

Determinants of incidence

In order to investigate which factors determine whether an institutional employee representation exists in the establishment or company, the study has conducted a logistic regression analysis with different sets of available explanatory variables. These determinants relate to the business characteristics, ownership and employment structure of the establishment (Table 11). Each set of variables is introduced stepwise into the analysis.

The consecutive analyses show that company size, country and economic sector are the three most important factors in explaining the incidence of an institutional employee representation at the workplace in Europe. The other variables add only limited information to the explanatory power of the analysis.³¹

- Size matters most: the larger the establishment, the greater the need to have employee representation seems to be. It is notable, however, that the lowest incidence is not found in micro-enterprises of 10 to 19 employees, but in small establishments of 20 to 49 employees.
- Even after controlling for variables such as company size and sector, differences remain wide between countries with regard to the existence of employee representation structures. A group of countries can be discerned with an incidence of workplace representation comparable to that in Germany. This group includes Austria, Cyprus and Ireland as well as a number of central and eastern European countries like Bulgaria, Croatia, the Former

Yugoslav Republic of Macedonia, Poland, Slovakia and Slovenia. A second group with a lower incidence of employee representation comprises another set of eastern European countries such as Estonia, the Czech Republic, Hungary, Latvia and Lithuania, but also the UK. A notably lower incidence can be detected in the southern countries of Greece, Portugal, Turkey and, to a lesser extent, Malta. A higher incidence of employee representation than in Germany can be detected in Belgium, France, Luxembourg, Spain and, to a lesser extent, in Italy, the Netherlands and Romania. The Nordic countries of Denmark, Finland and Sweden stand out with much higher odds (five times or more) of having employee representation after controlling for other determinants.

- The incidence of employee representation is also highly determined by the economic sector, although part of the sectoral variation is explained by differences in ownership and employment structure. Nevertheless, a sectoral pattern remains throughout the consecutive analyses. Industry and part of the not-for-profit services of general interest – health and social work, and education – have a comparable chance of incidence. In private services, the odds are lower of finding an institutional employee representation at the workplace. Public services – and, within these, education in particular – have the highest probability of having a recognised form of employee representation.
- ‘Distance’ explains the differences according to ownership. Being a subsidiary of a larger organisation and/or having a foreign ownership increase the odds of having an institutional form of employee representation.
- The employment structure of the establishment has only limited value in explaining the incidence of employee representation at the workplace. A smaller chance can be detected when the proportion of female workers or high-skilled jobs is greater than average. The latter result can be read as a supporting argument for the democratic

³¹ The statistical R², which measures the power of the explanatory analysis, increases only modestly with the ownership variables and few changes are caused by the variables related to workforce characteristics.

value of the institutional employee representation: it is not only well-educated workers who participate. Unusual working time regimes such as shift work or weekend work do not seem to have a negative effect; in fact, their effect appears to be more positive than otherwise. A high proportion of temporary jobs in the establishment increases the probability of having some form of employee representation.

Resources of employee representation

Resources are considered as being crucial for a well-functioning employee representation. In order to have an impact and to be able to enter into discussion with management, the following 'triangle' of resources is deemed important for an employee representation: information, training and time.³²

Information provision

Commentators consider information to be a prerequisite for a well-functioning employee representation. Knudsen (1995, p. 9) argues that only receiving information on a decision cannot be considered as having an influence on that decision, but that receiving this information is necessary to gain such an influence. If one is not well informed about managerial plans, one is not capable of influencing these plans. The right to information is also a core aspect of the EU information and consultation directive (see earlier box outlining this ruling).

In the ECS questionnaire for employee representatives, a series of questions assessed the basic content and quality of information provision to the employee representation. The survey examined whether the employee representation regularly received information on the economic and financial situation of the establishment and on the employment situation. It also investigated whether this information was provided in a timely and sufficiently detailed manner, without having to be requested, and how frequently the information was classified as confidential.

Table 12: Frequency of company information provision to employee representation (%)

Information issue	Monthly	Several times a year	Once a year	Less than once a year	Never
Economic and financial situation	28	38	18	3	11
Employment situation	35	37	14	3	11

Note: Base = employee representations that were available for interview in establishments with 10 or more employees.

Source: ECS 2009, employee representative interviews

In general, the basic quality of information provision in Europe can be evaluated positively. About 85% of the employee representatives receive at least annual information on the economic, financial and employment situation of the establishment, while 11% never receive such information (Table 12). Some 66% gain this insight at least several times a year. Meanwhile, one out of three employee representations receives information on the employment situation on a monthly basis. Only 17% of the employee representatives are frequently confronted with confidentiality requirements (Table 13). Two out of three representatives state that usually the information is timely and provided on an unrequested basis; almost three out of four representatives acknowledge that the information is normally sufficiently detailed.

Table 13: Quality of information provided to employee representation (%)

	Frequently	Sometimes	Practically never
Information classified as confidential	17	41	42
	Yes	No	
Information timely and unrequested	67	33	
Information sufficiently detailed	74	26	

Note: Base = employee representations that were available for interview in establishments with 10 or more employees.

Source: ECS 2009, employee representative interviews

Nevertheless, these overall positive figures disguise certain problems specific to particular countries, sectors and company size classes. Further analysis shows that small enterprises have more difficulties in providing information at least once a year on the financial and economic or employment situation (Table 14). One out of four small establishments with fewer than 50 employees fails to provide one of these types of information on a yearly basis.

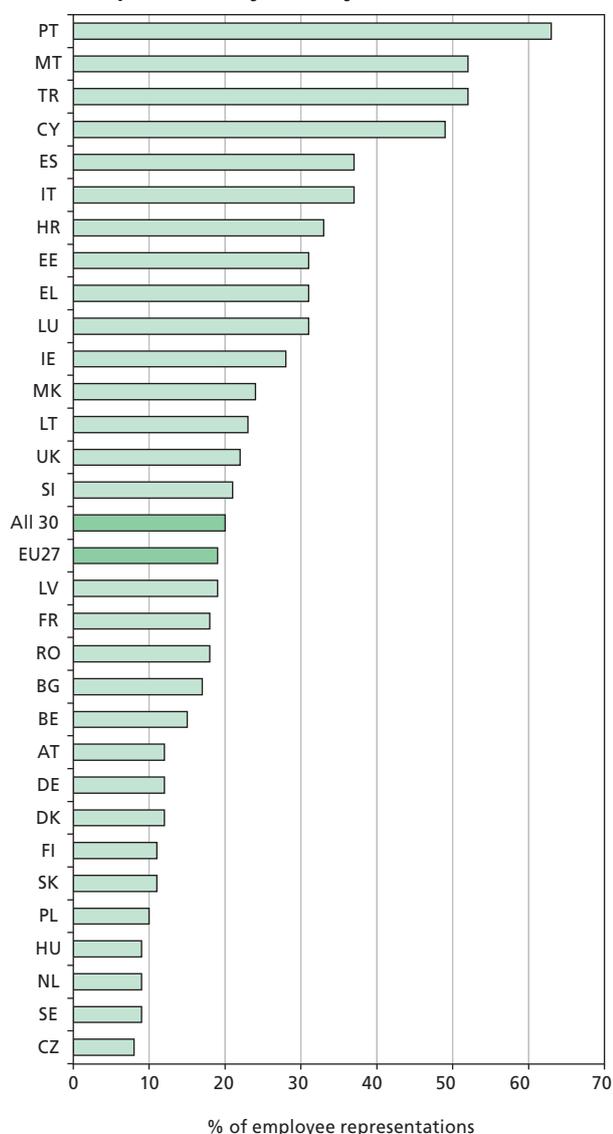
Table 14: No provision of at least a yearly information update, by company size (%)

	10-19 employees	20-49 employees	50-199 employees	200-499 employees	500 or more employees
Employee representations not receiving at least once a year financial and economic information, or information on employment situation	26	25	20	17	14

Source: ECS 2009, employee representative interviews

³² Although in some countries, employee representations are entitled to their own budget - for example, in France - the ECS did not consider this aspect.

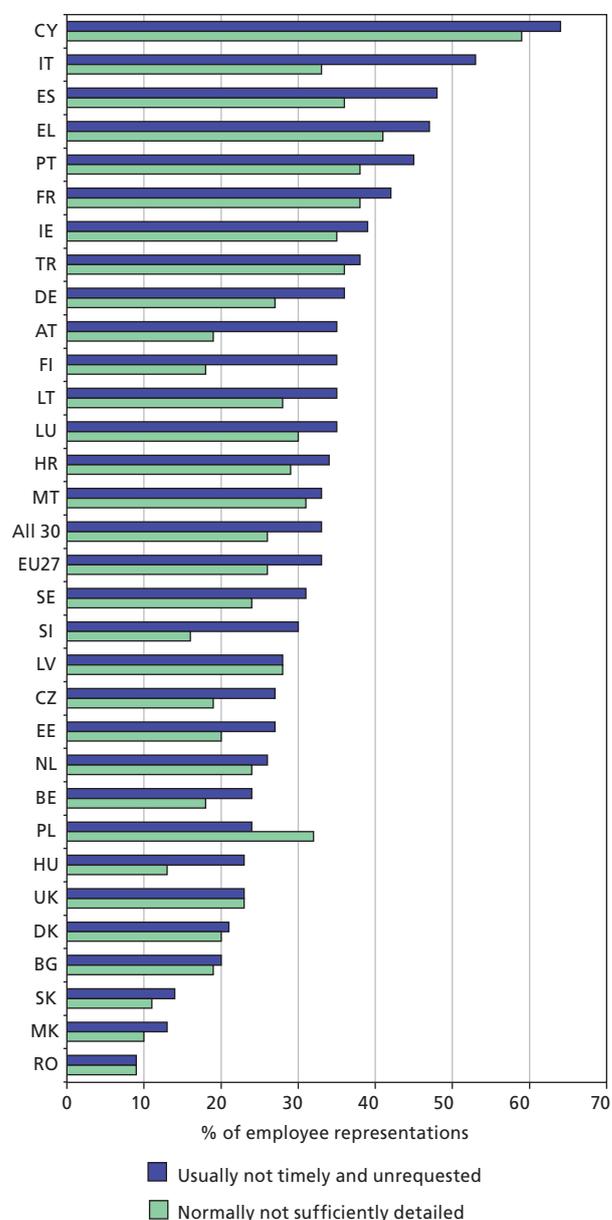
Figure 46: Missing at least yearly information provision, by country (%)



Note: Base = employee representations (that were available for interview in establishments with 10 or more employees) not receiving at least once a year financial and economic information or information on the employment situation with regard to the establishment.

Source: ECS 2009, employee representative interviews

Figure 47: Quality of information provision to employee representation, by country (%)



Note: Base = employee representations that receive company information and were available for interview in establishments with 10 or more employees.

Source: ECS 2009, employee representative interviews

Table 15: Quality of information provision to employee representation, by company size (%)

	10–19 employees	20–49 employees	50–199 employees	200–499 employees	500 or more employees
Information usually not timely and unrequested	24	29	34	36	38
Information usually not sufficiently detailed	19	22	26	28	31

Note: Base = employee representations that receive company information and were available for interview in establishments with 10 or more employees.

Source: ECS 2009, employee representative interviews

Table 16: Employee representatives receiving regular training, by sector and company size (%)

Sector	%	Company size	%
Industry	74	Micro (10–19 employees)	67
Private services	69	Small (20–49 employees)	64
Public services	73	Medium (50–199 employees)	71
Total	72	Large (200–499 employees)	76
		Very large (500 or more employees)	84

Source: ECS 2009, employee representative interviews

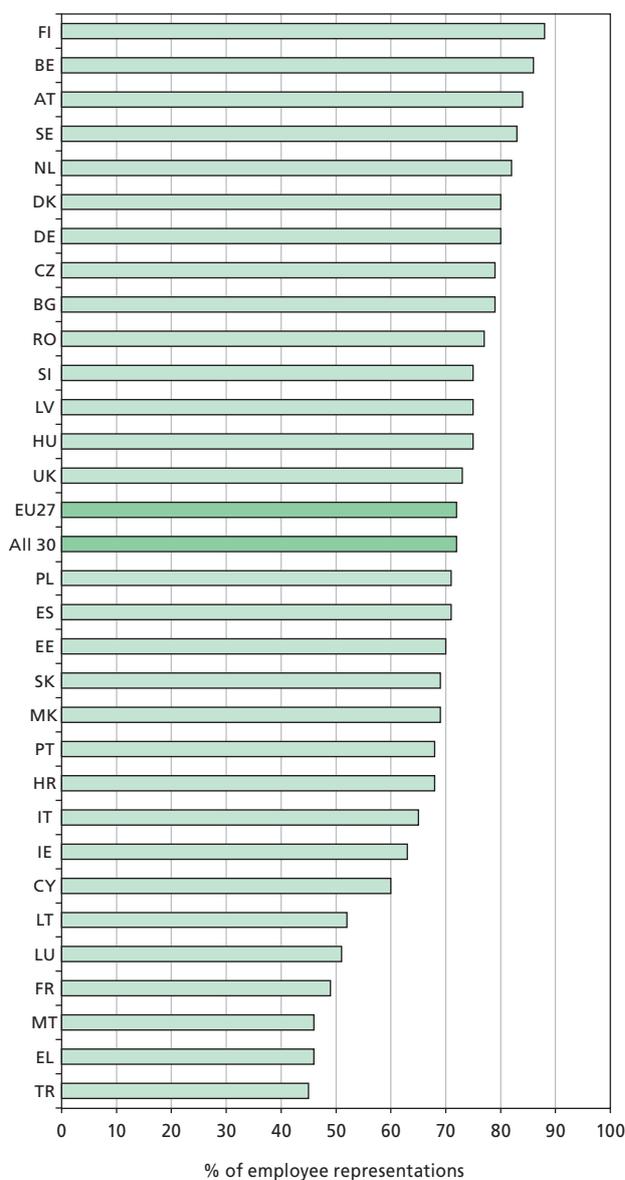
A strong country effect can also be detected. The regular provision of information is more problematic in a number of Member States, especially in southern Europe. More specifically, the proportion of employee representations not receiving information in at least one of the subject categories at least once a year amounts to 63% in Portugal, 52% in Malta, 49% in Cyprus, 37% in Italy and Spain, and 31% in Greece (Figure 46). In the case of the candidate countries – which are not covered by EU law – information provision is limited, with 52% of the Turkish and 33% of the Croatian employee representations receiving at least one of the information sets less than once a year. Regular provision of information is also particularly problematic in Estonia (31%), Luxembourg (31%) and Ireland (28%).

In sectoral terms, providing company information seems to be more difficult in public administration, where 33% of employee representations report missing yearly information. Foreign-owned enterprises score better in this regard, with only 11% missing information. The lower provision in public administration can perhaps be attributed to the lower relevance of balance sheets and other accounting information for the establishments' operations and future.

Providing the information unrequested and in a timely way is a bigger challenge in large establishments. Almost 40% of the employee representatives in establishments with more than 500 workers state that information is not usually provided in a timely and unrequested manner (Table 15). Figure 47 shows that a range of southern countries stand out with higher proportions in this regard: Cyprus (64%), Italy (53%), Spain (48%), Greece (47%), Portugal (45%) and France (42%). A similar pattern applies to whether the information was sufficiently detailed.

Training

Employees and their representatives need training to make sense of the business information disclosed to them and to understand the business decisions to which they are required

Figure 48: Employee representatives receiving regular training, by country (%)

Source: ECS 2009, employee representative interviews

to contribute. Overall, 72% of the employee representatives indicate in the ECS that they regularly obtain training in issues specific to their role (Table 16). These training opportunities are less available in SMEs and in some private services.

In national terms, the least amount of training is provided in some southern countries – Turkey, Greece, Malta, France, Cyprus and Italy – but also in Luxembourg, Lithuania and Ireland (Figure 48). High levels of regular training facilities can be observed in Finland, Belgium, Austria, Sweden, the Netherlands, Denmark and Germany, as well as – to a lesser extent – in the Czech Republic, Bulgaria and Romania.

Time

Time is a necessary condition for an employee representation, be it to go on training or to prepare for consultation and information talks with management and discussion with other representatives and workers. Time off to carry out these tasks during regular working hours is, in other words, an important factor for quality employee representation.

In the ECS, 17% of the employee representatives indicated that they are not entitled to take paid time off to carry out their duties (Table 17). For 18% of the representatives, this time resource is limited to one or two hours in a working week. By contrast, 29% of the representatives interviewed indicate that they can take as much time as necessary and 8% carry out the representational job full time. Overall, three out of four of the employee representatives consider the available time as usually sufficient to fulfil the representative duties, while 20% explicitly state that this is not the case.

Table 17: Time facilities of employee representation (%)

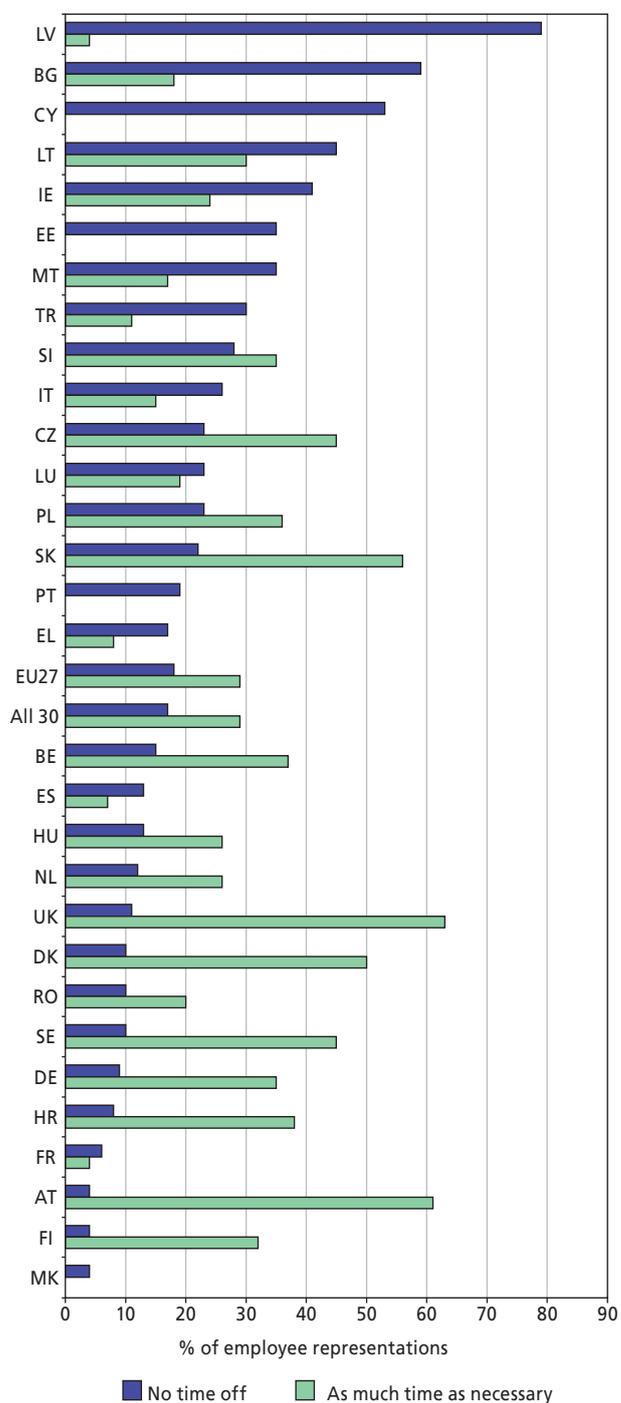
Entitled to paid time off on weekly average basis	%
No right	17
1 or 2 hours a week	18
Half day a week	13
1 day a week	9
Part time	6
Full time	8
As much time as necessary	29
Available time sufficient to fulfil representative duties	
No	20
It depends	7
Yes	74

Source: ECS 2009, employee representative interviews

Not surprisingly, the available time resources are more limited in smaller establishments. The group that has as much time as necessary is evenly spread. However, in the small enterprises, about 25% of employee representatives indicate that they have no right to time off, whereas in the very large establishments only 9% of representatives state this. In these large enterprises, 26% of the employee interviewees are full-time representatives.

Employee representatives have the largest time facilities in industry. This time off for representative duties is less available in the education sector, where 34% report having no such right. However, this finding may be related to how working time is accounted for in this sector – that is, only the course time and not the whole workload.

Figure 49: Entitled to time off for employee representation on weekly basis, by country (%)



Source: ECS 2009, employee representative interviews

Country-wise, the facility to take time off is less widespread in Latvia, Bulgaria, Cyprus, Lithuania, Ireland, Estonia, Malta and Turkey (Figure 49). It is more established in Austria, Finland, the Former Yugoslav Republic of Macedonia, France, Croatia and Germany. In the UK, only 11% of employee representatives report having no right to time off

and 63% can take as much time as necessary.³³ By contrast, 79% of the employee representatives in Latvia state that they have no right to time off and only 4% say that they can take as much time as necessary.

With regard to the question whether the available time is sufficient to fulfil the duties, it is the representatives in the larger establishments who report more time problems than those in the smaller establishments. Although the time facilities are better, these representatives of larger establishments still experience more time constraints.

By sector, the public services stand out with a higher proportion of representatives experiencing time constraints. Around 30% of the representatives in health and social work, education and the civil service indicate having insufficient time to fulfil the representative duties.

Processes of social dialogue

Collective bargaining and information and consultation are the two main processes of workplace social dialogue. Industrial action can be considered as an important process in this context. This section covers the ECS questions related to the activities of workplace industrial relations and investigates whether these processes result in a cooperative industrial relations climate.

Wage bargaining

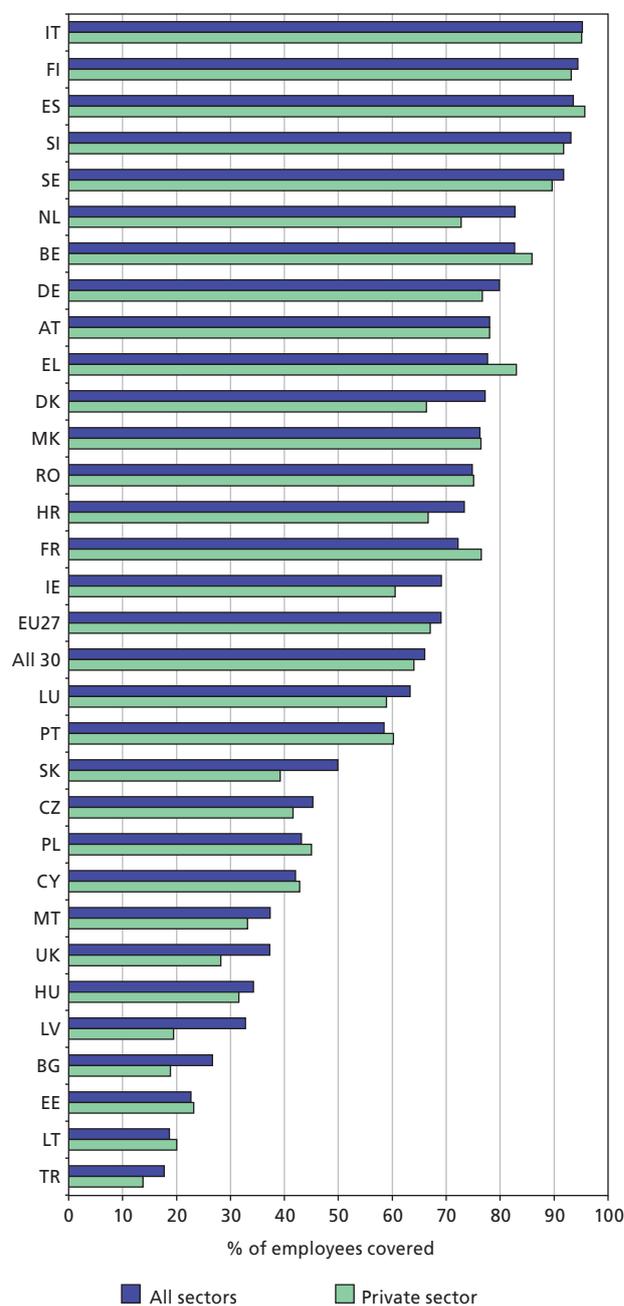
Wage bargaining is the most important practice of industrial relations systems in the EU Member States. The structure and evolution of earnings are important features of an economy and its labour market. Based on the wage formation component of collective bargaining, the two indicators 'bargaining coverage' and 'bargaining centralisation' are often used and cited by researchers of labour market institutions (Kenworthy and Kittel, 2003).

