EMPLOYEE PARTICIPATION:

CASE STUDY OF ESTONIAN COMPANIES

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The present document expresses only the views of the authors.
Foreword

An employment relationship is always two-sided – it is between an employer and an employee. In a small company it is relatively straightforward as the employer and employee communicate with each other daily. In a bigger enterprise, however, the employee may sometimes even be unaware of who is his/her ultimate employer. Yet, regardless of whether the company is big or small, close or distant, employment is always connected to communication. One may think that it is sufficient to explain an employee his/her work tasks and give orders, but nowadays we talk increasingly more of the necessity to inform employees of the company’s wellbeing as a whole and to give them right of say. Is it beneficial or detrimental to a company to involve employees in the company’s management process? Just as the below study concludes – there is no single right answer to this question. Enterprises differ along with their practices. There is, however, something that is crystal clear – communication with employees, or employees’ information and consultation as the European terminology puts it, is an important point of thought for any bigger enterprise.

Have an enjoyable read!

Tarmo Kriis
Director of Estonian Employers’ Confederation

Information and consultation of employees’ representatives forms an inseparable part of the current social model applied in Europe. It derives from the principle that the parties of an employment relationship are equal and co-operate with a common goal. This idea, however, is relatively novel to Estonia as in our labour relations the employer still tries to manage by making one-sided decisions.

The prerequisite of achieving the common goal – stable development and increasing well-being – is the coordinated and responsible efforts of the state, employers and employees. Every enterprise stands for much more than just the owner’s profit or loss.

For a worker, it is primarily a job that enables the person to apply his/her knowledge and skills whilst having the guarantee of a continuous income. This makes the employee interested in the well-being and future of the company. The current labour market requires adaptability and readiness for change from people as well as companies. If we want to have a stable economic development and to keep the current levels of employment, employees must have early information on what they can expect from their own company and what are the prospects of their profession in general. If the future is gloomy, there must be early possibilities provided for re- or further training, for a change of job or a place of living, and so on. All this takes place successfully and smoothly in companies where problems are discussed with employees timely and openly. This is the reason why in Estonia we need to involve employees’ representatives in decision-making to a much greater extent than we have done so far.

Harri Taliga

Head of the Confederation of Estonian Trade Unions
Summary

According to European Union directive 2002/14/EC, all EU Member States had to complete the framework for employees' information and consultation through employees' representatives by the beginning of 2005. Estonia is yet to adopt this directive. In addition, the subject of employee participation in company's decision-making is very little studied in Estonia and there is no overview of how much are employee's representatives involved in this. The aim of the current study is to take first steps towards studying this area in Estonia. More specifically, the aim is to provide the reader with an overview of other countries' experiences in the field of employee participation and to analyse employee participation process within different representation forms found in Estonia. Other countries were analysed on the basis of earlier studies in the field and the Estonian analysis is based on case studies carried out in eight Estonian companies during the spring-summer period of 2005. The case studies included interviews with managers and employees' representatives, and a survey of randomly sampled employees. The case study method was preferred for its exploratory nature and because its outcomes are based on, or advance, theory and can later be checked against other methods. In reading and interpreting the outcomes of the present case study, it should be born in mind that the outcomes should not be generalised over Estonian companies as a whole.

The purpose of the current case study was to analyse participation processes in different forms of employee representation within the historic and sector-specific context of the companies involved. In Estonia, employees may be represented by a trade union representative, a trustee elected by non-unionised workers, or both of them together. The current study does not cover health and safety representatives.

The paper consists of four parts. Chapter one gives an overview of employee participation related concepts and outcomes of studies looking at the impact of employee participation in different countries. Chapter two focuses on employee participation forms used in different countries. Chapter three provides an overview of employee participation related legislation in Estonia and of relevant regulations in the European Union. Chapter four presents the outcomes of the completed case study.

Definition and Concept of Employee Participation

Employee participation refers to his/her opportunity to participate in company's decision-making regardless of his/her position. The different forms of participation are information (prior to or after making decisions), asking for employees' opinion (consultation) and giving the employees the right to make decisions (co-determination). The more the employees have the right to speak, the more influence they can have on decisions. It is also important what kind of decisions employees are allowed to have their input in. The participation is more intensive when employees are included in making higher level decisions (strategic v operational decisions). Thus, employee participation depends on two dimensions: employees' influence and the importance of the decisions.

Employee participation can be either direct: all employees have an equal opportunity to participate; or indirect: through an employees' representative. The latter means that the employees have elected among themselves a person who would represent them in the employer's decision-making. Direct participation of employees is restricted by the company's size because the bigger the company, the more complicated it becomes to involve every single employee. Co-determination without an employees' representative is only possible in very small enterprises.

On the basis of research carried out in other countries, we can claim that employee participation increases employees' satisfaction with work and their motivation. This can result in several positive secondary effects on the quality of production and company's productivity. Research confirms that employee participation improves company's stability (less conflicts and decreased labour turnover) and it becomes more innovative. At the same time, the previous studies do not allow us to conclude with certainty that employee participation has a definite positive effect on company's profitability – some studies confirm the growth of profitability and others do not find evidence to support it.

The ideal form of employee participation that is most likely to increase social welfare is direct participation. As this, however, is impossible in many cases, the research has also looked at positive and negative aspects of indirect participation. Even though indirect participation enables to involve
more employees in the decision-making process and it is an efficient way for an employer to organise participation. It has been noted that participation through a representative does not increase employees’ satisfaction. An employees’ representative has to appear competent and trustworthy to both the employer and the employees and, thus, is not easy to find. The experience of several countries, however, shows that employee participation through a representative and direct participation go hand in hand, i.e. employees’ representatives themselves are interested in information and consultation at the level of an individual.

**Forms of Employee Participation in Different Countries**

Despite the fact that the European Union has existed for a long time and is increasingly intervening in regulating employee participation in companies, the practices of employee participation differ considerably from country to country. Every country’s employee participation practices are shaped by its historical, cultural and political background. Some of the differences are, for example, how many employees belong to trade unions; to what extent are industrial relations in the country regulated by legislation and to what extent by collective agreements; what forms of representation exist and what are their rights; and how do forms of representation relate to each other.

In general, there are three forms of employee representation at enterprise level in European Union countries: trade unions, works councils and employees’ participation in company’s boards (management). In some countries, where trade unions are very widely spread and cover most of the workforce, trade unions organise the whole information and consultation process (e.g. Sweden). In other countries, trade unions co-exist with works councils (e.g. Germany). If employee participation is conducted only through trade unions, the system is called the single channel system. If employee participation has an alternative channel in the form of works councils, it is called the dual channel system. The dual channel system is more frequent in old EU Member States and nearly all these countries have provided for the establishment of works councils or works council type of bodies in enterprises. In details, works council institutions differ greatly by countries (e.g. does it consist only of employees’ representatives or also of employer’s representatives, who are appointed as candidates, etc.). The new EU countries have diversified the forms with their developing systems. Many of the new Member States provide two alternative channels for employee participation, but the second channel is utilised only in the cases where companies do not have trade unions (e.g. Czech Republic). As a general rule, trade unions conduct collective bargaining and works councils deal with information and consultation without concluding any collective agreements. There are, however, some exceptions and in some cases works councils also conclude collective agreements at company level. Estonian (and Latvian) system is exceptional among the European countries as it provides for the parallel existence of both trade union and non-unionised representatives in a company, with both of them having the right to conclude collective agreements.

**European Union Regulations and Estonian Legislation**

The main EU directives regulating employee participation concern employees’ information and consultation in the cases of collective redundancies and transfers of undertakings; establishment of participation in Community-scale undertakings and European Companies; and employee participation framework in companies with over 50 employees. All these directives, with the exception of the last one, have been adopted in Estonian legislation. The directive on the general participation framework provides that all EU Member States should provide employees’ through employees’ representatives with procedures for information on work-life related matters, and consultation on various issues prior to decision-making. Estonian legislation provides for this through trade unions. However, trade union membership in Estonia is very small and declining (less than 10% in 2004), which means that, in reality, only a very small portion of employees can participate in organising their work-life in such a manner. Estonia has to make a decision on how to adopt this framework directive in Estonian legislation in the near future, as the deadline for the implementation has already passed.

**Employee Participation in Estonian Companies on the Basis of the Case Study**

Case studies were carried out in eight companies. In four of these, employees were represented by a trade union; in two companies, both a trade union representative and a non-unionised trustee existed; and in the last two there were no employee-elected representatives. The chosen companies had to have over 50 employees and could not be exceptional in Estonian context (e.g. very big). Half of the
cases were nominated by Estonian Employers’ Confederation and half by the Confederation of Estonian Trade Unions. In addition, the companies had to express their readiness to participating in the study.

Employees’ questionnaires and managers’ and representatives’ interviews revealed that, in general, participation was considered important. Information was considered important by all managers, and they also emphasised spreading the information beforehand. Only the information on strategic issues was considered less important, and could be spread afterwards. Consultation was considered important in case of certain issues (operational matters, renewal of technology) but, in general, the views differed greatly – some favoured frequent and comprehensive consultation, some did not. Technology renewal was the only area within strategic issues where managers seemed to benefit from consultation. The employees’ assessment on their opportunities to participate in the economic activities of the company expressed clearly the views of the managers, as it was rated very modest in nearly all companies. The managers had a shared view also on co-determination issue – it was considered unnecessary and impossible. Decision-making was seen as the right and responsibility of the manager.

The cases revealed that employee participation was more intensive in companies where managers paid more attention to it. The analysed cases do not suggest any clear relation between the above and the existence of employee representation or different forms of representation. Neither is there a clear relation between participation intensity and the nature of the work in the company or its size, or between the intensity and employees’ level of education. The only clear determinant to participation intensity was found to be the manager’s view on the necessity of employee participation. The more positive were the manager’s views on this, the more informed were the employees and the higher they rated their opportunities to participate in organising their work-life. The companies where managers favoured participation had a larger portion of employees who had proposed improvements to the organisation of their work; the employees also felt that their suggestions were taken into account more often or that at least rejections were justified.

The fact that employee participation intensity did not depend on the existence of employees' representatives, but on the manager’s interest in participation, shows that interest from both parties is essential for a successful participation.

The present case study revealed that both trade unions and non-unionised trustees are insignificant in their role as a channel for information and consultation. The managers consider collective bargaining as the main role for employees’ representatives, whereas employees’ questionnaires reveal that representatives have two main roles: mediating information and proposals between management and employees; and collective bargaining. This shows that even though the role of employees’ representatives is not as big as that of other communication channels, they still have their own niche in communication. This becomes visible, for example, in the case where an employee has a problem that he/she does not dare or want to take to his/her manager.

The main channel of participation is the company’s official hierarchy, i.e. employee’s direct manager. After that, the most frequently named channels were meetings and colleagues, followed by notice boards and electronic channels. As to the movement of information in comparison with other CEE countries: in Estonia it happens more often unofficially. Employee participation through their direct manager cannot be considered indirect participation as there is no employee-elected representative, and the direct manager cannot be considered as one.

There were two cases in the study where the institution of non-unionised trustee was initiated by management with an aim to include wider workforce outside the trade union into discussions over the conditions of the collective agreement (in both companies trade union members were in minority among the employees). In both cases, the idea of a non-unionised trustee was suggested by the manager, but elected by employees. Also, in both cases, the trustee was often a lower-level manager. In all the studied companies, collective agreements covered all the employees, regardless of who signed it on behalf of employees or how it was stated in the text of the agreement.

The managers saw employees’ representatives (both trade union ones and non-unionised ones) as a formality and they were not considered as serious discussion partners. Trade unions had a bad reputation in the eyes of the interviewed managers, as they did not represent the significant part of the
workforce, and their demands had often not considered the interests of the company. Negative attitudes were also enhanced by an understanding that a trade union is established only in the case of a problem or a confrontation between the employer and employees. The managers did not consider non-unionised representatives very influential and saw them as incompetent. Thus, we can say that neither of the representation forms is effective in providing employee participation.

An important outcome of the current study on analysing employee participation is the hypothesis that, in general, employee participation (information) is considered important in Estonia even though, the benefits of indirect participation are not very well recognised. More in-depth and comprehensive analysis should be made for the development of legislation – especially, if it is used to advance a single form of employee representation – in order to understand the role of employees’ representatives (incl. also health and safety representatives) and the reasons for their establishment. It is also important to generally expand the analysis of relations between participation and other indicators with more representative samples.
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Introduction

Employee participation is a two-sided concept. On the one hand, it aims at increasing company's productivity. Taking into account employees' opinions may improve the quality of decision-making, reduce the time used for their implementation, improve employees' attitudes towards innovation and increase their interest towards the well-being of the company. Thus, employee participation may improve the use of company's resources and therefore, productivity. On the other hand, employee participation is clearly related to the redistribution of resources and power in company's decision-making (Pichot 2001, p. 1). This means giving employees more decision-making power, which can potentially lead to prioritising employees' interests over these of the company as a whole. It is complicated to bear both of these two sides in mind at the same time and there is no universal employee participation formula that would suit all countries and companies.

In the current study, employee participation or involvement means applying the following practices for employees in management issues:

1. Information – employer provides information to employees prior to decision-making;
2. Consultation (i.e. hearing employees' voice) – employer asks for employees' opinions;
3. Co-determination (or co-decision) – employees are given decision-making power along with the employer or delegative participation is used.

Consultation, i.e. asking for employees' opinion, presupposes information, and co-determination in turn presupposes consultation, but participation as such may also be limited to information only. In order to give an employee an opportunity to have a say in his/her work-life organisation, as a minimum, consultation has to take place. Employee participation in decision-making may take place directly with all employees, in which case it is called direct participation, or through representatives elected by employees, in which case it is called indirect participation. The latter is also called the representative form of participation.

The European Union is paying increasingly more attention to employee participation process in companies and to improving social dialogue at company level. There are many directives passed in the EU, which are aimed at encouraging employee participation both in single issues, such as collective redundancies or transfers of companies, and in the general framework of employees' information and consultation. In Estonia, social dialogue is barely 15 years old. This means that employee participation issue is at its earliest stage and it will take time to adjust EU directives and regulations, which are based on traditions reaching back several decades, in Estonian labour relations. At the same time, Estonia has to make clear decisions on whether and how to develop social dialogue. Estonia would have had to adopt directive 2002/14/EC on the framework of employees' information and consultation by March 2005. This directive provides principles for informing and consulting employees' representatives and provides for the establishment of information and consultation through employees' representatives in all companies with at least 50 employees. Estonia has to decide whether and how to adopt the named directive in the legislation in the near future.

Employee participation through representatives is possible in Estonia if there is a will from both the employees' and the employer's side. Estonian workforce, however, is characterised by a very small representation in trade unions or other employees' representation organisations. This means that significant participation through representatives is currently not possible. Estonia differs from other EU countries in this respect. On the one hand, Estonia does not have a traditional information and consultation body – works councils – that exists in most other European countries. On the other hand, Estonia has two channels with equal rights for collective bargaining: trade unions and representatives elected by the general meeting of non-unionised workers.

The aim of the current paper is to give an overview of employee participation through representatives in other countries and to analyse participation processes in Estonian companies within different forms of employee representation. In this study, employees' representatives include board members of the trade union in a company, including the chief representative, and/or representatives elected at the
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general meeting of non-unionised employees. Health and safety representatives are considered only very briefly and the main attention is on representatives on general issues. Thus, employee participation is analysed within three types of employee representation: no employee representation exists; only trade union representative exists; and, trade union representative and the representative elected at the general meeting of non-unionised employees work side-by-side in the company. As there were no cases found where there was only the representative elected at the general meeting of employees, this form of representation is excluded from the study.

As the aim of the study was to analyse participation process, and this is greatly a context-specific phenomenon, the case study method was preferred. One case equals one company in this paper. In total, eight companies were studied and, thus, it is a multiple case study. When choosing the companies, the aim was to find examples for all forms of employee representation and to find companies that other companies could learn from. For this reason, the authors did not include companies who expressed their interest in participating but were somewhat exceptional in Estonian context (companies employing large number of employees, monopolistic enterprises, etc.). In order to guarantee inclusion of opinions from all sides, in every company there were interviews conducted with the manager and employees' representatives (if they existed) and a survey was carried out among randomly sampled employees. The employee survey took place in May and June 2005, and the interviews in summer 2005.

In order to carry out the case studies in companies, but also for getting a better picture of employee participation background, the study includes also overviews of previous research outcomes, experiences of other countries and relevant legislation both in Estonia and the EU. The case study method was preferred for its exploratory nature and because its outcomes are based on, or advance, theory. As employee participation is previously very little studied in Estonia, this paper can be treated as the first step towards it. The results of the current case study can only be discussed within theory and should not be generalised over Estonian companies as a whole. The formulated hypotheses need to be proven by other methods.

The current study consists of four chapters which cover the following areas.

Chapter one gives a comprehensive explanation of relevant concepts and an overview of research conducted in other countries. The following topics are looked at more closely: different effects of direct and indirect participation; impact of participation on employees and company's productivity; and, the relation of works councils and trade unions in participation.

Chapter two gives an overview of different forms of participation through employee representation existing in other EU countries. The main emphasis is on works councils and employees' involvement in company boards.

Chapter three is about current legislation, concentrating, first, on EU regulations in the field of employee participation and then on the content of main relevant acts in Estonia.

Chapter four describes the case study method and presents study results. It was not considered necessary to present every case separately; mainly due to volume limitations of this paper, but also because of the need to protect the anonymity of the people involved in the cases.

The current paper can be an interesting reading for employers and for people working in trade unions and in employee representation, who would like to learn more about employee participation practices and its factors in Estonia and other countries. It contains some appealing nuances on how to improve company's performance. The paper is also aimed at policy formulators by providing ideas for the development of the structure of employees' information and consultation system and relevant laws. Finally, the paper can be an important source of information for people studying labour relations and working conditions and for people who are otherwise interested in the topic.

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1. The Concept of Employee Information and Consultation

1.1. Definitions and Evidence from Previous Studies

1.1.1. The Concept of Employee Participation: Information, Consultation and Co-determination

Employee participation refers to his/her ability to influence organisational decisions, regardless of his/her position in an organisational hierarchy. In the current study we follow Knudsen's (1995) two-dimensional approach to employee participation. We look at the degree of employee influence and the range and relevance of subjects to be influenced. Most of the theoretical and empirical literature on employee participation is related to the first dimension, i.e. the degree of influence that is assigned to employees at the workplace. The influence can be expressed as the following continuum (Dachler, Wilpert 1978) of information, consultation and co-determination:

1) No information is given to employees prior to decisions.
2) Employees are informed in advance about the decision. Employees’ right to information means that providing it or not is not at the discretion of management: there are certain topics (e.g. transfer of undertaking) together with specific time-frames when information is to be given.
3) Employees can give an opinion about the decision. This phase is known as consultation, although formally, employers are not obliged to discuss these opinions.
4) Employees’ opinions may be taken into account when making a decision. In practice, even though employers maintain the right to reject employees’ proposals, they are required to provide their arguments for doing so.
5) Employees can veto a decision, i.e. a decision can only be taken if the two parties agree and is therefore known as co-determination.
6) Decision is in the hands of employees: there is no distinction between managers and subordinates.

It is more common in the literature to denote all six phases as participation, consisting of information as in (1) and (2), consultation as in (3) and (4) and co-determination as in (5) and at an extreme (6)\(^1\). We consider participation in its broader sense, including employees’ right to decide as the strongest form and mere information dissemination as a weak form of participation. Co-determination and co-decision are often used as synonyms, although Knudsen (1995, p. 10) distinguishes between the terms on the basis of the parity principle of a decision-making body (50-50 in case of co-determination). In this paper, no distinction is made between co-decision and co-determination.

The multitude of approaches stems from different value-orientations in societies; variety of forms for consultation and co-determination across companies, industries and countries; and above all, different terminology used in the literature for describing identical processes.

Another dimension of participation is the range and importance of subjects covered by the participatory decisions. One way of dividing the decisions is into social, personnel and financial

\(^1\) Some authors consider participation only in the sense of co-determination (Addison et al 1996, Worker Representation... 2002). On the other hand, it has been argued whether employees’ independent right to decide is participation at all, because the interplay between the two parties is missing here (Knudsen 1995, p. 10). There is a difference between consultation and negotiation or bargaining (Bonner, Gollan 2005, Terry 1999). The latter implies that employers cannot make a decision without employees’ consent. Consultation is also referred to as problem-solving by Terry (1999).
Partnership in Enterprise

...matters. However, in the context of our study it is useful to adopt Knudsen’s (1995, p. 11) suggestion with the following types of management decisions:

a) strategic (goals, structure, investments, activities, mergers, closures);

b) tactical (technology, job-design principles, operation hours, health and safety, etc.);

c) operational (decisions taken at departmental or workshop level regarding specific measures about how the work is conducted);

d) welfare (canteen, housing, sports, culture, scholarships, etc.).

Participation intensity is a combination of employee influence and the relevance of issues influenced (see Figure 1.1).

**Figure 1.1. The concept of participation intensity**

*Source: Based on Knudsen (1995), modified by authors*

The concave curves on Figure 1.1 denote the widespread practice of participatory arrangements in companies. In the case of operational and welfare issues (for example, lunch-hour timing, taking a paid holiday or choosing the colour of office walls) the consultation of employees is a commonplace practice, even some form of co-determination might be applied. With regard to strategic and tactical decisions, in contrast, employee participation is often limited to information. The described arrangement corresponds largely to our understanding of organisational functioning and the very tasks of management. Yet, the more influential is the employees’ voice in decision-making and the more strategic are these decisions to an organisation, the more intensive is employee participation deemed to be in the organisation.

1.1.2. Employee Representation: Precondition for Intensive Participation

The forms of participation are divided into two:

1. **direct** – i.e. involving employees themselves and sometimes also called individual participation, and;

2. **indirect** – i.e. involving employees’ representative bodies and therefore referred to as collective or representative participation.
In theory, direct participation is more efficient – it is associated with higher employee satisfaction, commitment, motivation, and productivity. It is considered as an ideal form of participation on an information-consultation scale: employees give their opinions and advice directly to and get the information and (counter)arguments from management. Direct participation can be, to some extent, pursued by small companies, but becomes increasingly difficult and resource-consuming for bigger organisations. Moreover, it is almost impossible to apply co-determination with direct participation, regardless of the company size.

There might be areas where employees are given autonomous control over methods and pace of work and they make decisions that substantively affect the production process – this kind of participation is called **delegative participation** (EPOC Survey\(^2\)). However, when it comes to strategic decisions within the organisation, the viability of maintaining direct participation system is rather weak, to say the least. This is why the ‘second best’ participation system (i.e. indirect participation) has gained more importance. Knudsen (1995, p. 12) states: “Indirect participation ... contains potentials for influence on a much wider range of decisions...”. On Figure 1.1 indirect participation makes it possible to shift the curve to the right.

Indirect employee participation, i.e. participation which is delegated to employees’ representative(s), is the prevailing concept of employee participation in practice. Legal regulations and collective agreements refer mainly to indirect participation and the latter is also the focus of the current study.

Terry (1999) proposes to look at the activities of indirect participation in line with the information-consultation-co-determination concept. Namely, he distinguishes between problem-solving and bargaining activities, depending on the objectives of employees and management (see Figure 1.2).

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\(^2\)The project on Employee Participation in Organisational Change (EPOC) was carried out by the European Foundation for the Improvement of Living and Working Conditions between 1993-1998, covering more than 5,700 organisations in ten European Union countries. Research project studied developments in the area of work organisation. The focus of the investigation was to show the extent of direct employee participation and to illustrate the role played by such participation in the modernisation of work organisation.
been the most widespread employee representation institutions. Although union membership varies greatly from country to country, the decline of union membership during the last decades has been a common trend due to decline in employment in traditionally high-unionisation manufacturing industry, the growth of lower-unionisation services employment, and the increasing levels of ‘atypical’ employment (Industrial Relations... 2002)\(^3\). Owing to that, the employee representation outside unions has gained more importance and new forms of employee involvement and participation, such as consultative committees, works councils, representation in supervisory board, etc., have emerged. Some of the participation systems are induced by law, whereas the information and consultation rights are thereby typically covered, but co-determination rights, as a rule, are not.

The reason for regulating employee participation via European-wide legislation is a theoretical argument stating that although participation increases social welfare, neither employees nor employers have an incentive to create institutions for employee representation. These should, therefore, be mandatory (Freeman and Lazear 1994, p. 8). It is argued that works councils can increase the joint surplus (i.e. surplus or value added that is shared between employees and employers) of an enterprise as a result of information exchange, consultation, and co-determination. At the same time, firm’s profit can still decrease, because the share of the workers’ surplus rises at the expense of employer’s surplus. As a result of this profit effect, management would resist the introduction of works councils or give them too little power. This is the reason why works councils (or similar bodies) have to be imposed by law.

The argument is supported by empirical evidence. A recent survey of European companies demonstrates that all works councils where members are formed only of employees\(^4\) are established due to statutory regulations in national law (EIRO\(^5\)... 2004, p. 13). In Greece, the resistance to employee representation is high from both sides – from employees and employers – despite the legislation which provides for the creation of works councils. In Austria and Germany, for example, employers in retail, the fast-food industry and the 'new economy' are particularly known for their opposition to works councils (ibid., p. 31). The next section discusses the effects of workers’ participation in more detail.

\(^{3}\) In Estonia, the fall has been especially dramatic: from 88% in 1992 to 13% in 2002 (Statistical Office Labour Force Survey database, authors’ calculations). The causes of the decline in Estonia have been somewhat different from these of Western countries. The main cause has been the change of the economic system and the change in the role of the Soviet Union trade unions, accordingly.

\(^{4}\) Works councils may consist of workers only, or also employers’ representatives. In France, for instance, works councils are chaired by employers, although they have a minority vote (Worker Representation... 2002, p. 29) (see also Ch. 2).

\(^{5}\) European Industrial Relations Observatory (EIRO)
1.2. The Impact of Information and Consultation Practices on Employees’ and Companies’ Performance: Evidence from Previous Research

1.2.1. Participation Effects on Employees – Direct versus Indirect Participation

The gains of participation on the level of an individual stem mainly from two streams of theories: human growth and development theory, and productivity and efficiency theory (Dachler, Wilpert 1978). Both theories rely on basic beliefs about human nature. It is assumed that people are strived towards self-actualisation, which requires independence, awareness of one’s potential, having self-control, long-range perspectives and being involved in a variety of activities. Organisation of work typically entails task-specialisation, hierarchical decision-making and control. As such, it is in direct conflict with employee’s self-actualisation needs and may cause frustration, boredom and sense of futility. Participation could reduce these negative effects and make one’s job more meaningful, increase the sense of responsibility for one’s actions, self-fulfilment and self-respect (Alexander 1984, pp. 198-199). From this point of view, participation in the workplace is a ‘natural’ need for employees and the more so with a higher education level and the fulfilment of lower-level needs (physiological, security, etc.).

