Going Up the High Road: Rethinking the Role of Social Dialogue to Link Welfare and Competitiveness

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GOING UP THE HIGH ROAD: RETHINKING THE ROLE OF SOCIAL DIALOGUE TO LINK WELFARE AND COMPETITIVENESS

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FOREWORD

This report outlines the main findings of the research project "Going Up the High Road. Rethinking the Role of Social Dialogue to Link Welfare and Competitiveness", supported by the European Commission (DG Employment, Social Affairs and Inclusion, Agreement nr. VS/2013/0349).

The idea of a research project on the implementation of occupational welfare schemes across Europe by means of social dialogue emerged from a broader reflection on the shortcomings of the flexicurity approach in the current economic crisis. In the context of the crisis, many companies in the European Union have adopted labour flexibility and management strategies for the reduction of labour costs as the main driver for competition. In so doing, the ability of the European Social Model to operate as a policy framework has been called into question, along with the narrative construct of the European integration project.

However, in this problematic scenario, it may be that virtuous regulatory solutions in the labour market can be achieved by actors committed to high-road strategies, including the social partners. In other words, it seems possible to identify a series of "win-win" regulatory solutions capable of responding to the needs of employers in terms of flexibility, productivity and competitiveness, while at the same time improving employment quality to the benefit of employees.

The aim of this project was to examine whether and to what extent the social partners are moving in this direction. For this purpose an attempt was made to identify the prerequisites for a high-road strategy embedded in social dialogue practices, and then to assess empirically the extent to which these prerequisites have actually been put into practice by means of social dialogue.

For this purpose, occupational welfare was identified as the topic of investigation. Whereas the reasons for this choice are explained in the following sections of this report, it is important to emphasise the role that the distribution of power in the employment relationship plays in determining the conditions under which a high-road strategy, consisting in the simultaneous satisfaction of economic, productive and social needs, can be pursued rather than a trade-off policy, aimed at maximising the advantage of one party to the detriment of the other.

The theoretical foundations of the project are derived from Amartya Sen's capability approach, and particularly the concept of freedom of choice. Based on Sen's theory, it was assumed that high-road regulation in the field of occupational welfare requires a focus on the needs of workers as individuals.

As a result, welfare schemes and provisions laid down in collective agreements could be deemed to be conducive to a high-road strategy in so far as they provide the employee with the freedom to choose measures that are deemed to be the most appropriate for satisfying their needs according to their personal requirements *(opportunity freedom),* and in so far as the people concerned are able to participate in the regulation that shapes working conditions in order to make their wishes, expectations and needs count (*process freedom).* At the same time, occupational welfare arrangements need to be seen in context, in order to understand to what extent they are part of a broader competitive strategy and what kind of constraints the parties have to work within.

Starting from those premises, the research project sought to analyse the rationale and the functioning of occupational welfare schemes and to cast light on best practices.

Based on the theoretical assumptions outlined above, further explained in the following sections of this report, the survey of collective agreements was intended to respond to the following questions:

1) **Context.** What is the general economic situation in which the occupational welfare scheme is embedded? Is such a scheme part of a more complex productive or management strategy? In particular, are the practices under examination framed in a context of productivity, flexibility and competitiveness-related goals?
2) **Object.** What are the matters dealt with? What needs are addressed and what are the measures adopted to respond to these needs? Does the experience under examination present any linkage between flexibility and other production-related needs and welfare arrangements?
3) **Functioning**. Do agreements pursue or achieve conditions favourable to freedom of choice? Do they devise any particular procedure or toolkit for employee empowerment or voice?

The research project was carried out by the Marco Biagi Foundation, at the University of Modena and Reggio Emilia (Italy), in close cooperation with The Institute for Social and Trade Union Research (Bulgaria), Tartu Ulikool (Estonia), Eotvos Lorand Tudomanyegyetem (Hungary), IRES Emilia Romagna (Italy), Università degli Studi di Trento (Italy), Universidad Carlos III de Madrid (Spain), Goteborgs Universitet (Sweden), and the Anglia Ruskin University (United Kingdom).
A number of external experts and representatives of the relevant stakeholders took part in the international events related to the project. Thanks are due in particular to Raymond Maes (European Commission), Caroline Holmqvist (Council of European Employers of the Metal, Engineering and Technology-Based Industries), Michael Large (East of England Business Group), Ellen Nygren (European Trade Union Confederation), Francesco Briganti (European Association of Paritarian Institutions), Merle Erikson (Tartu University, Estonia), Eveli Ojamäe (Tallinn University, Estonia), Tiia E. Tammeleht (Estonian Trade Union Confederation), Thea Treier (Head of Working Life Development Department, the Estonian Ministry of Social Affairs), Patrik Matyasek (Placky Univeristy, Czech Republic), Miklós Király (ELTE Faculty of Law, Hungary), László Neumann (Hungarian Academy of Sciences, Centre for Social Sciences, Hungary), and Urszula Torbus (University of Katowice, Poland).

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Iacopo Senatori

Executive Summary

YLENIA CURZI, IACOPO SENATORI

Summary: 1. Competitiveness and Occupational Welfare: a New Perspective for Flexicurity? The Research Question and the Methodology. – 2. The Context: the State of Industrial Relations in the Countries Taking Part. – 3. Trends. A) Mapping of Collective Agreements and Social Dialogue Practices. B) Case Studies. – 4. Conclusions and Recommendations.

1. Competitiveness and Occupational Welfare: a New Perspective for Flexicurity? The Research Question and the Methodology

The idea of a research project on the implementation of occupational welfare schemes across Europe by means of social dialogue emerged from a broader reflection on the shortcomings of the flexicurity approach in the context of the economic crisis.

The main factor was the widespread concern that European employment policies in the context of austerity could adversely affect the European Social Model, at least as it has been traditionally understood. It may be noted that increased flexibility in recent times has been introduced against a backdrop of diminishing levels of social protection, especially affecting the weakest sectors of society. This has led towards a polarisation of employment rates and job quality between highly skilled and low-skilled jobs, with a widening gap within the working population and a general rise of inequality. As a result, the risk is that that labour costs will increasingly become the main driver for competition in the European Union, thus calling into question the ability of the European Social Model to operate as the policy framework, along with the narrative construct of European integration.

In the first stage of the research, this insight was confirmed and broadened by means of the collection of a series of original contributions by international scholars, in a conference that was held at the Marco Biagi Foundation in Modena on 18-19 March 2014, entitled "Labour and Social Rights: an Evolving Scenario"[1].

As argued by some authors during the discussion, the external pressures exerted by the crisis, well exemplified by the aforesaid "turbulence" in relation to flexicurity, challenge the traditional foundations of labour law in terms of values and regulatory techniques. Riccardo Del Punta, after emphasising the negative effects of the neoliberal drift of European social policies, particularly shaped by the quantitative flexibilisation of labour leading to an increase in unemployment and precarious work, advocates a shift of the European economies in the opposite direction towards a "high road" of competition, with a greater emphasis on qualitative flexibility (i.e. job descriptions, working time and wages) and on higher quality employment.

Del Punta further argues that, in an attempt to bring its epistemological categories up to date, labour law should shift from a paternalistic approach to protection towards a more

[1] For references to the contributions presented at the Conference and quoted hereinafter see Addabbo T., Bromwich W., Fabbri T.M., Senatori I. (eds.), *Labour and Social Rights. An Evolving Scenario*, Giappichelli, Turin, 2015.

proactive approach, "concentrating on the effective needs of the workers seen as individuals" and capable of mobilizing their autonomy and responsibility. Theoretical support for this argument is found in the "capability approach" developed by Nobel Prizewinner Amartya Sen, that could operate in labour law "both as a normative political theory and as a method of economic and social analysis".

In a similar vein, Attila Kun advocates a broader approach to regulation, of an experimental nature, as a tool to "reflect changes in societies and growing complexities of the regulated subjects". This construction, that may be placed in the theoretical frameworks of "reflexive law" and "responsive regulation", envisages the enrichment of the traditional regulatory toolkit with smart and modern descriptors such as "collaborative, participatory, innovative, complex, experimental, process-oriented, flexible, expansive and decentralised". For policy-makers, this entails the need to examine in a more flexible way the multifaceted interests in the employment relationship and to encourage responsible self-regulation by the social partners.

Against this background, the positive and negative aspects of flexibility are highlighted in a way that mainly points to a positive evaluation to the elements of a "high road" strategy, such as those that concern work organisation and the adaptation of regulatory tools to personal and productive needs. In this context, occupational welfare appeared to be a noteworthy area of analysis for numerous reasons.

First, despite certain ambiguities and the blurred conceptual boundaries, occupational welfare is attracting increasing attention from the social partners, scholars and policy makers by virtue of its potential to provide new and modern forms of social protection, in particular in relation to "new social risks".

Taking account of the lack of a generally accepted definition of occupational welfare, and in line with the most common practices, the research project adopted a broad understanding of the topic, encompassing traditional welfare schemes relating to pensions and health care, and schemes responding to needs that have emerged more recently such as those relating to work-life balance, care responsibilities, housing, income support and skills development. Both types of schemes share the characteristic of being provided by the company in its role as a party to the employment relationship. However, the most promising research implications, at least in terms of support for European employment policies, relate to the "new social risks". It is significant in this connection that 2014 was proclaimed as the European Year of Work-Life Balance.

More specifically, the broad definition of occupational welfare adopted in this research project includes not only measures consisting in cash benefits, services or benefits in kind (kindergartens, vouchers for personal care, and so on), but also interventions in terms of work organisation. While benefits in kind mainly aim at fostering individual adjustment to the existing organisation of work, work organisation measures assume that the conditions of work should be modified in order to respond to individual preferences, expectations, concern for greater well-being, work-life balance, and so on.

In this respect, occupational welfare measures based on work organisation changes include: *working time arrangements* designed first and foremost to meet employees' need to reconcile work and private life; *assessment and reward schemes* not based on performance or at least not on performance indicators such as productivity, presence at work;[2] *functional*

[2] It is important to point out that a considerable amount of performance-based pay could translate into work intensification, which would imply reduced well-being and capability to coordinate effectively work and private life (Bonvin, 2012: 14). In addition, productivity-based assessment and remuneration schemes might discourage workers wishing to take on caring responsibilities from doing so. Alternatively, they may induce such workers to attempt to comply with productivity standards and, simultaneously, to carry out care work

flexibility intended as the chance for an employee to change jobs or to work in different functional departments for a period of time long enough to develop skills in demand in the labour market, or to acquire organisational knowledge and competences that make them less easily replaceable, and thus better positioned in the power relationship with the employer.

Second, occupational welfare can be conceived as a particular and sectoral application of flexicurity. In this respect it may be noted that occupational welfare, though not explicitly mentioned, is entailed in several aspects of the "integrated flexicurity approach" advocated, for instance, in the 2007 "Common Principles" adopted by the Commission. According to the Commission, based on a holistic understanding of occupational welfare, encompassing traditional and new welfare tools, "flexibility is also about *flexible work organisations*, capable of quickly and effectively mastering *new productive needs and skills*, and about facilitating the *combination of work and private responsibilities*", whereas security "is also about *adequate unemployment benefits* to facilitate transitions" (p. 4, emphasis added).

Third, occupational welfare is at the intersection of the profound changes and transformations affecting industrial relations in Europe as a result of the crisis. In this respect, against the retrenchment of public welfare due to shrinking budgets, it may be argued that the intervention of companies can represent a way to preserve the essence of the European Social Model and, from the companies' point of view, a tool to implement specific management strategies and promote support for corporate culture and productive targets.

The scholarly articles put together in the first stage of the research project provide important insights into this connection. According to a theoretical model developed by Teresina Torre, work-life balance schemes, training services and other measures that are normally included in the occupational welfare package form part of a complex model of compensation, that is known in the literature under the denomination of total reward.

Total reward is presented as a multidimensional concept in which measures relating to work-life balance (encompassing organisational flexibility tools and personal and family services), work environment (training, coaching, diversity management tools and so on) and company environment (workplace quality measures, safety and well-being and so on) co-exist with "traditional" monetary remuneration as part of the management toolkit. The aims of such a toolkit are to promote the achievement of certain performance standards and to attract and retain strategic human resources, making them adaptable to increasingly demanding and flexible organisations.

In addition to its potential as a management tool, total reward is presented as a way to deal with the increasingly complex personal needs and interests of employees. According to the author, it represents "a useful system to satisfy different individuals and their needs, for example a different mix of rewards may be effective for different types of individuals". Against this background, compensation may "offer a balance among individual expectations, organisational goals and economic sustainability".

Those characteristics of total reward strategies, as a way of promoting occupational welfare, are in line with the proposal to update the regulatory categories of labour law in an "high road" perspective, i.e. with a view to increasing employment quality, productivity and adaptation to wide-ranging personal needs. This suggests that occupational welfare could serve as a test ground for the implementation of flexicurity measures consistent with the

directly (i.e. an attempt that might be supported by the opportunity to work at home with flexible hours). In this case, the overall (paid and unpaid) workload of employees might increase, and this might translate into intensification of work and reduced well-being.

"high road" strategy. However, the link between occupational welfare, flexicurity and the high road to competition should not be taken for granted.

If we consider occupational welfare as a part of a total reward strategy, occupational welfare ultimately appears to be a management tool consistent with corporate-driven strategies of productivity and adaptation to the changing configuration of the workforce. In this connection, Giovanni Masino points out that when designing the best reward scheme, it is necessary to ask: "Best for whom? For the companies? For the workers? For the shareholders? For the stock market? For the financial analysts?" In other words, according to Masino, total reward (and hence, occupational welfare) may represent no more than a means to promote the "organisational rhetoric", particularly if one fails to take account of all the goals and interests that are at stake.

This claim points to the need for the inclusion in the argumentation of the representation of interests, and in turn of social dialogue. It may be argued that if occupational welfare can be a key element in the pursuit of high-road strategies, and if the effectiveness (and fairness) of occupational welfare schemes, such as those included in total reward strategies, depend on how goals and interests are interpreted, then social dialogue, as an inherently multilateral regulatory methodology, can work far more effectively than unilateral management strategies.

It may also be argued, in this respect, that social dialogue is essential to a proper use of the "capability approach" and "reflexive regulation" mentioned above. In fact, on the one hand reflexive regulation envisages collective relations as a part of "modern" decision-making systems, to be shaped as "learning processes" (van der Meer et al 2005, De Schutter, Lenoble 2010) by means of which all the interests at stake can be represented. On the other hand, also in terms of the "capability approach" collective relations are presented as a means to complement individual empowerment and voice at the workplace (Bonvin 2012, Zimmermann 2012).

In a more pragmatic fashion, it may be added to this argument that the unions, compelled to experiment with new strategies due to the measures laid down in collective agreements in times of crisis, need to seek to intercept new target groups and set up new constituencies. As a result, occupational welfare may also be conceived as a possible new operational terrain for the unions to gain ground in collective bargaining.

However, this set of assumptions is challenged by the current drawbacks of social dialogue. In this respect, the individualisation of employment relations is implicit in much of the current debate on flexicurity and occupational welfare. This is not surprising, considering the progressive weakening of traditional forms of interest representation in employment relations.

Morevoer, it should not be assumed that the inclusion of occupational welfare in the social dialogue agenda necessarily results in a high-road model, in other words a set of "win-win" arrangements that is capable of satisfying the interests of the company in terms of flexibility, productivity and competitiveness while at the same time improving employment quality in the interest of employees. On the contrary, the pressures exerted in the workplace in times of crisis are such that a certain bargaining outcome, although apparently resulting in a mutual gain, for instance saving a certain number of jobs along with occupational welfare arrangements in return for concessions on wages or other contractual terms, may actually conceal a distortion in the relations between the parties, due to the imbalance of the power positions (as in cases where the alternatives offered by the employer entail the closure of a plant or its transfer overseas) and particularly hardship on the part of the employee.

To summarise the argument outlined above, social dialogue is of the utmost importance for a high-road occupational welfare strategy aimed at achieving win-win regulatory outcomes, but its activation is not sufficient in itself. What is necessary is to unleash the potential of social dialogue as a regulatory tool. For this purpose, relations between the social partners need to be less dependent on an imbalance of power between them.

The added value that this research project aims to provide in this respect is twofold. First, as it is clear that this issue needs to be tackled at the European level, an attempt was made to increase the knowledge base with regard to the implementation of occupational welfare practices in different European industrial relations systems, in order to promote the exchange of information and best practices among the stakeholders. In this regard, the report provides information on the situations in Bulgaria, Estonia, Hungary, Italy, Spain and Sweden. Second, an attempt was made to set up a paradigm for the analysis, classification and evaluation of the practices under examination. This paradigm is based on two main pillars.

The first pillar, consistent with the "capability approach", is the concept of "freedom of choice". Starting from Amartya Sen's theory, if high-road regulation entails a closer focus "on the effective needs of the workers seen as individuals", then welfare schemes and provisions laid down in collective agreements should be deemed to be favourable to the high-road strategy in that they provide the employee with the freedom to select, among the available tools, those that are deemed to be the most valuable to the purpose of satisfying their needs according to their personal requirements. This may at times require the adoption of "hard law" devices, for instance in the form of "rights enabling workers to adjust their working time and working hours to their needs during lifetime", as Susanne Burri argues in her paper with reference to work-life-balance and reconciliation issues.

Under this approach, the idea that work organisation can be changed not only to pursue competitiveness, but also to enhance employee well-being, appears to be consistent with the concept of "freedom of choice". Consistent with the "capability of choice" is hence the idea, outlined above, that occupational welfare should be conceptualised broadly, encompassing not only services, economic benefits and benefits in kind, but also changes in working conditions aimed at responding to individual wishes, expectations, and concerns.

The second pillar of the proposed paradigm is in line with the target laid down in the Europe 2020 Strategy: moving towards smart, sustainable and inclusive economic growth. In this perspective, attention is focused on the overall organisational conditions of work which frame the implementation of internal flexibility and occupational welfare measures at company level, emphasising the need to assess whether and to what extent they are consistent with the need to foster competitive strategies based on innovation.

Innovation plays a key role in identifying win-win solutions and high-road strategies. The ability of a company to innovate products and processes is a way to overcome the constraints imposed by markets, where the overall supply of goods and services exceeds the overall demand, and thus competition is mainly based on costs and prices. Innovation is also a way to escape from markets in which consumers have a limited purchasing power or are not willing to pay a premium price to acquire products combining quality and differentiated characteristics.

Unlike competitive strategies based mainly on the company's ability to adapt to the external environment, those based on innovation increase the power of the company *vis-à-vis* consumers and competitors. They thus increase the possibility to rationally shape future

development, to keep control over it, and to produce a steady flow of economic resources to be invested in occupational welfare schemes.

Innovation, when properly organized, is a way to increase the technical and organisational knowledge and competences of the workteams within the enterprise. It is thus a way to make them less "replaceable", and to improve their collective power with respect to the employer. Innovation, when properly organized, can thus favour "freedom of choice", that is, the capability of workers and their representatives to participate, and express their expectations and concerns in collective decision-making and make them count (Bonvin, 2012: 15).

The research project consisted of a review of secondary sources and a first-hand examination of collective agreements, complemented by several case-studies involving all the countries represented in the research team. Data collection was carried out based on the following set of questions:

- What are the sources of regulation of occupational welfare schemes in the surveyed system? Who are the actors, and at what level(s) do they operate?
- What is the general economic situation in which occupational welfare schemes are set up? Are such schemes part of a more complex productive or managerial strategy (defensive or expansive, based on the reduction of costs or on product quality)? In particular, are the experiences under examination framed in a context of productivity, flexibility and competitiveness-related goals? Do they aim to foster flexibility? What kind of flexibility (internal, external, both)?
- What are the matters dealt with under the broad "occupational welfare" concept? What needs are addressed, and what are the measures adopted? The needs may include: work-life-balance, satisfaction and well-being, skills, compensation; the measures may concern: services, pay, organisational design. Does the experience under examination present some kind of linkage between flexibility and other production-related needs and welfare arrangements?
- To what extent do these schemes pursue or establish conditions favourable to freedom of choice, as defined here? Do they provide any particular procedure or toolkit for employee empowerment or voice?

2. The Context: the State of Industrial Relations in the Countries Taking Part

The research project deliberately included a sample of countries belonging to different economic and industrial relations traditions, in order to realise the inherent potential of the comparative method. Although the findings are consistent with the theory that recognises a common trajectory of European industrial relations systems toward neo-liberalism (Baccaro, Howe, 2012), it is possible to identify certain common trends along with some specific features.

First, it should be noted that in all the countries taking part in the project, the economic structure mostly consists of small and medium-sized enterprises that have suffered the impact of the crisis to a significant extent, though the prospects for recovery are uneven as they depend on country-specific conditions.

In almost all the countries under examination, industrial relations are undergoing a profound transformation: Sweden is the only (partial) exception in this respect. The Swedish model of industrial relations does not seem to have been affected by the turbulence of the past decade, and with only minimal changes it has maintained its

characteristics of political stability, strong labour unions matched by well-organised employers, high levels of union density and collective bargaining coverage rates, along with the efficient provision of welfare services and benefits by the State.

As for countries that are undergoing transformation, those in Central and Eastern Europe are at different stages in the transition from the regimes in place until the early 1990s. Whereas in some cases, such as Bulgaria, this implies the endurance of strong trilateral ties between social partners and the government and effective social dialogue, accompanied by a certain degree of deregulation, autonomy and informality on the periphery, in other countries reforms have been implemented (as in Hungary) or are in progress (as in Estonia) that entail a weakening of tripartism giving rise to widespread concern that the State is unwilling to create conditions favourable to the establishment of fair, balanced and autonomous social dialogue, resulting in a lack of consensus on reform among the social partners.

In another group of countries, in Southern Europe (Italy and Spain), the crisis has been accompanied by reforms that appear to be similar, purportedly aimed at adapting the economic system to market demands and enhancing productivity and employment by using regulatory measures: in other words, by means of regulatory solutions capable of responding to specific needs emerging in each country.

Despite their divergent historical paths, both the groups undergoing transformation converge towards similar patterns. The first is decentralisation of the structure of collective bargaining. The predominance of company or local agreements over the national level has been a common feature in the Bulgarian, Estonian and Hungarian systems, mostly due to the weakness of the social partners' organisational structures especially on the employers' side. In Italy and Spain, where sectoral collective bargaining has historically been predominant, lawmakers and the social partners have attempted to shift some regulatory power to the periphery, although the results both in qualitative and quantitative terms are still questionable and it is too soon to draw any conclusions.

In particular, in Spain legislative changes in 2012 allowed company agreements to lay down different terms and conditions, compared to the national level, on matters such as working hours, employment grades and pay.

In Italy two parallel and somewhat contradictory regulatory measures, by the legislator (Act n. 148/2011) and the social partners (a series of Intersectoral Agreements adopted in 2011-2014), have granted company agreements the power to repeal certain provisions laid down in sectoral agreements (and, as far as Act n. 148 is concerned, also in legislation). Without considering the technical and political differences between them, both these sources deal with the regulatory power of company agreements on matters such as employment grades, internal flexibility and working hours, and make the granting of such power conditional on the existence of a need to react to a crisis or to improve the economic position of the company and its repercussion on employment.

The second common trend observed in the countries under transformation, though it may be considered just as an interesting development rather than a clear pattern, is the weakening of the background conditions for the development of social dialogue. This trend is particularly evident in Hungary, where recent reforms have reduced the role of the social partners in tripartite relations with the government, weakened the legal prerogatives of trade union officers in the workplace, and allowed exemptions from certain legal provisions to be laid down in individual contracts, thus reducing the incentive to bargain collectively.

A similar process is taking place in Spain, where recent reforms have extended the unilateral power of the employer in terms of mobility from one job to another, the

distribution of working time and other matters relating to internal flexibility. Moreover, Spain is experiencing an increase in informal arrangements known as "workplace agreements". These agreements provide exemptions from sectoral provisions but, unlike formal collective agreements, do not require stable employee representation, thus exposing collective bargaining and its outcomes to a shift in power relations.

The informality of social dialogue on the periphery is an issue also in Bulgaria, where employers benefit from extensive unilateral powers, especially on matters such as work organisation, job flexibility and wages. A more stable situation may be observed in Italy, though it should be noted that the 2011 legislation – whose effective implementation is still incomplete both in quantitative and qualitative terms – risks promoting further uncoordinated decentralisation (not requiring prior coordination between the central and decentralised bargaining levels). As a result of the vague criteria for identifying the signatories, this gives rise to the risk of upsetting the balance of power between the two sides of industry.

The increasing importance of company-level bargaining in the majority of the countries under examination may pave the way to the creation a favourable environment for innovative strategies and regulatory solutions responding to the needs of both employers and employees, in a "win-win" scenario consistent with the theoretical assumptions outlined above. In this connection, occupational welfare provisions could contribute to the pursuit of high-road strategies fostering competitiveness and quality employment.

However, the conditions under which these processes are taking place give rise to doubts about this claim. In fact, in a context characterised by the overwhelming presence of small and medium-sized enterprises, particularly affected by the crisis, thus not leaving much space for negotiation on an equal footing, the opportunities to develop a "high road" model based on freedom of choice appear to be limited.

In addition, the widespread presence of small and medium-sized enterprises, with low union density and limited bargaining expertise, highlights the problem of the limited coverage of the schemes set up by collective agreement, with the risk of increasing the polarisation of the workforce, widening the gap in the level of protection and personal well-being.

3. Trends

A) Mapping of Collective Agreements and Social Dialogue Practices

With regard to the analysis of the collective agreements, an initial set of answers to the questions raised concerns the level of regulation. In line with general trends in the industrial relations systems, the findings show a predominance of peripheral levels in this respect, with the company level as the main regulatory forum. Sweden seems to be an exception, as the Swedish system relies on national-level competencies, with sectoral collective agreements playing a key role in supplementing welfare state provisions.

In other countries, sectoral agreements play a more limited and functionally different role in relation to decentralised bargaining. This is the case of Spain, Italy and, to a more limited extent, Bulgaria, where compensatory and insurance-like provisions laid down at the national level deal with issues such as health care, pensions and income support with the aim of supplementing public welfare provisions (not differently from the Swedish case), whereas decentralised agreements cover a broader range of occupational welfare models.

Taking an in-depth view of the levels and matters of regulation, in systems where decentralised bargaining and social dialogue can take place both at company and local level, a distiction can be made between the two levels as regards the contents and the aims of these practices. In Italy, joint committees and paritarian institutions established by the social partners operate at the local (as well as the national) level mainly in sectors characterised by a high level of fragmentation of the production system, discontinuity of employment and limited coverage of public welfare schemes. They deal with matters such as income support, health insurance, pensions, vocational training and personal services thus representing an alternative rather than a supplement to public welfare provisions.

The Italian experience shows that negotiations at the local level can also play a role in guiding company-level strategies, providing expertise and additional resources (of a normative as well as technical or economic kind) in cases where, especially in relation to small and medium-sized enterprises, internal company-specific constraints prevent the spontaneous development of social dialogue.

In some cases, as in Italy and Bulgaria, local negotiations may involve public actors. In these cases, occupational welfare forms part of a broader strategy aimed at promoting the development of a district or a territory or identifying exit strategies in response to the crisis and the related threat to employment and social cohesion. However, the effectiveness of these experiences is strictly dependent on the extent to which public actors are willing to support the scheme with economic resources.

In the light of the scenario outlined above, occupational welfare provisions at company level are (not surprisingly) mainly provided in large companies, internationally-oriented and often belonging to a multinational. In this respect, the research also examined transnational company agreements showing that "new social risks" are of some concern also for the multi-level system of governance that transnational company agreements are part of. In fact, 45 out of 150 agreements examined, most having as signatories on the employer's side a company headquartered in France, contain one or more provisions that fit the definition of occupational welfare adopted in the research project. These provisions mainly focus on training and work-life balance, and are often presented as aimed at satisfying employee needs and the enhancement of quality of life at work as drivers of better performance and greater productivity, while taking account of sustainability and economic constraints.

In most of the countries under examination, company agreements lay down organisational measures and pay schemes, with these schemes prevailing in nearly every case. An unusual case in this connection is the experience of Hungary, where occupational welfare is entirely related to economic benefits.

Compensatory measures normally consist of cash benefits relating to health and childcare, insurance schemes, pension funds, measures for the support of purchasing power such as loans, grants and vouchers relating to various goods (education, food, housing, leisure facilities).

As pointed out in the Italian report, though arguably the case in all the countries examined, the particular emphasis on remuneration and the increased focus on needs related to the maintainance of purchasing power is probably due to the slow movement of wages and salaries in the economic downturn.

Measures that imply an intervention in relation to the organisational structure of the company are usually linked with work-life-balance needs, and mainly consist of flexitime, telework, working time banking schemes, specific agreements on part-time arrangements for workers with care duties, and parental leave. Contractual arrangements of this kind often supplement statutory rules, providing higher levels of protection for the workers involved, e.g. longer periods of time off, paid leave, additional rights that can be claimed in

court against the employer, such as access to voluntary part-time work. In other cases, the measures need to be tested against the adaptability to the contingent situation of the company and organisational needs. As a result, in these cases workers may have certain expectations, but what counts in the end is the discretionary power of the employer.

The widespread extent of these provisions shows that freedom of choice is normally not recognised as a driving principle in occupational welfare arrangements at the workplace: at least in the light of the theoretical framework laid down in the first section (Burri; see for further analysis *infra* Curzi, Fabbri, Senatori), which maintains that the effectiveness of work-life balance measures is strictly dependent on the legal strength of the demands put forward by workers to their employers. However, the survey of Italian agreements shows cases in which agreements provide workers with the possibility to choose between various measures to respond to personal needs (e.g. part-time, time banking schemes, unpaid leave). Furthermore, in the Italian experience the governance of many occupational welfare schemes is assigned to social dialogue methods, such as bilateral committees and co-determination procedures, providing room for employee voice, thus realising one of the preconditions of freedom of choice in the collective perspective (Bonvin 2012).

The functional link between occupational welfare, flexibility and organisational design does not appear clearly in any of the experiences under examination, although a few transnational agreements lay down a commitment to organising job content in such a way as to ensure that it does not result in exclusion, and acknowledge the variable nature of workers' needs and personal expectations throughout the life circle, thus committing the company to take into account this characteristic in organisational design.

As for the Hungarian case, it was not possible to establish any relationship between contractual provisions on work flexibility and those relating to occupational welfare. The same holds true for Bulgaria, where, as noted, flexibility is largely a matter of the employer's interest that is part of the employer's prerogative. This is the case also in Sweden, where welfare schemes are designed so as not to interfere with the flexibility requirements of the employer.

As noted in the Italian report, agreements do not make explicit claims about a clear functional link between internal flexibility and the welfare schemes provided, but a connection seems to be present in some cases. The employees agree on flexible forms of work, thus meeting company requirements relating to competitiveness, while the employers provide occupational welfare measures on the assumption that these rewards will enhance worker commitment and productivity.

To summarise this point, it may be argued that in all the cases under examination occupational welfare operates at best as part of a compensation strategy, or, to put it another way, as an element in the contractual exchange between flexibility and productivity, rather than as a part of a more general strategy aimed at operating on the organisational design of the workplace in order to achieve win-win arrangements that are capable of responding to both productive and personal needs.

Against this background, however, there is a need to highlight the difference between countries such as Sweden that have managed to safeguard the twentieth-century social contract, whereby universal welfare measures based on a mixture of State and sectoral collective bargaining provisions minimize the impact of flexibilisation of employment at the workplace and the emergence of "new social risks", and the other countries covered by the research project, that are undergoing different processes of transformation and are still struggling to lay down the foundations of a new social contract. For this group of countries, the risk is that the background against which these processes are taking place, characterised by scarce resources – including wealth and jobs – and increased competition

on both sides of industry, may lead to widening gaps between the various sectors of society and a general deterioration of the social and economic scenario.

B) Case Studies

In light of the main trends emerging from the analysis of the collective bargaining agreements, the analysis of the case studies mainly focused on social dialogue at the company level in large firms operating internationally or belonging to a multinational group.

Ten case studies were analysed in all: one in Sweden, one in Hungary, four in Italy, three in Bulgaria, and one in Spain.

The case study in Sweden concerned a car manufaturer, recently acquired by a Chinese automotive company.

The case study in Hungary concerned an automotive company belonging to a German group.

The four case studies in Italy concerned the following companies:

- a motorcycle manufacturer recently acquired by a German group;
- a company providing design, engineering and construction services for pre-series prototypes for car manufacturers, belonging to the same German multinational as the previous firm;
- a manufacturer of packaging machinery for the food sector, belonging to a Swedish multinational;
- a leading supplier of machinery for cigarette manufacturing and packaging, filter production, other tobacco products and special products, belonging to an Italian multinational.

The case studies in Bulgaria concerned the subsidiaries of multinational companies in the brewery and malt production sector.

Finally, the case study in Spain concerned a Spanish multinational company leader in the exploration, extraction, refining and marketing of petroleum, liquid natural gas and energy.

These studies show some similarities as well as differences. As for the similarities, in all the companies the workforce is mainly high skilled. In addition to cost reduction, productivity and efficiency, the competitive strategy focuses on the quality of the products delivered, and/or on the company's ability to continuously generate new product ideas and/or innovate production processes, and organisation. Moreover, a well-structured system of industrial relations supports social dialogue at the company level. As for the differences, they mainly concern union density at the company level. In the case study in Sweden union density is about 96% among blue collars and 40% among white collars. In the case study in Hungary it is nearly 60%; in the four cases in Italy it is nearly 35%, 20-30%, 20%, and 45% respectively, and in the three case studies in Bulgaria, 40%, 60% and 10% respectively. Also in the case study in Spain, a significant proportion of the workforce is unionised, but the union members are mainly in middle-ranking and low-level positions, while the majority of the workforce consists of professional employees.

The analysis of the case studies was aimed at gaining an in-depth understanding of the practices of the social partners at company level to identify solutions capable of fostering both company competitiveness and the quality of employment. Other aims were to cast light on the wider organisational conditions framing such solutions, and to assess whether they are adequate to increase the company's ability to develop innovations.

In this connection, information was collected through document analysis and semi-structured interviews with key informants, including workers and management

representatives at the company level. Semi-structured interviews were carried out on the basis of the questionnaire in Appendix.

The main trends emerging from the analysis of the case studies are in line with those resulting from the mapping of collective agreements and other documents concerning social dialogue.

In almost every case study, the measures taken concerning work organisation are primarily aimed at meeting the competitive needs of the company. In this connection, mainly internal rather than external labour flexibility measures are implemented at the workplace, especially where the company competitive strategy places the emphasis on high-level skills and on employee commitment to fulfilling organisational goals.

On the whole, the internal flexibility measures adopted include all dimensions of flexibility covered by the flexicurity concept, i.e.:

- *wage flexibility*, mainly in the form of performance-based pay;
- *working time flexibility*, mainly in the forms of overtime, work time banking schemes to cope with fluctuations in market demand, shift work;
- *functional flexibility*, in the forms of rotation of employees across different jobs, and working areas, training to enable employees to become multi-skilled, and semi-autonomous working groups.

In many cases, the implementation of internal flexibility measures concerns management techniques such as Lean Production, and World Class Manufacturing.

Some of these internal flexibility measures may also have positive effects for satisfying the individual needs of employees. However, this is only a secondary effect of work organisation changes aimed mainly at meeting company requirements.

This is the case, for example, of the new agreement on cyclically adjusted working hours for blue collars signed by the social partners at the company level in the case study in Sweden (FurÅker, Part III in this report). Based on three "time banks" (Green, Red and Blue), this arrangement is mainly designed to allow the company to adapt production quickly to market volatility and accompanying variations in orders. With less working time flexibility, the company may need to dismiss workers, but the procedure in case of redundancy can be difficult and time-consuming. Moreover, at the end of the process, the situation may have changed completely: the economy may be expanding again and the company may have a shortage of personnel. From the company point of view, then, it is preferable to have the possibility to adapt the numbers of working hours to cope with market fluctuations. For the employees, the new agreement means that they have to work extra hours during certain periods. On the other hand, the acceptance of the variation of working hours should increase their job security. In addition, the new agreement includes a shortening of daily working time by 36 minutes, which is a significant change given the strict regulation of working hours inherent in the system of production.

Wage flexibility is another example of internal flexibility primarily intended to respond to the need for company competitiveness, but capable of producing secondary effects for the satisfaction of individual employee needs. In the four case studies in Italy, and in the case study in Hungary, the social partners agreed on the implementation of a performance-based compensation system. In the three case studies in Bulgaria, the trade unions were consulted about the measure under consideration. In the case study in Spain, the company first unilaterally introduced variable pay, based on *individual* performance appraisal, for professional staff only (i.e. employees not covered by the collective agreement). Then, in 2012, the Group Framework Accord for its Spanish operations extended the adoption of performance evaluation and variable pay (based on *collective* targets) also to employees covered by the collective agreement. For the company, wage flexibility is a means to

motivate employees to achieve predetermined performance targets established either at the individual level, or at team or company level. In other words, for the company, wage flexibility is a means to strengthen employee commitment to work effectively to reach predetermined organisational goals, and thus to assure or increase their identification with company objectives. For employees, performance-based pay systems may represent a form of income support, aimed at restoring, maintaining and/or increasing purchasing power in the light of the slow dynamic of wages and salaries, especially in the current economic downturn. Moreover, as the Spanish case study shows, variable pay may be a means to deal with dissatisfaction with limited career development opportunities in the company among the most ambitious employees in middle-ranking or low-level positions (Gómez Abelleira and Dubin, Part III in this report).

Training a multi-skilled workforce is another important matter. Primarily aimed at providing companies with employees capable of carrying out more than one task, this internal flexibility measure increases company productivity and operational efficiency. As a secondary effect, however, it may also respond to the needs of some employees – the youngest or the most ambitious – interested in acquiring more advanced skills and having career development opportunities. However, to the extent that training is mainly aimed at promoting employee adaptability to company requirements, or to the extent that it is self-financed by the company (as in the case study in Hungary), there is no guarantee that the new skills will be transferable to other work environments, thereby promoting greater employment security.

In relation to occupational welfare measures, those consisting in cash benefits and services are present in all the case studies analysed. They mainly concern dismissals, parenting, sickness, retirement, leisure, transportation, health, supplementary income support in case of parental leave and other events (buying or restructuring the first or second home), education for children of employees, work-life balance, and time management support.

Occupational welfare consists exclusively of such measures especially in case studies where the social partners view interventions concerning work organisation as falling exclusively within the management prerogative. This is particularly evident in the case study in Hungary, and in the three case studies in Bulgaria where the influence of trade unions on work organisation changes is low or absent. The same approach may be seen also in the case study in Sweden where the trade unions enjoy a comparatively stronger position.

Within the realm of occupational welfare measures consisting of cash benefits and benefits in kind, the analysis of case studies highlights the adoption of new, original solutions, such as those implemented in the Italian company producing machinery for the tobacco sector (Dazzi, Part III in this report). These measures include "community welfare" services, that is company unilateral provisions aimed at reassuring local stakeholders that corporate strategies are firmly rooted in the local area and showing gratitude to the community (local stakeholders, local expertise and knowledge, local institutions, social capital, local social dialogue and so on) for contributing to the success of the company. The innovative solutions mentioned above also include the introduction of the new social representative, a worker representative in charge of supporting employees for all those social issues affecting them individually. Along with the company counsellor, the social representative is responsible for activating and coordinating all local aid networks, and is required to gain specific skills and expertise in listening to and understanding individual social cases. Recently, the social partners have formally included the establishment of this new representative in the collective agreement signed at the company level.

In relation to occupational welfare measures consisting of interventions concerning work organisation, the analysis of the case studies shows that, where they are present (case studies in Italy and Spain) they mainly concern working time. In this regard, three practices are noteworthy. As argued below, they address different kinds of individual needs.

The first practice concerns the case study of the company producing packaging machinery for the food sector (Curzi, Part III in this report). Here, social partners agreed to introduce flexible ways of working, concerning both time and space in order to make it easier for employees (mainly white collars) to fulfil family duties as carers or to satisfy their work-life balance needs. After the adoption of performance-based evaluation and reward systems, attention is no longer on employee compliance with rigid timing regulations to carry out work. It is rather on their ability to reach agreed targets, fulfil assigned tasks, meet deadlines, and undertake commitments to coordinate their work with that of their colleagues (i. e. taking part in meetings when and where they are scheduled by work teams).

Within these limits, employees can decide at their own discretion when and where to carry out work. In this connection, the company makes available technological support (i.e. mobile phone and personal computer) to employees so that they can work efficiently from home, and outside the office. In addition, the company collective agreement lays down that employees must themselves certify their presences, absences, and overtime, as self-certification provides the information needed to calculate employee remuneration. The company collective agreement also lays down that, where necessary, the company can use data from the technical devices used to control access to the plant for security reasons, in order to verify employee self-certification.

The second noteworthy practice is the one implemented by the social partners in the company working in the motor vehicle sector (Curzi, Part III in this report). In the case under examination, the company needs to use fixed-term contracts and temporary workers to cope with seasonal fluctuations in sales and production volumes. Seasonal fluctuations, however, are highly predictable, with increasing volumes concentrated from January/February to July. In addition, social partners agree that stable and long-term employment, rather than temporary and fixed-term contracts, is needed to achieve the competitive targets of high quality and productivity. In light of this, the social partners have started experimenting with a form of "vertical" part-time contract according to which blue collars work seven months, from January to July, paid as if they were eight months. "Vertical" part-time serves to cope with seasonal fluctuations in production and sales. It is also a means to transform a certain number of fixed-term contracts into part-time open-ended contracts, and then into full-time open-ended contracts when sales volumes increase, reaching the level that requires the production department to have a larger number of employees even in the low season. Vertical part-time is thus a flexibility measure that can be used to increase long-term stable employment.

The third practice deserving particular attention concerns arrangements based on teleworking (home working) and flexible working time adopted in the case study in Spain to give employees the opportunity to improve the balance between their professional and family life (Gómez Abelleira and Dubin, Part III in this report). These arrangements are entirely a product of managerial initiative, but developed, implemented and evaluated with the participation of union representatives. At least initially, however, and until an employee survey revealed widespread employee support for them, the unions were often reluctant to embrace these new policies. These arrangements are implemented in a changing work setting. Employees are asked to make the transition from an attitude of "being present at work" to one of "being efficient", and to adopt forms of behaviour (collaboration, knowledge sharing, and taking whatever initiatives are required to achieve the

organisation's goals) sharply contrasting with those required in the previous company culture based on a "command and control" logic. In this framework, the management considers these arrangements as crucial tools to recruit, retain and increase the productivity of the more skilled employees, and a key means to build their commitment to pursue company strategic and operational objectives. In this connection, the company has revised the performance evaluation criteria of all managers to incorporate the objective of promoting work/life balance among their employees, and in order to ensure the success of teleworking.

Moreover, in the near future, the Human Resources Department is looking to progressively eliminate formal working hours and to encourage staff to take ever more responsibility for achieving their own objectives. With regard to results, the implementation of the new policies has led to greater productivity, emotional wellbeing, time available for private and family life, and economic savings reported by employees, as well as to improved company reputation with respect to external stakeholders.

The case studies cast light on the logic adopted by worker representatives in relation to internal labour flexibility and occupational welfare. On the one hand, worker representatives agree to management requests for employees to adjust in a flexible way to respond to economic, technological and organisational needs. As a result, worker representatives cooperate to implement internal labour flexibility measures, work organisation changes mainly directed at increasing efficiency, productivity and product quality, and support the corporate culture and corporate social responsibility practices as in the three case studies in Bulgaria. On the other hand, with regard to occupational welfare, they act in line with a perspective of acquisition of rights, or at least benefits. These may take the form of remuneration, services, job security or working time arrangements aiming at satisfying individual employee needs while taking account of economic, technical and organisational constraints.

The interviews carried out in the Italian company in the tobacco sector (Dazzi, Part III in this report) show that occupational welfare and the terrain of individual rights are of particular importance to a highly skilled workforce. Acting on individual rights and attracting a highly skilled workforce might turn out to be a means to improve unionisation rates, and to improve the ability of workers representatives to influence decision-making at company level, especially in companies that produce high quality products and thus are heavily dependent on a highly skilled workforce.

More generally, occupational welfare and the terrain of individual rights may turn out to be a general topic around which trade unions can build support among the workforce, even though it no longer represents a homogenous group but rather a set of heterogeneous individuals in terms of professional skills, gender, age, and individual needs.

In light of the above considerations, what is interesting in this connection is the extent to which the social partners are able to act in the field of occupational welfare in line with the concept of "freedom of choice". In this regard, an analysis of the case studies provides mixed results.