In the ECS, wage bargaining coverage refers to the percentage of employees covered by a collective pay agreement concluded at workplace or at higher level. Bargaining centralisation describes the interrelationship between different levels of collective bargaining and, in particular, the impact of higher-level agreements on the establishment level and how this impact is organised.

Coverage

Based on the data provided by the management, it can be estimated that more than two out of three workers in the

Figure 50: Wage bargaining coverage of employees, by country (%)

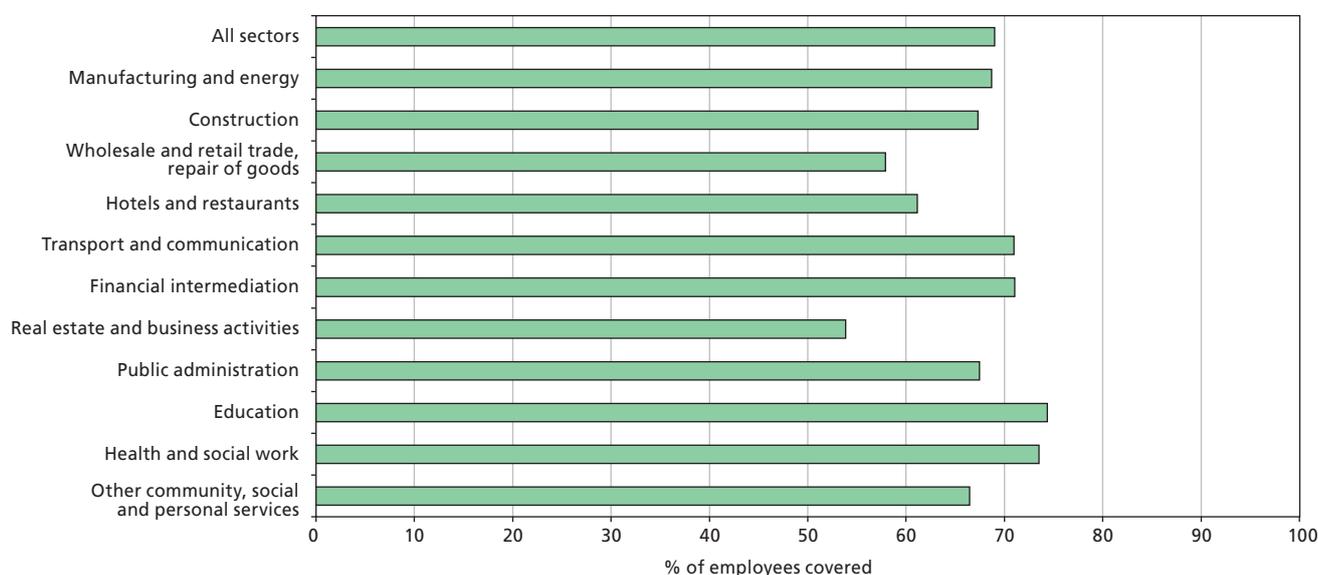


Source: ECS 2009, management interviews

EU are covered by a collective pay agreement: in the total economy, the figure is 69%, while it stands at 67% in the private sector alone (Figure 50). Including the CC3 lowers these rates to 66% and 64%, respectively.³⁴

³³ In the UK 2004 Workplace Employment Relations Survey, 89% of the trade union representatives indicated that they were paid by their employer for time spent on representative activities while at work (Kersley et al, 2005, p. 15). In other words, a comparable 11% have no time off in this regard.

³⁴ Based on different national sources, Visser and Kaminska (2008, p. 22) come to a figure of 63% for 2004–2006 for the EU27 in the report *Industrial relations in Europe 2008*. Using the latest coverage rate – mostly for 2006 – in the ICTWSS database of institutional characteristics of trade unions, wage setting, state intervention and social pacts (Visser, 2009), as well as the wage earners employment figures of Eurostat, produces a weighted arithmetic mean of 66% for the EU27.

Figure 51: Wage bargaining coverage of employees, by sector (%)

Source: ECS 2009, management interviews

However, this majority coverage hides substantial country differences. In general, a very high collective bargaining coverage rate of 90% or more is found in Italy, Finland, Spain, Slovenia and Sweden. High coverage rates also emerge in the Netherlands, Belgium, Germany, Austria, Greece, Denmark, the Former Yugoslav Republic of Macedonia and Romania. The Baltic states of Estonia, Latvia and Lithuania, together with Bulgaria and Turkey, have very low coverage rates.

Excluding the public sector, the coverage rate stays about the same or decreases for most of the countries, except for Belgium, France and Greece where the rate rises to 86%, 77% and 83%, respectively. The coverage rate in the private sector is lowest in Turkey (14%), Bulgaria (19%) and Latvia (19%); this rate lies around 30% in Hungary, Malta and the UK.

Looking at economic sector in more detail, the highest coverage rate can be found in education and in health and social work (Figure 51). A lower coverage rate – although still above 50% – can be observed in real estate and business activities, wholesale and retail trade and repair of goods, and hotels and restaurants.

Centralisation

Based on the questions in the ECS management questionnaire, the level of pay bargaining can be coded as follows:

- 1 = establishment or company level;
- 2 = both establishment or company and higher level;
- 3 = predominantly higher level, with the option of derogation;
- 4 = higher level than company – that is, sectoral or industry bargaining at national or regional level.

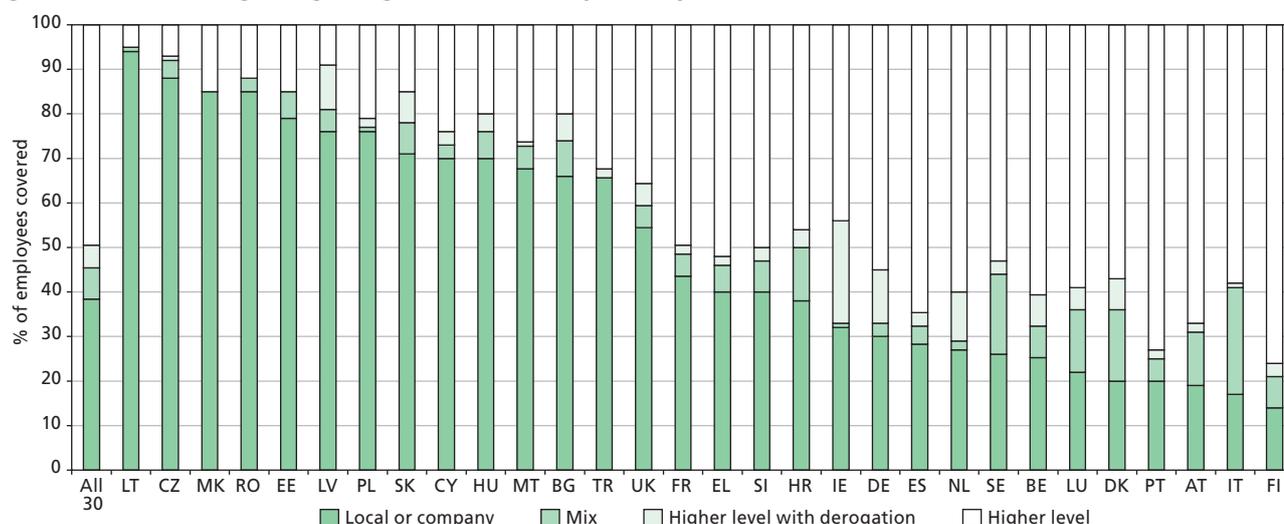
Figure 52 summarises this measure of bargaining level.

As the data show, two types of wage bargaining predominate: local or company bargaining and higher-level wage bargaining. Taking all employees into account, the sector or industry-wide agreement is dominant. For half of the employees covered by a wage agreement, this settlement was reached at the higher level. Leaving out the public sector, both major types of wage bargaining are equally represented, at 44% (Figure 53). Including the public sector in the analysis increases the incidence of higher-level agreements in most of the countries – in some cases extensively, as seen for example in Poland, Slovakia, Romania, Croatia, the UK, Slovenia, Malta, Ireland, Turkey and Denmark. Higher-level bargaining is also important in Austria, Finland and Portugal (Figure 52).

Regarding the distribution of local/company or higher-level wage bargaining, a clear divide runs through Europe. Local or company bargaining is clearly the dominant form in collective pay agreement negotiations in the NMS, as well as in the CC3 (Figure 52); Croatia and Slovenia are a small exception to this observation. Such bargaining is also dominant in the UK when only the private sector is taken into account (Figure 53).

In a number of countries – Ireland, Germany, the Netherlands and Latvia – the practice of derogation from higher-level pay agreements is used more extensively: for instance, some 25% of Irish establishments in the private sector indicate that such derogation practices apply to their situation (Figure 53). In the private sector in countries such as Denmark, Sweden, Italy and Luxembourg, between 15% and 20% of

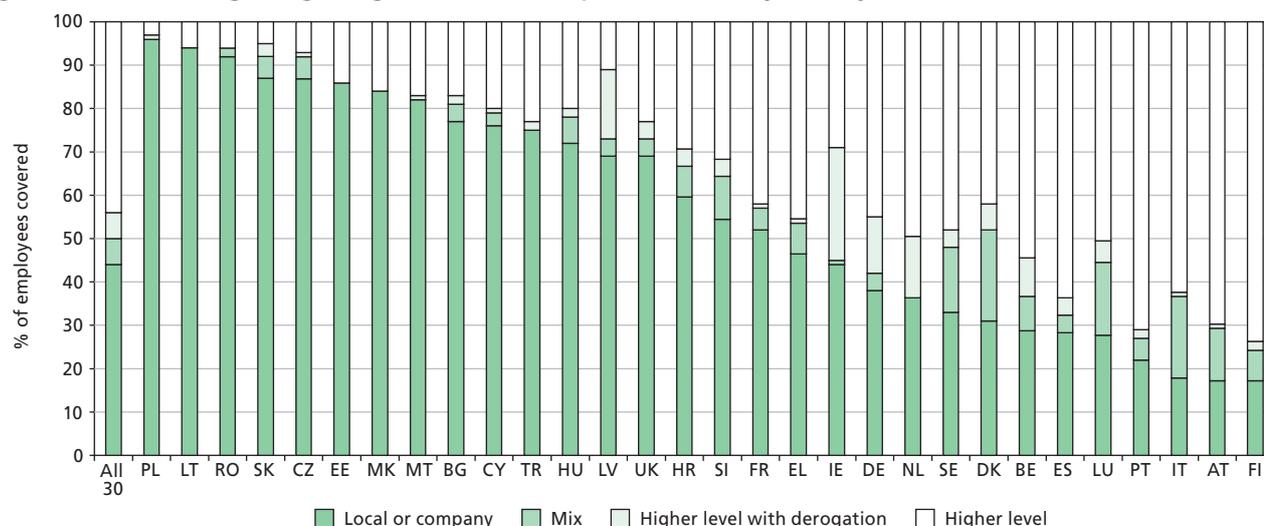
Figure 52: Level of wage bargaining centralisation, by country (%)



Notes: Base = establishments with a pay agreement. Data are employment weighted.

Source: ECS 2009, management interviews

Figure 53: Level of wage bargaining centralisation in private sector, by country (%)



Note: Base = private sector establishments with a pay agreement. Data are employment weighted.

Source: ECS 2009, management interviews

the establishments indicate that a mix of both company and higher-level pay agreements apply.

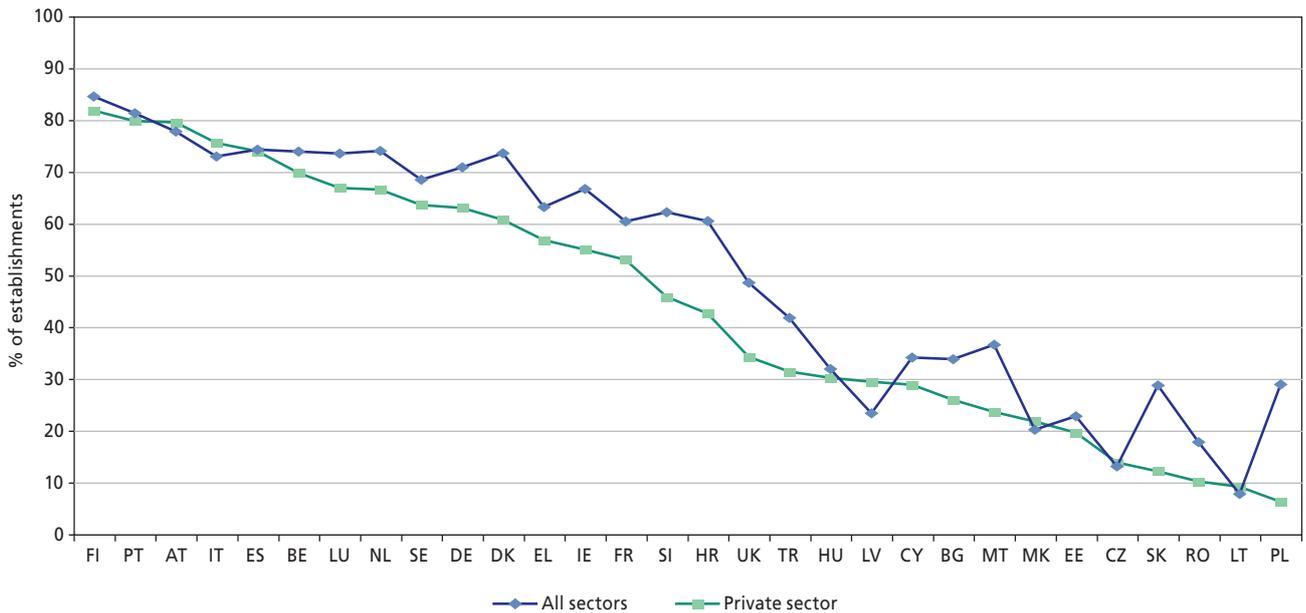
When using the employment-weighted country averages on this scale and transforming this average into a scale running from 0 (all company level) to 100 (all sector level or

higher), the following index can be presented to describe the centralisation of wage bargaining levels (Figure 54).³⁵

Country differences on this index are similar regardless of whether the public sector is included. Nonetheless, in countries such as Croatia, Malta, Poland, Slovakia and

³⁵ This index is only limited to the level of bargaining. Visser (2009) and others have been calculating in relation to the centralisation of wage bargaining based on indices of trade union centralisation (also running from 0 to 100). These indices of trade union centralisation are composite indicators taking into account the authority of trade unions and union federations, their unity and organisational concentration at multiple bargaining levels. Visser's calculated index of bargaining level is, on the other hand, a simple index based on expert analysis. The ECS information focuses on the level of bargaining but contains no further information on the type(s) of higher-level agreements (sector, region, national) and the coordination between these levels. However, the advantage of the ECS is that it is not based on expert analysis, but instead synthesises the empirical information of establishments. As such, the index differentiates more between the countries.

Figure 54: Centralisation of wage bargaining levels, by country (%)



Notes: Base = establishments with a wage agreement. Index = ((square root of average result on pay agreement level scale) - 1)*100.
 Source: ECS 2009, management interviews

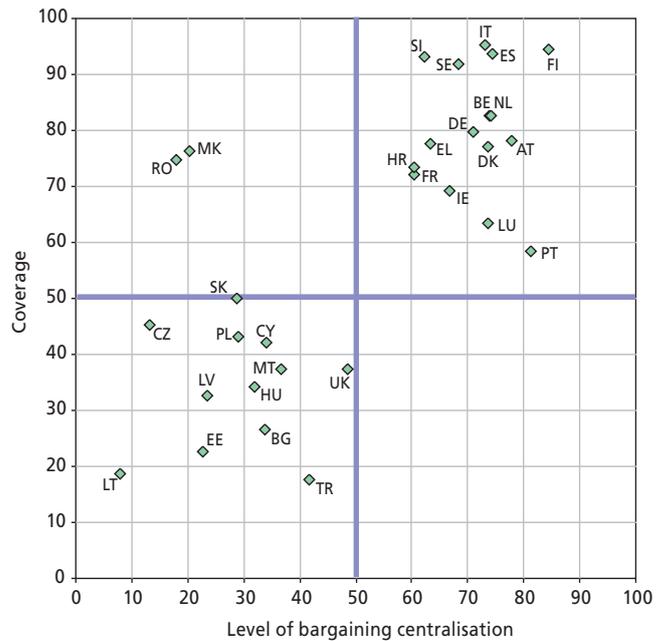
Slovenia, the index rises considerably with the inclusion of the public sector, while in most countries the index for the whole economy is slightly higher. Centralisation is highest in Finland, Portugal and Austria, followed by Italy, Spain and Belgium. Thus, centralisation is stronger in the small north-western countries and the three larger countries in the south. The divide between the 'older' and 'newer' Member States, with the UK included without the public sector, becomes apparent on this index. Bargaining is much more decentralised at company level in countries such as the Czech Republic, Slovakia, Romania, Lithuania and Poland when looking at the private sector only.

Wage bargaining coverage and centralisation combined

Combining the figures of wage bargaining coverage and centralisation makes the divide between 'old' and 'new' Member States even more visible (Figure 55). Two groups can be distinguished in this context, with the EU15 countries (except the UK) forming the quadrant with a higher centralisation and higher coverage; on the other hand, almost all of the NMS12 countries are in the quadrant with a lower centralisation index of bargaining level and a lower coverage rate. The UK can also be found in this latter group. Slovenia and Croatia are also exceptions to this finding and are situated in the first group. Romania and the Former Yugoslav Republic of Macedonia are exceptions to the actual division,

possessing a lower centralisation of wage bargaining levels combined with a higher coverage rate.

Figure 55: Indices of wage bargaining coverage and centralisation, by country



Notes: Wage bargaining coverage = % of employees covered by a collective pay agreement. Index of centralisation = ((square root of average result on pay agreement level scale) - 1)*100.
 Source: ECS 2009, management interviews

Table 18: Involvement of employee representatives in establishing or blocking rules/procedures of flexible work

	% involvement		% blocking practice	
	All countries	EU27	All countries	EU27
Setting of working time length	63	64	–	–
Rules and procedures on doing overtime	64	64	1	1
Part-time work	50	51	1	1
Working time accounts or other flexible working time regimes	60	61	2	2
Shift system	64	65	1	1
Night work	65	67	2	2
Weekend work	61	62	2	2
Deployment of temporary agency workers	44	44	6	6
Use of fixed-term employment contracts	48	48	1	1

Note: Involvement = by consultation/negotiation or absolute blocking of the practice for each item, as indicated by the employee representatives – where they themselves or management indicated that the practice exists in the establishment; or where the employee representation indicated that the practice does not exist as a result of their opposition.

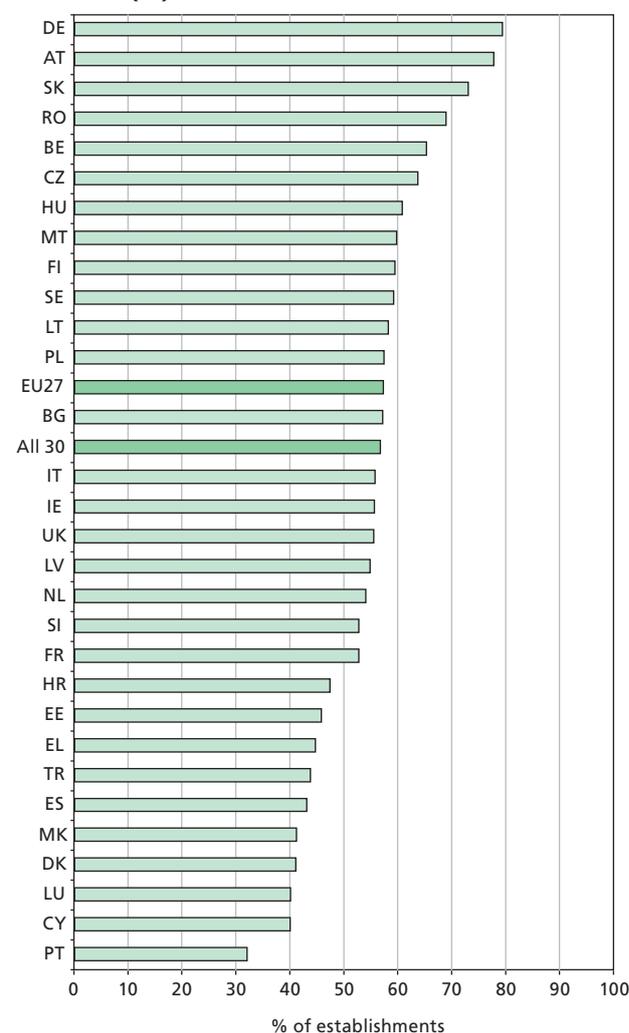
Source: ECS 2009, employee representative interviews

Joint regulation of flexible working arrangements

The ECS asked employee representatives whether they have been involved in establishing a range of employment terms and conditions, either through consultation or negotiation. This simple set of ‘yes’ or ‘no’ questions focused on the main topical issue of the survey – that is, flexible work.

The general results of this representational involvement in organisational decisions on flexible work arrangements are clear (Table 18). Between 60% and 65% of the employee representatives, for which the practice is relevant, indicate that they are involved in setting the rules/procedures on working time issues such as the length of working time, overtime or working atypical hours (night, shift or weekend work). In relation to flexible components of the employment contract, the representational involvement is considerably lower: some 48% of representatives report being involved in setting the rules and procedures of fixed-term contracts, while 44% take part in the deployment of temporary agency work and 50% are involved in deciding the establishment terms of part-time work. Only small percentages of the employee representatives indicate that these forms of work are not applied in their establishment as a result of their opposition. A certain degree of successful opposition (6%) could only be

Figure 56: Involvement of employee representation in decisions on flexibility practices, by country (%)



Notes: Averages have not controlled for the effects of other variables.

Involvement = by consultation/negotiation or absolute blocking of the practice for each item, as indicated by the employee representatives – where they or management indicated that the practice exists in the establishment; or where the employee representation indicated that the practice does not exist as a result of their opposition.

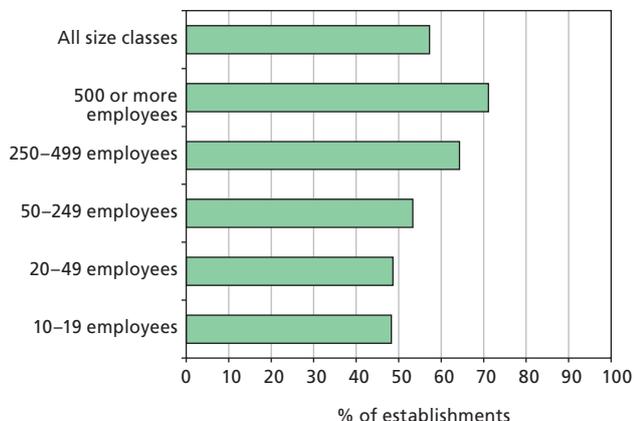
The scale in the figure runs from ‘0’ = ‘low involvement’ to ‘1’ = ‘high involvement’; average of ‘1’ = yes, involvement’ answers in relation to the practices mentioned in Table 18.

Source: ECS 2009, employee representative interviews

detected in relation to the deployment of temporary agency work in the establishment.