Efficiency and productivity theory is based on an assumption that employee satisfaction, effort and commitment improve his/her efficiency and productivity, which, in turn, can be increased by employee participation in decision-making. There is plenty of evidence to support this hypothesis (Batt, Appelbaum 1995, Bartlett et al 1992, Rubenowitz et al 1983, EPOC Survey 1998, Latham et al 1994, Maree 2000, Wagner 1994, Cotton et al 1988; Frohlich et al 1998). However, these specific results of different studies vary, showing positive as well as negligible effect of participation on satisfaction and especially productivity. The studies discussed in the current paper are chosen to reflect the results of different countries, methods and periods of research conduct. The studies are not replications of each other and are therefore not directly comparable.

The main concern of the possible relationship between employee participation and satisfaction, commitment and performance is that effects are associated with direct participation rather than indirect participation. For instance, evidence from Japan shows that although employees’ representation outside the unions strengthens employees’ voice, it does not lead to improvements in reported satisfaction with the company (Kaufman, Taras 1999). The same is concluded on the basis of Swedish data: no increased satisfaction and commitment occurs when decisions are made by employee representatives (Rubenowitz et al 1983). Halaby and Weakliem (1989) discuss pros and cons of worker control and reach the conclusion that the positive effects (the feeling of attachment to the firm) are counterbalanced by the negative effects, such as rent seeking. Cotton et al (1988) argue on the basis of a meta-study that representative participation, while not having any effect on productivity, results in higher satisfaction at least for the representatives themselves. Frohlich et al (1998) played a game of different types of enterprises with Canadian students in a laboratory setting. Those students who ended up in employee-owned companies reported significantly higher individual productivity than their peers in conventionally-owned firms. Although the task in both types of companies was similar, students in employee-owned companies felt the task they were doing was much more interesting. Latham et al (1994) showed that participation, in particular the possibility to set goals, increases self-efficacy via commitment to these goals but does not improve performance. Maree (2000) conducted a case study of introducing participation and showed that both the perceived satisfaction by employees and the actual performance increased. A meta-analytic study by Wagner (1994) suggested that the positive influence of employee participation on satisfaction and performance is in place, but the average size of these effects is too small to have a practical significance. Wagner’s work has later been criticised (Sagie 1995, Cotton 1995) and the shared view has been that participative decision-making can yield large positive effects if other relevant factors are controlled. Some examples of previous research on participation effects on employees’ satisfaction and performance are presented in Table 1.1.
Table 1.1. Previous studies on workplace participation effects on the level of an individual

<table>
<thead>
<tr>
<th>Author (year)</th>
<th>Country</th>
<th>Type of study and data</th>
<th>Type of participation</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Halaby, Weakliem (1989)</td>
<td></td>
<td>Theoretical</td>
<td>Worker control: direct and indirect</td>
<td>Participation via employee ownership: Performance (0), satisfaction (+)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Participation through representative: Performance (0), satisfaction (0)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Direct participation: Performance (+), satisfaction (+)</td>
</tr>
<tr>
<td>Wagner (1994)</td>
<td>Several</td>
<td>Meta-analysis of 52 articles</td>
<td>Several forms of direct and indirect</td>
<td>Participation via employee ownership: performance (+) and satisfaction (+)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Representation: performance (0), satisfaction (+)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Direct participation: performance (+), satisfaction (+)</td>
</tr>
<tr>
<td>Cotton, Vollrath, Froggatt, Lengnick-Hall, Jennings (1988)</td>
<td>Several</td>
<td>Meta-study of 91 articles</td>
<td>Several forms of direct and indirect</td>
<td>Participation via employee ownership: performance (+) and satisfaction (+)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Representation: performance (0), satisfaction (+)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Direct participation: performance (+), satisfaction (+)</td>
</tr>
<tr>
<td>Latham, Winters, Locke (1994)</td>
<td>Canada</td>
<td>Experimental, 53 students</td>
<td>Direct</td>
<td>Commitment to goals (+)</td>
</tr>
<tr>
<td>Frohlich, Godard, Oppenheimer, Starke (1998)</td>
<td>Canada</td>
<td>Experimental, 210 students</td>
<td>Indirect</td>
<td>Individual productivity (+), interest in task (+)</td>
</tr>
<tr>
<td>Rubenowitz, Norgren, Tannenbaum (1983)</td>
<td>Sweden</td>
<td>Field data of 10 companies, food and metal industry</td>
<td>Direct and indirect</td>
<td>Direct participation: general commitment and job satisfaction (+)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Indirect participation: general commitment and job satisfaction (0)</td>
</tr>
<tr>
<td>Batt, Applebaum (1995)</td>
<td>USA</td>
<td>Data of 3 companies from tele-communications and clothing</td>
<td>Direct</td>
<td>On-line participation: commitment (+), job satisfaction (+), perceived quality (+). No effect in case of off-line participation</td>
</tr>
<tr>
<td>Maree (2000)</td>
<td>South-Africa</td>
<td>Case study of a fishing company</td>
<td>Indirect</td>
<td>Satisfaction (+) and performance (+)</td>
</tr>
</tbody>
</table>

Source: compiled by the authors

Note: (+) denotes positive and significant relationship between participation and given variable, (0) denotes no or insignificant relationship between participation and given variable

Thus, we can conclude that, in the case of direct form of participation, participation is positively and, at least in some cases, significantly related to job satisfaction. However, there is less convincing evidence about the same effect on performance and when it comes to the representative form of participation even the increase of satisfaction may be doubtful.

In comparing countries on the basis of direct participation, it must be noted that the only good-quality comparable data on a European level comes from the above cited EPOC project. The studies are scarce and difficult to compare as many practices of direct participation have an informal character and are difficult to analyse. Moreover, different terms are used to describe the same phenomena (Knudsen 1995, p. 7). Cabrera et al (2003), using data from EPOC project, found that direct participation is the highest in the Netherlands and Sweden. Lowest scores are reported in Spain, Portugal and Italy (p. 52), which is put down to cultural factors. In the UK, the participation system is not so well established as a rule, yet, the trend has been towards arrangements for direct information disclosure and consultation. The forms include formally designated team-work, regular team briefings, staff attitude surveys, problem solving groups, etc. (Beaumont, Hunter 2003, p. 3). Japan is famous for direct employee participation – quality circles, as a form of participation, originates from there - but the
participation is limited to information and consultation. Marsh (1992, p. 255) showed in his study of 48 Japanese manufacturing plants that despite the existence of quality circles, delegative participation is almost non-existent and claimed that direct participation has not led to workplace democracy. It was only the routine and pre-programmed issues that lower level employees were allowed to make decisions about. This result is in line with the theory: direct participation does not go much beyond information and consultation. If we are to look for more intensive forms of participation, we have to turn to indirect systems, and yet, something of a reciprocal relationship seems to exist between the two.

Although indirect and direct participation are distinct concepts, the evidence shows that at the workplace they tend to exist in parallel. Cabrera et al. (2003) noted that a higher level of indirect participation induced by law or management practice brought along more direct participation in consultative form. The EPOC survey allows concluding that although Sweden, Germany and the Netherlands are known for extensive use of indirect participation, all three countries also have above-average scores in direct participation. Gill and Krieger (2000) also found that employee representatives in Europe play an active role in introducing direct participation into the workplace. Authors were convinced that even if the initiative to introduce direct participation is usually taken by managers, once the system is in place, employee representatives actively try to ensure the greatest range of participation possible. Thus, employee representatives are found to be interested in introducing direct systems in parallel to indirect one, which is somewhat counterintuitive. This may have something to do with the elections of representatives: a representative’s attempt to monopolise employee participation reduces his or her chances to become re-elected next time as the electorate is left with only little involvement. On the other hand, it may be speculated that in case of controversial issues management is looking for a second opinion and direct participation mechanisms may be introduced in parallel to employee representation.

Hence, from the viewpoint of employees the question of direct or indirect participation is not entirely adequate. Although direct systems embody such virtues as increased job-satisfaction, commitment, possibly higher productivity and is preferred by employees themselves (Beaumont, Hunter 2003, p. 9), employees’ perception of fair management decisions emerging from participation is rather achieved by indirect representation. Indirect participation also ensures that direct arrangement is not a one-off measure and makes the system more viable. Since direct employee involvement is, in practice, limited to information disclosure, some form of representative structure becomes a precondition for consultation, let alone co-determination. Consequently, the combination of direct and indirect form of participation provides the most effective outcomes.

### 1.2.2. Employee Participation Effects on Companies

Organisational and societal outcomes of employee participation are the core of democratic theory. It assumes that people tend to be responsible, rational, cooperative and interested in progress also outside their immediate environment (Dachler, Wilpert 1978). Democratic processes, whether at home, at school, in politics or in economic organisations, develop and educate these capacities and are perceived favourably by actors in the process. In this vein, participation at working environment conveys appreciation for democracy, as opposed to autocracy and dictatorship, and is known as ‘workplace democracy’. There is a view that facilitating workplace democracy is morally ‘right’ and should be valued for its own sake (Collins 1997).

The evidence on the positive relationship between the scope of direct employee participation and economic performance of the organisation comes from empirics and theory. For instance, Sisson (2000, p. 6) discussed the main results of the European-wide EPOC project and showed many virtues of extensive direct participation for company performance, including higher production quality, cost reductions and the reduction of throughput time. Theoretical basis comes from Steinherr (1977), who demonstrated Pareto improvements of employee participation regardless of specific firm objective function. But as noted above, European regulation is mainly concerned with indirect participation; while the main idea is to protect employee interests, it is believed to be also advantageous to businesses and society as a whole. This has motivated many researchers to analyse potential benefits of representative form of participation to the company functioning. Freeman and Lazear (1994)

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6 referred through Cabrera et al. (2003)
conducted an economic analysis of works councils. In addition to the above mentioned mandatory preference for works councils, their conclusions were the following:

- Councils' access to information can reduce economic inefficiencies by moderating employees' demands during tough times (p. 12). This result was empirically found earlier by Morishima (1991, p. 482) on Japanese data, where sharing information was associated with lower wages. Still, the same exercise with U.S. data by Kleiner and Bouillon (1988)\(^7\), confronted the idea: sharing information seemed to increase employees' bargaining power in U.S.

- Employees can provide new solutions to the problem, thus, participation facilitates innovation. On the basis of German data, Addison \textit{et al} (1996) found a strong and positive correlation between product innovation and presence of works councils. Of course, there is a trade off with the cost of delay, because participatory structures inhibit the flexibility and quickness of decisions (pointed out also in Schank \textit{et al} 2004, Levinson 2001).

- Works councils' co-determination rights that increase job-security should lead employees to invest more in job-specific skills and thus, increase firm's performance. Given the commitment and satisfaction argument given above, companies might also enjoy lower cost of monitoring, lower turnover of employees and thus, lower the cost of work-force seeking and training. In his study, Levinson (2001) asks: Is co-determination a burden or resource to the Swedish companies? Analysing the responses from managing directors and chairpersons he finds that employee representation is a benefit to the company. Generally positive attitude is reported by managing directors and chairpersons and the bigger the company, the more positive the view. The main reasons for that are healthy co-operation climate and the belief among managers that joint decisions become deeper rooted among employees. On the negative side, in line with the argument above, it takes too long to get things done, it is costly, and the risk from information leakage is also mentioned.

- Participation in decision-making has a stabilising effect on a company by potentially preventing a conflict (Knudsen 1995, p. 21). Or in other words, lack of participation is likely to increase instability (Mizrahi 2002).

These arguments have been challenged by numerous authors. Findings on efficiency and productivity are the most controversial. In the study by Schank \textit{et al} (2004), which empirically covered several thousand German establishments for several years, it was found that works councils did not exhibit significant differences in efficiency. Most likely, negative rent-seeking effects and positive voice effects balanced each other. Craig \textit{et al} (1995) also found that employee participation had neither major efficiency gains nor losses in U.S. plywood industry. Over several decades, they analysed a panel of different categories: mills with co-ownership of employees (cooperative mills), mills with trade-unions as partners to management (unionised mills) and classical mills with no trade-unions and no ownership sharing. A very similar idea was tested earlier on Italian organisations by Bartlett \textit{et al} (1992). Authors compared several indicators of two organisational types: labour-managed cooperatives (associated with participation in decision-making) and private firms. They concluded that as far as efficiency was concerned, cooperatives demonstrated higher labour and capital productivity.

The relationship between works councils, or some form of consultative committee, and company profitability has also been the focus of various analyses. Morishima (1991) and Maree (2000) found joint consultation committee effectiveness to be associated with higher profitability in companies. The finding by Addison \textit{et al} (1996) on the basis of German companies, however, showed negative and strongly significant effect of works council presence on profitability. The mixed results may be caused by several factors. It is suggested, for instance, that union coverage affects the demands put forward by works councils (FitzRoy, Kraft 1990)\(^8\): the more powerful is the union, the more demanding is the works council and potential positive effects of participation are eliminated for a company. Hübler and Jirjahn (2003) do not agree with this: they show that if union is powerful enough to act as a bargaining body on industry level, then works councils are concerned about company profitability. Context

\(^7\) referred through Morishima (1991)  
\(^8\) referred through Addison \textit{et al} (1996)
specific matters may play a role: councils that are called to life in conflict situations are likely to adopt systematic rent-seeking behaviour, whereas councils that have stood for company development from the start do not jeopardise company profitability.

With respect to stability, Bartlett et al (1992) brought out significantly greater stability of employment in labour-managed cooperatives, measured by the use of temporary layoffs and voluntary quit rates. Also, in cooperatives, there are only few or no strikes, compared to privately owned counterparts. Reduced employee turnover was also the result by Craig et al (1995): when output price fell, cooperative, i.e. participative companies, kept employment and output stable but reduced wages; classical companies, in contrast, kept wages but reduced employment and output. In the works of Addison et al (1996) it appeared that works councils resulted in higher wages and lower employee turnover. The summary of results is given in Table 1.2.

Table 1.2. Previous studies on workplace participation effects on company level

<table>
<thead>
<tr>
<th>Author (year)</th>
<th>Country</th>
<th>Type of study and data</th>
<th>Type of participation</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freeman, Lazear (1994)</td>
<td>Theoretical</td>
<td>Indirect: works councils</td>
<td>Efficiency (+), innovation (+), performance (+), stability (+)</td>
<td></td>
</tr>
<tr>
<td>Steinherr (1977)</td>
<td>Theoretical</td>
<td>Direct and indirect: decision-making and profit sharing</td>
<td>Net productivity (+)</td>
<td></td>
</tr>
<tr>
<td>Sisson (2000)</td>
<td>European wide</td>
<td>EPOC survey: more than 5,700 companies</td>
<td>Direct</td>
<td>Production quality (+), costs (-), throughput time (-)</td>
</tr>
<tr>
<td>Morishima (1991)</td>
<td>Japan</td>
<td>97 union interviews</td>
<td>Indirect: consultative committees and union</td>
<td>Wages (-), profitability (+)</td>
</tr>
<tr>
<td>Kleiner and Bouillon (1988)</td>
<td>U.S.</td>
<td>106 union interviews</td>
<td>Indirect: consultative committees and union</td>
<td>Wages (+)</td>
</tr>
<tr>
<td>Craig, Pencavel, Farber, Krueger (1995)</td>
<td>U.S.</td>
<td>Longitudinal data of 34 companies in plywood industry</td>
<td>Indirect: cooperatives and unions</td>
<td>Co-operatives: efficiency (+), wages (-), stability (+)</td>
</tr>
<tr>
<td>Addisson, Schnabel, Wagner (1996)</td>
<td>Germany</td>
<td>Data on 1,025 companies</td>
<td>Indirect: works councils</td>
<td>Product innovation (+), wages (+), stability (+), profitability (-)</td>
</tr>
<tr>
<td>Schank, Schnabel, Wagner (2004)</td>
<td>Germany</td>
<td>Longitudinal data on 2,301 companies (unbalanced sample) and 74 companies (balanced sample)</td>
<td>Indirect: works councils</td>
<td>Efficiency (0)</td>
</tr>
<tr>
<td>Bartlett, Cable, Estrin, Jones, Smith (1992)</td>
<td>Italy</td>
<td>Longitudinal data of 84 companies</td>
<td>Indirect: cooperatives</td>
<td>Labour productivity (+), capital productivity (+), stability (+)</td>
</tr>
<tr>
<td>Maree (2000)</td>
<td>South-Africa</td>
<td>Case study, fish company</td>
<td>Indirect: consultative committee</td>
<td>Wages (-), profitability (+)</td>
</tr>
</tbody>
</table>

Source: compiled by the authors

Note: (+) denotes positive and significant relationship between participation and given variable, (0) denotes no or insignificant relationship between participation and given variable, (-) denotes negative relationship between participation and given variable

The above overview does not allow making firm conclusions about participation effects on company level: the studies reflect different methods, different cultural and industrial relations context. It can, nevertheless, be seen that empirical results about company effects of participation vary, including lower and higher profitability as well as lower and higher wages. Reduced employment fluctuation and positive effects on innovation seem to hold true in different contexts, but evidence on efficiency is inconclusive.

Some authors also question the very basic idea of participation. They argue, firstly, that democracy is not a sufficient argument for developing organisational systems in the same spirit as political
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democracy (Kerr 2004) because economic organisations differ from political organisations in several fundamental aspects (lack of direct accountability of managers, manipulation of employee participation arrangements etc).

Secondly, employee participation incentive does not have to be efficiency or company’s prosperity. Job satisfaction may not always lead to gains in efficiency: high level of employee involvement may encourage rent-seeking behaviour and maximise their self-interests rather than those of the firm. Therefore, every company has its own optimal level of participation in decision-making depending on the company’s characteristics (Mizrahi 2002, p. 703), and is therefore not uniquely definable. It is also feared that employees wish to participate „outside their scope”, i.e. on issues where they lack the skills and knowledge and where there is no gains for immediate efficiency (Alexander 1984, pp. 201-202). While this is, indeed, plausible in theory, evidence suggests the opposite: the more active is the participation of representatives the more likely they possess relevant skills and knowledge (Knudsen 1995, Levinson 2001). In Sweden, where employee representatives belong to the company board, representatives’ passive rather than active attitude towards strategic issues has been a concern.

Thirdly, there are hesitations about the effectiveness of indirect representation as such. The mediating role of works councils is likely to lead to professionalisation of such roles, creating vested interests for mediators to keep their functions, and often leading to estrangement and conflict between representatives and their constituencies (Dachler, Wilpert 1978, p. 14). This is partly the reason for imposing limits to the release time for the council work. What we see in practice, is that French employers sometimes call for a reduction in the number of hours for which representatives are freed from their work to carry out their duties and Spanish employers are also in favour of a reduction of paid time off for employee representatives (EIRO… 2004, p. 30).

Finally, there is a tendency to form works councils on the grounds of descriptive representation (part-time employees, disabled, young people), which, again, is problematic in terms of effectiveness (Engelen 2004). Freeman and Lazear (1994) in their economic analysis of works councils addressed the issue from the opposite side: even proportional representation may ignore minority views becoming heard (part-time young employees and part-time older employees may have diverging interests) and therefore random selection should be applied when choosing representatives (p. 20). However, authors acknowledge the potentially lesser effort and problems with accountability of representatives when they are randomly selected.

All in all, if we are to believe in the economic potential of employee participation on company level, we have to acknowledge the possible threats and some general principles should be fulfilled. Firstly, both employee representatives and management are expected to recognise each other with their legitimate but diverging interests, and secondly, view the co-operation as a plus-sum, rather than a zero-sum game. Finally, both parties need to have trust in and goodwill towards each other.

1.2.3. Representation: Works Councils or Unions?

Employee representation typically takes the form of a trade union or works councils, or both of them simultaneously. In case there are several unions in the workplace, as it is common, for example, in Finland, Norway, Denmark, Italy and Belgium, the works councils may consist of representatives of these different unions. Theoretically, there is no ground to prefer unions to works councils or vice versa. Both are indirect forms with their advantages and disadvantages, as discussed above. An overview of empirical studies concerned with their interaction in a company is given below.

Based on a panel sample of more than 700 German companies, observed for a four–year period, Hübler and Jirjahn (2003) described the interaction between unions and works council. The authors reported works councils’ positive effect on productivity in unionised companies, in particular, when union took care of bargaining over collective agreement on industry level. In non-unionised companies the works councils were more concerned with wage-negotiations.

In contrast, Addison et al (2000) reported that employee involvement had a positive effect on productivity in Britain and in non-unionised settings only, whereas no such effect was observed in Germany. But the UK may be an exceptional case, because the employers’ dislike of trade unions may lead to different pattern of behaviour from management. It has been found that approximately twice as many British employers consult with employees during the process of organisational change.
if there is no trade union, compared to when union is present (64% and 36%, respectively) (Beaumont, Hunter 2003, p. 12).

Apart from the union/works council effect, a few articles have dealt with the issue of substituting one for another. In this context, works councils should be interpreted broadly as an alternative form of participation to the union. An empirical study by Machin and Wood (2005) on union representation and human resource management (HRM) practices for employee consultation and involvement in the UK revealed that unions and HRM practices were not substitutes. HRM practices were used as much in unionised as in non-unionised companies. HRM practices included both direct and indirect participation mechanisms. Unions and HRM practices should be viewed more as complements to each other. The European Foundation for the Improvement of Living and Working Conditions reached the same conclusion about the UK: “Consultative committees and union representation go hand-in-hand rather than being substitutes for one another” (EIRO… 2004, p. 29). Beaumont and Hunter (2003, p. 14) showed with their 16 case studies of UK companies that management perceived best results for the company when indirect representative mechanisms were combined with direct measures. A similar result was reached when mandatory health and safety committees in U.S. companies were studied (Weil 1999). It appeared that such committees were much more enforced and successful in their activity in unionised companies.

Some research suggests that non-union representation (such as works councils or joint consultation committees) is less effective as it is often criticised by employees it is supposed to represent and not taken seriously by management (Bonner, Gollan 2005, Dundon et al 2005, Terry 1999, Worker… 2002). The reasons behind it may be representatives’ lack of training and lack of sanctions (possessed by unions). They also have no backing structure for getting guidance and know-how for dealing with managerial decisions and to actually enforce action and outcomes, if needed (Bonner, Gollan 2005). Some case studies indicate that, in the absence of legal underpinnings (e.g. in the UK), non-union representation is effective at good times, but comes under strain and even collapses at the times of economic downturn or company crisis (Terry 1999, p. 28). Works councils’ problems may also stem from the lack of autonomy: these structures are often ‘employer-sponsored’ and, thus, controlled by management, having minimal power and assigned to discuss only trivial matters (Butler 2005, Dundon et al 2005). As it happens, this is no secret for potential representatives and such a situation makes it difficult to find able and willing employee representatives in the first place. However, once they start working in the described circumstances, they soon adopt managerial interpretation of subtle issues and, as a consequence, they do not fulfil the initial aim of representing employees (ibid. 2005). When this is the case, such representation structures have been found to deserve as starting-points for union recognition (Terry 1999, Bonner, Gollan 2005).

In principle, though, a non-union representative can be as effective, but it needs full support by management, i.e. to avoid victimisation, as well as to receive recognition by employees themselves in order to create a meaningful discussion. It has been shown (Bryson 2004) that non-union representatives are least effective when they are appointed rather than elected, hence, bottom-up approach is essential. In the old EU member states, works council members generally have legal guarantees against dismissal on grounds of their representative duties, and they have certain prerogatives concerning job security in companies facing a reduction of the workforce (EIRO… 2004, p. 9). Also, back-up by a set of sanctions, in case of non-compliance, is needed.

The connection between employee representatives themselves and the union is another focus of such analyses. This differs by countries, but in general, the connection tends to be strong rather than weak. For instance, employee representatives in Sweden are elected by the union. In Austria, 85% to 90% of all works council members are union members and works councils are considered as a basic unit of union structures. In France, Luxembourg, the Netherlands and Spain trade unions have a specified role in nominating candidates for works council elections, with the majority of members thus being union members. In Germany, 79% of works council members are also union members (EIRO… 2004, pp. 28-29).

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9 The studied HRM practices were: profit-sharing of share ownership, presence of a Joint Consultative Committee, presence of problem solving groups, occurrence of team-briefings, regular meetings with managers and entire work-force present, management chain for communication, suggestion scheme in presence, personnel specialist in place.
It has been noted that in countries where employee influence is principally through unions and collective bargaining, management-employee relations on restructuring issues tend to be more adversarial, and the ability of employees to influence restructuring varies considerably from sector to sector and firm to firm according to union strength (Industrial Relations... 2002). This is the result of unions’ inclination to negotiate over wage and employment under the existing industrial relations framework. Mizrahi (2002) holds a view that the nature of bargaining between employers and employees, either as a union or works councils, should be over the participatory rules of decision-making rather than over wages or working conditions within the status quo (ibid., p. 705).

In conclusion, much like direct participation gives better results together with indirect participation in an organisation, representative committees in the form of works councils are complements rather than substitutes for trade unions. Studies show that even if competition between the two representative forms is present in the early phases of functioning (for instance, trade unions may fear that their members are merely manipulated by participatory arrangements) it soon turns to cooperation because of the same constituency and common interests.
2. Employee Representation Forms and Involvement in Decision Making in Other EU Countries

2.1. Employee Representation in the EU Countries

Even though the European Union and the European level social dialogue play a growing role in developing national systems of social dialogue and industrial relations, in the current situation different EU countries apply vastly different systems. The systems that have developed in specific historical, cultural and political situations are persistent and diverse. The basic differences emerge already from variations in union membership, build-up of collective bargaining system and coverage that also influences the forms and systems of employee representation. The unions cover from 9.7% of employees in France to nearly all the workforce in Nordic countries (see Table 2.1). This is why unions have bigger role in the Nordic countries and there are no alternative institutions for employee information and consultation created in Sweden and Finland, as it is in continental Europe.

At the same time, union density itself does not indicate to which extent the industrial relations are based on collective agreements. For example, in France, where union density is very low, collective agreements still cover almost all workforces. Also, the level (company, sector or national) of bargaining and extension procedures of concluded agreements are very important in determining the industrial relations. For example, in Germany and Austria, where sector level bargaining is the most important level, there is division of roles for works councils that operate as information and consultation partners on company level and unions that bargain collective agreements on sector level.