In the majority of cases, the occupational welfare measures are placed in a social dialogue framework and many of them are explicitly laid down in the collective agreement at the company level. Employees are thus entitled to benefit from them, and this strengthens "the readiness of interlocutors", and thus the employees' capability for voice and their freedom of choice (Bonvin, 2012: 15, 16, 17). In the case study in Hungary, the social partners regularly discuss whether the list of measures offered meets the employees' needs. In two case studies (one in Italy and the one in Hungary), the employees have the possibility to choose the preferred measure within a predetermined list in accordance with

their own specific needs. In the context of occupational welfare measures in a social dialogue framework, the Spanish case study depicts an interesting trajectory toward high road practices consistent with "freedom of choice", at least with respect to the dimensions concerning "the available entitlements" and "the readiness of interlocutors" (Bonvin, 2012: 16-17). In the case under examination (Gómez Abelleira and Dubin, Part III in this report), work-life balance practices based on work organisation interventions were initially focused on senior professional staff, and unilaterally provided by the company, rather than negotiated with employee representatives. However, the success of these arrangements, as measured by employee satisfaction, retention and productivity, encouraged management to include the heavily unionised core of workers covered by collective bargaining in the new programmes. Union representatives were initially reluctant to embrace the new policies, at least until employee surveys highlighted widespread employee support for them. In light of this, they are now active participants in the development, implementation and evaluation of these new policies. In the case at hand, management representatives acted as "change agents" to widen the scope of collective bargaining, and the number and kind of workers entitled to benefit from the new programmes. In so doing, management representatives promoted a major shift in the attitudes and roles of union representatives.

In contrast with these positive practices, however, there are also two case studies in Italy (the packaging machinery manufacturer belonging to the Swedish multinational, and the company in the tobacco sector belonging to the Italian multinational), where occupational welfare measures, mainly consisting of services, are unilateral management provisions. In these cases, employees enjoy a mere expectation, and the provision of the measures is entirely at the employer's discretion, reflecting his personal appraisal of the economic situation of the firm. In these cases, then, "the readiness of interlocutors" and "freedom of choice" are clearly reduced.

One factor promoting "freedom of choice" is that employees may participate effectively – via the union action - in the rule-setting process concerning the definition of working conditions (work content, timetable, methods of remuneration) with the specific aim of detecting, reducing or redistributing the constraints that negatively affect their well-being. In this respect, the analysis of the case studies provides mixed results.

On the one hand, it seems that the social partners tend to neglect the impact on employee wellbeing of internal flexibility measures implemented. Let us consider only two examples.

In one of the case studies in Italy – the company providing services of design, engineering and construction of pre-series prototypes for car manufactures, belonging to a German multinational group – variable remuneration, and especially the reward schemes linking compensation to the achievement of team and company predetermined targets, are designed to motivate employees to "be present at work". As a result, the risk is that the above-mentioned schemes discourage employees from taking time off to fulfil care duties, or to combine effectively work and private life. This, in its turn, may negatively affect the objective and perceived individual wellbeing. In another case study in Italy – a packaging machinery manufacturer belonging to a Swedish multinational group – employees at all level are simultaneously responsible for carrying out innovation concerning the methods of production, and daily work tasks. For all employees, but especially for those in the assembly and test department, having joint responsibility for ordinary work tasks and innovative activities may reduce the perceived monotony of work, and increase perceived well-being. The same organisational choice, however, implies that employees have to switch their attention continuously from daily work tasks to innovative activities, and vice versa. This, in turn, increases the effort that employees have to make to adapt to each

activity. Thus, the result may be a cognitive intensification of work, and greater levels of fatigue with possible negative implications for work-life balance.

On the other hand, however, there are case studies like the Spanish one (Gómez Abelleira and Dubin, Part III in this report) where the introduction of new work-life balance practices based on interventions concerning work organisation is related to results such as greater emotional well-being reported by the employees involved. In addition, the new programmes were implemented jointly with a revision of the performance evaluation criteria of management in order to commit managers to promoting work-life balance among their employees. Finally, the company provides a range of measures to promote health and safety at work. They concern the prevention and management of chronic illnesses, such as dyslipidemia, high blood pressure, and diabetes, the early detection of cardiovascular problems, and the assessment of psychosocial risks related to work. This aspect, however, deserves greater attention.

Recent research highlights the fact that new forms of work organisation – characterised by an emphasis on efficiency, responsibility and workers' attitude to take whatever initiatives are required to realize the organisation's goals – actually result in an intensification of work, and a loss of well-being (Eurofound, 2014). As Selye's research on stress highlights, the loss of well-being may be measured by objective indicators such as those relating to high blood pressure, diabetes, and cardiovascular problems (Selye, 1976). In light of this, the following issue arises from the Spanish case study: whether and to what extent the adoption of measures aimed at constructing the new company culture demanding higher levels of commitment from workers is associated with the occurrence or worsening of stress-related diseases such as those addressed by the specific programmes implemented at company level to manage chronic illness and detect cardiovascular problems at an early stage.

As a final step, the research project dedicated particular attention to the capability of the social partners to properly organise innovation, to define and implement organisational conditions to foster innovation, both of products and of processes.

Innovation is a building block in the competitive strategies of many of the companies analysed. However, some of the organisational choices in the case studies investigated are not consistent with the aim of promoting innovation.

In a number of the case studies, performance-based remuneration schemes are adopted to reward employees contribution to the achievement of company performance measured in terms of profitability and revenue-generation. Such schemes may be included in the collective agreement and applied not only to blue-collars but also to white collars working in R&D (all the case studies in Italy). Or they may be a unilateral management policy (i.e. performance-related pay schemes based on "management by objectives") applied only to white-collars and executives staff. According to the existing organisational literature, however, performance assessment, and reward systems that focus attention on current revenue generation jeopardise innovation. In fact, they motivate managers and other employees to focus their attention on short-term results at the expense of the development of creative solutions, untried in practice, and to avoid risky investments for future development (Ansoff and Brandenburg, 1971; Bartlett and Ghoshal, 1989; March and Simon, 1958). In addition, and with respect to white-collars in R&D, it has been shown that salaries, rather than variable remuneration, are the most effective way to reward employees involved in innovation (Powell, 1990), especially when it is not possible to accurately attribute the achieved results to individual behaviour or decisions (Simon, 1991), as it is the case in innovation (March and Simon, 1958).

In addition, the existing literature argues that managers should focus their attention on the creation of a set of organisational preconditions that foster innovation rather than establishing predetermined targets for team involved in innovation activities. According to March and Simon (1958), the first organisational condition is to maintain employee attention focused on non-programmable activities (those related to innovation process), and to avoid assigning them also programmable activities (those related to daily work processes). Assigning both tasks to employees distracts their attention from non-programmable activities, and reduces the pace of innovation. In this respect, however, in one of the case studies in Italy, mentioned above, it was found that there was a quite different and potentially ineffective organisational choice: employees at all levels are simultaneously responsible for carrying out innovation activities concerning the methods of production, and daily work tasks.

A second organisational condition that fosters innovation is to create inter-functional teams involving not only employees in R&D but also sales and marketing personnel and those working in production. It is also necessary to foster collaboration between such teams and external sources of information such as research institutes, departments of basic research, and/or R&D colleagues working in other companies (Powell, 1990; March and Simon, 1958).

In this regard, the analysis of case studies shows mixed results. In the company based in Italy and working in the vehicle manufacturing, road motorbike R&D is closely related to racing motorbike R&D, which in turn takes place in collaboration with universities and research centres. In addition, in the company located in Italy and providing services of design, engineering and construction of pre-series prototypes to car manufactures, employees belonging to different departments normally interact continuously with one another during the development process, using collaborative technologies. However, in almost all the case studies analysed, blue collars working in production do not usually take part in inter-functional teams to generate product innovation. Highly skilled workers in the production department are in some way involved in innovation activities. In fact, they are required to find innovative solutions to solve, individually or together with their colleagues working in production, unexpected operational problems arising during work. This is the most important means to draw on knowledge acquired in production to foster innovation.

4. Conclusions and Recommendations

The overall picture that emerges from the research project does not seem to be entirely consistent with the theoretical premises of a "high road" strategy to competitiveness that was outlined initially, especially with regard to countries that are undergoing processes of transformation.

First, the changes in industrial relations systems are not such as to indicate a promising scenario. On the one hand, it is the case that the decentralisation of collective bargaining might open new windows of opportunity for the introduction of innovative arrangements grounded on a proper evaluation of the peculiar and contingent conditions faced by companies and workers. On the other hand, several elements, including the composition of the economic environment, made up of small and medium-sized enterprises, the current economic and social conditions and the political impact of the recent reforms do not seem to be favourable to unleashing the regulatory potential of social dialogue, as they fail to promote the development of bargaining processes on an equal footing between the parties.

Second, the social dialogue practices under examination do not seem to pay close attention to the "freedom of choice" principle; nor do they seem to integrate occupational welfare into a more general strategy of reform of the organisational design of companies aimed at using flexibility as a tool to promote competitiveness, productivity and personal well-being. Rather, occupational welfare is mostly presented by companies as a reward for the achievement of higher productivity targets and the acceptance of increasing demands from the company in terms of flexibility.

Clearly a significant number of arrangements are consistent with the "holistic" concept of occupational welfare adopted in this research project, insofar as they include tools that insist on organisational flexibility, especially with regard to work-life-balance needs. However, the impression is that the management of such tools is mainly in the hands of the employer. From a broader perspective, several experiences suggest that occupational welfare is mainly conceived by companies as a management tool of a unilateral kind, and that the role of social dialogue and industrial relations in this respect is not fully appreciated by employers.

However, it may be argued that much can - and should - still be done to drive social dialogue towards the "high road": not only because the outcome might be more consistent with the premises of the European Social Model, in terms of values and economic efficiency, but also because, as shown in statistical surveys (Eurostat), the current levels of productivity in the countries involved as well as in Europe as a whole still have significant margins of improvement, and it cannot be ruled out that this may happen by means of a virtuous integration between increased production levels and higher personal well-being rather than, as seems to be the case in some countries, by virtue of positive outcomes between steady production levels and decreased costs relating to salaries and quality of work.

In this perspective, to conclude, our findings may be integrated with some policy suggestions addressed to decision-makers and stakeholders.

First, some remarks may be addressed to the **social partners**, and in particular to the **trade unions** for, in the current framework, they are the players who may benefit from the shift to occupational welfare. Individual rights and occupational well-being are matters general enough to attract the interest of many different employees. As the case studies show, they may be considered by trade unions as a means to improve the unionisation rate at company level, and thus to increase bargaining power at the workplace. For this purpose, the two main levers that should be operated are training and coordination.

Training is necessary in order to understand how a wide range of personal interests, such as those related to "new social risks" and occupational welfare, can be brought together in a unitary frame of action and provided with proper representation in the bargaining arena.

In other words, the challenge is to learn how to intervene and change work organisation in order to satisfy three needs.

First, the need for employees to participate effectively at all stages (design, implementation, assessment) in the rule-setting process shaping organisational conditions. Only in this way will they be able to assess whether and to what extent working conditions are consistent with respect to their individual wishes, expectations and concerns.

Second, there is a need to make room for the possibility to eliminate or redistribute organisational constraints which negatively affect personal well-being.

Third, there is a need to analyse work organisation not only to improve the well-being of employees at work, but also to identify and change the organisational choices that are inconsistent with respect to the aim of innovation. The challenge for the social partners is

to acquire specific competences, those related to the implementation of forms of action research consistent with the solution of analytic re-composition (Albano, 2012). In this kind of research, the analysis and change of the work organisation are carried out by a research group whose members may be: "researchers from universities and other institutions, physicians dealing with preventive medicine, engineers, labour unionists, economists, and so forth. In any case, the subjects who are involved on a daily basis in the process studied must necessarily be part of the research group. For there to be effective change, there must be participation by everyone who has the power [competences] to make decisions about the design of the organisation as a whole, regardless of formally assigned authority and responsibilities" (Albano, 2012: 23).

In the framework of **reflexive regulation**, the social partners may thus aim at determining the **procedural framework** that would empower individual workers *vis-à-vis* their employers in the drafting and management of any welfare scheme. By way of example, collective agreements may lay down on the one hand a set of welfare arrangements and schemes meant as alternative responses to a certain personal need (such as the alternative between paid leave and the purchase of external care services in respect of family commitments), and on the other hand the conditions under which the individual employee can rely on them. In such a framework, representativeness and the accountability of the actors involved in the procedure should be guaranteed. Moreover, monitoring and conflict resolution tools should be set up to ensure the enforcement of the agreements.

In addition, **coordination** is necessary to overcome a set of constraints that are inherent in the structure of the industrial relations systems concerned. The prevalence of small and medium-sized enterprises, the consequent uneven coverage of company agreements and the limited expertise of bargaining actors on both sides, suggest that the local level might operate as a supplementary level for the framing of bargaining guidelines or subsidiary provisions, or for the exchange of best practices.

As for **policy-makers**, both at the national and European levels, the ways to strengthen social dialogue in this field, in the light of the evident shortcomings, are threefold.

First, **autonomous coordination and exchange of best practices should be supported** and facilitated by public actors by means of the establishment of specific forums, the dissemination of best practices and the activation of dedicated campaigns for the raising of awareness and the advancement of knowledge on these matters.

Coordination and the exchange of best practices should play a key role also to sustain the capability of the companies to pursue innovation-based competitive strategies. As highlighted in the literature (Powell, 1990; Berger, 2005), the capability of a company to innovate rarely depends on its size. What is more important is the support from the coordinated cooperation of a constellation of forces, including national policies and local governments that promote research and development and encourage links between centres of higher education and learning and industries, the ability of companies to recruit highly skilled workers from the labour market, and cooperation among firms with specialised skills and overlapping interests.

Creating **"network"** conditions to promote innovation could be useful not only for fostering the competitiveness of large firms but also for small and medium-sized enterprises. In any case, creating such a "network" to support innovation might require the social partners to build strategic alliances at local, sectoral, national and transnational level. The aim is to mobilise adequate means of pressure and to effectively press their claims for innovation on the agenda of other stakeholders whose contribution (in terms of economic resources and willingness to cooperate) is necessary to create the network environment surrounding and sustaining innovative firms.

Second, a reliable set of **incentives** for the activation of occupational welfare schemes, even of an experimental and innovative kind, should be deployed. In this respect, several national reports pointed out that fiscal policies are not aligned with current occupational welfare practices, and often are not effective in supporting the establishment of contractual arrangements at the company level.

Third, in a **"smart regulation"** perspective, the structural imbalance of power in the bargaining arena should be taken into account. In this respect, legislation should contain specific measures aimed at incentivizing collective bargaining (for instance making negotiated schemes and regulations more convenient than those based on the unilateral initiative of the company) and supporting the weakest parties by means of the deployment of ancillary or subsidiary legislative provisions.

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PART I – GENERAL FRAMEWORK AND THEORETICAL FOUNDATIONS OF THE PROJECT

Getting Flexicurity Right: New Ways to Reconcile Welfare, Flexibility and Competitiveness in a Post-Crisis Europe

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Summary: 1. The Shortcomings of Flexicurity and the Search for a "High Road" in European Employment Policies: The Case For Taking Occupational Welfare Seriously. – 1.1. "Girlfriend in a coma". The future of Flexicurity between decline and revitalization. – 1.2. "Occupational Welfare": What it is and how it can get Flexicurity to the "High Road" – 2. Making room for win-win flexicurity strategies: an organizational perspective. – 2.1. A closer examination of certain taken-for-granted links A) The link between Flexible Forms of Work Organization, high performance, and companies' ability to develop over time B) The link between Flexible Forms of Work Organization and Occupational Welfare (and Well-being) – 2.2. The organizational choices underlying win-win solutions. – 3. Setting Up an Analytical Framework to Evaluate Occupational Welfare Arrangements in a High-Road Perspective. – 3.1. The interests at stake: a matter of freedom.3.2. The regulatory techniques and the role of social dialogue. – 4. Conclusion.

1. The Shortcomings of Flexicurity and the Search for a "High Road" in European Employment Policies: The Case For Taking Occupational Welfare Seriously

The aim of this paper is to introduce the international research project "Going Up the High Road. Rethinking the Role of Social Dialogue to Link Welfare and Competitiveness", which is carried out by a network of nine European universities and research centres led by the Marco Biagi Foundation.

The project was awarded a grant by the European Commission under the Social Dialogue line. As a result, its focus is on social dialogue practices, or, put in another way, on the different European industrial relations systems. More particularly, the aim of the project is to reconstruct and compare the various regulatory and policy approaches adopted by the social partners in relation to competitiveness, flexibility and welfare in the countries involved, and to evaluate their impact in the current social and economic framework.

Generally speaking, social dialogue is seen as a useful, flexible and efficient mechanism for promoting resilience in the face of the economic crisis and generating social consensus on the exit strategies enacted at the European and/or national levels (European Commission 2013a). In a similar vein, a relevant body of research has shown that collective bargaining was crucial in "moderating the impact on employment of the sharp downturn in economic activity during the initial phase of the crisis in 2009–2010" (Marginson et al 2014), although such a strength has gradually faded against the pressures exerted on social partners by the growing process of "marketization" of labour policies and regulation that accompanied the turn of the decade (Crouch 2014).

It should be pointed out that the role of social partners as well as the effectiveness of

[3] The contents of this section of the report are the outcome of a common reflection among the authors. However, sections 1, 3 and 4 were drafted by Iacopo Senatori, sections 2 and 2.2 were drafted by Ylenia Curzi and section 2.1 was drafted by Tommaso M. Fabbri.

their action is subject to a certain degree of variation among the different systems, depending on national and regional features such as institutional context, economic environment, industrial relations traditions and domestic policies (Glassner et al 2011, Meardi 2012). This explains the interest for a comparison among different systems.

The systems under examination can be distinguished and classified according to the "Variety of Capitalism" concept (Hall, Soskice 2001), although some recent literature has pointed out that they seemingly converge towards a "common trajectory" of neoliberalism (Baccaro, Howell 2011).

1.1. "Girlfriend in a coma". The future of flexicurity between decline and revitalization

The focus of our analysis points to the general topic of flexicurity, and aims at revitalizing it in the face of the apparently weakening and distorting effects attached to it by the enactment of the new European economic governance and the related mainstream austerity measures.

The concept of flexicurity has always suffered from certain amount of ambiguity, thus giving rise to a struggle between a neo-liberal and a trade unionist perspective respectively leaning towards either pole of the syneresis (Tangian 2012). As European institutions did not help much to resolve such ambiguity, flexicurity has become a sort of "catchphrase" which national legislators have relied on in order to legitimize numerous labour market reforms (Meardi 2011, Zoppoli L. 2012).

The original inconsistency of this concept has been increased by the "Great Recession", which, as recent research has confirmed, has jeopardised the basic assumption the concept was rooted in: the "double bind" between high levels of flexibility and high levels of employment security (European Commission 2013b). Several elements have been put forward to clarify this issue. The increase of flexibility, mainly due to a shrinking of economic activities rather than as a result of specific policies, has occurred to the detriment of social protection, affecting particularly the younger generations and the least trained workers. Similarly, the growth of involuntary temporary employment and the decrease of company investments in training have not been offset by public social expenditure, that is also impaired by budgetary constraints and cuts.

Against this background, the reduction of labour costs appears to be increasingly interpreted as one of the major drivers for competitiveness throughout Europe. This process has led to a "polarization" of employment and job quality, widening the gap between highly skilled/high paid and low skilled/low paid jobs with a negative impact on employment rates in mid-paid occupations, especially in manufacturing and construction (Eurofound 2013).

Quoting a recent documentary that Bill Emmott, former editor-in-chief of "The Economist", dedicated to Italy, one may ironically argue that the malaise that allegedly hit the white-dressed, crowned young woman (Italy) has actually infected the mythological princess (Europe). In fact, the measures enacted by European institutions to respond to the crisis show serious shortcomings in terms of employment.

As some scholars have pointed out, they appear to have exacerbated the social imbalances in connection with flexicurity: their focus on supply-side economic policies (Bieling 2012) has contributed to increasing the level of uncertainty in the labour market, giving rise to a series of negative externalities (Crouch 2014). On the other hand, they have allowed for a shift in power relations (Bieling 2012) that has not spared the social partners

and collective bargaining, whose capacity to mitigate the effects of the crisis by means of regulatory schemes that strike a balance between security and flexibility has arguably declined. Significantly in this respect, under pressure from the European institutions, coordinated multi-employer bargaining has increasingly given way to a process of uncoordinated decentralization resulting in the emergence of single-employer arrangements (Marginson et al 2014, Eurofound 2012).

In such a scenario, it is clear that win-win regulatory solutions can be effectively put in place by actors committed to "high road" strategies, including the social partners (Crouch 2014). The aim of this research project is to test the veracity of this claim. For this purpose we need to identify the prerequisites for a "high road" strategy embedded in social dialogue practices, and then to test empirically to what extent these prerequisites are actually put into practice in social dialogue. In this respect, occupational welfare was identified as the testing field and the topic of the research project.

1.2. "Occupational Welfare": What it is and how it can get Flexicurity to the "High Road"

"Occupational welfare" was originally described as one of the channels by which welfare services (such as benefits and allowances) can be made available to workers. The distinctive feature is to be found in the identity of the provider: not the State – unlike alternative forms such as "social" and "fiscal" welfare – but the employer, by virtue of the contract of employment (Titmuss 1958).

The scope of intervention of welfare of this type has gradually evolved in line with the enlargement of the "social risk" area. Whereas it traditionally covered typical risks such as those related to health and pensions, it has progressively aligned with the changes and the increasing complexity of workers' needs, encompassing the broad area of "new social risks" such as those related to work-life balance, care responsibilities, housing, income support, skills development and the like (Pavolini, Ascoli, Mirabile 2013, Mallone 2013).

As a result, recent surveys distinguish between the different welfare strategies put in practice by companies on the grounds of the different groups into which the workforce can be divided as a function of their respective needs, the distinction depending on gender, age, family duties, employment position and so on (De Filippo 2013).

It has been argued that, in an organizational perspective, the focus of occupational welfare is closely related to the company's commitment to employee well-being, intended as a part of the broad managerial strategies adopted in the pursuit of an efficient organization of the undertaking (Tursi 2012). In this vein, the traditional terms of the contractual relationship tend to extend their scope to include forms of remuneration aimed at satisfying workers' needs that cannot be accommodated by monetary compensation. Translated into legal terms, these forms of "total reward" impact on a wide range of institutions and arrangements, from purely compensatory ones (such as fringe benefits, compensation in kind, provision of dedicated services), to insurance schemes (such as supplementary pensions and health assistance) and even encompassing measures that affect work organization and occupational policies in a broad sense (such as flexible working time, telework, part-time employment and other measures functionally related to the enactment of work-life balance policies).

There seems to be no clear and shared taxonomy of such an array of occupational welfare schemes. One of the basic classifications proposed in the literature takes as a reference point the different nature of needs that each scheme is meant to satisfy (Treu

2013). According to this classification, schemes can be divided into those related to pension and health assistance (mostly including integrative benefits and allowances); personal care services for older persons or children (such as kindergartens) as well other time-saving schemes either provided directly by the company or paid for by the employer by means of vouchers; forms of support to education and training for youngsters or adults (bursaries and grants for employees or their families); support for purchasing power (shopping vouchers and the like); services related to a broader conception of well-being that includes leisure (libraries, gyms, swimming pools).

However, in the light of the evolving and increasingly complex configuration of employees' personal needs, such a taxonomy may turn out to be too broad and open and therefore of a little help for heuristic purposes. Arguably a different taxonomy might be elaborated, in order to take into consideration the distinction between those schemes and arrangements that entail an intervention on work organization and those that do not. Such a distinction may prove to be of the utmost importance in order to cast light on the possible links between occupational welfare and the innovation and productivity-oriented strategies on which an "high-road" path to competitiveness should be based. We will come back to this issue after completing this preliminary overview of the "occupational welfare" concept.

The range of the regulatory sources of occupational welfare has broadened, with the "old-fashioned" unilateral employer approach gradually being overtaken in most European countries (though the United Kingdom an exception in this respect: Machin, Wood 2005) by an increasing role for collective bargaining, either at the sectoral or at the local/company level or even with a mixture of the two. Hence, the sources of regulation of occupational welfare result in a complex system that, depending on the specific situations, can include a general framework laid down by law (often concerning incentives for the activation of contractual regulations and minimum standards), sectoral and decentralized collective bargaining (including group-level arrangements and agreements among companies in a same district or territory for the joint management of certain services or schemes) and unilateral provisions laid down by the company (Pavolini, Ascoli, Mirabile 2013)

The key role of collective bargaining as a regulatory source is one of the reasons why occupational welfare can be regarded as a testing field for our research and policy hypothesis, though in itself this would not provide a sufficient explanation.

From a broader point of view it may be argued that the concept of occupational welfare, though not explicitly mentioned, is entailed in several aspects of the "integrated flexicurity approach" that is advocated for in the European documents, starting from the "Common Principles" (European Commission 2007).

Taking as a starting point the broad range of measures, schemes and needs that make up the concept, as previously outlined, some statements that the "Common Principles" put forward in an attempt to provide a definition of flexicurity are particularly useful in this respect. For instance, the Commission explains that "Flexibility is also about *flexible work organisations*, capable of quickly and effectively mastering new productive needs and skills, and about *facilitating the combination of work and private responsibilities*", whereas security "is also about adequate unemployment benefits to facilitate transitions. Finally, it encompasses training opportunities for all workers, especially the low skilled and older workers" (Id. p. 4, emphasis added).

More specifically, all of the four "key components" of flexicurity (Flexible and reliable contractual arrangements, Comprehensive lifelong learning, Effective active labour market policies, Modern social security systems) point to some extent to the occupational welfare

concept.

The "smart regulation" approach entailed in the concept of "flexible and reliable contractual arrangements" aims to protect vulnerable sectors of the working population (such as women in their attempt to strike a balance between work and family life), and for this purpose calls for a joint effort involving "modern labour laws, collective agreements and work organization" (Id. p. 5). More particularly, it is argued that such contractual arrangements can help tackle contractual segmentation by providing the most vulnerable workers with adequate protection, guaranteeing the additional coverage by occupational pension funds and access to training as well introducing working time flexibility and arrangements to combine work and care responsibilities (Id. p. 13 and 15)

In a similar vein, the cost of ensuring "comprehensive lifelong learning" may be dealt with by some forms of "cost sharing, for example through funds at branch level" and with the "involvement of governments, social partners, enterprises and individual workers" (Id. p. 5), whereas larger companies would be urged to set up tailor-made skills development programmes "to be seen as part of the employment contract, constituting a mutual obligation to do everything possible to meet the agreed skills requirements" (Id. p. 15).

It seems that all these measures can find a concrete application in occupational welfare schemes and arrangements.

The same holds in the case of "effective active labour market policies" and "modern social security systems", that entail costs that according to the Commission, in a context of decreasing public resources, need to be fairly distributed "especially between businesses, individuals and public budgets" (Id. p 9), thus requiring a new balance of responsibilities between public and private actors.

With regard to the most recent developments, occupational welfare seems to be a strategic response to the profound challenges and transformations that the crisis has brought about in the European employment relations scenario, and that, as argued before, are related to the crisis of the flexicurity concept.

First, the growing interest that occupational welfare is attracting in many countries (such as Italy) among decision-makers, the social partners and scholars, is largely due to the shrinking of public budgets and the subsequent retrenchment of public welfare from its traditional tasks in the field of social protection. In this respect, occupational welfare may represent a tool to preserve the European social model in the new order that will emerge after the end of the crisis, by means of innovative partnerships between public and private bodies.

Second, from the point of view of companies, taking over the role of the State by means of the establishment of occupational welfare schemes tends to be seen as a window of opportunity for the enactment of specific management strategies. This may happen to the extent that benefits and other arrangements are set up as substitutes for direct compensation, hence guaranteeing wage moderation, while they are also made contingent on the achievement of certain productivity-related targets, or in return for the availability on the part of the employees to fulfill increasing requirements in terms of performance or more flexibility, or in the case of highly skilled workers as a means to ensure their retention (Mares 2003).

Third, from the point of view of the trade unions, occupational welfare challenges the traditional patterns and practices relating to the representation of workers' interests. Against the background of a general weakening of the traditional forms of representation, demonstrated by the widespread fall in union membership as well as by the predominance of forms of collective bargaining of a concessive nature, by means of which workers are compelled to waive certain rights and protections in order to preserve minimum objectives

in the bargaining arena (Crouch 2010), the unions may find in occupational welfare a new operational terrain, possibly enabling them to intercept new target groups, at the same time offering alternatives to the mere individualization of employment relations (Johnston et al 2011).

Within this framework, occupational welfare schemes and arrangements might prove crucial to directing flexicurity strategies towards a "high road" pathway instead down the "low road". In fact, in the current social and economic context there is a risk that occupational welfare, rather than operating in a "social investment" perspective (Hemerijk 2012) aiming at the satisfaction of economic, productive and social needs (in other words, in a "win-win" perspective), may end up supporting "trade off" policies aimed at maximizing the advantage of the most powerful to the detriment of the weakest.

It has been argued, in this respect, that welfare schemes might operate as a "soft" means to impose the priority of production – and in general company-driven – requirements over personal needs in the employment relationship, as might be in the case of personal care services provided in exchange for longer working hours and a willingness to prioritize work commitments over family and personal ones (Ghislieri et al 2007). In the same way, it has been observed that the drift from State to occupational welfare might entail a fragmentation of the workers' front, leading to a sort of "corporatized social citizenship" (Dobbin 2002) under which workers increase their dependency on their employer and the on the specific characteristics of the company (such as company size, territory of establishment, sector, nature of the employment relationship), thus worsening the imbalance of power relations in social dialogue and increasing the degree of divergence in the protection of employee interests (Pavolini, Ascoli, Mirabile 2013).

In the following, an attempt will be made to develop an interpretative model that, by clarifying the concepts presented above, should enable us to ascertain what features and patterns of occupational welfare are the most suitable to pursue a "high road" strategy. The next section will focus on the possible links between flexibility, productive and economic needs of the company and personal needs of the employees. It is intended to cast light on the difference between those forms of occupational welfare that rely on organizational arrangements attempting to reconcile both interests, and those forms that assume that the economic and productive needs are always prevalent.

The third section will attempt to outline a paradigm for the analysis, classification and evaluation of occupational welfare arrangements and practices developed by means of social dialogue. Taking this paradigm as a theoretical frame of reference against which the actual experiences under examination will be assessed, the aim will be to distinguish between different goals, values and techniques for the regulation and governance of occupational welfare arrangements and practices at any level. The model will also serve as the basis for the development of a list of research topics and questions that the following stages of the research (comparative analysis of documents, arrangements and practices) aim to carry out.

2. Making room for win-win flexicurity strategies: an organizational perspective

As highlighted above, the exit strategies promoted at European and national level in the early stages of the economic crisis in 2009-2010, were mainly based on external numerical flexibility measures. European and national level regulations and policies have thus enlarged the scope for employers to adjust the number of employees at the individual

workplace through hiring and firing. The basic aim was to increase the resilience and ability of companies to cope with fluctuations in the demand for their goods and services.

However, to the extent that such competitive measures have been implemented without (public or private) interventions in support of employment security, they have resulted in an increased perception of job and employment insecurity. In this connection, the fifth European Working Conditions Survey (Eurofound, 2012) highlights that this is one of the main sources of the increased perceptions of social risks reported by employees in the 27 European Member States during the recession.

In light of this empirical evidence, private and public actors have increasingly shifted their attention to internal flexibility as a series of measures to promote competitiveness without losing employment protection.

According to Wilthagen and Tros (2004) "internal flexibility" encompasses three main components: working time flexibility, functional flexibility, and wage flexibility.

Working time flexibility (numerical and internal) is achieved by adjusting the number of working hours (working either overtime or part-time) and their allocation (working shifts or weekends) to allow the employer to adjust production and, as a result, to enable the employee to combine work and private life.

Functional flexibility concerns the scope for transferring employees between job functions and work areas (horizontally or vertically) and it is closely related to organisational flexibility, which is concerned with changes in the organisation of operations and management.

Wage flexibility concerns changes in wage levels to adapt to specific circumstances (e.g. the rate at which nominal and real wages respond to changes in supply and demand for labour) or remuneration schemes such as profit-sharing and other forms of compensation contingent on group or individual performance.

Internal flexibility typically manifests itself in a way organization studies commonly refers to as High Performance Work Systems. The final report of the European Commission – DG Employment and Social Affairs entitled "New Forms of Work Organizations: The Obstacles to Wider Diffusion" (2002) identifies three dimensions of this kind of organizational system:

- The way in which work is organised within operational activities;
- The way in which work is co-ordinated across the organisation;
- The supporting Human Resource Management policies.

With regard to the first dimension, the report highlights that the following principles underlie the way in which work is organised within operational activities:

- Semi-autonomous work teams where team members decide jointly how work is carried out, are responsible for solving operational problems, are responsible for quality assurance tasks, are accountable for achieving agreed targets, and sometimes choose their own leaders.
- Multi-skilling – in order to operate effectively, team members are trained to carry out more than one task within the team.
- Job Rotation – team members regularly alternate between different tasks.

The second dimension – the way work is co-ordinated across the organization – encompasses the following principles:

- Non-hierarchical structure – decision-making is decentralised and pushed down to the lowest possible level.
- Information Flow – detailed (financial and non-financial) performance information is made available to semi-autonomous teams on a regular basis.
- Team/Management Interaction – high levels of employee participation are used, including regular meetings between team members and business managers to discuss performance.
- Performance Measurement – a range of financial and non-financial measures is used to measure performance.

Finally, the third dimension - Supporting Human Resource Management policies – is mainly concerned with the ways to motivate people to act in accordance with a common plan and to show initiative and judgement. In this respect, a crucial role is played by:

- Investment in Training – All team members receive regular off the job training paid for by the company. The training covers both job specific and general skills (such as problem-solving, team working etc.).
- Reward Systems – An important element of the pay of team members depends on individual or team performance.

A closer examination of the organizational principles underling High Performance Work Systems (HPWS) reveals the theoretical background from which they ultimately derive. In particular: principles related to dimensions one and three are drawn from the theories of socio- technical systems (Trist and Bamforth, 1951; Emery and Trist, 1960; Davis, 1970; Cherns, 1987), while those concerning dimension two are the basis of the "organic system" theorized by Burns and Stalker (1961).

Both organization theories deal with the mode of organizational structure and of organizing working practices that are associated with high performance depending on the different (stable vs variable) conditions of the organizational environment and the technical system of production with which the organization have to cope.

More specifically, according to Burns and Stalker (1961), companies faced with rapidly changing environmental conditions should have an organic organizational structure in order to perform effectively and efficiently. The basic characteristics of organic systems are those related to dimension two of HPWS. In Burns and Stalker's terminology, these principles entail that:

a) Workers continuously redefine their own individual tasks, through interactions with their colleagues;
b) Authority, control and communications have a network structure;
c) Knowledge, economic and technical skills can be situated at any point in the network structure, which, therefore, become the ad hoc centre of control, authority, and communication (flat hierarchy);
d) Information flows are mainly horizontal, and top-down communications concern information and advises rather than precise instructions and decisions;
e) Anyone with more information and the best knowledge and skills affects decision-making process, irrespective of his formal position;
f) The basic principle of integration is workers' agreement to the firm shared set of general values and global objectives rather than workers' loyalty and obedience to the orders coming from the top of the hierarchy.

With regard to the first and third dimensions of HPWS, they are in line with the principles of socio-technical design. The socio-technical system approach attracts attention on the different way in which work at the workplace should be organized in order to satisfy the requirements of the technical system of production, thereby performing effectively and efficiently. More specifically, Trist and Bamforth (1951) and Emery and Trist (1960) point out the principles according to which the social system should be organized when production takes place under changing/variable technical conditions, that is:

a) Restoring responsible autonomy to primary work groups (semi-autonomous work group);
b) Ensuring that each group has a satisfying sub-whole as its work task;
c) Ensuring that each group has some scope for flexibility in work pace;
d) Training workers for more than one role, so that interchangeability of tasks/roles would be possible within work teams (multiskilling).

With respect to the first principle (semi-autonomous work groups), Davis (1970) clarifies that workers' participation in decision-making takes place within the constraints set by the socio- technical principle of 'minimal critical specification'. This entails that workers take all decisions except those concerning 'what is essential', such as the objectives to be achieved and the requirements for organizational control. These aspects ultimately remain within the competence of the employer. Cherns (1987), on the other hand, highlights the need for a coherent change in reward systems in order to support work teams in carrying out their basic task of monitoring and initiating corrective action in order to safeguard the technical system (i.e. equipment, process, and production): "common to virtually all socio-technical designs is the principle of pay for what you know [...]. Particularly with high technology, the operators' knowledge and understanding of the process is vital [...]. Their value is in what is in their heads" (pp. 158-159).

We return later to the basic premises of the above-mentioned organization theories, concerning the relative balance of power between organizations and their environment. Here, what is interesting to note is that from 1993 until 2008, a growing number of empirical studies drew their inspiration from these theories, and tried to find significant statistical correlations between the use of HPWS and the ability to achieve high performance in terms of increased labour productivity (i.e. output per worker). Thus, consistent with the above-mentioned theories, the basic criterion used to assess organizational performance is efficiency: the same criterion is used to assess the ability to achieve a "high" performance in terms of innovation.[4] Most of these studies underline the need for caution in interpreting their empirical results.[5]

However, European institutions have increasingly referred to these theories in support of the need to build a partnership for a new organization of work, i.e. the flexible form of work organization and HPWS. As argued since 1997, this would have been necessary to increase the ability of European companies to adapt to changing market and technological

[4] See for example, Flood et al. (2008), who measure workforce innovation in terms of per capita sales derived from recently-introduced products and services. "This measure captures a workforce's ability to work smart, i.e. impacting organizational *efficiency* and innovation through process and product innovations" (p. 8, emphasis added).

[5] In their contribution, Flood et al. (2008) draw attention to some limitations of their study, namely: "First, the data were collected simultaneously and thus "cause" relationships may be reverse. [...] It is certainly possible that firms experiencing greater success are better positioned to invest in these HPW practices. Second, bias may be introduced into the data. Third, we do not explicate the relevant pathways (the mechanisms through which the use of HPWS lead to high performance). Therefore, a further study should try to solve these limitations." (p. 12).

conditions (European Commission, 1997; European Commission- DG Employment and Social Affairs, 2002) and - as underlined recently – this will be necessary to promote occupational welfare.

Drawing from existing organization theories, the following sections highlight the fact that flexible forms of work organization do not necessarily and do not always lead to high performance and an increased ability of companies to survive and develop continuously over time, nor do they necessarily always lead to occupational welfare and well-being. On this basis, we argue that there is a need to identify interpretative and analytical categories different from those of High Performance Work Systems, and more generally Flexible Forms of Work Organization. More specifically, the empirical investigation needs stronger conceptual underpinnings than those provided by HPWS and Flexible Forms of Work Organization.

2.1. A closer examination of certain taken-for-granted links

A. The link between Flexible Forms of Work Organization, high performance, and companies' ability to develop over time

Since the seminal work by Burns and Stalker (1961), the contingency theories of organization (Woodward, 1965; Lawrence and Lorsch, 1967; Pugh and colleagues 1963; 1968; 1969a; 1969b) posit that a deterministic relationship exists between flexible forms of work organization and high performance of companies faced with unstable environments.

This "taken-for-granted link" is the basis of the claim for building a partnership for a new form of work organization (European Commission, 1997). The Green Paper refers to the transition from mass production (rigid forms of work organization) - with step-by-step improvements - to flexible forms of work organization as a necessary condition to increase the ability of European companies to adjust to unstable organizational environments.

However, in his famous replication of the Aston study of organization structure, Child (1972) did not find any empirical evidence in support of this hypothesis. In fact, he found that the centralization of decision-making correlates negatively with standardization.

On this basis, he highlighted that the more organization roles are standardized, the more decentralized the locus of decision-making. In other words, the more the organization imposes the standardization of qualifications for office, role-performance measurement, titles for office, and rewards for role performance, the more managers maintain control indirectly over the behaviour and decisions of organizational members, and this enables them to decentralize decision-making to expert specialists at lower levels.

To the extent that standardization is a dimension of rigid forms of work organization, whereas decentralization of the locus of decision-making is a dimension of flexible forms of work organization, one may conclude that it is rigidity that permits flexibility in the flexible forms of work organization: flexibility would not be possible without rigidity. In other words, one may argue that it is precisely this combination of rigidity and flexibility - rather than flexibility *per se* - that increases the ability of companies to adjust to unstable environments. In addition, theories of flexible forms of work organization are based on an assumption that limits their ability to deal with the issue of how companies survive and continuously develop over time.

Both contingency theories and the socio-technical system approach assume that the organizational environment and the technical system of production are independent variables to which the social system of the organization must adapt in order to assure that

company performs effectively and efficiently. The final report of the European Commission- DG Employment and Social Affairs (2002) incorporates this assumption. It highlights that "One key feature of a 'Systems' approach to New Forms of Work Organisation is that it allows for changes in organisational structures and working practices *as a result* of changes in the business environment" (p. 19, emphasis added).

In this perspective, organizational change is the result of reactive behaviour: the organization has no ability to self-rule its own change, no ability to control its unstable environment, and to affect its change. However, reactive behaviour seriously limits the companies' ability to develop continuously over time. The survival of the company in the future relies on its capacity to take on proactive behaviours, i.e. to self-rule its own change, to affect and change its organizational environment, by changing autonomously and intentionally products and services, and customers to which it offers its outputs (Thompson, 1967).

To summarize: HPWS and Flexible Forms of Work Organization theories tend to oversimplify the association between flexibility and high performance. In fact, they fail to point out that companies need rigidity to achieve flexibility in order to succeed in their attempt to adjust the organizational structure and work practices to the changing environmental and technical conditions of production. In addition, these theories consider the organizational environment and the technical system of production as independent variables that change regardless of any capacity of the companies to control them. Companies can only react to them. As a result, these theories are unable to deal with the issue of how to organize work in order to increase the proactive behaviour of companies, and thus their ability to survive in the future.

B) The link between Flexible Forms of Work Organization and Occupational Welfare (and Well-being)

On the basis of the existing literature, the link between HPWS, and Flexible Forms of Work Organization, on the one hand, and Occupational Welfare and Well-being, on the other, is controversial.

In this regard, the final report of the European Commission – DG Employment and Social Affairs (2002) highlights that "high performance work systems provide employees with opportunities for greater job satisfaction. This is because they offer the opportunity for employees to control their work, to develop wider skills, and to take responsibility for a wider range of tasks. This responds to the changing expectations of individuals in the workplace – greater independence, more individualistic, and more desire for greater responsibility at an earlier stage". On the other hand, the report also points out that: "there are, however, some concerns about the potential intensification of work" (p. 6). Empirical evidence provides support for these concerns.

Using data from a 1997 telephone survey of 508 employed Canadians, Godard (2001) explores the implications for workers of HPWP practices, and highlights three main findings. First, moderate levels of HPWP were associated with increased "belongingness", empowerment, task involvement, and ultimately job satisfaction, esteem, commitment, and citizenship behavior. At higher levels of adoption, these associations declined in magnitude and even became negative. HPWP was also associated with more stressful work.

The idea that HPWS may be used as a management-by-stress tool was confirmed by the fifth European Working Conditions Survey (Eurofound, 2012): HPWS is associated with high demands and work intensity. This, in turn, is one of the main sources of the increased perceptions of psycho-social risks reported by employees in the 27 European Member

States during the recession.

In light of that, it may be argued that the theoretical framework that underpins HPWS and Flexible Forms of Work Organization, posits a trade-off between the need on the part of companies for maximizing economic and technical efficiency, and the employees' need for occupational well-being. Maximum performance for the company might be achieved at the expense of occupational wellbeing.

In the light of this trade-off, the theoretical framework underlying HPWS and Flexible Forms of Work Organization allows for occupational welfare measures only when they take place within the constraints imposed by the company's competitive needs to adjust to its economic environment. Occupational welfare measures may even encompass interventions on work organization, in the form of working time flexibility schemes where periods of working part-time follow on from periods of working overtime. The driving force of these changes is the company's need to increase and decrease the production volume of its goods and services consistently with demand-side fluctuations. In other words, in line with the theoretical framework underpinning HPWS and the Flexible Forms of Work Organization, the overriding aim of work organization "flexibilization" is the company need to adjust to the independent change of its organizational environment. If work organization "flexibilization" also provides workers with some opportunities to improve the way to combine work and private life, this is a secondary and often an unintended effect that is acceptale only when it does not jeopardize the company's need to adjust to its economic environment.

What is interesting to note is that the logic of this adjustment to the organizational environment, i.e. the logic of competitive reactive behaviour - which HPWS and Flexible Forms of Work Organization are supposed to promote – may prevent companies from implementing occupational welfare measures that are primarily aimed at improving well-being at workplaces and at satisfying workers' needs. In addition they hinder the firm's ability to survive and develop over time. This approach thus seems to result in exit strategies from the crisis that lead all the parties involved into lose-lose solutions.

Finding ways to organize work that lead to win-win solutions requires us to frame the analysis from the opposite starting point. Rather than asking how to change organizational structure and working practices in order to adapt company behaviour to changes in the business environment, employers should focus on how to change work organization in order to increase the relative power of companies over their organizational environment.

In the following, we argue that finding a solution to this problem would increase the chance that employers accept occupational welfare schemes (including interventions on work organization), which are primarily and intentionally aimed at satisfying workers' needs to improve their work-life balance.