Statistical analysis shows that the results regarding the joint regulation of flexible work can be summarised by a scale ranging from ‘0’, denoting ‘low involvement of the employee representation in flexible work issues at the workplace’, to ‘1’ indicating ‘high involvement of the representation in the

Figure 57: Involvement of employee representation in decisions on flexibility practices, by company size (%)



Notes: Averages have not controlled for the effects of other variables. Involvement = by consultation/negotiation or absolute blocking of the practice for each item, as indicated by the employee representatives – where they or management indicated that the practice exists in the establishment; or where the employee representation indicated that the practice does not exist as a result of their opposition.

Scale runs from 0 to 1, where an average of ‘1 = yes, involvement’ answers in relation to the practices mentioned in Table 18.

Source: ECS 2009, employee representative interviews

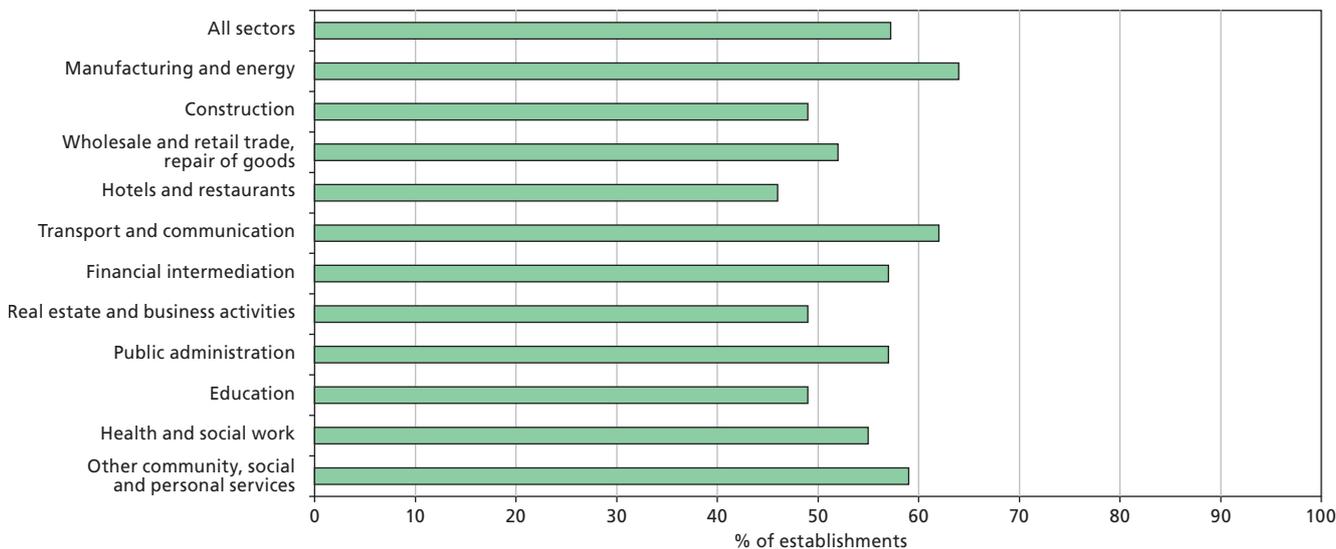
flexible work issues at the workplace’.³⁶ In other words, a pattern of either high or low involvement of the employee representation in the (applied) set of organisational flexibility work decisions can be detected in an establishment.

Figure 56 shows that country differences are large in this respect, with high scores being observed for Germany, Austria, Slovakia, Romania and Belgium. At the other end of the scale, low scores are evident for Portugal, Cyprus, Luxembourg, Denmark and the Former Yugoslav Republic of Macedonia. Denmark’s inclusion in this group of low involvement is somewhat surprising in light of other findings in the ECS, for example the very high level of coverage and incidence of employee representation at the workplace.

Involvement in negotiating flexible working practices also increases with the size of the establishment, with companies with 500 or more employees showing the highest level of involvement (Figure 57).

From a sectoral perspective, the level of involvement by employee representatives is lower in construction, education, hotels and restaurants, and real estate and business activities than in other sectors (Figure 58). The highest level of involvement can be found in manufacturing and energy, followed by transport and communication.

Figure 58: Involvement of employee representation in decisions on flexibility practices, by sector (%)



Notes: Averages have not controlled for the effects of other variables.

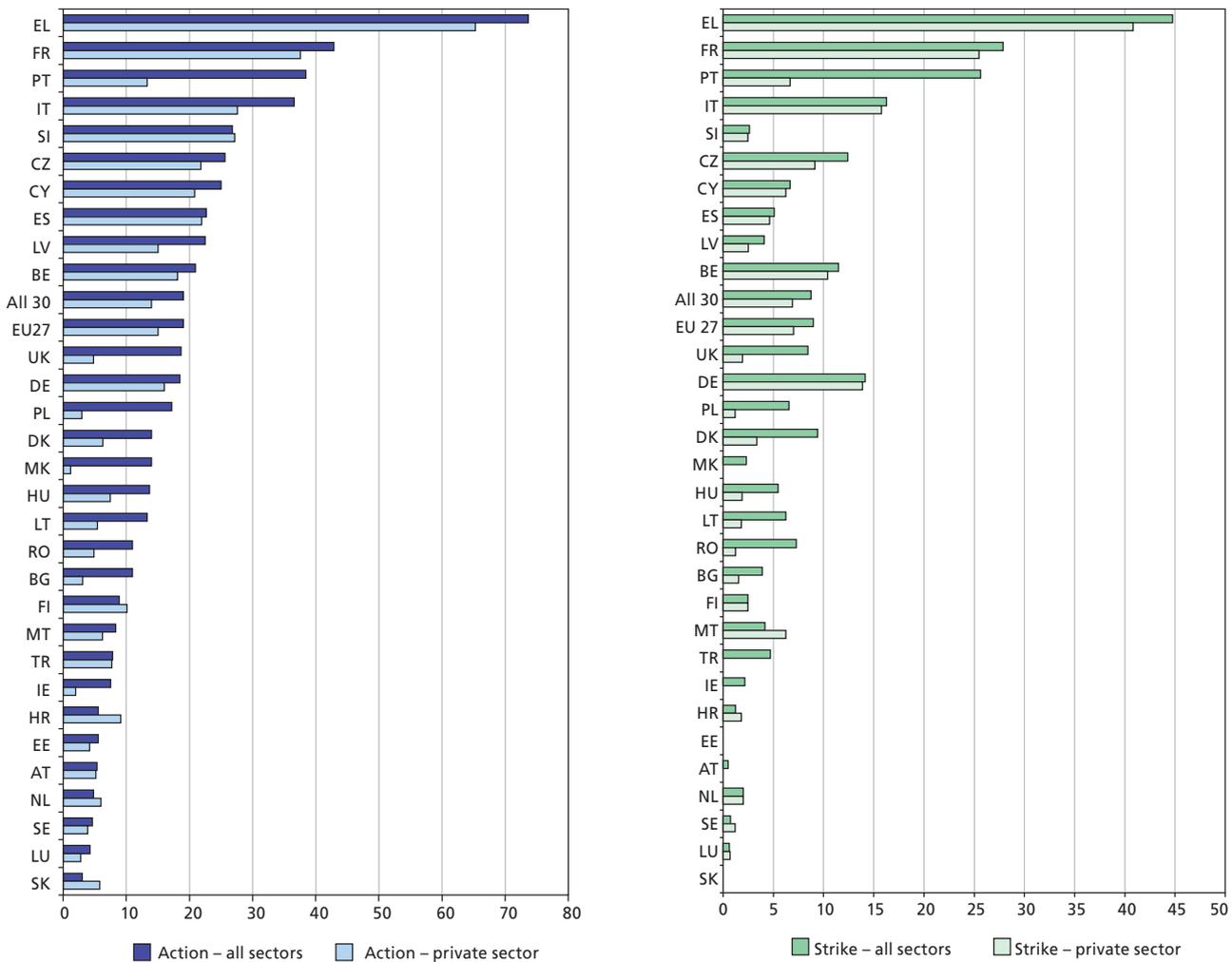
Involvement = by consultation/negotiation or absolute blocking of the practice for each item, as indicated by the employee representatives – where they or management indicated that the practice exists in the establishment; or where the employee representation indicated that the practice does not exist as a result of their opposition.

Scale runs from 0 to 1, where an average of ‘1 = yes, involvement’ answers in relation to the practices mentioned in Table 18.

Source: ECS 2009, employee representative interviews

³⁶ This one-dimensional scale has been checked by an exploratory factor analysis with categorical items.

Figure 59: Industrial action and strike activity in 2008, by country and type of action (%)



Note: Base = % of establishments with employee representation.
 Source: ECS 2009, employee representative interviews

Taking other organisational dimensions, workforce profiles and employee representation characteristics into account, the following main relationships can be established regarding involvement in decisions on flexible practices.

- No differences can be detected on the basis of company ownership - that is, according to whether or not the company is independent, publicly owned or foreign owned.
- The introduction of workforce characteristics shows that, in establishments with a high proportion of highly-skilled jobs, the involvement is lower. This relationship holds true throughout the step-by-step analysis.
- A trade union presence and union majority in the employee representation have a positive effect on the level of involvement, as does the presence of a works council type of body. However, the independent effect of

these employee representation characteristics disappears when trade union density and employee representation resources are brought into the analysis.

- Higher trade union density goes hand in hand with higher involvement.
- Lack of resources such as no time facilities or deficient information provisions have negative effects on the level of involvement.

To summarise, the analysis shows that employee representatives' involvement in decisions on flexible arrangements differs mainly by country and establishment size. Moreover, this involvement is affected by employee representatives' access to facilities with regard to business information, training and time. The availability of a works council channel and trade union power determine positively the amount of these resources.

Industrial action

In the ECS, a series of questions presented to the employee representatives was dedicated to the issue of industrial action. The data in this respect are limited to establishments with employee representation present. As previously stated, the incidence and coverage of employee representation differs greatly by country. In some countries, such establishments are almost representative for the whole economy – as seen, for example, in Sweden. In other countries, they represent only a specific minority – as evidenced, for instance, in Greece. This ‘bias’ has to be taken into account when interpreting the following data. The data pertain to ‘establishments with a representation’ and not to ‘all’ establishments.

Almost 20% of the employee representatives indicate that some form of industrial action took place at their establishment in 2008, while a further 9% of the representatives claim that a work stoppage of less than one day took place (Figure 59). Some 7% of the employee representatives indicate that a strike of one day or more took place, while 10% refer to other types of industrial action. Therefore, although industrial action is not uncommon in the establishments with representation, major conflicts such as strikes are evidently rather exceptional.

Furthermore, industrial action and strike activity are to a large extent confined to a limited set of mainly southern European countries, as well as Slovenia and the Czech Republic (Figure 59). However, it is important to note that there may be significant year-on-year variations in the incidence of industrial action in any given country. For example, Slovenia and the Czech Republic experienced a rather exceptional period of social unrest in 2008, with the first national protest and strike campaign taking place in Slovenia since 1996 and a month of rallies against government policies occurring in the Czech Republic. When only considering strike activity, these two countries are no longer found in this group, whereas Greece remains well ahead. When looking at strike activity and limiting the results to the private sector, a clear rate of action can only be detected in Belgium, the Czech Republic,

France, Germany, Italy and Portugal, with Greece staying well ahead of the other countries. Some 20 countries score a percentage of less than 3% in relation to this indicator. When limiting these strike figures to local conflicts only, the level of strikes as a form of collective action in local workplace disputes with management is only slightly higher than the other countries in Belgium and Italy, while it is an applied practice to some extent in France and Greece.

Pay is by far the most significant reason for industrial action – particularly in the case of strike activities (Table 19). Although pay remains a significant factor in local strikes in the private sector, other issues are becoming more important – especially the reorganisation of work and other forms of restructuring.

Cooperation between management and employee representation

A cooperative spirit between trade unions and management has been associated with a range of positive effects on organisational performance (Kochan and Osterman, 1994; Rüdts, 2007), although there is no consensus on this impact. The ‘culture or climate of cooperation’ has only been captured in the ECS to a limited degree, by asking employee representatives (and not management) whether the relationship can be defined as hostile and whether sincere efforts are being made to solve common problems. The representative could score these items on a five-point scale, ranging from ‘1’ indicating that they ‘strongly disagree’ to ‘5’ for ‘strongly agree’. For analytical purposes, these answers were added and recoded according to a 10-point scale (Figure 60).

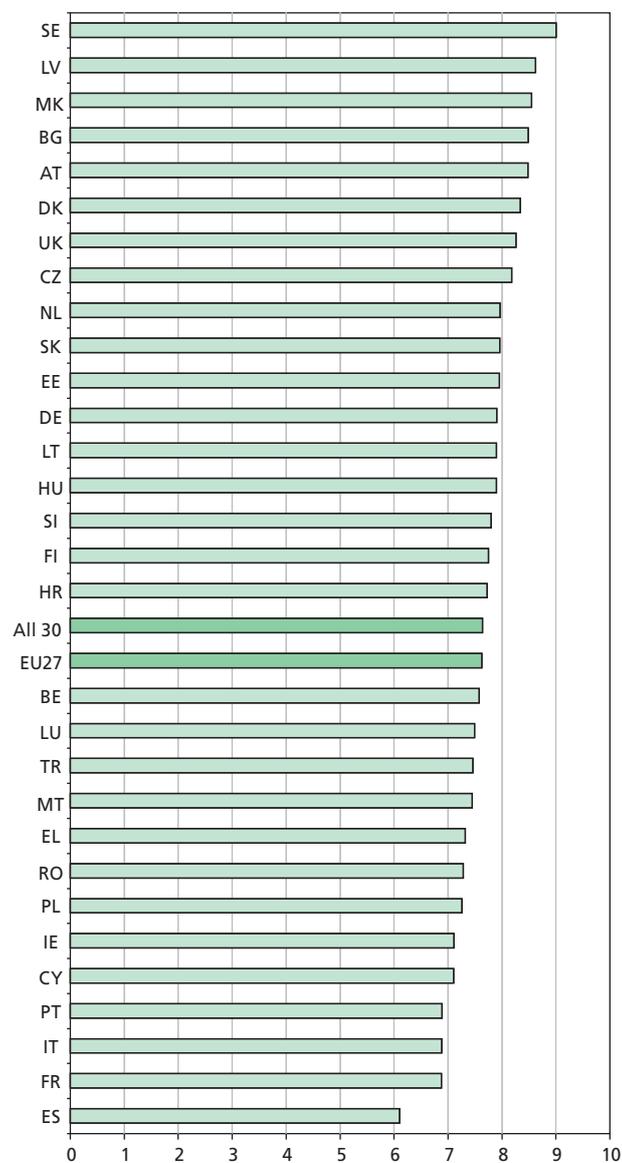
The weighted average score on this 10-point scale is 7.6. Thus, employee representatives in Europe seem to be generally satisfied that a rather good cooperative culture of interaction exists between them and the management of establishments. The perception of this cooperative climate is, on average, highest in Sweden, followed by Latvia, the Former Yugoslav Republic of Macedonia, Bulgaria, Austria

Table 19: Main issues of industrial action, by type of action

	Industrial action – all sectors	Industrial action – private sector	Strike activity – all sectors	Strike activity – private sector	Local strike activity – private sector
Working time matters	28	32	26	25	30
Changes in work organisation	36	37	37	35	43
Pay	65	57	74	68	61
Health and safety issues	19	18	20	20	24
Personnel planning and recruitment policies	24	20	25	19	23
Structural changes, such as restructuring and mergers	26	30	28	31	37

Source: ECS 2009, employee representative interviews

Figure 60: Cooperative culture between management and representation, by country



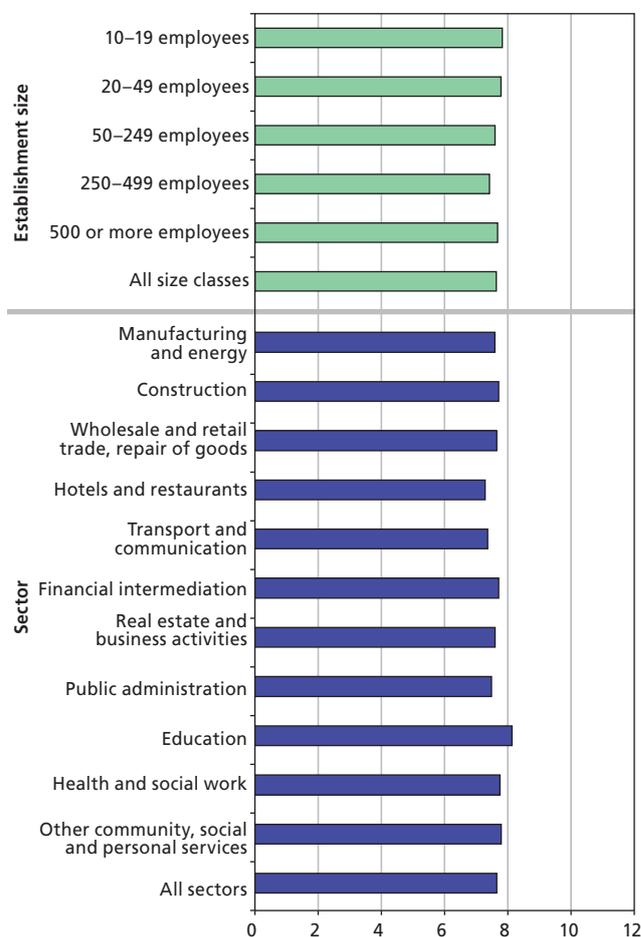
Note: Average scores on a 10-point scale.
Source: ECS 2009, employee representative interviews

and Denmark. Conversely, a low average score is found in Portugal, Italy, France and Spain, in particular.

In terms of company size, the climate of cooperation is more geared towards smaller establishments, although it can also be found in the largest enterprises (Figure 61). From a sectoral perspective, hotels and restaurants, transport and communication, and public administration have a lower cooperative climate, while education appears to have the highest.

Multivariate analysis shows that sector and size variations are not as significant in explaining the difference in the cooperative climate. Public services have a lower score, but

Figure 61: Cooperative culture between management and representation, by company size and sector



Note: Average scores on a 10-point scale.
Source: ECS 2009, employee representative interviews

this is compensated by the higher rating in the educational sector. The effect of workforce characteristics – for example, the proportion of women employed – largely disappears when components of the workplace social dialogue are introduced. Only organisations with a higher proportion of skilled jobs maintain a higher score. Trade union based representation is related to a more confrontational approach or, in more positive terms, such representation ‘stands up to’ the management. Resource factors, in particular, contribute substantially to the explanatory power of the analysis. Quality information provided to employee representatives, together with sufficient time and regular training contribute to a more cooperative climate. Not surprisingly, industrial action has a negative effect on the cooperative climate. The correlation between involvement in decisions on flexibility practices and a cooperative climate is relatively high. Country differences in the cooperative climate remain throughout the analysis, with Sweden maintaining the lead. A clear and significant

negative country effect can be seen for Poland, Romania, France, Italy and, in particular, Spain.

Impact and support

The final part of the ECS module on workplace social dialogue focused on the impact or status of the employee representation in establishments. Two questions addressed this area: the influence of employee representation on a range of topics and support for this form of workplace democracy.

Strategic influence

Employee representatives were first asked to rate the extent of their influence on a series of organisational policies. The results in Figure 62 show the level of influence that employee representatives claim to have – ranging from ‘very weak’ to ‘very strong’ influence.

Employee representatives’ influence is considered to be strong with regard to health and safety matters and, to a lesser extent, also in relation to working time regulations and individual disciplinary problems. In contrast, employee representatives’ influence seems to be, on average, rather low in organisational matters such as structural changes, career management and personnel planning.

Although it is a traditional subject of industrial relations, pay is not generally defined as an issue of large influence. The finding that pay is still often regulated at higher levels than the company level possibly distorts this workplace level of influence on pay. However, this argument is only partly confirmed by the ECS data. The influence on pay is, on average, rated lower by employee representatives covered

by a higher-level agreement (Table 20). Nonetheless, even in establishments with only a company pay agreement, 25% of the respondents considered the influence on pay to be ‘very weak’, while 30% viewed it as ‘quite weak’.

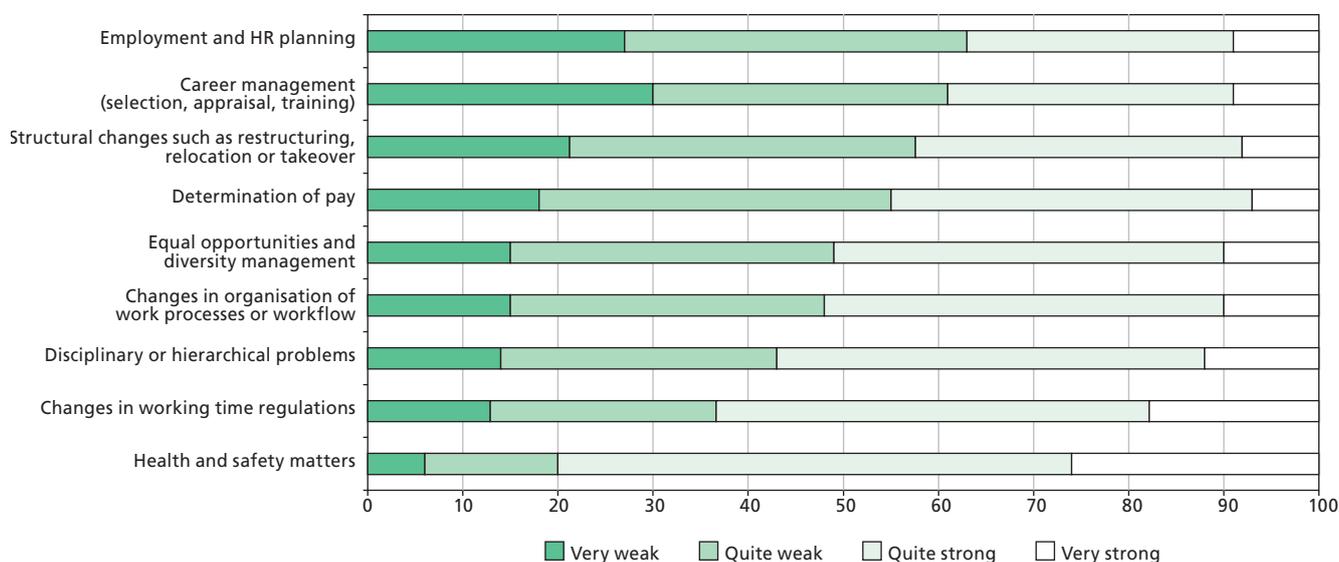
Table 20: Employee representation’s influence on pay, by type of pay agreement (%)

	Very weak	Quite weak	Quite strong	Very strong
Company agreement	25	30	34	11
Mixed	26	29	37	8
Higher-level agreement with derogation	27	31	31	10
Higher-level agreement	32	33	27	8

Source: ECS 2009, employee representative interviews

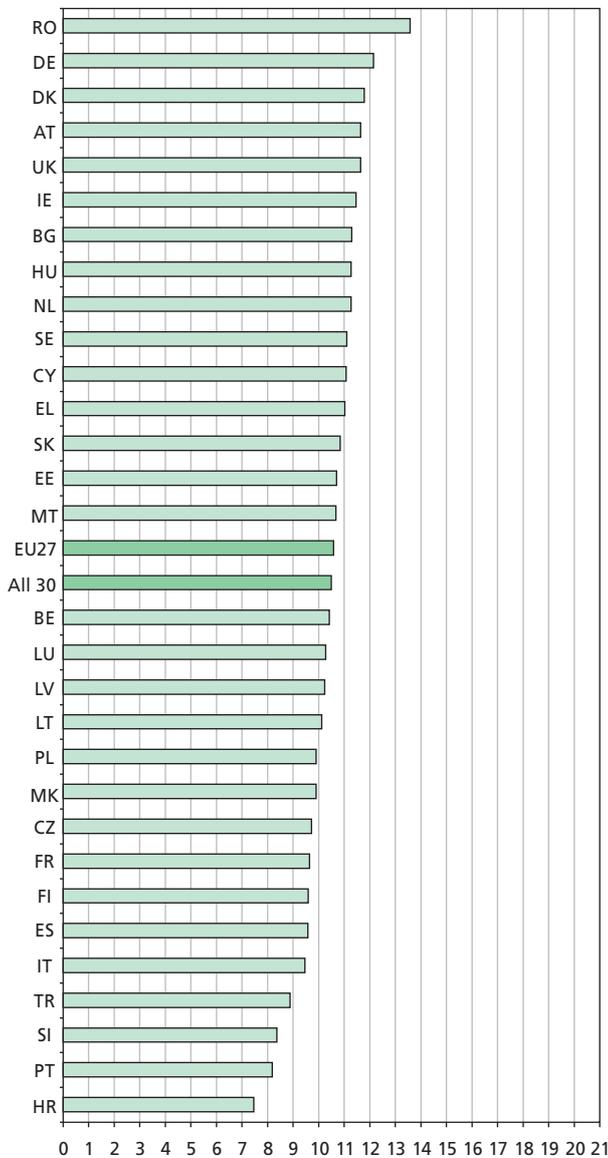
Further statistical analysis shows that the responses to these questions hide a hierarchy, which can be reduced to a one-dimensional measurement. This latent trait summarises the influence of the employee representation ranging, at one extreme, from no or weak influence in operational work matters like health and safety or changes in the daily work processes or working time to the other extreme, where a strong influence is exerted, even in strategic issues like manpower planning, structural changes or diversity management. The detected hierarchy means that the score can be interpreted as cumulative: influence on a higher-order issue also normally implies an influence on a lower-ranking matter. Thus, employee representatives who claim to have a strong or very strong influence on strategic matters such as personnel planning or organisational restructuring will generally also have a strong influence on operational issues.