Table 2.1. Unionisation and collective agreements coverage in the EU countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Union membership</th>
<th>Collective agreements coverage</th>
<th>Main level of bargaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>35.4</td>
<td>91-100</td>
<td>Sector</td>
</tr>
<tr>
<td>Slovenia</td>
<td>41.0</td>
<td>91-100</td>
<td>National/sector</td>
</tr>
<tr>
<td>France</td>
<td>9.7</td>
<td>91-100</td>
<td>Company</td>
</tr>
<tr>
<td>Belgium</td>
<td>55.8</td>
<td>91-100</td>
<td>National</td>
</tr>
<tr>
<td>Sweden</td>
<td>7.8</td>
<td>91-100</td>
<td>Sector</td>
</tr>
<tr>
<td>Finland</td>
<td>71.2</td>
<td>81-90</td>
<td>National</td>
</tr>
<tr>
<td>Netherlands</td>
<td>22.1</td>
<td>81-90</td>
<td>Sector</td>
</tr>
<tr>
<td>Spain</td>
<td>14.9</td>
<td>81-90</td>
<td>Sector/company</td>
</tr>
<tr>
<td>Denmark</td>
<td>73.8</td>
<td>81-90</td>
<td>Sector</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>33.5</td>
<td>71-80</td>
<td>Sector/company</td>
</tr>
<tr>
<td>Ireland</td>
<td>35.9</td>
<td>51-60</td>
<td>National</td>
</tr>
<tr>
<td>Portugal</td>
<td>24.3</td>
<td>71-80</td>
<td>Sector</td>
</tr>
<tr>
<td>Germany</td>
<td>23.2</td>
<td>61-70</td>
<td>Sector</td>
</tr>
<tr>
<td>Greece</td>
<td>26.7</td>
<td>61-70</td>
<td>National/sector</td>
</tr>
<tr>
<td>Cyprus</td>
<td>70.0</td>
<td>61-70</td>
<td>Sector</td>
</tr>
<tr>
<td>Malta</td>
<td>62.8</td>
<td>51-60</td>
<td>Company</td>
</tr>
<tr>
<td>Italy</td>
<td>34.0</td>
<td>61-70</td>
<td>Sector</td>
</tr>
<tr>
<td>Slovakia</td>
<td>35.4</td>
<td>41-50</td>
<td>Sector/company</td>
</tr>
<tr>
<td>Poland</td>
<td>14.7</td>
<td>41-50</td>
<td>Company</td>
</tr>
<tr>
<td>UK</td>
<td>30.4</td>
<td>31-40</td>
<td>Company</td>
</tr>
<tr>
<td>Hungary</td>
<td>19.9</td>
<td>31-40</td>
<td>Company</td>
</tr>
<tr>
<td>Czech Rep.</td>
<td>25.1</td>
<td>21-30</td>
<td>Company</td>
</tr>
<tr>
<td>Estonia</td>
<td>16.6</td>
<td>21-30</td>
<td>Company</td>
</tr>
<tr>
<td>Latvia</td>
<td>20.0</td>
<td>11-20</td>
<td>Company</td>
</tr>
<tr>
<td>Lithuania</td>
<td>16.0</td>
<td>11-20</td>
<td>Company</td>
</tr>
</tbody>
</table>

It is evident that the systems for information and consultation of employees are dependent on the industrial relations system prevalent in the country. In some countries the sole role of employee information and consultation is attributed to trade unions (e.g. Sweden), however, in the majority of countries there is a secondary channel for representation of employees created additionally to trade unions. It is based on the idea that the right to information and consultation is conferred to individual workers irrespective of union presence in the workplace (Industrial Relations… 2004, p. 21). This is done in order to provide an opportunity for information and consultation also for non-unionised workers.

In the European countries, there are three main forms of employee representation at company level (Pichot 2001, p. 10):

- **trade union** representation,
- general representation, such as **works councils**, 
- participation in **supervisory boards or boards of directors**.

The different representation forms may exist in parallel and in many cases they do. The system where trade unions and works councils exist in parallel is called the **dual channel system** and where the information and consultation rights are conferred to the unions is called the **single channel system**. In addition to single or dual channel systems there may be employee representatives (elected from works councils, unions or separately) on the board of the company (see Table 2.2). Single channel systems are adopted in Finland, Sweden and Ireland. The dual channel system is present in Norway, Denmark, Italy (Pichot 2001, p. 11).

In the case of the dual channel system, unions are mainly in the role of negotiating collective agreements and works council type of bodies are created for information and consultation at company level. They do not usually have the right to bargain a collective agreement or call a strike (Industrial Relations… 2004, p. 23), which creates the division of work between the two institutions. At the same time, there are several cases where works councils engage in collective bargaining over working time and pay. In Germany, for example, works councils may bargain over working time and pay, in Hungary and Austria works councils may engage in bargaining if unions are missing or industry level agreement permits it.

Trade unions in general support the institution of works councils and similar arrangements. In most countries, their focus is now on improving details of current systems and they have often called, sometimes successfully, for changes to the regulations and in many cases continue to do so. In Austria and the Netherlands, even if the dual system of employee representation institutionalises a formal separation between works councils and trade unions, de facto about 60% to 90% of the works council members are also members of the unions. In such an environment, the works councils act as a link between the union and the workforce. Hence, the works councils are of paramount importance to the union (EIRO 2004, p. 31).

Several new EU countries are somewhat different from single or dual channel systems and have a **mixed system** for representation. Estonia, for example, is different in this respect as the two channels that are provided for by the law and implemented in practice (see Chapter 3 and Section 4.4) have essentially the same functions. Thus, the system is more like a single channel system. The analysis of other new EU Member States’ involvement systems adds some new forms of representation: a single channel system where a supplementary representative to the unions can be elected by non-unionised employees (e.g. Estonia and Latvia), and a single channel system where works councils can be formed if there is no union representative (e.g. Czech Republic, Lithuania, Malta) (Tóth and Ghellab 2003, p. 24).
Table 2.2. Workers’ representation forms in the EU countries

<table>
<thead>
<tr>
<th>Single/dual/mixed system</th>
<th>Representation in boards of company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>Single</td>
</tr>
<tr>
<td>Finland</td>
<td>Single</td>
</tr>
<tr>
<td>Poland</td>
<td>Single</td>
</tr>
<tr>
<td>Cyprus</td>
<td>Single</td>
</tr>
<tr>
<td>Ireland</td>
<td>Single</td>
</tr>
<tr>
<td>UK</td>
<td>Single (some voluntary joint committees)</td>
</tr>
<tr>
<td>Lithuania</td>
<td>Mixed</td>
</tr>
<tr>
<td>Malta</td>
<td>Mixed</td>
</tr>
<tr>
<td>Czech Rep.</td>
<td>Mixed</td>
</tr>
<tr>
<td>Estonia</td>
<td>Mixed</td>
</tr>
<tr>
<td>Latvia</td>
<td>Mixed</td>
</tr>
<tr>
<td>Denmark</td>
<td>Dual</td>
</tr>
<tr>
<td>Germany</td>
<td>Dual</td>
</tr>
<tr>
<td>Italy</td>
<td>Dual</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Dual</td>
</tr>
<tr>
<td>Austria</td>
<td>Dual</td>
</tr>
<tr>
<td>Slovenia</td>
<td>Dual</td>
</tr>
<tr>
<td>Hungary</td>
<td>Dual</td>
</tr>
<tr>
<td>Slovakia</td>
<td>Dual</td>
</tr>
<tr>
<td>Spain</td>
<td>Dual</td>
</tr>
<tr>
<td>France</td>
<td>Dual</td>
</tr>
<tr>
<td>Belgium</td>
<td>Dual</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>Dual</td>
</tr>
<tr>
<td>Greece</td>
<td>Dual</td>
</tr>
<tr>
<td>Portugal</td>
<td>Dual</td>
</tr>
</tbody>
</table>


In the following sections we will explain in more detail the institution of works councils and the participation in company management. Before continuing with this, however, we will bring some interesting examples of the historical development of workers’ representation systems in some countries. This is to illustrate the history-dependence of the systems.

2.2. Some Examples from the History of Different Regulations

The regulations on information and consultation differ by countries both in their scope and aptitude. The practices are different due to different legal acts or agreements between labour market participants. The practices depend foremost on the historical and cultural background of the country. An essential role in this is also played by political powers and division of power. Nowadays, the EU has also intervened in the issue of employee involvement and this in turn is shaping the systems in the EU countries. In the following we will describe the development of participation in Germany, the UK and Denmark in order to illustrate how the development has taken place and what have been the driving forces behind it. The first one is an example of a wide legislative regulation, the second one is an example of a voluntary system of participation (if it does exist at all) and the third one is an example of a system which is based on collective agreements at central level. The examples are mainly drawn from the book by Knudsen (1995).

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10 For more details about legal backgrounds of representation systems in European countries, please read the compendium Pichot, E. (2001) „Employee representatives in Europe and their prerogatives”. As to contemporary developments, an annual overview is given by the European Commissions’ publication „Industrial Relations in Europe”.
In **Germany**, the companies apply the widest system of information and consultation in the EU countries. Essentially, the system is based on sector level union bargaining, enterprise level consultation through works councils, as well as participation in management boards of the company. The history of works councils in Germany dates back to the end of the 19th century when this format was proposed by liberal employers and reformist bourgeois politicians. At the time, councils were greatly opposed by trade unions as they feared that this institution might take away their work as unions. Despite that a legal act was adopted, first for the voluntary establishment of works council type of bodies and then for the obligatory establishment of these in the mining industry in the wake of a major strike in 1905. During the First World War this was extended as an obligation to all factors employing more than 50 workers. In 1922, a law was passed granting employees minority representation in company supervisory boards (Knudsen 1995).

The disrupted system was revitalised after the Second World War. It was decided that the big trusts should never again dominate German economy and, therefore, the unions made an agreement with the British military government (1947) stating that the trade unions have a parity representation on the supervisory boards of iron and steel producing companies, as well as the right to appoint a labour director into the management. After the Second World War the development of works councils was primarily promoted by trade unions, which had been opposing the works council system before that (Knudsen 1995; Pichot 2001).

The cultural background of the **UK** is totally different from that of Germany. The participation of employees and employers is largely voluntary from either party. There is only little legal background for employee participation and a lot of the employment relations, including participation rights, are determined by collective bargaining. As a result, each company makes its own decisions on participation. As an exception, the health and safety committees are regulated by law. At the same time, neither employees nor employers have shown an interest in regulating the participation legally. Employers are afraid of restrictions to their management prerogatives and employees of becoming responsible for company’s decisions; they have preferred to remain an independent actor in collective bargaining. The attempts to regulate participation have been initiated by the Government in order to socially integrate labour in critical situations (Knudsen 1995).

The attempts by the Government were made during the First and Second World War, when major strikes occurred. The Government tried to establish joint committees of employees and employers in companies in order to make the workers more concerned with the company’s productivity and efficiency. The attempts failed because of the resistance from both social partners. In the 1970s, a new attempt was made when Labour Party was in power. This time the Employees’ Confederation (Trades Union Congress) was in favour of extending participation through legal provisions. The attempt failed again because of the opposition from employers, but also some unions. The main cause, however, was the handover of power to the Conservative Party, who opposed the whole union movement. At the same time, some other attempts, such as establishing health and safety committees and employers’ obligation to disclose of information to trade unions, were passed during the 1970s Labour Government. (Knudsen 1995).

The **Danish** system is not based on legislative regulation either, but on collective bargaining. However, it is different from the British system as the rules and regulations for employment relations are reached through negotiations and central agreements between national level social partners (bi- or tri-partite). The most important channel for representing employees’ interests is shop stewards. They are participants in more structured participatory institutions: cooperation committees, representation on company boards and safety committees. The system of workplace participation is based on union movement (Knudsen 1995).

The issue of establishing works councils in line with some other European countries (e.g. Germany) was raised by unions and Social Democrats after the First World War. It was rejected as a legal regulation and collective bargaining on this issue was not successful either. The adoption of legislation for works councils was raised for the second time after the Second World War, but it still did not become a law as the employers and employees had made prior collective agreements on cooperation committees (1947). The employees’ right to elect two members of the company board was established through legislation (1973). Later, the employees’ quota of seats on the company board was extended to one-third, with a minimum of two members. Health and safety committees, which include both
employee and management representatives, are also established by legislation.

In Denmark, the driving force for the advancement of participation has been an active trade union movement after the Second World War. In addition, the parliamentary majority has most of the time consisted of parties who have had relatively favourable attitudes to workplace participation. Employers’ unions have therefore been under pressure to conclude respective collective agreements or to allow the issue to be regulated through legislation (Knudsen 1995).

Thus, it can be seen from the above that the prevailing political attitude, culture of industrial relations, and the power and role of unions have played an essential part in the development of current employee information and consultation systems in these countries.

2.3. Works Councils in the European Countries

Works councils are a dominating form of employee representation in Europe. There are works council type of organisations present in almost every European Union Member State (see Appendix 1), where it supplements the unions. Some of the exceptions among the old Member States are Finland, Sweden, the UK and Ireland. In the new Member States they exist in Hungary, Slovenia and Slovakia, whereas Slovakia introduced works councils alongside the unions only in 2003. The law provides that the unions can be replaced by works councils or works council type of body if the union does not exist in Czech Republic, Lithuania and Malta. In Poland, works councils are present only in public companies. The Swedish system is extraordinary in the sense that neither the agreements or law provide for the institution of works councils, but the information and consultation rights are given through law and agreements to trade unions, which are present in nearly all companies.

Specific details of works councils differ by country but, in general, works councils are defined as ‘permanent elected bodies of workforce representatives (or occasionally joint committees with employers’ representatives), set-up on the basis of law or collective agreements with the overall task of promoting cooperation within the enterprise for the benefit of enterprise itself and employees by creating and maintaining good and stable employment conditions, increasing welfare and security of employees and their understanding of enterprise operations, finance and competitiveness.” (EIRO 2004, p. 9)

The rights and duties of works councils or works council type of bodies include as a rule the following (EIRO 2004, p. 4):

- Monitor the implementation of labour laws, social security, employment and health and safety regulations, as well as conditions of work established by agreements, customs or practice;
- Take appropriate steps (legal or otherwise) in cases where regulation mentioned above is not respected by the employer;
- Be informed regularly on the progress of the establishment, including employment issues and developments within the sector and affecting them;
- The right of co-determination, i.e. participation in the management of the enterprise;
- In a few cases, when works councils dispose of budgetary prerogatives, their role is extended to participation in welfare measures for workers and their families, organised by the company.

The details of works councils vary in size and composition, as well as election procedures and information and consultation rights. The number of employee representatives in works councils is generally based on the company size and varies considerably between countries. In Denmark, for example, it varies from four members, in companies employing 35 to 50 workers, to 12 members in larger companies (over 500 employees). In the Netherlands, the size of works councils is between three and 25 members. In Greece, the number varies from three to seven (EIRO 2004, p. 13). The procedure for the appointment of members and the role of unions in this procedure varies by countries (see Appendix 1 for general description of the works council type of bodies in the EU Member States). Works councils are usually prescribed for bigger companies, whereas small and medium sized companies are exempt from it.
Irrespective of whether the works councils exist, how big they are, or how the members are elected, only few of them are guaranteed co-determination rights. Freeman and Lazear (1994, p. 26) show that co-determination is more useful when relevant experiences and knowledge differ between employees and management. This implies that co-determination could, but does not necessarily have to be beneficial to a company. Indeed, countries have taken different approaches: in the UK and Mediterranean countries there are hardly any co-determination practices, whereas examples of deeply rooted co-determination rights are given to German and Austrian works councils. For instance, areas in which a German works council has a joint decision-making authority with management are (Schank et al. 2004):

- commencement and termination of working hours,
- principles of remuneration,
- introduction of new payment methods,
- pay arrangements to include the fixation of job and bonus rates and other types of performance related pay,
- regulation of overtime and reduced working hours,
- introduction and operation of technical devices to monitor worker performance,
- health and safety measures.

Specific matters, e.g. employee selection tests, cannot be introduced without a prior consent from employee representatives. Due to legal similarity, this also applies to Austria.

It is difficult to compare works councils’ operations in practice across countries as the regulations are different. The highest number of works councils are created in Germany (113,000) and the least among the old EU Member States in Greece (126). In Greece, where works councils are a requirement in companies with over 50 employees, only 2% of these companies have complied. In Denmark and the Netherlands, over 70% of the companies were works councils are required by law have complied (EIRO 2004, p. 22-27). Among the new EU Members States, Slovenia has the widest network of operating works councils. In Hungary, 51% of the companies in private sector have neither works councils nor unions, 45% of the companies have them in place, and in 4% of the companies there are only works councils (Tóth and Ghellab 2003, p. 45).

Even though first trade unions opposed works councils, as described in the case of Germany, today the institutions have defined their roles and work successfully together. The relations between works councils and trade unions are different in countries. In some countries, trade unions are working at sector level by doing collective bargaining and works councils are representing workers' interest at enterprise level. In Germany, for example, there is a clear difference in this respect. However, it appears that more active trade union members are also more active in works councils. In some countries works councils form a part of the trade union at in enterprise level (e.g. Italy). In many countries, trade unions have a specific role in appointing candidates to works councils (e.g. France, Luxembourg, Spain) (EIRO 2004).

In the new EU Member States the establishment of a works council type of body, if it is still does not exist, is a delicate matter. In most of the new EU Member States union coverage is low, the sectoral level bargaining and a gap in workers' representation is filled with detailed labour laws on different aspects of industrial relations. In most of the new EU Member States, unions and employers' organisations have together opposed the creation of works councils, for different reasons. Unions are afraid of losing their prerogative to represent at company level, which in many cases (including Estonia) is their main level of operation in collective bargaining. This should be taken into account when directing the system towards a dual channel model. The questions regarding the division of rights and responsibilities between the two channels must be considered. While in most of the old EU countries the division is neatly set as sectoral collective bargaining being a function of unions and company level representation as a function of works councils, it is not transferable to the new EU countries. Both in Slovenia and Hungary, the trade unions saw the works councils as their opportunity to enforce their role in non-unionised settings and to reinforce their role in unionised settings. Thus,
the unions should have a long term strategy towards the works councils; this requires unions to develop sectoral and regional level programmes and higher union structures (Tóth and Ghellab 2003, pp. 48-49).

Some modifications in the systems of old EU Member states are made to achieve compliance with the EU directive for the framework of employees’ information and consultation through representatives (2002/14/EC, see Section 3.1). Some major changes are expected in the UK and Ireland (EIRO 2004, p. 33) and in some new EU countries (including Estonia), where only a small number of employees are represented through unions and alternative channels for employees’ representation are virtually missing.

2.4. Employee Participation in Management and Supervisory Boards in the European Countries

Employee participation in company boards is aimed at getting employees’ input into the company’s general strategy. When works councils are mainly targeted to information and consultation on day-to-day matters, the board level participation is for strategic decision-making (Schulten, Zagelmeyer 1998).

Employee participation in supervisory board or board of directors, if the former does not exist, is fairly common in European countries. Depending on the corporate governance system, the companies in different countries have only one board of directors or additionally a supervisory board, which is the representation of shareholders and has a right to appoint and dismiss management, review management performance, etc. If a supervisory board is established then employees are usually also represented on this board. Where supervisory boards do not exist (e.g. Luxembourg or Sweden), employees are represented in the board of directors. At the same time, there are examples where employees are represented in both the supervisory board and the board of directors, as in coal, steel and iron industry in Germany. The summary of the board level representation for each country in the EU is presented in Appendix 2.

Only seven EU countries out of 25, plus Norway, lack a statutory legislation or a similar system based on collective agreements for employees’ representation in company boards. These seven countries include three Baltic states, the UK, Belgium, Cyprus and Italy. Additionally, in Portugal, there is a legal base for employees’ representation in public sector company supervisory boards, but it is not implemented in practice. In five countries the board level representation is just for public sector companies and in Poland the representation is for state-owned or privatised (i.e. formerly state owned) companies (see Appendix 2).

Employees have usually a minority representation in boards. The employees’ representatives are normally entitled to full participation in the board meetings and to voting in decision-making. In some cases, however (e.g. France), employees’ representatives in the board are just attending the meeting without further rights in decision-making. In general, it is stated that the employees’ representatives who participate in the work of the board must act in their decisions as if they were on the side of the employer, i.e. they have the same rights and duties as other board members (Schulten, Zagelmeyer 1998). This means that the board level representative must work in favour of the company and give employees’ input into the best performance of the company. At the same time, he/she must spread the background knowledge of the decisions to other employees as widely as possible. The idea is that the good operation of the company favours both employers and employees.

Even though employees in most European countries are represented in company boards, the topic is being widely discussed, especially in the light of establishing European Companies. The opponents to board-level participation of employees argue that it inhibits management prerogatives to decide and rule the company. It is also argued that the presence of an employees’ representative in a supervisory board might result in preference for conservative corporatist strategies, shielding management from control by shareholders and capital market and therefore leading to technological immobility, excessive emphasis on personnel and employment-related activities and excessive consensus-oriented management. The argument against it proposes that corporate strategies associated with board level representation enable to take account of possible problems in the early stages of decision-making. The proponents of board-level representation argue also that it brings about productive
effects through consensus and cooperation, a corporate culture based on trust and a greater understanding among the workforce of the needs and interests of the company (Schulten, Zagelmeyer 1998).

However, Levinson (2001, p. 268) shows with his study of employee representatives in 660 Swedish company boards that in large majority of companies (83%) representatives of employees never participate in the early stages of decision-making, i.e. formulating the problems, determining the board agenda, initiating solutions, etc. This trend is also recognised by Knudsen (1995, p. 13): employee participation occurs less in the planning phase than in the implementation phase. Representatives’ activity is seen passive rather than active in most companies, apart from specific topics – personnel, reorganisation, production and work environment, i.e. operational and welfare issues. More than half of representatives feel they have a negligible possibility to influence board work. In this context, the importance of an adequate representative training has been stressed (Levinson 2001, p. 272, Knudsen 1995, p. 14).

Despite the relevant employees’ rights, in practice, most countries have companies that do not have employee representatives in the board. Most remarkable is Portugal, where there are almost no cases of employee representation in company boards. Schulten and Zagelmeyer (1998) bring out that in Denmark, for example, employees in 1 400 companies out of 4 500 have used their right to board-level representation.
3. Legislation and Regulations on Employees’ Information and Consultation Rights

3.1. European Union Regulations

The EU level intervention in regulating employee information and consultation dates back to the 1970s. Several essential directives in this field were adopted in the 1990s. In 1994, the directive for the creation of European Works Councils (EWC) or information and consultation framework in Community-scale undertakings (94/45/EC) and European companies (2001/86/EC) was adopted. Two other directives regulating information and consultation rights of workers in the case of collective redundancies and transfers of undertakings (respectively: 98/59/EC and 2001/23/EC) were revised and adopted. The consultation on the general framework for information and consultation of employees in companies was launched already in 1997, but the agreement was reached only in 2002 (2002/14/EC) (see also Box 3.1).

At company level, the information and consultation rights in Estonia are most influenced by directive 2002/14/EC, which had to be ratified by Member States by 23 March 2005, at the latest. The directive provides that all EU countries must have general, permanent arrangements for information and consultation of employees on a range of issues (Industrial relations... 2004, p. 109). This general arrangement presupposes indirect involvement of workers, meaning that some form of employee representation for information and consultation purposes should be in place.

The directive applies to companies with at least 50 employees or establishments with at least 20 employees, according to the choice of the Member State. According to Article 4, information and consultation must cover:

- information on the recent and probable development of the undertaking’s activities and economic situation;
- information and consultation on the probable development of employment within the undertaking or establishment and on any anticipatory measures envisaged, especially if there is threat to employment;
- information and consultation on decisions likely to lead to substantial changes in work organisation or in contractual relations.

Information must be given with such content, in such a time and fashion that employees’ representatives will be able to conduct adequate study and prepare for consultation. Consultations must be carried out so that the timing, method and content of thereof are appropriate. It must take place at the relevant level of management and representation, depending on the subject. Consultations must give employees’ representatives an opportunity to meet the employer and obtain responses, and reasons for the responses, to any opinion they formulate.

The directive also provides that there must be regulations for such obligations as guarding confidential information, guarantees to representatives, administrative and judicial procedures, and adequate sanctions against breaching these obligations.

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11 The countries might choose to phase in the system for smaller companies by 2008.
### EU directives for regulating information and consultation of employees

**European Works Councils:**

Official title: COUNCIL DIRECTIVE 94/45/EC of 22 September 1994 on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups undertakings for the purposes of informing and consulting employees.

Aim: to give employees access to information and consultation at transnational level at which key decisions affecting transnational companies are increasingly taken.

Status for Estonia: adopted with a separate law in 2004: The Act on Involvement of Employees in Community-Scale Undertakings, Community-Scale Groups of Undertakings or European Companies (RTI 2005, 6, 21).

**General framework for information and consultation**


Aim: to establish general and permanent procedures for employees’ information and consultation through employees’ representatives in companies with over 50 employees or establishments with at least 20 employees.

Status for Estonia: the directive is not ratified, but employees have general and permanent information and consultation rights if there is a union at the workplace according to the Trade Unions Act (RTI 2000, 57,372, last amended RTI 2002, 63,387).

**Information and consultation in the case of transfers of undertakings**


Aim: to provide workers with adequate information and possibility to express their standpoints in case of transfer of undertaking.


**Information and consultation in the case of transfers of collective redundancies**


Aim: to provide workers with adequate information and possibility to express their standpoints in case of collective redundancies.

Status for Estonia: adopted within the Employment Contracts Act (§89).

**Information and consultation in European companies**

Official title: COUNCIL DIRECTIVE 2001/86/EC of 8 October 2001 supplementing the Statute for a European company with regard to the involvement of employees.

Aim: to establish the system of information and consultation in companies, which operate under European Company Statute (Societas Europaea).

Status for Estonia: adopted with a separate law in 2004: The Act on Involvement of Employees in Community-Scale Undertakings, Community-Scale Groups of Undertakings or European Companies (RTI 2005, 6, 21).

**Information and consultation in European Cooperative Society**

Official title: COUNCIL DIRECTIVE 2003/72/EC of 22 July 2003 supplementing the Statute for a European Cooperative Society with regard to the involvement of employees

Aim: to establish the system of information and consultation in cooperatives, which operate under European cooperative society. The cooperatives that operate in more than one member state can acquire single legal identity for operation in the whole European Union and the directive sets the information and consultation requirements for such cooperatives.