2.2. The organizational choices underlying win-win solutions

The ability of companies to develop continuously over time relies on their ability to govern change. Their capacity to take on proactive behaviour is at stake here, in particular their ability to exert power over the organizational environment, and if necessary even to change autonomously and intentionally products and services, and the customers to whom they offer their products and services (Thompson, 1967).

Recent literature in the field (Berger, 2005) highlights that the greater the company's ability to develop resources and distinctive competences internally, the greater its ability to take on proactive behaviour with respect to the organizational environment. In this regard,

the company's ability to promote the continuous development of workforce competences is of the utmost importance.

However, a limited number of studies draw attention to organizing the workplace in order to foster the continuous development of worker competences. In this regard, the empirical research carried out by de Terssac (1992) is important. Terssac highlights the organizational choices that normally prevent workers from developing new knowledge and competences at the workplace. They can be summarized as follows:

- Maximum economic efficiency (i.e. labour productivity) as the basic criterion to assess performance.
- The assignment of repetitive task to the worker.
- The assignment of a number of different, but homogeneous tasks to the worker.
- The assignment of a number of different, and heterogeneous tasks to the worker but in a way that he/she is transferred between job functions and work areas so frequently that this prevents him/her from developing enough knowledge and experience.
- The imposition of procedures that predetermine how seeking decisions, how making decisions, how obtaining relevant information, how operating or carrying out decisions, and so on.

In contrast, the organizational choices that provide workers with more opportunities to develop new knowledge and competences in the workplace include:

- Efficiency as a criterion to assess performance on condition that it is conceived in accordance with Simon's definition (Simon, 1947). This involves considering all the organizational choices concerning the use of the workforce to obtain a given output (i.e. satisfactory wages, acceptable work pace, working conditions related to physical, social and psychological wellbeing of people at work, career opportunities, and so forth) as positive results worthy of being pursued rather than costs worthy of being minimized. This way conceptualized, efficiency implies that (a certain amount of costs associated with the use of the workforce being given), the work should be organised in a way that improves the quality, rather than the quantity of the output.
- Assignment of tasks to the worker that provides him/her with the opportunity to interact with colleagues with different professional background and/or who occupy managerial positions or job positions that imply higher expertise and knowledge. In this way, workers are given the opportunity to learn knowledge and experience that increase their chance of being assigned to different or better working activities.
- Workers are given the opportunity to make autonomous decisions. This normally occurs within multiskilling working groups the members of which may make autonomous decisions either about the means to achieve the desired results or about the productive results that ought to be achieved, or at both decision-making levels. The case under analysis here is sharply different from the semi-autonomous working group depicted by the socio-technical system approach. In the socio-technical system approach, the members of semi-autonomous work teams do not make decisions about the targets to be achieved and about what has to be done to achieve them. These decisions are previously made at higher decision-making levels (i.e. by the employer or managers). Team members therefore have to act and decide in accordance with these constraints. Namely, they have to decide how to carry out work in order to achieve pre-determined targets. Above all, they are expected to solve operational problems, namely to find out ways to do what has to be done in order to

achieve agreed targets, despite the occurrence of unexpected events during the carrying out of work, or the existence of unforeseen constraints that hinder the achievement of the agreed targets. In contrast to that, the case to which we are referring here entails that team members may make autonomous decisions that may concern also:

- What has to be done to achieve the objectives previously set down at higher decision-making levels, and/or
- The targets that should be achieved. In this case, team members autonomous decisions consists in specifying the general goal previously set down by the employer or managers. Moreover, they may also consist in negotiating changes in the objectives previously set down by managers or the employer in the case that unforeseen constraints exist or unexpected events occur in the carrying out of work that prevent team members from finding out a way to achieve the predetermined targets.

De Terssac (1992) highlights that making autonomous decisions about productive results and/or on the means to achieve them require team members, who normally have different professional backgrounds and are assigned to different working activities, to share their knowledge and expertise to achieve agreed outcomes. This in turn enables them to increase their organizational knowledge (i.e. knowledge concerning how to coordinate work to achieve desired outcomes) and competence (i.e. the ability to judge the extent to which the work is organized in a way that increases the chances of achieving organizational objectives). Unlike the socio-technical system approach, this perspective suggests that organizational knowledge and competence are mainly developed by carrying out work.

In line with De Terssac (1992) we argue that implementing a set of organizational choices consistent with the continuous development of workers' knowledge and competence will produce benefits for all the parties involved (i.e. employer and employees), thus creating the preconditions leading to win-win solutions.

From the employers' standpoint, the availability of more competent workers may increase the company's ability to carry out what Thompson (1967, chapter 11) calls "opportunistic surveillance". This is proactive behaviour that consists in company control over its environment in an attempt to anticipate future changes [6] and search for opportunities that might be exploited beforehand.[7] According to Thompson, the greater the company's capacity to survey the environment in search of new opportunities, the greater the chance that the organization will be able to self-rule its own future change. Proactive behaviour is thus different from reactive behaviour, which normally starts to search for new solutions after problems have arisen.

From the workers' point of view, the benefit they may obtain from an organization of work that fosters the continuous development of their knowledge and competence consists in the increased capacity to negotiate incentives to satisfy their personal needs. In this respect, Barnard (1938), Simon (1947), Thompson (1967) argue that a number of different incentives exist to satisfy workers' needs (remuneration, career development, competence development, satisfying working conditions, and so forth). What they stress is that there is no one best way to motivate workers. In other words: incentives to motivate different workers are usually different, depending on the differences among individuals' needs; even for the same individual, incentives may change over time to the extent that individuals'

[6] For example, a decrease in the demand for existing goods and services or a recession in the existing markets.
[7] For example, organizing work in a way that favours the continuous development of workers' knowledge and experience may increase the chances of finding new ways to combine existing productive resources or of finding new production goals, or new sources of supply of inputs. In this way, new opportunities may arise to develop new products and/or services, and to attract new customers.

needs normally change over their life.

Starting from this perspective, we argue that workers could use their increased capacity of negotiating incentives to satisfy their personal needs to negotiate the *preferred* occupational welfare measures. These measures may consist in an intervention on the work organization, if workers judge that they will better combine work and private life in this way. Depending on workers' needs, the intervention on the work organization may include:

1. working part-time,
2. moving to different job positions or work areas where workers may develop knowledge that they believe will increase their employability,
3. moving to different job positions or work areas where they may work according to a (daily, monthly, weekly, yearly) distribution of working time consistent with their need to reconcile work and family responsibilities.

In conclusion, this research project argues that creating the preconditions for high road exit strategies from the crisis requires the social partners to focus on the organizational choices and to assess the extent to which the existing ways of organizing work foster or inhibit the continuous development of workers' knowledge and competences. Changing work organization in a way that favours the continuous development of workers' knowledge and competence might be a matter around which the social partners reach a compromise aimed at increasing the power of all the parties involved (win-win regulatory solutions). First, the power of the company as a whole with respect to its organizational environment, thereby increasing long-lasting company competitiveness. Second, the power of workers with respect to employers, thereby increasing their ability to negotiate occupational welfare schemes consistent with their changing individual needs, and primarily aimed at satisfying them over time.

3. Setting Up an Analytical Framework to Evaluate Occupational Welfare Arrangements in a High Road Perspective

As pointed out in the previous sections, a "modern" understanding of the occupational welfare concept requires a wide range of personal interests and needs to be taken into account, from the point of view of both the employer and the employees. In fact, the preliminary analysis of the situation of the workforce, its social and demographic characteristics, the related needs and expectations of the employees and the economic and productive situation of the undertaking, is necessary for an effective occupational welfare strategy (Treu 2013).

This is particularly true for arrangements resulting in changes in work organization, involving matters such as working time (e.g. the allocation of work performance within the working day or week; the intensity of the workload), the place where work is performed (e.g. telework), the performed tasks and so on. In all these cases, the arrangements need to consider not only the feasibility of a certain scheme in the light of what the needs of the company are, but also the high degree of variability – and unpredictability – of the employees' personal preferences.

These preferences vary not only within each group of individuals, but also in the personal sphere of each single worker, which is subject to change over time. For instance, among workers with care responsibilities, some might prefer greater flexibility in working time in order to fulfil personal commitments, whereas others might wish to opt for

external care services for the same purpose. Moreover, each individual might wish to exercise different options at different times, depending on changes in their personal circumstances or working life.

3.1. The interests at stake: a matter of freedom

As a substantial body of literature has pointed out, arrangements that are closely related to occupational welfare, such as working hours or health and safety, "are likely to require different solutions depending on a host of individual, household, group and organizational conditions" (van der Meer et al. 2005).

Moreover, it is necessary to draw attention to the fact that specific arrangements are the outcome of the balancing among potentially diverging interests, those that are company-related, such as productive and economic ones, and those that depend on the personal evaluations of the employees. In the present scenario, this distinction is sharpened by the economic downturn and the pressures it entails in respect of the need to accommodate diverging interests.

As pointed out in the literature, in the context of a crisis, and generally in all the situations that require some kind of adjustment or compromise on the labour front, workers and employers may have shared interests in matters such as company survival, productivity and competitiveness but they may also have divergent views on how these aims are to be pursued, for instance "regarding how to balance adjustments in working conditions, pay and wage costs, job security and distribution of saving and burdens between employer and employees" (Svalund, Kervinen 2012).

Although a specific outcome may appear to result in mutual gain, for example, saving a particular job or granting occupational welfare arrangements in return for a concession in terms of wages or other contractual terms, such an outcome may actually conceal an imbalance in the respective power positions (as in cases where the alternatives offered by the employer are the closure of a plant and its transfer overseas).

The considerations illustrated so far highlight the necessity to adopt two analytical tools against which any occupational welfare arrangement should be assessed for the purpose of appraising its consistency with a "high road" strategy to competitiveness.

The first and preliminary analysis should concern the general framework against which an occupational welfare measure is adopted. This should include the size and the economic conditions of the company, the sector of activity, the degree of exposure to competition and market forces, the union affiliation rates, productive and competitive strategies, including any plans concerning the restructuring of work organization. Such an analysis would help put the occupational welfare arrangements into context, to understand to what extent they are part of a broader productive or management strategy and what the resources the parties have brought to the negotiations in the face of the general constraints which they have been tied to.

In addition to casting light on the respective plans of each party, thus showing whether an occupational welfare arrangement is part of a "win-win" combination of interests or rather a means to compel the other party to make concessions, this analysis can enrich the evaluation of any concrete welfare arrangement insofar as it would help define a threshold of "reasonableness" in the context of "high road" strategies.

The second analytical tool relates to the complexity of the personal needs and interests attached to the occupational welfare concept. Insofar as any "win-win" arrangement requires that, at least to some extent, the employees' personal needs and interests are

satisfied, this complexity means that welfare schemes cannot be determined without some kind of evaluation by the stakeholders.

To mention a few examples from the literature, recent contributions have put forward the idea that occupational welfare schemes should provide for "differentiated responses" to personal needs, favouring the establishment of "manifold packages of measures" (Treu 2013). From a different perspective, it has been pointed out that freedom of choice would not be effectively guaranteed by arrangements that make the recourse to a given occupational welfare tool conditional on the employer's permission, as in the case of the Dutch experience of the "Life Course Saving Schemes", set up in the context of work-life balance policies (Delsen, Smits 2010).

In this respect, in our theoretical model, welfare schemes and provisions would be deemed to be favourable to a "high-road" strategy in that they provide the employee with the freedom to pick, among the feasible measures, those that are deemed as the most suitable for satisfying their needs. This should be regarded as the underlying aim of occupational welfare schemes and arrangements. We call this value "freedom of choice".

The "freedom of choice" concept is by no means new in the literature on labour market regulation. It represents one of the pillars of the theory of "capabilities" developed by the Nobel Laureate Amartya Sen. Under this theory, "capabilities" are defined as the expression of real freedom to choose a life course that one has "reason to value", including in this formula working patterns (Sen 1999, Sen 2009).

Although it is not intended here to probe any deeper into capability discourse or to rely exclusively on it, it should be noted that the capability approach can also be interrelated with the flexicurity concept. In fact, in the internatioanl conference held in the framework of this project, Riccardo Del Punta presented this theory as a possible way to revitalize flexicurity (and labour law in general), by putting it into "a broader and more sophisticated range of labour policies, aimed at the promotion of permanent and high-quality employment" (Del Punta 2015).

Hence, the capability approach might represent a feasible theoretical framework to explain the interdependencies between flexicurity and occupational welfare in the context of the "high road" to competitiveness. Furthermore, in line with a recent strand of research, it may provide an insight into the role that industrial relations and social dialogue can play in this field, as players in the regulation and governance of occupational welfare.

3.2. The regulatory techniques and the role of social dialogue

As pointed out in the first section above, the regulatory sources of occupational welfare include collective bargaining as well as unilateral arrangements laid down by the employer. However, given the power imbalance that exists between the players in the employment relationship, made worse by the crisis, we argue that collectively framed arrangements would be more suitable than unilateral ones to provide workers with "freedom of choice" and hence achieve the win-win solutions that characterize the "high road" strategy. Recalling Otto Kahn Freund's theory, we can assume that "on the labour side, power is collective power" (Kahn Freund 1979).

It should be noted, however, that in the field of occupational welfare, as outlined so far, industrial relations and social dialogue seem to be placed between two poles. On the one hand we have the law, which intervenes to set out a general framework of regulation within which private actors adopt specific arrangements. On the other hand we have the employees with their respective, multi-faceted needs, which represent the core of the

"freedom of choice" approach that we advocate. As a result, collective bargaining and other forms of social dialogue should avoid operating as a restrictive factor in respect of individual autonomy. On the contrary, it should support freedom of choice on the part of workers, addressing the originally uneven power balance between the two sides of industry. In other words, social dialogue should aim at empowering individual workers, providing them with the means that would enable them to take an active part in decision-making processes concerning occupational welfare arrangements, and then to enforce such arrangements.

Recent studies that have attempted to apply the "capability approach" to collective labour relations, though not making explicit reference to occupational welfare, seem to support this argument. It has been maintained, in fact, that "on what we label the 'freedom to choose' side of the capability approach, collective action should not aim at imposing specific behaviours or functionings on its beneficiaries, but at enhancing their capabilities or real freedom to choose a life they have reason to value" (Bonvin 2012). In a similar vein, it has been argued that actors on the labour side, particularly the unions, need "to position themselves on this terrain so as to articulate the semantics of the singular individual with a sense and a policy of the collective" (Zimmermann 2012).

This perspective represents a straightforward application of the modernization of regulatory and governance techniques in labour law, rooted in the "reflexive law" paradigm (Teubner 1983; Rogowski 2013). This paradigm represents an attempt to provide a response to the crisis that traditional, "substantive" forms of standardized regulation are facing in a context in which the specific "rationalities" expressed by each societal sub-system become increasingly complex and differentiated, so that the regulatory system fails to coordinate in a single normative "rationality" all the needs and preferences arising from the lower levels. Whereas the original Teubnerian concept is built around the relationship between the law and the other sources of regulation, it seems possible to apply this conceptual framework in an innovative fashion, making reference to the relations among the different levels of "private" regulation.

In this perspective, "modern" decision-making systems should be shaped as "learning processes" (van der Meer et al. 2005, De Schutter, Lenoble 2010) by means of which all the interests at stake can be represented in governance in order to identify the most suitable solution to a certain regulatory problem.

The consequence of this paradigm, in technical terms, is a shift from a substantive to a procedural approach to regulation. Returning to the Teubnerian concept, it may be said that the role of a regulatory system with respect to the "semi-autonomous social systems" is to shape "both their procedures of internal discourse and their methods of coordination with other social systems" (Teubner 1983). In other words, reflexive regulation does not mean "to prescribe authoritatively ways and means of social integration". Rather, "it means to create the structural premises for a decentralized integration of society" (Id.).

Central to this construction is the issue of power. In fact, reflexive regulation "seeks to structure bargaining relations as to equalize bargaining power and it attempts to subject contracting parties to mechanisms of 'public responsibility' that are designed to ensure that bargaining processes will take account of various externalities" (Id.).

A corollary of the "reflexive law" paradigm is the need to lay down *rules of competence* in addition to *rules of procedure*. In the social dialogue context, this gives rise to the need to "ensure that the parties involved are of a sufficient quality" (van der Meer et al. 2005). In other words, representativeness and accountability of the actors involved in the procedure should be guaranteed. Moreover, monitoring and conflict resolution procedures should be set up to ensure the enforcement of the established agreements.

To sum up, in an attempt to apply the "reflexive law" paradigm to our theory of occupational welfare, it may be argued that social dialogue should primarily aim at determining the procedural framework that would empower individual workers *vis-à-vis* their employers in the drafting and management of welfare schemes. By way of example, collective agreements, provided they are signed by duly representative parties, may lay down on the on the one hand a set of welfare arrangements and schemes meant as alternative responses to a certain needs (such as the alternative between paid leave and the purchase of external care services in respect of family commitments), and on the other hand the conditions under which the individual employee can make use of them.

In this sense, it is different from the view of the employee's freedom of choice that the use of a certain scheme (such as paid leave), be qualified as a formal right or as a mere expectation that is conditional on the employer's discretion or goodwill. Hence, one may say that occupational welfare schemes are consistent with the "high road" discourse only to the extent that social dialogue aims successfully to modify the bargaining power between employers and employees.

In the background of this construction it is possible to identify the potential of participatory models of industrial relations. As pointed out above, in a capability perspective the employees' freedom of choice should be protected not only in relation to the employer but also in the face of the employee representatives. In the same way, is has been argued that "the capability approach is not compatible with a top-down or 'command and control' mode of governance, be it in the public policy process or in any kind of institutions connected to the labour market" (Bonvin 2012). Hence, the challenge for collective relations "is to combine the representative logic embodied by trade unions with more direct forms of work participation which do not, however, inevitably have to be placed under management control" (Zimmermann 2012).

4. Conclusion

The scenario outlined above represents a conceptual framework for the interpretation and evaluation of occupational welfare schemes that are implemented in Europe by means of social dialogue, in the broader context of employment policies and in a flexicurity perspective. It aims to cast light on the meaning of the key concepts and provide a set of parameters for the evaluation of social dialogue practices, under the assumption that the rethinking of flexicurity requires a shift of employment policies towards an "high road" strategy linking flexibility and competitiveness-oriented strategies with the protection of workers' needs.

In the next stages of our research report, we will examine the social dialogue experiences in seven European countries as well as at the EU level, by means of an analysis of the relevant documents (especially collective agreements, Part II) and specific case studies (Part III). We shall attempt an assessment of each specific experience on a qualitative basis, taking as a benchmark the ideal model (perhaps not observable in practice) of a scheme that is perfectly aligned with our definition of the "high road" strategy. The conceptual framework presented above is intended to enable the empirical research to provide an answer to the following questions:

- What are the sources of regulation of occupational welfare schemes in the system under examination? Who are the actors, at which level(s) do they operate?
- What is the general economic situation in which an occupational welfare scheme is set up?

Is such a scheme part of a more complex productive or management strategy (defensive or expansive, based on the mitigation of costs or on the product quality, etc)? In particular, are the schemes under examination framed in a context of productivity, flexibility and competitiveness-related goals? Do they aim to promote flexibility? Which kind (internal, external, both)?

- What are the topics concretely dealt with under the broad "occupational welfare" concept? What needs are addressed and what are the tools deployed to respond? e.g., as for needs: work-life-balance, satisfaction and well-being, skills, compensation etc; as for the tools: services, pay, organizational design etc. Does the experience under examination present some kind of linkage between flexibility and other production-related needs and welfare arrangements?
- To what extent do they pursue or achieve conditions favourable to freedom of choice, in the sense the latter has been defined here? Do they devise any particular procedure or toolkit for employee empowerment or voice?

However, before going on to the further stages of the research, we need to cast light on the overall context of social dialogue in each Member State involved in the project, in respect of both the sources and the functioning of the industrial relations systems and the general policies laid down as regards employment, flexicurity and occupational welfare. This will be part od the topics dealt with in the second part of this report.

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PART I – GENERAL FRAMEWORK AND THEORETICAL FOUNDATIONS OF THE PROJECT

Overview of the Findings of the Project

OLGA RYMKEVICH

Summary: 1. Introduction – 2. The challenges of Flexicurity in the context of crisis – 3. Transformation of industrial relations in the era of economic crisis and the role of collective bargaining in implementation of occupational welfare policies - 3.1. Transformation of industrial relations in the era of economic crisis - 3.2. Occupational welfare and the role of collective bargaining in its implementation – a) Spain – b) Bulgaria – c) Hungary d) - Italy - e) Sweden – 4. Case studies – 5. Conclusions and recommendations.

1. Introduction

The present section of the report aims to provide an overview of the main findings of the European project "Going up the High Road. Rethinking the Role of Social Dialogue to Link Welfare and Competitiveness" funded by the European Commission under the line "Social Dialogue". Nine universities and research centres were involved in carrying out the project with the leading role assigned to the Marco Biagi Foundation (University of Modena and Reggio Emilia, Italy).

The main idea of the project was to provide an overview of the occupational welfare policy implementation in different member states through the prism of social dialogue practices within the flexicurity framework. The basic assumptions in this respect are twofold: on the one hand, the need for a critical assessment of the enactment of the "flexicurity" concept in recent employment policies; on the other hand, the view that social dialogue should be revitalised as an essential part of the multi-level system of European governance to be used to promote a deeper and stronger synergy between policies relating to labour and organisational flexibility in the workplace and occupational welfare schemes aimed at responding to the individual needs of employees.

In line with this idea, the first part of the report is dedicated to the main theoretical assumptions relating to the definition of occupational welfare and its functional link with flexicurity while the second part is focused on the national industrial relations systems and implementation of welfare policies by means of social dialogue. In this regard the report provides a mapping of the relative policies laid down in national collective agreements at various levels with particular attention to the company level.

The final part of the report is dedicated to the national case studies based on interviews and the analysis of internal documentary sources of the companies involved. The final conclusions of the project (which may found in the Executive Summary) are formulated in light of the research carried out in coooperation with the international partners from academic community, social partners at various levels and government representatives. From a broader point of view, these research outcomes are intended to be of interest for the European institutions and social partners, in particular, for the European Commission and other research centres, thus promoting further research, including the preparation of general reports on industrial relations in Europe.

The idea to propose a new approach to occupational welfare in relation to the pillars of the European social model, closely interconnected to EU policies, namely flexicurity, collective bargaining and welfare arose from a broader reflection about the inconsistencies of the flexicurity approach in the economic crisis. In this regard social dialogue has attracted particular attention as an essential means to promote the design, implementation and administration of welfare programmes linked to labour flexibility, implementing its principles at all levels.

The main factor in this regard was the widespread concern that European employment policies in the framework of austerity measures have had an adverse impact on the European Social Model, at least in the way it has been traditionally understood. In fact, it is possible to observe that increased flexibility in recent times has taken place alongside decreasing levels of social protection, especially affecting the weakest sectors of society. This in turn has led the economic system towards a polarisation of employment rates and job quality between highly skilled and low skilled workers, widening the gap between different sectors of the working population, and increasing inequality.

As a result, the risk is that that labour costs increasingly become the main driver for competition in the European Union, hence casting doubt on the ability of the European Social Model to operate as a policy framework of the European integration project.

In this regard, considering the cuts in of public budgets, deregulatory trends in labour relations linked to the lowering of labour standards in the name of business competitiveness and the subsequent retrenchment of public welfare from its traditional tasks in the field of social protection, the first question is whether and to which extent it is possible to take "the high road" instead of the "low road" in labour law and industrial relations. Clearly this is not a new question in the industrial relations literature and the "high road" is not a totally new concept.[8] In the paper by Milberg and Houston[9] the authors argue that there may be alternative paths to the "low road" based on cost and wage-cutting and conflictual labour relations, pointing rather to a "high road" which on the contrary implies cooperative labour relations, strong trade unions, high quality production and higher wages, as well as greater state-supported social protection.

Milberg and Houston considered this question to be relevant to international competitiveness (their research comprised different IR systems) and the results of their study confirm that there is no direct link between unit labour costs and international competitiveness. They argue that "more generous social spending and more cooperative labour relations are not uniformly associated with poor national performance in the international economy".

Considering also Amartya Sen's capability approach and in particular, the concept of freedom of choice, and considering the existing academic research in this area, we decided to investigate how occupational welfare can contribute to the promotion of a "high road" approach to industrial relations. In this connection we placed occupational welfare within a more generic framework of flexicurity strategies and social dialogue.

The argument underlying our research is that occupational welfare can represent a tool to preserve the European social model in the new order that will emerge after the end of the crisis, by means of innovative partnerships between public and private bodies. In order to enhance the virtuous link between flexicurity and occupational welfare, actions relating

[8] This distinction is common in the industrial relations literature. Soskice (1990) distinguishes between the strategies of "cost cutting" and "value added", Visser (1996) contrasts the "quality scenario" and the "efficiency scenario", whereas Harrison (1994) refers to the low road as the "low-level equilibrium trap."

[9] William Milberg and Ellen Houston, The High Road and the Low Road to International Competitiveness, Paper prepared for *Globalization and Social Policy*, ed. Lance Taylor (2014).

to work organisation are needed rather than a simple externalisation of social protection policies from the government to the social partners.

As far as the regulatory role of social dialogue is concerned, the theoretical foundations of the project are grounded on the reflexive governance approach, starting from an acknowledgement of the failure of regulatory approaches based on traditional command-and-control schemes, and of those based on decentralised, purely liberal and market-based coordination. This approach adopts a bottom-up consensus-based model of governance, rooted in a process of mutual learning, taking into consideration all the interests of the various stakeholders, by means of ongoing renegotiation in the light of an evolving understanding of the issues at stake and creation of new partnerships.

In order to address these problems, an interdisciplinary methodology was adopted aiming to carry out a legal, economic, organisational and sociological analysis. To make full uses of the the potential e in the comparative method, the research covers a sample of countries belonging to different economic and industrial relations traditions. In this regard some experiences of a selection of high performance (prevalently multinational) companies were examined and discussed at the international meetings held in Trento (Italy), Modena (Italy), Cambridge (UK), Budapest (Hungary), Tallinn (Estonia), and Brussels (Belgium).

Whereas the first two events served as important forums for the discussion, confrontation and consolidation of the theoretical base of the project, a major forum for discussion was the international conference held in Modena, Italy in March 2014, entitled *Labour and Social Rights. An Evolving Scenario,* aiming to address the problem of the conceptual link between labour relations and social protection and the special status of labour law in this regard. This approach was intended to stimulate an interdisciplinary and comparative debate, not only focusing on the technical, legal and political aspects of labour law, but also aiming to clarify from an economic, sociological and organisational point of view the nature of the situations to be regulated, identifying the needs, interests and emerging constraints in the new socio-economic framework, and assessing the effectiveness of provisions in terms of the consequences of the matters to be dealt with, rather than in the light of abstract models that are in some cases adopted with insufficient critical analysis by scholars and regulators. The results of this are to be published in a volume of conference proceedings (*Labour and Social Rights. An Evolving Scenario* (eds.) T. Addabbo, W. Bromwich, T. M. Fabbri, I. Senatori, Turin, Giappichelli, 2015).

At the two international meetings held in Budapest (Hungary) and in Tallinn (Estonia) specific project-related tasks such as the mapping of national collective bargaining practices in relation to occupational welfare and national case studies were discussed. The final comparative outcomes were presented at the closing conference in Brussels (Belgium) providing the opportunity to compare the project findings and innovative policy recommendations with the European social partners.

The choice of the countries corresponded to the five flexicurity/ labour market models (clusters) identified at the European level.[10] We focused in particular on selected countries

[10] *Nordic model* (Denmark, the Netherlands, Sweden and Finland) characterised by high security and intermediate-to-high flexibility; *CEE countries model* (Poland, Hungary, the Czech Republic and Slovakia –in which also Italy is included, characterised by high insecurity and lower-to-medium flexibility; *Mediterranean model* (Spain, Portugal and Greece) with countries combining low flexibility and relatively low security; the Anglo-Saxon model, comprising the UK and Ireland, characterised by a high degree of flexibility and relatively low security; *the Continental Europe model* (Germany, Belgium, Austria and France) characterised by intermediate-to-low flexibility and intermediate-to-high security. Even though in the report "Employment in Europe" Italy is included in the CEE model it may be argued that this collocation is due mainly to the transitional nature of the recent labour market reforms and thus is temporary, so in this report we

from the Nordic group (Sweden), Mediterranean (Spain, Italy), Eastern European (Estonia, Bulgaria, Hungary) tackling in a more indirect way the continental and Anglo-Saxon model (since some MNCs in the present study have headquarters in these countries and it is well known that MNCs reproduce at least in part their models of IR in the host countries).

The aim of this comparative study was to identify differences and similarities in the approaches to occupational welfare within the framework of flexicurity and identify best practices with particular attention to the role of social dialogue. In addition we tried to trace a functional link between occupational welfare, flexibility and organisational design, in particular between the enhancement of internal flexibility and the welfare schemes provided.

From this point of view the added value that the present research aimed to provide is twofold: on the one hand, based on the idea that this issue should be tackled at the European level, we pursued the enlargement of the knowledge base in relation to the implementation of occupational welfare practices in different European industrial relations systems, in order to support the exchange of information and best practices among stakeholders. In this regard, this report provides information on the situations in Bulgaria, Estonia, Hungary, Italy, Spain and Sweden.

On the other hand, the research team was committed to setting up a paradigm for the analysis, classification and evaluation of the surveyed practices. Such a paradigm has been grounded on two main pillars. The first one, consistent with the conceptual toolkit of the capability approach, is the concept of freedom of choice. In this respect it is argued that if, relying on Amartya Sen's theory, high road regulations entail a closer focus "on the effective needs of the workers seen as individuals", welfare schemes and provisions laid down in collective agreements would be deemed to be favourable to the "high-road" strategy insofar as they provide the employee with the freedom to select, among the available measures, those that are deemed to be the most valuable for the purpose of satisfying their needs.

Such an approach is in accordance with the adoption in the research of the reflexive law paradigm (Teubner) in which it is argued that modern decision-making systems must be shaped as learning processes (van der Meer et al 2005, De Schutter, Lenoble 2010) in order to find the most suitable solution to a certain regulatory problem.

The consequence of such a paradigm is the shift from a substantive to a procedural approach to regulation. Returning to the Teubnerian doctrine, it can be said that the role of a regulatory system in respect to the "semi-autonomous social systems" is to shape "both their procedures of internal discourse and their methods of coordination with other social systems" (Teubner 1983). In other words, reflexive regulation does not imply the need "to prescribe authoritatively ways and means of social integration". Rather, "it means to create the structural premises for a decentralized integration of society" (Id.).

Central to this construction is the issue of power. In fact, reflexive regulation "seeks to structure bargaining relations as to equalize bargaining power and it attempts to subject contracting parties to mechanisms of public responsibility that are designed to ensure that bargaining processes will take account of various externalities" (Id.).

A corollary of the "reflexive law" paradigm is the need to lay down rules of competence in addition to rules of procedure. In the social dialogue context, this gives rise to the need to "ensure that the parties involved are of a sufficient quality" (van der Meer et al 2005); in other words, the representativeness and accountability of the actors involved in the procedure should be guaranteed. Moreover, monitoring and conflict resolution

conventionally placed it within the traditional Mediterranean model. (Employment in Europe 2006 Report, 103-107, Eurofound, 2012 – p. 14).

procedures should be set up in order to ensure the enforcement of the established agreements.

To sum up, in an attempt to apply the reflexive law paradigm to our theory of occupational welfare, it may be argued that social dialogue should primarily aim at determining the procedural framework that would empower individual workers *vis-à-vis* their employers in the drafting and management of any welfare scheme. By way of example, collective agreements, provided that they are signed by duly representative parties, should lay down on the one hand a set of welfare arrangements and schemes meant as alternative responses to a certain personal need (such as the alternative between paid leave and the purchase of external care services in respect of family commitments), and on the other hand the conditions under which the individual employee can benefit from them.

To the extent that social dialogue approaches the objective to equalize the bargaining power between employers and employees in this respect, one may say that a set of occupational welfare schemes is consistent with the high road discourse. In the background of this construction we find the potential of participatory models of industrial relations. As pointed out before, in a capability perspective the employees' freedom of choice should be defended not only against the employer but also in the face of the employee representatives. In the same vein, is has been argued that "the capability approach is not compatible with a top-down or 'command and control' mode of governance, be it in the public policy process *or in any kind of institutions connected to the labour market*" (Bonvin 2012, emphasis added). Hence, a challenge for collective relations "is to combine the representative logic embodied by trade unions with more direct forms of work participation which do not, however, inevitably have to be placed under management control" (Zimmermann 2012) (see chapter by Curzi, Fabbri, Senatori, also for full bibliographic references).

However, it is important to stress that such an approach does not rule out the use of hard legal devices, for instance in the form of "rights enabling workers to adjust their working time and working hours to their needs during lifetime", as Susanne Burri[11] stated in her paper presented at the Modena conference in March 2014 with reference to work-life-balance and reconciliation issues.

This is consistent with the concept of "freedom of choice" and the idea that work organisation can be changed not only to pursue greater company competitiveness but also improved employee wellbeing. Consistent with the "capability of choice" the idea is that occupational welfare should be conceptualized broadly to encompass not only services, economic benefits and benefits in kind, but also changes in working conditions aimed at meeting individual wishes and expectations.

The second pillar of the proposed paradigm is in line with the target laid down by the Europe 2020 Strategy: moving towards smart sustainable and inclusive economic growth. In this perspective, the attention is on the organisational conditions of work framing the implementation of internal flexibility and occupational welfare measures at the company level, and emphasising the need to assess whether and to what extent they are consistent with the need to foster competitive strategy based on innovation (see chapter by Curzi, Fabbri, Senatori, also for full references).

The research was carried out by means of a review of secondary sources and a first-hand examination of collective agreements, complemented by several case-studies that

[11] S. Burri, Challenging perspectives on work /life balance issues in EU and Dutch law, in *Labour and Social Rights. An Evolving Scenario,* Addabbo, Bromwich, Fabbri, Senatori eds., 2015
[11] T. Torre, The Evolution of Remuneration Systems towards Personalised Reward, in *Labour and Social Rights. An Evolving Scenario,* Addabbo, Bromwich, Fabbri, Senatori eds., 2015

involved nearly all of the countries represented in the research team. The data collection was carried out based on following questions:

- What are the sources of regulation of occupational welfare schemes in the system under examination? Who are the actors, at which level(s) do they operate?
- What is the general economic situation in which an occupational welfare scheme is set up? Is such a scheme part of a more complex productive or managerial strategy (defensive or expansive, based on the mitigation of costs or on the product quality, etc)? In particular, are the experience under examinations framed into a context of productivity, flexibility and competitiveness-related goals? Do they aim to foster flexibility? Which kind of (internal, external, both)?
- What are the topics dealt with under the broad "occupational welfare" concept? What needs are addressed and what are the tools deployed to respond? e.g., as for the needs: work-life-balance, satisfaction and well-being, skills, compensation etc; as for the tools: services, pay, organisational design. Does the experience under examination present some kind of linkage between flexibility and other production-related needs and welfare arrangements?
- To what extent do they pursue or achieve conditions favourable to freedom of choice, in the sense the latter has been defined here? Do they devise any particular procedure or toolkit for employee empowerment or voice?

2. The challenges of flexicurity in the context of crisis

Global neoliberal trends are perceptible in almost all the countries in the world *in* and *outside* Europe. Arguably the manifestation of deregulatory trends could have been noted even before the crisis, which became the accelerator of these tendencies that have received justification and approval on the part of the European institutions for the purposes of rising competitiveness and employment rates. Generally neoliberalism gives rise to a decline of trade union membership and power with a consequent decrease in collective bargaining coverage. Other developments relate to the decline in public welfare spending, decentralisation of collective bargaining and flexibilisation of employment relations leading to the increase of atypical contracts and increasing labour market segmentation.

Considering the asymmetry of power between employers and workers, these developments may be risky for the European Social model. As one of the tools intended to mitigate these negative trends and stimulate the reconciliation of needs between labour and management, flexicurity has been adopted at the European level in the framework of the European Employment Strategy. In the opinion of its advocates, the flexicurity strategy should combine flexibility for business and security for employees, the two opposites which in the view of the European Commission should be complementary and act in synchrony with each other. [12]

Arguably the term "flexicuirity", even after decades of use, remains a vague and contradictory issue often employed as a catchword on the political agenda. There is still no consensus among legal scholars and policy-makers about its definition, its origin, or the material contents. For example, the two concepts of the flexicurity model – Dutch and

[12] The European Commission defines it as "an integrated strategy to enhance at the same time, flexibility and security in the labour market" European Commission (2007) *Towards common principles of flexicurity: more and better jobs through flexibility and security*. Luxembourg, Office for Official Publications, 10.

Danish – commonly cited in the literature are based on different basic principles.[13] The Dutch system[14] presupposes a general application of flexible forms of labour relations with particular attention to atypical workers and extension to them protection. Flexicurity policies include a complicated combination of different elements of flexibility (external and internal numerical flexibility, functional and wage flexibility) and security (job, employment, income and combination) measures.[15] It is possible to identify at least three types of flexibility.

- *External numerical flexibility* facilitates the termination of employment contracts.
- *Internal numerical flexibility* allows the employer to modify the number of workers without hiring and firing, by means of working time changes and other measures.
- *Functional flexibility* presumes the possibility of change of work organisation and contents by means of multiple tasks assignment, change of job descriptions, employment grades and so on.

Wage flexibility implies more extensive possibilities to modify the amount of remuneration to be able to adapt to the changing economic conditions.

Job security is understood as the estimated length of employment for the specific employer (protection of the existing contractual relation). On the other hand, employment security is understood as protection on the labour market i.e. the possibility of employment regardless of whether the employee remains with the same employer or not. Spinelli critically notes that job and employment security are increasingly seen as alternatives instead of being complementary, further deepening the problems of labour market segmentation (see Spinelli, in Addabbo, Bromwich, Fabbri, Senatori, op. cit.).

Income security concerns the level of income protection in the event of unemployment. The Danish model[16] is usually associated with the "golden triangle" of: a) flexible "classic" employment with weak protection against dismissal; b) a "generous" (but rapidly decreasing in the case of long-term unemployment) system of unemployment benefits; and c) active labour market policies aimed at the retraining of unemployed workers to enable them to take up employment opportunities in other sectors.

This initially successful model of flexicurity is associated in the academic literature with the Nordic model and welfare state. Not surprisingly there have been attempts to transpose the Nordic model of the welfare state into other national industrial systems after the adaptation to the country-specific context which could be theoretically achieved due to flexicurity policies. However these attempts have been mostly unsuccessful as the welfare state is the result of a specific historic development that cannot be divorced from actual balance of power between labour and capital and as a result it cannot be easily exported.[17]

The inconsistency and lack of success of such policies has given rise to an intense critique of flexicurity. Its ambiguity and smanipulative character is stressed by the Italian

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13 N. Lyotov, Russian employment protection: analysis from the perspective of EU flexicurity policy, 28(3) *International Journal of Comparative Labour Law and Industrial Relations*, (2012).

14 T. Wilthagen, S. Bekker, Europe's Pathways to Flexicurity: Lessons Presented from and to the Netherlands // Intereconomics, 71-73.March/April 2008. 3 (in Lyotov, op. cit.).

15 T. Wilthagen , Balancing flexibility and security in European labour markets // Paper presented at the Conference on Recent Developments in European industrial relations, organized by the Dutch Socio-Economic Council (SER). The Hague, 7-8 October 2004. P. 3 (in Lyotov, op. cit.).

16 P.K. Madsen, How can it possibly fly? The paradox of a dynamic labour market in a Scandinavian welfare state, in J. Campbell, J. Hall and O. Pedersen (eds.), *National Identity and Varieties of Capitalism: the Danish Experience,* Montreal: McGill- Queen's University Press, 2006 in Lyotov, op. cit.

17 Asbjom Wahl, Main d'oeuvre et développement: Que retenir du modèle nordique? 40 (1-2) *Travail, capital et société*, 102, (2007).

labour law scholar, Riccardo Del Punta.[18] While affirming the inevitability of flexicurity policies in Europe and the necessity to ensure employment security, Del Punta notes that in most the cases it lags significantly lbehind flexibility and the proposed safeguards often reproduce the safeguards already existing in national labour law and collective agreements. In addition active labour market policies are often not accompanied by the necessary financial support.

On the contrary, there is a clear trend towards cuts in funding in all the countries analysed in our research. These developments are associated with another threat of flexicurity consisting in the tendency to overcome the division of labour market not so much by extending protection for atypical employees as by diminishing the safeguards for the insiders (for example by reducing employee protection or by making easier recourse to flexible forms of employment). According to Del Punta this trend could be particularly dangerous since once flexibility is accepted there is a point of no return and the future legislation will introduce flexibility more and more. This can be seen in the recent reform of fixed-term contacts in Italy: in 2012 the initial period of employment without protection against dismissal was 12 months and the reform of 2014 increased this to 36 months. The single employment contract, while remaining an open-ended contract, at the same time permits dismissal during the first three years of employment thus significantly diminishing the safeguards provided under the standard employment relationship.

Similar tendencies are to be observed in a number of the EU countries, in particular regarding the proposals for a single employment contract put forward in France and Spain (see Spinelli, op. cit.). The Spanish reforms confirm the tendency of a progressive dismantling of the protective regime in employment relations in favour of increasing flexibility not adequately supported by employment security measures. This legislative trend can be traced back to 1984 when the *contrato coyuntural*[19] was introduced followed by the legitimisation of temporary agency work (1994)[20] further increasing the proliferation of precarious employment contracts. In particular, the labour law reform of 2012 significantly deregulated temporary work (in particular fixed-term, apprenticeship and training contracts) as well as the regulation of dismissals.

Drastic deregulatory trends can be traced also in the Hungarian case following the adoption of the new Labour Code (2012) which made dismissals easier, introduced more flexible forms of contracts and cut down the rights of trade unions which instead of participation rights are now merely entitled to consultation rights at the employer's discretion. The reform introduced extensive possibilities for the unilateral modification of individual employment contracts by the employer on terms unfavourable to the employee compared to the existing labour law and collective agreements and it seems that further reforms in this direction will be made (see chapter on Hungary).

Compared to standard fixed-term employment, certain deregulatory tendencies can be observed in a number of European countries. The Czech Republic extended the fixed-term contract from two to three years with two renewals for a total of nine years in which a person can be hired by the same employer. In Greece the fixed-term contract was extended

[18] R. Del Punta, Labour Law on the Edge: Neoliberal Decline or Regeneration?, paper presented at Modena conference, 2, 2015, in *Labour and Social rights. An Evolving Scenario*, Addabbo, Bromwich, Fabbri, Senatori (eds), 2015

[19] Temporary contract without cause intended to promote employment. This contract marked the beginning of "the culture of recourse to temporary contracts. (J. López, S. Canalda & de le Court, *Flexiprecarity: a Spanish version of flexicurity*, 2012).

[20] J. López, S. Canalda & de le Court, Flexiprecarity: a Spanish version of flexicurity, (2012), paper presented at the International LLRN conference (Barcelona 2013).

from two to three years, in Portugal to three years whereas it was originally six months. In Romania the duration was extended from 24 to 36 months with the possibility of concluding three successive contracts (first for up to 36 months and then up to 12 months each). In Spain the term was extended to three years and the possibility of extension for another year is laid down in collective agreements.

The reform affected not only the increase of total duration but also the number of renewals. In The Netherlands, for workers up to the age of 27 years an open-ended contract is now required after the fifth renewal compared to the fourth before the reform. In Poland an unlimited number of renewals is allowed but only for 18 months with the same employer. Some countries like Slovakia combine both measures: the maximum duration of the contract is three years with the possibility of three renewals within three years whereas there was originally a two-year limit. In Estonia fixed-term contracts are permitted for up to five years.[21]

Clearly the reforms concerning the relaxation of dismissal regulation has to a different degree affected almost all the European countries. The underlining idea is the shift from job protection to compensation increasingly reviewed at lower levels, forcing a one-size-fits-all solution on all the member states. It is however evident that this drastic relaxation of individual and collective dismissal legislation in combination with the limits on access to judicial redress and the proliferation of atypical contracts significantly undermines the security component of flexicurity policies, increasing the number of unemployed, especially among young people, worsening general working conditions, especially pay via the possibilities by means of collective bargaining to derogate from labour law and collective agreements at the higher level.[22]

This research project takes as its starting point the view that globalisation does not necessarily require the destruction of welfare state policies and cooperative industrial relations. In the study by Milberg and Houston, the authors pointed to "social gaps" including IR and social policy, citing the study by David Gordon[23] (1991) who argued that social factors are much more important than the technological ones in relation to productivity and profitability. By way of analogy he asks: "If a car swerves off the road and smashes into a tree, should the investigators of the accident look under the hood for mechanical failure or question the ability of the driver? David thought that economists too often just look under the hood, that is focus only on technology." In our study we propose to evaluate rather "the ability of the driver".

For this reason we decided to examine occupational welfare strategies from the point of view of their potential to improve the skills of the workers by creating employment conditions that are more favourable for their personal needs while striking a better power balance between the parties considering that the asymmetry of power is intrinsic from the beginning.