Figure 62: Employee representation’s influence on organisational issues (%)



Source: ECS 2009, employee representative interviews

Figure 63: Strategic influence of employee representation in organisation, by country

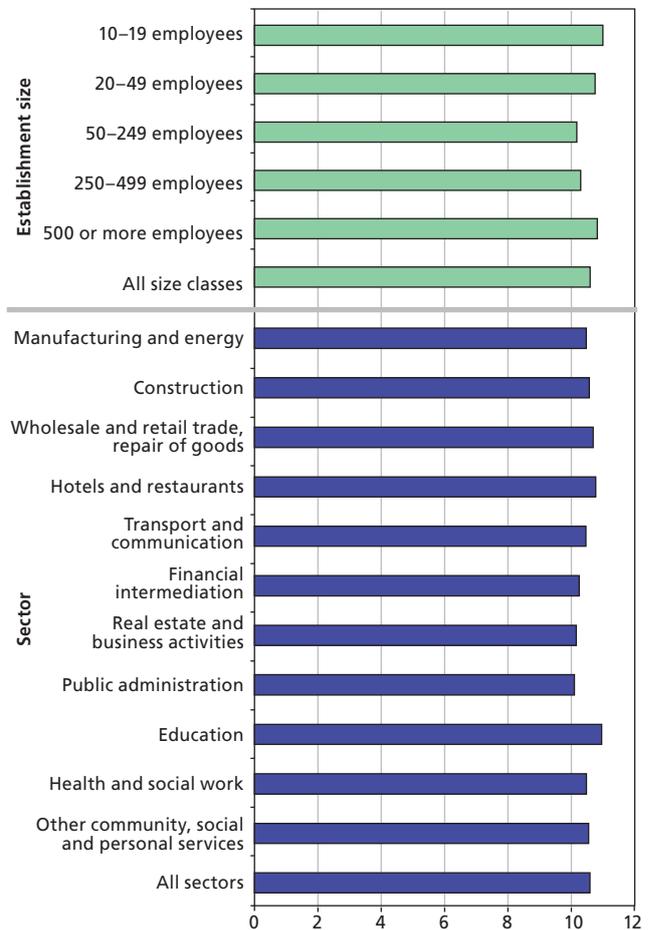


Notes: The scale runs from 0 to 21 and is based on the sum of scores for seven items of influence: health and safety; working time rules; work process changes; equal opportunities policies and diversity management; restructuring; career management and personnel planning. For each item, 0 stands for 'very weak', 1 for 'quite weak', 2 for 'quite strong' and 3 for 'very strong'.
Source: ECS 2009, employee representative interviews

However, the reverse does not necessarily apply: influence on operational matters does not guarantee influence on strategic issues.

Involvement in the settlement of individual, hierarchical grievances and the determination of pay matters are not part of this scale. These fields stand out in the analysis as separate domains of workplace social dialogue. In the

Figure 64: Strategic influence of employee representation in organisation, by company size and sector



Notes: The scale runs from 0 to 21 and is based on the sum of scores for seven items of influence: health and safety; working time rules; work process changes; equal opportunities policies and diversity management; restructuring; career management; and personnel planning.
Source: ECS 2009, employee representative interviews

ECS data, having a strong or weak influence on pay issues and the settlement of individual disputes is not related to what was defined as having a more operational influence (for example, health and safety or the working time regime) or strategic influence (such as personnel planning or restructuring). According to the ECS, it is possible to have a weak influence in pay settlements and a high influence in organisational restructuring or to have a high influence in individual disputes and a low influence in working time decisions. An explanation for this finding could be that pay and individual disputes are mainly settled at other levels than the organisation – namely, individually or on the basis of labour law (disputes) or at higher level in sectoral/national collective agreements (pay).

Figure 63 measures the influence at the organisational level of employee representation, on a scale from 0 to 21.³⁷ The average scores on this scale point to a modest strategic influence of the employee representatives. The overall average is exactly 10.5 or halfway. Therefore, it is certainly not common that European employee representatives have an influence on strategic (HR) decisions such as restructuring, personnel planning or career management rules. From a cross-country perspective, high strategic scores are obtained in Romania, Germany, Denmark, Austria and the UK. Conversely, low scores are observed in Turkey, Slovenia, Portugal and Croatia.

Looking at the strategic influence of employee representatives on the basis of establishment size, a curvilinear relationship with size emerges once again – that is, their influence seems to be highest in companies with the lowest (10–19) and largest (500 or more) number of employees (Figure 64). In terms of economic sector, education shows, on average, the highest strategic influence; in contrast, public administration, financial intermediation and real estate and business activities show the lowest levels of influence.

Overall, a stepwise multivariate statistical analysis – using the same factors already applied in the previous points – clarifies a range of these observed differences more clearly as follows.

- Receiving the necessary information, access to regular training and having sufficient time to carry out the representative duties go hand-in-hand with a high (strategic) influence of the employee representation at the workplace.
- The institutional setting of the employee representation – namely, the availability of a works council channel and trade union power (as measured by union density) – play a role whereby they positively affect the availability of these resources.
- These findings can also be used to clarify the curvilinear size effect. Accordingly, a smaller sized company has a higher chance of stronger strategic influence among the employee representation. The smaller distance to management seems to create more possibilities for influence. However, other important factors which determine this influence are less available in smaller establishments – such as a works council or trade union power and resources. These factors increase with the size of the establishment. This explains why a curvilinear relationship is detected.

- In relation to the cooperation-conflict dimension, the analysis shows that industrial action correlates negatively with employee representatives' influence. This relationship disappears when the variable of a cooperative industrial relations climate is introduced: a higher cooperative culture is linked to a higher strategic influence. There is also a clear link between high participation in flexible work decisions and strategic influence. It is of course difficult to establish causality between these constructs: for example, does the high influence come with cooperation or does the lack of influence lead to a conflictual approach?
- Sector differences only play a minor role and disappear almost completely when other determinants are introduced to the analysis. Only the education sector consistently stands out with a higher score in relation to employee representatives' influence.
- Not surprisingly, the strategic influence is viewed as lower in foreign-owned companies. The influence is also lower in establishments with a high proportion of high-skilled jobs. Other ownership and workforce characteristics are not significant in the analysis.
- Even after controlling for all of these factors, country differences are still detectable. A mix of countries still has lower scores. This negative country effect can be definitely seen for Lithuania, Poland, the Czech Republic, the Former Yugoslav Republic of Macedonia, France, Finland, Italy, Spain, and especially Slovenia and Croatia.

Support by management and employees

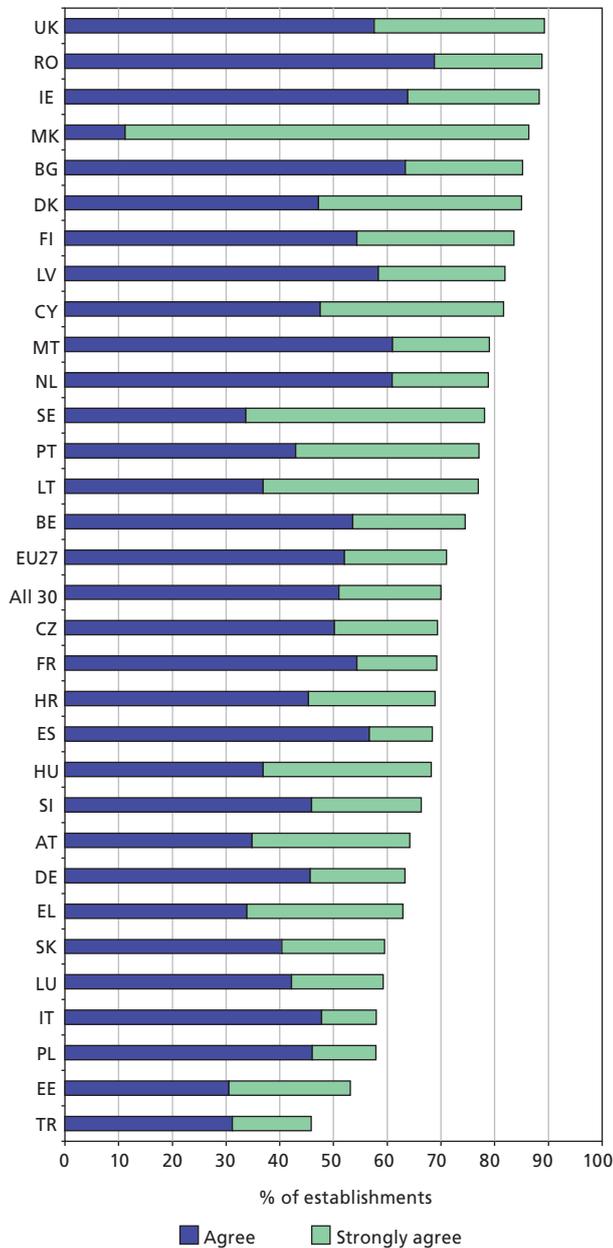
The ECS also investigated the support for employee representation by management and employees. A central question here was the status of this industrial relations instrument in the view of management and workers, as perceived by the employee representatives.

Management view

European management is, in general, rather positive about the effect of social dialogue and employee representation at the workplace. In the companies with an institutional employee representation, 70% of management representatives state that the employee representation helps in a constructive manner to find ways to improve workplace performance (Figure 65). The same proportion also agrees with the statement that consulting the employee representation in important changes leads to greater staff commitment in the implementation of changes. Only 30% of management believe that employee

³⁷ Scale from 0 to 21 based on the sum scores of seven items of difference. For each item, 0 stands for 'very weak'; 1 for 'quite weak'; 2 for 'quite strong' and 3 for 'very strong'.

Figure 65: Management agreeing that employee representation is constructive in improving workplace performance, by country (%)

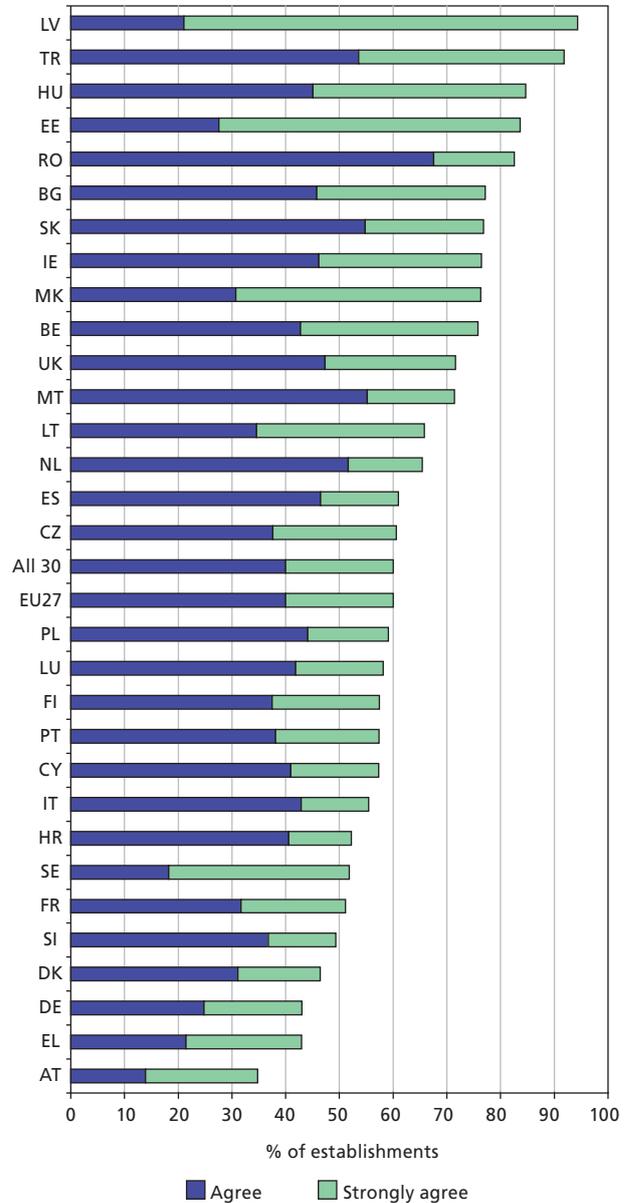


Source: ECS 2009, interviews with management of establishments with statutory employee representation

representatives' involvement leads to considerable delays in important management decisions.

From a cross-country perspective, the management of establishments with employee representation are, on average, most convinced about the constructive value of such representation in the UK, Romania and Ireland. In contrast, the management are the least convinced about the value of employee representation in Italy, Poland,

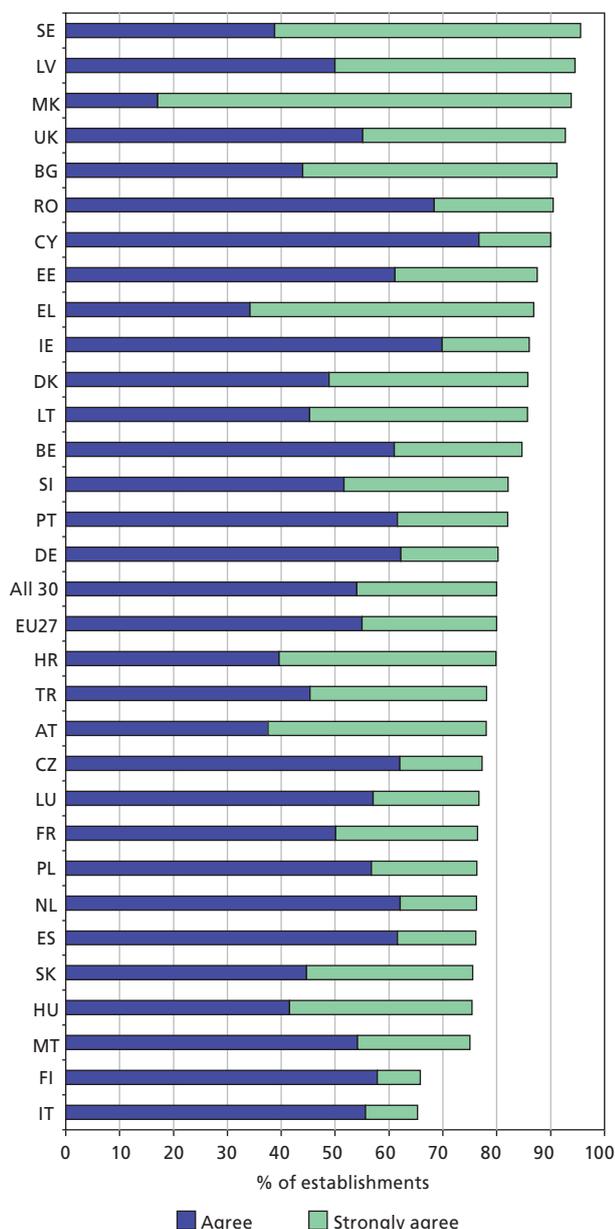
Figure 66: Management preference for direct consultation of employees, by country (%)



Source: ECS 2009, interviews with management of establishments with statutory employee representation

Estonia and Turkey. In terms of company size, this positive evaluation is higher in smaller than in larger establishments. With regard to economic sector, managers in manufacturing along with transport and communications are, on average, less convinced about the added value of employee representation. This is also more often the case when the employee representation has a trade union component, as measured by the trade union membership of at least a part of this representation.

Figure 67: Employee support for employee representation, by country (%)



Source: ECS 2009, employee representative interviews

In terms of management’s preference for direct consultation with employees in an establishment, some 60% show a preference for this form of consultation (Figure 66). Across Europe, the preference for direct employee consultation is highest in Latvia and Turkey, and lowest in Germany, Greece and Austria. A clear difference in the management’s view can be distinguished in this regard by the size of the company: managers of smaller establishments are much more in favour of direct consultation. As a result, sectors with relatively small establishments also have a higher managerial preference for direct consultation – in particular, the education, construction, and hotels and restaurants sectors.

Employee support

Turning to the issue of employee support for employee representation, some 80% of the interviewed representatives claim that the employees support their work (Figure 67). This conviction is particularly high in Sweden and Latvia, while it is lowest in Finland and Italy, albeit still reaching an average of above 65% in the latter two cases. In terms of company size, a curvilinear relationship emerges once again in relation to employee support for representation, with support proving to be highest in the smallest and largest establishments.

Conclusion

To summarise and conclude, an encouraging picture of practices of workplace social dialogue in Europe has emerged from the findings of this chapter.

Positive aspects

The ECS 2009 is probably the first survey that provides research-based comparative findings on the nature and quality of workplace social dialogue and employee representation in Europe, albeit with some methodological limitations. These comparative findings paint a generally positive picture of this collective instrument of industrial relations, as reflected by the following conclusions.

- The most common way of determining pay in Europe is through collective bargaining – two out of three workers are covered by a collective wage agreement, either at company or higher level.
- More than 60% of employees in Europe are covered by a recognised institution of employee representation.
- Some 86% of these representation structures have a trade union link, with 63% securing a trade union majority.
- Most representation structures have access to the key resources needed to function effectively: some 85% of these employee representation structures receive information on the financial, economic and employment situation of the establishment at least once a year; about 66% state that the information is usually timely, and 75% that it is in general sufficiently detailed. A further 72% receive training on a regular basis; and 75% of the representatives regard the amount of paid time off which they normally receive as sufficient to fulfil their representative duties.
- In organisations where the distance to management is higher, the odds of having a statutory employee representation are higher – as seen in the case of subsidiaries, foreign-owned companies and organisations with less high-skilled jobs.

- Nearly 66% of the employee representatives indicate that they are involved in setting the rules and procedures on working time issues.
- The employee representatives generally believe that a rather favourable climate of cooperation exists between them and the establishment's management.
- A large majority of the employee representatives (80%) believe that their work is supported by employees.
- Most managers in European companies (70%) are generally positive about the effect of social dialogue and employee representation at the workplace.

Limitations

Although these results point to the strength of traditional workplace social dialogue in Europe, a number of limitations are also evident, as follows.

- In a range of establishments, the employee representation is limited to health and safety control or is organised in an informal way.
- A third of representatives receive infrequent information on the economic and financial condition of the organisation, at most once a year.
- Some 17% of the employee representatives indicate that they are not entitled to take any paid time off to carry out their duties.
- Involvement in decisions on contractual flexibility is more limited than involvement in flexible working time arrangements – in companies where contractual flexibility is used, almost 50% of the representatives report involvement.
- The strategic influence of the employee representatives is quite limited.
- While most managers consider that workplace social dialogue has a positive impact, 60% nevertheless report a preference for direct consultation with the employees of the establishment.

Varied experiences

The analysis shows important variations in the experience of workplace social dialogue in Europe, as reflected by the following findings.

- The ECS data confirm differences between most of the former EU15 and the NMS12 in relation to the coverage and level of wage bargaining.
- More importantly, and acknowledging exceptions, the strong institutional implementation of workplace social dialogue is a far more frequent phenomenon

in the northern European countries than those in the south. A less developed implementation and a different, more confrontational process of statutory employee representation can be distinguished among the countries in southern Europe, even after controlling for other variables such as the size and economic activity of the establishments. Bulgaria, Romania and, to a lesser extent, Croatia and the Former Yugoslav Republic of Macedonia form an exception to this finding.

- In 20 of the 30 countries covered in the survey, strikes are rarely used by the local employee representation.
- Many differences can be noted between smaller and larger establishments. The incidence of employee representation is higher in large establishments. However, in relation to social dialogue practices, a smaller organisation size reduces the distance between management and representation, which can encourage an intense, cooperative social dialogue. Resources and statutory channels are, nevertheless, considerably less available, which hampers the further development of the dialogue. Owing to these results, a curvilinear relationship emerges between the size of the establishment and the quality of the workplace social dialogue.
- Sector differences could often be explained by other organisational differences. The education sector and basic industries stand out as sectors with well-established workplace social dialogue.
- Workforce characteristics only play a minor role in the differences, which can be interpreted positively: workplace social dialogue is not an exclusionary practice confined to a particular category of the workforce.

Ways forward

A large imbalance still can be observed in the coverage of this statutory form of information and consultation between the countries in question.

Progress certainly also has to be made with regard to the envisaged strategic consultation of employee representation in personnel matters. Differences between the Member States are not that large in this regard. The ECS analysis shows how important the necessary resources are for employee representatives to participate meaningfully in discussions on these issues. Involvement and influence in managerial decisions go hand-in-hand with the facilities available to employee representatives in terms of quality information provisions, regular training and sufficient time. Moreover, having a works council channel and strong trade union influence positively determine the availability of these resources.

In the ECS questionnaire presented to management, managers were asked to assess several different aspects of their company's performance. This provides performance measures that give an insight into the use of human resource instruments and management techniques, as well as offering a subjective assessment of the work climate, economic situation and labour productivity. Managers were asked to report any changes in personnel numbers and human resource bottlenecks such as absenteeism, motivational problems or difficulty recruiting or retaining staff. In addition, questions on management systems and organisational processes provide information that can be linked to companies' overall performance.

As stated in the introduction, the interviewing for this wave of the ECS was undertaken during the initial onset of the current economic crisis. For this reason, some clear differences in the subjective assessment of company performance by managers can be expected, certainly in comparison to the data surveyed in the ESWT 2004–2005. This requires a certain amount of caution when reporting on these subjective assessments. Nevertheless, it offers a unique opportunity to provide a snapshot of what the social and economic climate at the time of the survey entailed. For example, how did companies throughout Europe react to such global economic upheaval? Are there clear indications of friction at the workplace due to the unstable economic climate? Are differences visible between how this is reported in companies by country, sector and size?

This chapter first provides a basic overview of performance indicators – including trends where possible – by using the data from the ESWT 2004–2005. Next, it focuses on a number of aspects of human resource management (HRM) in relation to these performance indicators such as training, HR obstacles and remuneration, also addressing how these are related to companies' performance. Although this descriptive presentation does not permit any conclusions regarding causal relations, it can uncover correlations upon which further research can be developed.