Status for Estonia: the time for ratification is set to August 2006.
Carley (2005, p. 90) suggests that in implementing the directive the flexibility and minimum standards could be combined by:

- establishing a general duty on employers to carry out the necessary information and consultation procedures as required by the directive, where requested by employees;
- allowing employers and employees to determine the practical arrangements for information and consultation via negotiated agreements;
- in the absence of agreed information and consultation arrangements, enabling employees to seek the establishment of the necessary arrangements via some form of a trigger mechanism (i.e. some mechanism through which employees can force the employer to inform and consult them);
- making provision for a statutory fallback framework to be enforced on employers who are unwilling to introduce the necessary information and consultation arrangements by agreement.

Most of the EU countries have some arrangements in place for information and consultation. The exceptions are Ireland, the UK, and some new EU Member States, which have to introduce considerable changes to their industrial relations systems, as there is no permanent mechanism for consulting and informing employees, nor a statutory general entitlement for a stable employee representation at the workplace (Industrial Relations… 2004, p. 109). It does not mean that in the UK there have not been any legal requirements for information and consultation. Regulations are in place for information and consultation in certain subject areas, e.g. collective redundancies, transfers of undertakings, health and safety. The challenge, however, lies in the creation of a general employee representative system, whereas the recent trend has been towards a direct involvement system (Beaumont, Hunter 2003). It is also expected that the directive setting up the general mechanism for employees’ information and consultation will promote gradual change of attitude among employers and employees’ representatives towards a more participatory and constructive relationship (Industrial Relations… 2004, p. 109).

As the date for the implementation of the directive has only recently passed, there is no analysis on the effectiveness of the implementation. The European Commission has planned such an analysis for 2007.

The second very important piece of legislation at the EU level is directive 94/45/EC on the establishment of works councils in the Community-scale undertakings. The aim of the directive is to give workers access to information and consultation at trans-national level at which multi-national companies take their key decisions. The arrangement for information and consultation may be in the form of European Works Council (EWC), which is the body consisting of employees’ representatives from the different countries where the company is active. The directive applies to undertakings or groups of undertakings with at least 1,000 employees and at least 150 employees in two Member States. The responsibility for setting up the arrangement lies with the central management of the undertaking or if this is impossible, with the management in the Member State where the largest number of workers are from. It is also responsible for financing the meetings and work of the EWC.

The central management and the EWC have annual meetings where following themes are discussed: economic and financial situation, probable development of the business and production and sales, situation and developments of employment, investments, substantial changes concerning the organisation, introduction of new working methods or production processes, transfers of production, mergers, cut-backs or closures of undertakings, establishment of important parts thereof and collective redundancies. If there are important changes taking place, the EWC has the right to be informed and to meet and consult central management at their request.

As the directive was adopted a while ago the analysis of the EWC is numerous. In total, there was expected to be 1,865 companies, totalling at 17 million employees, in the scope of the directive. Out of these, 639 companies with 11 million employees had the EWC by 2004. More than half of the agreements were concluded by 1996; since then an average of 40 agreements have been concluded a year. In 2002, 547 companies or groups falling into the scope of the directive had a subsidiary in the New Member States - 323 of those had the EWC (Industrial Relations… 2004, p. 144). In Estonia, about 20-25 companies are expected to fall in the scope of the directive (Seletuskiri… 2004).
On the background of these major directives there are some information and consultation rights touched upon in other directives. These include, for example, the directive which sets basic rules for information and consultation in European companies and cooperatives. These are companies with a specific legal format. There are also specific regulations for information and consultation for certain situations. Employees' information and consultation in the case of collective redundancies is regulated in directive 98/59/EC and in the case of transfers of undertakings in directive 2001/23/EC.

In the case of collective redundancies, the employer is obliged to begin consultations with the workers' representatives in good time with a view of reaching an agreement. The consultations must cover the ways and means for avoiding the redundancy or reducing it and mitigating consequences (incl. redeploying or retraining). There are provisions which oblige the employer to give employees' representative all relevant information in time and specifically in writing the reasons of redundancies, number of categories of workers made redundant, period of redundancies, criteria for selection of workers and method for calculating redundancy payment. The employer must give this information in such time that representative of employees can formulate opinion and give adequate alternatives. In the case of transfers of company the representative of employees or employees concerned (in the case there is no representative and it is not the fault of employees) must be informed timely of the date of transfer, reasons, implications and measures envisaged for the employees. It is not a valid excuse for the employer, if they fail to inform and consult by saying that they do not possess such information (e.g. the decision is made by undertaking).

The directives concerning EWC and information and consultation in European companies have already been transferred into Estonian law. The directives concerning information and consultation in the case of collective redundancies and transfers of companies are in principle transferred with some small amendments. However, the directive setting up a general framework for information and consultation (2002/14/EC) is not transferred and there is no clear expression from policy makers on whether, how and when the ratification will be done.

### 3.2. Estonian Legislation

#### 3.2.1. Employees’ Representatives

Estonian legislation gives different rights and obligations to employees and employers for information and consultation in the case of different employees' representatives. According to Estonian laws, employees’ representative can be elected (Employees’ Representatives Act §3, see also Box 3.2 for official data on legal acts):

1. by the members of trade union,
2. by the non-unionised employees in the general meeting of workers.

Based on Trade Unions Act, trade unions have the right to represent workers in collective matters also without a separate election for a trustee, but also trade union trustee election is envisaged. Additionally, there are representatives in the health and safety issues, based on the Workplace Health and Safety Act.

Thus, in Estonia, there can be two types of formal workers’ representatives on general issues and they may exist in parallel. Also, there can be more than one employees’ representative chosen by general meeting or by union in one company. If there is more than one, the number must be agreed upon with the employer. If there is more than one representative, they may form a joint committee to co-ordinate their work. The union and the general meeting can choose, by a joint decision, the chief representative among the representatives.

There is no specific set of rules for employees’ general meeting, i.e. neither the calling of meeting, place, time nor the voting rules are set by law. The only regulation is that the rules for election are set by the general meeting. This may result in cases where the representative does not really represent employees but is appointed by the employer and the general meeting as a formality. The rules for setting up a labour union are regulated much more precisely. The union must have the foundation meeting (the personal identification numbers of founders are included in the memorandum of
The union must have statutes - the basic information for the statutes is provided by law. The role and rights of the union management and general assembly (incl. minimum voting requirements) are provided by law.

In companies with 10 or more workers, the employees must choose a working environment representative in the general meeting of employees. If the company has several structural units or shifts, each unit or shift which consists of 10 or more workers must have their own working environment representative. If the company is bigger (over 50 employees) the workplace health and safety council must be formed. This consists of representatives of employees and employers in equal numbers. The employer must organise the election of the working environment representative in the general meeting of workers. At least half of all workers must participate in the elections. The working environment representatives are also made known to the Labour Inspectorate.

All the above mentioned representatives have the right to do their work for a specified time during the work hours and they have special guarantees against lay-off.

Since the beginning of 2005, there are also provisions for European works councils or some other information and consultation arrangements in Community-scale undertakings or groups of undertakings or European companies. In the companies which do not fall into these categories the works council type of representation, except for the working environment council, is not foreseen. There are no provisions for the participation of employees’ representatives in management boards or executive boards.

### 3.2.2. Rights for Information and Consultation

The specific rights for information and consultation for employees’ representatives are different according to the type of their representation. There are also some provisions for information and consultation of workers in the absence of representatives (see Box 3.2 for a short description of relevant legal acts).

The representative who is appointed by the union or by the general meeting of unorganised workers has the right (Employees’ Representatives Act §6):

- to get information from the employer for performing his/her tasks;
- to suspend the collective redundancy (up to 30 days) in accordance with the Employment Contracts Act;
- to examine working conditions and organisation at all workplaces;
- to get information on the points of dispute arising from labour relations;
- disseminate freely information pertaining to work and the activities of the union of employees;
- notify the owner of the enterprise, government agencies, unions and federations of employees of violations of labour laws, collective agreements, employment contracts or other agreements pertaining to work committed by the employer.

The union representative has additionally the right for timely information on (Trade Union Act §22):

- the company’s figures of financial year, expenses incurred on labour force, essential investments;
- changes in work organisation, technology, principal directions in economic activities; fixed-term and part-time employment contracts that are concluded;
- merger, division, transformation or dissolution of the company, upon transfer of the enterprise or an organisationally independent part thereof, of changes in the structure or form of administration, of reasons and consequences of such transfer for the employees, and of devised methods;
- other issues pertaining to employees and work.
Box 3.2.  

Legal acts concerning information and consultation rights of workers

The main acts providing for the information and consultation of employees in Estonia are:

- Employment Contracts Act (RT 1992, 16/16, 241, last amended RTI2004, 86, 584) – main articles concerning employees’ information and consultation are: paragraph §63 on information and consultation in case of transfers of undertakings, §42 on information and consultation on internal rules of work organisation, §89 on the information and consultation in the case of collective redundancies

- Workplace Health and Safety Act (RTI 1999, 60, 616, last amended RTI 2004, 89, 612) – establishment of employees’ health and safety representatives, health and safety committees and their prerogatives

- The Act on Involvement of Employees in Community-Scale Undertakings, Community-Scale Groups of Undertakings or European Companies (RTI 2005, 6, 21) – establishes information and consultation rights of workers in the case of companies above certain size and that are operating in several member states at the same time, also establishes information and consultation system in the companies that are operating under European Company Statute

The following acts are important for organising indirect participation systems:

- Trade Unions Act (RTI 2000, 57,372, last red. RTI 2002, 63,387) – establishes the creation and operation of trade unions and also trade union representatives’ rights for information and consultation

- Employees’ Representatives Act (RTI 1993, 40, 595, last red. RTI 2002, 111, 663) – establishes the election of trade union representatives and non-trade union representatives and also their rights for information and consultation

- Collective Agreements Act (RTI 1993, 20, 353, last red. RTI 2002, 61, 375) – defines and establishes the conclusion of collective agreements, its content and extension procedures

Specific stipulations for consulting union representatives concern (Trade Union Act §22):

- termination of employment contracts on economic reasons, including reasons for collective redundancies, workers who will be laid off, other relevant issues connected to collective redundancies and mitigating the results of redundancies in line with the provisions of labour laws;

- changes or implementation of working time and regime, pay conditions, principles of payment, vacation schedule, internal rules of work organisation and other important working conditions;

- further- and re-training of workers, qualifications, workplace health and safety;

- other questions agreed upon.

In the case of consultation unions have 10 days to present their opinion to employers, if longer time is not agreed upon. During this time employer must not take the decision. The specific rules for information and consultation are agreed upon between the parties. In the case of infringement of the obligations of information and consultation, the employer is obliged to pay a fine, which is up to 6,000 EEK in 2005. The union is fined the same fee if they fail to keep commercial, production or professional secrets.

Both representatives (union representative and representative of non-unionised workers) can conduct collective bargaining with the employer and conclude collective agreements. In the collective agreement additional information and consultation arrangements can be fixed. In both cases, workers are entitled to strike in the case of disagreement, after fulfilling necessary procedures to reach an
agreement. The decision to strike must be made by the general meeting of the employees or by the employees’ union. There are no specific provisions for the general meeting of employees (neither for calling it nor its timing or voting requirements).

Thus, in the case of unions the rights and obligations of information and consultation are more specific and there are specific fines in the case of infringement. If employees have only a representative without a union, the regulations are more general and do not foresee any fines or punishment.

In addition to the above mentioned information and consultation regulations, specific rules apply (Employment Contracts Act §63 and §892, respectively):

- in the case of transfer, merger or division of a company or part of it,
- in the case of collective redundancies.

In the case of transfer of undertaking, the previous and the future employer must present to the workers’ representative or, if it is missing, to the workers all relevant information concerning the transformation. As a minimum, it must include the date, reasons, legal, economic and social consequences to workers and the planned measures in regards to the workers. If there are any changes planned in regards to the workers, the employer has to consult the workers’ representative first. If there is no representative, the employer is not obliged to consult. During the consultations, the employees have the right to meet the employer’s representative and members of the board. They can present written proposals during 15 days from the date of receiving the announcement of transfer. The employer must justify their decision if they reject employees’ proposals. Although in general, the law is in conformity with directive 2001/23/EC, some of its aspects are not included. For example, there is no provision stating that even if the transfer is decided at the group level of the undertaking, it is not an excuse for failing to inform and consult at the undertaking level.

In the case of collective redundancies, the law is in line with directive 98/59/EC. The law provides that the employer must give timely written information to employees’ representatives or, if these are missing, to employees concerned. The information must include at least the reasons of lay-offs, numbers, names and selection criteria for workers who are laid off, the number of employees in the company, time of lay-offs, and the principles for calculating and paying redundancy payments. Employees’ representatives must be consulted in these issues and they have at least 15 days to present their opinion. The employer must justify their rejection of the employees’ proposal. Also, employees’ representatives can make proposals to the Labour Inspectorate, who must also agree with the collective redundancy. Additionally, the employees’ representative has a right to postpone collective redundancy by a maximum of 30 days if the problems accompanying lay-offs are not solved.

In the case of infringement of obligations, the Labour Inspectorate has the right to issue an injunction to the company and if the employer still does not fulfil the obligations, the penalty can be imposed.

All employees have the right to see the draft of internal procedure rules and make proposals to it. The employer must forward it to consultation a week before presenting it to the Labour Inspector. However, the employer has the freedom to take workers’ proposals into account or to discard them without further explanation (Employment Contracts Act §42).

In conclusion, Estonia has two channels for collective bargaining: one for unionised workers and another for non-unionised workers who have chosen a representative to themselves. In regards to the right for collective bargaining, the two channels have an equal standing. The situation with participation, however, is different. As seen from the above, employees have greater legal guarantees to express their opinion if there is a representative and especially, a union representative in place. As the unions have greater demands regarding their organisation and management of the organisation (statute, accounting etc), there is a greater probability that the employers’ information and consultation reaches the workers. However, this conclusion cannot be made without further empirical investigation of different schemes of representation in practice.
4. Employee Participation: Evidence from Estonia

4.1. Employee Representation and Participation in Estonia on the Basis of Previous Studies

As seen from previous chapters, there can be different types of employees’ representatives in Estonia: trade union representatives, representatives of non-unionised employees and health and safety representatives. In comparison with other new and old EU Member States, trade union membership is relatively small in Estonia and the importance of collective agreements in regulating labour relations is minimal (see Section 2.1). Further more, the union membership has been declining yearly. In 2004, the membership was less than 10% according to Estonian Labour Force Survey (see Figure 4.1). Thus, there is a very small number of employees who are partners to employers through representation. Unfortunately, there is no data on the existence of non-unionised representatives. It is probable that pursuant to law there are more health and safety representatives than employees who are represented by trade unions.

![Figure 4.1. Share of unionised workers among all salaried workers (percentage)](chart.png)

**Source:** Estonian Labour Force Survey databases 1998-2004, authors’ calculations

**Notes:** Years 2000 and 2001 express an unweighted average of four quarters

The small share of unionised employees determines the minor role of collective agreements in the regulation of labour relations. There are, however, some extended branch-level collective agreements (e.g. for medical personnel and passenger transportation companies) and collective agreements have also been concluded in many companies. According to the Working Life Barometer survey in 2002, there was a collective agreement at the workplace of 22% of the surveyed employees (Antila, Ylöstalo 2003, p. 79).

There is very little data on participation practices specifically. Working life issues in Estonia have been analysed mainly in two studies: Working Life Barometer (Antila, Ylöstalo 1999 and 2003) and Working Conditions in the Accessing and Candidate Countries12 (2003). The sample in both of the studies conducted in Estonia was 1,000 working people. Even though these studies did not focus specifically on employee participation, they covered issues that could shed some light on employees’ involvement opportunities and concerns.

Only relatively few salaried workers could influence their work tasks. Working Life Barometer shows that in 2002, only 9% of salaried workers said that they could influence their work tasks to a great extent and 30% said that they could do it to some extent (Antila, Ylöstalo 2003, p. 172).

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12 As the study began when Central and Eastern European countries had not yet joined the EU, the study title refers to the new Member States as Candidate Countries.
The workers gave a relatively positive assessment to their opportunities to make a statement or express dissatisfaction with their working conditions. 72% of workers found that they had such an opportunity (Antila, Ylöstalo 2003, p. 192). This share was slightly bigger in the study carried out by the European Foundation for the Improvement of Living and Working Conditions: 77% of workers claimed to have an opportunity to discuss their working conditions. Estonia stands out with this figure, as it is better than in ex-Candidate Countries and even in old Member States (see Figure 4.2).

**Figure 4.2. Consultations on working conditions and work organisation**

*Source: Working Conditions... 2003, p. 59 and the authors' calculations from the Working Conditions database*

At the same time, we can say that Estonia’s communication channels and consultation opportunities do not differ drastically from other ex-Candidate Countries. Compared to the average of new Member States, however, Estonia is notable for its managers play a larger role as a channel than employees' representatives (see Table 4.3). In addition, consultation in Estonia is more often of informal nature. When in new Member States 40% of employees claim that they discuss working conditions formally, in Estonia the figure is only 12% (see Table 4.1).

**Figure 4.3. Discussion channels for working conditions**

*Source: Working Conditions... 2003, p. 60 and the authors' calculations from the Working Conditions database*
Table 4.1. Form of consultation for working conditions (% of respondents)

<table>
<thead>
<tr>
<th>Form of Consultation</th>
<th>Candidate Countries</th>
<th>European Union</th>
<th>Estonia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultation on working conditions is regular</td>
<td>45</td>
<td>50</td>
<td>43</td>
</tr>
<tr>
<td>Consultation on working conditions is formal</td>
<td>40</td>
<td>-</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: Working Conditions..., 2003, p. 61 and the authors’ calculations from the Working Conditions database

Oxenbridge and Brown (2002) have found that informal partnership is more effective than formal partnership in forwarding and considering employees’ opinions, but only so in a situation where a representative (e.g. trade union) has a wide base. Their study revealed that informal partnership was more common in small and medium-sized production enterprises. The structure of Estonian business, however, does not give us reason to believe that there is more informal consultation due to size. There are relatively fewer micro-businesses in Estonia and, therefore, more small and medium-sized enterprises (see Table 4.2).

Table 4.2. Comparison of business structures in Estonia and other EU countries (% of companies)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro-businesses (0-9 employees)</td>
<td>79.48</td>
<td>92.37</td>
<td>95.13</td>
</tr>
<tr>
<td>Small businesses (10-49 employees)</td>
<td>16.66</td>
<td>6.48</td>
<td>3.86</td>
</tr>
<tr>
<td>Medium-sized businesses (50-249 employees)</td>
<td>3.17</td>
<td>0.94</td>
<td>0.84</td>
</tr>
<tr>
<td>Large businesses (500 and more employees)</td>
<td>0.41</td>
<td>0.21</td>
<td>0.17</td>
</tr>
</tbody>
</table>

Source: Estonia – Tax and Customs Board; EU 15 and Candidate Countries – Observatory of European SMEs 2003, No. 8, Highlights from the 2003 Observatory 2003/8, p. 13

Note: In the case of Estonia, only active business units who had declared their turnover at least once during the last year were taken into account

According to the Working Life Barometer, the employees themselves claimed that during the previous year they had relatively actively made suggestions to improve working conditions, methods or quality. 54% of employees had made one or several suggestions for improvement. There was a clear connection between suggestions and the employees’ level of education. Only 23% of employees with basic education and as many as 67% with higher education had made suggestions (Antila, Ylöstalo 2003, pp. 216-217).

The Working Life Barometer also studied the image of trade union activities. First, there are very few trade union members among workers and relatively little is known of their activities (14% know well or very well about trade union activities). Second, 38% stated that the reputation of trade unions was bad or very bad (37% considered the reputation positive). 37% saw no benefit in belonging to a trade union (19% thought it was beneficial). Antila and Ylöstalo concluded that trade unions had not managed to adapt to a changed environment and had not been successful in earning the trust of the public as defenders of salaried workers’ interests (Antila, Ylöstalo 2003, pp. 68-79). Based on these results we can conclude that trade union representatives do not play a significant role in employee participation today, which is also supported by the analysis of participation channels in Section 4.5.3 below. The same conclusion was reached in personnel management survey Cranet report on Estonia in 2004 – trade unions do not have a considerable coverage as employees’ representation body and are, thus, not a considerable channel of communication between employers and employees. Cranet survey is based on interviews with personnel managers (Personalijuhtimise… 2004, p. 11).

However, the coverage and popularity of trade unions in the country does not express, as a whole, how well are employees’ representatives working in each company, and whether and what kind of role do representatives play in the companies where they exist. In order to get a better understand of these aspects, we conducted case studies in several companies. In the following sections we will explain our
Partnership in Enterprise

4.2. The Aim and Method of the Current Study

4.2.1. Idea and Hypothesis

The idea behind conducting the case studies was to investigate the participation process (more precisely, the information and consultation of employees) and people’s satisfaction with it in the case of different representational structures.

The theme is topical due to the necessity to adopt respective EU directive, but also from the lack of research in this field in Estonia. Trade unions and other types of employee representation are not very common in Estonia. Less than 10% of employees belong to trade unions (see previous chapter). Other forms of representation are probably even scarcer. As the European Commission Directive on the framework of employees’ information and consultation is not been adopted, it is expected that participation will grow in the near future. However, there are currently no trends as to which forms of participation and representation will grow the most. There is a clear disagreement between trade unions and employers’ associations on which forms should be favoured by the law. The unions suggest that information and consultation through unions should be favoured, while employers are in favour of minimum regulation for different kinds of representation on an equal standing with trade unions.

Currently, there are two main types of representation for general information and consultation procedures in Estonia (see Chapter 3). These are union representatives and representatives elected by the general meeting of non-unionised employees. As the election and rights of these representatives are dissimilar it is expected that the information and consultation procedures with these representatives differ. More particularly we expect that the non-union representative who is elected by the general meeting of non-unionised employees would work less efficiently in bringing workers’ ideas to the management. The hypothesis is based on the idea that as the elections of non-union representatives are less regulated and less transparent, their mandate from the employees is not clear and this might result in less efficient information and consultation. Also, if the non-union representative of workers is appointed by management in order to pretend participation and to force through favourable collective agreements, the information and consultation of employees is not a real practice. At the same time there is a possibility that if the employees have not unionised themselves and the employer wants to have a partner among the employees, he/she is the initiator of the non-union representation. And, as such, it might result in more efficient information and consultation practices than in the case of a resisting employer being confronted with a unionised workforce, eager to participate in company’s decision-making.

4.2.2. Method of Study

As the information and consultation process of employees, and satisfaction with it, is a very context specific issue, the chosen method was to conduct case studies in companies with different representational structures. Case study method is an appropriate tool for exploratory studies, such as the current issue: little is known about the phenomenon is Estonia. It enables to explore how? and why? employee participation is pursued in practice, as well as to reach cross-case conclusions. The method, however, is not appropriate for determining variables that influence participation or for the analysis of general participation effects in Estonia. The results from the case studies can be interpreted and discussed in theoretical framework but cannot be generalised over the whole population (Estonian companies or employees).

Eight companies were chosen for case studies: this number enables to study the conditions of participation, as well as to compare alternative approaches. For the selection of companies, the Confederation of Estonian Trade Unions and the Estonian Employers’ Confederation were both asked...
to put forward four companies in order to guarantee researchers access into them. First, they both appointed three or four companies in excess, so that the researchers could make the final choice themselves. The most important selection criterion was to find an interesting case to study from the point of view of the representational form and information and consultation process.

With regard to representation, it was borne in mind that the different types of representation could be compared within the context. Therefore, the aim was to have some cases with union representation, some with non-union representation, some with union and non-union representation simultaneously and also, some with no employee representation at all. As the trade unions only suggested companies with union representation, the employers’ organisation suggested companies with varying structures. During the research it was revealed that some instances of representation did not correspond to the previously reported situation. In one case, the company was supposed to have only a non-union representative, but it also appeared to have a union. In another case, the company was supposed to be without any representation, but it also appeared to have a union. Yet another company was supposed to have a non-union representative, but it turned out to have no elected representatives at all. This resulted in a slightly different sample than initially planned.

Some of the suggested companies were excluded on the grounds that in some aspects they were not typical enough for Estonia. The reasoning for this being that the lessons learned from the case studies should, to some extent, be transferable to other companies. Thus, for example, companies of atypically size for Estonia, companies with monopoly power, a company with four unions, etc., were omitted.

In order to compare the companies at a later stage, their economic sector and size were also born in mind. In this respect, we did not always succeed as we could not find a comparable retail company with a different representation structure willing to participate in the study. Regional aspect of the company’s location was not a selection criterion, but among the eight cases there were four companies operating mainly outside Tallinn, two companies based in Tallinn and two with branches in Tallinn and elsewhere in Estonia. On the whole, we have a fairly interesting set of companies, which are briefly described in Table 4.3, and which allow us to look at all the different representation structures and information and consultation within their context.

Table 4.3. Description of companies participating in the case studies

<table>
<thead>
<tr>
<th>Case ID (denote the companies hereafter)</th>
<th>Number of employees</th>
<th>Economic activity</th>
<th>Representation</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (union+non-union rep.) (TU+non-TU rep)</td>
<td>100-200</td>
<td>Manufacturing</td>
<td>Trustee without a union and a union</td>
<td>Private (foreign)</td>
</tr>
<tr>
<td>2 (TU+non-TU rep)</td>
<td>100-200</td>
<td>Currier and dispatch services</td>
<td>Trustee without a union and a union</td>
<td>Private (foreign)</td>
</tr>
<tr>
<td>3 (TU)</td>
<td>200-300</td>
<td>Manufacturing</td>
<td>Union</td>
<td>Private (foreign)</td>
</tr>
<tr>
<td>4 (TU)</td>
<td>400-500</td>
<td>Wholesale and resale of goods</td>
<td>Union</td>
<td>Private (Estonian and foreign)</td>
</tr>
<tr>
<td>5 (TU)</td>
<td>200-300</td>
<td>Infrastructure</td>
<td>Union</td>
<td>Private (foreign)</td>
</tr>
<tr>
<td>6 (TU)</td>
<td>200-300</td>
<td>Public transport</td>
<td>Union</td>
<td>Municipality and private (Estonian)</td>
</tr>
<tr>
<td>7</td>
<td>400-500</td>
<td>Manufacturing</td>
<td>None</td>
<td>Private (Estonian)</td>
</tr>
<tr>
<td>8</td>
<td>100-200</td>
<td>Manufacturing</td>
<td>None</td>
<td>Private (Estonian)</td>
</tr>
</tbody>
</table>

Source: compiled by the authors
In order to study the process and outcomes of information and consultation, the case studies in all the companies consisted of the following parts:\footnote{Data collection process was assisted by social and market research company Saar Poll.}:

1. an interview with one person from management (in most cases, executive director),
2. an interview with the employees’ representative(s),
3. survey among random sample of workers.