From this point of view the concepts of freedom of choice and the capability approach are crucial but not decisive without the active involvement of social dialogue which should play an important role in employee empowerment *vis-à-vis* employers. In fact as argued in the present report, social dialogue should provide workers with the tools to enable them in

[21] S. Clauwaert, I. Schömann, The crisis and national labour law reforms: a mapping exercise, ETUI Working Paper 2012.04, p. 12.

[22] I. Schömann, Labour law reforms in Europe: adjusting employment protection legislation for the worse?, ETUI, WP 2014.02.

[23] David Gordon, *Inside and Outside the Long Swing: The Endogeneity/Exogeneity Debate and the Social Structures of Accumulation Approach,* XIV (2) Review, Fernand Braudel Center, 263-312, (1991) cited in Milberg and Houston (op. cit).

the first stage to take an active part in decision-making process on occupational welfare arrangements and in the second stage, to enforce them (see chapter Curzi, Fabbri, Senatori, also for full references). In this way they could become more active participants in the processes that directly influence their well-being.

In the following section we investigate how collective bargaining at various levels deals with occupational welfare, and voice trying to analyse the rationale and the functioning of occupational welfare schemes and to cast light on best practices in the various countries in the study.

Based on the theoretical assumptions outlined above, the survey of collective agreements seeks to answer the following questions:

a) Context. What is the general economic situation in which an occupational welfare scheme is set up? Is such a scheme part of a more complex productive or management strategy? In particular, are the schemes under examinations framed in a context of productivity, flexibility and competitiveness-related goals?
b) Object. What are the matters dealt with? What needs are addressed and what are the measures adopted? Does the experience under examination present some kind of linkage between flexibility and other production-related needs and welfare arrangements?
c) Functioning. Do agreements pursue or achieve conditions favourable to freedom of choice? Do they devise any particular procedure for employee empowerment or voice?

3. Transformation of industrial relations in the era of economic crisis and the role of collective bargaining in implementation of occupational welfare policies[24]

3.1. Transformation of industrial relations in the era of economic crisis

In spite of the convergence of European industrial relations systems towards neo-liberalism the present study demonstrates some peculiarities. First of all, it should be noted that in all the countries involved in the project the economic environment is mostly composed by small and medium-sized enterprises that to a different extent were affected by the crisis. The prospects for recovery are uneven and depend on the country-specific context. Moreover the crisis accelerated the transformation process in nearly all of the countries.

The only exception may be considered to be Sweden. The Swedish model of industrial relations does not seem to have been affected by the recession. As in other Nordic countries, trade union density is high with no significant difference between blue-collar workers (66%) and white-collar workers (71%) and between the public (83%) and the private sector (65%). Welfare state arrangements were expanded in Sweden during the long period of economic growth after World War Two. Income-related sickness insurance was established in 1955. Another reform the same year was the introduction of occupational injury insurance. Moreover, women were entitled to paid maternal leave even before 1974, but through a major reform that year it also became possible for fathers to take paternity leave. Child care and care for older persons were expanded in the 1960s, 1970s and 1980s. The pension system was reformed several times in order to secure reasonable incomes for

[24] Sections 3 and 4 provide a summary of the chapters of the final report. Please consult the relative chapters for more detailed information and full bibliographic references.

older people. Thus one may state that Sweden has maintained over time, with only slight changes, its characteristics of political stability, strong labour unions matched by well-organised employers,[25] high union density and collective bargaining coverage rates, efficient provision of welfare services and benefits by the State. In this respect, the role that collective agreements play as far as welfare services are concerned is mostly limited to supplementing welfare state arrangements (see national report "Sweden").

As for countries that are experiencing transformation, the countries in Central and Eastern Europe (CEE) are undergoing to different extents the transition from the regimes of the Soviet era. In recent decades trade union membership has sharply declined and at present union density stands around 16%-22% (for Bulgaria, Czeck Republic, Hungary, Slovakia). At the extreme are Slovenia (44%) and Estonia (7.6%).[26] Rapid transposition of *acquis communautaire* produced a dual effect in these countries. On the one hand (according to its original aim) it brought the legal framework closer to the Western economies. On the other hand this top-down adaptation of national systems to the European rules had a general negative effect since the prerequisites were lacking.

The situation was further aggravated by the requirements of the European institutions for austerity measures and the demands for further decentralisation of collective bargaining and the flexibilisation of employment relations.

Regarding social dialogue which is a relatively new phenomenon in these countries, these trends not only failed to create coordinative mechanisms between various levels of social dialogue but further deregulated and weakened the existing ones. For this reason there is a lack of coordination between various bargaining levels and sectoral level of collective bargaining represents the weakest link for almost all the CEE countries. The process of adaption to European requirements differs among the countries. Whereas in some cases, such as Bulgaria, it implies strong trilateral ties between the social partners and the government and effective social dialogue, with a certain degree of deregulation, autonomy and informality at the periphery, in other countries reforms have been enacted (in some cases of a radical nature as in Hungary) or are in progress (as in Estonia) that entail a weakening of tripartism and a widespread concern that the State is unwilling to create conditions favourable to the establishment of a fair, balanced and autonomous social dialogue, leading to a lack of consensus on reform among the social partners.

In another group of countries, in Southern Europe (Italy and Spain), the crisis has given rise to similar processes of reform, aimed at supporting the adaptation of the economic system to market demands and enhancing productivity and employment by using regulation as a competitive advantage, in other words, by means of the establishment of regulatory solutions capable of responding promptly to the different needs expressed in each company.

Despite their different historical paths, both the groups in transformation converge towards similar patterns. The first is the decentralisation of the structure of collective bargaining. The prevalence of company or local agreements over the national level has been a common feature of the Bulgarian, Estonian and Hungarian systems, mostly due to the weakness of social partners' organisational structures especially on the employers' side.

In Italy and Spain, where sectoral collective bargaining has historically been predominant, lawmakers and the social partners have attempted in several ways to shift a

[25] The Confederation of Swedish Enterprise has almost 60,000 member companies and these involve more than 1.6 million employees. The LO has about 1.5 million members, but many of them work in the public sector in contrast to the PTK that is a collaborative organiSation in the private sector with almost 800,000 members (see Table 11 in National Report on Sweden, this volume).

[26] Richard Croucher and Marian Rizov, Union influence in post-socialist Europe, 65(3) *ILR*, 632, (2012).

share of regulatory power to the peripheral levels, although the results both in qualitative and quantitative terms are still questionable and it is still too soon to draw conclusions.

More particularly, in Spain new legislation in 2012 allowed company agreements to lay down different terms and conditions, compared to the national level, on matters such as working hours, job classification, pay and the like. In Italy two parallel and somewhat contradictory interventions, respectively by the legislator (Act n. 148/2011) and the social partners (a series of Intersectoral Agreements in the period 2011-2014), have granted company agreements the power to repeal certain provisions laid down in sectoral agreements (and, as far as Act n. 148 is concerned, also in legislation). Both the sources deal with the regulatory power of company agreements on topics such as job classification, internal flexibility and working hours, and make the granting of such power conditional upon the existence of a need to react to a crisis or to enhance the economic development of the company and its effects on employment.

The second common trend observed in the countries undergoing transformation, although it is not exactly a clear pattern, is the weakening of the background conditions for the development of social dialogue. This trend is particularly evident in Hungary, where recent reforms have watered down the role of social partners in tripartite relations, weakened the legal prerogatives of trade union officers at the workplace, and allowed for the derogation from certain legal provisions in individual contracts, thus reducing the incentive to bargain collectively. In particular the new Labour Code regulations concern the right to conclude collective agreements, the position of trade union officers, the right of the trade union to monitor the implementation of the collective agreement and the rights of work councils (see executive summary by Curzi, Senatori).

Pursuant to the new rules, a trade union may conclude collective agreements if its membership is at least 10 per cent either of all workers employed by the employer or of the number of workers covered by the collective agreement concluded by the employers' association, which is a significantly more stringent provision than the previous norms requiring trade union to obtain more than half the votes at the works council election. Works councils are now empowered to conclude works agreement with the employer covering all elements of a collective agreement except wages. Moreover, the number of protected trade union officers was reduced and the threshold was increased and the working time allowance for trade union officials was reduced. In addition, the Labour Code no longer obliges the employer to consult and inform trade unions. Clearly, these changes have adversely affected the efficient operation of trade unions allowing nothing more than their mere existence in workplaces (see chapter on Hungary).

In Spain recent reforms have enlarged the unilateral power of the employer as regards mobility within the firm, the distribution of working time and other issues related to internal flexibility. Furthermore, Spain is experiencing the quantitative growth of informal negotiations known as "workplace agreements". In particular, the collective bargaining reform in 2012 reduces the power of both unions and employers' associations at the sectoral level and creates incentives for collective bargaining at the company level. However, it gives companies two ways to derogate from the working conditions and other terms of sectoral collective bargaining.

The first is to conclude a formal (normative) collective agreement: the wages, hours and other terms laid down in this agreement prevail over those established at the sectoral level, even if they are less favourable for the employees.

The second is to enter into a mere workplace agreement to provide exemptions from the sectoral agreement. This gives the employers the chance to lower wages, to increase hours, and so on.

While the first method requires stable employee representation (works councils) in the company, the second method does not require the existence of a works council, and the employer can negotiate and reach an agreement with an interim workers' committee. Thus, the use of this second method eliminates the incentive to set up works councils in companies. Iti is important is that an overwhelming majority of works councils in Spain are unionised: most of their members (delegates or councillors) are union members. The result is that companies can avoid unions and works councils and, at the same time, have the flexibility and working conditions they seek, only by working towards agreements with their workforce. Thus, as noted above, the 2012 reform appears designed to drastically reduce the power of unions in the Spanish economy (see chapter "Spain").

The informality of social dialogue at peripheral levels is an issue in Bulgaria as well, where employers also enjoy wide-ranging unilateral powers especially on issues such as work organisation, job flexibility and wages. A more stable situation is observable in Italy, although it should be noted that the 2011 legislation – whose effective implementation is still unclear both in quantitative and qualitative terms – might boost uncoordinated decentralisation (not requiring prior coordination between the central and the decentralised bargaining levels) that, coupled with the vague criteria for selection of signatory parties, entails the risk of worsening the imbalance of power between the parties.

The increasing importance of company-level bargaining observed in the majority of the cases under examination may create a favourable environment for the establishment of innovative strategies and regulatory solutions close to the needs of the employees and the enterprises, in a "win-win" perspective consistent with the theoretical assumptions laid down above. It is clear that, in such an environment, occupational welfare provisions might contribute to the pursuit of "high road" strategies capable of fostering company competitiveness and the quality of employment. (see executive summary by Curzi, Senatori).

However, the conditions under which such processes are taking place put the above assessment under question. As Spinelli notes, the risk of shifting the management of social security protection onto agreements between the social partners, even if for specific sectors only, could mean a reduced level of protection as the degree of protection will depend on the available financial resources and balance of power among the partners in the specific region/area/company. This becomes especially critical in a context characterized by an overwhelming presence of small and medium-sized enterprises, particularly affected by the crisis and hence not leaving much space for negotiation on an equal footing. As a result the opportunities to develop a "high road" model based on freedom of choice appear to be limited. Furthermore, the widespread presence of small and medium-sized enterprises, with low union density and limited bargaining powers poses the problem of the limited coverage of the schemes set up by collective agreements, with the risk of increasing the polarisation of the workforce and widening the gap in protection and personal well-being. In order to counteract these problems the integration between public and private schemes should be more balanced providing, respectively, basic and complementary protection. (Spinelli, op. cit.).

3.2. Occupational welfare and the role of collective bargaining in its implementation

As previously mentioned, the idea of linking the implementation of occupational welfare schemes across Europe and social dialogue is related to the perception of the

shortcomings of the flexicurity approach in the context of the crisis. First of all it should be underlined that occupational welfare is not a new approach. As pointed out in the Bulgarian report it represents "an old practical issue". In the past it existed in different forms (like "illuminated entrepreneurs", charitable programmes and so on). In CEE countries under the communist regime occupational welfare was the principal area of trade unions activity whose main function consisted in the distribution of welfare benefits as in the context of monopsony the unions were deprived of their primary function of defence and representation of employee interests. Today in the context of fierce competition due to globalisation, occupational welfare has become one of the means by which enterprises can improve their social image, competitiveness and the retention of the most highly qualified workers. Unlike the past when approaches to occupational welfare were almost exclusively unilateral schemes implemented by the employers on a paternalistic base, today they represent more institutionalised practices. These practices may assume the form of both hard and soft law (codes of conduct, internal company regulations, Corporate Social Responsibility)(CSR) but in the latter case they often continue to be unilateral initiatives. In particular CSR practices that have gained popularity in recent times still remain the prerogative of the large mainly multinational companies. In the present report the CSR practices are highlighted in the Bulgarian report (see Bulgaria, case study) in relation to the three companies operating in the food and beverage industry which are considered to be "pioneers of the CSR practices in Bulgaria".

From the definitional point of view, occupational welfare represents a multifaceted and multidimensional concept. In the report we adopt the definition of occupational welfare as one of the means by which welfare services (such as benefits, allowances) are distributed to workers (see chapter Curzi, Fabbri, Senatori). The distinctive feature is the identity of the provider: not the State – unlike forms such as "social" and "fiscal" welfare – but the employer, by virtue of the contract of employment (Titmuss 1958).

The scope of intervention of such forms of welfare has gradually evolved in line with the enlargement of the "social risk" area. Whereas it traditionally covered typical risks such as those related to health and pensions, it reflects the increasing complexity of workers' needs, to the extent of encompassing the broad area of "new social risks" such as those relating to work-life balance, care responsibilities, housing, income support, skills development and the like (Pavolini, Ascoli, Mirabile 2013, Mallone 2013). Recent surveys distinguish in this respect the different welfare strategies adopted by companies in terms of the different targets in which the workforce can be divided as a function of the respective needs, distinctions depending on gender, age, family responsibilities, employment position and so on (De Filippo 2013) (see chapter Curzi, Fabbri, Senatori).

Clearly the way work is organised plays a crucial role in the implementation of welfare strategies. Moreover it is an essential means to ensure internal and functional flexibility often preferred by the companies rather than external flexibility. The reasons for such a preference may lie in the national legislation provisions which in spite of significant liberalisation still limit the use of external flexibility such as temporary agency work, staff leasing and various atypical contracts. Another reason is that often it is more economically and organisationally convenient to use the internal workforce already trained for specific company needs. The enables the company to avoid dismissals and redundancies as well as spending time and money on selection and training. Last not the least, the use of external staff may also give rise to a conflict with trade unions or the risk of judicial litigation.

One of the most important issues regarding occupational welfare strategies and organisational design is the reconciliation of working time and family life essential for workers with family responsibilities, in particular for women. The theoretical analysis of the

legal approach to this problem is provided in a most complete way in the contribution of Susanne Burri (op. cit) who analyses the tendencies in the EU law and Dutch law in this regard. The most common finding is that while almost all the EU countries provide strong protection of pregnant and breastfeeding women, the tendency to provide them adequate pay and social benefits during this period is less protected and is in decline. The same applies also to leave in relation to older relatives, children and disabled persons. The Dutch example form this point of view may be a sort of inspiration as it provides a good mix of statutory, occupational and individual forms of insurance.

Among the approaches to welfare strategies *total reward system* (described by Teresina Torre[27] and presented at the Modena conference) deserves attention. The *total reward system* is a multidimensional concept in which measures relating to work-life balance (encompassing organisational flexibility tools and personal and family services), work environment (including training, coaching, diversity management tools and the like) and company environment (relating to workplace quality measures, safety and well-being and the like) coexist with "traditional" monetary remuneration as part of the same management toolkit. The non-monetary component plays a crucial role in management reward strategy. The aims of such a toolkit are to promote the achievement of certain performance standards and to attract and retain strategic resources, making them adaptable to increasingly demanding and flexible organisations.

In addition to its role as a managerial tool, total reward is presented as a suitable way to deal with an increasingly complex and demanding sphere of personal interests on the part of employees. According to Torre, it represents "a useful system to satisfy different individuals and their needs, for example a different mix of rewards may be effective for different types of individuals". Against this background, compensation may "offer a balance among individual expectations, organisational goals and economic sustainability".

As mentioned above, occupational welfare policies are often implemented through soft laws which play a significant role in occupational welfare schemes though often remaining unilateral initiatives on the part of the employer. As one of the forms of soft law, corporate social responsibility has increasingly acquiring popularity as a means to mitigate the negative consequences of globalisation.

In spite of the soft regulatory nature of these norms, they can have a potentially binding effect for the parties involved. The degree and scope of this binding effect depends on the institutional and cultural context of the country/company and the level of regulation. Also the combination of hard and soft law regulation and the role of the state are country-specific. Soft laws normally act as a supplement to the state regulation in the areas not covered by the state regulation or collective bargaining.

The application of soft regulatory techniques has its pros and cons. Among the negative aspects are the lack of implementation, weak monitoring and sanctioning mechanisms. On the positive side, soft approaches encourage creativity and goodwill of the actors thus stimulating internal mechanisms of social responsibility as well as self-regulation by the actors themselves paving the way for the possible further "hard" regulation.

This is especially the case of regulation at transnational level where hard law is difficult to apply. In fact the actors often voluntarily undertake a process of negotiation even without enjoying a formal legitimation as bargaining agents (as in the case of EWCs) or with no clear mandate from the lower levels (some international of European trade union federations).

[27] T. Torre, the evolution of remuneration systems towards personalised reward, in *Labour and Social Rights. An Evolving Scenario,* Addabbo, Bromwich, Fabbri, Senatori eds., 2015

However the activity of these bodies and their instruments (like EFAs and IFAs) is important from the point of view of employee social rights protection. At the European level there are two voluntary framework agreements concluded by the European social partners in relation to the occupation welfare. They are the European framework agreement on telework (2002) and European framework agreement on work-related stress (2004). In our report, telework is mentioned in some national reports in relation to work organisational flexibility.

The various approaches to welfare policies at transnational level are highlighted in the report by Iacopo Senatori (see chapter by Senatori) in relation to work-life balance strategies and training, providing an overview of some transnational agreements in this regard. It is widely known that due to the specific nature of such agreements these policies are more generic compared to collective agreements at national, sectoral, local or company level in relation to a range of issues, including occupational welfare. They often contain statements and declaration of intent rather than specific provisions. The degree of incisiveness varies in that some agreements reproduce cultural patterns by means of norms of a promotional character (like UniCredit) while others declare their intention to "go above and beyond national and European legislation" in regulation of fundamental social rights (Total, Gdf Suez).

Considerable attention is paid to the issue of work-life balance with the different tools deployed to put these policies into practice. They include working time flexibility, parental leave, benefits and support services and other measures that impact on work organisation. A fine-tuned approach is used in each agreement with a specific mixture of such tools thus adapting them in personalised ways to satisfy different needs.

The emerging trend of personalised quasi tailor-made approaches to welfare policies is underlined throughout the report. With regard to transnational agreements Senatori underlines the fact that work-life balance issues are often dealt with in relation to diversity at the work place which is considered beneficial for the company as it "stimulates creativeness and innovation", and at the same time consistent with "employee expectations as well as those of society as a whole" (Danone). Issues such as flexitime, parental leave and other related matters are treated from this perspective.

It is important from the point of view of the conceptualisation laid down in our research to stress that a significant number of agreements include a set of final clauses that, far from being marginal, assume a central role as they establish a clear link between occupational welfare, in the form of work-life balance measures, and organisational design (see chaper Curzi, Fabbri, Senatori). Again some agreements (as in the case of Danone) propose a more generic approach to organise "job content to ensure that it is not a source of exclusion" while others go further in their commitment to accommodate in the process of organisational design and policy implementation not only the diversity of workers' interests and expectations but also their variable nature (Gdf Suez; in a similar vein Total).

It should be noted that the crucial role of work organisation in the promotion of work-life balance is affirmed at another level of transnational bargaining. Reference is made to the intersectoral autonomous Framework Agreement on Telework signed on 16 July 2002 by ETUC, UNICE, UEAPME and CEEP. Although covering a cross-sectional issue that partly encompasses occupational welfare but goes beyond it, the agreement adopts a "win-win" perspective by stating that telework is "a way for companies and public service organisations to modernise work organisation", as well as "a way for workers to reconcile work and social life".

Another important issue examined in this report in general, and specifically in the chapter by Iacopo Senatori in relation to transnational agreements, is training. It is

commonly considered one of the crucial means which allows companies to ensure necessary internal flexibility. However, as shown in the analysis in the cited chapter, not all transnational agreements attribute to the concept of training the same meaning and the same value and consequently it may be expected that not all of them link training to the concept of occupational welfare and the high road strategy. From this point of view some agreements treat the issue unilaterally, taking into consideration mainly company interests (Leoni, Umicore) and the right of voice of employees in this case is expected to be quite limited while the others propose a more high road approach ensuring by means of training workers general employability and transferability of the acquired knowledge also beyond the company.

Here again as in the case of work-life balance, transnational agreements can be divided in relation to the degree of their assertiveness in this regard. As pointed out by the author, some transnational agreements are limited to a mere declaration of intent, while others are more proactive often assigning to the workers a formal position with regard to training be it in the form of a right, duty or of a hybrid status. Examples might be clauses entitled "right to training" (as in the Renault agreement) or those that refer to training as a "shared responsibility" of the company and the employees (Umicore) or a multifaceted status encompassing right and duty at once (Unicredit).

Particularly relevant, for the potential increase of employee empowerment are those arrangements that provide for the certification and validation of employees' acquired skills (e. g. Danone, Schneider, BSN). These may be interpreted as a means for strengthening the employees' professional portfolio, making it more attractive and suitable for internal or external job mobility.

Shifting to the rules of implementation, the role of social dialogue is prominent in all of the agreements under examination. Consistent with the nature of transnational agreements, this often takes the form of a general involvement of the signatory parties (in the typical fashion of information and consultation) in the local transposition as well as in the subsequent monitoring of the implementation of an agreement in respect of all of its contents. Particularly interesting in this regard are those agreements that lay down a list of benchmarks or indicators against which the achievement of specific performance targets should be assessed, both in general terms and as far as training is specifically concerned (e. g. Danone, Dexia).

In addition, several agreements lay down specific implementation and monitoring procedures for training, providing a significant role for social dialogue. Agreements of this kind include a commitment to "continued dialogue" between management and employee representatives in the area of skills development (Ford) as well as the establishment of special bilateral bodies of different kinds (PSA, Enel).

Mention should be made in this regard of the "Charter on Labour Relations within the Volkswagen Group", essentially of procedural nature – insofar it does not lay down a substantive body of regulation but rather sets up a web of information, consultation and co-determination procedures. The VW Group Charter implies that the crucial matters relating to economic, HR and social issues, including vocational and advanced training, are completely devolved to the shared responsibility of employee representatives and management, in line with the ideal of "performance and participation" that inspires the company's approach to industrial relations.

It may be argued that in transnational agreements the link between occupational welfare policies and organisational design should be tested against the implementation of these agreements at the local level. As noted above, the wording of transnational agreements tends to be loose and ambiguous, and as a result the role of social dialogue is crucial.

In order to gain insight into implementation of welfare policies and assess their coherence with the high-road strategy, in the following sections we investigate how they are implemented at national level in the various countries by means of collective bargaining at various levels, with particular attention to company-level collective bargaining. The aim is to provide an analysis of the national situation in light of the reflexive governance approach which recognises the heterogeneity and diversity of IR and respects the different research approaches of the authors.

Spain[28]

Spain is characterised by a well-developed system of social dialogue, including sectoral-level dialogue. Many occupational welfare schemes are laid down in sectoral agreements. However they are generally less generous than company schemes (even in the case of small and medium-sized enterprises that may be less competitive than their larger counterparts but may still offer more generous employment conditions than those at sectoral level).

Collective bargaining at sectoral level

Most sectoral agreements contain provisions concerning employee welfare. In addition to the basic function of setting minimum wages and maximum working hours, sectoral collective agreements lay down measures aimed at enhancing employee welfare. The most frequent measures are:

1) Supplementary incomes support during temporary incapacity for work.
2) Insurance against death and permanent incapacity (especially if due to accidents at work).
3) Paid days off and unpaid leave of absence over and above that established by law.

Supplementary cash benefits for temporary incapacity

During periods of temporary incapacity, the employee is generally entitled to a cash benefit from social security, whether or not the incapacity was caused by sickness or work-related injury (see more details in the chapter on Spain). Most sectoral collective agreements provide a supplementary benefit to be paid by the employer. In many cases, the benefit is granted only if the temporary incapacity was caused by a work-related accident or illness. In others, however, the benefit is granted in any situation of temporary incapacity, whether or not its cause has to do with the work carried out by the employee. In most cases, the benefit is granted regardless of the cause but only under certain conditions (for instance, if the employee requires hospital treatment).

Many agreements protect workers only if the period of temporary incapacity extends beyond a minimum number of days. This is related to the problem of absenteeism that is widespread in Spain. In this respect some agreements provide that the benefit will be paid only if absenteeism for the entire company is below a certain limit, while others establish that the employee is entitled to 50 percent of their salary up to a certain number of days per year when they are off work due to sickness.[29]

[28] See chapter on Spain by Francisco J. Gómez Abelleira, Kenneth A. Dubin, this volume.
[29] Employees are entitled neither to salary nor to social security benefits for the first three days of any period of temporary incapacity caused by sickness not related to work.

Insurance against death and permanent incapacity (especially if due to a workplace accident).

Another frequent provision in sectoral agreements is insurance against death and permanent disability. Social security system covers death and permanent disability by means of pensions and other types of benefits. In addition, almost every industry-wide collective bargaining agreement places an obligation on the company to take out an insurance policy covering employee deaths and permanent disability. There are important differences in the amount covered under each agreement. In the majority of agreements, the protection offered is only for death and disability due to work-related injury or sickness.

Paid days off and unpaid leave of absence over and above those established by law.

A number of sectoral collective agreements provide additional paid days off compared to the statutory 30 calendar days of paid annual leave, 14 public holidays and paid leave of absence for personal circumstances (usually 1-4 days). Some collective agreements do not require justification for the paid leave, while others do.

Only a small number of sectoral collective agreements regulate work schedules. The most advanced lay down the right of employees to enjoy uninterrupted morning and early afternoon work schedules or limit the percentage of workers assigned to interrupted workdays. According to both official statistics and other studies, the most common work schedule in Spain is that in which the employee works both in the morning and in the afternoon, with a break for lunch of at least an hour ("*jornada partida*": typically 9am to 2pm and 4pm to 7pm) (this was the work schedule of 40.2 percent of workers in 2011), followed by a morning and early afternoon uninterrupted schedule ("*jornada continuada*": 8am to 4pm or 9am to 5pm) (this was the schedule of 28.6 percent of workers in 2011). Some agreements protect workers with family responsibilities from irregular patterns of work or facilitate uninterrupted work schedule *("jornada continuada")* for family reasons.

Less common measures in sectoral collective agreements are:

- Cash benefits during work suspension or short-working week for economic, technical, organisational or production-related reasons;
- Compensatory measures for working parents:
- Financial support for parents with children enrolled in obligatory education or university;
- Financial support for parents with children enrolled in nursery school;
- Support for parents of disabled children, either financial or through time off;
- Protections for atypical employees:
- Severance pay for fixed-term employees;
- Protection for workers who become disabled (task and workplace adaptation);
- Incentives for early retirement (the older the worker, the smaller the incentive).
- Loans.

Collective bargaining at company level

As previously noted, company-level agreements lay down more occupational welfare measures than industry-wide agreements. Even agreements in smaller companies, generally less generous in this connection than their larger counterparts, usually provide more schemes than the typical industry-wide agreement.

Collective agreements at company level usually contain measures that can be classified in two main categories: compensatory arrangements and organisational measures.

As for remuneration measures, the most frequent are:

1. A cash benefit for temporary incapacity for work, in addition to the corresponding social security benefit;
2. Benefits related to childcare;
3. Insurance: against death and permanent disability and medical insurance;
4. Other benefits (loans, etc.).

Temporary incapacity for work

Every company-level collective agreement in the sample provides this benefit, which entails extra pay during a period of temporary incapacity for work due to sickness or injury. In most cases, the company guarantees 100 percent of salary during the incapacity; in other cases a lower percentage. However, there is a tendency to establish some type of limit, usually with a view to reducing absenteeism: for instance, the employee has to agree to a medical examination by the company medical officer, or the benefit is reduced for the second sickness period in a given year, or there is a maximum duration of the benefit, or the benefit starts only when the temporary incapacity lasts for several weeks or months, or the benefit is not granted when the company-wide absenteeism rate rises above a certain level. Temporary incapacity for work-related injury usually has better provisions than incapacity for common sickness. Also hospital treatment or surgery usually has special provisions.

Benefits relating to childcare

Most collective agreements contain some type of measure aimed at helping parents with children. For instance, birth premiums (cash paid on birth of a child), cash payments until the children reaches a certain age (with an extra allowance if the child is disabled) scholarships, nursery benefits, often as part of a flexible remuneration plan or policy (the employee may substitute nursery benefits for cash, thus obtaining some tax savings), an extention beyond statutory maternity leave, and so on.

Insurance

Most collective agreements require companies to pay for insurance policies for death and permanent disability due to work-related injury. Some agreements also provide life insurance, while a few others require the company to pay medical insurance policies. The amount covered varies from agreement to agreement.

Other benefits

Some agreements establish loans for employees, support for employees who are enrolled on study programmes (usually on condition that the programme has some relevance to company activities), incentives for early retirement, pension schemes, social funds to be managed by the works council, and so on.

As for organisational measures, most of these concern work-life balance. Most collective agreements at company level establish paid leave for needs not specifically protected by legislation: for instance, they allow the employee to take time off for medical visits, or for other personal matters, usually with a maximum number of days per year.

Some agreements also make provision for unpaid time off, usually for unspecified reasons (generally understood to be personal or family-related issues for the employee). Other agreements provide the possibility of telework or give preference for the choice of shift work to women and men with care responsibilities. Flexible work schedules are also common where they are compatible with the nature of the work.

Bulgaria[30]

The distinctive feature of industrial relations in Bulgaria is tripartism which is strong at all levels of collective bargaining. So sectoral or branch-level social dialogue and collective bargaining are carried out through sectoral or branch councils for tripartite cooperation.

In relation to flexibility and occupational welfare in sectoral or branch-level collective agreements, the main matters include employment, wages and additional pay (seniority and experience, hazardous working conditions, night work, overtime), working time, rest and leave, training; social benefits, safe and healthy working conditions, and conditions for trade union activities.

A review of the sectoral/branch-level collective agreements in force shows that they consider the economic realities and concessions have been made by both parties. Although there are not many examples of social packages negotiated in the sectoral/branch-level collective agreements in times of crisis, in many cases the renegotiation of existing provisions takes place.

Occupational welfare issues have various levels of implementation in Bulgaria. As regards social benefits and services, education and training, working time arrangements, income support and some others, they are recognised by some national policies and strategies. Some of them are included in legislative provisions. Telework and homework as well as some other work-life balance initiatives are less common. Finally, some work-life balance and career development practices are implemented under the provisions of collective agreements or by means of corporate social responsibility policies, at the initiative of the employer.

Collective bargaining at sector/branch level

Collective bargaining at sector/branch level is considered the weakest element of the collective bargaining system. In some sectors there are no collective agreements at all. Sector/branch collective agreements set minimum standards and mainly provide the frame for collective bargaining at enterprise level. They do not deal with flexicurity issues in detail but just provide some specific measures at company level. Generally speaking, flexicurity issues are a matter for social dialogue at national level and at the enterprise level the provisions are more specific and better reflect the financial situation of employers.

Collective agreements depending of the specific situation in the sector/branch include various protection schemes and procedures in the case of mass redundancies and for maintaining employment, including arrangements for the creation of new jobs, specific provisions for posted workers (transport, construction) or seasonal workers (tourism).

[30] See chapter on Bulgaria by Ekaterina Ribarova and Nadejda Daskalova.

The following provisions are negotiated in some sector/branch agreements in relation to employment and training:

- In metalworking: targeted vocational training programmes in the case of planned restructuring; unpaid leave instead of dismissal; joint programme of branch vocational centres aiming at providing education for machine building occupations; hiring dismissed employees on new jobs;
- In transport: programme for employment and vocational education;
- In education: notice period longer than the statutory period, and advanced vocational training, including foreign languages and ICT;
- In defence – notice period increasing with age.

Many sector/branch collective agreements include occupational benefits and work-life balance initiatives. Most collective agreements provide pay rates higher than the statutory pay scales, or additional pay for night work, working on an unregulated working time schedule, for overtime, for working in hazardous conditions, bonuses for official holidays, higher pay in case of redundancy or retirement. Some collective agreements provide extra paid leave for working mothers with children, for working conditions and additional days paid annual leave depending on the length of service.

However, of all the sector/branch collective agreements examined, only two contain a separate chapter on "Reconciliation of work and family life" (the agreement concluded by the trade union for the food and beverages sector, and agreement of the national federation of cooperatives). The national federation of cooperatives agreement contains provisions as follows:

- Workers and employees with two or more children under the age of 18 are entitled to three days additional paid leave and those with three or more children are entitled to five working days.
- Employees, mothers of children from first to fourth grade have one additional day of paid leave at the beginning of the school year.
- Employees with care responsibilities are entitled to one additional day of paid leave
- If financial resources are available, families with children at school are supported for beginning of the school year.
- In support of the career development women after maternity leave are included in further vocational training.

Collective bargaining at company level

Collective bargaining at company level plays an important role in introducing measures to promote flexicurity. However, the survey of actual practice in Bulgaria shows that this possibility is not fully taken up and the concept of flexicurity is not popular at company level, both among employers and employees. There are different explanatory factors, namely limited collective bargaining coverage (estimated at 25-30%), the difficult financial situation of many enterprises, and the prevalance of SMEs and private enterprises without trade unions. According to the data of the Confederation of Independent Trade Unions in Bulgaria for 2014 there are about 4000 company collective agreements.

The review of company-level collective agreements [31] shows that measures agreed include two types of provisions relating to flexibility and occupational welfare:

- Organisational – relating to the introduction of flexible forms of employment, work organisation, working time and health and safety at work and
- Financial – relating to the implementation of social measures, initiatives for supporting employees for work-life balance, benefits, services.

A survey on work-life balance conducted in the framework of the CITUB project "Security through the law, flexibility through the collective bargaining" shows that financial measures for providing funding for occupational welfare could be grouped into two types based on employer behaviour and policy choices.

The first type is based on the legal requirements to achieve a certain level of social security in relation to employment and this includes the whole range of social expenditures: social insurance for all social security risks; social services for employees at the workplace; safety and health at work.

The second type is based on company negotiating of social programmes providing a range of welfare measures that go far beyond legislative provisions. They include such welfare measures as reimbursement of transport costs or free company transport, food vouchers, coverage of the costs of medical check-ups and costs for some expensive drugs, subsidies for cultural and sport events, supporting families in raising children (community and private kindergartens, children's camps, outdoor schools and others), scholarships and additional paid leave for students, and so on However, especially in times of crisis, the first approach prevails in the companies examined for the purpose of this research.[32]

The structure of many company-level collective agreements follows the sector/branch agreement structure, including chapters on employment, wages and wage system, vocational training, working time, rest and leave, health and safety at work, provisions for trade union activity. However, in most cases the provisions agreed do not go far beyond those prescribed by the law.

The data from the collective bargaining data base of CITUB (2009) show that one-third of enterprises in the sector (750 collective agreements registered) provide support for job search in the case of restructuring, and programmes for vocational training of redundant workers. Most collective agreements contain provisions for flexible employment contracts (fixed-term, part-time, hourly work). Some include provisions relating to vocational training, additional vocational training, career development, and lifelong learning. In half of the enterprises there are measures regarding the procedure for introducing longer working time or part-time working. Many enterprises provide supplementary social and health insurance. However, the implementation of most existing collective agreements is still only partial.

Training, retraining and innovation which are crucial aspects of functional flexibility are only marginally dealt with by most company-level collective agreements (except for some large companies).

The implementation of occupational welfare measures is still rarely based on freedom of choice. According to the Labour Code, the selection of some of the benefits and other measures should be decided collectively by the general assembly of all the employees of the company (including non-trade union members), or by the assembly of elected delegates of all the units and departments of the company, representing all the occupational groups.

[31] More than 50 collective agreements were examined for this study.
[32] CITUB (2012) Work-Life Balance.

When there are no trade unions, the employer has the freedom to suggest measures and benefits to the assembly and to ask for their agreement. However, in many medium-sized, small and micro companies occupational welfare is practically unknown, with the exception of some training activities and flexible working time arrangements which are often not characterised by "freedom of choice" (see chapter "Bulgaria").

In conclusion occupational welfare is still not a key issue on the social partners' bargaining agenda. Most employers see occupational welfare practices as something they grant voluntary and unilaterally (and their attitude towards trade unions is often hostile) or because it is imposed by the law and collective agreements. Moreover, employers generally do not consider occupational welfare from the point of view of satisfaction of employee interests but from the point of view of profitability and competitiveness of the company. The reasons are rooted in the business culture and industrial relations traditions but social dialogue could play a significant role in improving the current state of affairs.

Hungary[33]

The Hungarian report is short and to the point with regard to the occupational welfare measures contained in collective agreements. It states that the social partners have never been too creative in this regard. The measures laid down in collective agreements at various levels are limited and concern such issues as industrial clothing or additional payments in the case of collective redundancies. As a result even if the collective agreements refer to occupational welfare measures they are generally not occupational welfare measures in the sense of the current research.

Welfare measures were reduced by 10 per cent in agreements concluded after 2012 (see Figure 13 in chapter "Hungary"). In the authors' view, this is mainly due to the unfavourable tax regulations. Moreover, after the abolition of compulsory private pension funds (2010), many employers ceased to pay contributions to these pension plans.

Sweden[34]

As mentioned above, the Swedish model of industrial relations and welfare state is to a large extent shaped by the strong labour movement. Strong labour unions are matched by well-organised employers. Since public welfare policies still remain generous when compared to other European countries, the author of the report on Sweden analysed the provisions of collective agreements from the point of view of their supplementary role respect to public policies, making a distinction between regulations for blue and white-collar workers.

Dismissals and unemployment

Employment Protection Legislation) in Sweden is partially binding, which means that employers and trade unions can agree on certain exemptions from the law. This takes place

[33] See chapter on Hungary by Miklós Király, Sara Hungler.
[34] See chapter on Sweden by Bengt Furåker and in particular the tables dealing with the main points of collective agreements.

locally and often in connection with redundancy schemes. One of the most controversial matters is the decision about who can stay and who is to leave. According to the law, the 'last in, first out' principle should be applied. Employers commonly wish to adopt another solution, to keep workers best suited for the work available and for the future development of the company. The problem is particularly important for smaller companies, but employers with 10 workers or less can exempt two persons from the redundancy list. Another beneficial mechanism for employers is that the workforce can normally be divided into categories, which entails that the 'last in, first out' principle can be applied separately for each category. However, this may not be sufficient for employers to obtain the desired composition of the workforce, but they have the option to negotiate with the trade unions another list of redundancies.

It is also useful to look at some of the arrangements that have been agreed upon in relation to dismissals. It should be underlined that only the dismissals due to lack of work are dealt with. Table 12 (see chapter on Sweden) shows measures in support of the transition to other jobs. These measures are obviously complementary to active labour market policies. To begin with, blue-collar workers have the possibility to receive a lump sum (SEK 20,000, approximately 2000 euros) to help them find another job. This allowance can be used for programmes involving a review of labour market prospects, career guidance, design of action plan, training in personal marketing and job search techniques.

For white-collar workers, there is a similar set of solutions, though not specified in terms of money. There is transition support aimed at helping employees to find new jobs or start a business of their own. It is also possible for them to receive financial support for starting a business as well as for taking part in training programmes.

Moreover, employees may receive financial support in the case of dismissal. Table 13 presents an overview of this for blue-collar and white-collar workers: the solutions differ between the two employee categories. Whereas blue collars receive a lump sum, white-collars get an upgrade of their unemployment benefits. This form of benefit is age-related.

Parenting

By international standards Swedish parental insurance is generous, but there may be some economic hardship for families with small children. In order to improve the financial situation of such families, there is a collective agreement between the Confederation of Swedish Enterprise and the LO. Some of the provisions of this agreement are presented in Table 14. In particular, the Confederation of Swedish Enterprise and the PTK have not made provisions with regard to parenting, but there are collective agreements in some sectors of the labour market, offering white-collar workers benefits corresponding to those received by blue-collar workers.

In addition to the legislated parental benefits, blue-collar workers can received benefits from the insurance fund. These additional benefits are given for 180 days to workers with at least two years of employment and for 60 days for workers with at least one year of employment. There is a general requirement with respect to employment status, as these benefits are granted only to company employees.

Sickness

The third matter to be dealt with is sickness. Table 15 summarises the key characteristics in the collective agreements in relation to this issue. For blue-collar workers there is a

provision called AGS which is a supplement to the statutory sickness insurance. The worker receives 10 percent extra wages for days 15-360. There is one simple requirement to collect AGS: the worker must have been employed by the company for at least 90 days.

The solution for white-collar workers is somewhat different. First, from days 15 to 90, there is either a 90 percent sickness salary or 10 percent extra of the salary in sickness benefits for those who earn no more than the ceiling set for sickness insurance. Second, from day 91, we also find different arrangements depending on income. Employees with a salary up to the sickness insurance ceiling receive 10 percent extra benefits until day 360. For those on higher incomes there are two more steps: 65 percent as sickness benefit up to a second ceiling and 32.5 percent up to a third.

Retirement

Collective agreements – between the Confederation of Swedish Enterprise and the LO and the PTK – lay down additional retirement benefits beyond what the state pension provides. There are different solutions for blue-collar and white-collar workers. Table 16 gives a summary of the provisions for the two categories.

With regard to blue-collar workers, it is agreed that the employer should pay contributions to a pension fund. Within a range of alternatives, workers can choose between different funds. The contribution is 4.5 percent of wages up to SEK 426,750 per year and 30 percent of wages over that amount, without any upper limit. All workers are included in the system, no matter what type of employment contract they have and no matter whether they work full-time or part-time. The pension contribution starts being paid when the individual is 25 years old. It is possible to draw the pension from age 55 and it is possible to postpone it until after 65.

For white-collar workers there are two systems: ITP 1 and ITP 2. As a general rule, ITP 1 is applied to workers born in 1979 or later, whereas ITP 2 is for those who are older. However, companies signing collective agreements including ITP today will normally adopt the ITP 1 scheme. This solution is similar to the agreement for blue-collar workers. Regarding ITP 2, the payment of the contributions begins when the worker is 28 years old. To calculate the amount of the contributions is difficult, but they are essentially dependent on salary and age. ITP 2 also comprises an extra scheme called ITPK, for which the contribution is two percent of the salary.

Italy[35]

The Italian report highlights bilateral agreements and bodies as an important element of the national industrial relations system. The authors stress the importance of bilateral agreements in the implementation of welfare policies in Italy in general, and highlight their supplementary role in the sectors where public welfare is lacking.

In relation to occupational welfare, the report highlights different forms and different methods of implementation. As for the forms, the following are identified:

- Occupational welfare provisions introduced by joint committees at national or local level (regarded as a participation road to occupational welfare);
- Occupational welfare provisions included in agreements concluded both at the local or company level (regarded as the negotiation road to occupational welfare);

[35] See chapter on Italy (section 2) by Matteo Borzaga, Chiara Christofolini and Riccardo Salomone.

- All the benefits provided unilaterally by the management to the entire workforce or to some parts of it (or even to a part of the citizenship) might be considered the CSR (Corporate Social Responsibility) road to occupational welfare.

With regard to the organisation of the working-time and performance, a number of enterprises make provision for time banking schemes - that allow the employee to turn the overtime hours into additional leave - or flexibility in the start or the end of the work day. In this regard some companies adopt a "mother-shift", which allows women with children to work mornings, to have a fixed day off on Sundays, and to benefit from a second fixed day off during the week. In the same way, some companies provide exceptions from Saturday shifts for disabled or pregnant workers.

In addition, many of the companies facilitate access to part-time work, entitling workers with children or dependent elderly family members to priority over other workers. However, the extent and the method may differ: in some companies, for instance, the priority is not a right but a mere expectation, since it has to be compatible with organisational needs. Some set a maximum limit on the number of part-time workers in the same plant, and teleworking measures are not still fully implemented. In this perspective, these agreements do not seem to pursue conditions favourable to "freedom of choice", since there is not much space for the empowerment of employee voice. Some companies introduce provisions that are more consistent with the theory of capabilities, enabling employees to choose between various measures: part-time, paid or unpaid leave and time banking according to their personal preferences.

In relation to the temporary suspension of work, many of the agreements examined grant paid or unpaid leave and time off work for justified reasons. Some companies provide paid leave for employees in case of illness of the child up to a certain age as well as unpaid leave for the same reason. Some companies also grant leave of usually two days for new fathers, one day's paid leave for applications for the renewal of a residence permit and for family reunification, and 12 months of time off work for mothers, in addition to the parental leave required by law and by the national collective agreement when, for personal reasons, the mother is not able to return at work. Some companies provide supervision and training for an employee returning from maternity or paternity leave.