Performance indicators

Working time flexibility, employee financial participation and social dialogue are core topics of the ECS 2009. Recent studies indicate that flexible work practices and HRM policies may have significantly different impacts depending on the focus of these practices, and particularly on how complementary practices are combined (see, for example, Michie and Sheehan-Quinn, 2001; Chung, Kerkhofs and Ester, 2007). It is therefore important to study which strategies are chosen by what companies – for example, by comparing establishments across sectors and countries,

or taking account of other company characteristics such as the size and composition of the workforce. For these comparisons, performance measures are among the most interesting background variables. Establishment surveys or panels offer unique possibilities for such studies. This is particularly true in the case of the ESWT 2004–2005 and the ECS 2009, as these surveys provide this kind of information for almost all of the EU Member States. This allows for the study of similarities and differences within the EU, along with the monitoring of trends by comparing the subsequent surveys. To move beyond descriptive analyses, it should also be identified whether companies that adopt a specific practice or strategy are doing better or worse than other enterprises. It is therefore of great value that the ECS 2009 also contains several indicators providing information on company performance.

Measuring performance

Measuring performance is easier said than done. Performance is a multi-dimensional concept that covers very different aspects determining whether a company may be doing well or not. Performance may cover different meanings in the private and public sector for example. The narrower definitions relate to profits, turnover, sales or market shares. Broader definitions might also cover aspects such as growth potential, quality of products and services, the work climate, potential for innovation, ability to attract high quality workers, labour turnover and absenteeism. Moreover, a company may perform well in some respects and poorly in others.

For performance measures along these lines, one may generally distinguish between the following:

- quantitative measures, sometimes referred to as 'objective' measures;
- qualitative measures, sometimes referred to as 'subjective' measures – often the 'subjective' measures also reflect assessments by the respondents.

Each type of measure offers different opportunities and obstacles for questionnaire design. Although the terms 'objective' and 'subjective' are sometimes thought to refer to a higher and lower degree of reliability respectively, such a valuation is not justified in general. Whether quantitative or qualitative measures are the most appropriate to use – in the sense of providing the most relevant and reliable information – depends firstly on the research questions that are studied and on the performance dimensions that are considered; secondly, it depends on the interview method – such as telephone interviews of managers and employee representatives in the case of the ECS 2009. In the literature on performance measurement in relation to HRM, innovation

or the organisation of work, the following dimensions are thought to be relevant:

- financial outcomes, such as turnover, profit or value added;
- measures of labour productivity;
- quality of products and services;
- personnel growth;
- labour turnover;
- absenteeism;
- employee motivation and work climate;
- vacancy rates and difficulties in hiring new workers;
- understaffing or overstaffing.

Except for specific production processes, it is difficult to measure the productivity of individual workers or company divisions. At the level of establishments or companies, productivity is usually measured in terms of the value added per worker. Defined in this way, productivity is closely related to the financial key figures. For most of the dimensions listed above, both quantitative and qualitative measures can be used and information may refer to the current situation, development over a period of time, expected future developments, or an assessment relative to other similar establishments or regional or sectoral averages.

The most direct quantitative measures of the economic performance of a company are profits, turnover or value added (turnover minus costs of inputs). Generally, these are used as per capita figures; profits are also expressed as a percentage of turnover. Experience shows that such numeric questions usually yield relatively high proportions of non-response – either due to the fact that the respondent does not have the exact figures at hand during the telephone interview, or because this information is considered confidential and is therefore not revealed even in an anonymous scientific survey. One problem that is specific to establishment surveys is that these figures are often not available for the individual establishments of a multi-site organisation. Another limitation of this type of measurement is that they are not fully comparable across sectors, size classes and regions, since the same turnover numbers or per capita value added may be indicative of good performance in one case and of relatively poor performance in other instances. Experience from the OSA³⁸ Labour Demand Panel – a Dutch establishment survey that currently uses both telephone interviews and a written questionnaire – indicates that questions about turnover and profits should, for the reasons just mentioned, not be

asked in a telephone interview with general managers or HR managers. On the other hand, it has proven to be possible to ask for other quantitative information in the telephone interviews, such as the vacancy rate, personnel growth or the rate of absenteeism.

In designing the questionnaire for the ECS 2009, the possibilities and considerations in collecting information about productivity and company performance by means of a telephone interview were carefully considered, as well as the experience gained from measuring performance in other surveys such as the Workplace Employment Relations Survey in the UK. The use of additional external sources of information – for example, by linking the interview data with available data from official registers or other publicly available information such as company reports – was also taken into consideration. For at least some of the companies, such information is available. However, access to this information is often restricted in terms of possibilities to link interview data with register data, or labour intensive as far as individual research in company reports or other publicly available sources are concerned. Based on earlier experience with linked external information in establishment surveys, some methodological issues are pertinent. One such issue is that information may be linked that relates to different entities: for instance, survey data are related to the local establishment, while registers and other publicly available data are normally related to the company – which makes a difference in the case of multi-site companies.

Another difficulty is that available register data might differ in terms of content (turnover, added value, profit) and with regard to the reference period (available data might be outdated). Productivity and performance indicators can also be collected by asking for ‘subjective’ or qualitative indicators, such as the assessment of own productivity compared with that of competitors, the development of productivity in the past, and future expectations. The same applies to indicators of the economic situation of the establishment – for instance, whether they are very profitable, profitable or not profitable, their profitability compared with competitors, or the development of productivity over time. In order to capture the various aspects of company performance, indicators could also refer to experienced and expected growth of the personnel size and perceived or expected bottlenecks with respect to worker motivation, recruitment, labour turnover and absenteeism. Such indicators are usually found to be more suitable for telephone interviews than the more detailed numerical information of quantitative measures, as they can more easily be reported by the respondents, resulting in more reliable information and less non-response

³⁸ Institute for Labour Studies (Organisatie voor Strategisch arbeidsmarktonderzoek, OSA)

occurrences. Although qualitative indicators are usually less refined than quantitative indicators and leave the choice of the point of reference to the respondent, they may provide the more relevant and reliable information and allow for better comparison across very different establishments. The respondents' self-assessments and perceptions may reflect a specific dimension of performance better than the financial key figures, and similar measures can be used that relate to a wider range of performance issues.

Against this background, it was decided not to pursue the idea of linking survey data and register data or other publicly available information about the companies. Nonetheless, it was agreed that there would be a pilot validation of the subjective measures of performance from the ECS 2009 through a pilot study conducted in five countries: Finland, Germany, Poland, Spain and the UK. A short paper questionnaire was sent to private sector establishments (except for the financial services sector) that agreed to be contacted in the main interview. The results of this pilot study will be available in the first quarter of 2010.

Performance indicators used in ECS

In this section, each of the performance indicators in the ECS 2009 will be presented and, where possible, the trend development will be shown by comparing with the data from Eurofound's previous company survey (ESWT 2004–2005). These trends will be restricted to the 21 countries that participated in the ESWT. The performance indicators will

then be related to how companies deal with training needs and variable pay.

The following performance indicators will be considered in this chapter:

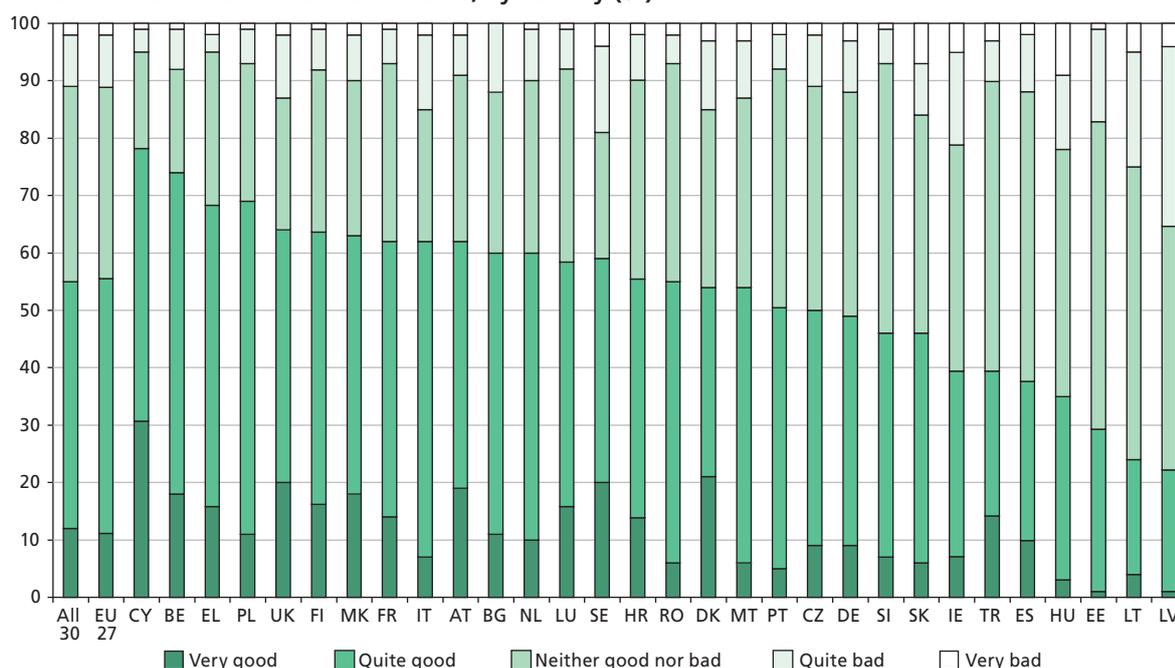
- an assessment of the company's current economic situation;
- workforce growth or decrease;
- an assessment of the company's labour productivity compared with that of companies in the same sector of activity;
- the increase or decline in labour productivity over the past three years;
- several relevant human resource obstacles;
- the work climate.

Performance findings

Economic situation

The magnitude of the current economic crisis was just emerging during the fieldwork for the ECS. The assessment by managers of their company's economic situation during this period may be affected by this, certainly for establishments more directly involved in trade and services with the US. More than half of the establishments report a 'quite good' or 'very good' economic situation (Figure 68). However, on closer inspection, the country differences are quite large. In Cyprus, almost 80% of the establishments report a

Figure 68: Economic situation of establishments, by country (%)



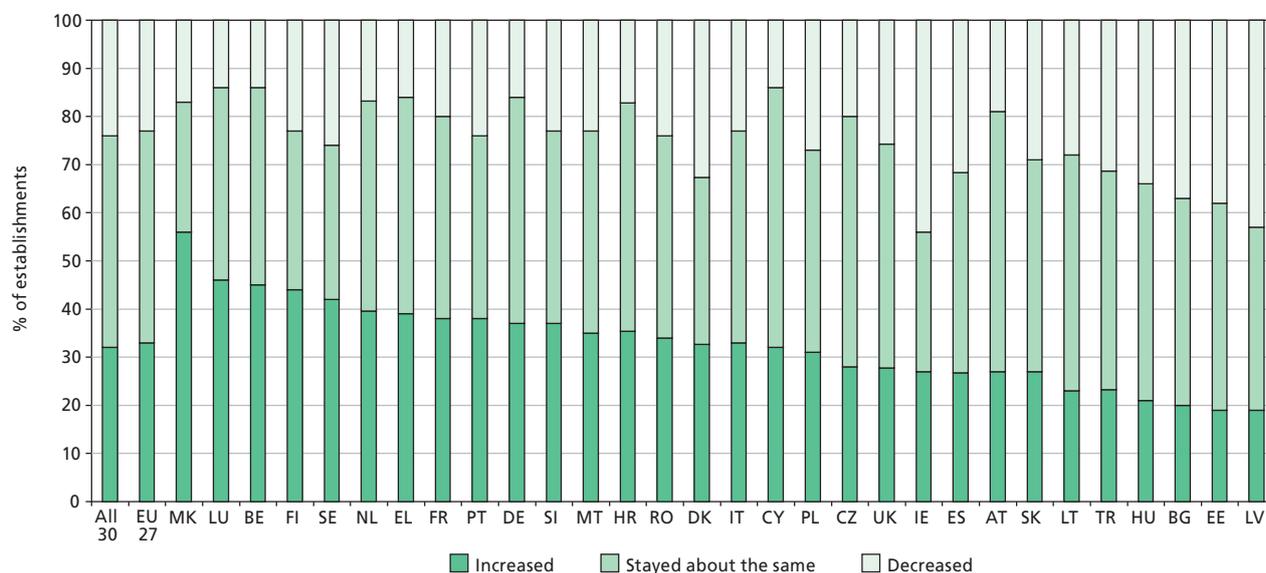
Source: ECS 2009

Table 21: Economic situation of establishments, by sector and company size (%)

	Very good	Quite good	Neither good nor bad	Quite bad	Very bad
Economic sector					
All sectors	12	43	34	9	2
Manufacturing and energy	8	39	39	11	3
Construction	9	42	37	9	2
Wholesale and retail trade, repair of goods	13	43	35	8	2
Hotels and restaurants	12	42	34	9	3
Transport and communication	9	44	35	10	2
Financial intermediation	17	59	18	6	0
Real estate and business activities	13	46	31	9	1
Public administration	11	42	33	11	3
Education	11	43	33	10	3
Health and social work	19	45	29	6	2
Other community, social and personal services	14	44	31	10	2
Company size					
Micro (10–19 employees)	11	43	34	10	2
Small (20–49 employees)	12	42	35	9	2
Medium (50–249 employees)	12	44	33	9	2
Large (250–499 employees)	12	40	37	10	2
Very large (500 or more employees)	12	41	34	11	2

Source: ECS 2009

Figure 69: Workforce growth/decline over past three years, by country (%)



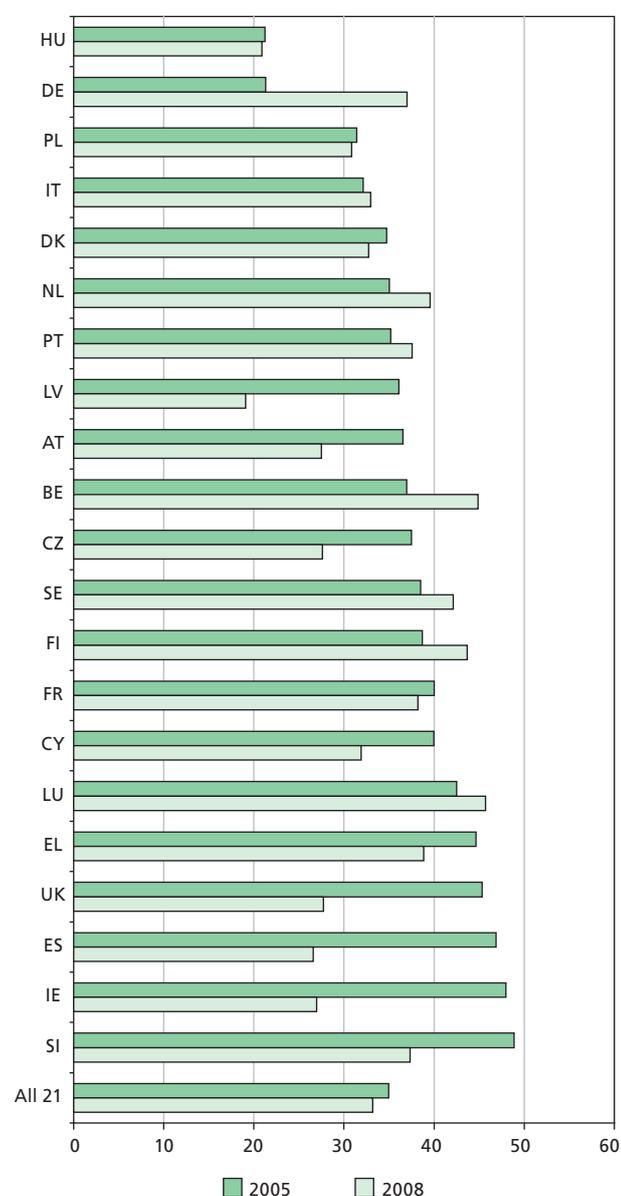
Source: ECS 2009

favourable economic situation. Belgium and Greece follow, with more than or nearly 70% of their establishments citing a good economic situation. At the other end of the scale, Estonia, Lithuania and Latvia show the lowest proportion of establishments with very good or quite good economic situations, at less than 30%.

Table 21 provides an overview of the economic situation of establishments by sector and size. Compared with the

overall average, the manufacturing and energy sector has the smallest proportion of establishments reporting a very good or quite good economic situation. Conversely, the health and social work and financial intermediation sectors show the highest proportions of establishments citing a very good economic situation. The sectors with the highest proportion of establishments reporting a quite bad economic situation are manufacturing and energy, along with public

Figure 70: Establishments with workforce growth over past three years, by country, 2005–2008 (%)



Sources: ESWT 2004–2005 and ECS 2009

administration (both 11%). According to size, medium-sized establishments have a slightly higher proportion reporting a very good or quite good economic situation.

Workforce growth

Workforce growth is an important indicator of performance, as it points towards an increase in work orders and company growth. It is also an important indicator for identifying where the economic crisis is already being felt. According to the ECS findings, just less than one third of all establishments show an increase in their workforce over the previous three-year period, while less than one quarter of all establishments report a decrease in workforce numbers (Figure 69).

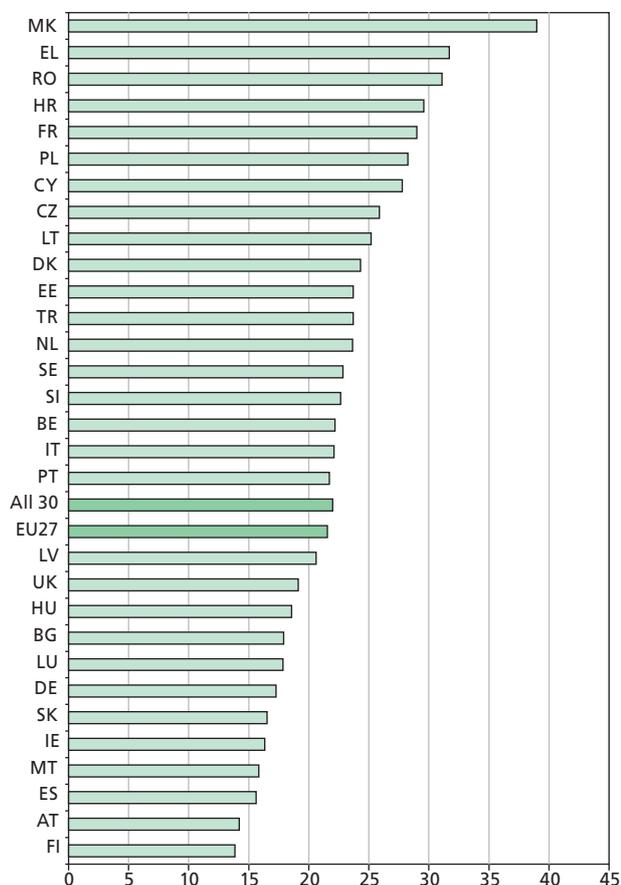
Table 22: Establishments with workforce growth over past three years, by sector and company size (%)

	Increased	Stayed about the same	Decreased
Economic sector			
All sectors	32	44	24
Manufacturing and energy	27	40	33
Construction	28	43	29
Wholesale and retail trade, repair of goods	29	46	24
Hotels and restaurants	29	50	21
Transport and communication	38	39	23
Financial intermediation	44	35	21
Real estate and business activities	38	41	21
Public administration	32	46	23
Education	34	52	14
Health and social work	41	46	13
Other community, social and personal services	34	46	20
Company size			
Micro (10–19 employees)	28	48	24
Small (20–49 employees)	35	42	23
Medium (50–249 employees)	40	35	25
Large (250–499 employees)	41	33	26
Very large (500 or more employees)	44	30	26

Source: ECS 2009

Countries with the greatest proportion of establishments reporting workforce growth are the Former Yugoslav Republic of Macedonia (56% of its establishments), followed by Luxembourg, Belgium and Finland. At the other end of the scale, Ireland stands out as having the largest proportion of establishments (44%) that reduced their workforce over the last three years, followed by Latvia (43%).

Figure 70 presents the trend data for 2005 and 2008 for the 21 countries included in the ESWT 2004–2005. In both the ESWT and the ECS, managers were asked to describe the workforce growth over the previous three-year period. Therefore, in 2005, managers reported for the period 2002 to 2005, and in 2008 the period covers 2005 to 2008. Although the two waves include completely different samples of establishments, it allows for a good impression of the growth, stagnation or reduction in workforces in the 21 countries over a total period of six years. Only a slight decline of two percentage points in the combined average is observed between 2005 and 2008. However, the difference between countries is substantial. The countries reporting the greatest proportion of establishments experiencing workforce growth over the period 2002–2005 – such as Slovenia (49%),

Figure 71: Establishments reporting considerable increase in labour productivity over past three years, by country (%)


Source: ECS 2009

Ireland (48%), Spain (47%) and the UK (45%) – have all experienced large decreases in the number of companies reporting personnel growth between 2005 and 2008. Among those countries reporting a growth in the workforce size of establishments over the period 2005–2008 are Luxembourg (46%), Belgium (45%) and Finland (44%).

Table 22 shows the workforce growth or decline over the previous three years in establishments according to economic sector and company size. The manufacturing and energy sector appears to be struggling, showing the highest proportion of establishments reporting a decline in their workforce (33%). Meanwhile, the financial intermediation sector has the highest rate of enterprises reporting an increase in workforce growth (44%). Furthermore, it appears that an increase in workforce growth is positively related to company size: the larger the establishment, the greater the proportion of establishments reporting growth.

Labour productivity

Over the period 2005–2008, many companies in Europe experienced the effects of a favourable economic climate, accompanied by the threat or existence of personnel shortages. At the same time, establishments throughout Europe felt the need to increase their labour productivity through innovation, either by technological advancement or management practices. Figure 71 presents the proportion of establishments in each country reporting a considerable increase in their labour productivity during this period. Overall, an increase in labour productivity was reported by more than 20% of establishments in the EU. The countries

Table 23: Change in labour productivity over past three years, by sector and company size (%)

	Increased considerably	Increased slightly	Remained about the same	Decreased
Economic sector				
All sectors	22	31	33	14
Manufacturing and energy	20	32	29	20
Construction	17	28	36	20
Wholesale and retail trade, repair of goods	19	30	35	16
Hotels and restaurants	21	30	34	14
Transport and communication	22	27	29	22
Financial intermediation	29	33	28	10
Real estate and business activities	22	33	31	14
Public administration	23	35	36	5
Education	27	36	34	4
Health and social work	29	31	33	7
Other community, social and personal services	25	32	33	9
Company size				
Micro (10–19 employees)	20	30	34	16
Small (20–49 employees)	24	32	31	14
Medium (50–249 employees)	24	33	32	11
Large (250–499 employees)	23	38	32	7
Very large (500 or more employees)	26	40	27	7

Source: ECS 2009

reporting the greatest proportion of establishments with increases in labour productivity were the Former Yugoslav Republic of Macedonia (39%), followed by Greece (32%) and Romania (31%). The Former Yugoslav Republic of Macedonia also has the largest increase in reported workforce growth. At the other end of the scale, Austria and Finland report the lowest proportion of establishments with increases in labour productivity (both 14%).

The change in labour productivity over the previous three years according to the sector of economic activity and company size is presented in Table 23. Considerable increases are reported, most notably in the financial intermediation and health and social work sectors (both 29%). Conversely, the highest proportion of establishments

reporting a decline in labour productivity can be found in transport and communication (22%), followed closely by manufacturing and energy as well as the construction sector (both 20%). Moreover, labour productivity is positively associated with company size, with the larger establishments reporting slightly higher increases and the smaller enterprises reporting more significant decreases in labour productivity.