Additionally, we had economic reports and description of information and consultation procedures for each company, based on the documents delivered by the company (e.g. collective agreement, internal procedure rules, etc.). Thus, multiple sources of evidence were used in order to get a balanced view of the actual situation of information and consultation in the company.

The interviews with company managers and employees’ representatives were semi-structured (see Appendix 3 for the interview structure), containing only general questions about information and consultation, whereas the order of the questions was adjusted according to the topics brought up by the interviewee. The interviews lasted up to one and half hours, depending on how much the interviewee had to say. The interviews were taped and a transcript was made afterwards. The aim of the interviews was to get a general picture of the company’s employee participation process so that the employees’ questionnaires could be compared to the views of the employees’ representatives and employers. Also, context specific issues, such as the history of representation in the company and related critical events, became evident from the interviews.

The sample of workers was made on the basis of the electronic lists of personnel supplied by the companies. The sample was formed by random choice from the personnel list. The size of the sample in the companies, as a percentage of the total number of employees, was different. In total, however, around 20% of employees were covered by the survey (see Table 4.4 for samples and response rates).

**Table 4.4. Employee survey design**

<table>
<thead>
<tr>
<th>Company</th>
<th>Sample size</th>
<th>Number of respondents</th>
<th>Response rate (%)</th>
<th>Respondents / total number of employees (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (TU+non-TU rep)</td>
<td>74</td>
<td>54</td>
<td>73</td>
<td>27</td>
</tr>
<tr>
<td>2 (TU+non-TU rep)</td>
<td>67</td>
<td>42</td>
<td>63</td>
<td>20</td>
</tr>
<tr>
<td>3 (TU)</td>
<td>94</td>
<td>48</td>
<td>51</td>
<td>24</td>
</tr>
<tr>
<td>4 (TU)</td>
<td>158</td>
<td>80</td>
<td>51</td>
<td>15</td>
</tr>
<tr>
<td>5 (TU)</td>
<td>87</td>
<td>46</td>
<td>53</td>
<td>16</td>
</tr>
<tr>
<td>6 (TU)</td>
<td>94</td>
<td>71</td>
<td>76</td>
<td>20</td>
</tr>
<tr>
<td>7</td>
<td>119</td>
<td>68</td>
<td>57</td>
<td>15</td>
</tr>
<tr>
<td>8</td>
<td>66</td>
<td>51</td>
<td>77</td>
<td>37</td>
</tr>
</tbody>
</table>

*Source: compiled by the authors*

The questionnaire was distributed and collected after one week by the personnel department of each company (see Appendix 4 for the questionnaire). The questionnaires were self-filled by respondents and returned in sealed envelopes with a special safety closure so that they could not be tampered with by management.
4.3. The Importance of Employee Participation in Companies

In this section we will look at the general attitudes towards employee participation among the managers, employees’ representatives and employees in the eight surveyed companies. We will consider the expressed advantages and disadvantages of information, consultation and co-determination, and possible factors that shape these viewpoints.

Regardless of the existence of an employees’ representative, both the managers and employees attached importance to information. The percentage of employees who considered information and consultation important or very important is shown in Table 4.5. It appears that only a few employees in each company did not attach much importance to employee participation. There was one company manager in whose view employees were not interested in being involved in managerial issues and consultation, as they are mainly interested in being paid for their work and not as much in the well-being of the company. This view, however, was exceptional among other managers and employees.

Table 4.5. Share of employees who considered information and consultation important or very important

<table>
<thead>
<tr>
<th>Company</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 (TU)</td>
<td>92</td>
</tr>
<tr>
<td>2 (TU+non-TU rep)</td>
<td>95</td>
</tr>
<tr>
<td>3 (TU)</td>
<td>96</td>
</tr>
<tr>
<td>7</td>
<td>97</td>
</tr>
<tr>
<td>8</td>
<td>98</td>
</tr>
<tr>
<td>1 (TU+non-TU rep)</td>
<td>98</td>
</tr>
<tr>
<td>4 (TU)</td>
<td>99</td>
</tr>
<tr>
<td>5 (TU)</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Employees’ survey, compiled by the authors

In comparison with information there was no clear unity on the subject of employees’ consultation and co-determination (the summary of advantages and disadvantages of participation, based on interviews, is shown in Box 4.1). In general, asking for employees’ opinions and suggestions was considered important by managers as well as employees’ representatives in the majority of studied companies. Only one manager expressed the view:

“There is no need for unskilled workers to contribute to organisation of their own working life”.

In this particular company there was a standardised work (production line) with an automatic clocking-in system, which made it more complicated to consider employees’ opinions. The head of another company where the work could also be described as very monotonous, standardised and requiring little qualification found that it would be very difficult for employees to make suggestions that could improve the workings of the company. Thus, the nature of the work is an important factor that determines employee participation opportunities. In contrast, the heads of two other companies where the work was relatively standardised considered participation important. In the latter two cases, employee participation was significantly more active. Thus, we can conclude that the nature of the work is an important but not a determining factor in participation.

Employees’ level of education in the analysed companies was not related to their assessment on the importance of participation. Even though it is claimed that more educated employees demand more participation, in the case of our eight companies it was considered important both by people with higher and basic educations. Among the few employees who did not consider participation important there were also employees with higher, as well as basic education.
Many managers, as well as employees’ representatives mentioned that it is complicated to ask for employees’ opinion in large companies because everybody has an opinion and it is not possible to take all of them into account. Thus, the size of the company limits direct participation of employees, whereas this view is also supported by the theory discussed in Chapter one. At the same time, the argument that there should be an employees’ representative in companies from a certain size up, did not gain much support among the managers: only one manager thought that an employees' representative could be of help in doing the tedious work of synthesising the employees’ opinions. Managers mentioned also a pre-condition that the work of employees’ representatives has to be effective and the representation has to be transparent to management. The managers of the eight analysed companies did not, however, consider that to be the case at the time (see Section 4.4). At the same time, the size of the company is not an absolute but a relative notion. One of the company heads with less than 200 employees stated that in his company it would be possible to practice direct employee participation and consultation. Most of the managers, however, claimed that their company was too big to consider everybody’s opinions, even though most of the analysed companies had 100 to 300 employees.

Managers’ views differed on the subject of consultation but, as a rule, they all believed that consultation on certain decisions was positive for the company. Co-determination, however, was excluded even in the case of slightly strategic decisions. The reasoning behind that was mainly that the workforce lacks the knowledge and skills necessary for strategic decisions and that management was responsible for decision-making. Therefore, in the case of strategic decisions (investments, changes in economic activities, etc.) information dissemination could only happen after the decision is made. The competence of employees’ representatives has also been emphasised in the context of previous studies, but when these concluded that it could be solved by providing training, the interviewed managers found that the lack of know-how was the reason why not to include the employees, including their representatives, in strategic decisions. The way the Estonian managers from the analysed companies perceive the possible role of employees in strategic decision-making differs also from that of EU countries with strong participation traditions: the only determinant in mapping out the strategy is the owner’s right and responsibility to develop his/her enterprise in the direction of his/her choice.

The analysis of the interviews revealed that the main factor that influences the employee participation culture in the company is the manager’s views on its necessity. It is difficult to compare this outcome with previous research as different methods were used for studying participation intensities and relations were found between company’s size, sector (production v service), competition, strategy, national culture, etc. (Cabrera et al 2003). Case studies have, however, mentioned that some leaders personally favour the idea of employee participation and this has a determinative effect on the participation practice (Dundon et al 2005; Oxenbridge, Brown 2002). The methodology of the current study does not enable us to confirm the participation relationships between the objective indicators listed above, but the interviews with managers clearly brought out the different attitudes towards participation and either prevalently positive or negative associations (see Box 4.1).
Advantages and Disadvantages of Participation based on the Case Studies

ADVANTAGES OF PARTICIPATION

Managers’ Assessments (Interviews)

- Direct information exchange between management and employees guarantees a proper dissemination of correct information, which reduces tensions among workforce;
- Consultation with employees enables to make well-considered decisions, as employees may bring up aspects that management is not aware of;
- If the employee thinks along, there is hope that something will come of it;
- Employee participation results in employees also becoming liable and situations where ‘tools are downed when the bell rings’ no longer exist; motivation;
- Information: creates a positive attitude and motivation;
- Educational effect: provides employees with a clearer understanding of management

Employees’ Representatives’ Assessments (Interviews)

- Better quality of decisions, i.e. making use of employees’ expertise;
- Gives employees a chance to let out steam, less whining;
- Information: enables the employees to do their work better;
- Consultation: gives the employees a chance to speak their mind, improve working process;
- Decisions are more objective at working process level;
- Employees feel good about their opinion being important

Employees’ Questionnaires

- Employees’ motivation, they feel valued, increased self-confidence, more responsibility, commitment to work when they know what they work for, considering employees’ opinions increases their commitment to work, increased mutual satisfaction;
- Employees understand their work;
- Awareness of employees’ attitudes, managers have a chance to see the inside situation;
- Learning about employees’ opinions, invaluable information for future decisions, helps to see the deficiencies that management cannot;
- Trust towards employees;
- Production quality, productivity, company’s success;
- Mutual understanding between employees and management, more friendly working environment, better teamwork and improved atmosphere in the company, less conflicts, better working collective, micro-climate, sense of being in one team, better working environment, tensionless working environment;
- Company’s prestige grows in parallel with the employees’ awareness, company’s image is mainly determined by the employees; increased satisfaction among clients, because employees praise the workplace;
- Correct information, less rumours;
- Quality of decisions, right decisions, more democratic decision-making;
- Employees get a broader view of things, clarity about the future;
- Improved work organisation (e.g. avoiding duplication), increased stability of working process, no idling, work organisation becomes more flexible;
- Employees accept innovations better;
- Saving up, decreased expenses;
- Stable staff, readiness to cooperate with management, company can choose its employees, employees do not want to change job
DISADVANTAGES OF PARTICIPATION

Managers’ Assessments (Interviews)

- Takes time;
- In bigger companies there are limited possibilities for consultation;
- The interests of employees and management often differ;
- Strategic decisions require a lot of specialised information (bigger picture), and lower level employees have no skills or interest in being involved in it;
- Employees are not interested in having their say or consultation;
- If strategic issues involved more than information after decisions, it could lead to employees mistrusting management in the cases where, e.g. decisions were modified later;
- Information: information disappears in channels, wrong choice of channels;
- Information: message for unskilled workers has to be very simple to avoid misinterpretation;
- Information leak;
- Co-determination: employees’ opinions are often contradicting and it is impossible to make a decision that would consider the opinion of all the employees;
- Co-determination: in bigger companies there are limited possibilities for co-determination;
- Co-determination: in the case of higher level decisions the circle of decision-makers cannot be very large

Employees’ Representatives’ Assessments (Interviews)

- It is not always possible to take employees’ opinion into account, as different employees have different opinions;
- In cases where decision changes because of the changing circumstances, employees are confused by the preliminary information;
- Causes confusion in the context of strategic decisions

In summary, advantages of participation expressed on all levels confirmed the points mentioned by earlier studies in this field, whereas among the disadvantages there were some new finds. For example, information distortion and interpretation problems were a serious consideration for the managers, which is also one of the reasons why they did not support indirect participation in information. This applies equally to employees’ representatives and official managerial hierarchy. One of the common attitudes was that strategic decisions could not be discussed with employees because when plans change or are postponed, employees lose trust in their management.

There are certain differences in the assessments of managers’ and employees’ representatives. In the context of advantages the views were relatively similar, but in the context of disadvantages managers’ views were much more multifaceted than these of employees’ representatives. Things that stood out were employees’ lack of interest towards participation, the time factor and the possibility of information leak.

The comparison of direct and indirect participation reveals that company leaders value direct participation higher than indirect one; in this sense the analysed leaders did not differ from their colleagues from, for example, the United Kingdom (Beaumont, Hunter 2003). The advantages named in this context were the positive effect from communicating directly with the employees and guaranteed spreading of correct and accurate information (see Table 4.6). The main disadvantages of indirect participation for the managers were insufficient trustworthiness of indirect channels both in ensuring the spread of information and in standing up for the interests of the company. Indirect participation is primarily perceived as participation through representatives elected by employees, whereas participation through the official hierarchy was not perceived as participation at all.
Table 4.6. Advantages and disadvantages of direct and indirect employee participation (based on interviews)

<table>
<thead>
<tr>
<th></th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct Participation</strong></td>
<td><strong>Manager:</strong> Direct, immediate channel of information; correct and accurate information</td>
<td><strong>Manager:</strong> Message must be clear and simple, as otherwise employees do not understand the content; Employees are not interested in wider managerial issues</td>
</tr>
<tr>
<td></td>
<td><strong>Employees' representative:</strong> Additional motivation for the employees; employees see management; In the case of specific work tasks, guarantees spreading of undistorted information</td>
<td><strong>Employees' representative:</strong> Unrealistic in companies with a certain size; Does not allow management to do their job</td>
</tr>
<tr>
<td><strong>Indirect Participation</strong></td>
<td><strong>Manager:</strong> Protection of employees and solving their problems; an information filter for the employer; synthesised information</td>
<td><strong>Manager:</strong> Distortion of information and wrong interpretations; Employees’ loss of interest in company’s future, replaced by standing up for their own interests only</td>
</tr>
<tr>
<td></td>
<td><strong>Employees' representative:</strong> Possibility to cover wider workforce</td>
<td><strong>Employees' representative:</strong> Some issues are not solved when a representative has no time for it; Employees’ alienation from the company</td>
</tr>
</tbody>
</table>

Source: Interviews with managers and employees’ representatives, compiled by the authors

According to employees’ representatives, indirect participation of employees could be positive for the company, as it enables to include wider workforce in the decision-making process – as this is not possible with direct participation. In addition, indirect participation allows managers to concentrate on their work and reduces the time and effort put into communicating with employees. A logical prerequisite for this participation is that the manager believes the representative to be a true delegate of employees and to be competent, and that the representative’s interests can be trusted.

In conclusion we can say that, in general, the analysed companies consider employee participation important. Consultation is not considered as important as information, but it is found useful in certain issues. Co-determination is almost non-existent and neither managers nor employees’ representatives considered it important. Strategic decisions are clearly set apart with no necessity for employee participation.
4.4. **Employee Representation**

4.4.1. Presence and Creation of Trade Unions

In the case of indirect participation there has to be a mediator between the company’s management and its employees. The traditional form of employee representation is trade union. Trade union is a body established through employees’ initiative, which collectively protects employees’ interests in their communication with the employer. Ideally, its activities as a company-level organisation could also include the exchange of information between workforce and management. For example, Swedish trade unions already have this role and in many CEE countries the information and consultation process is regulated by legislation in the way that if there is no trade union, a works council needs to be established for this purpose (e.g. Czech Republic and Lithuania, even though in the latter it is not common in practice). In Estonia, such a mediator can also be a representative elected by the general meeting of employees without the trade union institution (see Sections 2.1 and 3.2.1).

Employee representation in the companies involved in the present study was as follows (see also Table 4.7): in two companies there was both a trade union and a non-unionised representative; in four companies there was only a trade union; in the last two companies there was no elected employees’ representative (excl. working environment representatives). All the companies had working environment representatives and a working environment council.

The companies that existed prior to Estonia regaining its independence, the trade unions were inherited from previous times. There were three of such companies. In two companies, trade unions were acquired with a takeover or reorganisation of another company. One company had a trade union created at the beginning of 1990s when employees experienced problems with management. The companies that did not have a union were relatively new companies, i.e. established after the independence from 1990s onwards. The leaders of two companies with no union stated that there was none because there had been no major problems or disagreements between the employees and management. Whether the trade union was there from the old days or it was acquired through another company, it did not determine the membership of unions in the eight analysed cases (see Table 4.7). According to the interviews, union membership numbers in the companies were going down.

In the cases where there was a trade union, the union representative would in practice deal with the problems of all employees, regardless of whether they were union members or not. The main reason for leaving the union according to employee representatives was membership fee. As, in reality, the trade union protected all employees and collective agreements covered everybody, there was no reason to pay the membership fee.

In the companies where unions existed the employees were generally aware of its existence. Only in one company less than half of the employees knew of its existence; most probably it was due to the management’s negative attitudes towards union activities. This opinion was expressed by both the union and non-union representatives, and admitted by the manager himself. In addition, in the latter company, as well as in another company with a small union (Cases 1 and 2), there was non-unionised representative created through management initiative.
Table 4.7. Characteristic indicators of trade unions (TU)

<table>
<thead>
<tr>
<th>Company</th>
<th>Motives for creating trade-union in the company</th>
<th>Membership (according to interviews)</th>
<th>Represented by TU (according to interviews)</th>
<th>Share of employees aware of TU existence</th>
<th>Share of employees satisfied with TU work*</th>
<th>Existence of collective agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (TU +non-TU rep)</td>
<td>Acquired through takeover of another company</td>
<td>22%</td>
<td>All employees</td>
<td>76%</td>
<td>47%</td>
<td>Yes</td>
</tr>
<tr>
<td>2 (TU +non-TU rep)</td>
<td>Two versions: created to protect employees’ rights; initiated by central organisation</td>
<td>11%</td>
<td>All employees</td>
<td>43%</td>
<td>62%</td>
<td>Yes</td>
</tr>
<tr>
<td>3 (TU)</td>
<td>Acquired through takeover of another company</td>
<td>50%</td>
<td>All employees</td>
<td>69%</td>
<td>65%</td>
<td>No</td>
</tr>
<tr>
<td>4 (TU)</td>
<td>Remnant from the old times</td>
<td>15-25%</td>
<td>All employees, excl. management</td>
<td>80%</td>
<td>59%</td>
<td>Yes</td>
</tr>
<tr>
<td>5 (TU)</td>
<td>Remnant from the old times</td>
<td>Approx. 60%</td>
<td>In general all employees, but certain guarantees only to TU members</td>
<td>85%</td>
<td>76%</td>
<td>Yes</td>
</tr>
<tr>
<td>6 (TU)</td>
<td>Remnant from the old times</td>
<td>Slightly over 60%</td>
<td>All employees</td>
<td>Over 80%</td>
<td>74%</td>
<td>Yes</td>
</tr>
<tr>
<td>7</td>
<td>None</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>No</td>
</tr>
<tr>
<td>8</td>
<td>None</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>No</td>
</tr>
</tbody>
</table>

* Completely satisfied or satisfied

Source: Interviews, surveys, compiled by the authors

There was a certain link between the share of trade union members and the level of satisfaction with the union’s work, i.e. the larger was the share of unionised employees in the company, the larger share of employees was satisfied with its work. On the one hand, it can be a sign that a larger trade union is better equipped in looking after the employees’ rights because of its representation in the eyes of management and possibly a larger budget. This brings about employees’ greater satisfaction with the trade union’s work. On the other hand, it is logical to assume that the more effective the trade union, the more people would like to join it, thus, we cannot make any definite claims about the causality. However, the given outcome is in line with the conclusion reached by Oxenbridge and Brown (2002): the efficiency of employee representation is proportionate to the number of employees represented.

In companies where there was only a very small share of unionised employees (Cases 4 and 1), it was the managers who claimed that the number of union members was too small to make any real demands. According to one trade union representative, however, the union could still point out certain nuances and help with legal issues. In two companies, trade union representatives stated that the management tries to avoid communication with the trade union and does not want to know of it. This was indirectly confirmed by the views of the heads of these companies. The bad relations did not appear to be based on personal conflicts, even though the literature refers to the importance of personalities (Oxenbridge, Brown 2002). Problems had arisen more on institutional level and had been especially acute at the creation stage of the union, whereas, in certain cases, the relations improved during the cooperation. This suggests that attitude towards trade unions is negative and even prejudiced. The majority of leaders perceived trade unions less as cooperation partners and more as a source of problems and wanted to avoid their creation or gaining power.
The leaders of analysed companies with small trade unions believed that the trade union did not have much power in their company. In companies where trade unions were bigger and more active the leaders believed that unions brought along mostly problems and made unrealistic demands without understanding how the company works:

„For the company, the trade union is only the source of strikes and requests for money."

One of the managers said that trade unions had this image because of the incompetence of its members – its members were usually unskilled workers with a relatively low level of education (if the person had more potential, he/she would have already become a leader). Another company leader said that union representation and formulation of its demands were not transparent enough for him. This was because the union worked behind closed doors and nothing was documented. At the same time, there were companies where trade unions had both formal and informal communication, and minutes were taken on all important meetings. One of the managers said that the leader of the trade union himself actively looked for problems that employees could be protected against in order to raise an issue with the management.

When we look at how many employees had turned to trade unions (see Table 4.8), we can see that almost a third of non-unionised employees had contacted a union representative. This confirms what union representatives said about taking up the problems of all employees, regardless of their membership status. Table 4.8 also shows us that there were no major differences in the assessments given to the work of trade union representatives by union members and non-members, bearing in mind that managers too belong to the latter group. Cases 3 and 5 are especially telling, as non-unionised employees are just as satisfied or even more satisfied with the work of trade union representatives than the members themselves.

Table 4.8. Share of employees who had turned to trade union (TU) representatives (Question Q15 in the questionnaire) and satisfaction with the work of the union representative (Q14 in the questionnaire) among union members and non-members

<table>
<thead>
<tr>
<th>Company</th>
<th>Share of employees who had turned to TU representative</th>
<th>Share of employees satisfied with the work of TU representative*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Members</td>
<td>Non-members</td>
</tr>
<tr>
<td>6 (TU)</td>
<td>51%</td>
<td>40%</td>
</tr>
<tr>
<td>4 (TU)</td>
<td>69%</td>
<td>34%</td>
</tr>
<tr>
<td>1 (TU+non-TU rep)</td>
<td>78%</td>
<td>33%</td>
</tr>
<tr>
<td>3 (TU)</td>
<td>59%</td>
<td>29%</td>
</tr>
<tr>
<td>5 (TU)</td>
<td>69%</td>
<td>40%</td>
</tr>
<tr>
<td>2 (TU+non-TU rep)</td>
<td>100%**</td>
<td>46%</td>
</tr>
</tbody>
</table>

* Completely satisfied or satisfied
** Only two TU members responded

Source: Employees' survey, compiled by the authors

The heads of the two companies with no trade union felt strongly negatively about the possible creation of a trade union. Even in the company (Case 8) where the leader, in comparison with other leaders, was much in favour of employee participation and where much more attention was paid to employees’ information and consultation as compared to other companies, the leader’s attitude towards the institution of trade union was relatively negative. He reasoned that the trade union and its representative cause tensions with their activities and create problems that do not exist in reality. The following leader’s statement describes well the views of the leaders of the two companies without a trade union:

„If management fulfils certain conditions, there is no function for a trade union.”
One of the leaders claimed that it is certainly necessary to have trade union activity at state level, as it can be a negotiation partner and represent workers’ interests for the Government of the Republic, but at enterprise level it can only cause problems.

The main activity for the trade unions in the eyes of the managers was conclusion of collective agreements. At the same time, the managers of three companies out of the five with collective agreements found that everything stipulated in the collective agreement would have been in the company even without a trade union. Thus, trade unions have no substantial role in the eyes of managers. The employees in all the companies, regardless of their membership status, found that the main role of the trade union at the time was to exchange information between employees and management and after that collective bargaining (in some cases the order was reversed, e.g. Case 5). Both the union and non-union representatives claimed that the role of trade unions was joint protection of employees’ interests, solving work situations, monitoring observance of law and legal advice. The non-unionised representative of one company said that the advantages of trade union were their membership in the confederation and legal help. Many managers, at the same time, stated that the role of confederation at enterprise level was very negative. One of the managers, for example, described a situation where a worker who had been caught stealing several times was not only protected by the company’s trade union but, according to the manager, also by the union’s higher organisations (branch union and confederation); both stating that dismissal as a punishment would be too severe. In the court, the employer won and based on the above incident he described the actions of higher organisations as follows:

„Trade union is not a just protector of employees. If an employee does not obey order or violates a law, then trade union must not protect him/her. If that thief had continued working, it would have sent a wrong signal to the rest of the staff. Steal! The trade union will protect you.”

In addition, one of the managers feared that if a trade union was created in a company as a result of branch union activities, then it would be a very complicated and problematic situation, as it would feel as if an intruder is confronting employees with the employer. He did not mind, however, if employees themselves organised one. Another manager found that their trade union leader communicated and worked more with branch union and confederation than dealt with company’s issues. This was why he believed that the problems that arose were induced rather than actual problems of his company. Yet another manager believed that in his company the trade union was created because ‘somebody made a phone call’ and this was partly why the union representative was not a true representative of the employees in his eyes.

A similar phenomenon has been observed in British companies (Bonner, Gollan 2005, Oxenbridge, Brown 2002). British managers also believed that intervention of a third party in company’s decision-making process had a negative effect on employees, as well as on the company as a whole. At the same time, there were managers who actually preferred communicating with branch union representatives, as external people were less demanding and had a ‘big picture’ (Oxenbridge, Brown 2002). In Estonian context, the managers as a rule, based on the case study results, saw branch unions and the confederation as an obstruction to effective operation of the company. It must be acknowledged that such circumstances do not favour social dialogue and branch unions and the confederation themselves should be interested in the change.

There was one manager who stood out with his positive attitude towards the trade union and its necessity. This particular head of the company came from outside Estonia, from a country where the tradition of social dialogue was much stronger and trade unions were more powerful. According to this manager’s opinion, Estonian people, as well as trade unions, were extremely rational and made sensible demands. As a potential danger, he mentioned that trade unions could become too powerful and therefore start interfering with the operation of the company and economy, as is the case in his homeland. He believed that employees had the right to stand up for their interests. If union representative’s demands for the rights of the employees were rational and did not inhibit the development of the company, the trade union as a discussion partner would be necessary. Thus, we can see that the Estonian managers who participated in the study believed that trade unions only made demands and did not care of the well-being of the company, whereas the non-Estonian manager found that Estonian trade unions (at least in his own company) protected employees’ rights optimally. However, on the basis of the eight analysed companies we cannot say that the managers’
views on employee participation differ clearly in foreign-owned companies and Estonian companies.

According to the managers, it was mainly the employees who did not get on with their manager, who used trade union representation for solving their problems. Official hierarchy was generally used as the main channel for solving employees’ problems (see also Section 4.5.3). It was also used for building up companies’ information and consultation systems. This was confirmed by employees’ survey where it appeared that the main channel for two-directional information was management structure, i.e. official hierarchy of subordination relationships. However, it is also necessary to note here that employees’ representatives were an important channel for those who, for some reason, did not want to communicate with managers directly. This happened obviously in case of a misunderstanding with the direct manager, and in these situations employees’ representatives were useful.