Regarding the provision of services, in most cases services for children are provided unilaterally by the enterprise. Some companies (but it is rather exceptional) involve trade unions in the design of multifunctional centres, which provide kindergarten, afterschool, workshops and summer camps.

Basing on the schemes examined for the research project, the authors point to the key role played by the companies, as management appears to act as the key player in supporting, designing and implementing occupational welfare measures.

However, empirical research shows that the social partners acknowledge the need to pursue innovative bargaining strategies. In this perspective the agreements examined are in line with the rationale of the project as well as with the views expressed in the current literature, since they reflect the growing attention of collective bargaining both on the well-being of employees and on the development of new forms of work-organisation and production methods.

In wider terms, the research suggests that social dialogue and collective bargaining are still the key characteristics of the Italian industrial relations model. However, all the agreements analysed diverge form the twentieth-century trade union strategy, according to which the main focus was to promote the standardisation of conditions, in favour of a

more flexible regulation system that tends to identify and value workers' priorities and preferences.

To draw conclusions from this section of the report, considering the possible advantages of occupational welfare, it may be a useful instrument for all the partners involved, with the potential to create win - win situations for all the stakeholders. From the point of view of companies, taking over some of the functions of the State by means of occupational welfare schemes tends to be seen as a window of opportunity for the enactment of specific management strategies. On the one hand benefits may be seen as substitutes for direct compensation, thus guaranteeing wage moderation, and on the other hand they are made contingent upon the achievement of certain productivity-related targets, or in return for the willingness on the part of the employees to fulfil increasing requirements in terms of performance such as extra workloads or more flexibility, or in the case of high-skilled workers as a means to ensure their retention (Mares 2003). From the point of view of trade unions, occupational welfare challenges the traditional patterns and practices relating to the representation of workers' interests. Against the background of a general weakening of the traditional forms of representation, demonstrated by the widespread decline in unionisation rates and by the predominance of forms of collective bargaining of a concessive nature, by means of which workers waive certain rights and protections in order to preserve s minimum outcomes in the bargaining arena (Crouch 2010), unions may find in occupational welfare a new operational terrain, possibly enabling them to intercept new target groups (for example highly skilled workers or atypical workers), while offering alternatives to the individualization of employment relations (Johnston et al 2011). (see chapter by Curzi, Fabbri, Senatori). This is important also for trade union mobilisation and the development of solidarity at transnational level which remains weak.

4. Case studies

The third part of the study is dedicated to the experiences of the companies operating in the selected countries (Bulgaria, Hungary, Italy, Spain, Sweden). The analysis of their approach to occupational welfare is carried out within the framework of the general economic and legal situation in the countries concerned. It must be underlined that all the companies examined are large, frequently multinational. The reason must be sought in the fact that large enterprises adopt welfare strategies more often than medium-sized or small ones.[36] In order to provide a representative overview of existing welfare practices, the empirical research focused on companies operating in different sectors, such as metallurgy, air transport, banking, manufacturing, distribution and services.

Many provisions of transnational agreements were in different ways implemented in the agreements at national level in the multinationals examined in the report. Ten case studies were analysed altogether: one from Sweden, one from Hungary, four from Italy, three from Bulgaria, and one from Spain.

The case study in Sweden concerns car plants in Sweden, recently bought by a Chinese automotive company.

The case study in Hungary concerns an automotive company belonging to a German group.

[36] The findings of a recent research project on occupational welfare show that almost all (95.2%) the large Italian enterprises provide some welfare measures (Ires, Università Politecnica delle Marche, 2012).

The case studies in Italy concern the following companies: a vehicle company recently bought by a German group; Aa company providing services of design, engineering and construction of pre-series prototypes to car manufactures, and belonging to the same German multinational group as the previous firm; a manufacturer of packaging machinery for the food sector, belonging to a Swedish multinational group; a leading supplier of machineries for cigarette making and packaging, filter production, other tobacco products and special products, belonging to an Italian international group.

The Spanish case study concerns a multinational group, the global leader in the exportation, extraction, refining and marketing of petroleum, liquid natural gas and energy. The company was chosen due to its high unionisation levels (in comparison to the national average) and generous welfare benefits.

Finally, the case studies in Bulgaria concerns three subsidiaries of multinationals operating in the brewery and malt production sector.

These studies are characterised by certain similarities as well as differences. As for the similarities, in all the companies the workforce is mainly high skilled; in addition to cost reduction, productivity and efficiency, the competitive strategy places an emphasis also on the quality of the products produced, and on the capability to continuously generate new product ideas and/or innovate production processes, to improve company organisation and maintain open-ended employment contracts.[37] Furthermore, a well-structured system of industrial relations frames the social dialogue practices at company level. As for the differences, they mainly concern the unionisation rate at the company level. Trade union density is about 96% among blue collars and 40% among white collars in the case study in Sweden; nearly 60% in the case study in Hungary; nearly 35%, 20-30%, 20%, and 45% respectively in the four case studies in Italy, and 40%, 60% and 10% respectively in the three case studies in Bulgaria.

The aim of the case study analysis was to gain an in-depth understanding of the practices of the social partners at company level, to identify solutions capable of fostering both company competitiveness and the quality of employment; to cast light on the wider organisational conditions that frame these schemes, and to assess whether they are adequate to increase the company capability to develop innovation.

In this connection, information was collected by analyzing collective agreements and by semi-structured interviews with key informants, including workers and management representatives at company level.

The main trends emerging from the case studies analysis show that the interventions in terms of work organisation are primarily aimed at meeting the competitive needs of the company. To this end, mainly internal rather than external labour flexibility measures are adopted in the workplace.

On the whole, the internal flexibility measures adopted include all forms of flexibility covered by the flexicurity concept, i.e. wage flexibility, mainly in the form of performance-based pay; working time flexibility, in the forms of overtime, work time banking schemes to deal with fluctuations in market demand, shift work; functional flexibility, in the forms of rotation of employees across different jobs, and working areas, and training in order to make employees multi-skilled, semi-autonomous working groups. In many cases, the implementation of internal flexibility measures is associated with management techniques such as lean production and world class manufacturing.

[37] The share of temporary workers is low in all the companies concerned. Some of them offer outplacement services for temporary workers (Swedish MNC with a subsidiary in Italy).

Some of these internal flexibility measures may also have a positive effect in terms of the satisfaction of employees' individual needs. However, this is only a secondary effect of work organisation changes mainly aimed at meeting the needs of the company.

Flexitime

From the point of view of flexitime, a new experimental agreement on cyclically adjusted working hours for blue collars signed by social partners in vehicle manufacturing plants in Sweden[38] at company level[39] in the case study in Sweden is of particular interest.

Under the terms of the new agreement with the Metalworkers Union, the day shift starts at 6.30 a.m. and ends at 14.36 p.m. The corresponding times for the evening shift are 15.36 p.m. and 23.30. One advantage for workers is that the working day is reduced from 8.3 to 7.7 hours. The agreement also covers the planned night shift. It will involve three time banks: the Red, the Blue and the Green. Individually, employees can accumulate 150 overtime hours which are then placed in the Green Bank. The hours stored can be used as pension provisions, time off or cash withdrawals.

Both the Red and the Blue Bank are set up for the purpose of collective accumulation of working time. The purpose of the Red Bank is to handle normal ups and downs in sales, whereas the Blue Bank is aimed at managing a severe crisis. During a crisis, workers may have to reduce their working week to three or four days, and "blue" time can then be added in order to deal with the wage loss. It is thus possible to slow down production significantly without having to give notice of layoffs.

There are some obvious advantages for the company with the working time agreement. Production can be adapted more rapidly to market volatility and accompanying variations in orders. With less working time flexibility, the company would risk having to dismiss workers and this would be likely to take time due to employment protection legislation and negotiations with the unions. Following the implementation of a redundancy plan, when everything has been settled and some employees have lost their jobs, the situation may change completely: the economy may have turned up again and the company may have run into a shortage of personnel.

For employees the new working time agreement entails two main advantages. First, it includes a shortening of daily working time by 36 minutes. Second, because the company can better adapt to changes in orders, existing jobs can be expected to become more secure. In other words, increased job security is obtained by greater acceptance of variation in working hours. The drawback is that employees may have to work extra hours during certain periods but hardly any dissatisfaction with the agreement has been reported so far. However, to obtain more precise information in this regard, it is necessary to wait for some more time to see how this experimental agreement will work in practice.

Flexitime is widely used in MNCs in Spain, the country characterised by a one of the highest levels of employee "presenteeism" at the workplace. The collective agreement for one Spanish company grants paid time off work for medical visits, telework, flexible work schedules (employees may decide to start work between 7.30 am and 9.00 am). As a measure of the protection against changes in work schedules, employees are entitled to receive an extra payment of 2.5% of their salary during the period in which their working times are altered. Other measures include unpaid time off work for personal or family

[38] See case study on Sweden, also for the cited tables.

[39] Expected to enter into force in 2015. The contents of this agreement are summarised in Table 5 (see chapter on Sweden, this volume).

reasons, paid leave of absence for volunteering activities (four hours per month) and paid annual leave (26 working days).

Similar arrangements are provided in other collective agreements better specified in the chapter on Spain. Employees can decide to start work between 8 am and 9 am, flexible working hours are permitted, with·paid annual leave, five weeks or 25 working days, paid time off for medical visits, unpaid time off for any reason (up to 30 days per year).

The Spanish case study of the company specializing in the export, extraction and refining of petroleum, gas and energy provides another example of the successful use of flexitime which is included in the six company -specific programmes intended to promote diversity and work-life balance. In particular the three programmes most directly related to occupational welfare are analysed. In order to ensure the success of the programmes, the performance evaluation criteria of all managers were revised to incorporate the objective of promoting work/life balance among their employees. This change was accompanied by training in the new culture of the organisation and in the logic and procedures of the telework program and other related initiatives. Employees who reach an agreement with their manager can choose to work from home one, two or three days a week, two afternoons per week and all day Friday, or up to 20% of their time every day of the week. The company provides training, logistic and material support to the employee to ensure that the tele-working environment is productive and safe.

Unions were initially reluctant to support the move, fearing that workers who opted for telework would find themselves marginalised from their colleagues and limited in their career opportunities. However, given the comprehensive training and support offered to employees, their managers and their co-workers, the experience has been extremely successful. The company has identified at least four benefits for employees from this programme that are all key to this project:

- Productivity: 8 in 10 workers believe their productivity has improved, and 9 out of 10 feel more motivated;
- Time: The overwhelming majority find they have more time for themselves and their families;
- Emotional well-being: Most feel more concentrated and have greater confidence in their managers;
- Economic savings: Almost all report cost and time savings.

To ensure the ongoing success of the programmes, trade union representatives continue to be closely involved in their development through the Framework Agreement, the workplace health and safety committees and the respective company- or workplace level collective bargaining agreement observatories. Management believes the programme has been a catalyst in its efforts to transform a culture of "being present" into a culture of "being efficient" and to promote the organisation's commitment to its people, thereby improving its reputation with respect to a variety of stakeholders. As a result of this programme and the broader company commitment to work/life balance, this company has been recognised by the Spanish Association for the Streamlining of Working Hours as the company most advancing the cause of more rational working hours in Spain.

As for the time management support, at the company's headquarters, employees have generally free access to on the premises to often time-consuming personal services such as dry cleaning, pharmacy, clothing and shoe repair, express delivery services, and the like. There is also free support for all employees in Spain to manage family healthcare logistics.

With regard to working time flexibility, concentrated shifts have been introduced throughout the year in some plants and for a period of 15 weeks (over the summer) in the rest of the organisation.

The 2012 Framework Agreement introduced flexible hours in the Group's central offices. Unless the structure of the position rendered the changes impossible, employees were able to choose the hours that were congenial to them and change them day by day. However, only a small number of workers have taken advantage of this programme and it may well be reconsidered in the future.

In terms of best practices in occupational welfare, consisting of changes to work organisation, in particular in relation to working time, the Italian case studies (see case study by Curzi) are particularly significant. In this regard, two practices are noteworthy, those implemented by the social partners in the company producing packaging machinery for the food sector and in the company working in the motor vehicles sector, respectively.

In the first case study, the social partners agreed to introduce flexible ways to carry out work, in order to make it easier for employees (mainly white collars) to fulfil care responsibilities or to satisfy their work-life balance needs. After the adoption of performance-based evaluation and reward systems, the focus is no longer on employees' compliance with rigid time schedules to carry out work. It is rather on their ability to reach agreed targets, fulfil assigned tasks, meet deadlines, and undertake commitments to coordinate their own work with that of other colleagues (i. e. taking part in meetings when and where they are scheduled by work teams). Within these limits, employees can decide at their discretion when (flexible entry and exit time) and where to carry out their work.

In this connection, the company makes available to employees technological support (i.e. mobile phones and pc) so that they can work efficiently from home, and outside the office. In addition, the company collective agreement lays down that employees self-certificate presences, absences, and overtime. This opportunity is granted for a maximum of two days per month and twelve days per year. In addition to the rules on medical certificates which allow at least three days off work for illnesses of short duration, this measure contributes to reducing absenteeism and the related costs for the company.

Self-certification provides the information needed to calculate employee remuneration. The collective agreement also establishes that, in case of need, the company is permitted to use data from the technical devices used to control access to the plant for security reasons, to verify the self-certification mentioned above. A series of measures is aimed at providing support for employees with children. They include recourse to part-time work, to extend paid time off to assist children under 14 years old, to extend the eight hours paid time off for the birth of a child for those whose child is born on a Saturday or Sunday.

The company also provides optional parental leave for parents with children under one year old in order to ease their integration into the kindergarten. The company parental leave is included in the calculation of seniority but excluded from the calculation of holidays, variable compensation, and the thirteenth monthly salary. During company parental leave, the company pays the worker an allowance of 50% of the normal wage. Moreover there is a company integration (20%) of the INPS (National Institute for Social Security) benefit for discretionary parental leave till the child is one year old (see case study, Curzi).

In the second case study, the company uses fixed-term contracts and temporary workers to cope with seasonal fluctuations in product sales and production volumes. Seasonal fluctuations, however, are predictable, with increasing volumes concentrated from January/February to July. In order to cope with seasonal fluctuations, and to limit the use of fixed-term contracts and promote stable employment, the social partners have agreed to

introduce a system of positive and negative flexibility for a maximum of 104 hours per year, much more than the limit set by the national collective agreement (i.e. 64 hours per year), in the engine and motorbike assembly departments, and the mechanical manufacturing areas.

Accordingly, from January/February to July, blue-collars work more than 8 hours per day, up to the limit of 45 hours per week set by the national collective agreement. Daily hours of more than eight hours per day are paid with increased salary, and accumulated[40] in the form of negative flexibility which means that blue-collars have fixed days off from September to November, when sales and production volumes decrease. At the beginning of the year, HRM and the production department, together with the representatives of the trade union schedule the period of positive and negative flexibility for the different working areas. In addition, the implementation of the positive flexibility measures is communicated to the trade union representatives with adequate notice.

At the same time, the social partners have started experimenting with 'vertical'-part-time contracts with employees working seven months, from January to July, paid as if they were eight months. Vertical part-time working serves to deal with seasonal fluctuations in production and sales. But it is also a means to transform a certain number of fixed-term contracts first into open-ended contracts, then into full-time open-ended contracts when sales volumes increases and reach a certain level so that a larger number of employees is needed in production even in low season. Vertical part-time working is thus a flexibility measure that, unlike fixed-term contracts and positive/negative flexibility, is in line with the aim to increase long-term, stable employment.

The recent acquisition of the company by a German multinational group brought some changes in work organisation. The first important change concerns a restructuring of the work shift in the mechanical manufacturing department aimed at increasing productivity and at exploiting new investments in equipment and machinery after the acquisition in order to increase efficiency. In this regard, the social partners have reached the following experimental agreement.

Compared to the previous schedule with four working shifts of six and a half hours (paid as they were seven hours) for five days a week for a total of 20 shifts per week, the new schedule involves three shifts (one in the morning, one in the afternoon, and one in the evening) of seven and a half hours (paid as they were 8 hours) for seven days a week (including Saturday and Sunday, but excluding public holidays) for a total of 21 shifts per week. With this schedule, employees work three days in succession, then take two rest days, and on the sixth day they start working on a different shift. In so doing, they work nearly 30 hours per week, paid as if they were 40. The experimental agreement includes a commitment to increase employment, by transforming a number of fixed-term workers into vertical part-time workers, and a number of vertical part-time workers into full-time workers.

In the case of Bulgaria (see case study on Bulgaria) the three companies analysed in the present report are characterised by a high level of internal numerical and functional flexibility which is reflected in work organisation schemes and working time arrangements. In all the companies and their units, the job descriptions usually envisage the availability to work on more than one job/occupation and on various kinds of machine. Job rotation, job enlargement and team work are used. The teams are semi-autonomous: they can decide on the distribution of work, and the replacement of co-workers in the case of absence, and mutual assistance. The problems arising at work are solved either by the supervisors

[40] Hours accumulated are equal to the number of hours worked over the limit of eight hours per day plus 35% of the same number of hours.

together with the working teams or in some cases with the intervention of higher level managers.

In all the production units of the three companies, shift work is used. The number of shifts depends on seasonal changes in demand. There are usually three shifts in the spring and summer (April-September) and two shifts in the autumn and winter (October-March). In some of the winter months reduced working hours are introduced, but the basic level of salaries remains unchanged.

The recession resulted in the introduction of a six-month calculation of working hours in all the companies. Overtime is calculated on the basis of production requirements over a period of six months (40 hours per week). Overtime is paid according to the Labour Code and the provisions of the collective agreements. At the same time there is no flexibility in the number of working hours per day. There is no freedom of choice with regard to working time distribution and as regards daily breaks from work. Night work is used in all the production units and is paid according to the law and collective agreements.

As for the work-life balance and social benefits, all the three companies adopt similar patterns including additional paid leave, additional financial support for families with children, and an allowance for the expense of holidays of the employees and their families. In one company this allowance is provided on condition that they stay in the company hotel on the coast. In some cases a full allowance for a one-week holiday in the mountains for workers/employees and their families is granted on occasion of their 15, 20, 25, 30 and 35 years length of service in the same company. In addition an allowance for the education of the employee' children (grants, scholarships) and additional financial support for family purposes can be provided. In some companies employees and their families are involved in the schemes associated with corporate social responsibility (cultural and sport activities and events, team building).

In the view of the trade union representatives from all the companies, some of the work organisation and working time changes result in an improvement in productivity, and they are mainly of benefit to the company rather than the employees.

Wage flexibility

Another example of internal flexibility measures primarily intended to meet company competitiveness needs, but capable of producing secondary positive effects for the satisfaction of employees' individual needs is wage flexibility (on condition of the fair evaluation parameters, sometimes problematic in practice). In one case study in Spain, the four case studies in Italy, and one in Hungary, the social partners agreed on the implementation of a performance-based remuneration system. In the three case studies in Bulgaria, the trade unions were consulted about the measures. For the company, wage flexibility is a means to motivate employees to reach predetermined targets of performance established either at the individual, or at the team or company level. In other words, for the company, wage flexibility is a means to motivate employees to work effectively to reach predetermined organisational goals. For employees, performance-based compensation systems may represent a means of income support aimed at restoring, maintaining and/or increasing purchasing power in the light of the slow dynamic of wages and salaries, especially in the current economic downturn.

In Spain for employees excluded from collective bargaining, the group updated its performance evaluation system in 2013 to give greater weight to employee behaviour with regard to the fulfilment of company values as well as specific targets. All incentive pay for employees excluded from collective bargaining is above and beyond all other salary and

benefits agreed on in the collective agreement and is distributed in linear fashion for all the employees within the relevant reference group.

Performance evaluation for employees excluded from collective bargaining was made a priority when the 2011 Climate Survey revealed extensive dissatisfaction with development opportunities. The 'single performance assessment model' agreed with the unions in January 2013 after arduous negotiations defined responsibilities and skills for each individual based on their work group. Managers place employees in one of three categories: *outstanding*, *adequate* or *needs improvement*. Although, as noted, these categories do not affect payouts for non-exempt employees, the system is not endorsed by the unions, who fear that individualised pay for performance may be imposed in the future.

The management team is keen to introduce performance evaluation and pay for performance for employees excluded from collective bargaining, even though their introduction has increased total compensation, because they believe that it is critical to strengthen worker identification with the corporate culture described above and to address dissatisfaction with career prospects among the most capable and ambitious employees not covered by collective bargaining. Since October 2013, those employees who are Spanish tax residents can benefit from a comprehensive flexible remuneration package in which they can select from an array of options, many of which bring important tax benefits. These options include a share acquisition plan, payments for day-care, personal ICT equipment, medical insurance and individual pension plan contributions.

In Hungary, in the company under examination the employer offers the highest base salary for skilled workers both in the industry and in the north-west region of Hungary, and as a result the employer is considered to be highly competitive on the job market. The company adopts a complex bonus system, which is based on individual performance (hard component: target numbers, soft component: cooperation), team performance and company performance. The bonus is paid out on a six monthly basis. With regard to overtime and remuneration for work on public holidays, the trade union negotiated to maintain the higher rates laid down in the 1992 Labour Code. As the senior trade union officer put it during the interview, the employer "needs to pay for the dedication and flexibility employees demonstrate at the workplace."

In Italy in the company operating in the vehicle manufacturing sector, among the measures of internal flexibility, attention is paid to performance and skills-based reward systems, and the adoption of the teamwork.

With regard to the first measure of internal flexibility, the company-level collective agreement establishes that all blue-collars, and white collars belonging to the seventh and the subsequent employment grade laid down in the national collective agreement, receive an annual variable performance bonus of nearly 2,200 euros relating to the achievement of organisational objectives of quality (costs of warranties), productivity (productive efficiency) and revenue-generation (EBITDA). In addition to the variable performance bonus, the collective agreement lays down that blue-collars and white-collars receive a skills-based remuneration,[41] which reward knowledge management (from the third employment grade) and capacity of integration (from the fifth employment grade). The first refers to the capability to self-organise and control the work carried out on a number of different workstations within the same homogeneous area (namely, motorbike and engine assembly and mechanical manufacturing). The concept of capacity of integration covers knowledge management, a higher level of specialisation, and the ability to carry out

[41] Skills-based remuneration is *ad personam* merit-related fixed salary, in addition to the basic salary.

activities pertaining to different working areas, relational skills and the capability to interact usefully within the work team.

The skills-based remuneration is closely related to the widespread adoption of work teams throughout the company. At the factory level, the work team consists of all the employees involved in a manufacturing phase, such as: engine assembly, motorbike assembly and testing, and mechanical manufacturing. The adoption of team working is closely related to investment in new productive technologies.

These technologies mean that the employees have to deal with greater complexity, which concerns not only the high value-added production (i.e. engines, motorbikes), but also the manufacturing tools, and often implies the need to deal with unforeseen problems.

These problems can be more effectively solved if each employee is able to carry out a number of different tasks, including quality control, maintenance, and if employees belonging to the same organisational unit share their expertise and knowledge to analyse the situation, make a diagnosis of the problem, identify a benchmark, and assess whether or not past solutions to the same or similar problems can be used in the case at hand. In this connection, one of the major changes is the introduction in the collective agreement of a variable bonus relating to team performance.

In addition to the performance bonus included in the collective agreement, the company has unilaterally implemented a management-by-objectives related bonus which concerns professionals from the seventh employment grade and up, and managers.

Again in the Italian company involved in the development of innovative business ideas for the automotive sector variable compensation consists of two main parts: the variable company bonus and the team bonus.

The variable company bonus is a yearly performance bonus paid to all employees in line with the company's economic performance. It is based on two indexes: the ratio between EBITDA and the average number of employees per year; and the ratio between the total number of hours worked and the total number of working hours of current employees after holidays, yearly paid time off, public days, union meeting hours.

The team bonus is to be introduced with the aim of motivating team members to share a common objective, i.e. to improve working activities, productivity and quality.

In addition to variable compensation, the social partners have agreed to introduce an individual bonus which rewards individual performance relating to the following criteria, assessed during an "employee dialogue with his/her supervisor": quality of the work, methodological and professional knowledge, problem solving attitudes, knowledge improving and sharing, collaborative and communicative attitudes, commitment and autonomous initiatives, management of employees.

In this connection, the unions have agreed that employees have different remuneration based not only on the level of professional classification laid down in the national collective agreement, but also on the different individual contribution within each level of professional classification. At the same time, the social partners have agreed to set a range within which the yearly bonus varies from a minimum and a maximum amount, and to calcuate the bonus amount in proportion to the number of months the employee has actually worked in the year (see case study by Curzi).

Flexible remuneration is a powerful tool in managing internal flexibility as it enables the company to improve competitiveness and satisfy employees' individual needs and ambitions. However the weak link in tflexible remuneration policies lies in the dubious nature of evaluation procedures as pointed out in the Hungarian case study.

Although flexible remuneration reduces the cost of decentralisation and information-sharing by aligning incentives[42] as well as addressing low production levels and high levels of absenteeism, it may also give rise to additional costs for the creation of necessary evaluation procedures and staff training to guarantee a fair approach in order to prevent employee dissatisfaction.

In addition it may be harmful for work-life balance policies as it may act on certain occasions as a mechanism constraining workers to sacrifice their time and health to achieve greater monetary gains.

Training

To a different extent all the companies under examination have implemented measures in relation to training. In Spain (see chapter on Spain) the collective agreements in the two companies provide special scholarships for education and training in the framework of skills development, in particular scholarships for education (50% of tuition fees, up to a maximum of 6,000 euros) and academic leave of absence of up to 270 hours.

In Bulgaria all the three companies examined in the study implement training policies based on the evaluation of employee competences and needs assessment. They include the following activities:

a) individual training plans based on the employees' needs and the company needs; they are integrated in the annual company plan for training and development;
b) acquisition of skills for work with new technologies and products;
c) management training;
d) specialised training for distributors;
e) training courses for the redundant employees;
f) partial coverage of the expenses for training, not organised by the company- (rarely used in practice)
g) language training;
h) special training in cases of promotion;
i) management training: business and soft skills.

These companies sought to create education and training-friendly environments and to promote life-long learning. In times of crisis however the budget for training has been reduced. In some cases training courses are held outside the companies, in others the companies provide only partial coverage of the expenses for external training.

Trade unions in these three companies participate in education and training playing a consultancy role. Some courses are specifically addressed to the trade union members and representatives in the three companies and their units.

In the Hungarian company[43] one of the key competitive advantages of the employer is a highly skilled workforce. The company runs a complex in-house training system. They prefer to hire and train young and "fresh" graduates (at least vocational school is required). The average employee is 30-35 years old and they started their career at the company in their early twenties. During the time in the company they became capable of performing

[42]C. Zoghi, R. Mohr, P. Meyer, Workplace organization and innovation, *Canadian Journal of Economics*, 43, 2, 2010.
[43] See case study on Hungary, this volume.

different tasks in different production units. One of the company priorities is to have workers with flexible knowledge.

This training system provides additional internal flexibility for the employer as employees can be assigned to any tasks required by the production needs. Also, employees are encouraged to learn foreign languages (German as a company language as well as other languages like Spanish due to new investments in Mexico). In this way the whole group can benefit from the transfer of employees.

Clearly, in-house training is expensive, and as a result the employer prefers to retain the skilled workforce. Moreover, the distinctive feature of this company is well trained trade union staff and this is especially important in view of the drastic curtailing of trade union rights in the recent labour law reform. The introduction of participatory practices is most probably due to the German origin of the multinational.

Training of employees is an important element in the development of the Swedish vehicle manufacturing group (see Swedish case study). In 2013, about 500 different courses were offered attracting almost 39,000 participants. The principal fields of training include engineering, IT systems and tools, leadership and organisational development, process-related manufacturing, health and safety, and the environment.

In the Italian company operating in the motor vehicle sector, especially in the case of young people training is a significant area of intervention on which the social partners have focused their attention since the takeover of the company. With the sponsorship of the vocational education and training department of the Regional government, the German group has managed to implement a German-style dual-training programme at the local level: students attending Bologna technical high schools or university degree programmes in engineering will also be able to take an apprenticeship in the company. The aim is twofold: on the one hand to provide solutions for the problem of high rates of youth unemployment, on the other hand, to increase the company's chances of keeping in touch with the most promising students and to improve the company selection process in the labour market.

Other forms of occupational welfare

As mentioned above, welfare strategies are a complex issue, not limited to the reconciliation of work and family life, and the question of training. Companies can be inventive as regards welfare schemes, which may range from sophisticated benefits such as the allocation of company cars and mobile phones, courses for adults and scholarships for children, company legal advisers and psychological counselling services, to more routine ones like kindergartens, fitness centers, meal vouchers, free laundry, gymnasium, and holiday packages. Counselling services are an innovative and useful tool for management strategies enabling the company to gather information about employee needs and problems in an indirect (anonymous) way since workers may be more willing to talk about their problems to an external expert (often an experienced psychologist) rather than to company management.These approaches stimulate the "sharing of services" with other companies in the form of jointly run kindergartens, canteens or other services, a policy which based on the economies of scale may enable the company to make considerable cost savings.

Another interesting tendency is progressive flexibilisation of these packages with the possibility to renegotiate them on an annual basis (or some other periodical basis). Such an approach enables the company to keep track of changing employee needs with and to align them with current company needs and financial possibilities as well as to respond to changes in legal requirements, especially regarding tax benefits and the deductibility of

certain expenses. In view of the progressive individualisation of employment relations such an approach may be an important company tool for employee motivation and sanctioning which may however have negative repercussions on trade union power and attractiveness.

The measures relating to different kinds of occupational welfare benefits and services can be found in the reported case studies. Many of them deal with dismissals, parenting, sickness, retirement, leisure, transport, health, supplementary income support in case of parental leave and other events (buying or restructuring of the first or second home), education for the children of employees, and so on.

Occupational welfare consists exclusively of such measures, especially in the case studies where social partners view interventions concerning work organisation as exclusively a matter for the employer. This is particularly evident in the case study in Hungary, and in the three case studies in Bulgaria where the influence of trade unions on work organisation is low or completely absent. The same approach emerges also in the case study in Sweden where the trade unions enjoy a much stronger position.

In terms of occupational welfare measures consisting of cash benefits and benefits in kind, the analysis of case studies highlights the adoption of innovative schemes, such as those implemented in the Italian company producing machinery for the tobacco sector. These measures include "community welfare" services, that is provisions aimed at ensuring local stakeholders that corporate strategies are firmly rooted in the local area, showing the community (local stakeholders, local expertise and knowledge, local institutions, social capital, local social dialogue) gratitude for having contributed to the company success. The innovative solutions include an innovation introduced by the social partners in the collective agreement signed at company level, that is the appointment of a social representative, a worker representative in charge of supporting employees for all those social issues affecting them individually. Along with the company counsellor, the social representative is responsible for activating and coordinating all local assistance networks and is required to acquire specific competence and expertise in listening to and understanding individual social cases (see chapter "Italy"- section one by D. Dazzi).

From the point of view of best practices, two other Italian companies deserve attention.[44] Coming back to welfare package flexibilisation, the company belonging to Swedish multinational group provides an interesting example of a flexible benefit plan, first introduced in 1999. It consists of services and income support measures aimed at satisfying employees' needs relating to social security, and work-life balance. In this connection, both the needs of those providing care for children and their aged parents, and the needs of younger and and unmarried workers are considered. Services and cash benefits are offered to all employees, with the categories of employees identified on the basis of the need addressed by the benefit, irrespective of the level of professional classification, laid down in national collective agreement, and of the job position they occupy in the company.

The overall plan is made up of two parts. The first part is fixed whereas the second part has a flexible component. The company offers a predetermined set of measures, and each employee, every year, may choose the preferred service, accordingly to their specific and changing needs. The first part includes private insurance against accidents, and the reimbursement of travel expenses for those using public transport, and environmentally sustainable mobility. The second part includes social security services (contributions to the retirement plan, income support for the medical expenses of employees and their relatives); time saving services (on-line laundry with 40% discount; textbook purchase with a 10% discount; online shopping of fruit, vegetable, dairy products, and fresh pasta from a local

[44] See Curzi, this volume.

supplier; personal package delivery services; post office handling services; ticket booking for events in Italy); personal/home care services: (kindergarten, baby sitters at reduced prices; specialised nurses and social worker services at home; maintenance services by qualified maintenance workers (plumbers, electricians, gas engineers) at agreed prices, house cleaning services at reduced rates; emergency care and so on); mobility services (car sharing/pooling); income support (discounts and concessions based on agreements with local businesses); cultural and sport services: (wellness area, membership of sports groups, art clubs, solidarity groups and so on).

With regard to work-life balance, the flexible benefit plan includes two noteworthy measures: the parents' programme and the telework measures. The first measure is a programme that helps manager to be informed and guided on how to manage paternity and maternity leave and helps the employee to be informed during parental leave, via "keep in touch", "stay tuned" and counselling. The second measure, telework, provides technological support (i.e. mobile phone and pc) that the company makes available to employees so they can work efficiently from home, and outside the office, in accordance with company policy. This measure is clearly related to the flexibilisation of working time described above, aimed at accommodating work and private life.

Formally speaking, the benefit plan is the result of a unilateral, discretionary company decision. It is not included in the plant-level collective agreement, and thus employees are not entitled to benefit from the measures included permanently or at least for the period when the collective agreement is still in force. Every year, the company can withdraw some or all the measures offered, depending on the general economic conditions, and the economic resources available for investment in occupational welfare. This flexibility makes it easier to obtain the endorsement of the management for the plan.

A different approach is adopted in the Italian company specialising in providing innovative business ideas for the automotive sector. In this company occupational welfare measures are often identified directly considering the employees suggestions and are often the result of processes taking part in the bilateral commission (information, consultation, preliminary investigation, and proposal of shared solutions for the problems and issues under discussion). Moreover they are formalised in the collective agreement which presupposes greater stability and continuity for temployees who are thus not entirely dependent on the employer' goodwill. These measures include education, with benefits for obtaining educational qualifications; reimbursement of textbooks if related to educational programmes linked to occupational needs in the company; income support in the form of solidarity funds, prepayment of severance pay; and special agreements for services at reduced costs.

Many collective agreements in Spain (see chapter on Spain) contain measures aimed at helping parents with children. For instance, birth premiums (cash paid when a child is born), cash benefits until the children reach a certain age (with extra benefits if the child is disabled), scholarships, nursery vouchers, often as part of a flexible remuneration plan or policy (the employee may provide nursery vouchers instead of cash benefits, thus obtaining tax savings), and an extended duration of leave beyond statutory maternity leave.

Many collective agreements require companies to pay for insurance policies for death and permanent disability due to work-related injury. Some agreements also provide life insurance, while a few others require the company to pay for medical insurance policies. The amount varies from one agreement to another.

As for other kinds of benefits some agreements provide loans for employees who are enrolled on educational programmes (usually on condition that the programme has

relevance to the company's activities), incentives for early retirement, pension schemes, and a social fund to be managed by the works council.

In Sweden in addition to the system provided by the state, which has become less generous in recent years, and the related collective agreements, the workers of the vehicle manufacturing group analysed in the Swedish case study are offered additional retirement benefits through a specific pension scheme. Basically all employees are covered, except holiday replacements and those on work experience programmes. Those on open-ended contracts are covered from the first full month of employment. For workers on temporary contracts to be covered they are required to have been employed for three whole consecutive months during the year. The main characteristics of this pension scheme are outlined in Table 4 (see chapter on Sweden).

There is no age limit for the company pension and it does not affect other retirement provisions or the tax deduction rights associated with private pensions. The company pays an annual contribution to the employee's pension. In cases in which the employee has Green Bank hours (see above) these can be transformed into retirement premiums. Then 5.6 percent can be added to the accumulated hours. Employees are covered by the pension scheme during parental leave, whereas sick leave results in a reduction in contributions, and during other leave no contributions are paid.

In Bulgaria the benefits are usually agreed with trade unions in all the companies, but the final decision over the distribution of the social funds has to be discussed and approved by the general assembly /or assembly of representatives of all workers and employees in the companies. The social benefits for 2013-2014 for all companies are similar and they usually include:

- additional insurance - health and life insurance;
- vouchers for catering; vouchers for shops such as Metro;
- coverage of expenses for transport;
- partial coverage of the expenses in case of illness; additional financial support for the workers and employees in the case of birth of a child, death of relative/family member, marriage, financial benefits for Christmas and Easter; support for the day of children and for the 8 March.

The social benefits and the work-life balance activities are addressed to all the workers and employees, without the distinction by employment grade or position in the firm. Some of the benefits concerning family life are given in relation to family status.

In the company in Hungary where the unions succeeded in preserving their *status quo* even after the reform of 2012, the trade unions have sufficient internal resources to be able to provide a shopping cart for goods (mostly food and drink) and services (mostly sport and culture) at reduced prices. Clearly, these services are available only for trade union members.

On the whole, the case studies provide an interesting picture about the ideas that worker representatives adopt in relation to internal labour flexibility and occupational welfare. Worker representatives agree not to oppose the management requests that employees adjust in a flexible way to cope with economic, technological and organisational needs. In this way, worker representatives cooperate in implementing internal labour flexibility measures, work organisation changes mainly directed at increasing efficiency, productivity and product quality, or at least they support the implementation of the corporate culture and corporate social responsibility as in the three case studies in Bulgaria. With regard to occupational welfare, they seem to act in line with a logic of acquisition of

rights, or at least benefits. These may take the form of variable remuneration, services, job security or working time arrangements aiming at satisfying individual employee needs in the respect of the economic, technical and organisational constraints. In this way, occupational welfare and individual rights turn out to be a general issue around which trade unions can bring together workers to form a group that no longer represents a homogenous class but rather a set of differentiated individuals according to a variety of characteristics in terms of occupational profiles, gender, age, and so forth.

In the same way, interviews carried out in the Italian company in the tobacco sector show that individual rights seems to be an issue that attracts the interest of highly skilled workers. Acting on individual rights and attracting highly skilled workers might be a means to increase the unionisation rate, and to increase the capability of worker representatives to impact on decision-making at the company level, especially in companies that produce high quality goods who are thus are heavily dependent on highly skilled workers.

In light of the above considerations, what is interesting to analyse is the extent to which the social partners are able to act in the field of occupational welfare in line with the concept of freedom of choice. In this regard, the analysis of the case studies provides mixed results. In the majority of cases, the occupational welfare measures are placed in a social dialogue framework and many of them are explicitly included in the collective agreement at the company level. Employees are thus entitled to benefit from them, and this strengthens "the readiness of interlocutors", and thus the employees' capability for voice and freedom of choice (Bonvin, 2012: 15). In the case study in Hungary, the social partners regularly reconsider whether the measures offered respond to the employees' needs. In two case studies (one in Italy and one in Hungary), employees have the possibility to choose the preferred measure within a predetermined list in accordance with their own specific needs.

However, there are also some case studies in Italy (the packaging machinery manufacturer belonging to the Swedish multinational group and the company in the tobacco sector, belonging to the Italian multinational group), where occupational welfare measures mainly consisting of services, are unilateral management provisions. In these cases, employees enjoy a mere expectation, and the measures depend on the employer's discretion, and on their personal appraisal of the economic situation of the firm.

A building block of the "freedom of choice" concept is the fact that employees can participate effectively in the rule-setting process concerning the definition of working conditions (work content, timetable, modes of remuneration) with the specific aim to detect, reduce or redistribute the constraints that negatively affect their well-being.

In this respect, the analysis of case studies reveals that social partners tend to neglect the impact of internal flexibility measures on employee wellbeing. Let us consider just two examples. In one of the case studies from Italy - the company providing services of design, engineering and construction of pre-series prototypes to car manufactures, belonging to a German multinational group - the variable remuneration, and especially the reward scheme linking compensation to the achievement of team and company targets, is designed to motivate employees to "be present at work". As a result, the risk is that the schemes discourage employees from taking time off to fulfil care responsibilities, or to combine effectively work and private life.

In another case study from Italy – the packaging machinery manufacturer belonging to a Swedish multinational group - employees at all level are simultaneously responsible for innovation activities concerning the methods of production, and daily work tasks. For all employees, but especially for those in the assembly and test department, having joint responsibility for activities that are foreseeable and for those that are not may reduce perceived work monotony, and increase perceived well-being. However, distracting

attention from foreseeable activities to focus on non- foreseeable ones, and vice versa, increases the effort on the part of the employee to adapt to each activity, resulting in an intensification of work in cognitive terms, and objective fatigue with possible negative implications for work-life balance (see Executive Summary).

5. Conclusions and recommendations

The research project produced mixed results in relation to the project objectives. The convergence trends of European industrial relations systems towards neo-liberalism are accompanied by some diverging tendencies. The differences may be traced both among the national states as well as among the companies.

Common trends concern a general deregulation of employment relations and decentralisation of collective bargaining with a clear shift of bargaining power towards peripheral levels. These processes are sharper and arguably may weaken the background conditions of social dialogue development. This is mainly the case of the countries undergoing transformation.

Generally speaking, the overall picture emerging from this research does not seem to be entirely consistent with the theoretical premises of a "high road" strategy to competitiveness that we attempted to put forward, especially with regard to the countries that are undergoing major processes of transformation.

The social dialogue practices in the study do not seem to take "freedom of choice" as a yardstick; nor do they seem to integrate occupational welfare into a more general strategy of reform of the organisational design of companies aimed at adopting flexibility as a tool to promote competitiveness, productivity and personal well-being. Even if some companies regard occupational welfare more from the point of view of the competitive advantage, in general terms occupational welfare is still regarded by most of the companies as a reward for the achievement of higher productivity targets and the acceptance of increasingly demands from the company in terms of flexibility.

A significant share of occupational welfare measures are consistent with the "holistic" concept of occupational welfare that this research has adopted, insofar as they include measures that insist on organisational flexibility, especially as far as work-life-balance needs are concerned. However, the impression is that the management of such measures stands preponderantly in the hands of the employer. Several case studies suggest that occupational welfare is mainly conceived by companies as a management tool of a unilateral kind, and that the role of social dialogue in this respect is underestimated by employers.

In spite of this, it may be argued that much can still be done to drive social dialogue towards the "high road": not only because the outcome might be more consistent with the premises of the European Social Model, in terms of values and economic efficiency, but also because, as shown in statistical surveys (Eurostat), the current levels of productivity in the countries involved as well as in Europe as a whole still have significant margins of improvement. It should not be ruled out that this may happen by means of a virtuous integration between increased production levels and higher personal well-being, rather than by virtue of a positive accounting balance between constant production levels and decreased costs relating to salaries and quality of work.

The coordination and exchange of best practices may play a key role also to sustain the capability of the companies to pursue innovation-based competitive strategies. As highlighted in the literature (Powell, 1990; Berger, 2006), the capacity of a company to innovate rarely depends on its size. What is more influential is the support coming from

coordination and cooperation between a range of forces, including national policies and local governments that promote research and development and encourage links between centres of higher education and learning and industries, the possibility to recruit highly skilled workers from the labour market, and cooperation among firms with specialised skills and overlapping interests.

Creating network conditions to promote innovation could be useful for improving the competitiveness not only of large firms but also of small and medium-sized enterprises. The creation of such a network to support innovation would require the social partners to build strategic alliances at local, sectoral and national level. The aim would be to mobilise adequate pressure and to put innovation on the agenda of other stakeholders, whose contribution (in terms of economic resources and willingness to cooperate) is necessary to create a network environment surrounding and sustaining innovative firms.

Moreover, a reliable set of incentives to the activation of occupational welfare schemes, even of an experimental and innovative kind, is required. In this respect, several national reports have pointed out that tax policies are not aligned with current occupational welfare practices, and are often not effective in supporting the establishment of contractual arrangements at company level, or even prevent them.

In addition, in a smart regulation perspective, the structural imbalance of power in bargaining should be taken into account. In this respect, legislation should contain specific measures aimed at providing incentives for collective bargaining (for instance, making negotiated schemes and regulations more advantageous than those based on the unilateral initiative of the company) and supporting the weaker party by means of ancillary or subsidiary legislative provisions.

PART II – THE INDUSTRIAL RELATION SYSTEMS ABD THE IMPLEMENTATION OF OCCUPATIONAL WELFARE ARRANGEMENTS IN COLLECTIVE BARGAINING

Bulgaria

EKATERINA RIBAROVA, NADEZHDA DASKALOVA[45]

Summary: Part 1. General legal and policy framework - 1. Social dialogue in Bulgaria - 2. Flexicurity - the Bulgarian case - 3. Occupational welfare – Bulgarian case - 4. The role of social dialogue in Bulgaria for the flexicurity and occupational welfare – more general issues - Part 2: Providing flexicurity and occupational welfare through collective bargaining at sector/ branch, municipal and company level - 1.Policies and practices at regional/municipal level - 1.1. Development strategies and plans - 1.2. Social dialogue and collective bargaining at municipal level - 2. Policies and practices at the setoral/branch level - 2.1. General overview of flexicurity - 2.2. Collective bargaining - 2.2.1. Flexibility and occupational welfare in the sector/branch collective agreements - 3. Collective bargaining at company level.