Human resource obstacles

The aim of HRM is to match the flow of human resources to the needs of the organisation, sometimes in the short term, but usually in the medium to long term. Human resource or workforce flow refers to the flow of people into, through and out of the company. Recruitment, internal staffing and performance appraisal are some of the instruments used to

Table 24: Human resource obstacles, by country (%)

	Difficulties finding staff for skilled jobs	Difficulties finding staff for low-skilled/unskilled jobs	Difficulties retaining staff	Need to reduce staff levels	Low motivation of staff
AT	39	6	6	14	8
BE	55	22	12	13	15
BG	58	16	23	16	21
CY	59	27	18	19	30
CZ	43	14	13	20	20
DE	47	7	7	21	11
DK	44	13	6	33	17
EE	35	7	12	34	15
EL	35	9	15	23	23
ES	28	9	7	34	16
FI	43	7	7	25	8
FR	43	19	13	18	17
HR	49	13	11	10	9
IE	14	4	5	49	14
IT	32	7	6	25	21
LT	27	6	15	35	20
LU	58	11	6	17	19
LV	29	10	11	44	18
MT	55	20	14	10	14
NL	36	10	9	19	11
PL	34	8	13	18	20
PT	32	20	9	21	15
RO	30	12	20	25	25
SE	32	5	5	25	8
SI	30	20	9	23	15
SK	32	9	12	15	11
UK	26	9	9	23	13
HR	49	13	11	10	9
MK	35	12	11	19	10
TR	32	11	18	33	40
EU27	36	10	10	23	16
All establishments	36	10	10	24	17

Source: ECS 2009

Table 25: Establishments reporting HR obstacles, by country, 2005–2008 (%)

	Difficulties finding staff for skilled jobs		Difficulties finding staff for low-skilled/unskilled jobs		Difficulties retaining staff		Need to reduce staff levels		Low motivation of staff	
	2005	2008	2005	2008	2005	2008	2005	2008	2005	2008
AT	47	39	7	6	15	6	17	14	12	8
BE	67	55	33	22	27	12	13	13	37	15
CY	34	59	6	27	12	18	7	19	19	30
CZ	46	43	8	14	22	13	43	20	34	20
DE	34	47	8	7	5	7	38	21	27	11
DK	17	44	6	13	12	6	30	33	11	17
EL	21	35	1	9	11	15	1	23	13	23
ES	43	28	14	9	23	7	8	34	31	16
FI	33	43	12	7	9	7	12	25	23	8
FR	54	43	23	19	31	13	22	18	48	17
HU	22	41	5	11	12	19	20	33	28	33
IE	59	14	16	4	34	5	27	49	36	14
IT	23	32	9	7	16	6	14	25	37	21
LU	41	58	21	11	26	6	16	17	39	19
LV	42	29	12	10	9	11	12	44	19	18
NL	32	36	5	10	16	9	25	19	18	11
PL	11	34	1	8	9	13	26	18	6	20
PT	24	32	7	20	20	9	10	21	20	15
SE	50	32	14	5	14	5	27	25	23	8
SI	31	30	16	20	10	9	13	23	28	15
UK	24	26	9	9	18	9	2	23	24	13
All 21 countries	35	37	11	10	15	9	24	23	28	16

Sources: ESWT 2004–2005 and ECS 2009

reach this objective. The area also includes policies on career development, advancement and employment security. This entails not only the right number of people but also the right mix of competences. To accomplish this, personnel strategies need to be an integrated part of the business strategy. Table 24 presents some of the obstacles that personnel managers face in establishments.

Even with an impending or already tangible global economic crisis, many establishments still face a shortage of skilled workers. From a cross-country perspective, Cyprus, Bulgaria, Luxembourg, Belgium and Malta all report an excess of 50% of establishments citing a shortage of skilled staff. Moreover, the demand for low-skilled workers is still felt to a significant degree by companies in Cyprus, Belgium, Malta, Portugal and Slovenia, where one fifth or more of the establishments experience a shortage of these workers. In countries where recruitment of skilled staff is still a problem for more than one third of all companies, a need to reduce staff levels due to a lack or reduction of work orders is one of the first signs of how the new economic tide is impacting on the establishments. As stated earlier, companies with strong economic ties to the US were among the first to be affected by the current economic crisis. Ireland is a notable example in this respect, with almost half of the establishments reporting a need to

reduce staff – constituting more than double the average of all establishments. In Latvia, a significant proportion of establishments also report a need for lowering the number of personnel. Elsewhere, low staff motivation is a particular problem in Turkey (40% of establishments), Hungary (33%) and Cyprus (30%).

Table 25 presents trend data regarding HR obstacles for the 21 countries that participated in the ESWT 2004–2005. Difficulties in finding skilled staff have increased slightly on average for the 21 countries under consideration over the three-year period 2005–2008. For some countries, the more extreme difficulty in finding skilled staff has clearly been tempered. Ireland is such a case, with almost 60% of the establishments reporting difficulties in finding skilled staff in 2005, dropping to only 14% of companies in 2008. The crisis is also apparent in relation to the large increase in the proportion of establishments needing to reduce the number of employees over the three year period in question. Ireland and Latvia have the greatest proportion of establishments needing to reduce staff; Latvia shows the largest increase during the three years. Greece and Ireland also demonstrate a significant increase in this respect of 22 percentage points.

Table 26: Establishments reporting HR obstacles, by sector (%)

Economic sector	Difficulties finding staff for skilled jobs	Difficulties finding staff for low-skilled/ unskilled jobs	Difficulties retaining staff	Need to reduce staff levels	Low motivation of staff
Manufacturing and energy	40	11	9	33	21
Construction	43	11	9	28	16
Wholesale and retail trade, repair of goods	33	10	10	23	17
Hotels and restaurants	42	24	17	27	22
Transport and communication	34	9	10	30	14
Financial intermediation	23	5	9	14	13
Real estate and business activities	38	7	11	23	16
Public administration	25	7	8	19	21
Education	33	8	10	15	16
Health and social work	40	13	11	13	11
Other community, social and personal services	32	12	10	17	14
All sectors	36	10	10	24	17

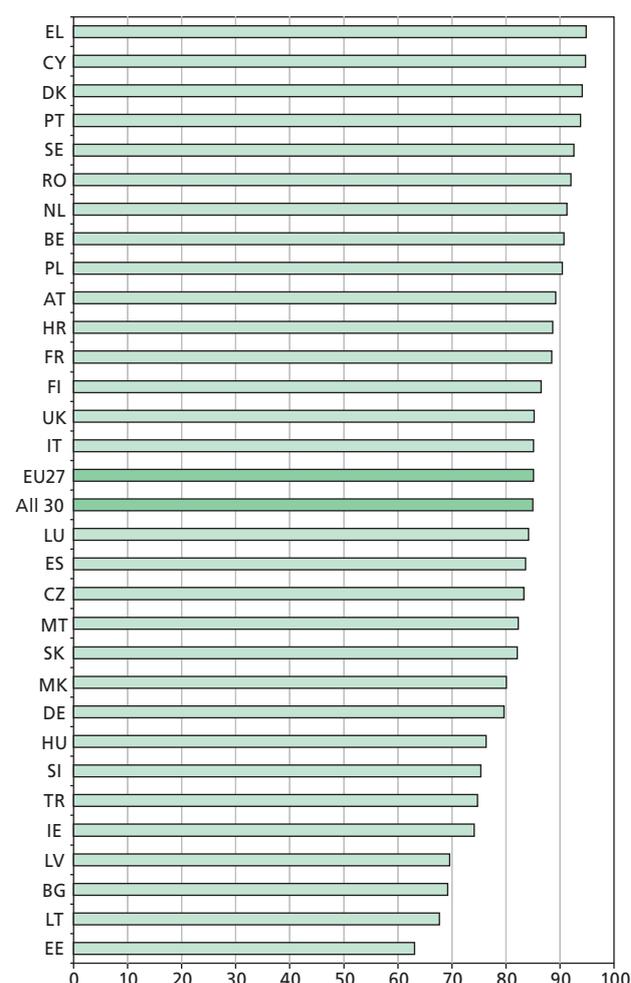
Source: ECS 2009

The overall average percentage for establishments reporting difficulties in retaining staff has declined over the three-year period in question.

Table 26 goes on to give an overview of HR obstacles reported by establishments according to the sector of economic activity. As the results show, finding sufficient numbers of skilled workers is the greatest HR obstacle reported by all establishments (36%). The proportion of establishments reporting this obstacle does differ significantly according to sector, although construction has the highest proportion of establishments (43%) citing this difficulty. A significant proportion of establishments in the hotel and restaurant sector not only report difficulties in finding skilled staff (42%) but also in recruiting low-skilled and unskilled staff (24%). Difficulties relating to retaining staff were also problematic for the hotel and restaurant sector (17%); in addition, the same sector has the highest share of establishments reporting low staff motivation (22%). The manufacturing and energy sector – which has 40% of establishments reporting difficulties in finding staff for skilled jobs – also has the highest proportion of establishments needing to reduce staff levels, constituting one third of all establishments in this sector.

Work climate

Many factors contribute to determining the work climate within a company, such as economic success, social relationships and organisation of the work. Insights into the work climate of an organisation offer an understanding of how factors such as staff morale and motivation, as well as recruitment and other staffing issues, affect the overall performance of companies. Figure 72 presents the findings

Figure 72: Establishments reporting very good or quite good work climate, by country (%)

Source: ECS 2009

Table 27: Work climate, by sector (%)

Economic sector	Very good	Quite good	Somewhat strained	Very strained
Manufacturing and energy	21	58	17	4
Construction	24	59	14	3
Wholesale and retail trade, repair of goods	30	55	13	2
Hotels and restaurants	34	58	8	0
Transport and communication	28	54	15	3
Financial intermediation	34	54	11	1
Real estate and business activities	31	53	14	2
Public administration	26	54	17	2
Education	38	54	7	1
Health and social work	35	57	8	1
Other community, social and personal services	29	54	14	2
All sectors	29	56	13	2

Source: ECS 2009

in relation to establishments reporting a very good or quite good work climate in the ECS.

The great majority of establishments report a good work climate, with Greece, Cyprus and Denmark having the highest proportion of companies citing a very good or quite good work climate. Nonetheless, differences between the countries are quite large. In Latvia, Bulgaria, Lithuania and Estonia, more than 30% of the companies report a strained work climate. The work climate is affected by many factors, but a poor work climate can lead to a negative effect on companies' performance.

Table 27 gives a further breakdown of the work climate according to the sector of economic activity. The educational sector has the highest proportion of establishments reporting a very good work climate (38%) – well above the average

for all establishments (29%). Conversely, a very strained work climate is most often reported in the manufacturing and energy sector (4%), while this sector also has the highest proportion of companies citing a somewhat strained work climate, together with the public administration sector (both 17%).

Performance and training

An essential investment in companies' performance involves keeping employees up to date in relation to their skills and competences. Training is expensive for employers not only in terms of the cost of courses or training sessions, but also in view of the investment made in time – time where the employee is not performing their normal duties. For training to be applied most effectively, many establishments use a system for checking the training needs and requirements of

Table 28: Economic situation of establishments, by use of systematic checks for training needs

Systematic checks for training needs of:	% of establishments with quite good or very good economic situation			
	Yes (%)	No (%)	Difference (percentage points)	Corrected difference* (percentage points)
any employee	57.1	47.7	9.3	7.5**
high-skilled staff	57.8	48.2	9.6	6.7**
low-skilled staff	57.2	50.8	6.3	5.0**
fixed-term workers	58.1	51.6	6.6	3.4**
older employees	57.9	50.8	7.1	3.9**
employees allowed time off for training	56.8	50.7	6.1	2.2**
All establishments (%)			54.5	

Notes: * Adjusted for compositional differences, based on marginal effects from an ordinal logistic regression analysis of the economic situation on the relevant indicator for checking training needs, using as controls: country, sector, workload fluctuations, percentage of women, skills distribution, single-site or multi-site company, domestic or foreign-owned enterprise. ** = significant at 5%.

Source: ECS 2009

Table 29: Workforce growth, by use of systematic checks for training needs

Systematic checks for training needs of:	% of establishments where number of employees has increased in last three years			
	Yes (%)	No (%)	Difference (percentage points)	Corrected difference* (percentage points)
any employee	33.9	28.3	5.7	5.7**
high-skilled staff	34.7	28.4	6.3	5.6**
low-skilled staff	35.2	29.0	6.2	5.4**
fixed-term workers	37.3	29.9	7.4	6.1**
older employees	35.0	29.5	5.5	4.8**
employees allowed time off for training	36.2	26.3	10.0	7.5**
All establishments (%)			32.4	

Notes: * Adjusted for compositional differences, based on marginal effects from an ordinal logistic regression analysis using as controls: country, sector, workload fluctuations, percentage of women, skills distribution, single-site or multi-site company, domestic or foreign-owned enterprise. ** = significant at 5%.

Source: ECS 2009

personnel, sometimes referred to as knowledge management. The relationship between training and performance is complex and many factors influence it. An exploratory analysis can offer some insights to it; Table 28 gives an overview of the correlation between establishments' economic situation and the use of such a knowledge management system for monitoring the training needs of personnel.

As the results show, about 57% of the establishments systematically checking the need for training among their personnel report having a quite good or very good economic situation. Thus, establishments implementing a systematic check for training needs report a favourable economic situation more often than those that do not use such a system for checking the training needs of their personnel – overall, constituting a difference of more than nine percentage points. This difference is based on a comparison between two groups that may differ in more respects than solely in relation to the checking of training needs – for example, because systematic checking of the need for training may be more common in certain company size classes, countries or sectors. A straightforward comparison of these groups may therefore show a difference that is actually caused by the different composition of the groups of establishments with and without a specific training policy rather than by different training practices. To avoid such a bias, a multivariate regression model should be used to account for the impact of other background characteristics on the economic situation of the establishment.

Thus, Table 28 also reports the 'corrected difference', which is adjusted for compositional differences and is computed from a multivariate regression analysis as the marginal effect of systematically checking the need for training on the probability that the establishment is characterised as having a favourable economic situation. This corrected difference

of 7.5 percentage points for all employees is statistically significant. Of the different types of training checks, the systematic checking of the need for training among high-skilled staff has the strongest correlation with a good economic situation. This difference amounted to almost 10 percentage points in a comparison with establishments not using a system for training checks among high-skilled workers, with a significant corrected difference of 6.7 percentage points being reported. A system for checking the need for training among low-skilled staff has a slightly stronger correlation with a favourable economic situation than do checks for older employees and workers on fixed-term employment contracts. The significant corrected difference between establishments allowing employees time off for training and those that do not indicates that the former have a higher probability of reporting a favourable economic situation.

Table 29 presents the relation between workforce growth and systematic checks for training needs. Again this relationship is complex and these analyses are exploratory. As the results show, a strong association can also be observed between systematic checks for training needs and workforce growth. Time off for training demonstrates the strongest correlation, being more strongly related to workforce growth than it is with the economic situation of an establishment (see Table 28). All of the corrected differences are significant, and the correlation between the training of fixed-term workers and workforce growth is interesting. Although it is not possible to speak of a causal effect here, the significant correlation points to a strong relation between the training of fixed-term workers and workforce growth.

Table 30 shows the relation between training and the performance indicators labour productivity and labour productivity growth. The findings show that just over 56%

Table 30: Labour productivity, by use of systematic checks for training needs

Systematic checks for training needs of:	% of establishments where labour productivity is (a lot) better than in similar establishments			
	Yes (%)	No (%)	Difference (percentage points)	Corrected difference* (percentage points)
any employee	56.3	46.0	10.3	10.4**
high-skilled staff	57.3	46.4	10.9	10.6**
low-skilled staff	56.7	49.5	7.2	7.3**
fixed-term workers	60.8	49.1	11.7	6.6**
older employees	58.0	48.7	9.2	7.2**
employees allowed time off for training	57.0	48.0	9.0	6.7**
All establishments (%)	53.6			
Systematic checks for training needs of:	% of establishments where labour productivity has increased in last three years			
	Yes (%)	No (%)	Difference (percentage points)	Corrected difference* (percentage points)
any employee	56.4	44.6	11.8	12.2**
high-skilled staff	57.2	45.8	11.4	11.2**
low-skilled staff	56.2	49.2	7.0	8.9**
fixed-term workers	60.2	49.6	10.6	8.0**
older employees	57.2	48.7	8.4	8.5**
employees allowed time off for training	56.7	47.5	9.2	8.9**
All establishments (%)	53.2			

Notes: * Adjusted for compositional differences, based on marginal effects from an ordinal logistic regression analysis using as controls: country, sector, workload fluctuations, percentage of women, skills distribution, single-site or multi-site company, domestic or foreign-owned enterprise. ** = significant at 5%.

Source: ECS 2009

of the establishments implementing systematic training checks report having a better labour productivity than similar establishments in their sector. This is 10% higher than establishments not using such training checks. All of the different types of training checks and time off for training have a positive correlation with labour productivity. The strongest relation among the different types of systematic training

checks is found for employees on fixed-term contracts. It was observed earlier that this type of training check was not as commonly implemented by establishments, so these companies may be rather unique, possibly warranting further analysis in this area. In terms of increases in labour productivity, a 'return' on training investments is largely observed, with the corrected difference for having systematic

Table 31: Economic situation of establishments, by pay schemes and profit/ownership schemes

Indicators for (in)flexibility of wages	% of establishments with quite good or very good economic situation			
	Yes (%)	No (%)	Difference (percentage points)	Corrected difference* (percentage points)
– performance-related pay scheme	57.5	52.7	4.8	3.7**
– individual performance-related pay scheme for at least 25% of employees	59.5	52.9	6.5	4.5**
– collective performance-related pay scheme for at least 25% of employees	60.4	53.4	7.0	5.0**
– profit-sharing scheme	59.1	53.7	5.4	5.1**
– share-ownership scheme	59.5	54.1	5.4	3.5**
All establishments (%)	54.5			

Notes: * Adjusted for compositional differences, based on marginal effects from an ordinal logistic regression analysis using as controls: country, sector, workload fluctuations, percentage of women, skills distribution, single-site or multi-site company, domestic or foreign-owned enterprise. ** = significant at 5%.

Source: ECS 2009

Table 32: Workforce growth, by pay schemes and profit/ownership schemes

Indicators for (in)flexibility of wages	% of establishments where number of employees has increased in last three years			
	Yes (%)	No (%)	Difference (percentage points)	Corrected difference* (percentage points)
– performance-related pay scheme	36.3	30.1	6.2	5.6**
– individual performance-related pay scheme for at least 25% of employees	36.1	31.3	4.8	4.0**
– collective performance-related pay scheme for at least 25% of employees	36.8	31.6	5.2	4.7**
– profit-sharing scheme	39.1	31.4	7.8	5.0**
– share-ownership scheme	39.2	31.9	7.3	0.7
All establishments (%)	32.4			

Notes: * Adjusted for compositional differences, based on marginal effects from an ordinal logistic regression analysis using as controls: country, sector, workload fluctuations, percentage of women, skills distribution, single-site or multi-site company, domestic or foreign-owned enterprise. ** = significant at 5%.

Source: ECS 2009

checks amounting to 12.2 percentage points. In this instance, training checks for high-skilled employees show the strongest correlation with an increase in labour productivity, at 11.2 percentage points of a corrected difference. Low-skilled staff, fixed-term workers, older employees and those granted time off for training all demonstrate between eight and nine percentage points of a corrected difference. Thus, the positive relation between training and productivity is distinct.

Performance and pay

Through the implementation of reward systems, companies send signals to their employees about the kind of behaviour and attitudes that management desires from them. Rewards may be individual or collective and seek to recompense attitudes, performance, as well as flexibility, thus acting as an incentive. The rewards and pay structure should be seen as equitable to attract, motivate and retain employees.

Table 33: Labour productivity, by pay schemes and profit/ownership schemes

Indicators for (in)flexibility of wages	% of establishments where labour productivity is (a lot) better than in similar establishments			
	Yes (%)	No (%)	Difference (percentage points)	Corrected difference* (percentage points)
– performance-related pay scheme	57.7	51.1	6.6	7.2**
– individual performance-related pay scheme for at least 25% of employees	58.6	52.1	6.6	6.8**
– collective performance-related pay scheme for at least 25% of employees	58.6	52.7	5.9	6.0**
– profit-sharing scheme	57.8	53.0	4.8	4.6**
– share-ownership scheme	57.9	53.3	4.6	3.5**
All establishments	53.6			
Indicators for (in)flexibility of wages	% of establishments where labour productivity has increased in last three years			
	Yes (%)	No (%)	Difference (percentage points)	Corrected difference* (percentage points)
– performance-related pay scheme	59.7	49.4	10.3	9.7**
– individual performance-related pay scheme for at least 25% of employees	60.1	51.2	8.9	6.3**
– collective performance-related pay scheme for at least 25% of employees	61.8	51.8	10.0	9.1**
– profit-sharing scheme	57.6	52.5	5.1	5.0**
– share-ownership scheme	55.4	53.0	2.5	0.7
All establishments	53.2			

Notes: * Adjusted for compositional differences, based on marginal effects from an ordinal logistic regression analysis using as controls: country, sector, workload fluctuations, percentage of women, skills distribution, single-site or multi-site company, domestic or foreign-owned enterprise. ** = significant at 5%.

Source: ECS 2009

In relation to the topic of performance and rewards, the ECS has gathered information on the following aspects:

- whether the company has a performance-related pay scheme;
- whether this pay scheme is individual or collective;
- whether the pay scheme covers at least 25% of the employees;
- whether the company has a profit-sharing scheme;
- whether the company has a share-ownership scheme.

Table 31 presents some exploratory results on the relation between establishments reporting a favourable economic situation and reward system.

The existence of a performance-related pay scheme in the establishment has a positive correlation with companies' economic situation – this is the case for all types of schemes analysed in this overview, whether the performance-related pay is individual or collectively based. Although such schemes all have a positive relation with the companies' economic situation, differences are evident. Establishments with a collective performance-related pay system that covers at least 25% of the employees have, after correcting for differences in other observed characteristics, a five percentage point higher probability of having a good or very good economic situation than companies without such a pay scheme. This association was slightly weaker (4.5 percentage point higher probability) for individual-based performance-related pay schemes. The existence of profit-sharing arrangements and share-ownership schemes also has a positive correlation, with such companies being five percentage points and 3.5 percentage points more likely to have a favourable economic situation, respectively.

Table 32 goes on to examine in an exploratory analysis the relation between workforce growth and pay schemes. Of the different kinds of pay schemes, only the share-ownership schemes do not have a significant correlation with workforce growth. The strongest relation is found for the performance-related pay system. This correlation is slightly weaker when it is implemented for a minimum of 25% of the employees, whether collectively or for individuals. A profit-sharing scheme also has a strong positive correlation with workforce growth, showing a corrected difference of five percentage points.

Table 33 examines the relation between pay schemes and labour productivity in similar establishments, along with companies reporting an increase in labour productivity over the past three years. The existence of a performance-related pay scheme has a positive correlation (7.2 percentage points) with companies' labour productivity. This relation is even

stronger for increased labour productivity, with an almost 10 percentage point difference being observed between establishments reporting an increase in labour productivity over the last three years according to whether or not they have a performance-related pay scheme.

Such a finding – coupled with the positive correlation already observed between a company's favourable economic situation and the existence of a performance-related pay scheme – presents a strong case in favour of the latter being implemented in European establishments. Regarding the different types of performance-related pay, the strongest positive correlation with labour productivity is observed for an individual-based performance-related pay scheme. In terms of the positive relation with labour productivity growth, collective performance-related pay shows the strongest correlation (9.1 percentage points of a corrected difference). Of course, it is not possible to determine whether this scheme has been implemented because of the growth in labour productivity or whether the growth is a result of the collective performance-related pay scheme. Nevertheless, the correlation is quite strong. Profit-sharing and share-ownership schemes both have smaller, albeit positive, correlations with productivity. Moreover, a profit-sharing scheme is positively correlated with labour productivity growth, whereas a share-ownership scheme is not.

Conclusion

It appears that establishments across Europe are faced with a double dilemma regarding their performance. On the one hand, managers know that the current economic crisis will, at some point, pass and that the problem of staff shortages due to an ageing workforce will re-emerge to an even greater extent than before the economic crisis began. However, retaining personnel when work orders decline is not always a feasible option. Many countries have already downsized: Ireland, Latvia, Estonia and Hungary have all made major reductions in workforce size over the past three years. Nonetheless, the crisis has not become evident in all countries to the same extent. For instance, the Former Yugoslav Republic of Macedonia, Luxembourg, Belgium and Finland reported major workforce increases. Labour productivity has also risen over the past three years in countries like the Former Yugoslav Republic of Macedonia, Greece and Romania.