4.4.2. Presence and Creation of Non-Unionised Representatives

The institution of non-unionised representatives was present in two of the studied companies. In both cases they existed parallel to the trade union. In one company, the non-unionised representative was created in order to include wider workforce than just members of the union in discussions over the conditions of the collective agreement. In the other company the representative was created because the law required the election of a working environment representative, as well as the wish to extend the coverage of the collective agreement. The election of both these non-unionised representatives was the initiative of respective managers. In both of the companies, the union membership was relatively small (11% and 22%, respectively). It is not exceptional that non-unionised representation is suggested by management. The motive of these managers, however, was not to avoid the creation of a trade union, since they were already present. They did it more to the effect of balancing the activity of the trade union with an alternative representation structure and extending the agreements reached with the trade union over the whole workforce with a wish to treat all employees equally. Neither the employees nor managers brought out major differences in the roles of non-unionised and unionised representatives. Neither were there major differences in the ways management communicated with both representatives.

It was, however, likely that the existence of the institution of non-unionised representatives was going to inhibit the future enlargement of the trade union. In the companies with a significantly larger union membership and, thus, more powerful union, nobody had even thought of creating a non-unionised representative (Cases 5 and 6). A manager who had a trade union and a non-unionised representative in his company said the following:

„I believe that a trade union is strong only when all the employees participate in it."

As this was not the case in that company and there was a will to conclude a collective agreement, a representative had to be elected for unrepresented employees.

Even though non-unionised representatives were elected on the initiative of management, the managers did not view them considerably differently than union representatives, i.e. representatives were seen as inevitability rather than a resource in the company’s development. The roles and functions of unionised and non-unionised representatives do not differ either. Even though the candidates for non-unionised representation were appointed by employees themselves, in the studied companies they tended to be lower level managers. This puts the non-unionised representatives in a position where they are officially obliged to pass information and opinions between employees and management and, simultaneously, they have the same responsibility as a representative. In some cases it can lead to a role conflict, for example, in salary negotiations or when employees’ problems are related to manager’s tasks. The complexity of these situations has been studied by, for example, Butler (2005, p. 282), who quotes a personnel director as follows: being an employee rep is an absolutely no win situation. You get beaten up by the management; you get beaten up by the workers.

In both companies, the employees were slightly more satisfied with the work of the non-unionised representative than the work of the trade union (see Table 4.9). This, however, can be due to the fact that more was expected from a union representative than a non-unionised one, for example, the role
of an ideal non-unionised representative did not involve employees’ problem-solving to the same extent as that of an ideal union representative. In the case of one company it was also clear that significantly fewer employees had turned to the non-unionised representative than to the union one. Middle managers viewed non-unionised representatives with more sympathy than they did trade unions, but it is also worth emphasising here that non-unionised representatives where often managers of subdivisions or services. According to one non-unionised representative, limited contact with the represented and lack of time for fulfilling representation tasks were the main problems he had to face.

Table 4.9. Awareness of and satisfaction with non-unionised (non-TU) representatives and trade unions (TU) representatives, given that both forms were present in the company

<table>
<thead>
<tr>
<th>Company</th>
<th>Aware of existence of non-TU rep (Q9)</th>
<th>Satisfied with the work of non-TU rep (Q19)</th>
<th>Aware of existence of TU (Q9)</th>
<th>Satisfied with the work of TU rep (Q14)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Employees</td>
<td>Top or middle managers</td>
<td>Employees</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td>57%</td>
<td>80%</td>
<td>83%</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>52%</td>
<td>63%</td>
<td>33%</td>
</tr>
</tbody>
</table>

Source: Employee’s survey, compiled by the authors

On the basis of the two analysed cases we can formulate a hypothesis that the institution of non-unionised representatives may be created in companies where the trade union is weak or has little coverage. It is created through the employer’s initiative and the main motive for creation is to extend the coverage of a collective agreement. The roles of non-unionised and unionised representatives are not considered significantly different and both of them have little influence in companies. The same criticism expressed towards the inefficiency of works councils (see Section 1.2.3) can be greatly transferred to the non-unionised representatives of the two analysed companies. It is positive that management did not seem to interfere with the election of non-unionised representatives (even though they have initiated the elections), but the representatives’ rights (or their assertion) do not play a significant role in the company’s participation process. The situation was well characterised by one manager:

“I don’t think they are necessary at all. Why would a small company actually need representatives? They don’t have any influence or decision power. Nothing whatsoever. Nonsensical body, we worked before and work after, nothing has changed. These representatives, they are weak too – they don’t know how to do their work. Somebody would have to train them, but I don’t know what institution could do that.”

4.4.3. Other Forms of Employee Representation

In many cases official superiors were referred to as employees’ representatives in companies where there was no employee representation. It was believed, in principle, that the direct manager of employees must be able to represent his/her workers’ concerns in higher management. This could classify them as representatives. At the same time, this approach is not properly correct, as the employee cannot really choose his/her superior and the latter is, thus, not a representative elected by employees, which is the precondition of indirect participation. However, a good superior can indeed solve employees’ problems and in all the studied companies it was the official hierarchy that worked as the main channel of two-directional information: from employees to management and vice versa (see Section 4.5).

On the background of managers’ relatively negative attitudes towards trade unions and non-unionised representatives, it was a surprise to see their more positive attitudes towards works councils. There were works councils in each company.

The duties of working environment representatives and working environment councils are determined by law and other legal acts. In addition to issues stipulated by law, the working environment council often discusses wider issues related to working conditions. As the working environment council could not make great demands or prepare strikes (e.g. in one company these representatives were mainly
management representatives) and instead, it helps to keep company’s activities in compliance with law and can directly find out employees’ opinions on specific issues, the working environment council was not seen as a threat. Except for one manager who believed that the working environment council does not have a substantial role, all other managers found that the working environment council was an efficient body.

Similarly to international experience, the same people who are active in trade unions are, as a rule, also elected as working environment representatives. This is based on a simple fact that active employees express themselves in various areas.

4.5. Participation Process: Intensity, Areas and Channels

4.5.1. Participation Intensity

Six out of eight leaders believed that their company had sufficient employee participation. Two of them believed that there are considerable shortcomings in participation and that more attention should be paid to it. The assessments of employees’ representatives varied: some believed that participation was sufficient and some that there were shortcomings even at the level of basic employees’ information (see Table 4.10).

On the basis of the eight studied companies, we can say that there is no clear relation between the existence of an employees’ representative and employees’ opportunities to be involved and informed. The biggest number of employees who were informed about company’s activities and work organisation was in one of the companies with both the trade union and the non-unionised representative (Case 1), and in one of the companies without any employees’ representative (Case 8). At the same time, the smallest number of informed employees was found, in turn, in the other company without an employees’ representative.

In companies where at least two-thirds of employees found that they were well or very well informed the employees’ representatives also believed that employee participation is at a sufficient level. It was more likely that the heads of these companies would state that not enough work was done on the issue of employees’ information and consultation. In companies where employee participation was smaller the managers believed that the system was sufficient, whereas the employees’ representatives, at the same time, mentioned shortcomings. In two companies where participation was smaller the managers did not consider it important generally (for reasons, see Section 4.3).

The results from the eight companies point to the fact that better general information means better opportunities for being involved in organising one’s work. At the same time, opportunities to be involved in organisation of company’s economic activity were small in every one of these companies.

As a result of comparing managers’ interviews and employees’ survey, we can claim that the main factor that determined the participation culture in the eight analysed companies was the manager’s attitude towards it. If the manager considers employees’ information and consultation important, regardless of their general reasons (improving performance, creating loyalty or motivation, etc.), attention is paid to it. If the leader does not consider employees’ information and consultation important, participation is small. Oxenbridge and Brown (2002) also conclude that ultimately it is up to management whether the voice of employees reaches management or not.
Table 4.10. Assessments on the sufficiency of employee participation in the company (listed according to the share of employees informed of company’s activities and work organisation)

<table>
<thead>
<tr>
<th>Company</th>
<th>Manager’s assessment on participation</th>
<th>Employees’ representative’s assessment on participation</th>
<th>Share of employees who rated the following very high or high:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>being informed about company’s activities and work organisation</td>
</tr>
<tr>
<td>7</td>
<td>Sufficient, but not important</td>
<td>-</td>
<td>38.2%</td>
</tr>
<tr>
<td>6 (TU)</td>
<td>Sufficient</td>
<td>Not sufficient</td>
<td>47.9%</td>
</tr>
<tr>
<td>3 (TU)</td>
<td>Sufficient</td>
<td>Not sufficient</td>
<td>60.4%</td>
</tr>
<tr>
<td>2 (TU+non-TU rep)</td>
<td>Sufficient, relatively important</td>
<td>Shortcomings in information</td>
<td>73.8%</td>
</tr>
<tr>
<td>4 (TU)</td>
<td>Not sufficient, relatively important</td>
<td>Sufficient</td>
<td>75.0%</td>
</tr>
<tr>
<td>5 (TU)</td>
<td>Sufficient and very important</td>
<td>Sufficient</td>
<td>86.9%</td>
</tr>
<tr>
<td>8</td>
<td>Not sufficient, but very important</td>
<td>-</td>
<td>92.2%</td>
</tr>
<tr>
<td>1 (TU+non-TU rep)</td>
<td>Sufficient and very important</td>
<td>Sufficient</td>
<td>92.6%</td>
</tr>
</tbody>
</table>

Source: Interviews, surveys, compiled by the authors

In the four companies where participation was more intensive, there was a larger share of employees who had made proposals for improving work organisation. There was also a larger share of those whose suggestions were taken into account or who had at least received an explanation as to why it was not possible (see Table 4.11).

Table 4.11. Proposals made by employees and assessment of management’s feedback (presented in the same order as Table 4.10) (% of respondents)

<table>
<thead>
<tr>
<th>Company</th>
<th>Share of employees who had made proposals (from respondents) (Q33)</th>
<th>Proposals were taken into account or explained if not (Q34)</th>
<th>Proposals were not taken into account nor explained (Q34)</th>
<th>Share of those who did not respond or who chose ‘have not made proposals’ (Q34)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>50</td>
<td>46</td>
<td>3</td>
<td>51</td>
</tr>
<tr>
<td>6 (TU)</td>
<td>62</td>
<td>44</td>
<td>14</td>
<td>42</td>
</tr>
<tr>
<td>3 (TU)</td>
<td>65</td>
<td>46</td>
<td>15</td>
<td>39</td>
</tr>
<tr>
<td>2 (TU+non-TU rep)</td>
<td>60</td>
<td>50</td>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td>4 (TU)</td>
<td>84</td>
<td>76</td>
<td>5</td>
<td>19</td>
</tr>
<tr>
<td>5 (TU)</td>
<td>83</td>
<td>74</td>
<td>7</td>
<td>19</td>
</tr>
<tr>
<td>8</td>
<td>67</td>
<td>57</td>
<td>4</td>
<td>39</td>
</tr>
<tr>
<td>1 (TU+non-TU rep)</td>
<td>80</td>
<td>69</td>
<td>6</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: Employees’ survey, compiled by the authors
Thus it can be said that assessments of consultation opportunities reflect the actual activeness of making suggestions. One of the companies stood out (Case 7), as only half of the respondents had made suggestions for improving work organisation, which was considerably less than in other companies. The head of the mentioned company had a strong view that employees had not much to say about the organisation of their working life. In companies where employees were more involved in general the employees themselves had a bigger wish to improve work organisation. It is, naturally, difficult to analyse the cause and effect relationship here. In addition, we must bear in mind that the analysed companies were not that similar and the nature of production sets its own certain limits on participation.

The reasons why employees should be involved in company’s activities were discussed mainly in Section 4.3: both the managers and employees mentioned employees’ commitment and motivation as the advantages of participation. This confirms the theory that participation increases satisfaction, as we covered in Chapter 1. Indeed, the share of satisfied employees varies significantly from company to company (see Figure 4.4).

![Figure 4.4. Share of satisfied employees as an average in all work aspects and in aspects related only to pay](image)

Source: Authors’ calculations based on the employees’ survey

The three cases with the biggest share of employees satisfied with different work aspects were the same that had most opportunities for employees’ information and consultation (see also Table 4.10). The smallest satisfaction was expressed in the companies where the smallest share of employees claimed to have sufficient information and consultation, and where managers themselves had doubted whether employee participation was at all necessary.

However, we cannot claim that the greater satisfaction of employees in the companies with more employee participation is strictly due to participation. For example, the companies led by managers interested in participation may also apply different remuneration and recruitment principles. Thus, the direct link between participation and satisfaction is not clear.

In summary, one of the employees’ representatives said that asking for employees’ opinion is important for the following reason:

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16 As employees were asked to rate their satisfaction on several aspects, we have here presented the average satisfaction over all the aspects (question Q48).
It is definitely useful to ask for employees’ opinions on day-to-day work, as the employees who are in direct contact with clients know how to improve work organisation.

In the context of strategic issues, the managers said that only informing takes place and there was no need to increase participation. Only one manager (Case 1) emphasised the importance of ‘convincing’ employees’ representatives in the case of strategic decisions. According to the majority of managers, consultation took place in other issues, such as tactical, operational, i.e. at subdivision level, and welfare; two heads of companies believed that they also applied co-determination (see Figure 4.5).

![Figure 4.5](image)

**Figure 4.5. Managers’ assessment of the intensity of employee participation in their company** (figure presents case numbers with the extent of employees’ influence in each category of decisions)

Source: Interviews, compiled by the authors

On the above figure, the companies are placed, at large, according to the theory (see also Figure 1.1): the greater the importance of the decision for the company the less can employees influence it. Thus, companies that have employees’ representatives do not probably have more intensive participation because of the latter, but more likely because their participation process is more formalised and clearer. We can say that the existence of an employees’ representative does not reflect whether and to what extent the manager gives importance to participation and how can employees get involved in the company in reality. Bonner and Gollan (2005) have come to the same conclusion in a slightly different context. They claim that employees’ influence depends more on how employees and management communicate and less on whether there is a trade union present in the company.

As a final note on participation intensity, managers assessed participation intensity in an average Estonian company similarly to their own company.

### 4.5.2. Participation by Areas

A logical pattern emerges from the above information: participation is more intensive at the level of operational decisions and less, if any, at the level of strategic decisions. A similar pattern can be observed in the responses of employees’ survey and employees’ representatives’ interviews. To avoid the results from participation areas being too general, the interviews and the questionnaire contained specific managerial questions about decisions with different levels of significance (see Appendix 4, Q35). For example, in the case of strategic decisions we studied participation in issues related to company’s economic activities, bigger investments and purchasing new technology.
In all the companies the employees responded more actively about participation in the following decisions:

- Changes in working hours,
- Changes in work remuneration,
- Holiday schedule,
- Training plans

Questions about other areas were frequently answered as ‘have not come across such decisions’ or were not answered altogether. This refers probably to the fact that it was difficult for the employees to differentiate between the decisions in such detail and to determine their own level of involvement. The same applied when employees had representative(s): it was unclear to the employees how much influence their representatives actually had on different decisions.

When we look at Figures 4.6, 4.7 and 4.8 we can see that according to employees they were most involved in the area of holiday schedules. As to remuneration and working hours, the employees rated their involvement opportunities significantly more modestly. On the one hand, the reason why employees believed to have small involvement in work remuneration decisions could be that the changes had probably been only upwards and the employees agreed to this employer’s decision by default. On the other hand, it can also reflect the general discontent with pay (see also Figure 4.4). It shows as well that in employees’ opinion the employees’ representatives’ role as negotiators of pay rise in collective bargaining is relatively small.

Figure 4.6. Employees’ assessment of their opportunity to have a say in holiday schedule decisions (companies listed according to the extent of consultation)

Source: Employees’ survey, compiled by the authors
Figure 4.7. Employees’ assessment of the opportunity to have a say in decisions on changing working hours (companies listed according to the extent of consultation)

*Source: Employees’ survey, compiled by the authors*

Source: Employees’ survey, compiled by the authors

Figure 4.8. Employees’ assessment of their opportunity to have a say in decisions on changing work remuneration (companies listed according to the extent of consultation)

*Source: Employees’ survey, compiled by the authors*
The order of companies varies on the above figures. If we consider that decisions on changing holiday schedules and working hours are greatly dependent on the nature of production, then it is once again interesting to observe that in the case of work remuneration changes the participation is greater in companies with different forms of representation present, including the lack of a representative. The same applied to least participation: there are companies with and without employee representation.

In their responses to strategic issues, such as company’s economic activities and bigger investments, 60% to 80% of employees in nearly all companies chose the option ‘have not come across’ or left it unanswered. Thus, we could not make any conclusions on the basis of employees’ questionnaires and had to limit it to interviews, where both managers and employees’ representatives believed the participation to be minimal. Technology renewal, however, was one exceptional management issue, as even though the authors would classify it as a strategic decision, many managers considered it very important to consult employees in this beforehand.

An interesting issue is how differently the parties perceive participation. One example of this could be collective redundancies in which case employers are by law required to consult employees’ representatives. In one company where there had been extensive redundancies some time ago both the manager and employees felt that there was little employee participation involved. The opinion of the trade union representative, however, differed radically, as she believed that redundancy decision was made with the consent of the employees’ representative (i.e. herself).

4.5.3. Participation Channels

All the analysed companies used the company’s official hierarchy as the main participation channel for two-directional information. This meant that the employee’s direct superior was the main channel of information from management and somebody to turn to with problems. The importance of the official hierarchy as a channel of information and consultation in this study could stem from the size of the chosen companies: the companies were big enough to exclude direct participation, but too small to appreciate the role of an employees’ representative.

The second important channel for information from management to employees was a colleague or a meeting (see Figure 4.9 for the use of 3-4 most important channels in companies). This applied also to the companies with an employees’ representative or a trade union. In two companies, the first three channels included also electronic dissemination of information, but oral channels dominated as a rule. Despite the belief of several managers that information through meetings and direct superiors is important for guaranteeing correct and accurate information, in the majority of the companies a significantly large share of information was spread by colleagues.

Consultation channels (see Figure 4.10 for the use of 3-4 most important channels in companies) differ somewhat from information channels. As before, the main channel in all the companies was the direct superior. As the second and third channel, the companies used meetings and passing of opinions through colleagues; additionally, the role of an employees’ representative was mentioned in
Figure 4.9. Employees' assessment of the main channels of information on management decisions (3 to 4 most important channels presented) (% of respondents)

Source: Employees’ survey, compiled by the authors

Figure 4.10. Employees’ assessment on the main channels (3 to 4 most important channels presented) that management uses for asking for opinions (% of respondents)

Source: Employees’ survey, compiled by the authors
There was no significant difference in participation channels that employees used for passing their opinions to management and that management used for consultation or disseminating information (see Figure 4.11). The main clearly dominating channel in all these cases was the direct superior. In two companies, the representative was named as the second or third channel.

In conclusion, all the analysed companies used relatively uniform choice of channels for information and consultation, and the role of employees’ representatives as a participation channel was marginal. Despite the fact that in the role descriptions for trade unions and employees' representatives their main task was considered to be information exchange between management and employees and collective bargaining as the second task, then in reality trade unions and representatives play an extremely modest role in all the information exchange within the company. They do, however, have a certain niche, as expressed by several managers:

"Trade unions have a role when an employee does not get on with his/her manager."

Trade union representative has the right given by law to access various pieces of information and the employer is required to consult them in discussions of certain issues. According to the interviews, besides their main role in collective bargaining management gives the representatives at meetings with them (if they take place) information on the company's financial year indicators and general state of the company. However, consultation as such is scarce.

Figure 4.11. Employees’ assessment of the main channels (3 most important channels presented) that they use for passing on their opinions (% of respondents)

Source: Employees' survey, compiled by the authors

Important information about each company can also be gathered from the responses of these employees who believed that they had no opportunity to make suggestions or that they would not go to anybody with their problems (see Table 4.12). Cases 7, 3 and 2 had the largest share of employees who responded that management does not ask for their opinion or who did not answer at all. The representation situation in these companies was respectively: no representation; trade union; and both trade union and the non-unionised representative. Once again we can see that the presence of employee representation does not seem to be related at all to whether employees are actually consulted or not. At large, the companies on this Figure are listed the same as on Figure 4.10 where cases were listed by employees’ assessment of how informed they were and what were their involvement opportunities. Thus, it appears that the main determinant to whether opinion is asked is the manager’s view on the necessity of participation.
**Table 4.12.** Share of employees who cannot give their opinion or who did not respond to which channel is used most frequently (% of respondents)

<table>
<thead>
<tr>
<th>Company</th>
<th>Management asking for opinions (Q37)</th>
<th>Employees giving their opinions (Q38)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Opinion not asked</td>
<td>No response</td>
</tr>
<tr>
<td>8</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>1 (TU+non-TU rep)</td>
<td>4%</td>
<td>7%</td>
</tr>
<tr>
<td>4 (TU)</td>
<td>10%</td>
<td>2%</td>
</tr>
<tr>
<td>5 (TU)</td>
<td>7%</td>
<td>15%</td>
</tr>
<tr>
<td>6 (TU)</td>
<td>11%</td>
<td>13%</td>
</tr>
<tr>
<td>2 (TU+non-TU rep)</td>
<td>14%</td>
<td>17%</td>
</tr>
<tr>
<td>3 (TU)</td>
<td>15%</td>
<td>17%</td>
</tr>
<tr>
<td>7</td>
<td>35%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Employees’ survey, compiled by the authors

The above table shows that in the analysed companies it was more likely that the employees could pass their opinion to management if it was their own initiative. It was less often that management turned to employees for opinions on specific issues. This relates well to what one of the managers said as to why he thinks employee participation is sufficient in his company:

“…I always listen [to employees’ opinions and suggestions], if there are any.”

### 4.5.4. Documents Related to Participation and the Role of a Collective Agreement

As part of participation documents the interviews and the questionnaire asked about collective agreements and internal procedure rules. In addition, several interviewees mentioned quality manuals and job descriptions as documents that relate directly to the requirement of information and consultation relevant to each post.

Five out of six companies with a trade union had a collective agreement (see Table 4.7). Two companies had elected permanent non-unionised representatives specifically for collective bargaining. The collective agreement in these companies was signed by both the trade union representative and the non-unionised representative. In one of the companies, there was a temporary body elected for the term of collective bargaining. This body represented all the employees despite their union membership and it was up to this body to decide whether the union should sign the collective agreement. The collective agreement with the employer was only signed by the union representative though.

In two cases, the initiative for collective agreement came from management and in both cases the companies had a trade union, as well as a non-unionised representative\(^\text{17}\). This indicates that if the employer decides to be an initiator, then it is in his/her interest to have a partner who represents all the company’s employees. In other cases, the initiative came from employees. In many companies the collective agreement stated that it covered only the members of the trade union. Regardless of who initiated the collective agreement or how the agreement was worded in terms of coverage, in reality, it covered all employees.

In cases where the agreement was initiated by employees, all managers, except for one, claimed that the collective agreement provisions were a formality and that all these conditions would have existed also without the document. One head of the company believed that his company followed all the

\(^{17}\) However, according to the non-unionised representative of one of the companies, the employer’s initiative was due to being pressured by the trade union
conditions commonly included in a collective agreement (e.g. death and marriage grants \(^{18}\), bonus system), even though there was no collective agreement signed. There were, however, managers who believed that the company and management benefited from the collective agreement. Some of the mentioned advantages were that both management and employees can rely on the explicit rules of the agreement and it was no longer necessary to decide on the amount of a single death or marriage grant (see also Box 4.2). As a clear value for all the parties, the collective agreement provided employees with the security of knowing established rules and guarantees.

Having a collective agreement as a guarantee against strikes was seen differently by managers. When the heads of companies with larger union membership believed that the collective agreement was important for keeping the obligation to refrain from striking, the manager with a smaller union membership believed the membership to be too small for making real demands. One manager also believed that it was unnecessary to have a collective agreement for the purpose of avoiding strikes as these should be avoided with conventional management work:

“If we let things go as far as strikes, then we have simply failed to notice something very serious or not done our duty.”

In many companies the collective agreement was the main document to provide the details or the principle of information between management and employees’ representative. The content and level of details regarding information and consultation differed greatly from agreement to agreement. For example, more comprehensive agreements stated specific issues that require information, consultation and co-determination. The issues varied, but covered the following aspects in different collective agreements:

**Information:**
- Termination of employment contract;
- Working conditions that concern a larger share of employees;
- Issues related to training and qualifications;
- Occupational health and safety, causes of industrial accidents, measures taken;
- Composition of management and subdivision managers;
- Main indicators of financial year;
- Development plans and investment plans, after they have been approved;
- Company reorganisation

**Consultation:**
- Issues related to employee representation;
- Social problems, employees’ interests and rights at subdivision level;
- Internal procedure rules;
- Wage conditions;
- Organisation of safe and healthy working conditions;
- Holiday schedules;
- Collective redundancies, issues related to employees;
- Occupational training programmes

**Co-determination:**
- Termination of representative’s employment contract during his/her authority or a year after that

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\(^{18}\) These were not determined by any document, but resembled more of an established custom.
Additionally, one of the agreements determined the time schedule for information and consultation and the employer’s obligation to give feedback. The agreement required the representative to keep production and business secrets.

There were also collective agreements without any mention of information and consultation or that stated in a very few words that the employer’s responsibility was to give necessary information. If the trade union alone signs the collective agreement on behalf of employees, the law provides with relative detail how and in which issues company's management has to inform and consult with employees. If, however, the partner is a non-unionised representative, the law is significantly more laconic, which means that the provisions of the agreement should be made more explicit. The analysis of agreements shows indeed that the two companies which had trade unions, as well as non-unionised representatives had determined the issues of information and consultation relatively more precisely.