Part 1: General legal and policy framework

1. Social dialogue in Bulgaria

Modern social dialogue and labour relations regulation has existed in Bulgaria since the beginning of 1990. Some of the first steps, initiated by the government and the reviving trade unions and employers' associations were the establishment of national tripartite council for partnership, amendment of the legal framework, including implementation of some important ILO conventions and preparation of some important laws, like the law on the settlement of collective labour disputes, the law of protection in cases of unemployment and the promotion of employment.

In the first half of the 1990s tripartism was developing under conditions of transition from totalitarian state to democracy, from a centralised to a market economy and from a rather closed society to open society, which attitudes were slowly changing, challenged by the globalization.

In the late 1990s when privatisation and restructuring were already advanced, and also foreign direct investment had entered the national economy, the importance of the bipartite dialogue and the sectoral /company level as well as the regional/municipal level social dialogue became stronger. Collective bargaining, which officially started in 1990 became much freer and the real interest of the both sides became more visible.

In 2000 the Bulgarian Parliament ratified the Council of Europe Social Charter (revised), as time many requirements of social dialogue and the European social model needed to be implemented in the legislation. In 2000-2007 also the EU *acquis communautaire* was transposed into the Bulgarian labour and social legislation. The first steps in some reforms- in the social insurance, health care and health insurance systems, in vocational education and training, and in the labour market were made. Since the beginning of new millennium

[45] The contents of this section of the report are the outcome of a common reflection among the authors. However, Part 1 was drafted by Ekaterina Ribarova and Part 2 was drafted by Nadejda Daskalova.

also the first indicators of the deregulation of the industrial relations and decentralisation of collective bargaining appeared. The consequences of the world financial and economic crisis starting in 2008 had an impact on the issues and the coverage of collective bargaining, as decentralisation and deregulation are continuing. Although the labour and social legislation was improved and the social partners gained new experience, there are still many problems in their effective implementation.

Currently social dialogue is well structured. There is tripartite and bipartite dialogue at national, regional and municipal levels and at the sectoral and branch levels. Collective bargaining is legally determined for the sectoral/branch levels and company /enterprise levels as well as for the municipal level (inter-sectoral and sectoral/branch) for some special cases –only for the organisations/branches/sectors, which are financed by local/municipal budgets.

There are two large trade union confederations, nationally represented, also some small inter-sectoral trade unions and some non-affiliated sectoral and company unions. Trade union density strongly declined from the late 1990s until 2009-2010, because of privatisation and restructuring, leading to mass redundancies. In recent years is has been comparatively stable. According to the data from 2013, trade union density is around 21-22%. The trade unions exist mainly in large companies, in mines/manufacturing, in public utilities and services, in the budget sectors. In many of the big companies there are also other forms of representation of workers/employees (Health and Safety Committees, representatives for information and consultation, members of the EWCs in some MNC-subsidiaries). In most of the small and micro enterprises as well as in most of the private sector companies there are no trade unions and usually there are no other forms of representation (with the exception of the Health and Safety Committees or groups). In some MNC-subsidiaries, where there are no trade unions, Bulgarian representatives are elected t the EWCs, but there is not possible to monitor whether they really represent employee interests.

There are four big employers' associations, which are nationally represented, also some smaller ones, involving small and medium-sized companies, and some sectoral associations, which are not affiliated to the inter-sectoral employers' organisations. Many medium, small and micro companies are not members of the employers' associations. Most of the employers associations usually perform two kinds of functions, as representatives of the business and as representatives of the employers.

Bulgarian social dialogue, as in most of the Central and Eastern European countries, could be defined with some peculiarities: it has been established in a period of transition, that had a major impact on society and labour relations. The main concept was tripartism, recommended by the ILO, reflecting the prevailing strong expectation from the state among most social groups. The change from dominating tripartite bargaining to a more liberal concept of autonomous social dialogue characterising the EU is making slow progress, although most companies are already private and some deregulation of the labour market has happened. As a result, tripartite social dialogue is still strong and centralised, although collective bargaining is undergoing deregulation and decentralisation. Company-level social dialogue is sometimes weak, especially in cases of weak trade unions.

The legal framework of Bulgarian social dialogue includes the Labour Code and many other laws.[46]

[46] The Social Insurance Code, the Law on Promotion of Employment, the Law on Vocational Education and Training, the Law on Health and Safety at Work, the Law on Information and Consultation in Multinational Companies, Groups of Companies and European Societies, the Law for Guarantee of the

In 2010-2013 some amendments concerning the rights of the atypical workers and employees were made to the Labour Code, and the new provisions cover the following issues: the rights of the homeworkers and tele-workers to be organised in trade unions, to be involved in collective bargaining, in the information, consultation and participation procedures; in the procedures of settlement of the collective labour disputes; also the similar rights are determined for the workers/employees, who are employed via temporary work agencies.

Although the Bulgarian labour and social legislation is comparatively modern and corresponds to EU standards, it needs some improvement with regard to social dialogue regulation, as follows:

- The role, functions, rights of the employers' associations are not clear;
- Provisions for national bipartite negotiations do not exist in the law, although in some cases they could be made;
- There are no provisions for sectoral and inter-sectoral negotiations in regions and municipalities (with exception of some of the budget organisations), and also no other provisions which could enhance negotiations for the groups of small/micro enterprises;
  New provisions are necessary to prepare for the public/budget sectors/branches, as in many cases there are either no existing employers' associations, or they are too weak, usually not having regional/municipal structures.

2. Flexicurity - the Bulgarian case

In recent years the concept of flexicurity has been a matter of debate in Bulgaria, as in many other European countries. At first, the term flexicurity sounds a little strange, as the links between the two meanings looks impossible. The definition of the European Commission in general determines an approach to flexibility and security not as confronting each other, but rather as a mutually supporting components.

The discussion about flexibility among the institutions arose initially from the broad use of flexibility in labour/employment relations in most of the advanced countries. The practices of flexibility are not new for Western Europe: since the 1960s some form of flexibility has been used, mainly concerning working time arrangements. Since the 1980s some other forms of flexibility have been implemented especially those for the improvement of labour market regulation. Part-time work, job sharing, temporary work and some other forms initially concerned mainly the long-term unemployed, but then they were adopted more generally by many employers.

The unemployment level in many EU-member states and other European countries increased in the 10 years after 2000, particularly in 2008-2009. This is why the concept of flexible employment was revived and there were many international discussions about its importance. However, the European social model and the traditions of labour relations in the EU also required protection of the security of the working people. In general, the flexicurity concept and practices reflect the radical transition in labour relations and in society. For many employees, in order to have sustainable jobs, wages, benefits and holidays, it is necessary to adapt to more flexible work.

Workers/Employees claims in the case of Insolvency of their Employers, the Law for Protection against Discrimination, the Law for Settlement of Collective Labour Disputes and some other legislative acts

Employment security is easier to understand: this is the traditional full-time work with open-ended contracts, guaranteed pay, leave, benefits and career prospects. Flexibility is more complex and many elements could be identified: flexibility of contracts (temporary, part-time), flexibility of the places of work (mobile work, work at home), flexibility of working time (variable timetables, shift work, aggregate calculation of working hours, flexibility of regimes of work, holidays and leave), flexibility of job design and work organisation (job rotation, team work), flexibility of payment (bonuses and flexible basic wages), flexibility of benefits (freedom of choice of benefits), flexibility of training options (apprenticeships, sabbatical leave).[47]

Flexicurity usually requires guarantees and protection of employees, whose work is to some extent flexible, including equal rights and equal treatment of the employees with all kind of contracts and working in all kind of regimes of work-places, working time, work organisation and so on. In addition, flexicurity involves also support for th transition from one status to another –from one job to another, from unemployment to work, from parental leave to work, from work to training, as well as protection policies and practices. In fact, the concept of flexicurity concerns the whole career path of the individual.

Among the main issues of flexicurity, which are important also for Bulgaria, is the balance of interests of the employee and employers and the prevention of violations, using flexibility mainly for the purposes and interests of one of the actors in labour relations. This happens mostly at the employers' initiative, but sometimes also some of the employees could take advantage of flexible regimes, not having in mind at all the company's interests.

The national "path" of flexicurity in the labour market in Bulgaria was prepared in 2009. Some of the main priorities are as follows:

- **Flexible and promising labour contract relations, including: new forms of employment** (temporary work, home work, tele-work); equality of the rights and protection of all the employees, independently of their form of contracts; improvement of social dialogue and collective bargaining at all levels;

- **Strategies for life long learning, acceptable to the needs of the society**: implementation of new forms like vouchers for training; measures to reduce the number of early school leavers; establishment of systems of monitoring labour market demand and forecasting the future demand by sector, profession, job, qualification level and so on;

- **Active labour market policies**: extensions of the activities of involvement of the long-term unemployed; outsourcing of some of the labour market services and establishment of mixed public/private services; improvement of activities at regional and municipal level; hiring of long-term unemployed and discouraged people in the social services organisations;

- **Modernising the social security system**: improvement of the insurance levels of the transition periods (transitions between occupation of one job to another, transition between training and work; transition from maternity or long illness leave and work); improvement of the health of employees and prevention of early disability.[48]

[47] See Vatchkova E. Human Resource Management. European Comparative Analysis. 1998. Sofia, 62-65 (in Bulgarian); Sotirova M. The flexible employment-between economical rationality and social responsibility..- In: The Flexible Employment and Problems of its' Regulation. Papers of the national conference, 4 July 2003. University of Plovdiv, 19-28 (in Bulgarian)

[48] See Bulgarian pathway to achieve better flexibility and security at the labour market in 2009-2011. Sofia. 2009. Government publication. http://www.government.bg

In general, the priorities mentioned in the document concern mostly policies and activities at national, sectoral and regional level, rather than the company level. However, much attention is paid also to policies and practices which are carried out in the company, like employment contracts and their termination or change, working time, training at work-place, and support for vulnerable groups.

The national pathway could be defined as a framework document, and there are also some other national policies, which concern flexibility and security at work and which were prepared in 2008-2013, as follows:

- National strategies for employment and national employment plans-annually;
- National strategy for migration and integration;
- National strategy for life-long learning;
- National programmes for paid traineeships;
- National strategy for social economy

Most of the policies of the national pathway and other national policies and strategies were transformed as legislative norms, with amendments of the existing or preparation new laws and other legislative documents in 2009-2013. However, many provisions of the legal framework of the flexibility and security at the labour market have been prepared even before the acceptance of the national pathway, as many practical issues already appeared in the late 1990s. Among the laws the Labour Code should be mentioned first, but also many other laws were amended with regard to the flexibility and security arrangements[49]

As regards national policies, the Bulgarian legislation currently contains many provisions covering flexibility and security at work, for example:

- **Provisions for labour contract relations***:* part-time work; short-term and seasonal contracts; temporary agencies work; traineeships; tele-work; homework; flexible working hours; apprenticeship training;
  Provisions for social insurance*:* insurance for employees with atypical contracts;
- **Support for employers to hire persons from vulnerable groups***:* long-term unemployed, young unemployed and disables, single parents,; low educated people etc.; promotion of atypical forms of work; support of social entrepreneurship and social enterprises;
- **Support for life-long learning**: paid traineeships; special initiatives for disadvantaged groups; measures for recognition and certification of the skills and competencies, obtained via non-formal or informal education or training.

Labour flexibility is welcomed by most Bulgarian employers, but the concerns of the workers and trade unions are not always addressed. The preparation of national policies of flexicurity and the amendments of the legislations took a long time, however, some compromises were reached. The most problematic issue is still temporary agency work, as the substance of the employment relationship has not been clarified even at the European level. These are "triangular" relations, with legal employers, which are practically mediators and *de facto* (or real) employers who do not have legal obligation towards the employees. The position of workers/employees seems to be too weak, as many of the duties of the legal employers usually are and should be duties of the real employers. Among the most visible problem could be defined as the employers' obligations, concerning health and

[49] Law on Promotion of Employment; Social Insurance Code; Law on Vocational Education and Training; Law on Health and Safety at Work; Law on Small and Medium-sized Enterprises; Law on Corporate Taxes.

safety at work, but also obligations regarding working time, pay and so on. Most of the functions in work organisation are functions of the employers, who only use subcontracted labour made available by the mediators.

Another problem which is still not solved concerns the improvement of protection of the transition periods in the career path of the employee, as this requires a reform in social insurance to ensure financial sustainability for the social insurance funds.

Flexicurity has been implemented in Bulgaria for several years. There are still many practical questions and an in-depth analysis of the results and influence of flexicurity on economic development, labour markets and living standards is necessary.

3. Occupational Welfare – The Bulgarian case

Comparing flexicurity and occupational welfare is an important issue. However, it is difficult to agree on an exact definition of occupational welfare. There are broader and narrower definitions. For example, in some cases occupational welfare is understood as a number of policies and practices, concerning mainly social benefits and services at work-place and work-life balance. Sometimes the occupational welfare definitions include also working time arrangements, job design, organisational flexibility, mobile work-places, income support, education and training policies, career development. A broader definition covers all the labour and social issues at the work-place including equal treatment and promotion of diversity in the workforce, job and wage security, health and safety at work, performance evaluation, procedures of hiring, transfer to new jobs and redundancies.

Occupational welfare has been for long time a rather practical issue and it is difficult to find academic research on it in Bulgaria. Even in the cases when research was carried out, they were rather empirical and analytical. A similar concept was defined in the process of work of on previous projects with the participation of ISTUR.[50]

In one of these papers, "Work well being", several components of work well-being were reviewed: labour market and social insurance; vocational education and training; health and safety at work; social dialogue. In fact the concept of well-being at work goes above the company level and includes policies and laws at national, regional and sectoral levels.

The other research "Analysis of the working climate index" is focused on the index of the working climate. Some definitions of working climate and quality of jobs were reviewed, including those, adopted in the policies and practices in some EU member states like Austria and Germany and also the ETUI European Job Quality Index.[51] This takes account of the following components: wages and salaries; atypical forms of employment; working time and work-life balance; working conditions and security at the work-place; knowledge and career development; collective representation and participation.[52]

The occupational welfare issues have various levels of implementation in Bulgaria. As regards social benefits and services, education and training, working time arrangements,

[50] See Well-being@work. Project of the Chamber of Labour –Highland- Austria, with partners OGB, ISTUR-Bugaria, IRES-Rome-Italy, Institute of Labour and Economu—Germany, TCO-Sweden and others. 2009. ; Analysis of the working climate index for Bulgaria 2010; 2011: in the framework of project "Security via law, flexibility via collective bargaining", of the CITUB with partnership with BIA under the Operational program "Human Resource Development " 2007-2013 for Bulgaria. Sofia, 2010, 2011

[51] See European Job Quality Index. ETUI-REHS.2008. http://www.etui-rehs.org.

[52] See Analysis of the Working Climate Index for Bulgaria 2010. Project "Security via law, flexibility via collective bargaining" Operational program "Human resource development 2007-2013" for Bulgaria. National Employment Agency, Bulgaria. Confederation of the Independent Trade Unions in Bulgaria, Bulgarian Industrial Association. Sofia. 2010. Head of Research Team: L. Tomev.

income support and some others, their importance is recognised by some national policies and strategies and the legal framework. This applies also to tele-work and homework, and some work-life balance initiatives, but they are not often implemented. Finally, some of the work-life balance and career development practices are implemented mainly under the provisions of collective agreements or by the policies of corporate social responsibility, initiated by the employers.

However, many national policies and strategies, concerning the occupational welfare (having in mind a definition with a broader scope) can be identified:

- National strategy for gender equalities;
- National strategy for equal opportunities for people with disabilties;
- National strategy for life-long learning;
- National strategy for corporate social responsibility;
- National strategy for the social economy.

The legal framework for occupational welfare is even older than for flexicurity and has been improved many times.[53] The legislation also contains many provisions regulating occupational welfare, for example:

- **Provisions concerning particular policies and initiatives at company level:** tele- and home work; part-time work; working time arrangements; paid leave, some practices of work-life balance; work organisation; promotion of work-place and vocational training; social benefits; wage payment regimes; provisions, regulating the health and safety at work and working environment of the employee/workers with atypical contracts;
- **Provisions, concerning additional insurance with co-financing by the employers and employees;** tax regimes of the social benefits and additional insurance, provided by the employers;
- **Provisions for the promotion of life long learning:** promotion of additional training at work –place; state support of the additional training (vouchers system); apprenticeship training;
- **Provisions for the** promotion of diversity; promotion of social entrepreneurship; promotion of establishment social enterprises and cooperatives of vulnerable groups.

At the same time the Bulgarian legislation and practices on this subject still need improvement:

- At first this concerns tax regimes –according to the employers they need more flexible taxes for payment of social compensations, additional paid leave, additional insurance benefits;
- In the law and in practice there are not the best procedures for additional paid leave for training purposes, especially for additional vocational training and lifelong learning. The use of sabbatical leave is not widespread in Bulgaria, with the exception of academic organisations, where some leave is granted, but not often and only for particular purposes;
- In the implementation of the measures for occupational welfare there is rarely any freedom of choice. According to the Labour Code, the selection of some of the benefits and other

[53] It includes the Labour Code; Social Insurance Code; Law on Health Insurance; Law on Personal Income Taxes; Law on Corporate Taxes; Law on Promotion of Employment; Law on Protection Against Discrimination; Law on Integration of People with Disabilities; Law on Vocational Education and Training; Law on Health and Safety at Work; Law on Social Assistance.

measures could be decided by collective voice, by the general assembly of all the workers and employees in the company, even if they are not trade union members, or in cases where such assembly could not be called (when there are too many employees, or due to shift work), assembly of elected delegates of all the units and departments of the company and representing all the occupational groups. In practice there could be many cases. For example, if there are trade unions and they are negotiating the collective labour agreement, they could either agree on the total amount of social benefits and other social payments or they could suggest some distribution of the fund to the assembly. In such cases the workers and employees and/or the delegates could decide by majority vote what kind of benefits they prefer. However, if in some cases the trade unions have reached a draft agreement with the employer, which also contains the particular benefits and measures, they should suggest this at the general assembly or assembly of the delegates to confirm their agreement, as part of the social benefits should be agreed on with all the workers. When there are no trade unions, the employer has the freedom to suggest some measures and benefits to the assembly and to ask for their agreement. However, in most cases there is no individual freedom of choice.

- In many of the medium-sized, small and micro companies occupational welfare is practically unknown, with the exception of some training activities and some flexible working time arrangements.

Occupational welfare is not as confrontational a matter for the social partners as flexicurity tends to be. However, currently the relations between the flexicurity and occupational welfare and also the role of occupational welfare for the improvement of productivity and competitiveness are not too evident at the political and practical level. Even many of the employers accept occupational welfare practices as something granted by them to the employees at their own initiative or for the purposes of corporate social responsibility and because of the law and collective agreements. They tend not to notice the influence of work-place welfare on job satisfaction and on motivation for work. The reasons are mainly related to the transitional nature of the culture of industrial relations in Bulgaria.

4. The role of social dialogue in Bulgaria for flexicurity and occupational welfare – more general issues:

A) As there is still strong tripartism at the national level in Bulgaria, the main issues concerning flexicurity and occupational welfare are part of the national tripartite consultations. This mainly concerns flexicurity, but also most of the welfare issues are discussed at the national level, even in cases where their implementation should be a matter for the companies. In 2010-2012 some national tripartite agreements were signed and they concern the flexible forms of employment and the integration of particular groups of the labour market. For example, before the amendment of the law concerning the tele-work and home work, the main principles were agreed between the trade unions, employers' associations and the Ministry of Labour and Social Affairs. Another agreement, aimed at ensuring better conditions for young people starting their career was also signed by the same partners and it is named "First Job". A new draft agreement, on occupational stress and harassment and violence at work, is still under preparation;

B) Although the contradictions between the employers' associations and trade unions with regard to some issues of flexicurity (the scope of implementation of temporary agency work and temporary working contracts in general; some of the arrangements of working time and some others), some common views and agreements concerning policies and legislation were reached. At the same time the discussion continues and both sides try to promote their views on some amendments. This means that the legal framework for flexicurity is not entirely sustainable and should be changed;

C) Flexicurity and occupational welfare were linked in some sectoral programmes and particular agreements, under the impact of the recession. However, provisions for comparatively good levels of protection of employees were adopted only in a few sectors;

D) Collective bargaining at all levels is concerned more with the occupational welfare, than flexicurity issues. If this happens, it is more often because of the employers' choices. However in some sectors and companies activities for improving productivity have been implemented with the agreement of the social partners;

E) As far as the deregulation and decentralisation of collective bargaining is concerned, most of the issues could be better discussed at company level. At sectoral level only some framework agreements should be negotiated. However this would increase the diversity of the working conditions among the companies from one and the same sectors;

F) Many employers have aggressive anti-union strategies. Even if they are ready to provide social benefits, work-life balance policies, training activities and team building, they do not like to share the power with the unions and other worker representatives. As regards work organisation, job flexibility and even wage flexibility, most employers share the view that this is not an area for any trade union interference;

G) Since in most small and micro enterprises, there are no trade unions and usually no forms of representation: there is no legal framework for collective bargaining to cover such enterprises, and there is no influence on the part of social dialogue. As mentioned, often there are no occupational welfare measures and if flexibility is used, it is mostly not accompanied by job security.

H) In most of the budget organisations there are not many flexicurity measures used, with the exception of some working time and training activities. With regard to occupational welfare, it is strongly dependent on the budgets determined in advance and the trade unions and other employee representatives do not have much chance to exert influence, with exception of the selection of benefits.

In conclusion, the role of social dialogue in Bulgaria concerning occupational welfare is important, as well as for flexicurity. At the moment the social partners are still not able to identify the most appropriate mechanisms for occupational welfare in the framework of flexicurity, although in some cases welfare measures could be used for the improvement of productivity and competitiveness. Going up the high road still requires more experience and the search for innovation and acceptable compromises. The problems come both from the divergent understandings of flexicurity by the social partners and difficulties in balancing their interests during the ongoing crisis.

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Part 2: Providing flexicurity and occupational welfare through collective bargaining at sector/ branch, municipal and company level

1. Policies and practices at regional/municipal level

1.1. Development strategies and plans

The policies and practices at regional/municipal level including the district development strategies and municipal development plans aim at increasing competitiveness and employment in the regions. One of the main principles of the elaboration and implementation of the regional policy is the principle of effective partnership. It is realised through the institutionalised bodies for cooperation at district and municipal level, namely the regional councils for development. *Regional Councils for Development* comprises representatives of ministries and departments, governors, representatives of municipalities, nationally representative social partners, and NGOs active in the field of regional development. The principle of partnership and provision of information and publicity is crucial to the achievement of social commitment, transparency and accountability, mobilisation and effective participation of all stakeholders in the process of strategic planning, monitoring and implementation of strategies and plans for regional development.

Among the priorities of regional development strategies and local development plans are promotion of inclusive economic growth, including increased employment and job quality (more and better jobs) through increased employment based on active labour market policies and modernized social security system; improving workforce flexibility and mobility in the labour market; increasing investments in human capital, improved education and skills, promotion of life-long learning; strengthening of administrative capacity; improving health care and education, while clearly addressing the regional dimensions of those problems.

Social dialogue at regional level is realised through *Regional Councils for Tripartite Cooperation*, a body established in 2010. Regional Council for tripartite cooperation discusses and gives opinions on matters relating to:

- Labour and related relations;
- Health and safety at work;
- Unemployment, employment, vocational training and education;
- Health and social security;
- Incomes and living standards;
- Fiscal policy;
- Social consequences of restructuring and privatization of the regional economy.

One of the main successes of the regional social partnership is the elaboration of regional employment plans and active labour market policies targeting the specific issues and needs of the population in the region. Also success was achieved in the field of social services with the elaboration and implementation of five-year regional and municipal strategies and annual plans for development of social services based on needs assessment (since 2010).

Considering the importance of health and safety both for the wellbeing of the employees and for the competitiveness of the Bulgarian enterprises, social dialogue in the

field of health and safety at work is realised through the Regional Council on Working Conditions. It is a permanent tripartite regional body for coordination, consultation and partnership in the development and implementation of policies to ensure safe and healthy working conditions at regional level. It is composed of representatives of existing regional representative organisations of workers and employers and an equal number of representatives of the regional administration.

The Regional Council on Working Conditions:

- develops regional programmes for research and development projects aiming to optimise the working conditions and submits them to the Working Conditions Fund for funding;
- discusses the state and activity of ensuring healthy and safe working conditions in the region or in some enterprises;
- coordinates the activities of the regional state authorities control of working conditions;
- provides assistance to working conditions committees and groups in enterprises to solve specific problems;
- promotes and disseminates best practices, organises meetings, workshops, publishes information bulletins and training materials.

1.2. Social dialogue and collective bargaining at municipal level

Social dialogue at municipal level is realised through Municipal Councils for Social Partnership established at the branches of the National Employment Service. They deal with active labour market policy, including adopting plans and implementing measures related to training of employed and unemployed persons and job placement.

At municipal level, collective agreements are concluded for activities that are financed from the municipal budget, including collective agreements for the employees in the municipal administration, for health care, education, social services, and for cultural establishments.

Austerity measures aiming at cutting public spending have had an impact on the activities financed by the budget and limited the chances of negotiating adequate provisions in municipal collective agreements. The number of municipal collective agreements decreased and they are still not common – out of a total of 256 municipalities there are about 160 collective agreements (2012)[54].

The main priorities in municipal collective agreements are:

- wage growth, incl. avoiding reduction and higher seniority rates, bonuses for results
  preservation of employment
- preservation of social benefits.

Due to the specific work process in health care and social services, they work flexible but unsocial hours. Work on shifts, at weekends, on official holidays, and at night is compensated with extended additional paid leave provided in the collective agreements and increased monetary compensation compared to the provided by the legislation, but it is still low. However, despite the provisions in municipal collective agreements, at establishment

[54] CITUB (2013) Analysis of collective bargaining

level, particularly in the health care and social services it is difficult to regulate working time, due to the shortage of personnel. Thus, certain categories of personnel are entitled to reduced working hours, but they do not benefit from it. In the smaller towns and municipalities there are also problems with transport and this extends the working time and it is difficult to ensure work-life balance. Recently, in some of the establishments providing social services the additional benefits include free food for those working on 12-hour shifts. However, in the case of well-funded and managed organisations, social benefits negotiated in the municipal- and establishment-level collective agreements additional benefits are used as a motivating factor. These include the provision of longer paid leave, higher compensations at retirement, and bonuses for holidays.

In conclusion, the scope and level of occupational welfare policies and measures agreed in municipal collective agreements reflect the financial situation of the municipality and in recent years they have been hindered by restrictive public spending policies.

2.1 Policies and practices at the setoral/branch level

2.1. General overview of flexicurity

The official statistics and the surveys show that flexible forms of work are not popular in Bulgaria with just 2.3% of the employed working part-time; 5% employed on fixed-term contracts and 8.6% having access to flexible working hours (Eurostat data for 2010).

In 2012 there was some increase of the share of employees that work part-time. reaching 6% due to the anti-crisis measures introduced to preserve employment. In the financial and economic crisis context, flexibility was seen as an important policy instrument in order to increase the ability of employers to adjust to changing economic circumstances and prevent them from losing firm-specific human capital. This measure was beneficial also for the employees, as it helped to save more than 20,000 jobs. However, working part-time in most cases is not a voluntary choice as the remuneration is very low.

Telework is still not very widespread in Bulgaria (8.9%), like other flexible forms – the individual choice of working time schedule (7.2%) and the possibility of flexible working hours (4.8%).[55]

The levels of participation in continuing vocational training, lifelong learning (1.4% of employees comparing to the EU27 average of 9.3%) and the investment by companies in CVET are among the lowest in the EU. The dominant form of contract is still the full-time open-ended contract and also a long employment history with one employer is a frequent pattern.[56]

Public expenditure on active labour market policies is also low. Recently the active labour market policy was supported with funding from the OP HRD.

A significant share of workers is engaged in the informal economy with estimates of between 30 and 35% of the GDP. The informal economy forms a separate labour market segment with "unregulated flexicurity" which combines extreme flexibility with very low security.[57]

Due to insufficient implementation of flexible work and high unemployment in the country, more than 280,000 women and over 110,000 men do not work due to family

[55] GLI (2012) General OSH Profile
[56] GLI (2012) General OSH Profile
[57] Daskalova, N. (2008). Flexicurity and Industrial Relations, Eurofound

reasons, mostly childcare (Census, 2011).[58] Most of them rely on social assistance, and their children live in the shadow of poverty.

Recent surveys[59] show that there are employees who work either more or less than the statutory 40 hours a week, showing the presence of flexible options in work organisation imposed by production and market conditions but which increase employee uncertainty over working time. Work at unconventional times and at the weekend becomes standard for significant numbers of employees. According to the survey findings non-standard working time is used more as a resource and a necessary buffer that company management relies on as an element of the internal organisation of the company, rather than as a desirable option for workers, enabling the reconciliation of family and working life.

Paid annual leave is part of the topical issue of the work-life balance and provides for meeting and developing specific individual needs. In this sense paid leave is part of the issue of the quality of the working environment and impacts on employees' satisfaction with their working conditions. Slightly more than half of employees use the 20 days paid leave obligatory by the law; for every fourth it is 30 days, and nearly 14.0% use only up to 10 days leave. The occupational safety and health survey shows that people have limited control over the flexibility that they experience.

2.2. Collective bargaining

Sector/ branch social dialogue and collective bargaining are realised through Sector/ branch councils for tripartite cooperation. In 2013 there were eight sector and 56 branch collective agreements in force.

2.2.1. Flexibility and occupational welfare in sector/branch collective agreements

The main chapters of the collective agreements include: employment; wages and additional compensations (seniority and experience, harmful working conditions, night work, over time) working time, rest and leave; training; social benefits; safe and healthy working conditions, and conditions for trade union activities. In the last years in view of the new issues concerning the labour in some sector/ branch collective agreements new chapters have been included, e.g., chapter on work-life balance (in the brewery industry and in trade and cooperatives, or on equal opportunities, preventing discrimination and violence at the work place, in transport.)

A review of the sectoral/ branch collective agreements in force shows that they consider the economic realities and concessions have been made by both parties to the agreements. Although there are not many examples of negotiating the "social packages" in the sectoral/ branch collective agreements in times of crisis, in many cases there is freezing and renegotiation of existing provisions.

Collective bargaining at sector/branch level is considered the weakest element of the collective bargaining system. In some sectors there are no collective agreements. The sector/branch collective agreements set minimum standards and mainly provide the framework for collective bargaining at enterprise level, not considering the flexicurity issues in detail but providing for specific measures at company level. Flexicurity issues are a matter for national level social dialogue and collective agreements mainly at enterprise level where the provisions are more specific and reflect the financial situation of employers.

[58] NSI (2011) Census of the population and dwellings
[59] CITUB (2010, 2012) Work climate index; GLI (2012) General OSH Profile

Collective agreements depending of the specific situation in the sector/branch include various protection schemes and procedures in case of mass redundancies and for maintaining employment, including arrangements for the creation of new jobs, specific provisions for posted workers (transport, construction) or seasonal workers (tourism).

Information and consultation of employees may be considered as a tool for the implementation the main principles of flexicurity. Most collective agreements provide for information and consultation in the following cases:

- flexible working time schedules;
- flexible forms of work – e.g. fixed-term employment;
- mass dismissal;
- change of employer;
- changes to the business activity, economic situation and twork organisation.

Provisions related to employment and training contributing to the implementation of the flexicurity approach negotiated in some sector/branch agreements include:

- Metalworking: targeted vocational training programmes in the case of planned restructuring; unpaid leave instead of dismissal; joint programme of branch vocational centres aiming at providing education for machine building occupations; hiring dismissed employees on new jobs;
- Transport: programme for employment and vocational education;
- Education: longer notice period than the statutory and advanced vocational training, including foreign languages and ICT;
- Defence – notice period increasing with age.

In the transport sector mechanisms and measures are negotiated to deal with a shortage of funds for salaries. This provision in the sector collective agreement introduces a degree of flexibility in bilateral relations between the employer and employees in terms of dealing with unforeseen situations. Search for a compromise and effective renegotiation of labour relations can help to prevent serious negative consequences at a socially acceptable price. If all options for dealing with the shortage of funds for salaries are exhausted, a reduction of all salaries up to 30% for no more than three months is foreseen. Unpaid wages remain due and payable within two months. The collective agreement provides also for programmes for training and retraining of workers and their funding. The availability of such programmes is in the interest of both the employers and the workers. Upgrading skills or retraining of workers means increasing their productivity and decreasing the risk of accidents. Increasing productivity translates into higher wages for workers, according to the collective agreement. When creating new jobs or in the case of vacancies, the redundant and unemployed workers of the enterprise are the first to be hired.

A review of collective agreement at sectoral level in transport illustrates the role of collective bargaining in providing benefits both for employers and employees. The commitment of the trade unions and the employers' organisations helps to provide sufficient flexibility for employers and opportunities for vocational development and retraining of workers to enable the smooth operation of the companies and career development of employees. There are mechanisms that can help in the case of difficulties with activities of companies and to seek solutions through bipartite dialogue. This creates both predictability and flexibility in decision-making in everyday and unexpected situations.

Most sector/branch collective agreements combine occupational benefits and work-life balance initiatives.

In addition most collective agreements provide higher pay rates than the statutory provisions or additional payment for night work, working under unregulated working time schedule, for over-time, for working in hazardous working conditions, bonuses for public holidays, higher pay in case of redundancy or retirement.

Collective agreements also provide extra paid leave for mothers with children, for working conditions and additional days paid annual leave depending on the length of service.

Considering all the reviewed sector/branch collective agreements, only two contain a separate chapter on "Reconciliation of work and family life" (the agreement signed by the trade union in the food and beverages sector, and the agreement of the national federation of cooperatives). The agreements for the cooperatives contains provisions as follows:

- Workers and employees with two or more children under the age of 18 are entitled to three days additional paid leave and those with three or more children are entitled to five working days.
- Employees, mothers of schoolchildren from first to fourth grade have one additional day paid leave at the beginning of the school year.

- Employees with care responsibilities are entitled to one additional day paid leave
- Provided financial resources are available, families with students are supported for beginning of the school year.
- In support of career development, women after maternity leave are included in further vocational training.

3. Collective bargaining at company level

Collective bargaining at company level can contribute to the introduction of measures to promote the flexicurity approach. However, the survey in Bulgaria shows that this possibility is not fully taken up and the concept of "flexicurity" is not popular at company level, among employers and employees. There are different explainatory factors, namely the low level of collective bargaining coverage (estimated at 25-30%), the difficult financial situation in many enterprises, the predominance of SMEs and private enterprises without trade unions. According to the data of the Confederation of Independent Trade Union in Bulgaria for 2014 there are about 4000 company collective agreements.

The review of company collective agreements[60] shows that measures agreed include two types of provisions relating to flexibility and occupational welfare:

- Organisational – relating to the introduction of flexible forms of employment, work organisation, working time and health and safety at work and
- Financial – relating to realisation of social measures, initiatives for supporting employees for work-life balance, benefits, services, etc.

According to a survey on work-life balance conducted in the framework of the CITUB project "Security through the law, flexibility through the collective bargaining" financial measures providing funding for occupational welfare could be grouped into two types of

[60] More than 50 collective agreements were reviewed

employer behaviour and policy. The first is based on the legal requirement to achieve a certain level of social security in relation to employment and this includes the whole range of social expenditure: social insurance for all social security risks; social services for employees at the work place; safety and health at work, and so on. The second is based on negotiating a company social programme providing for a range of welfare measures going far above the legislative provisions. These include such welfare measures as covering transport costs or providing free company transport, free food/vouchers for food, covering costs of medical check-ups and expensive drugs, financing cultural and sporting events, supporting families in raising children (community and private gardens, children's camps, outdoor schools and others), scholarships and additional paid leave for students, etc. However, especially in times of crisis, the first approach is prevalent in the companies studied.[61]

The structure of most enterprise collective agreements follows the sector/branch structure, including chapters on employment, wages and wage system, vocational training, working time, rest and leave, health and safety at work, and trade union activity. Nevertheless, in most cases the provisions agreed are within the measures prescribed by the law.

According to the collective bargaining data base of CITUB (2009) one-third of enterprises in the sector under examination (750 collective agreements registered) have provisions for support in finding job in case of restructuring and programmes for vocational training of dismissed workers. Most collective agreements also contain provisions for flexible employment contracts (fixed-term, part-time, hourly work). Some of them include provisions for: vocational training, additional vocational training, career development, lifelong learning. In half of the enterprises there are provisions for the introduction of longer working hours or part-time. Many enterprises agreed to provide supplementary social and health insurance. However, the implementation of most existing collective agreements is weak.

Unfortunately, the training and requalification of employees, a crucial aspect of functional flexibility and innovation, providing greater security in employment transitions, is only marginally included in company collective agreements. However, in some, mostly large companies, measures relating to training as part of the HRM policy are linked to the individual career development plans and after training they moved to new positions (Kintex EAD, Metro AD, Mr. Bricolage and other trade chains).

In SOLVAY SODI Devnya, a branch of the chemical and pharmaceutical Solvay Group, with headquarters in Brussels, the collective agreement provided for hiring procedures based on selection carried out by an external firm. During the period of privatisation of the Bulgarian company, the management and the trade union concluded a special agreement for early retirement and pre-retirement with generous compensation. In the field of training, the collective agreement provides for training including vocational training in accordance with the company priorities and acquisition of basic language and ICT competences. The company also established a vocational training centre in which training is computer-based. In case of introduction of new equipment and new technologies the collective agreement provided training and retraining of employees at the expense of the employer.

In Kamenitsa AD, the collective agreement provides also for extra paid leave for mothers with two or more children, as well as a lump sum allowance for childbirth, and financial support for employees' families experiencing material difficulty. The workers are

[61] CITUB (2012) Work-life balance

provided with medical assistance amounting to BGN 250 (about EUR 125) per year. Annually two scholarships are awarded for children of employees. Financial support is provided in the case of a marriage and in the case of death in the family.

In Sopharma - AD, Sofia, social assistance is provided by the employer for treatment and medicines in case of long term illness. The company has a contract with a private health insurance fund which also covers part of the costs

In the City Mobility Centre, Sofia, the company collective agreement provides: support for childbirth, an allowance for the death of a family member, long-term medical treatment; use of the company kindergarten at half price and free of charge for children below three years of age, free food for all employees, including those in maternity leave. The trade union and the employers are in a process of negotiation on the introduction of telework for employees in the IT department. Some companies invest in maintenance of recreation facilities or in social infrastructure in the enterprise, providing food vouchers, scholarships and support for training, particularly in skills that are needed for the company.

In companies in the chemical industry the occupational welfare measures aiming to improve employee quality of work and life include: additional health and pension insurance, preferential rates and discounts for using the services of partner companies - banks, mobile operators, insurance companies, and other retailers. Other benefits include: vouchers for food at a discount in company canteens and restaurants, including dietary nutrition, use of additional paid leave higher than the minimum established by legislation on different occasions, the possibilities for holidays at lower prices in the recreation facilities of the company. Providing free company transport or reimbursement of t transport costs, business phones, credit cards, season tickets to various sports and cultural events is expected to increase employee loyalty to the company, to create a sense of belonging to the company, and to increase productivity and motivation.

Most of the employers interviewed in the framework of the survey on work-life balance recognise that the measures for flexible work and occupational welfare provide better reconciliation of work and family life and this leads to higher motivation, higher productivity and a better work climate in the company.[62]

Not surprisingly, the best arrangements are achieved in enterprises of foreign investors and in subsidiaries of MNCs. The schemes are not only higher than those provided by legislation, but also well above the sector and national average indicators.

In this way, the norms of social welfare introduced by laws and regulations with corporate policies and measures relevant to the needs of employees and adapted to the company production and technological conditions could have a positive impact on the expected long-term and short-term effects, demographic, social, and economic.

In times of crisis there is a clear imbalance between the economic and social dimension of the policy adopted by Bulgarian government, with a tendency to limit the role and scope of social dialogue. The deregulation and decentralisation of collective bargaining has resulted in changes in the processes and provisions of the collective agreements. However, regardless of the different attitudes to collective bargaining by different governments and employers, even in times of crisis, it continues to be an active instrument of industrial relations, creating opportunities to increase the competitiveness of Bulgarian business and at the same time to protect the labour and social rights of workers and employees.

The potential of flexible forms of employment, work organisation and working time as effective organisational measures is not fully realised and these forms are still not widely used. The analysis of collective agreements and the survey results show that at present

[62] CITUB (2012) Work-life balance

flexible employment is dominated by the employers' interests and is implemented primarily by production needs and the voluntary choice of employees in many cases is limited. Undoubtedly there are cases and examples of effective implementation of flexible working also in response to the specific needs of workers to reconcile work and family life, but these are mostly isolated cases and their application is more a matter of informal employer attitudes and behaviour, rather than company policy. .

Still some employers consider the social policies, measures and initiatives as just a financial burden without any economic return. Theories of human and social capital at a theoretical but also at a practical level justify a return on i financial resources invested in human capital.

To achieve progress in the formulation of corporate occupational welfare policies the employers' mentality needs to be changed, taking on board modern concepts and views on social spending as an investment in people through which individual, corporate and public benefits are realised. At the same time, it is often argued that the effects of policies and measures depend on how these policies and measures are implemented.

However, the implementation of a number of important strategies, plans and collective agreements is the weakest link in the policies and practices in Bulgaria. For the realisation of collective agreements there is a need to change employer attitudes with extra effort and activity at corporate level.

For their part, the trade unions must reconsider their strategies and policies and rely on a more individualised approach to membership, thus providing for greater employee participation in the decision-making process and more opportunities to voice their needs and concerns. Collective bargaining must provide for more employee-led flexicurity and occupational welfare responding to employee needs.

Progress in solving problems depends on the interaction between employers and trade unions, and on the principles and mechanisms of implementation of social dialogue. The Confederation of Independent Trade Unions in Bulgaria and its affiliates continue to strongly defend their position summed up as "security through law and flexibility through collective bargaining in the regulation of labour relations." Improved social dialogue and collective bargaining can bring more sustainable flexibility (socially acceptable and leading to quality jobs in the long term) in the interests both of employers and employees. Collective agreements should define the employers' initiatives as well as complementing and further developing the opportunities laid down in legislation. Along with this, the focus on company welfare policies does not mean ignoring the role of public policies and state obligations towards social welfare.

The need for a better power balance in the regulation of labour relations has cast new light on the debate about the need to reinforce social dialogue and collective bargaining, undervalued in recent times by the introduction of the new economic governance at EU and national level. It is necessary to extend and enrich the content of social dialogue and collective bargaining as a means of balancing the interests of employers for flexibility and competitiveness and the employees' need for security.

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PART II – THE INDUSTRIAL RELATION SYSTEMS ABD THE IMPLEMENTATION OF OCCUPATIONAL WELFARE ARRANGEMENTS IN COLLECTIVE BARGAINING

Hungary

MIKLÓS KIRÁLY, SARA HUNGLER

Summary: Part 1. Social Dialogue in Hungary – I. National Level Social Dialogue – 1. General Overview – A) The Main Characteristics of Industrial Relations in Hungary – B Parties to Social Dialogue – i) Workers' Negotiating Group – ii) Employers' Negotiating Group – 2. The History of National Social Dialogue – A) The First Decade Under the New Political Regime – B) The Tripartite System of National Level Collective Bargaining – The National Interest Reconciliation Council – i) The Legal Status and Rights of OÉT – a) Right for Information and Consultation – b) Right to co-determination until 2009 – ii) The Operation of OÉT – 3. The Abolition of Tripartism – A) The Replacement of the National Interest Reconciliation Committee with the National Economic and Social Council in 2011 – i) Less is Sometimes More – The Composition of NGTT – ii) The Legal Status and Rights of NGTT – B) The Alternative Way of Consultation – The Permanent Consultative Forum – C) Trade Union Reactions to the Reform. – II Sectoral Level Social Dialogue – 1. Overview – 2. Sectoral Social Dialogue Committee – 3. Recent Trends in Sectoral Social Dialogue – III. Enterprise Level Collective Bargaining – 1. The Adoption of the New Labour Code of 2012 – 2. Major Changes Concerning Industrial Relations – A). Paradigm Change in the Regulatory Technique – B) The Rights of Trade Unions at the Workplace – i) The Right to Conclude a Collective Agreement – ii) The Status of Trade Union Officers – iii) Certain Rights of the Trade Union Were Abolished. Part 2. Analysis of Collective Agreements – I. Overview on Legislation – A) Measures Related to Flexibility – i) Numerical Internal Flexibility – a) Work Time – b) On-call Work – ii) Numerical External Flexibility – a) Termination of Fixed-term Contract – b) Termination During Rehabilitation – c) Cancellation of Contract – d) Increased Probation Period – e) Reduced Protection Against Termination – iii) Wage Flexibility – a) Shift Work – b) Regional Wage – c) Increased Work Time – d) Allowances for Irregular Working Hours – iv) Functional Flexibility – a) Temporary Reassignment – b) Job Sharing – c) Employee Sharing – II. Analysis of Collective Agreements – 1. Methodology – 2. The Content of Collective Agreements in General (Part 1) – i) Industrial Relations – a) Rights of the Trade Union – b) Labour Disputes – c) Regulations in case of Strike – ii) Employment Relations – a) Termination and Amendment of the Employment Contract – b) Collective Redundancies – c) Probation Period – d) Work Schedule – e) Overtime f) Job Rotation – iii) Analysis of Individual Collective Agreements (Part 2) – a) Flexibility Measures – b) Occupational Welfare Measures.