Managers have difficult choices to make: for example, whether or not to reduce their workforce, how to keep the core personnel satisfied, and how to retain them when recovery sets in. The need to reduce staff levels – for some countries even further, while for others as a first response to the economic slowdown – is quite alarming in Ireland,

where half of the establishments conceded to this necessity. Elsewhere, staff reductions are also pending for a third of the establishments in Denmark, Turkey, Hungary and Estonia. This has repercussions for the survival of these companies and the remaining jobs and the general working climate of establishments; the ECS observed that these countries have a higher percentage of companies reporting a strained working climate.

An important aspect of personnel management also involves the training of staff and maintenance of their competence levels. In relation to performance indicators such as economic situation, workforce growth, relative labour productivity and labour productivity growth, a strong correlation could be observed with establishments that used systematic checks for the training of employees. Nevertheless, this correlation is not always as one might expect. In terms of companies' economic situation, workforce growth, labour productivity and labour productivity growth, the established correlation is significantly positive. This is also the case for the different types of systematic training checks, whether for high-skilled staff, older employees or those granted time off for training.

The ECS examined the relationship between different types of pay schemes in establishments and how these are associated with performance. Performance-related pay has a strong positive correlation with the reported economic situation, workforce growth, labour productivity and the increase in labour productivity. Thus, it is clear that a performance-related pay scheme, whether collective or individually based, has a strong significant correlation with these performance indicators.

Managers throughout Europe are generally being faced with a balancing act – that is, trying to keep core personnel on board while waiting until the economy picks up again. It appears that establishments that reward performance are doing better than companies opting for more traditional methods. What policymakers have asked of employees – namely, to actively participate in their establishment – seems to be working for establishments. Thus, those establishments that are adopting a proactive approach are reporting a more favourable economic performance overall.

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Annex 1:

Survey methodology

More information on the methodology can be found online at <http://www.eurofound.europa.eu/surveys/companysurvey/2009/index.htm>.

Universe and sample

The unit of enquiry for the survey was the establishment – that is, the local unit in the case of multi-site enterprises. The survey data are representative of establishments with 10 or more employees from all sectors of activity, except for agriculture (NACE A, Rev. 1.1) and fishing (NACE B), which were excluded for practical reasons. In addition, activities of households (NACE P) and extraterritorial organisations (NACE Q) were excluded due to their low quantitative importance as regards the universe of the survey. The survey covers organisations from both the private and public sectors. For addresses from the public sector, additional address sources had to be used in some of the countries.

In total, the universe comprises some 3.2 million establishments, with about 145 million employees in the 30 countries under consideration. Table A1 shows the size of the universe for each of the countries involved. Figures are partially based on estimations made by the authors, since exact statistical information about the universe was not available for some of the countries.

Fieldwork

In all of the countries, fieldwork was carried out using computer assisted telephone interviewing (CATI). Fieldwork in the countries was coordinated by TNS Opinion in Brussels, in cooperation with TNS Infratest Sozialforschung in Munich. Overall coordination of the project was assigned to TNS Infratest in Munich. In all of the countries, data collection was carried out by local fieldwork institutes, most of them belonging to the TNS network. The fieldwork period generally ran from 27 January to 5 May 2009, with the majority of interviews being carried out between mid February and the end of April 2009.

Net sample – number of interviews per country

In total, interviews were carried out in 27,160 establishments in 30 European countries. The number of interviews per country ranges from almost 350 in Malta, the smallest EU economy, to about 1,500 interviews in the larger economies. In all establishments, a management interview was carried out. In addition to the management interview, the chairperson of the employee representative body – if existing – was to be interviewed. During the fieldwork period, it was possible to conduct employee representative interviews in 6,569

Table A1: Size of survey universe

Country	Number of establishments	Number of employees
AT	48,000	2,262,000
BE	54,000	3,072,000
BG	37,000	1,641,000
CY	5,000	178,000
CZ	79,000	3,154,000
DE	564,000	27,842,000
DK	34,000	2,115,000
EE	13,000	471,000
EL	57,000	1,637,000
ES	282,000	10,015,000
FI	27,000	1,677,000
FR	327,000	18,629,000
HU	69,000	2,439,000
IE	20,000	1,359,000
IT	300,000	11,221,000
LT	24,000	1,080,000
LU	4,000	238,000
LV	17,000	697,000
MT	2,000	111,000
NL	96,000	4,968,000
PL	176,000	8,213,000
PT	83,000	2,541,000
RO	119,000	5,240,000
SE	74,000	3,297,000
SI	13,000	611,000
SK	42,000	1,345,000
UK	445,000	20,362,000
EU27	3,011,000	136,415,000
HR	18,000	892,000
MK	6,000	260,000
TR	179,000	7,661,000
CC3	203,000	8,813,000
Total all 30 countries	3,214,000	145,228,000

Source: ECS 2009

establishments. For these, interviews from the management and the employee representation are available and allow for a direct comparison of their views at the level of the single establishment. However, due to large national differences in the incidence of formal employee representation at establishment level, and as a result of variations in their willingness to participate in the interview, the number of interviews with employee representatives varies widely between the countries, ranging from 24 interviews in Malta to 565 interviews in Finland. For countries with a low number of employee representative interviews, results of the country breakdown should be interpreted with caution.

Table A2: Number of completed interviews per country

Country	Management interviews	Employee representative interviews
AT	1,016	205
BE	1,016	287
BG	502	128
CY	505	60
CZ	1,014	242
DE	1,500	558
DK	1,023	394
EE	500	72
EL	1,005	76
ES	1,509	375
FI	1,000	565
FR	1,500	441
HU	1,045	183
IE	503	93
IT	1,502	320
LT	560	128
LU	501	164
LV	509	147
MT	349	24
NL	1,002	249
PL	1,500	367
PT	1,012	39
RO	500	137
SE	1,001	541
SI	536	153
SK	520	100
UK	1,510	166
EU27	24,640	6,214
HR	500	162
MK	520	129
TR	1,500	64
CC3	2,520	355
Total all 30 countries	27,160	6,569

Source: ECS 2009

In 13 of the 30 countries, interviews could be conducted directly by using the addresses from the address registers. In the remaining 17 countries, a special screening procedure had to be applied in order to transform company-related samples into establishment samples. In the case of multi-site companies, the screening procedure served to identify the eligible establishments belonging to that company and to randomly select one of them for interview.

The sampling for the ECS was done on the basis of a matrix, where the universe in each country was divided into 10 cells defined by five size classes and two main sectors of activity – the ‘Industries’ sector covering NACE Rev.1.1 codes C to

F, and the ‘Services’ sector covering NACE codes G to O. When setting the targets for the sampling matrix, care was taken to ensure a sufficiently high number of net interviews in each cell. To this end, larger establishments were deliberately overrepresented in the net sample. A weighting procedure was then applied to correct this disproportionate sample structure (see below).

In an effort to raise the response rates for both the management and the employee representation interviews, fieldwork was supported by official recommendation letters issued by Eurofound and supported by employer and trade union federations – namely, BusinessEurope and the European Trade Union Confederation (ETUC). These letters were issued to target persons by post, email or fax on request after the first telephone contact had been made.

Table A3: Response rates in management interviews, by country (%)

Country	Management interviews
AT	25
BE*	32
BG*	36
CY*	23
CZ*	31
DE	16
DK	26
EE*	48
EL*	65
ES	18
FI	42
FR	26
HR*	17
HU*	17
IE*	36
IT	18
LT*	23
LU	22
LV	54
MK*	63
MT*	43
NL	11
PL	18
PT*	23
RO*	42
SE	45
SI*	32
SK*	20
TR*	33
UK	26

Note: Screening procedure applied.

Source: ECS 2009

Table A3 shows the response rates for the management interviews. Response rates of countries applying the screening procedure (marked with an * in the table) are not directly comparable to those of the other countries, since the screening procedure implies a two-step sampling approach for those establishments which are part of a multi-site company.

Response rates in the countries are mostly in line with or above what can be expected according to previous experiences with CATI business-to-business (b2b) survey in the countries. An exception to this is the Netherlands, which has considerably lower rates than usual – this result is mainly attributed to cost-saving measures implemented in many companies as a result of the economic crisis.

Establishment and employee proportional weighting of data

The establishment and employee proportional weighting of the data was performed separately for each country on the basis of a 15-cell matrix defined by five size classes and three sectors of activity, as shown in Table A4.

Table A4: 15-cell weighting matrix

	Producing industries NACE Rev. 1.1 C-F NACE Rev. 2 B-F	Private services NACE Rev. 1.1 G-K, O NACE Rev. 2 G-N, R-S	Public services NACE Rev. 1.1 L-N NACE Rev. 2 O-Q
10–19 employees			
20–49 employees			
50–249 employees			
250–499 employees			
500+ employees			

Note: It is important to note that the differentiation between public and private services in the weighting matrix is exclusively based on the NACE sector of activity. In the weighting sector ‘public services’, both public and private organisations of NACE L (Public administration), NACE M (Education) and NACE N (Health and social work) are to be found. Similarly, among the establishments in ‘private services’ and ‘producing industries’, there are a number of publicly owned establishments.

Source: ECS 2009

In order to reproduce real quantitative proportions between the countries for cross-national analysis, an additional ‘international weighting’ was used to adjust the national sample sizes. International weighting was based on the total number of establishments (for establishment proportional weighting) and of employees (for employee proportional weighting) in each country, taking into account the definition of the universe. Since the size of the countries, and thus their relative share in the weighted sample, varies enormously,

the overall results tend to reflect the situation in the larger countries.

In the analysis of establishment-related data, two perspectives are generally possible, both of which can be of interest, depending on the research questions: namely, the establishment-proportional analysis and the employee-proportional analysis. The data of the survey allow for both types of analyses. Employee and establishment proportional data provide different results wherever there is a strong correlation between the issue to be investigated and the size of the establishment. For example, only 37% of the establishments with 10 or more employees in the EU27 have an eligible formal employee representation at the local unit. However, 62% of the employees who work in establishments with 10 or more employees in the EU27 are employed in establishments with an employee representation. This large difference in incidence results from the fact that formal employee representation at establishment level is more frequently found in larger companies than in smaller ones.

Generally speaking, analyses with employee-proportional weighting would be likely to show larger incidences than the establishment-weighted analysis, wherever the analysed phenomenon is concentrated on larger companies. If differences between both types of analyses are in turn only small, this indicates a high probability that the phenomenon shows up independently of the variable ‘size’. In a breakdown of results by size classes, there is practically no difference between an establishment and an employee-proportional analysis of the data, since the differentiation by size classes minimises the size effect described above. This is one of the reasons why, on some occasions, where results are supposed to be heavily influenced by the variable ‘size’, the results are differentiated by size classes.

The survey results presented in this report are always weighted results – the only exception being the figures in this methodological annex. Although, in some cases, the employee-proportional perspective will certainly offer an interesting and important supplement for further interpretation of the results, this report concentrates on the establishment-proportional weighting in order to improve the text’s readability.

Incidence of employee representation and number of successful interviews

The incidence of formal employee representation in establishments varies largely between countries, as Table A5 shows. In the unweighted sample, incidences range from just 13% in Portugal to more than 70% in the Nordic countries (for an analysis of the weighted results, see Chapter 4 of this report).

Table A5: Incidence of establishments with employee representation and response rates for these interviews, by country

Country	Management (MM) interviews	Of these, no. of establishments with employee representation (ER)	Establishments with ER as % of those with MM interviews	Of these, no. of establishments with ER interviews	ER interviews as % of establishments with employee representation
AT	1,016	429	42%	205	48%
BE	1,016	616	61%	287	47%
BG	502	219	44%	128	58%
CY	505	208	41%	60	29%
CZ	1,014	346	34%	242	70%
DE	1,500	888	59%	558	63%
DK	1,023	755	74%	394	52%
EE	500	125	25%	72	58%
EL	1,005	134	13%	76	57%
ES	1,509	948	63%	375	40%
FI	1,000	735	74%	565	77%
FR	1,500	1,062	71%	441	42%
HU	1,045	396	38%	183	46%
IE	503	216	43%	93	43%
IT	1,502	943	63%	320	34%
LT	560	216	39%	128	59%
LU	501	298	59%	164	55%
LV	509	209	41%	147	70%
MT	349	68	19%	24	35%
NL	1,002	648	65%	249	38%
PL	1,500	793	53%	367	46%
PT	1,012	127	13%	39	31%
RO	500	339	68%	137	40%
SE	1,001	744	74%	541	73%
SI	536	295	55%	153	52%
SK	520	292	56%	100	34%
UK	1,510	472	31%	166	35%
EU27	24,640	12,521	51%	6,214	50%
HR	500	259	52%	162	63%
MK	520	187	36%	129	69%
TR	1,500	212	14%	64	30%
CC3	2,520	658	26%	355	54%
Total 30 countries	27,160	13,179	49%	6,569	50%

Notes: Figures shown are unweighted. ER = employee representation; MM = management.

Source: ECS 2009

Annex 2:

Management and employee representative questionnaires

Management questionnaire

BACKGROUND INFORMATION

MM100 (= ESWT MM100)

May I first of all check: Is the establishment at this address a single independent company or organisation with no further branch-offices, production units or sales units elsewhere in {country}?

Or is it one of a number of establishments at different locations in {country} belonging to the same company or organisation?

A single independent company or organisation..... (1) go to MM102

One of a number of different establishments (2)

No answer..... (3) go to MM102

MM101 (= ESWT MM101; = MM097/IMM099 in countries with screener)

Is it the headquarters or is it a subsidiary site?

Headquarters..... (1)

Subsidiary site..... (2)

No answer..... (3)

MM102a (= ESWT MM102)

Approximately how many employees are working in this establishment?

MM102b

Approximately how many employees are working in this establishment?

Please refer to the local site only.

MM103 (= ESWT MM111)

Has the total number of employees in your establishment increased, decreased or stayed about the same over the past 3 years?

Increased..... (1)

Decreased (2)

Stayed about the same (3)

No answer..... (4)

MM104 (= ESWT MM112)

Does this establishment belong to the public sector?

Yes (1) go to MM157

No (2) go to MM106

No answer..... (3) go to MM106

MM106 (= ESWT MM113)

Is this establishment predominantly or exclusively...

In domestic ownership or (1)

In foreign ownership?..... (2)

In about equal parts domestic and foreign ownership/there is no majority ownership(3)

No answer..... (4)

CHALLENGES THE ESTABLISHMENT IS FACED WITH

MM150

Has your organisation been involved in any of the following changes in the last 3 years?

		yes	no	na
_01	The acquisition of another organisation	(1)	(2)	(3)
_02	A takeover by another organisation.....	(1)	(2)	(3)
_03	A merger	(1)	(2)	(3)
_04	A relocation	(1)	(2)	(3)
_05	A demerger.....	(1)	(2)	(3)

MM157 (= ESWT MM107)

Does your establishment encounter any of the following problems related to personnel?

		yes	no	na
_01	High absenteeism and/or high sickness rate.....	(1)	(2)	(3)
_02	Difficulties in finding staff for skilled jobs.....	(1)	(2)	(3)
_03	Difficulties in finding staff for low skilled or unskilled jobs.....	(1)	(2)	(3)
_04	Difficulties in retaining staff.....	(1)	(2)	(3)
_05	A need to reduce staff levels	(1)	(2)	(3)
_06	Low motivation of staff	(1)	(2)	(3)
_07	Other problems	(1)	(2)	(3)

MM158

Does your establishment normally have to cope with major variations of the workload ...

	yes	no	na
_01 within the same day..... (1)	(2)	(3)	
_02 from day to day within a normal working week (1)	(2)	(3)	
_03 within a year, e.g. seasonal variations (1)	(2)	(3)	

MM159 (= ESWT MM151)

Are these variations of the workload within a day or within a normal working week mostly foreseeable or not?

Mostly foreseeable..... (1)
Mostly not foreseeable..... (2)
Both of equal importance (3)
No answer..... (4)

WORKING TIME ARRANGEMENTS

MM200intro

The following couple of questions will deal with different working time practices in your establishment. First of all...

MM200 (= ESWT MM250 items a to c)

Are there any employees in your establishment who are regularly required to work ...

	yes	no	na
_01 at night between 11 p.m. and 6 a.m. (1)	(2)	(3)	
_02 on Saturdays (1)	(2)	(3)	
_03 on Sundays..... (1)	(2)	(3)	

MM201

Do any of your employees work in a shift system or a comparable working time regime?

Yes (1)
No (2)
No answer..... (3)

MM250 (= ESWT MM200)

Approximately what proportion of your employees work part time?

Interviewer: 'Part-time work' comprises all working time arrangements below the usual full-time level.

___ %

MM250x

Could you please give me a rough estimate by means of the following categories:

- None at all (1)
- Less than 20% (2)
- 20% to less than 40% (3)
- 40% to less than 60% (4)
- 60% to less than 80% (5)
- 80% to less than 100% (6)
- All (7)
- ## No answer (8)

MM252 (= ESWT MM201)

There are different ways of organising part-time work. Please tell me which of the following patterns of part-time work are practised in your establishment.

	yes	no	dk
_01 Some fixed hours every day..... (1)	(2)	(3)	
_02 Other fixed cycles, e.g. some fixed days of the week in full-time work, the other days off..... (1)	(2)	(3)	
_03 Flexible working hours which are fixed a few days or hours in advance according to the establishment's needs..... (1)	(2)	(3)	
_04 Other forms of part-time work (1)	(2)	(3)	

MM254 (new question)

Do any of your part-time workers usually work less than 15 hours per week?

- Yes (1)
- No (2)
- ## No answer (3)

MM256

Are any of your staff in highly qualified positions or in positions with a supervisory role working part time?

- Yes (1)
- No (2) go to MM300
- ## No answer (3) go to MM300

MM257

Are these very few exceptional cases only? Or are part-time arrangements at this workplace a common phenomenon in this type of position?

- Exceptional case(s) (1)
- A common phenomenon..... (2)
- ## Neither nor (3)
- ## No answer..... (4)

MM300

Does your establishment offer employees the possibility to adapt – within certain limits – the time when they begin or finish their daily work according to their personal needs or wishes?

- Yes (1)
- No (2) go to MM350
- ## No answer..... (3) go to MM350

MM301

In the following questions I am going to refer to this working time arrangement as 'flexible working hours'.

MM302

Roughly what proportion of the employees is entitled to make use of flexible working hours?

___ %

MM302x

Could you please give me a rough estimate by means of the following categories:

- Less than 20%..... (1)
- 20% to less than 40% (2)
- 40% to less than 60% (3)
- 60% to less than 80% (4)
- 80% to less than 100% (5)
- All (6)
- ## No answer..... (7)

MM303 (= ESWT MM305)

Does this system of flexible working hours allow employees to accumulate hours, i.e. is it possible to work longer on some days and to compensate this later by working less on other days?

- Yes (1)
- No (2) go to MM350
- ## No answer..... (3) go to MM350

MM304 (= ESWT MM306a)

Is it possible for employees to use accumulated hours for full days off?

- Yes (1)
- No (2) go to MM350
- ## No answer (3) go to MM350

MM305

Does your flexible working hours system allow employees to accumulate hours for periods of more than one year on a so-called long-term time account?

- Yes (1)
- No (2)
- ## No answer (3)

MM350 (similar to ESWT MM350)

Roughly what proportion of your employees has worked any overtime in the past 12 months?

[Show if MM303 = 1]

Interviewer: For employees with the possibility of accumulating hours, overtime is defined as the time remaining on the working time account after the end of the agreed adjustment period.

___ %

MM350x

Could you please give me a rough estimate by means of the following categories:

- Nobody (1) go to MM400intro
- Less than 20% (2)
- 20% to less than 40% (3)
- 40% to less than 60% (4)
- 60% to less than 80% (5)
- 80% to less than 100% (6)
- All (7)
- ## Don't know (8)
- ## No answer (9)

MM351 (= ESWT MM358)

How is overtime work normally compensated: Is it paid for as a general rule, is it compensated with time off, are both alternatives offered or are overtime hours usually not at all compensated?

- Paid for (1)
- Compensated with time off (2)
- Both – payment or compensation with time off..... (3)
- Not at all compensated..... (4)
- ## No answer..... (5)

CONTRACTUAL FLEXIBILITY AND GEOGRAPHICAL MOBILITY OF EMPLOYEES

MM400intro

The next section of questions is about the type of work contracts and the system of pay applied in your establishment.

MM400 (similar to ESWT MM106)

Have there been any of the following groups working in your establishment in the last 12 months?

	yes	no	dk
_01 Temporary agency workers..... (1)	(2)	(3)	
_02 Staff with fixed-term contracts (1)	(2)	(3)	
_03 Freelancers (1)	(2)	(3)	

MM401

About how many temporary agency workers are currently working in this establishment?

Number of temporary agency workers..... _____

Allow value '0'

MM401x

Could you please give me a rough estimate by means of the following categories:

- None (1)
- Between 1 and 4 persons..... (2)
- Between 5 and 9 persons..... (3)
- Between 10 and 19 persons..... (4)
- Between 20 and 49 persons..... (5)
- 50 or more persons (6)
- All (7)
- ## No answer..... (8)

MM402

About what proportion of your employees is holding a fixed-term contract?

___ %

MM402x

Could you please give me a rough estimate by means of the following categories:

- None (1)
- Less than 20%..... (2)
- 20% to less than 40% (3)
- 40% to less than 60% (4)
- 60% to less than 80% (5)
- 80% to less than 100% (6)
- All (7)
- ## No answer..... (8)

MM403

How many of your temporary staff whose fixed-term contracts expired in the past 12 months got a further contract in the establishment immediately afterwards? Was that all, most, some or none of them?

- All (1)
- Most (2)
- Some (3)
- None (4)
- ## No answer..... (5)

VARIABLE ELEMENTS OF PAY

MM450

What proportion of your employees is covered by a collective wage agreement – be it on the level of the establishment or on any higher level?

_____ %

Interviewer: explain if necessary
With higher level agreements we mean e.g. agreements on a national, regional or sectoral basis

MM450x

Could you please give me a rough estimate by means of the following categories:

- Nobody (1) go to MM454
- Less than 20%..... (2)
- 20% to less than 40% (3)
- 40% to less than 60% (4)
- 60% to less than 80% (5)
- 80% to less than 100% (6)
- All (7)
- ## No answer..... (8) go to MM454

MM451

Is this collective agreement negotiated at the establishment or company level or at a higher level than the company?

Interviewer: explain if necessary
 With higher level agreements we mean e.g. agreements on a national, regional or sectoral basis

- Establishment or company level..... (1) go to MM454
- Higher level than company (2)
- ## Both types of agreements apply (3)
- ## No answer..... (4) go to MM454

MM452

Is it possible to derogate from this higher-level collective agreement under certain circumstances in order to pay wages below the collectively agreed level?

- Yes (1)
- No (2)
- ## No answer..... (3)

MM454

Do any of your employees – except for those in the top management – receive specific elements of pay that depend on the performance of the individual, a working group or the department? These elements of pay can be either cash or in the form of shares of the company.

- Yes (1)
- No (2) go to MM460
- ## Don't know..... (3) go to MM460
- ## No answer..... (4) go to MM460

MM455

Approximately what proportion of your workforce receives specific elements of pay that depend on the performance of the individual?

___ %

MM455x

Could you please give me a rough estimate by means of the following categories:

- None (1)
- Less than 10%..... (2)
- Between 10% and less than 25%..... (3)
- Between 25% and less than 50%..... (4)
- More than 50% (5)
- All (6)
- ## No answer..... (7)

MM456

Approximately what proportion of your workforce receives specific elements of pay that depend on the performance of the team, working group or department?