**Box 4.2.**

**Advantages and Disadvantages of Collective Agreements**

**Managers (Interviews)**
- Obligation to refrain from striking;
- Clear rules that restrict manager’s decisions at the whim, e.g. in deciding grants;
- Makes it easier and simpler for the employer to introduce new workers to the working life;
- Branch level collective agreement: clear game rules for all the companies active in the branch

**Employees’ Representatives (Interviews)**
- Obligation to refrain from striking – helps management to better fulfil their goals;
- Security for employees that the agreement will last for a certain period;
- Company’s image as a company who cares for its employees grows;
- Rewards to employees

**Disadvantages of Collective Agreements**

**Managers (Interviews)**
- Formal paper to avoid strikes. Everything stipulated in the agreement would exist also without the document;
- Loss of competitive strength if only one company in the branch concludes an agreement that favours employees

The employees are, in general, aware of the existence of the collective agreement, as well as the internal procedure rules (see Table 4.13).
Table 4.13. Documents that provide for information and consultation (IC) and awareness of them

<table>
<thead>
<tr>
<th>Company</th>
<th>Collective Agreements</th>
<th>Internal Procedure Rules</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of employees aware of existence (Q21)</td>
<td>% of employees, who know the content well or to some extent (Q22)</td>
</tr>
<tr>
<td>1 (TU+non-TU rep)</td>
<td>96</td>
<td>92</td>
</tr>
<tr>
<td>2 (TU+non-TU rep)</td>
<td>81</td>
<td>74</td>
</tr>
<tr>
<td>3 (TU)</td>
<td>48 (Concluded long time ago*)</td>
<td>70</td>
</tr>
<tr>
<td>4 (TU)</td>
<td>94</td>
<td>91</td>
</tr>
<tr>
<td>5 (TU)</td>
<td>100</td>
<td>96</td>
</tr>
<tr>
<td>6 (TU)</td>
<td>89</td>
<td>76</td>
</tr>
<tr>
<td>7</td>
<td>51 (No agreement)</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>4 (No agreement)</td>
<td></td>
</tr>
</tbody>
</table>

* Company acquired it through a takeover along with the trade union. There were no new agreements concluded, which meant that the conditions of the previous collective agreement were continually in force.

Source: Employees' survey, compiled by the authors

Awareness of collective agreements was somewhat lower than that of internal procedure rules, but still relatively high. The majority of employees were aware of the collective agreement. The reason for high awareness of this document was, according to managers and employees' representatives, to do with the fact that it provided for monetary grants and bonuses. We can also see that employees' awareness of information and consultation procedures in the collective agreement was significantly lower than that of in the internal procedure rules.

An exceptional case here is Case 7, where the company did not have a trade union or any other representative elected by the employees. However, according to the head of the company there was a so-called unwritten collective agreement as the company applied all the same conditions as included in a collective agreement. Thus, 51% of employees believed that the collective agreement existed in their company.
Conclusions

The aim of the current paper was to give the reader an overview of employee participation in other countries and to analyse participation processes in Estonia within different forms of employee representation. The analysis of other countries was based on previous research and the Estonian analysis was built on case studies conducted in eight companies in spring and summer of 2005. The case studies consisted of interviews with managers and employee representatives and a survey of randomly sampled employees. The purpose of case studies was to study companies in the context of their particular sector and history with a view to analyse their participation processes with employees being represented by trade unions and by non-unionised representatives. For the purpose of comparison two companies with no employee representation were studied. The case study method was preferred for its exploratory nature and because its outcomes are based on, or advance, theory and can later be checked against other methods. The outcomes of this study should not be generalised over Estonian companies as a whole.

What matters is the intensity of employee participation, not the fact that it takes place

When talking about employee participation we should make clear whether we mean by this employees’ information, consultation or co-determination. In some cases participation consists only of giving employees information about their work tasks, in other cases it means an opportunity to decide on the design of the new production line. These are clearly illustrating different scales of participation intensity, even though they are both still considered participation. Employee participation is more intense with higher level decisions (strategic versus operational) and when employees have more say in matters. Employees’ influence is considered bigger if management has an obligation to consult them before decision-making: to ask, for example, their opinion on wage system changes and what they would propose. In the case of intensive participation, management is required also to give feedback to employees’ proposals and the consulted issues must go as far as company’s economic activity and strategy. There is usually some kind of information system present in every company and it is common that employees are consulted on certain welfare and work organisation issues. The employees have, however, commonly less say in strategic issues and this fact was also confirmed by the practices of the companies included in this study. It was believed uniformly that in strategic issues the employees should be informed only after decisions are made. The only exception was decisions related to purchasing new technology: both the interviewed managers and employees’ representatives believed that in these issues it was important to consult employees beforehand and trust their competence.

Purposes of employee participation

From the point of view of the whole society, the broadest purpose of employee participation is increasing social welfare. On the one hand it is achieved through the increased satisfaction of employees, as companies’ resources and power are re-distributed in their favour, on the other hand, companies’ should also experience improved performance as workers are more motivated and productive and their innovative ideas reach management. However, employees’ satisfaction does not always bring about better results for the company, and finding and maintaining an optimum level of participation that would also benefit the company is not always easy.

It is these relationships between employees’ satisfaction and company’s economic indicators that have been studied most so far. Theoretical and empirical studies have found different employee participation relations between employees’ satisfaction and company’s productivity indicators. Most frequently, these studies have noted increased satisfaction and commitment among employees, which in turn have increased satisfaction with work and sometimes improved labour productivity. The relations between company’s performance and participation are not that clear: both positive and negative relations have been found, but often there has been no relationship at all. It is agreed in general that involvement of employees improves the quality of decisions, innovation and company’s stability, i.e. there is less fluctuation in staff numbers, and there are less (if any) strikes. The associations are even more complicated with company’s profitability because both positive and negative relationships have been found and results depend on several company-specific factors.

The objective of the current paper was not to discover or measure directly any participation relations
with any indicators at employee level or company level, as case study methodology is not suitable for that. The indirect results of the case study, however, enable us to formulate a hypothesis that in companies where more attention is paid to participation and more active feedback is given to employees’ opinions, the employees are more satisfied with different aspects of working life and make more actively suggestions about work organisation. The questionnaires and interviews revealed that there are many positive effects attributed to employee participation: growing commitment of employees; better cooperation and trust between management and staff; improved quality of work processes and production; cut down on expenses; ensuring company’s stability, etc. Negative aspects were mostly brought out by managers: participation is time-consuming; employees’ interests differ from company’s interests; problems with how employees interpret information; employees’ lack of interest to contributing to company’s wider issues; and danger of information leak. Thus, the challenge of employee participation in broad terms is how to keep the negative effects of participation, which are to a certain extent inevitable, from stopping the positive effects from taking place.

**Employee participation and employees’ representatives**

Employee participation can take place directly by involving each and every employee (direct participation) or through representatives (indirect participation). Direct participation is ideal at information and consultation level by providing a direct channel between all employees and management. This, however, is practical only in companies of certain size. The bigger the company, the more complicated it becomes to involve employees directly. Co-determination without the mediation of employee representation is possible only in very small companies.

Europe has developed two main forms of employee representation: trade unions and works councils or consultative committees. Both forms have their advantages and disadvantages, but an effective employee representation is prevalently associated with clearly mandated representatives (incl. the number of people represented) and with frequent communication between representatives and management, which is not limited only to formal negotiations. In some countries it is common to elect employees’ representatives to company boards (or supervisory body). It has been found that active work of employees’ representatives brings about more direct participation practices as well, because employees’ representatives as a rule work towards facilitating as wide opportunities for employees’ involvement as possible.

Being a representative within employee participation is not without problems: he/she has to be competent in wider company-related issues and, for example, a skilful negotiator. Little training that representatives get may become an obstacle in finding representatives among workers as well as in getting recognition from the employer. If the employer has given the representative consultation rights only in trivial issues, then knowing this, the employees may not wish to be seriously involved in participation process (no candidates, poor turnout at elections, etc.), in which case participation fails. If, however, the representative has been given lots of rights, the employer might be tempted to manipulate elections in favour of a representative they expect to have smoother cooperation with. The work of such representatives is less effective because of their restricted autonomy and, in the worst case, they are alienated from their electorate; which means that once again participation fails to fulfil its purpose. The precondition of a successful indirect participation is that both partners wish to have a dialogue: employees' representatives and management need to recognise each other and see that cooperation is beneficial to both sides. This, however, could not happen without mutual trust and good will.

In the companies analysed in the current study the number of employees varied from 150 to 450, but the existence of employees' representatives was not related to the size of the company. Representatives existed in some of the smallest as well as in some of the biggest companies and, the same way, they did not exist in a relatively small company and the biggest company studied. Trade unions were often in the companies as a remnant from before Estonia’s regained independence. Thus, we can formulate a hypothesis that in Estonia the existence of employees' representatives is not related to the fact that in companies of certain size direct participation is no longer possible, but that there are other reasons behind the creation of the institution. One of the conclusions from the case studies was that the existence of an employees’ representative does not guarantee higher participation intensity in the company. Among the companies that had relatively intensive participation there were companies with and without employees’ representatives and the same applied to companies with low participation intensity. This illustrates that mutual goodwill and wish to involve and
be involved is very important — employee participation is impossible without it, regardless of whether representatives exist or not.

**EU directives and regulations are increasingly intervening in the organisation of employee participation at state level**

Since the middle of the 1990s, the EU has issued several directives to regulate employee participation. One of them concerns the establishment of employees’ information and consultation in Community-scale undertakings and another one deals with the establishment of employees’ information and consultation framework in all companies with over 50 employees. The latter directive was issued in 2002. The directive provides that all Member States must establish procedures for employees’ information and consultation through employees’ representatives in issues relating to organisation of working life. Estonia has failed to adopt this directive by the prescribed deadline.

Company practices of employee participation vary greatly by Member States, depending on such factors as the strength of trade unions, tradition of collective agreements and general cultural-historical context of industrial relations. In Germany, for example, employees have the right by law to be represented through works councils (which deal with company-level information and consultation), through participation in company boards (which focus on strategic matters) and, naturally, through trade unions (which in general conduct wage negotiations at sector level). In United Kingdom, in contrast, participation-related laws are minimal and each company determines their own participation procedures. The countries that joined the EU most recently are characterised by small coverage of trade unions and detailed labour laws.

**Participation intensity in Estonia is limited to consultation in operational matters**

As a rule, the employees at surveyed companies consider participation important both at employee and company level. The majority of managers in these companies also believe in employee participation. All the managers believe that information, and specifically information beforehand, is important. Strategic issues are the only context where managers do not consider information important and employees are informed retrospectively. The reasoning behind it is that strategic decisions require a lot of background information that employees do not have, and understanding of such decisions and their interpretations may cause confusion. The managers fear also that if information about strategic issues is given before all circumstances are clear, the possible changes may reduce employees’ trust in management. Employees’ assessment of their level of information about company’s activities and work organisation differed by companies. This corresponded well with what employees’ representatives (if there were any) said about the sufficiency of participation in the company, and did not correspond so well with the assessments of managers.

Consultation opportunities in work organisation were less frequent than information according to employees, but the companies still differed greatly. It is understandable because, even though managers believed that consultation was important in certain issues (operational matters and technology innovations), their views differed in details: some favoured frequent consultation in a number of issues, other did not. In strategic issues, only technology innovation topic was worth consultation with employees in the eyes of managers. In all other issues, as mentioned before, information was considered sufficient. Employees’ assessment of their opportunities to have a say in company’s economic activities illustrated well the views of managers, as it was considered modest in nearly all companies. The managers shared their view on co-determination: as a rule, it was considered unnecessary and impossible. Decision-making is seen as the right and responsibility of the leader.

**Employee participation is more intensive in companies where the manager believes that employee participation is necessary**

Employee participation is more intensive in some companies and less in others. On the basis of our eight companies we have not been able to find a relationship between the intensity and the existence of employee representation or different forms of representation. Neither could we bring out a clear link between the intensity and the nature of the company’s work or its size. Further more, no link could be established between employee participation and employees’ level of education. The only clear determinant to the intensity was the company’s manager’s view on the necessity of employee
Partnership in Enterprise

The more positively the manager viewed it, the more informed were the employees and the better they considered their opportunities to have a say in the organisation of working life. The companies where managers favoured participation had a larger share of employees who had made proposals to improve work organisation and the employees responded more frequently that their proposals were taken into account or at least it was explained if not.

Employees’ representatives’ role in employee participation and their effectiveness

As provided by Estonian legislation, in all the studied companies the employees were represented by trade union or a non-unionised representative elected by the general meeting of employees. Both representations can, according to law, conclude collective agreements and organise strikes in case of collective labour disputes. Our study did not, unfortunately, include any companies where the employees were only represented by the representative elected at the general meeting and therefore, we can discuss the roles of different types of representatives only in so far as they co-exist in a company. In the two cases where there was a non-unionised representative, the institution had been initiated by management with an aim to have also wider workforce represented in negotiations over collective agreement conditions than just the trade union (trade union members were not in majority among employees in either of the companies). In all the studied companies the collective agreements covered equally all the employees regardless of who signed it on behalf of them or how it was worded in the agreement. It is in the interests of the employer to treat all employees equally and therefore it is common that the agreement covers all the employees the same way.

Even though the elections for non-unionised representatives were initiated by management, the electors were still employees and there were no signs to indicate that management had tried to influence the outcome in favour of a suitable candidate for them. At the same time, in both companies some of the elected representatives were heads of a subdivision, which means that employees were happy to elect their immediate superiors presuming, probably, that they would have more influence in management. Such a double role may, however, cause conflicts in representing employees in relations with the employer and jeopardise the effect of participation for both sides. According to the employees, the role of the non-unionised representative is to mediate information and conduct collective bargaining, which is not that different from the role of the trade union. Employees expressed slightly more satisfaction with the work of the non-unionised representative than with the union one, but this could be due to smaller expectations for the former (e.g. solving of employees’ problems was attributed more to the trade union). The employees’ representatives themselves – both unionised and non-unionised – did not see considerable differences in their functions within one company. They admitted that their roles overlap but, nevertheless, cooperated surprisingly little. In one company, the roles had been informally divided so that the trade union was more involved with legal matters (partly because of the support of the central organisation) but there was still no synergy from the co-existence of the two forms of representation in either of the companies.

Thus, based on the case studies we cannot claim that an alternative body of representation helps the trade union to do its work better or that different forms of representation supplement each other. We may, however, put forward a hypothesis that the creation of a non-unionised representative is unlikely in a situation where the company has no trade union or when the union membership in the company is big enough and the representative works effectively. As the creation of the non-unionised representative is managers’ initiative, they would see no need for it in the above two cases. This could bring forth another hypothesis: in normal conditions the employees have no interest in creating a representational body and in the case of problems the creation of a trade union is a more likely solution.

Managers view employees’ representatives as a formality

The current case study concluded that as a channel of information and consultation the role of trade unions as well as non-unionised representatives is insignificant. According to company heads, the main role of employees’ representatives is collective bargaining. The employees’ survey, however, revealed that the two roles of representatives are the mediation of opinions and information between management and employees and then collective bargaining. This shows that even though employees’ representatives are not as important as other communication channels, they still have their niche in it. This becomes clear, for example, when an employee has a problem that he/she does not dare or want
It is somewhat surprising that the managers have equally negative views about union representatives as well as non-unionised ones, albeit for different reasons. In the eyes of managers, the trade unions have a bad reputation because they do not represent significant portion of employees and their demands often do not consider the interests of the company. Another reason for the negative attitude is the understanding that a trade union is created only if there is a problem in the company or a conflict between the employer and employees. This, in turn, has several consequences. First, management tries to pre-empt problems in an attempt to avoid trade unions. Second, once the trade union is created, it is primarily seen as an obstructer to company’s activities and not as a dialogue partner, thus making cooperation tense. The fact that it does not always have to be like this and that cooperation can be constructive was illustrated by one company in the study, where both the lack of prejudice from the manager and the efficient work of the trade union itself (thought highly of by the manager as well as employees) played a role in it. Provision of training for trade union representatives and the development of social dialogue in Estonia in general will probably have the best results in changing the views of employers in the long run.

Non-unionised representatives, in turn, do not have much power in the eyes of managers and they do not know how to do their job. Therefore we can say that neither of the representation forms is effective in involving employees. At the same time, the hypothesis that non-unionised representatives are less effective than trade unions was not proved either. It must be borne in mind here that the poor preparation of representatives is not the only reason why participation does not work well: the expectations that management has for them, as well as the rights they are given are at large limited to collective bargaining only. Thus, we might instead put forward a hypothesis that the less rights the employees’ representatives are given in involvement in managerial issues, the less effective is participation in the eyes of all parties.

The main communication channel is the company’s management structure

On the basis of the current case study we can say that the main communication channel for two-directional information between management and employees is the company’s official management structure. Information comes usually through the direct superior and he/she is also turned to with proposals and opinions. Previous studies of Estonian companies confirm this conclusion and it does not differ significantly from other EU Member States. If anything, the role of the direct superior is even more important in Estonia than in other countries and the role of employees' representatives is that much lesser. The current case study provides the basis for concluding that the role of an employees' representative as an every-day channel of information and consultation is negligible. Other most frequent channels after direct superior are meetings and work colleagues, followed by notice boards and electronic channel. If we consider that one of the main benefits of employees’ direct information for managers was dissemination of correct and accurate information and avoiding rumours, then it should be alarming that work colleagues are used as the channel of information. In terms of information, there is more unofficial communication in Estonia than in other CEE countries.

Thus, we can conclude that employee participation is direct rather than indirect and oral rather than written. It is another matter altogether whether information and consultation through the direct superior equals the participation through the employees' representative. Direct superiors cannot be considered as employees' representatives as employees have not elected them to perform this function and the direct superiors’ role as a manager sets its own limits to their role as employees’ representatives.

Possible directions for further research

The chosen method imposes several limitations on the interpretations of the current study, as case study method does not allow credible generalisations over Estonian companies. Instead it enables us to formalise hypotheses and to assess the validity of theoretical views in the context of the studied cases. In order to verify the hypotheses, the study could be developed further to test the relations between participation at large and different performance consequences, or to look at separate details, such as, for example, the analysis of motives behind the creation of different forms of representation and their roles.
The conclusions about the intensity of participation in the companies are based only on assessments given by managers and employees’ representatives, and indirectly also on employees’ survey. In order to study it further, it would be necessary to determine objective indicators that characterise participation intensity more precisely. Measuring instruments could be questionnaires and secondary data (procedures, recorded decisions, etc.), but why not also (participatory) observations. It would be interesting to relate employee participation intensity in Estonian companies to companies’ indicators (size, field, manager’s attitude, employees’ level of education), as well as to compare it to what is happening in other countries and use studies with bigger samples for this.

Another suggestion is to study the relations between participation intensity and satisfaction and commitment of Estonian employees in order to see whether and to what extent theory and studies based on data from other countries correspond to Estonian working life. It is just as important to analyse whether company’s productivity is related to participation and if yes, then how. Namely, these two above assumptions about positive relations have formed the basis of participation-related legislation and it would be an important input for improving the local legislative framework if we knew whether these assumptions were valid in Estonia.

The current study puts forward a hypothesis that a non-unionised representative is created through management initiative only in companies with small union membership. It would be interesting to study the wider motives behind the creation of employee representation bodies from the viewpoint of employers, as well as employees, and their influence on the choice of representation form.

Our study did not look in detail at the functions of health and safety representatives in practice. A few interviews revealed, however, that the function of work environment councils could be more extensive than provided by law. As this is the only obligatory employee representation form in Estonia so far, then it is very possible that in the long run the functions of the working environment council will start to resemble employees’ information and consultation and council representatives will become employees’ representatives also in wider issues.

This study concluded that the first channel for employees’ information and consultation is their immediate superior. The representatives elected by employees were often also subdivision managers. Being simultaneously an employee’s representative and an immediate manager may cause tensions for the representative himself/herself, as well as for the participation process in the company as a whole. An analysis of whether and how these two roles should be integrated and what are the advantages and disadvantages of organising such representation would be grateful material for middle managers in their every-day work, as well as for employees who formulate the rules for internal elections of non-unionised representatives.
References


Council directive 2001/23/EC of 12 March 2001 on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of undertakings or businesses

Cooperative Society with regard to the involvement of employees

Council directive 94/45/EC of 22 September 1994 on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees


Industrial Relations in Europe 2004 (2004), European Commission, Luxembourg: Office for Official Publications of the European Communities

Industrial Relations in the EU, Japan and USA, 2002. European Foundation for the Improvement of


Seletuskiri töötajate kaasamine seaduse eelnõu juurde, 15.10.2004 http://eoigus.just.ee/?act=dok&subact=1&DOK_W=62909 (explanatory note to accompany the draft law of employee involvement)


### APPENDIX 1. Works-councils

#### Table A.1. Works councils in EU Member States

<table>
<thead>
<tr>
<th>Country</th>
<th>Name</th>
<th>Legal basis</th>
<th>Composition</th>
<th>Automatic or triggered</th>
<th>Threshold size of companies (No. of employees)</th>
<th>Election procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>Betriebsrat</td>
<td>Law</td>
<td>Employees only</td>
<td>Automatic</td>
<td>5</td>
<td>Workforce election</td>
</tr>
<tr>
<td>Belgium</td>
<td>Onderenemingsraad/Conseil d’Entreprise</td>
<td>Law</td>
<td>Joint committee</td>
<td>Automatic</td>
<td>100</td>
<td>Elections based on the candidates appointed by trade unions, employer candidates appointed by employer</td>
</tr>
<tr>
<td>Czech Republic</td>
<td></td>
<td>Law</td>
<td>Employees’ committee</td>
<td>Triggered</td>
<td>25</td>
<td>Elections</td>
</tr>
<tr>
<td>Cyprus</td>
<td></td>
<td>No works council type of body</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>Samarbejdsudvalg</td>
<td>Collective agreement</td>
<td>Joint committee</td>
<td>Triggered</td>
<td>35</td>
<td>Elected by workforce / appointed by management</td>
</tr>
<tr>
<td>Estonia</td>
<td></td>
<td>No works council type of body</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finland</td>
<td></td>
<td>Statutory information and consultation rights for employees/employees’ representatives, no specific works council type of body</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>Comités d’Enterprise</td>
<td>Law</td>
<td>Joint committee</td>
<td>Automatic</td>
<td>50 (10 to elect workforce delegates)</td>
<td>Elections based on the lists provided by trade unions or non-unionised groups of workers</td>
</tr>
<tr>
<td>Germany</td>
<td>Betriebsrat</td>
<td>Law</td>
<td>Employees only</td>
<td>Triggered</td>
<td>5</td>
<td>Employees election, excluding management</td>
</tr>
</tbody>
</table>

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19 Employees’ committees have less extensive rights and entitlements than trade unions.
<table>
<thead>
<tr>
<th>Country</th>
<th>Name</th>
<th>Legal basis</th>
<th>Composition</th>
<th>Automatic or triggered</th>
<th>Threshold size of companies (No. of employees)</th>
<th>Election procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greece</td>
<td>Symvo’ulia Ergazménon</td>
<td>Law</td>
<td>Employees only</td>
<td>Triggered</td>
<td>50 (20 where no trade union)</td>
<td>Elected by General Assembly of the company</td>
</tr>
<tr>
<td>Hungary</td>
<td></td>
<td>Law</td>
<td>Employees only</td>
<td></td>
<td>15 for single employees’ representative, 50 for works council</td>
<td></td>
</tr>
<tr>
<td>Ireland</td>
<td></td>
<td>No general, permanent or statutory system of information and consultation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>Rappresentanze Sindicali Aziendali, Rappresentanze Sindicali Unitarie</td>
<td>Collective agreement</td>
<td>Joint committee</td>
<td>Triggered</td>
<td>Varies by sector</td>
<td>2/3 of seats elected by workforce, 1/3 allocated by trade unions</td>
</tr>
<tr>
<td>Latvia</td>
<td></td>
<td>No works council type of body</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lithuania</td>
<td></td>
<td>Law (If there is no union and the rights for representation are not transferred to sectoral union)</td>
<td>Employees only</td>
<td></td>
<td>Elections (secret) in the general meeting</td>
<td></td>
</tr>
<tr>
<td>Luxembourg</td>
<td>a) Délégation du Personnel, b) Comités Mixtes d’Enterprise</td>
<td>Law</td>
<td>a) Employees only; b) Joint committee</td>
<td>Automatic</td>
<td>a) 15; b) 150</td>
<td>a) Elections based on the list of trade union candidates: b) Appointed by the members of employee committee</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Onderneemingsraden</td>
<td>Law</td>
<td>Employees only</td>
<td>Automatic</td>
<td>50 (10 for personnel delegation)</td>
<td>Elected by the workforce (at least 18 month of service) from the list of candidates proposed by trade unions</td>
</tr>
<tr>
<td>Norway</td>
<td>a) Arbeidsmiljøutvalget; b) Works councils</td>
<td>Collective agreement</td>
<td>Joint committee</td>
<td>Triggered</td>
<td></td>
<td>Elected by and from employees</td>
</tr>
</tbody>
</table>

20 Have also the right to conclude collective agreements.
<table>
<thead>
<tr>
<th>Country</th>
<th>Name</th>
<th>Legal basis</th>
<th>Composition</th>
<th>Automatic or triggered</th>
<th>Threshold size of companies (No. of employees)</th>
<th>Election procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poland</td>
<td>Law (only in public companies)</td>
<td>Employees only</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Slovakia</td>
<td>Law</td>
<td>Employees only</td>
<td>Triggered</td>
<td>50 (5-50 single representative)</td>
<td>Election</td>
<td></td>
</tr>
<tr>
<td>Slovenia</td>
<td>Law</td>
<td>Employees only</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td>Comité de Enterpresa</td>
<td>Law</td>
<td>Employees only</td>
<td>Triggered</td>
<td>6 to elect workforce delegates, 50 for works councils</td>
<td>Elections based on the list of trade union candidates</td>
</tr>
<tr>
<td>Sweden</td>
<td>Statutory information and consultation rights for trade unions, there is no works council type of body</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>No general, permanent or statutory system of information and consultation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Old EU Member States - EIRO 2004; new EU Member States – Tóth and Ghellab 2003
### APPENDIX 2. Board-level employee representation