Part. 1. Social Dialogue in Hungary

I. National level Social Dialogue

1. General Overview

The economic crisis has had a significant impact on social dialogue in Hungary. The economic downturn accompanied by political changes has been shaping the collective bargaining on all levels. In 2010 the current conservative governing party Fidesz and its politically subordinate ally, KDNP (Christian Democrats) achieved a landslide victory. While several serious austerity measures were introduced to regain fiscal stability, significant efforts were made by the governing parties to consolidate their power. The government

attracted the attention of the European institutions pointing out that democratic guarantees have been removed from the political processes.[63]

Major legislative bills were adopted in various fields. The most important legislative elements affecting labour relations since 2010 were the following: the Constitution was replaced;[64] the Labour Code[65] was replaced catering for greater flexibility while removing substantial elements of security; the right to strike was curtailed;[66] the taxation system was completely restructured, introducing the 16 per cent flat tax rate;[67] the National Interest Reconciliation Council was abolished.[68]

The legislative changes and the government's policy on industrial relations severely affected social dialogue in Hungary. The following section will provide a general overview of industrial relations followed by a brief introduction to the history of national social dialogue after 1988, then the major changes implemented since 2010 are going to be addressed. Our methodology for the first part of the research was the analysis of secondary sources, especially the relevant legal measures, such as the Constitution / Basic Law, the Labour Code and additional bills and Constitutional Court decisions. We also examined the results of previous empirical research into national and sectoral industrial relations.

A. The Main Characteristics of Industrial Relations in Hungary

In Hungary there are approximately 1.6 million registered companies,[69] however, only 5500 of them employ more than 50 employees, therefore the core of the economy consists of small and medium-sized businesses. Thus, the main level of bargaining is the enterprise level, despite the fact the trade unions and the pre-2010 governments made considerable efforts to strengthen national and especially sectoral level social dialogue.

The vast majority of the collective agreements covering 875,000 employees were concluded by single employers in 2013. At the moment there are 19 industry-level collective agreements concluded by employers' organisations.

B. Parties to Social Dialogue

i) Workers' Negotiating Group

The workers' negotiating group consisted of one representative from each of the following national trade union organisations:

- Autonomous Trade Unions Confederation (ASZSZ; *Autonóm Szakszervezetek Szövetsége*)
- Confederation of Unions of Professionals (ÉSZT; *Értelmiségi Szakszervezeti Tömörülés*)

63 Some examples are: European Commission for Democracy through Law (Venice Commission), *Opinion on three legal questions arising in the process of drafting the new constitution of Hungary* (No 614/2011, 28 March 2011) (Venice Commission Op 614/2011); *Opinion on the new Constitution of Hungary,* (No. 618/2011, Venice, 17-18 June 2011) (Venice Commission Op 618/2011); European Parliament resolution on the Revised Hungarian Constitution [2011],
64 Basic Law of Hungary
65 Act I of 2012.
66 Act VII of 1989, amended by Act CLXXVIII of 2011.
67'The government introduces new tax system'
http://www.eurofound.europa.eu/ewco/2010/11/HU1011011I.htm.
68 Act XCIII of 2011.
69 Source: National Bureau of Statistics

- Democratic Confederations of Free Trade Unions (LIGA; *Független Szakszervezetk Demokratikus Ligája*)
- National Confederation of Hungarian Trade Unions (MSZOSZ; *Magyar Szakszervezetek Országos Szövetsége*)
- National Confederation of Workers' Councils (MOSZ; *Munkástanácsok Országos Szövetsége*)
- Forum for the Co-operation of Trade Unions (SZEF; *Szakszervezetek Együttműködési Fóruma*)

ii) Employers' Negotiating Group

The employers' negotiating group consisted of one representative from each of the following national employer organisations:

- Union of Agrarian Employers (AMSZ; *Agrár Munkaadói Szövetség*)
- National Federation of Consumer Co-operative Societies and Trade Associations (ÁFEOSZ-KÉSZ; *Általános Fogyasztási Szövetkezetek és Kereskedelmi Társaságok Országos Szövetsége*)
- Hungarian Association of Craftsmen's Corporations (IPOSZ; *Ipartestületek Országos Szövetsége*)
- National Federation of Traders and Caterers (KISOSZ; *Kereskedők és Vendéglátók Országos Érdekképviseleti Szövetsége*)
- Hungarian Industrial Association (OKISZ; *Magyar Iparszövetség*)
- National Federation of Agricultural Cooperators and Producers (MOSZ; *Mezőgazdasági Szövetkezők és Termelők Országos Szövetsége*)
- Confederation of Hungarian Employers and Industrialists (MGYOSZ; *Munkaadók és Gyáriparosok Országos szövetsége*)
- National Association of Strategic and Public Utility Companies (STRATOSZ; *Stratégiai Közszolgáltató Társaságok Országos Szövetsége*)
- National Association of Entrepreneurs and Employers (VOSZ; *Vállalkozók és Munkáltatók Országos Szövetsége*).

2. The History of National Social Dialogue

A. The First Decade Under the New Political Regime

Hungary's first macro-level tripartite consultation body, the National Interest Reconciliation Council (*Országos Érdekegyzetető Tanács*, hereinafter, OÉT) was established in 1988 in the course of the democratisation process. OÉT was enabled to exercise certain functions of the executive power, including the right of co-decision on certain legislative acts and the right to delegate members to governmental bodies deciding on the expenditures of public funds. In the course of the EU accession, an agreement on the renewal of social dialogue was reached between the government and the social partners. However, the operation of OÉT was based solely on the agreement and mutual recognition of the social partners until 2006, when the government introduced a bill to lay down the legal foundation of its procedural rules. Progress was rather sluggish, however. In 2005 the Hungarian Constitutional Court ruled that without certain legislative acts, OÉT

could not exercise such functions of executive power.[70] The law intended to regulate the operation of OÉT, however, never came into effect.[71]

B. The Tripartite System of National Level Collective Bargaining – The National Interest Reconciliation Council

The National Interest Reconciliation Council (OÉT), a macro-level, national forum for tripartite cooperation of workers' and employers' representatives and the government provided the national social partners and the government with a formal structure for their continuous dialogue. Its competence covered all issues relating to the world of labour, including any major economic policy issue with implications for the distribution of state revenues.

OÉT ensured the institutional framework for discussing economic and labour-related issues with a view to reaching agreements reflecting the interests of the government and social partners. In pursuing that mission, OÉT provided a national forum for general discussions and the exchange of opinions on economic and social issues that are of national relevance, regularly discussed the labour-related issues and was consulted on the drafts of economic, social, employment and other labour-related laws, as well as the underlying policies and priorities. OÉT had a working programme of six months and sat once a month on average.

i) The Legal Status and Rights of OÉT

National tripartite cooperation was primarily based on the voluntary agreements of the parties involved. Its competencies and rights were set out in detail in the Statute of OÉT,[72] while some aspects of its work were laid down by the relevant laws, including the Labour Code,[73] the Act on Promoting Employment,[74] the Act on Vocational Training[75] and the Act on Labour Protection.[76] The social partners within the framework of OÉT had the right to be informed and consulted. To a limited extent provided for by the Labour Code, OÉT also had the right of co-determination until 2009.[77]

a. Right to Information and Consultation

In Hungary the right to information meant that the social partners are entitled to information on all economic, social and labour related issues that significantly affect the interests of employers or workers, directly or indirectly. The right to consultation meant that social partners were entitled to give their opinion in the consultation process prior to passing laws, regulations and administrative actions.

The social partners' right to consultation was primarily related to economic, social and labour issues that strongly, even if indirectly, affect the interests of employers or workers,

70 40/2005 (X. 19.) ABH – Constitutional Court decision; 31 March 2006 was set as the deadline to finalize the legislation.
71 Bill T/1306 passed by Parliament but was never promulgated as the Constitutional Court struck it down.
71 Decision no. 39/1997 (VII. 1.) ABH – Constitutional Court decision.
72 Act LXXIII of 2009.
73 Act XXII of 1992.
74Act IV of 1991.
75 Act LXXVI of 1993.
76Act XCIII of 1993.
77 Act CLIV of 2005, amending Act XXII of 1992, the Labour Code.

including issues resulting from international obligations. The social partners were also consulted on proposals on the annual national budget, taxes and contributions, health and pension insurance system, social welfare administration, social provision, public finance and bankruptcy, liquidation and final settlement procedures.[78]

b. The Right to Co-determination until 2009

In line with various laws,[79] the government was required to seek agreement from the social partners in areas listed exhaustively in the Labour Code of 1992 before issuing governmental decrees.[80] These areas were:

- the national, statutory minimum wage, the maximum daily working hours and the number of public holidays;
- the specific rules and measures on collective redundancies for economic reasons, with a view to maintaining or even increasing employment in these situations;
- job classification system;
- the detailed rules of the compulsory reporting on collective agreements, and their registration;
- justified derogations from the statutory minimum wage;
- specific provisions on employment of people with disabilities;
- the register of occupations entitled to pre-retirement;
- any other specific derogations from the general statutory rules on employment.

Additionally, the Statute of OÉT provided for the co-determination right of the social partners in the following areas:

- recommendations on principles and rules to be followed by the government and social partners;
- the recommendation on the annual average wage increase in the competitive sector;
- the rules of procedure and operation of the Labour Mediation and Arbitration Service, established by OÉT, the Service's register of mediators and arbitrators, and the proposed appointment of full-time employees of the Service;
- the rules of procedure and operation of an institution to promote sectoral-level social dialogue and consultation, and the proposed appointment of the head of the institution

ii) The Operation of OÉT

OÉT consisted of the negotiating groups of employer organisations, worker organisations and the government. The composition of social partners' negotiating groups

78See especially the Labour Code (XXII of 1992), the Act on Labour Inspection (LXXV of 1996), the Act on Labour Protection (XCIII of 1993), the Act on Promoting Employment (IV of 1991), the Act on Vocational Training (LXXVI of 1993), the Adult Training Act (CI of 2001), the Act on Strikes (VII of 1989), the Act on Wage Guarantee Fund (LXVI of 1994) and the Act on European Works Councils (XXI of 2003).

79 Such as the Labour Code, The Act on Employment, the Act on Vocational Training and the Act on the Wage Guarantee Fund

80 The right to co-determination on wages and health and safety matters was repealed by Act LXXIII of 2009.

was based on the principle of self-organisation and mutual acceptance within the groups. The rules of self-organisation were established by the internal regulations of the particular negotiating group. All trade union confederations participated in OÉT, as well as the only employer organisation and the government.

The rules on the participants of the governmental negotiating group were set forth in government decrees. In general, the group included the representatives of the various ministries and national authorities in a composition that is adequate to the issues addressed. Within the group, the permanent representative of the government, with general empowerment, was the political secretary of the Ministry of Social Affairs and Labour.

OÉT held plenary sessions, the most important terrain of its operation, permanent specialised forums and specialised committees. OÉT also had the possibility to form ad hoc working groups to address issues of particular importance.

The specialised forums of OÉT were the National ILO Council, and the Sectoral Council. The task of the specialised forums was to give their professional opinions and to take a professional stand in matters within their competence.

The specialised committees of the OÉT were the Wage and Collective Agreements Committee, the Economic Affairs Committee, the Equal Opportunities Committee, the Labour Market Committee, the Labour Law Committee, the Labour Safety Committee, the National Development Plan Committee, the Vocational Training Committee, the Social Committee and the Social Charter Committee. The task of the specialised committees was to do the preparatory work for the plenary sessions. The specialised committees thus paved the way to eventual consensus, while highlighting the arguments to be discussed at the plenary sessions.

The work of OÉT was managed by its Secretariat. Its task included the coordination of the work of the three negotiating groups, the preparation of the plenary sessions and the organisation of the work of the specialised forums and the specialised committees.

The plenary sessions of OÉT as well as the sessions of its specialised committees were open to the media to attend. Should the issue on the agenda justify it, OÉT could decide, with consensus, on a closed session. The plenary sessions of the OÉT were recorded, and its communications were published in the official gazette of the government (*Magyar Közlöny*).

3. The Abolition of Tripartism

A. The Replacement of the National Interest Reconciliation Committee with the National Economic and Social Council in 2011

Since 2011 the government has made great efforts to narrow down the influence of the social partners: one of the key measures taken in that direction was the abolition of the National Interest Reconciliation Committee (OÉT), which marks the end of genuine, national-level tripartite dialogue. The aim of the government was to replace the existing system of social dialogue with a centralised regime with consultation rights only.[81] Thus, the National Economic and Social Committee (*Nemzeti Gazdasági és Társadalmi Tanács*, NGTT) replaced OÉT as of January 2012.[82]

81 The Rationale of Act XCIII of 2011 on the National Economic and Social Council
82 Act XCIII of 2011.

i) Less is Sometimes More – The Composition of NGTT

ILO Convention No 144[83] provides for the definition of tripartite consultation, which is "procedures which ensure effective consultations […] between representatives of the government, of employees and of workers".[84] The Convention also sets forth that "employers and workers shall be represented on an equal footing on any bodies through which consultations are undertaken."[85] However, the members of the new advisory board, NGTT are unions, employers' interest groups and also representatives of business chambers, social and scientific civil organisations and Hungary's historical churches, altogether 32 organisations. The government representatives should regularly attend the plenary sessions; however, ministers participate only as observers.

Such a scenario contradicts with the ILO Convention in two ways. First, the government does not participate in the consultative body as a participant, which would be indispensable for tripartite negotiations. Second, the five-sided arrangement violates the equal footing principle, as the representatives of the employees and of the employers are now in a minority compared to the rest of the participants from NGOs and churches.

Regarding its composition, all the trade union confederations on both the employees' and the employers' side are represented at NGTT.

ii) The Legal Status and Rights of NGTT

The members of NGTT have no decision-making rights, only the option to draft proposals to the government. However, as it was pointed out,[86] in reality it is the government that passes the drafts of regulations to NGTT, often without leaving sufficient time to prepare an opinion regarding them, leading to an unprecedented method whereby the cabinet is able to decide on wage and employment-related regulations unilaterally.

NGTT is an advisory board on issues relating to economic policy, budget and public health, instead of being a genuine interest reconciliation forum.

B. The Alternative Way of Consultation – The Permanent Consultative Forum

In February 2012 the government, three out of the six trade union confederations (LIGA, MSZOSZ, MOSZ) and three out the nine employer organisations (MGYOSZ, VOSZ, AFEOSZ) established the Permanent Consultation Forum (*Versenyszféra és a Kormány Állandó Konzultációs Fóruma*, VKF) to consult on industrial policy. The aim of VKF is to develop joint positions regarding employment, industrial development and its related socio-economic and financial aspects, including the policy on wage increment in the private sector.

The government is represented by the Prime Minister and the State Secretary responsible for Employment Policy. The establishment of VKF was strongly debated as membership was only offered to selected trade unions and employer organisations, and some claimed the selection to be an arbitrary since no qualification criteria were

83 C144 - Tripartite Consultation (International Labour Standards) Convention, 1976 (No 144) Convention concerning Tripartite Consultations to Promote the Implementation of International Labour Standards (Entry into force: 16 May 1978)
84 Art 2 para 1 of ILO Convention No 144.
85 Art 3 para 2 of ILO Convention No 144.
86 I Krén, *Hungary: Representativeness of the European social partner organisations in the cross-industry social dialogue* (2013), eiroonline, Eurofund document ID No HU1302011Q.

communicated by the government.[87] The operation and the rights and duties of VKF are set forth by a letter of commitment jointly signed by the representatives of its members, which basically has the legal status of a contract.

It is striking in a sense that whereas the government is represented at the official forum, NGTT through (non-specified) ministers or their representatives, the informal forum is attended by the Prime Minister in person together with a member of the government.

C. Trade Union Reactions to the Reform

Probably the most palpable reaction triggered by the establishment of VKF was that the three largest trade union confederations, SZEF, MSZOSZ and ASZSZ announced their merger in May 2013. In their communication they specifically referred to the 'divisive' nature of the government's policy on social dialogue.[88] The announcement was not followed by an action plan to execute the merger, thus it is too early to evaluate its practical effects.

II. Sectoral-Level Social Dialogue

1. Overview

For various reasons the most important forum for social dialogue in Hungary is enterprise-level collective bargaining, where trade unions are well represented. One of the biggest obstacles for sectoral-level social dialogue is the insufficient organisation of the social partners, especially on the employers' side. Even though Hungary's accession to the European Union resulted in important changes in this field, sectoral-level social dialogue has not yet been well developed.

The National Interest Reconciliation Council[89] initiated a PHARE-programme to reinforce autonomous social dialogue in 2001 to facilitate negotiations between social partners.[90] In 2004 the European Union concluded that the programme was successful. Based on the programme Sectoral Social Dialogue Committees (*Ágazati Párbeszéd Bizottság*, ÁPB) were set up. Aiming to increase the number of sectoral-level collective agreements, their tasks are to assist consultation between the social partners at both national and European levels and to coordinate tripartite social dialogue between the sectoral committees and the government.

In 2004 the sectoral social dialogue committees established the Council of Social Dialogue Committees (*Ágazati Párbeszéd Bizottságok Tanácsa*, ÁPBT). ÁPBT is an administrative body[91] for the committees which serve as a discussion forum regarding sector-related issues.

87I Krén, (2013) 30.

88 See the Unification Statement at http://www.autonomok.hu/hirek/unification_statement/.

89 Országos Munkaügyi Tanács was in fact the predecessor of the National Interest Reconciliation Council before 2002.

90 Further to this initiative, Government Decree no 1113/2002. (VI. 25.) laid down the government's priorities for sectoral social dialogue and on 26 July 2002 the National Interest Reconciliation Council agreed in the enhancement of social dialogue as well.

91 The name of ÁPBT may give the fake impression that it is an inter-sectoral bargaining organization. Moreover, cross-sectoral collective agreements do not exist in Hungary, though there are a couple of joint statements between trade union associations and employers' organization (for example between LIGA agreed separately about certain degree of cooperation with STRATOSZ, VOSZ and IPOSZ).

Between 2004 and 2009 sectoral-level social dialogue was coordinated in accordance with an agreement of the social partners. This agreement was the basis of the subsequent bill in 2006. [92] Before promulgation the President requested the Constitutional Court to examine its content together with bill on the National Interest Reconciliation Council. Subsequently the Constitutional Court concluded that parts of the bill were unconstitutional. [93] The amendments requested by the Constitutional Court were incorporated and finally the law on Sectoral Level Social Dialogue Committees came into effect in 2009.[94]

2. Sectoral Social Dialogue Committee

Sector-wide collective agreements, despite the efforts made by trade unions, are rarely used and cover only about 11 per cent of the workers, whereas a further 2 per cent of employees are covered by multi-employer agreements. To enhance sectoral-level collective bargaining, the system of Sectoral Social Dialogue Committee (*Ágazati Párbeszéd Bizottság*, ÁPB) was established in 2004. ÁPB is a bipartite organisation, however, acknowledging the importance of autonomous social dialogue, the government provides financial and administrative support for the ÁPBs to fulfill their roles.

One committee could be established in every industrial (sub)sector: currently 29 committees are operating. The committees have the right to negotiate collective agreements and other agreements for the sector concerned; however, only a few sectoral agreements have been concluded as of today, the sectors covered are: agriculture, hotel, catering, tourism, bakery, chemistry and electricity.

Sectoral collective agreements can be negotiated and signed by trade unions and employer organisations. To launch or participate in such committee, the trade union is required to prove its representativeness.[95] While most of the agreements are binding for companies affiliated to the employer organisations respectively, there is a possibility of extension for the collective agreements to the whole industrial branch. Sectors where extension currently exists are catering, electric energy, bakery and construction.

3. Recent Trends in Sectoral Social Dialogue

The regulations concerning the enlargement of the scope of the sectoral collective agreements have become inconsistent due to the changes of the Act on Sectoral Social Dialogue Committee[96] and the measure of the new Labour Code while some of the long-existing problems of the sectoral agreements were not solved either. The existing problem of sectoral agreements is that due to the new statistical concept of the industrial [97]

[92] Draft no T/1307, passed by the Parliament on 11 December 2006.
[93] 124/2008 (X. 14.) ABH (Constitutional Court of Hungary).
[94] Act No LXXIV of 2009.
[95] The criterion of representativeness is provided for by the Labour Code: a trade union has the right to conclude a collective agreement if the number of trade union members employed by the employer amounts to ten per cent of the total number of employees; a trade union association is entitled to conclude a collective agreement if at least one its local trade union branch members meets the requirement, that the membership of employees at one employer reaches the ten per cent threshold; with regard to the right of employer organizations to conclude a collective agreement, no legal criteria exist.
[96] Act No LXXIV of 2009.
[97] The Hungarian NACE (TEAOR)system was changed as of 2008.

qualification the notion of activity was changed regarding private and public owned companies, and many of the public enterprises are no longer covered by sectoral agreements. The new problem was created by the different regulations of the two laws concerning the conclusion of sectoral collective agreement and their entering into effect, and the threshold applicable for trade unions to be entitled to conclude a collective agreement. Moreover, the new Labour Code does not contain any more regulations concerning the enlargement of the scope of the sectoral agreement, creating the impression that the enlargement is only possible through the Sectoral Social Dialogue Committee.

Based on research conducted after the new Labour Code came into effect[98] two concurrent trends can be detected on sectoral-level social dialogue. The first is the initiative of employers in bargaining at sectoral level. The new Labour Code does allow collective agreements to derogate from the statutory norms regarding wages, notice period and severance payment. Thus, the collective agreements covering these employers are naturally less favourable for the employees.

Second, there is a need to consider the effects of sectoral agreements on enterprise-level negotiations. The recent research mapped characteristic differences in local level bargaining across various industries.[99] In the transport sector the sectoral collective agreements contain regulations which are less preferential to employees than the collective agreements concluded at enterprise level. The collective bargaining at the enterprise level aims to mitigate the negative effects of the sectoral agreement and it is conducted after the sectoral agreement has been signed. On the other hand, in the energy industry the sectoral and local levels of collective bargaining are quite different. While the sectoral-level collective agreement is much more general and detailed, the enterprise-level collective agreements focus on local problems and do not aim to regulate issues which have already been tackled by the sectoral agreement. As a result, collective bargaining processes are launched in parallel and the local trade union keeps excluding matters on which the sectoral partners have agreed.

III. Enterprise-Level Collective Bargaining

1. The Adoption of the New Labour Code of 2012

In 2012 a new Labour Code was adopted,[100] replacing the 1992 Code which had undergone almost 100 amendments in 20 years and, it was claimed, was no longer able to respond to changing market needs. However, it is claimed that the new Labour Code lacks social consensus due to the qunusual and arbitrary process of the lawmaking which left social partners almost completely out of the negotiations. The following section will give a brief overview of the adoption of the new Labour Code.

The new Code was drafted by a group of six experts, containing legal practitioners and scholars. The draft was submitted to the Parliament and after initial review it was made public for the first time in June 2011. The public debate on the draft, which lasted just two weeks, an unusually short period in relation to the expected impact of a totally new legislation, and therefore it was much criticised by the social partners. It should be noted that the National Reconciliation Council had already been disbanded by that time and the

[98] Laki – Neumann – Nacsa, *Az új Munka Törvénykönyvének hatása a munkavállalók és a munkáltatók közötti kapcsolatokra*, Working Paper (Budapest, 2013, Hungarian Academy of Sciences) (Laki et al).
[99] Laki et al (n 12) 28.
[100] Act I of 2012.

request of the social partners for tripartite negotiations was initially refused. Due to the protest, the government called the social partners to participate in a one-day meeting; however, the drafters of the Code were not invited to that workshop. The Trade Unions appealed for help from the European Commission and the ILO.

As a result, the government decided to invite the social partners to another round of discussion on a selected basis[101] and renegotiated parts of the draft in two weeks. However, from the time when the second draft was made public in September 2011 it was clear that the government had not changed the most contested parts regarding union rights, though some of the remarks made by the ILO were implemented concerning minimum standards and entitlements of employees.

Due to the repeated protest, the government signed an agreement with LIGA, MSZOSZ and the Works Council Movement on 2 December 2011, partially re-establishing trade union rights. As a trade off, unions agreed to halt the protests and support the main directions of the new legislation. Eventually the final version was adopted in December 2011, and the new Labour Code came into effect on 1 July 2012, six months later than it had been originally planned by the government.

Compared to the original draft, the second version to some extent restored the rights of trade unions but created a completely new scenario concerning social dialogue, significantly downgrading the role of trade unions at enterprise level. The new Labour Code openly favours the interests of employers over those of the employees and introduced significant changes to foster flexibility in a hope that by "creating the most flexible labour market in Europe"[102] the new approach of the Labour Code will indirectly raise the level of employment. The major changes relating to social dialogue and *flexicurity* introduced by the new Labour Code may be summarised as follows.

2. Major Changes Concerning Industrial Relations

A. Paradigm Change in the Regulatory Technique

Unlike the 1992 Labour Code which contained minimum standards for working conditions, the new Labour Code introduced the possibility to derogate from the statutory norms to the detriment of employees in certain cases.[103] This possibility however is not only provided for collective agreements[104] but also for individual employment contracts. At the end of each and every chapter, it is stipulated by the law from which regulation the derogation is allowed and whether such modification is possible to the advantage, to the disadvantage or to both of the employee. It is however not allowed for trade unions to negotiate better conditions than provided for by the law at state-owned enterprises.[105] Such restrictions would make collective bargaining fairly meaningless in the public sector.

[101] Originally two union confederations out of six, LIGA and the Works Council Movement were invited, these federations traditionally considered to be closer to the right-wing government; after the repeated protests, eventually MSZOSZ, the largest confederation on the left was also consulted. Three out of nine employers' association was invited, MGYOSZ, VOSZ ad AFEOSZ.

[102] Hungary's Structural Reform Programme 2011–2014 Based on the political thesis of the Széll Kálmán Plan

[103] An example could be that while the Labour Code stipulates that employees are entitled to additional days of holiday based on their age on top of the 20 days of basic allowance, the collective agreement could stipulate that employees are not entitled to the additional holiday based on age.

[104] In certain cases workplace agreements could regulate such issue too, see below.

[105] Sections 204 – 205 of the Labour Code.

This regulatory scheme was intended to boost social dialogue allowing employers (or their representatives) to engage in "genuine" negotiations. It was previously claimed that in the course of collective bargaining the employers had not been motivated to conclude agreements because the working conditions and wages could have only be modified to the advantage of the employees. Criticism of the new regulatory regime is twofold. First, the standards set by the statutory norms remained at (or sometimes even were lowered from) the level set as minimum standard regulation in the 1992 Labour Code. It is claimed that while the open-ended standards are capable of enhancing collective bargaining, the statutory norms in this case should contain standards higher than the minimum level. Second, allowing parties to deter working conditions in individual contracts, considering the individual bargaining power of an employee, is a regulatory technique which enables employers to unilaterally lower statutory standards.

B. The Rights of Trade Unions at the Workplace

The new Labour Code introduced significant changes regarding the rights of trade unions which ultimately affect social dialogue at workplace level. The regulations concern the right to conclude a collective agreement, the position of trade union officers, the right of the trade union to monitor the implementation of the collective agreement and the rights of work councils. While one of the key purposes of the new Labour Code was to enhance the role of collective agreements, it is argued that the new regulations reduce the traditional rights of unions to a minimal level, which would allow little more than their mere existence in workplaces.[106]

Traditionally, the role of collective agreements in regulating employment relationships is not significant in Hungary: two-thirds of employers are not covered by collective agreements.[107]

i) The Right to Conclude a Collective Agreement

A trade union may conclude collective agreements if its membership amounts to ten per cent either of all workers employed by the employer or of the number of workers covered by the collective agreement concluded by the employers' interest group.[108] This is considered as a major draw-back compared to the previous regulations which provided the right to conclude collective agreement to a trade union in case its candidates received more than half of the votes at the works council election, which was a criterion significantly easier to achieve in relation to the unionisation rate of Hungary.[109]

One innovative measure[110] is that works councils are now empowered to conclude agreements with the employer covering all aspects of the collective agreement except wages. Such an agreement may only be concluded on condition that the employer has not

[106] A Toth, *The New Hungarian Labour Code - Boackground, Conflicts, Compromises*, (Budapest, 2012, Friedrich Ebert Foundation) (Toth, New Hungarian Labour Code).
[107] J Radnay, Munkajogunk helyzetéről (2010) 9-10 *Gazdaság és Jog*, 33.
[108] Section 276 para (2) of the Labour Code
[109] On the other hand, tying trade union representation to works councils would, in my opinion, create competition instead of cooperation between the two institutions, which would not be beneficial for employees in general. Trade union activity overshadowed the works councils and, with little exceptions, made works councils meaningless.
[110] This scheme already appeared once in the contemporary history of Hungarian labour law, however its existence was quite brief, which could be regarded as a failure of the instrument. Originally this right of worls council was enacted by Act no LVI of 1999 and abolished by Act no. XIX of 2002.

concluded a collective agreement or there is no trade union at the workplace qualified to conclude a collective agreement.[111]

ii) The Status of Trade Union Officers

The number of protected trade union officers was reduced and the threshold was increased. At present, the number of officials that trade unions are entitled to designate from among the workers employed at the establishment is respectively between one (in the case of less than 500 employees) and five (in the case of more than 4000 employees) respectively.[112] Previously all union officers were protected from dismissal.[113]

The working time allowance of trade union officials was reduced. Previously the total working time allowance was two hours per month for every three union members employed by the employer for all trade union officials.[114]. The new Code stipulates that the total working time allowance in a given calendar year is one hour per month for each two trade union members employed by the employer.[115] The possibility of reimbursing the unused working time allowance was eliminated.[116] Obviously, these changes adversely affected the efficient operation of trade unions.

iii) Certain Rights of the Trade Union Were Abolished

The Labour Code no longer obliges the employer to consult and inform trade unions. Another significant change for the unions is that the new Labour Code no longer mentions the right of the trade unions to participate in the electoral committee that organises the works council elections. The right to consultation and the right of inspection were narrowed down. The institution of caveat was eliminated.[117] Due to these changes, the trade unions will be forced to go to court on questions that could have been resolved by out of court under the previous regulations. As a result the time of enforcement to seek remedy will increase. It is evident that the bargaining power of trade unions was reduced.

Part 2. Analysis of Collective Agreements

I. Overview of Legislation

A. Measures Related to Flexibility

[111] Section 268 para (1) of the LC
[112] Section 273 para (2) of the LC. The terms are not completely clear regarding this paragraph, but it is understood that the employer is allowed to conclude an agreement with the works council if there is a collective agreement in effect concluded by the interest group of the given employer.
[113] Section 28 of 1992 Labour Code
[114] Section 25 para (2) of 1992 Labour Code
[115] Section 274 para (2) of the Labour Code
[116] The reasoning behind was that if the exemption from work was not claimed, obviously the trade union officer did not need that time to perform his or her duties. Trade unions claim that the amount of money they had gained by the such compensation was an important source of income. However, it could be contested whether the employer is obliged to finance the operation of trade unions in such a way (or in any way, as a matter of fact).
[117] In our opinion the separation of the rights and duties of works councils and trade unions was generally a long-desired change. However, curtailing the trade unions' right to control work conditions and delegating this right to works councils is deleterious as works councils do not have monitoring powers.

The stated aim of the new Labour Code was to create the most flexible labour market in the region by all means, including internal and external wage and functional flexibility. However, while the new Labour Code clearly changes the balance between employees and employers to the benefit of the latter, no additional measures were adopted to increase employee security. Moreover, some of the previous provisions relating to security were changed to the detriment of employees.[118] By reducing the minimum standards of employment and increasing flexibilisation, the key provisions of the new Labour Code allow employers to increasingly shift the business risk to employees.

i) Numerical Internal Flexibility

a) Working Time

The new Labour Code introduced the following changes relating to working time:

- The statutory limit of maximum overtime hours was increased from 200 to 250 hours per calendar year. Collective agreement (works council agreement) could further raise annual overtime to 300 hours per calendar year.[119]
- Employers are allowed to change the working time regime with notification only four days in advance, while the earlier regulation stipulated a notification period of seven days. This new regulation allows employers to arrange working time more flexibly and avoid paying overtime in the case of a sudden increase in demand for work.[120]
- Regarding working hours banking, the new rules provide for a "settlement period", which applies in the absence of reference period defined in a collective agreement; in this case the employee is required to complete the weekly working time on the basis of daily working time hours and the general working time schedule over a period determined by the employer and which cannot be longer than 16 weeks (settlement period).[121]
- It is among the few protective measures of the new Labour Code that work on Sundays[122] and on public holidays is only allowed at workplaces whose activities serve the public interest, or are objectively necessary for the proper operation of the employer, and for seasonal work or part-time jobs performed exclusively at weekends.[123]

b) On-call Work

The new Labour Code introduced certain new forms of atypical employment. On-call work is one of these new part-time contracts that further increase working time flexibility.

Part-time workers employed under an employment contract in jobs for up to six hours a day are required to work at times deemed necessary to best perform their jobs. In this

[118] Previously the total work time allowance was two hours per month for every three union members employed by the employer for all trade union officials.
[119] Section 109 para (1) and Section 135 para (3) of the Labour Code
[120] Section 119 para (2) of 1992 Labour Code and Section 97 para (5) of the Labour Code
[121] Section 98 of the Labour Code.
[122] As of March 2015 an almost complete ban on Sunday work in the retail sector is coming into force. See, Act no CII of 2014
[123] Section 101 of the Labour Code

case the duration of working time banking may not exceed four months. The employer is required to inform the employee of the time of working at least three days in advance.[124]

ii) Numerical External Flexibility

The new Labour Code significantly reduced the protection of employees in case of termination. On the one hand, the process of termination by the employer was simplified, on the other hand, the legal consequences of unlawful termination were eased.

a) Termination of Fixed-term Contracts

One of the innovations introduced by the 2012 Labour Code is the possibility of termination of fixed-term contracts. The employer is permitted to terminate a fixed-term employment relationship by notice: *a)* in the case of liquidation or bankruptcy proceedings; or *b)* for reasons relating to the worker's ability; or *c)* if maintaining the employment relationship is no longer possible for unavoidable external reasons.[125]

b) Termination during Rehabilitation

The employer may terminate by notice the employment relationship of a worker who is receiving rehabilitation treatment or rehabilitation benefits due to the worker's capacity related to a medical condition if the worker can no longer be employed in his/her original position and no other job is available that is considered appropriate for his/her medical condition, or if the employee refuses to accept a job offered by the employer without good reason.[126]

c) Cancellation of Contract

During the period between the day on which the employment contract is concluded and the date of commencement of the employment relationship, either party is entitled to withdraw from the employment contract in the event of substantive changes taking place in the circumstances following the date of conclusion of the employment contract whereby carrying out the employment relationship is no longer possible or would result in unreasonable hardship.[127]

d) Extension of Probation Period

The new Labour Code increased the period of probation to three months from the date of commencement of employment. In the event that a shorter probationary period has been stipulated, the parties may extend the probationary period once.[128] This regulation allows employers to dismiss new employees without any explanation for an extended

[124] Section 193 of the new LC.
[125] Section 66 para 8 of the new Labour Code. . However, it is not defined what could be considered as "good reason".
[126] Section 66 para 7 of the new Labour Code
[127] Section 49 para (2).
[128] In either case, the duration of the probationary period may not exceed three months.

period.[129] The probationary period laid down in the collective agreement may not exceed six months.[130]

e) Reduced Protection against Termination

It is permitted to dismiss an employee during the period of sick leave, as opposed to the previous regulations, which did not allow employers to give notice until the employee returned from medical leave.[131]

The employer is liable to provide compensation for damages resulting from the wrongful termination of employment. However, the compensation for loss of income from employment payable to the employee may not exceed twelve months' absentee pay.[132] In lieu of damages, the employee may demand payment equal to the sum of absentee pay due for the notice period when his employment is terminated by the employer.[133]

In addition to damages, the unlawfully dismissed employee may apply to the court for reinstatement; however, the cases on which such an action could be based were narrowed down to the following: *a)* the termination violated the principle of equal treatment; *b)* the termination violated the rules concerning the protection against dismissal of certain vulnerable groups; *c)* the termination violated the principle of protection of trade union officers; *d)* the employee served as an employee representative at the time his employment relationship was terminated; or *e)* the employee successfully challenged the termination of the employment relationship by mutual consent.[134]

Entitlement to severance pay now depends on the cause of termination of the employment and not only on the length of service. The employee shall not be entitled to receive severance pay if he/she is recognised as a pensioner, or when the employer is terminated without succession, or when the employee is dismissed for reasons in connection with his/her behaviour in relation to the employment relationship, or on grounds other than reasons related to the individual's health condition.

iii) Wage Flexibility

a) Shift Work

The previous multiple-shift system was replaced by a one-shift supplement, which is 30 per cent of the basic salary for employees, to which only those who are working regularly between 18:00 and 6:00 are entitled.[135] However, the social partners can agree to have a

[129] Section 45 para (5) of the new Labour Code.
[130] Section 50 para (4) of the new Labour Code.
[131] Section 68 para (2) of the new Labour Code. It shall be noted that one of the most contested regulation of the 1992 Labour Code was the prohibition of notice during medical leave, as reportedly many employees took unlawful advantage of the protection.
[132] Section 82 paras (1)-(2).
[133] Section 82 para (4). The regulations concerning the consequences of wrongful termination were at the centre of attention during the debate on the new Labour Code, as they are considered to be major changes to the detriment of employees compared to the regime of the 1992 Labour Code. Formerly, the employee was entitled to payment between the dates of the termination of employment and the decision of the court, beyond an extra payment of 2-12 months' salary or reinstatement in the job. The employee was not obliged to mitigate the cost to the employer by searching for a new job in this period. On the other hand many welcomed the changes, as it was deemed to be unfair to make them liable for the long court proceedings, lasting on average of three to four years.
[134] Section 83 of the new Labour Code.
[135] Section 141 of the Labour Code.

salary which includes compensation instead of paying supplements, or to have a monthly fixed amount of compensation instead of the supplements. These rules are likely to allow employers to bargain down compensation to an even lower level.[136]

b) Regional Wage

The new Labour Code allows employers to differentiate wages based on the geographical location of the establishments without violating the equal pay principle.[137] It is feared that the regionally different wages will only have a negative effect on those who are already employed, instead of increasing the number of job openings in low-income areas.

c) Increased Working Time

Working time no longer covers break-time, thus the actual hourly rate of wages is decreased correspondingly.

d) Allowances for Irregular Working Hours

The new Labour Code curtailed the wage supplements compared to the regulations of the 1992 Labour Code. Employees obliged to work on Sundays (excluding part-time workers exclusively working on weekends) are entitled to a 50 per cent wage supplement over their basic pay;[138] employees obliged to work on public holidays are entitled to a 100 per cent supplement;[139] employees working in alternative shifts between 18:00 and 6:00 are entitled to a supplement of 30 per cent;[140] in the case of night work employees are entitled to 15 per cent wage supplement;[141] in the case of work performed during irregular working times required beyond the reference period or settlement period or beyond the daily working time in case of normal work schedule, at the employer's discretion the employee is entitled to a wage supplement of 50 per cent or free time not less than the irregular working time required.[142]

iv) Functional Flexibility

a) Temporary Reassignment

Employers are entitled to temporarily reassign their employees to jobs and workplaces other than what is laid down in the employment contracts, or to another employer without the consent of the employee. The duration of reassignment may not exceed a total of 44 working days or 352 scheduled hours during a calendar year, which is an increment compared to the regulations of the 1992 Labour Code. The employee affected shall be informed of the expected duration of work in derogation from the employment contract. Some restrictions concerning employees in certain vulnerable groups apply.[143]

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136 Toth, New Hungarian Labour Code, 6.
137 Section 154 para (3) of Labour Code
138 Section 140 para (1) of the Labour Code
139 Section 140 para (2)of the Labour Code
140 Section 141 of the Labour Code
141 Section 142 of the Labour Code
142 Section 143 of the Labour Code
143 Section 53 of theLabour Code. Protected employees are those who are pregnant, raising children, taking care of family members, or in rehabilitation. In these cases the consent of the employee is required for reallocation.

b) Job Sharing

The employer may conclude an employment contract with several workers for carrying out the functions of a job jointly. Where any one of the employees to the contract is unavailable, another worker to the contract is required to fill in and perform the functions of the job.[144]

c) Employee Sharing

Two or more employers may conclude an employment contract with one worker for carrying out the functions of a job. Unless otherwise agreed, the employment relationship may be terminated by either of the employers or by the employee.[145]

II. General Findings on Collective Agreements

1. Methodology

For the first part of the research the general provisions of collective agreements were examined. The Ministry of National Resources operates an on-line database where all collective agreements are uploaded. The content of the uploaded collective agreements is analysed and databases are generated.[146] While the terms and conditions are confidential, information can be retrieved about whether or not a specific collective agreement stipulates certain issues (eg, overtime, flex-time system, termination, welfare measures). Also data are available on the coverage of the collective agreements. Our analysis contains data collected altogether from 3057 collective agreements, covering 573,938 employees in total. Regarding the number of collective agreements concluded in Hungary, we also analysed archive data from 2008 onwards.

For the second part of the research we collected collective agreements from the Sectoral Social Dialogue Committee, as sectoral collective agreements are public, and from employers. We managed to analyse collective agreements from the following sectors:

- Manufacturing (10 collective agreements)
- Services (7 collective agreements)
- Construction (3 collective agreements)

Of these, 12 collective agreements were sectoral, five were applicable to a single employer and three were applicable to multiple employers. To detect trends regarding the changes of the Labour Code in 2012, we separately analysed those agreements that were concluded before and after 2012.

2. The Content of Collective Agreements in General (Part 1)

[144] Section 194 of the Labour Code.
[145] Section 195 of the Labour Code.
[146] http://www.mkir.gov.hu/lcinternet.php (last accessed on 27 October 2014).

The total number of collective agreements did not change significantly (less than 1 per cent, see Figure I), the total coverage of employees by collective agreements grew by 13 per cent and in 2014 573,938 employees were working under the provisions of collective agreements (Figure II). However, due to the unfavourable changes to the representativeness rules, fewer trade unions were entitled to engage in collective bargaining.