___ %

MM456x

Could you please give me a rough estimate by means of the following categories:

- None (1)
- Less than 10%..... (2)
- Between 10% and less than 25%..... (3)
- Between 25% and less than 50%..... (4)
- More than 50% (5)
- All (6)
- ## No answer..... (7)

MM460

Is there any profit-sharing scheme offered in this establishment?

Interviewer: explain if necessary
Profit-sharing schemes are specific elements of pay, the amount of which depends on the company's success.

- Yes (1)
- No (2) go to MM463
- ## No answer..... (3) go to MM463

MM461

Is this offered to all employees of your regular workforce or is it offered to employees in specific positions only?

- To all employees..... (1)
- To specific categories of employees only..... (2)
- ## Both types of schemes are offered in the establishment (3)
- ## No answer..... (4)

MM458

Are these profit-sharing schemes determined by the management only or are they negotiated with the employee side, be it either with employees directly or with their representatives?

- Determined by management only (1)
- Negotiated with employee side..... (2)
- ## Both applies, there are different schemes offered (3)
- ## No answer..... (4)

MM459

Why are you applying profit-sharing schemes? Please tell me for each of the following potential motives whether they play a large role (1), some role (2) or hardly any role (3) for the application of the system. (No answer = Code 4)

- | | | | | | |
|-----|--|-------|-------|-------|-------|
| _01 | To increase productivity | (1) | (2) | (3) | (4) |
| _02 | To increase the motivation of our staff | (1) | (2) | (3) | (4) |
| _03 | To attract and keep well-qualified staff | (1) | (2) | (3) | (4) |
| _04 | To increase active employee participation in the improvement of work processes or products | (1) | (2) | (3) | (4) |
| _05 | In order to reduce the wage costs in times of low order volume | (1) | (2) | (3) | (4) |
| _06 | Or due to any other reasons..... | (1) | (2) | (3) | (4) |

MM463 (new question!)

Is there any share-ownership scheme offered in this establishment?

- Yes (1)
- No (2) go to MM550intro
- ## No answer..... (3) go to MM550intro

MM464 (new question!)

Is this offered to all employees of your regular workforce or is it offered to employees in specific positions only?

- To all employees..... (1)
- To specific categories of employees only..... (2)
- ## No answer..... (4)

HRM PRACTICE & FORMS OF WORK ORGANISATION

MM550intro

The subsequent sections deal with the characteristics of your staff and with your personnel management practices.

MM550 (= ESWT MM103)

About what proportion of your employees is female?

_____ %

MM550x

Could you please give me a rough estimate by means of the following categories:

- None at all (1)
- Less than 20%..... (2)
- 20% to less than 40% (3)
- 40% to less than 60% (4)
- 60% to less than 80% (5)
- 80% to less than 100% (6)
- All (7)
- ## No answer..... (8)

MM553 (= ESWT MM104)

Approximately what proportion of your employees work in high-skilled jobs, i.e. jobs which usually require an academic degree or a comparable qualification?

_____ %

MM553x

Could you please give me a rough estimate by means of the following categories:

- None at all (1)
- Less than 20%..... (2)
- 20% to less than 40% (3)
- 40% to less than 60% (4)
- 60% to less than 80% (5)
- 80% to less than 100% (6)
- All (7)
- ## No answer..... (8)

MM558

Is work in teams an important characteristic of the work organisation in your establishment?

- Yes (1)
 No (2) go to MM561
 ## No answer..... (3) go to MM561

MM559

If you think about the tasks to be performed by the teams: Do the team members decide among themselves how and by whom the tasks are to be performed or is there usually a superior distributing the tasks within the team?

- Team members decide among themselves (1)
 Tasks are distributed by a superior (2)
 ## No answer..... (3)

MM561

Is the need for further training periodically checked in a systematic way in your establishment?

- Yes (1)
 No (2) go to MM563
 ## No answer..... (3) go to MM563

MM562

Please tell me for each of the following groups of employees whether or not their needs for further training are systematically checked in regular intervals.

		yes	no	dk
_01	Permanent employees in skilled or high-skilled positions.....	(1)	(2)	(3)
_02	Permanent employees in low-skilled or unskilled positions.....	(1)	(2)	(3)
_03	Employees with fixed-term contracts.....	(1)	(2)	(3)
_04	Older employees.....	(1)	(2)	(3)

MM563

Have any of your employees been given time off from their normal duties in the past 12 months in order to undergo further training?

- Yes (1)
 No (2) go to MM650
 ## No answer..... (3) go to MM650

MM564

Please tell me for each of the following potential motives of further training whether or not it was an important driver behind the application of these training measures?

		yes	no	dk
_01	The vocational adjustment of new employees.....	(1)	(2)	(3)
_03	To prepare employees for new tasks	(1)	(2)	(3)
_05	Training after long absence.....	(1)	(2)	(3)

SOCIAL DIALOGUE AND EMPLOYEE PARTICIPATION

MM650intro

The next few questions are dealing with the structures and practices of social dialogue at this establishment.

MM650

Which of the following forms of formal employee representation currently exist in your establishment? Do you have ...

		yes	no	na
_01	{employee representation type 1}	(1)	(2)	(3)
_02	{employee representation type 2}	(1)	(2)	(3)
_03	{employee representation type 3}	(1)	(2)	(3)
_04	{employee representation type 4}	(1)	(2)	(3)
_05	{employee representation type 5}	(1)	(2)	(3)
_07	A person or committee in charge of representing the employees in issues related to safety and health at work.....	(1)	(2)	(3)

Attention:

Items MM650_01 to MM650_05 are variable und differ from country to country

Item MM650_07 is fixed and is identical for each country

MM651a

Is there one {employee representation} body or are there several bodies representing different types of employees in your establishment?

- One body (1)
- More than one body..... (2)
- ## No answer..... (3)

MM651b

Is there one {employee representation} body or are there several bodies representing different types of employees in your establishment?

- One body (1)
- More than one body (2)
- ## No answer (3)

MM651c

Is there one {employee representation} body or are there several bodies representing different types of employees in your establishment?

- One body (1)
- More than one body (2)
- ## No answer (3)

MM652

And is there a joint committee?

- Yes (1) go to MM602
- No (2) go to MM602
- ## No answer (3) go to MM602

MM653a

Are the members of {employee representation} designated by the management or are they chosen by the employees?

- Designated by management (1) go to MM602
- Chosen or elected by employees (2) go to MM602
- ## Partly designated by management, partly chosen or elected by employees (3) go to MM602
- ## No answer (4) go to MM602

MM653b

Are the members of {employee representation} designated by the management or are they chosen by the employees?

- Designated by management (1) go to MM602
- Chosen or elected by employees (2) go to MM602
- ## Partly designated by management, partly chosen or elected by employees (3) go to MM602
- ## No answer (4) go to MM602

MM654

You said that this establishment is part of a larger multi-site company. Is there a {employee representation} at the company level which also represents the employees working on this site?

- Yes (1) go to MM602
- No (4) go to MM657
- ## No answer..... (5) go to MM657

MM657

You said that there is no formal employee representation in your establishment. Are there any ad hoc employee spokespersons, committees or round tables set up temporarily if major changes of the working conditions or the organisation of work are taking place?

- Yes (1)
- No (2)
- ## No answer..... (3)

SOCIAL DIALOGUE PRACTICE

MM602

Please tell me for each of the following measures whether or not you have taken it in your establishment in the past 3 years.

		yes	no	na
_01	Major changes in the remuneration system.....	(1)	(2)	(3)
_03	Changes in the organisation of the work process.....	(1)	(2)	(3)
_04	Changes in the working time arrangements.....	(1)	(2)	(3)
_06	Restructuring measures.....	(1)	(2)	(3)

MM700

Please tell me for each of the measures you introduced in the past 3 years whether or not you consulted the affected employees before deciding on the issue.

		yes	no	na
_01	Major changes in the remuneration system.....	(1)	(2)	(3)
_03	Changes in the organisation of the work process.....	(1)	(2)	(3)
_04	Changes in the working time arrangements.....	(1)	(2)	(3)
_06	Restructuring measures.....	(1)	(2)	(3)

MM702

I will now read out a few statements describing general views on shopfloor employee representation. Please tell me – against the background of your experiences with the employee representation at your establishment – whether you strongly agree (1), agree (2), neither agree nor disagree (3), disagree (4) or strongly disagree (5) with each of the following statements.

		1	2	3	4	5	dk
_01	The employee representation helps us in a constructive manner to find ways to improve workplace performance.....	(1)	(2)	(3)	(4)	(5)	(6)
_03	The involvement of the employee representation often leads to considerable delays in important management decisions.....	(1)	(2)	(3)	(4)	(5)	(6)
_04	We would prefer to consult directly with our employees	(1)	(2)	(3)	(4)	(5)	(6)
_05	Consulting the employee representation in important changes leads to more commitment of the staff in the implementation of changes	(1)	(2)	(3)	(4)	(5)	(6)

PERFORMANCE AND PRODUCTIVITY INDICATORS

To finish the interview, we now have a few general questions about the situation in your establishment.

MM701

How would you rate the current general work climate in your establishment? Is it very good, quite good, somewhat strained or very strained?

- Very good (1)
- Quite good (2)
- Somewhat strained (3)
- Very strained (4)
- ## No answer..... (5)

MM500 (= ESWT MM110)

How would you rate the economic situation of this establishment? Is it very good, quite good, neither good nor bad, quite bad or very bad?

- Very good (1)
- Quite good (2)
- Neither good nor bad (3)
- Quite bad (4)
- Very bad (5)
- ## Don't know (6)
- ## No answer (7)

MM501

Compared with other establishments in the same sector of activity, how would you assess the labour productivity in your establishment? Is it a lot better, somewhat better, about average or below average for this sector?

- A lot better (1)
- Somewhat better (2)
- About average for industry (3)
- Below average (4)
- ## Don't know/comparison not possible (6)
- ## No answer (7)

MM502

And if you compare your establishment's current labour productivity to the situation 3 years ago: Has it increased considerably, has it slightly increased, has it remained about the same or has it decreased since then?

- Increased considerably (1)
- Increased slightly (2)
- Remained about the same (3)
- Decreased (4)
- ## Don't know/comparison not possible (5)
- ## No answer (6)

Employee representative questionnaire

Basic information on ER Type that will be transmitted from the MM interview:

ER_resp:

Information about the type of employee representative body the chosen respondent represents

ER_add:

Information on whether or not there is more than one type of general employee representation bodies at the establishment

ER_add_0 = 1 no additional type of employee representative body at the establishment

ER_add_1= 1 one or more additional types of employee representative bodies at the establishment

ER_info:

Information about the availability of the address details for the employee representative interview from the MM interview. Information on cases where the manager agreed to the ER interview only under the condition that it will not take place during working time.

ER_info1: Address details of respondent provided in MM801

ER_info2: Address details of respondent to be investigated at switchboard

ER_info3: Address details of respondent provided in MM806, **interview can be carried out only in leisure time of respondent!**

ER_info4: Address details of respondent to be investigated at the switchboard, **interview can be carried out only in leisure time of respondent!**

A. Composition of ER

ER102a [text to be read out]

You were chosen for this interview as representative of the <txt_ER102a>*. In the course of this interview we will address this body with the more general term "the employee representation".

ER102b [text to be read out]

You were chosen for this interview as representative of the <txt_ER102b1>*. There might be further types of employee representative bodies in your establishment, such as <txt_ER102b2>*. Please refer your answers to all general employee representative bodies that exist in your establishment, not only to the <txt_ER102b1>*.

ER104intro

First of all, I have a few questions about the composition of the employee representation at this establishment and about its resources.

ER104

Roughly what proportion of the employee representatives at this establishment belongs to a trade union?

___ %

ER104x

Could you please give me a rough estimate by means of the following categories:

- None (1)
- Less than 20%..... (2)
- 20% to less than 40% (3)
- 40% to less than 60% (4)
- 60% to less than 80% (5)
- 80% to less than 100% (6)
- All (7)
- ## No answer..... (8)

ER106

How many different trade unions are represented at the workplace?

Number: __

ER107

Roughly how many employees at this establishment are members of a trade union?

___ %

ER107x

Could you please give me a rough estimate by means of the following categories:

- None (1)
- Less than 20%..... (2)
- 20% to less than 40% (3)
- 40% to less than 60% (4)
- 60% to less than 80% (5)
- 80% to less than 100% (6)
- All (7)
- ## No answer..... (8)

B. Role and place of the ER inside the establishment; industrial relations climate

ER150intro

The next couple of questions will deal with the cooperation between the employee representation and the management in this establishment.

ER151

To what extent do you agree or disagree with the following statements, when you look to the industrial relations climate of your establishment. You can answer with 'strongly agree' (1), 'agree' (2), 'neither agree nor disagree' (3), 'disagree' (4) or 'strongly disagree' (5). (No answer = Code 6)

- _01 Employees support the work of the employee representation(1) (2) (3) (4) (5) (6)
- _02 Employees rarely express interest in the outcome of consultations
or negotiations(1) (2) (3) (4) (5) (6)
- _05 The relationship between management and employee
representation can best be defined as hostile(1) (2) (3) (4) (5) (6)
- _06 Management and employee representation make sincere
efforts to solve common problems.....(1) (2) (3) (4) (5) (6)

C. Competencies: information, consultation and negotiation rights and practices

a) Information provisions

ER200

Please tell me for each of the following issues whether the employer provides the employee representation with relevant data on it at least once a month (1), several times a year (2), once a year (3), less than once a year (4) or never (5). (No answer = Code 6)

- _01 The economic and financial situation of the establishment(1) (2) (3) (4) (5) (6)
- _02 The employment situation.....(1) (2) (3) (4) (5) (6)
- _04 The number of overtime hours(1) (2) (3) (4) (5) (6)

ER202

If you think about the business information you get from the employer: Does it frequently, sometimes or practically never happen that this information is classified as confidential so that you can not disseminate it to the workforce?

- Frequently..... (1)
- Sometimes (2)
- Practically never (3)
- ## No answer..... (4)

ER203

Do you usually receive the information timely and unrequested?

- Yes (1)
- No..... (2)
- ## No answer..... (3)

ER204

Is the disclosed business information normally sufficiently detailed?

- Yes..... (1)
- No..... (2)
- ## No answer..... (3)

b) Negotiation and consultation practices

ER207

How large is the influence of the employee representation on management decisions in this establishment? Please tell me for each of the following areas whether you rate this influence as very strong (1), quite strong (2), quite weak (3) or very weak (4). How would you rate the influence on ...

- _01 Employment and human resources planning.....(1) (2) (3) (4)
- _02 Equal opportunities policies and diversity management(1) (2) (3) (4)
- _03 Changes in working time regulations.....(1) (2) (3) (4)
- _04 The determination of pay.....(1) (2) (3) (4)
- _05 Health and safety matters(1) (2) (3) (4)
- _06 Changes in the organisation of work processes and workflow(1) (2) (3) (4)
- _07 The impact of structural changes such as restructurings,
relocations or takeovers.....(1) (2) (3) (4)
- _08 Career management (selection, appraisal, training)(1) (2) (3) (4)
- _10 Disciplinary or hierarchical problems(1) (2) (3) (4)

D. Competencies and practices – industrial action

ER260

In the last 12 months, have there been one or more instances of industrial action in your establishment?

- Yes, one.....(1)
- Yes, more than one(2)
- No, none(3) go to ER350intro
- ## No answer.....(4) go to ER350intro

ER261a

What form did the industrial action take?

ER261b

What form did these industrial actions take?

	Yes	No	DK
_01 Stoppage of work or strike.....(1)	(2)	(3)	
_02 Strike of a day or more(1)	(2)	(3)	
_03 Refusal to do overtime.....(1)	(2)	(3)	
_04 Other actions(1)	(2)	(3)	

ER262a

Which issues were concerned by this action?

ER262b

Which issues were concerned by these actions?

	yes	no	na
_01 Matters of working time.....(1)	(2)	(3)	
_02 Changes in the organisation of work(1)	(2)	(3)	
_03 Matters related to pay(1)	(2)	(3)	
_04 Health and safety issues.....(1)	(2)	(3)	
_06 Manpower planning and recruitment practices.....(1)	(2)	(3)	
_07 Structural changes such as restructurings, mergers or relocations(1)	(2)	(3)	

ER263a

Was this industrial action part of a broader campaign on the national, regional or sectoral level or was it confined to your enterprise?

Part of a broader campaign(1)

Confined to the enterprise(2)

No answer(3)

[If ER260 = 2]

ER263b

Were these industrial actions part of a broader campaign on the national, regional or sectoral level or were they confined to your enterprise?

Part of a broader campaign(1)

Confined to the enterprise(2)

Both types of industrial action took place(3)

No answer(4)

E. Resources

ER300

On a weekly average basis, how many hours of paid time off are you entitled to take to carry out your duties?

Hours/week: _ _

No answer (99)

[Fill in '88' when the answer is 'as much as necessary'; when full-time, ask how many hours is full-time work]

ER301

Is the available time usually sufficient for fulfilling the representative duties?

- Yes(1)
- No.....(2)
- ## It depends.....(3)
- ## No answer.....(4)

ER304

Do the employee representatives on a regular basis get training on issues specific to their role as employee representatives?

- Yes(1)
- No.....(2)
- ## No answer.....(3)

F. Thematic issues: collective agreements on pay and performance-related pay

ER350intro

Now, we would like to ask you some questions about specific establishment policies and regulations and the involvement of the employee representation in these.

ER350

Are there in your establishment any performance-related elements of pay for staff other than the top management?

- Yes(1)
- No.....(2) go to ER353b
- ## No answer.....(3) go to ER353b

ER351

At which stage of the set-up of this performance-related pay scheme was the employee representation involved for the first time? Was it already in the discussions on whether or not to introduce such a scheme, was it when decisions on practical details were being made, was it only after decisions on the shape of the system had been taken or has it not been involved at all?

- In the discussions on whether or not to introduce such a scheme(1)
- When decisions on practical details were being made.....(2)
- After decisions on the shape of the system had been taken or:.....(3)
- Not at all(4)
- ## No answer.....(5)

ER352

Have individual complaints of employees related to the performance-related pay been raised often, seldom or never in the past 12 months?

- Often.....(1)
- Seldom(2)
- Never.....(3)
- ## No answer.....(4)

[If ER350 = 1 (i.e. if performance-related pay elements exist in the establishment)]:

ER353a

Is the employee representation generally supporting the performance-related pay elements practised in the establishment, is it neutral about them or is it opposing this practice?

[If ER350 = 2 or 3 (i.e. if no performance-related pay element exists in the establishment)]:

ER353b

Would the employee representation generally support the introduction of performance-related pay elements in this establishment, would it have a neutral position about that or would it be opposing such a practice?

- Supporting.....(1)
- Neutral(2)
- Opposing(3)
- ## No answer.....(4)

G. Other topical questions

ER400

Please tell me for each of the following working time regimes and work forms whether or not there are currently any employees in your establishment to whom they apply:

	yes	no	na
_01 Overtime work.....	(1)	(2)	(3)
_02 Part-time work.....	(1)	(2)	(3)
_03 Working time accounts or other flexible working time regimes	(1)	(2)	(3)
_04 A shift system.....	(1)	(2)	(3)
_05 Night work.....	(1)	(2)	(3)
_06 Weekend work	(1)	(2)	(3)
_07 Temporary agency workers.....	(1)	(2)	(3)
_08 Workers with fixed-term contracts.....	(1)	(2)	(3)

ER401

If you now think about the work forms or working time regimes which currently do not apply to any of your employees: Is any of these currently not applied in your organisation because you are opposing it?

Yes	(1)
No.....	(2) go to ER404
## No answer.....	(3) go to ER404

ER402

And which of these work forms or working time regimes is currently not applied as a result of the employee representation's opposition to it?

	yes	no	na
_01 Overtime work.....	(1)	(2)	(3)
_02 Part-time work.....	(1)	(2)	(3)
_03 Working time accounts or other flexible working time regimes	(1)	(2)	(3)
_04 A shift system.....	(1)	(2)	(3)
_05 Night work.....	(1)	(2)	(3)
_06 Weekend work	(1)	(2)	(3)
_07 Deployment of temporary agency workers.....	(1)	(2)	(3)
_08 Employment of workers with fixed-term contracts	(1)	(2)	(3)

ER404

Please tell me for each of the following working time practices and personnel policies whether or not the employee representation has been involved in establishing rules and procedures for them, be it either by way of consultation or negotiation.

	yes	no	na
_01 The setting of the length of working time.....	(1)	(2)	(3)
_02 The rules and procedures on doing overtime	(1)	(2)	(3)
_03 Part-time work.....	(1)	(2)	(3)
_04 Working time accounts or other flexible working time regimes	(1)	(2)	(3)
_05 Shift system.....	(1)	(2)	(3)
_06 Night work.....	(1)	(2)	(3)
_07 Weekend work	(1)	(2)	(3)
_08 Deployment of temporary agency workers.....	(1)	(2)	(3)
_09 Use of fixed-term contracts	(1)	(2)	(3)
_11 Access to training	(1)	(2)	(3)

ER406

Looking to the individual complaints the employee representation has been dealing with in the establishment in the last 12 months, have the following issues been raised? You can each time answer with 'often' (1), 'seldom' (2) or 'never' (3).

	1	2	3	na
_01 Full-time workers desiring but not getting a part-time job.....	(1)	(2)	(3)	(4)
_02 Night or shift workers desiring but not getting a day job	(1)	(2)	(3)	(4)
_03 Increased overtime without much consultation.....	(1)	(2)	(3)	(4)
_04 Too much weekend work	(1)	(2)	(3)	(4)
_05 Discontent related to pay levels or pay systems.....	(1)	(2)	(3)	(4)
_06 Rejected requests for further education or training.....	(1)	(2)	(3)	(4)
_07 Discontent with career development possibilities	(1)	(2)	(3)	(4)
_08 Bad social climate in teams, working groups or departments	(1)	(2)	(3)	(4)
_09 Discontent with the health and safety situation.....	(1)	(2)	(3)	(4)
_10 Discontent regarding the discretion about when to work and when to take time off in flexible working time systems	(1)	(2)	(3)	(4)

H. Background variables

ER500intro

Finally, we now have a few further statistical questions.

ER501

How many years of experience do you have as employee representative in the establishment?

__ years

ER502

In your function as employee representative: Do you represent the whole workforce in this establishment or a specific part of the staff only?

Whole workforce (1) go to ER504

Part only..... (2)

No answer..... (3) go to ER504

ER503

Roughly what proportion of the employees in this establishment do you represent?

__ %

ER503x

Could you please give me a rough estimate by means of the following categories:

Less than 20%..... (1)

20% to less than 40% (2)

40% to less than 60% (3)

60% to less than 80% (4)

80% to less than 100% (5)

All (6)

No answer..... (7)

ER504

May we contact you again later if we should have any additional questions?

Yes, agrees..... (1)

No, does not agree..... (2)

No answer..... (3)

Thank you very much for your cooperation.

END OF THE INTERVIEW

European Foundation for the Improvement of Living and Working Conditions

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The European Company Survey 2009 on flexibility practices and social dialogue is the second European-wide establishment survey to be undertaken by Eurofound. The survey documents flexibility strategies in firms and is a unique source of comparative information on social dialogue at the workplace. According to management and employee representatives in 27,000 public and private establishments across Europe, working time flexibility is the most common type of flexibility available in European companies. More than half of all establishments with 10 or more employees in the EU27 use some type of flexi-time arrangement. This reflects a substantial increase on the situation four years ago as measured in the first European Company Survey, which covered 21 countries.

The European Company Survey also looked at views and experiences regarding workplace social dialogue. The survey found that six out of ten employees in Europe are covered by some form of recognised employee representation. The findings paint a picture of robust practices of workplace social dialogue in Europe, while also pointing to limitations and important differences across Europe.

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite EU body, whose role is to provide key actors in social policymaking with findings, knowledge and advice drawn from comparative research. Eurofound was established in 1975 by Council Regulation EEC No 1365/75 of 26 May 1975.



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