#### Table A.2. Board-level employee representation (BLR) in the EU countries

<table>
<thead>
<tr>
<th>State</th>
<th>System of corporate governance</th>
<th>Is there statutory provisions/ Type of regulation for BLR</th>
<th>Companies</th>
<th>Only public</th>
<th>Proportion of employees representatives and structures where employees are represented</th>
<th>Selection method of employees representatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>D</td>
<td>Yes/Legislation</td>
<td>Companies with at least 40 employees</td>
<td>No</td>
<td>1/3 of supervisory boards</td>
<td>Appointed by works council from its ranks</td>
</tr>
<tr>
<td>Belgium</td>
<td></td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Czech Republic</td>
<td>D</td>
<td>Yes/Legislation</td>
<td>All state-owned companies and joint stock companies with more than 50 employees</td>
<td>No</td>
<td>1/3 of supervisory boards</td>
<td>Employees’ vote</td>
</tr>
<tr>
<td>Cyprus</td>
<td></td>
<td>No</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Denmark</td>
<td>D</td>
<td>Yes/Legislation</td>
<td>Companies with at least 35 employees</td>
<td>No</td>
<td>Two members and up to 1/3 of supervisory boards</td>
<td>Employees’ vote among employees</td>
</tr>
<tr>
<td>Estonia</td>
<td>D</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finland</td>
<td>Mixed</td>
<td>Yes/Legislation</td>
<td>Companies with more than 150 employees</td>
<td>No</td>
<td>Employees’ representative may be anybody nominated by management board, supervisory board or management group. Up to 1/5 of the membership of the body and it is 1-4 members (many details left to local negotiation)</td>
<td>Employees vote for trade union appointed candidates, who are employed in this company</td>
</tr>
<tr>
<td>State</td>
<td>System of corporate governance</td>
<td>Is there statutory provisions/ Type of regulation for BLR</td>
<td>Companies</td>
<td>Only public</td>
<td>Proportion of employees representatives and structures where employees are represented</td>
<td>Selection method of employees representatives</td>
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</tr>
<tr>
<td>France</td>
<td>Mixed</td>
<td>Yes/Legislation mainly</td>
<td>State-owned companies with more than 200 employees, the whole private sector</td>
<td>No</td>
<td>State-owned companies employing 200-1000: two members;</td>
<td>In state-owned enterprises and companies where voluntary board-level participation is envisaged employees elect the representative from the candidates appointed by the five nationally recognised unions. Works council members attending in board meetings are appointed by works councils.</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td>State-owned companies employing over 1000: 1/3 of members;</td>
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<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>In private sector, 2-4 works council members may attend board meetings;</td>
<td></td>
</tr>
<tr>
<td></td>
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<td></td>
<td>In ltd companies, which have voluntarily reserved seats for staff members: 4-5</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>members or up to 1/3 of membership;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Representation in the board of directors very rare.</td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>System of corporate governance</td>
<td>Is there statutory provisions/ Type of regulation for BLR</td>
<td>Companies</td>
<td>Only public</td>
<td>Proportion of employees representatives and structures where employees are represented</td>
<td>Selection method of employees representatives</td>
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</tr>
<tr>
<td>Germany</td>
<td>D</td>
<td>Yes/Legislation</td>
<td>Companies with 500 employees or more</td>
<td>No</td>
<td>Coal, iron and steel industry – parity representation of labour and shareholders in the supervisory board and also one member in management board “labour director”. Companies employing 500-2000: 1/3 of supervisory board. More than 2000 workers: ½ of supervisory board (chairman is the shareholders’ representative and has two votes if there is a disagreement).</td>
<td>Generally by employees vote (specific provisions for companies with different size and for representation of different workers groups). In coal, steel and iron industry candidates are appointed by trade unions and works councils, shareholders approve the candidate. Labour director is appointed by shareholders and it cannot be done against the majority vote of the employees’ side in supervisory board.</td>
</tr>
<tr>
<td>Greece</td>
<td>D (in socialised sector)</td>
<td>Yes/Legislation</td>
<td>State run “socialised companies” such as public utilities and transport</td>
<td>Yes</td>
<td>1/3 of supervisory body consists of employees’ representatives, 1/3 of consumer groups and local authorities, 1/3 of government representatives. 1/3 of board of directors consists of members elected among workforce</td>
<td>Employees’ vote</td>
</tr>
<tr>
<td>Hungary</td>
<td>D</td>
<td>Yes/Legislation</td>
<td>Companies with more than 200 employees</td>
<td>No</td>
<td>1/3 of supervisory boards</td>
<td>Works councils nominate representatives (must consult first with union representatives)</td>
</tr>
<tr>
<td>State</td>
<td>System of corporate governance</td>
<td>Is there statutory provisions/ Type of regulation for BLR</td>
<td>Companies</td>
<td>Only public</td>
<td>Proportion of employees representatives and structures where employees are represented</td>
<td>Selection method of employees representatives</td>
</tr>
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</tr>
<tr>
<td>Ireland</td>
<td>M</td>
<td>Yes/Legislation</td>
<td>State-owned companies</td>
<td>Yes</td>
<td>In some companies 1/3 of the seats in the board of directors</td>
<td>Employees’ vote among candidates who are appointed by the recognised organisation of collective bargaining</td>
</tr>
<tr>
<td>Italy</td>
<td></td>
<td>No (some company-level agreements)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Latvia</td>
<td>D</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lithuania</td>
<td>D</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Luxembourg</td>
<td>M</td>
<td>Yes/Legislation</td>
<td>Companies that are more than 25% state-owned; Companies that receive state aid; Companies with more than 1000 employees</td>
<td>No</td>
<td>In state-owned and state-aided companies one employees’ representative per 100 employees. Min. 3 employees’ representatives and max. 1/3 of the board of directors; Companies with over 1000 employees: 1/3 of the board of directors</td>
<td>Works council representatives appoint members from the workforce. In iron and steel industry most representative national trade unions appoint the board representatives, who may be outside the company's workforce</td>
</tr>
<tr>
<td>Malta</td>
<td>M</td>
<td>Yes/Legislation</td>
<td>State-owned companies</td>
<td>Yes</td>
<td>1 member in the board of director</td>
<td>Employees’ vote</td>
</tr>
<tr>
<td>State</td>
<td>System of corporate governance</td>
<td>Is there statutory provisions/ Type of regulation for BLR</td>
<td>Companies</td>
<td>Only public</td>
<td>Proportion of employees representatives and structures where employees are represented</td>
<td>Selection method of employees representatives</td>
</tr>
<tr>
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<td>---------------------------------------------------------------------------</td>
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<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Netherlands</td>
<td>D</td>
<td>Yes/Legislation</td>
<td>Companies with more than 100 employees</td>
<td>No</td>
<td>The proportion of employees’ representatives is not defined. The representation is in supervisory board</td>
<td>Supervisory board elects its own members. General meeting of shareholders, works council and executive board recommend new members in the case of vacancy. Employees of the company and union officials engaged in collective bargaining may not be members of supervisory board.</td>
</tr>
<tr>
<td>Norway</td>
<td>Mixed</td>
<td>Yes/Legislation mainly</td>
<td>Most private companies; Agreements or public sector decision-based representation in public sector companies and companies that are not covered by legislative framework</td>
<td>No</td>
<td>Up to 1/3 of seats on the board of directors and not less than three members. If there is a similar body to supervisory board, employees are represented in both boards</td>
<td>Employees’ vote among workforce (it is common that trade unions nominate the candidates)</td>
</tr>
<tr>
<td>Poland</td>
<td>D</td>
<td>Yes/Legislation</td>
<td>Privatised companies with more than 500 employees; State-owned companies</td>
<td>No/Yes</td>
<td>In state-owned companies 2/5 of supervisory board; In partly state-owned companies (&lt;50%) 2-4 members of supervisory board; In privatised companies 1 member of management board.</td>
<td>Employees’ vote</td>
</tr>
<tr>
<td>Portugal</td>
<td>D</td>
<td>Yes/Legislation (not implemented in practice)</td>
<td>State-owned companies</td>
<td>Yes</td>
<td>Board of directors, supervisory board</td>
<td>Employees’ vote</td>
</tr>
<tr>
<td>State</td>
<td>System of corporate governance</td>
<td>Is there statutory provisions/ Type of regulation for BLR</td>
<td>Companies</td>
<td>Only public</td>
<td>Proportion of employees representatives and structures where employees are represented</td>
<td>Selection method of employees representatives</td>
</tr>
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<td>------------------------------------------------------</td>
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<td>--------------------------------------------------------------------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>Slovakia</td>
<td>D</td>
<td>Yes/Legislation</td>
<td>State-owned companies and companies with supervisory board, where there are more than 50 employees</td>
<td>No</td>
<td>Private companies: 1/3 of members in supervisory board; State-owned companies ½ of supervisory board</td>
<td>Employees’ vote, in state-owned companies one board member is directly appointed by trade union</td>
</tr>
<tr>
<td>Slovenia</td>
<td>D</td>
<td>Yes/Legislation</td>
<td>Joint stock companies with supervisory board (obligatory if, e.g. there are more than 500 employees)</td>
<td>No</td>
<td>1/3-1/2 of supervisory board (defined in the statutes of company) and 1 member in management board, if there are more than 500 employee</td>
<td>Supervisory board members are directly appointed by works councils; Proposal for management board member is made by works council and appointed by shareholders</td>
</tr>
<tr>
<td>Spain</td>
<td>M</td>
<td>Yes/Tripartite collective agreements</td>
<td>Largest public sector companies, institutions with special legal status (e.g. savings banks)</td>
<td>Yes</td>
<td>Board of directors</td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>M</td>
<td>Yes/Legislation</td>
<td>Companies with more than 25 employees</td>
<td>No</td>
<td>In companies employing 25-1000: two members; Over 1000 employees: three members; Employees cannot be in majority</td>
<td>Appointed by local trade unions</td>
</tr>
<tr>
<td>UK</td>
<td>M</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notations: D – dual system of company management, M – one tier system of company management

Sources: Old EU Member States – Schulten, Zagelmeyer 1998; new EU Member States – Kluge, Stollt 2004
APPENDIX 3. Interview Structure with Heads of Companies and Employees' Representatives

1. What forms of employee representation exist in your company and how well do they work in your opinion?

2. What is the role (function) of each form of representation in your company? How do they relate to each other (rights, division of responsibilities, proportion of members)?

3. In what form, how often and on what purpose are information and opinions exchanged between management and employee representation?

4. How was the trade union/non-unionised representative created in your company (if not created, then why)?

5. How many employees in your company belong to the trade union? What employee groups does the trade union/non-unionised representative represent?

6. What could be the ideal role of the trade union/non-unionised representative in your company?

7. What are the advantages and disadvantages of the trade union/non-unionised representation to the employer and employees in your company?

8. How satisfied are you with the work of the trade union/non-unionised representative in the company?

9. What other employees' representatives do you have in the company and how satisfied are you with their work? What form of employee representation do you/would you prefer (considering also those that do not exist in your company) as an information and consultation channel and why?

10. Whether there are and what are the opportunities for the employees in your company to personally get information about the company's activities and give opinions or make suggestions?

11. In as far as your company uses direct employee participation, what are/would be the advantages and disadvantages of direct participation as compared to participation through a representative?

12. What documents regulate employee participation in your company (internal procedure rules, collective agreement, any other document) and what are the employee
participation customs?

13. If there is a collective agreement concluded in your company, please describe the negotiation process.

14. Has/have the collective agreement/internal procedure rules defined information and consultation process? What is it like?

15. What does the collective agreement give, if anything, to the company/management and employees?

16. Does your company have any other documents (besides the collective agreement and internal procedure rules) that provide for employees’ information and consultation? What process does the document provide and what is the process like?

17. How well do you think are the employees in your company informed of the named documents on average?

18. What influence do employees have on different decisions (working hours, wages, health and safety, training plans, etc.)?

19. Whether and how employees’ suggestions and problems reach management? Whether and how feedback is given to suggestions? Whether and what kind of role does employee representation play in this process?

20. What information, how often and how is given to employees?

21. On what issues and how are employees consulted? How much time is usually given to employees for formulating and presenting their opinion?

22. How important do you think is employees’ information and consultation? What are the advantages and disadvantages to the company and employees?

23. How old are you? How long have you worked in the company and what speciality have you studied?
Dear Respondent

Please read first the few instructions below on how to fulfil the questionnaire.

Once you have chosen your answer, please circle the number in front of it.

Please give ONLY ONE ANSWER to majority of questions. For example, Q1.

Some questions can also have several answers, but in this case the question text reads ‘CAN HAVE SEVERAL ANSWERS’.

In some cases answers should be written in a gap or text field (on the line). For example, Q2.

Good luck!

PART 1: GENERAL WORK RELATED INFORMATION

First of all we would like to ask you a few general questions about your work in this company.

Q1. Which of the below variants describe best your work in this company? PLEASE CIRCLE ONLY ONE NUMBER

1. Head or subdivision manager
2. Top specialist (e.g. lawyer, accountant, engineer)
3. Technician or middle specialist (e.g. foreman, programmer, supplier)
4. Clerk (e.g. office clerk, cashier, warehouse clerk, dispatcher)
5. Service or sales staff (e.g. customer service assistant, sales person, security guard)
6. Skilled worker or craftsman (e.g. locksmith, motor vehicle mechanic, builder)
7. Equipment or machinery operator, vehicle or non-road vehicle driver (e.g. boiler operator, sewing machine operator, bus driver, road roller driver)
8. Unskilled worker (e.g. guard, cleaner, construction aid staff, loader)

Q2. If you have subordinates, how many direct subordinates do you have? If you have no subordinates, please write '0'.

Please write the number of direct subordinates: ________
Q3. **How many years have you worked in this company?**
Please write the number of years: ________

Q4. **Which of the below variants describe best your working hours?**
1. Regular day-time working hours (clock to clock work)
2. Flexible duty roster, choose yourself when you want to work
3. Shift-work
4. Work only evenings or nights

Q5. **What is your highest level of education?**
1. Basic education or less
2. Upper secondary education
3. Vocational secondary education or vocational education
4. Higher education

Q6. **How do you think you cope with your work?**
1. Very well
2. Well
3. Badly
4. Very badly

Q7. **How much do your colleagues depend on your work?**
1. Many colleagues depend on your work
2. A few colleagues depend on your work
3. No colleagues depend on your work

Q8. **Do you have an opportunity to use the Internet or intranet (internal information network) at your workplace?**
1. Yes, all the time
2. Yes, from time to time
3. None at all
PART 2: EMPLOYEES’ REPRESENTATION

In this part of the questionnaire we would like to find out how the employees communicate with the management in your company.

Q9. Which of the following employee representation forms exist in your company? CAN HAVE SEVERAL ANSWERS
1. Trade union representative
2. Representative who is not elected by trade union
3. Working environment representative
4. Working environment council
5. Other employees’ representative/representation (specify) _______________________
6. None exist
7. Don’t know, I am not aware

TRADE UNION REPRESENTATIVE
ANSWER QUESTIONS Q10-Q15 ONLY IF YOUR COMPANY HAS A TRADE UNION REPRESENTATIVE. IF THERE IS NO UNION REPRESENTATIVE, PLEASE CONTINUE WITH THE TEXT BEFORE QUESTION Q15.

Q10. Are you a member of the trade union?
1. Yes -» CONTINUE WITH QUESTION Q11
2. No -» CONTINUE WITH QUESTION Q12

Q11. Did you participate in the last elections of the trade union representative?
1. Yes
2. No

Q12. What are the current main roles of the union representative in your company? CIRCLE UP TO TWO ANSWERS IN COLUMN Q12.
**Q13. What should ideally be the main roles of the union representative in your opinion?**

CIRCLE UP TO TWO ANSWERS IN COLUMN Q13.

<table>
<thead>
<tr>
<th>Role Description</th>
<th>Q12. TU representative’s roles currently</th>
<th>Q13. TU representative’s roles ideally</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mediates information and opinions in <strong>both directions</strong>: from employees to management and from management to employees</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Mediates mainly information and opinions from employees to management</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Mediates mainly information and decisions from management to employees</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Represents employees at collective bargaining</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Solves employees’ work-related problems</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Union representative does not fulfil any of the above roles</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Other role, please specify ____________________________________________________________________</td>
<td>7</td>
<td>7</td>
</tr>
</tbody>
</table>

**Q14. How satisfied are you with the work of the trade union representative?**

1. Very satisfied
2. Satisfied
3. Dissatisfied
4. Very dissatisfied

**Q15. If you turn to the union representative with an issue that presupposes management decision, does the union representative pass your information on to management?**

1. Yes, always
2. Yes, in most cases
3. Rarely
4. Never does
5. Have not turned to the union representative

**REPRESENTATIVE WHO HAS NOT BEEN ELECTED BY THE TRADE UNION**

ANSWER QUESTIONS Q16-Q20 ONLY IF YOUR COMPANY HAS A REPRESENTATIVE WHO HAS NOT BEEN ELECTED BY THE TRADE UNION. IF THERE IS NO SUCH REPRESENTATIVE, CONTINUE WITH QUESTION Q21.

**Q16. Did you participate in the last representative elections?**

1. Yes
2. No

**Q17. What are the current main roles of such representative in your company?** CIRCLE UP TO TWO ANSWERS IN COLUMN Q17.
Q18. **What should ideally be the main roles of such representative in your opinion?** CIRCLE UP TO TWO ANSWERS IN COLUMN Q18.

<table>
<thead>
<tr>
<th>Mediates information and opinions in <strong>both directions</strong>: from employees to management and from management to employees</th>
<th>Q17. Representative’s roles currently CIRCLE UP TO TWO ANSWERS</th>
<th>Q18. Representative’s roles ideally CIRCLE UP TO TWO ANSWERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Mediates mainly information and opinions from employees to management</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Mediates mainly information and decisions from management to employees</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Represents employees at collective bargaining</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Solves employees’ work-related problems</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>The representative does not fulfil any of the above roles</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Other role, please specify ____________________________</td>
<td>7</td>
<td>7</td>
</tr>
</tbody>
</table>

Q19. **How satisfied are you with the work of such representative?**

1. Very satisfied
2. Satisfied
3. Dissatisfied
4. Very dissatisfied

Q20. **If you turn to such representative with an issue that presupposes management decision, does the representative pass your information on to management?**

1. Yes, always
2. Yes, in most cases
3. Rarely
4. Never does
5. Have not turned to the union representative
PART 3: EMPLOYEES’ PARTICIPATION

TO BE ANSWERED BY EVERYBODY

COLLECTIVE AGREEMENT

Q21. Has your company concluded a collective agreement?
   1. Yes  ➔ CONTINUE WITH QUESTION Q22
   2. No   ➔ CONTINUE WITH QUESTION Q25

Q22. How well do you know the content of the collective agreement?
   1. Know well, aware of almost all the content
   2. Know to some extent, aware of half the things in the agreement
   3. Know little, don’t know much of the agreement

Q23. Does the named collective agreement concern specifically your post?
   1. Yes
   2. No
   3. Don’t know, hard to say

Q24. Does the named collective agreement determine the procedures for employees’ information and consultation?
   1. Yes
   2. No
   3. Don’t know, hard to say

INTERNAL PROCEDURE RULES

Q25. Does your company have internal work procedure rules?
   1. Yes     ➔ CONTINUE WITH QUESTION Q26
   2. No      ➔ CONTINUE WITH QUESTION Q28
   3. Don’t know, hard to say ➔ CONTINUE WITH QUESTION Q28

Q26. How well do you know the internal procedure rules?
   1. Know well, aware of almost all the rules
   2. Know to some extent, aware of half the things in the rules
   3. Know little, don’t know much of the rules

Q27. Do the internal procedure rules determine the procedures for employees’ information and consultation?
   1. Yes
   2. No
   3. Don’t know, hard to say

TO BE ANSWERED BY EVERYBODY

Q28. Does your company have any other document (besides the collective agreement and internal procedure rules) that provides for giving information and feedback to employees?
   1. Yes, please specify ____________________________ ➔ CONTINUE Q29
   2. No ➔ CONTINUE WITH QUESTION Q30
   3. Don’t know, hard to say ➔ CONTINUE WITH QUESTION Q30
Q29. How well do you know the content of the document mentioned in the previous question?
   1. Know well, aware of almost all the content
   2. Know to some extent, aware of half the things in the document
   3. Know little, don’t know much of the document

TO BE ANSWERED BY EVERYBODY

Q30. If you have a problem or a concern about your work or work organisation, who do you usually turn to? CIRCLE ONLY ONE ANSWER IN COLUMN Q30

Q31. If you wish to get information about your company's activities, who do you usually turn to? CIRCLE ONLY ONE ANSWER IN COLUMN Q31

Q32. If you wish to pass on your ideas about the development of the company, who do you usually turn to? CIRCLE ONLY ONE ANSWER IN COLUMN Q32

<table>
<thead>
<tr>
<th></th>
<th>Q30. In case of a problem or a concern you turn to…</th>
<th>Q31. To get information about the company you turn to…</th>
<th>Q32. About the development of the company you turn to…</th>
</tr>
</thead>
<tbody>
<tr>
<td>Don’t turn to anybody</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Direct superior</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Higher level manager</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Company’s union representative</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Non-unionised representative</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Working environment representative</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Work colleagues</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Personnel manager</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Speak up on a meeting</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Look for help outside the company</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Don’t know, hard to say</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
</tbody>
</table>

Q33. Have you made suggestions for changing the work organisation?
   1. Yes, often
   2. Yes, sometimes
   3. No

Q34. How was your suggestion received (if you have made many, please answer bearing in mind the last one you made)?
   1. Your suggestion was taken into account and work organisation was changed
   2. Your suggestion was not taken into account, but it was explained why
   3. Your suggestion was not taken into account and it was not explained either
   4. Have not made suggestions for changing work organisation
Q35. In this question we would like to find out how information and consultation take place in your company (regardless of whether it is direct with yourself or through an employees’ representative). The following table contains a number of decisions. We would like to know how each of these decisions is dealt with in your company. CIRCLE ONE ANSWER IN EACH ROW

<table>
<thead>
<tr>
<th>Decisions ↓</th>
<th>Decision is passed if you or employees’ representative have approved it</th>
<th>You/employees’ representative is asked for opinions before the decision</th>
<th>Information is given prior to decision, but there is no opportunity to give opinions</th>
<th>Will learn about the decision after it is made</th>
<th>You are not informed of the decision at all</th>
<th>Have not come across such situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Changes in working hours</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>B Changes in wages</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>C Changes in health and safety conditions</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>D Holiday schedules</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>E Training plans</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>F Company’s bigger investments</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>G Changes in economic activity</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>H Introduction of new technologies</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>I Changes in company’s bonuses (canteen, grants, etc.)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>J Changes in internal procedure rules</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>K Collective redundancies</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>L Any other decisions, please specify_________________</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

Q36. Which are your most frequent channels for receiving information about decisions made by management? CIRCLE UP TO THREE ANSWERS IN COLUMN Q36

Q37. Which channels are used most often to ask for your opinion on the decisions planned by management? CIRCLE UP TO THREE ANSWERS IN COLUMN Q37
Q38. Which channels can you use most frequently for passing on your opinion about the management decisions? CIRCLE UP TO THREE ANSWERS IN COLUMN Q38

<table>
<thead>
<tr>
<th>ORALLY</th>
<th>Q36. Receive information most frequently …</th>
<th>Q37. You are asked for opinion most frequently …</th>
<th>Q38. Can pass on your opinion most frequently …</th>
</tr>
</thead>
<tbody>
<tr>
<td>Through direct superior</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Through any other management rep.</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Through union representative</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Through non-unionised representative</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Through work colleagues</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Through meetings</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>THROUGH AN INFORMATION MEDIUM</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Through electronic means (intranet, e-mail)</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Through notice board</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Through internal news letter</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Through internal post box</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Through any other channel, please specify</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Don't receive at all / can’t ask for information / give opinions</td>
<td>12</td>
<td>12</td>
<td>12</td>
</tr>
</tbody>
</table>

Q39. If management asks for employees’ opinion about their decisions, do they give you/employees’ representative sufficient time for formulating and presenting such opinion?

1. Yes, always
2. Yes, sometimes
3. No, never
4. In your company they don’t ask for employees’ or employees’ representative’s opinion

Q40. If management does not take into account the opinion employees formulated, do they explain their actions?

1. Yes, always
2. Yes, sometimes
3. No, never
4. In your company they don’t ask for employees’ or employees’ representative’s opinion
Q41. How well are you informed about the company’s activities and work organisation?
   1. Very well
   2. Well
   3. Not well informed
   4. Uninformed

Q42. To what extent can you have a say in decisions on the organisation of your work?
   1. To a very great extent
   2. To a great extent
   3. To a small extent
   4. To a very small extent

Q43. To what extent can you have a say in issues related to company’s economic activities or in making financial decisions?
   1. To a very great extent
   2. To a great extent
   3. To a small extent
   4. To a very small extent

Q44. What are your suggestions in regards to employees’ information in your company? But in regards to consultation? What should be done differently in this respect in the future? WRITE

Q45. How important do you think is employees’ information and consultation?
   1. Very important
   2. Important
   3. Unimportant
   4. Very unimportant

Q46. What does company get out of employees’ information and consultation in your opinion? WRITE

Q47. But what do employees get out of employees’ information and consultation? WRITE
PART 4: EMPLOYEES’ SATISFACTION

Now a few questions about how satisfied you are with different aspects of your company.

Q48. How satisfied are you with the following aspects at your workplace? Are you very satisfied, satisfied, dissatisfied or very dissatisfied? CIRCLE ONLY ONE ANSWER IN EACH ROW

<table>
<thead>
<tr>
<th></th>
<th>Very satisfied</th>
<th>Satisfied</th>
<th>Dissatisfied</th>
<th>Very dissatisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Health and safety</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>B</td>
<td>Work load</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>C</td>
<td>Work place design / furnishings</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>D</td>
<td>Welfare conditions (changing rooms, toilets, eating areas)</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>E</td>
<td>Prevailing atmosphere at work</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>F</td>
<td>Direct superior</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>G</td>
<td>Work collective</td>
<td>4</td>
<td>3</td>
<td>2</td>
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<tr>
<td>H</td>
<td>Work organisation</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>I</td>
<td>Work content</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>J</td>
<td>Working hours</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>K</td>
<td>Flexibility of working hours</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>L</td>
<td>Wage</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>M</td>
<td>Additional benefits</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>N</td>
<td>Recognition / feedback about work</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>O</td>
<td>Stability of employment</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>P</td>
<td>Form of employment (type of contract)</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Q</td>
<td>Professional development opportunities</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>R</td>
<td>Career opportunities</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>S</td>
<td>Work in general</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>T</td>
<td>Other, please specify</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>

Other, please specify: ________________________________
PART 5: Finally a few questions about yourself

D1. How old are you?
Please write your age in numbers: ________

D2. What is your current marital status?
   1. Single, never been married
   2. Married
   3. Live with partner, but not officially married
   4. Separated/divorced
   5. Widow/widower

D3. How many people, you included, live in your household currently (those who live with you and share your income)? Please write the number of household members in figures.
   A. Total of household members: ________ people
   B. Among them how many pre-school children: ________ pre-school children

D4. What was your net income from the job in regards to which you filled in this questionnaire last week, i.e. money that you actually received (excluding taxes), taking account both your wage and possible additional remunerations?
   1. Up to 1,500 kroons
   2. 1,501 – 3,000 kroons
   3. 3,001 – 4,500 kroons
   4. 4,501 – 6,000 kroons
   5. 6,001 – 7,500 kroons
   6. 7,501 – 10,000 kroons
   7. Over 10,000 kroons

Thank you for your time!