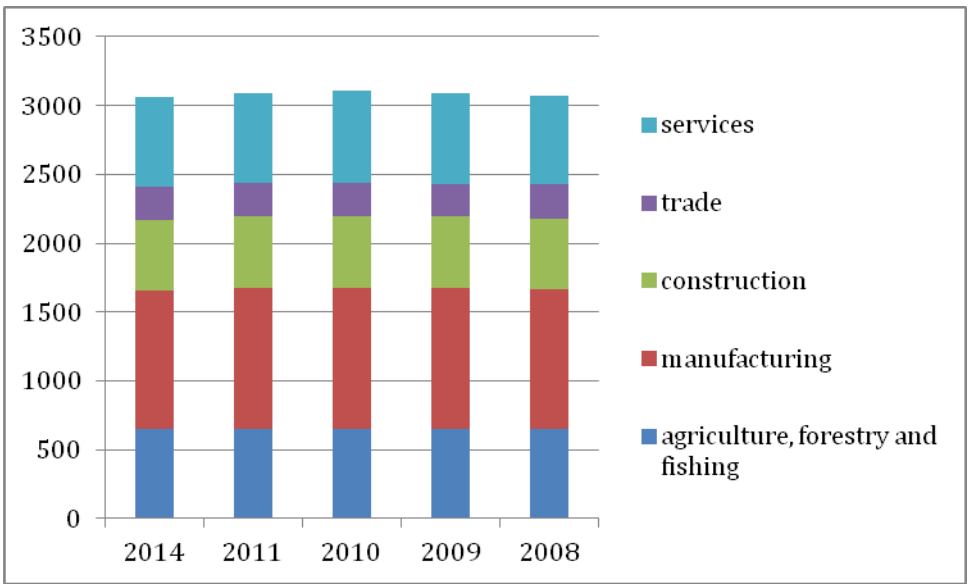


Figure I Number of collective agreements concluded

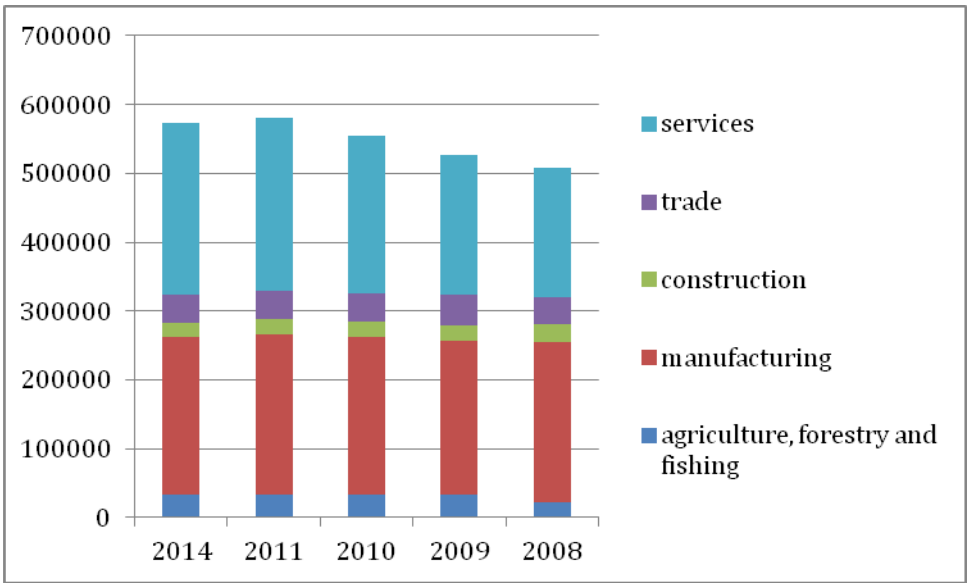


Figure II Number of employees covered by collective agreements

i) Industrial Relations

A) Rights of the Trade Union

The great majority of collective agreements concluded at enterprise level contain statements on cooperation between the trade union and the employer[147](agriculture: 82.8%, manufacturing: 78.1%, construction 82.9%, trade: 78.0%, services: 81.7%) (Figure 1/a). Though the exact content of these agreements is not known, the stipulations on cooperation are likely not be substantive, as only half of the agreements mention the rights of the trade union (agriculture: 51.6%, manufacturing: 58.7%, construction 59.5%, trade: 53.6%, services: 66.2%) (Figure 1/b). The figure is somewhat higher, around 70%, in relation to agreements regulating the functioning of the trade unions (agriculture: 79.7%, manufacturing: 75.5%, construction 70.2%, trade: 70.7%, services: 73.5%) (Figure 1/c)

With regard to collective agreements concluded by multiple employers, the percentage of agreements with cooperation clause is high in all industries, excluding services (agriculture: 99.2%, manufacturing: 94.7%, construction 98.2%, trade: 80%, services: 47.0%) (Figure 1/a). The great majority of collective agreements across all industries regulate the rights of the trade union in all industries, excluding services, where less than two-thirds of the agreements include such provisions (agriculture: 100.0%, manufacturing: 92.0%, construction 94.9%, trade: 83.1%, services: 59.8%) (Figure 1/b); as well the functioning of trade unions (agriculture: 100.0%, manufacturing: 92.0%, construction 96.3%, trade: 88.5%, services: 92.3%) (Figure 1/c)

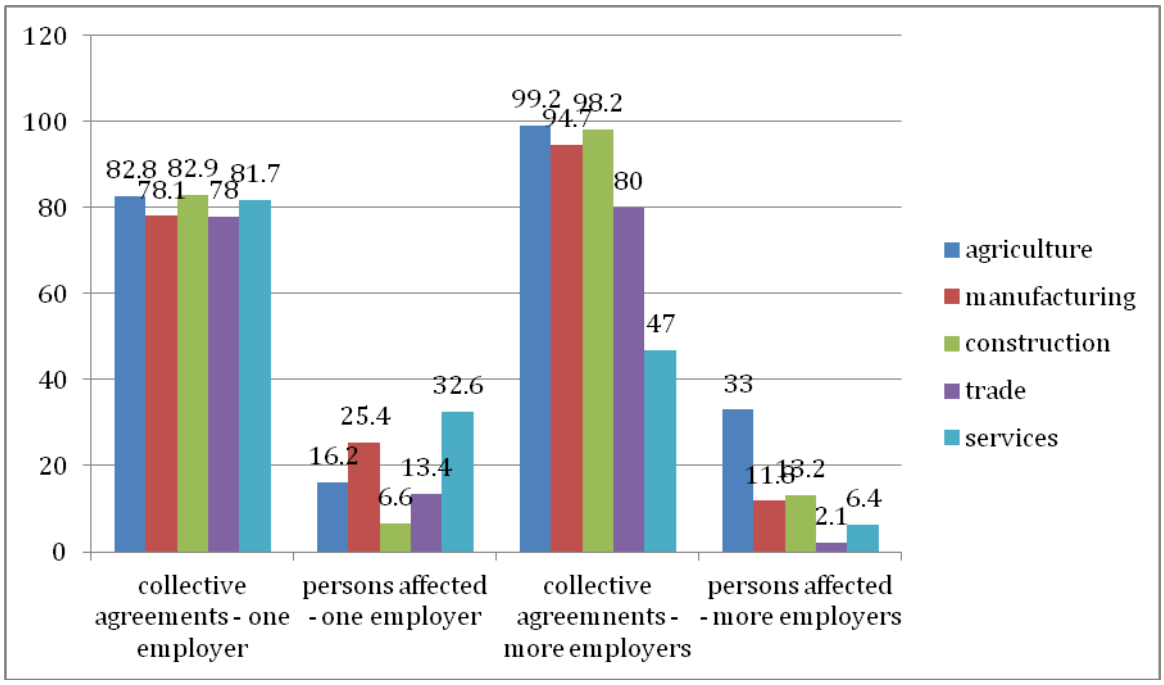


Figure 1/a Percentage of collective agreements having stipulations on the cooperation of the contracting parties and percentage of employees covered.

[147] Laki et al (2008) found that they are often no more than declarations and do not specify the means of cooperation.

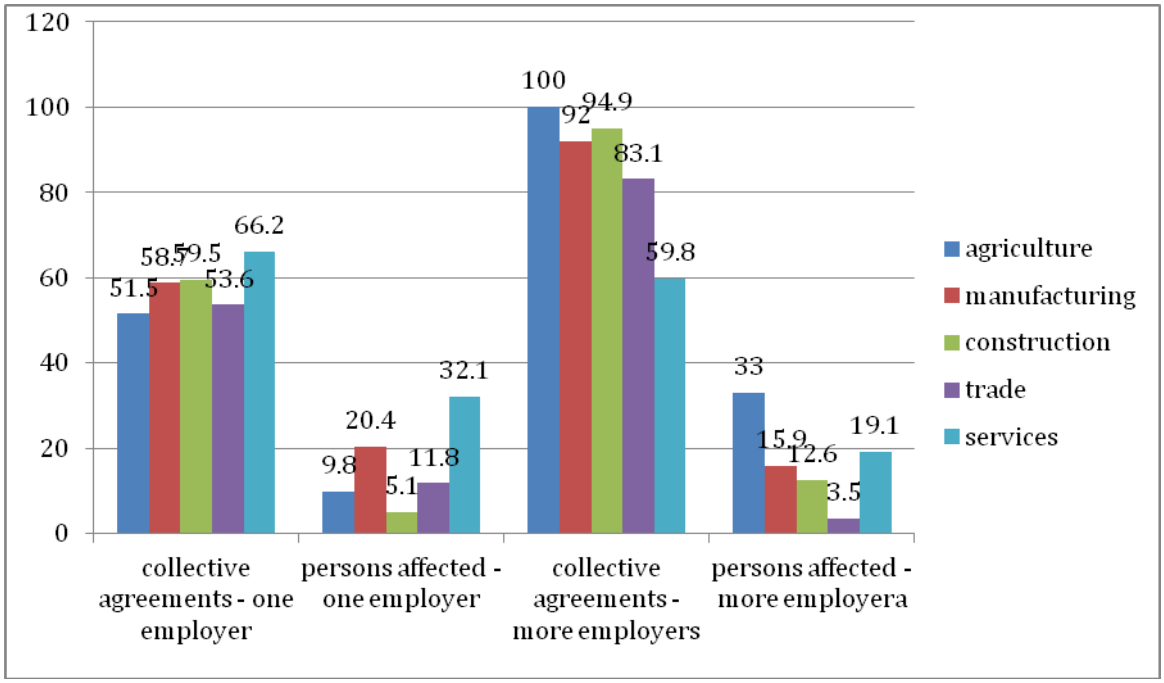


Figure 1/b Percentage of collective agreements having stipulations on the rights of the Unions

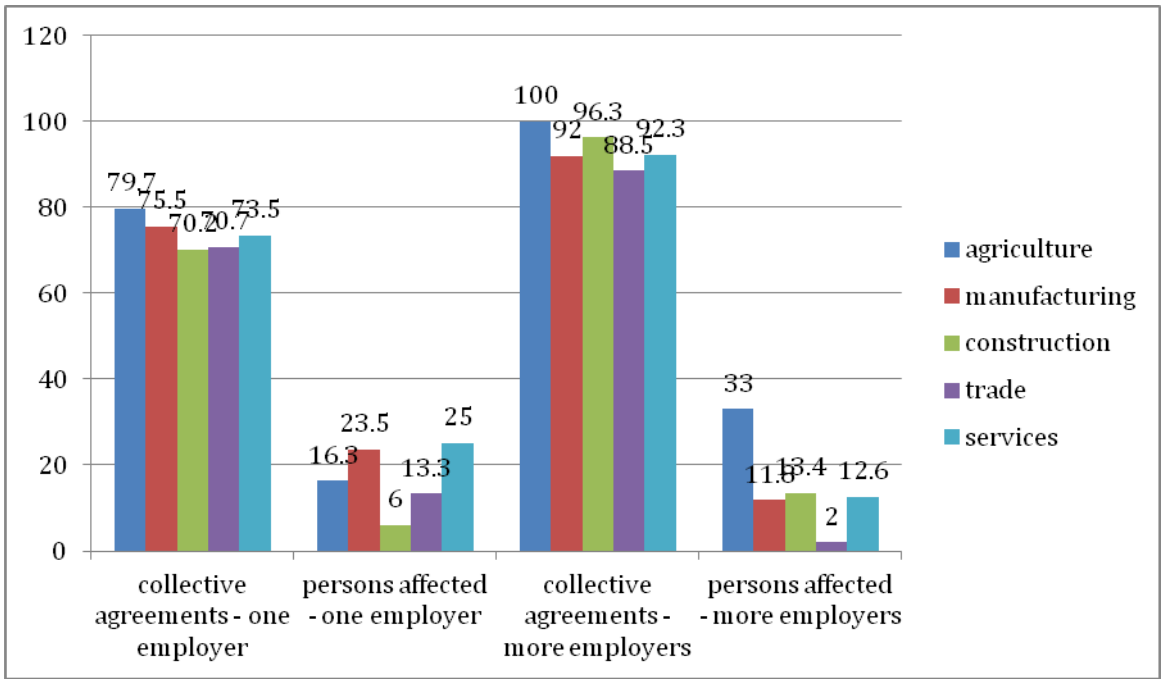


Figure 1/c: Percentage of collective agreements having stipulations on the functioning of the Unions.

B) Labour Disputes

About half the collective agreements concluded at enterprise level contain rules on individual labour disputes, excluding manufacturing, where almost no agreements have such content (agriculture: 51.5%, manufacturing: 0.2%, construction 44.6%, trade: 56.9%, services: 56.9%) (Figure 2/a); and roughly half of the agreements regulate collective labour disputes (agriculture: 48.4%, manufacturing: 57.8%, construction 46.8%, trade: 44.7%, services: 47.6%) (Figure 2/b).

Regarding reconciliation committees, only a few agreements provide for a permanent body (agriculture: 3.1%, manufacturing: 5.3%, construction 4.2%, trade: 4.8%, services: 4.1%) (Figure 2/b). However on average one-third of the companies set up a permanent council (agriculture: 20.3%, manufacturing: 35.1%, construction 14.8%, trade: 30.8%, services: 35.5%) (Figure 2/d).

Regarding collective agreements concluded by multiple employers, apart from those concluded in the agriculture sector, great majority of them regulates labour disputes on both individual (agriculture: 2.7%, manufacturing: 84.8%, construction 90.0%, trade: 70.8%, services: 65.1%) (Figure 2/a) and collective (agriculture: 18.2%, manufacturing: 87.0%, construction 90.0%, trade: 62.3%, services: 42.6%) level (Figure 2/b).

Very few agreements provide for permanent reconciliation councils, only the services industry strikes out in this term (agriculture: 0.2%, manufacturing: 1.8%, construction 0.0%, trade: 3.8%, services: 25.6%) (Figure 2/c). However, the great majority of the agreements provides for an ad-hoc body in manufacturing and construction, and almost two-thirds of them in trade (agriculture: 0.2%, manufacturing: 81.7%, construction 91.2%, trade: 59.2%, services: 15.8%) (Figure 2/d).

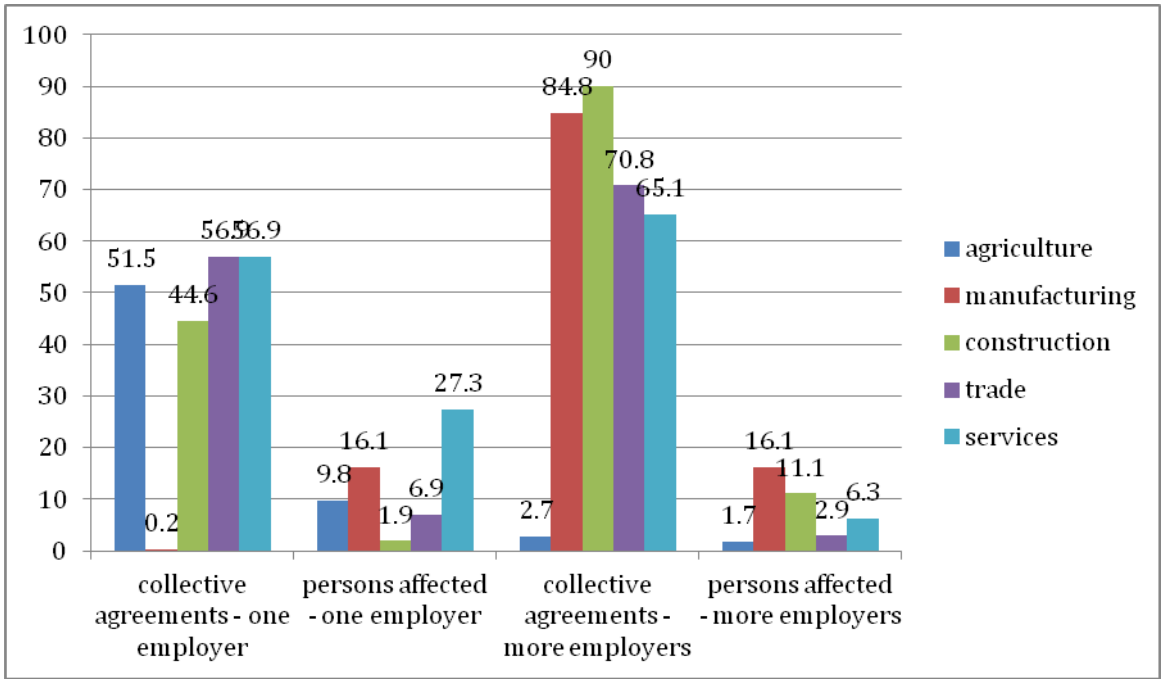


Figure 2/a: Percentage of collective agreements having stipulations concerning individual labour disputes.

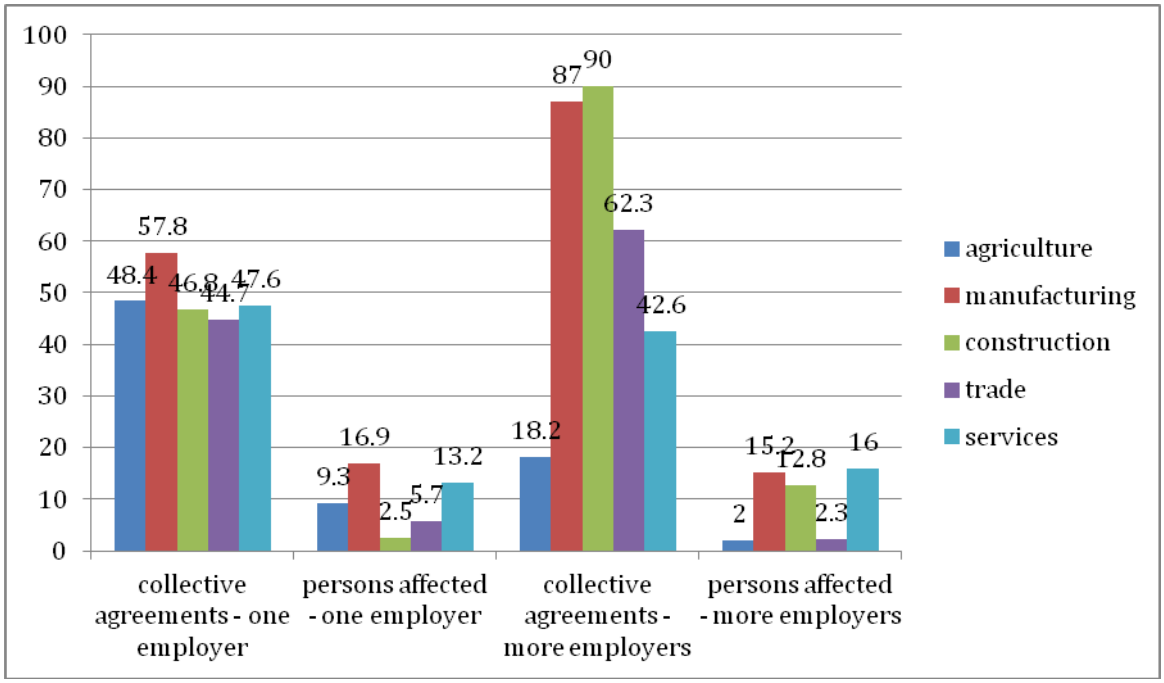


Figure 2/b: Percentage of collective agreements having stipulations concerning collective labour disputes.

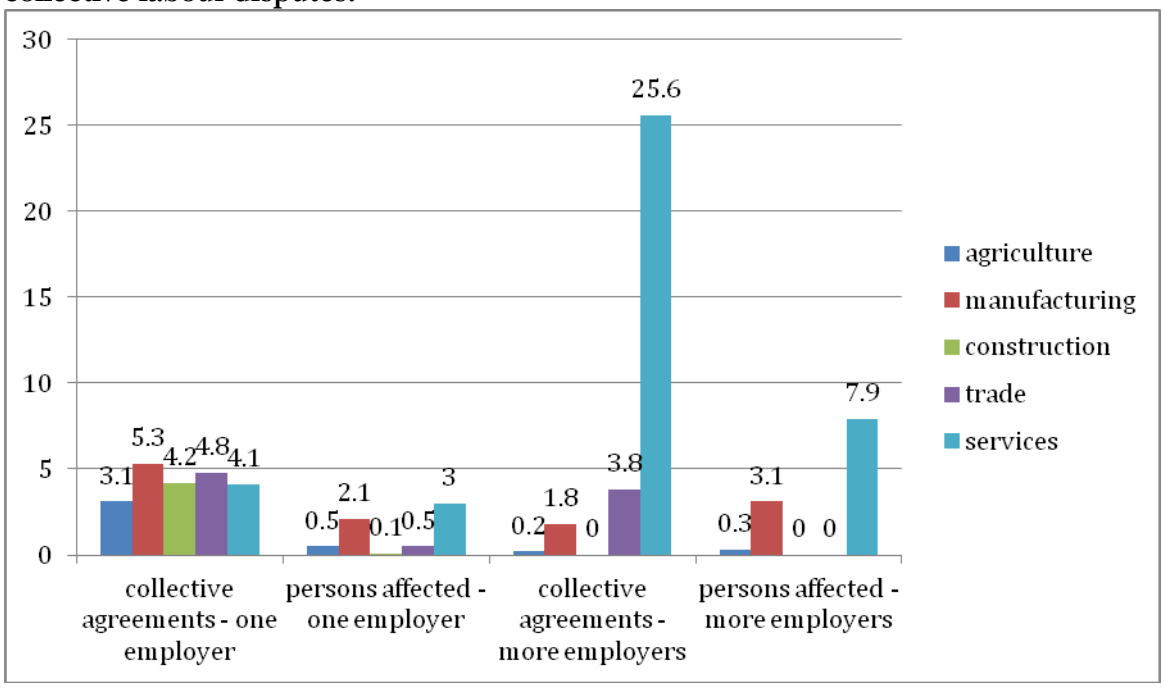


Figure 2/c: Percentage of collective agreements establishing permanent reconciliation committees.

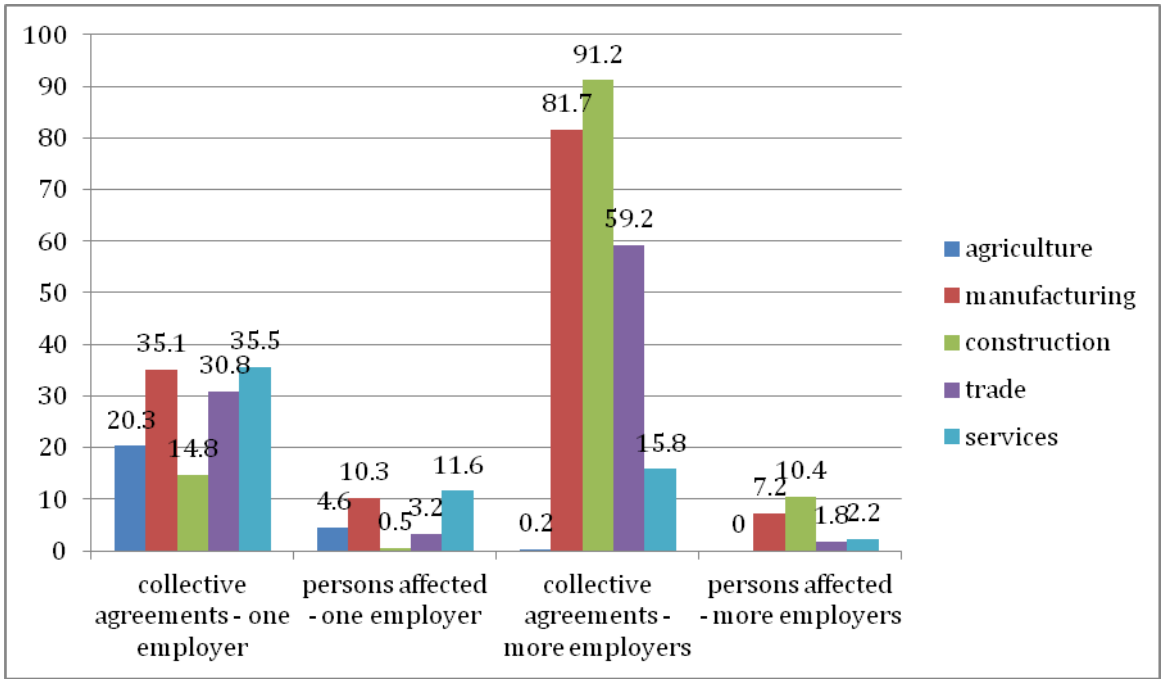


Figure 2/d: Percentage of collective agreements stipulating ad hoc reconciliation committees.

C. Regulations in the Case of Strikes

Whereas only one-fifth of collective agreements at enterprise level contain regulations regarding strikes (agriculture: 15.6%, manufacturing: 20.6%, construction 29.7%, trade: 13.0%, services: 19.9%), two-thirds of the binding agreements for multiple employers in trade and services regulate that area. However, in agriculture and construction hardly any such provisions exist (agriculture: 0.2%, manufacturing: 80.0%, construction 1.2%, trade: 59.2%, services: 57.7%) (Figure 3).

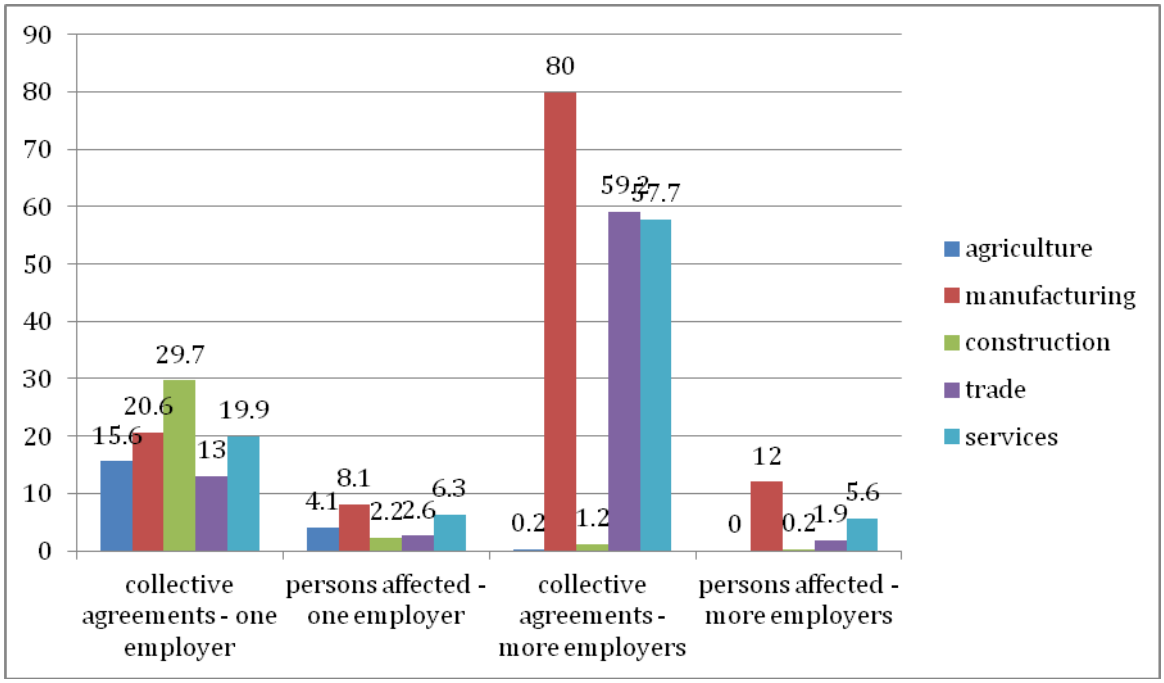


Figure 3: Percentage of collective agreements having stipulations about labour disputes in the case of strikes.

ii) Employment Relations

A) Termination and Amendment of the Employment Contract

About two-thirds of the collective agreements concluded at enterprise level contain provisions about the termination of the employment contract across all industries (agriculture: 68.7%, manufacturing: 66.6%, construction 59.5%, trade: 66.6%, services: 65.8%) (Figure 4/a). However, on average more than half of the agreements merely repeat the provisions of the Labour Code (agriculture: 62.5%, manufacturing: 48.3%, construction 44.6%, trade: 42.2%, services: 45.9%) (Figure 4/b). The figure is similar regarding stipulations on amending the employment contract (agriculture: 75.0%, manufacturing: 65.4%, construction 61.7%, trade: 64.2%, services: 64.2%) (Figure 5)

Regarding collective agreements concluded by multiple employers, almost all agreements cover termination (agriculture: 99.2%, manufacturing: 95.3%, construction 97.6%, trade: 90.0%, services: 93.5%) (Figure 4/a). The percentage of provisions different from those of the Labour Code is relatively high in all industries, excluding construction (agriculture: 98.7%, manufacturing: 89.3%, construction 6.5%, trade: 78.5%, services: 83.0%) (Figure 4/b). Regarding amendments, there are differences between the industries, but almost all collective agreements contain regulation of this kind (agriculture: 100.0%, manufacturing: 95.2%, construction 97.1%, trade: 86.2%, services: 90.0%) (Figure 5).

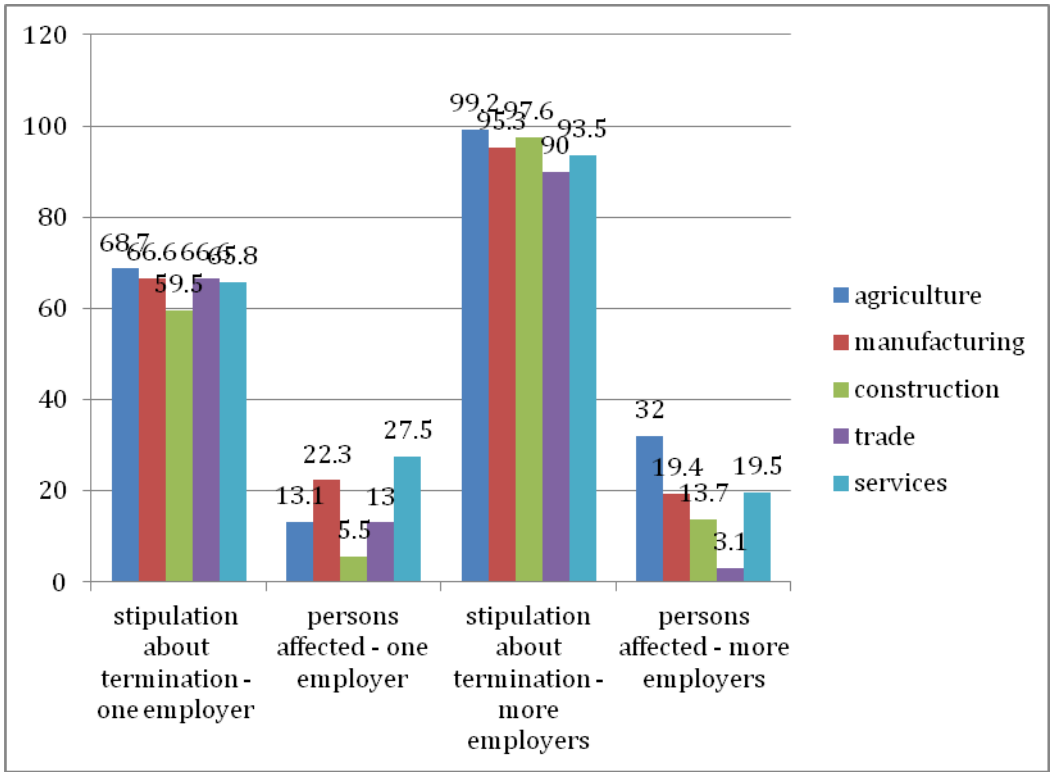


Figure 4/a: Percentage of collective agreements having stipulations about termination of individual employment contracts.

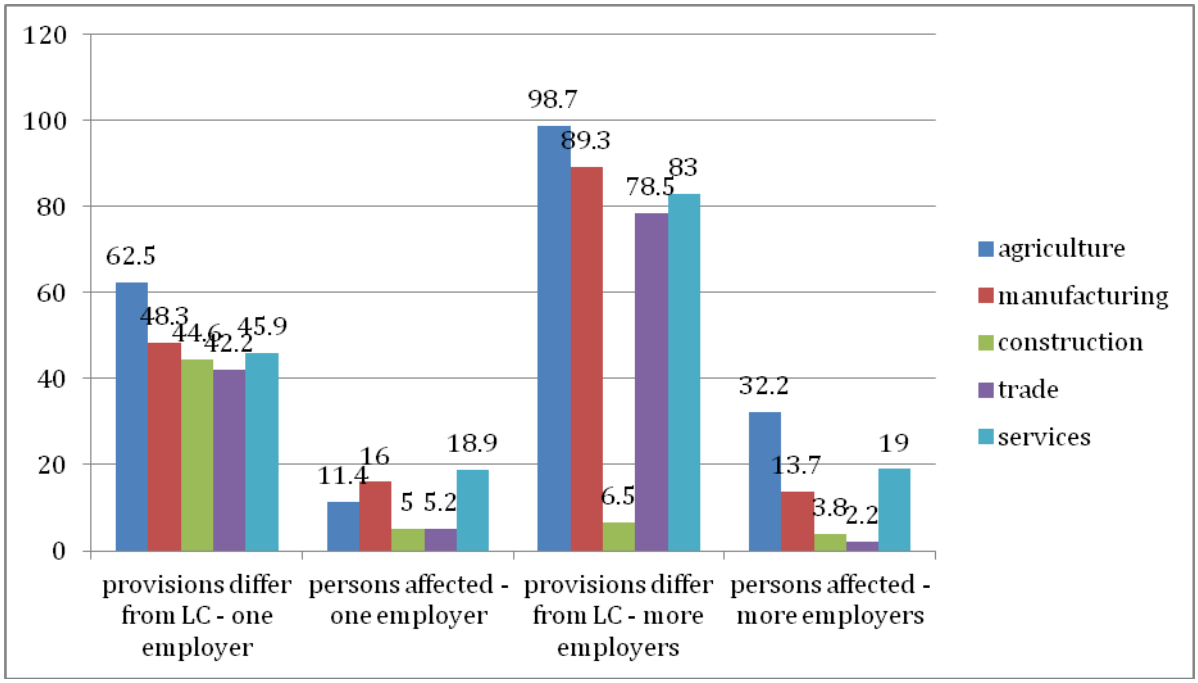


Figure 4/b: Percentage of collective agreements whose provisions on termination of individual employment contracts differ from the provisions of the Labour Code.

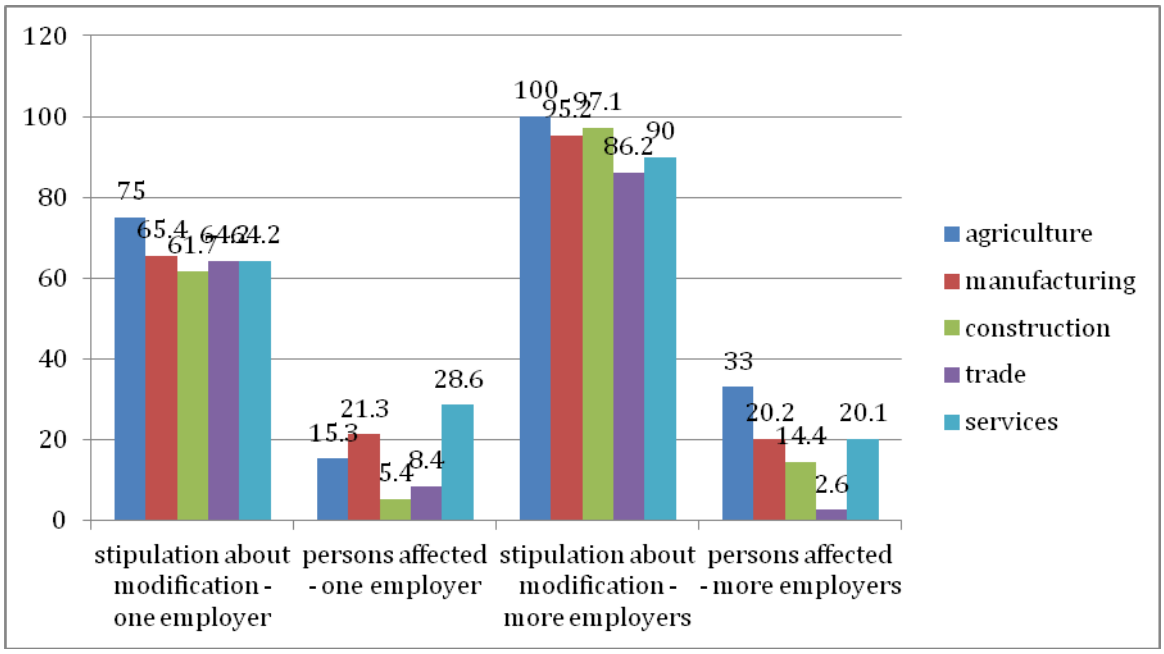


Figure 5: Percentage of collective agreements having stipulations about the amendment of individual employment contacts.

Nearly three-quarters of the collective agreements concluded at enterprise level contain provisions regarding the notice period. Since the Labour Code provides that the parties can agree differently, but the provisions of the collective agreements should derogate from the stipulations of the law to the advantage of the employee,[148] it may be assumed that these collective agreements contain more beneficial regulations than the Labour Code [149] (agriculture: 82.8%, manufacturing: 71.6%, construction 68.0%, trade: 74.7%, services: 80.%) (Figure 6/a). In contrast, regarding the provisions of collective agreements covering multiple employers, hardly any deal with the issue of the notice period (agriculture: 0.0%, manufacturing: 2.2%, construction 0.0%, trade: 3.8%, services: 1.9%) (Figure 6/a).

Regarding restrictions on termination, the Labour Code requires any conditions in the collective agreements different from those of the law to be advantageous for the employee, and as a result it may be assumed that collective agreements contain regulations on termination causes are enlarging the scope of protection. However, these clauses are not used in more than one-third of the cases of collective agreements concluded at enterprise level (agriculture: 26.5%, manufacturing: 30.0%, construction 27.6%, trade: 21.1%, services: 31.3%) (Figure 6/b), and do not exceed 7% of collective agreements concluded by multiple employers, excluding the services sector, where more than one-third of the agreements cover this issue (agriculture: 0.2%, manufacturing: 6.4%, construction 5.9%, trade: 4.6%, services: 30.7.%) (Figure 6/b).

With regard to the right to terminate the employment contract without notice, if a collective agreement derogates from the stipulations of the law, it must be to the advantage

[148] Section 85 para (2) b. point of the Labour Code
[149] Alternatively, it could just repeat the wording of the law.

of the employee.[150] However, the vast majority of collective agreements contain regulations regarding the rules of termination without notice (collective agreements covering one employer: agriculture: 89.0%, manufacturing: 82.2%, construction 87.2%, trade: 83.7%, services: 82.9%; collective agreements covering multiple employers: agriculture: 99.2%, manufacturing: 84.2%, construction 96.5%, trade: 87.7%, services: 93.5%) (Figure 6/c).

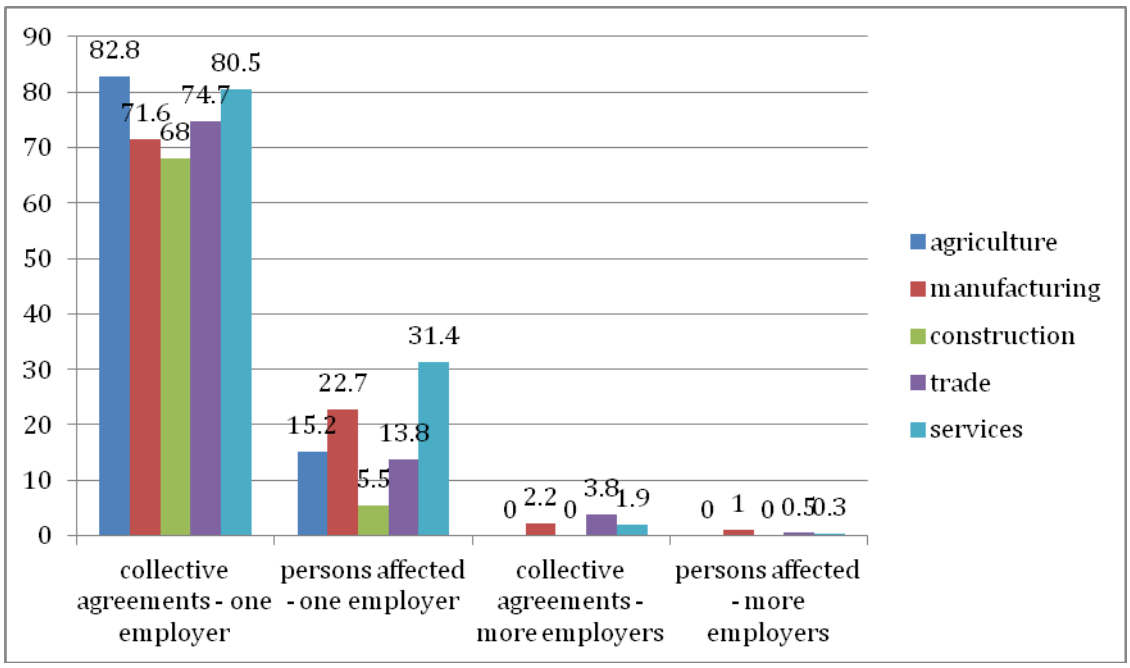
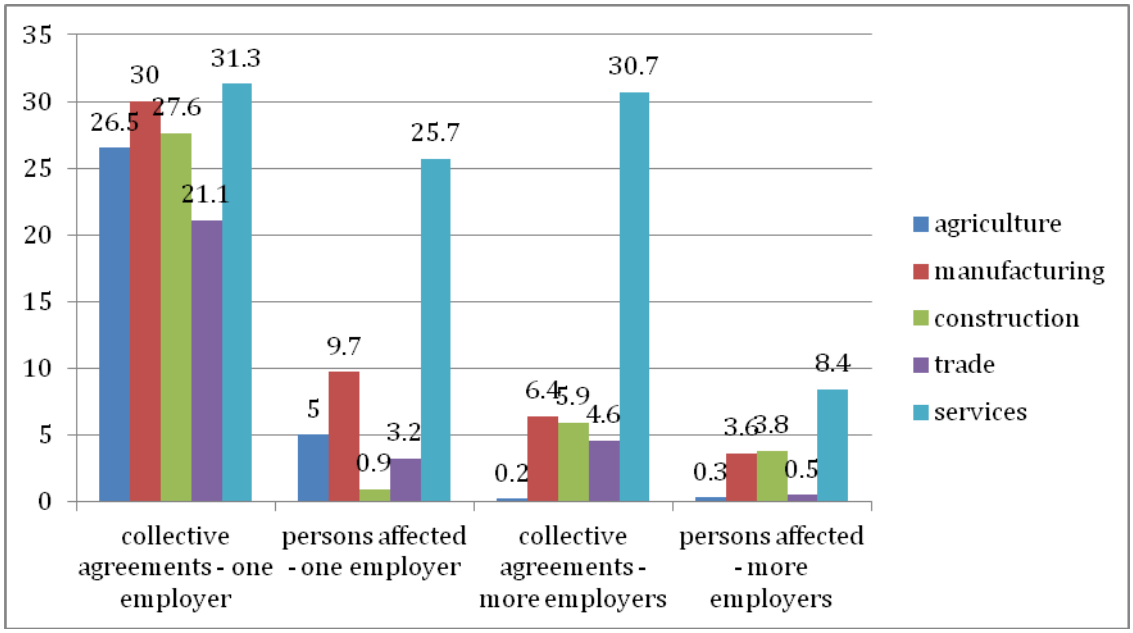


Figure 6/a: Percentage of collective agreements having stipulations about the notice period in case of the termination of the contract.



[150] Section 85 para (2) d of the Labour Code

Figure 6/b: Percentage of collective agreements having restrictions on the termination of the contract

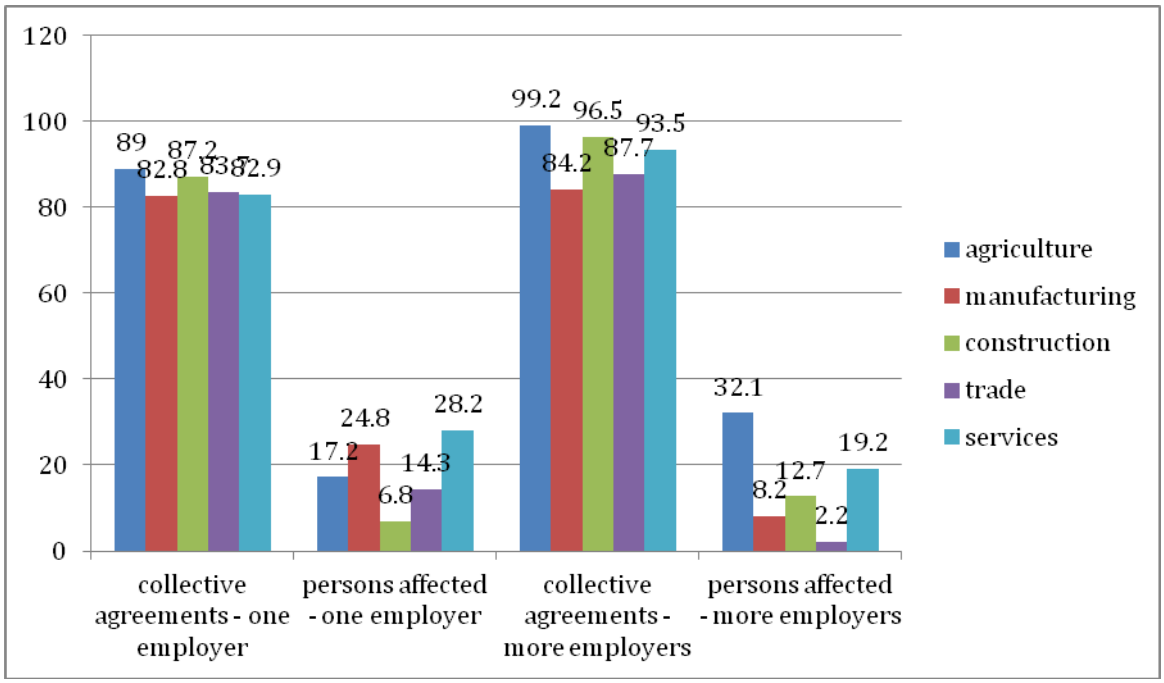


Figure 6/c: Percentage of collective agreements having stiplations about termination without notice

B) Collective Redundancies

Regarding collective agreements concluded at enterprise-level, on average less than 20% of them contain regulations on collective redundancy (agriculture: 10.9%, manufacturing: 22.4%, construction 19.1%, trade: 16.2%, services: 17.9%) (Figure 7).

As for collective agreements concluded by multiple employers, the differences are striking: almost no agreement contains such regulation in the agriculture sector, while almost three-quarters of the agreements regulate collective redundancy in the manufacturing industry (agriculture: 0.7%, manufacturing: 74.2%, construction 4.8%, trade: 52.3%, services: 19.8%) (Figure 7).

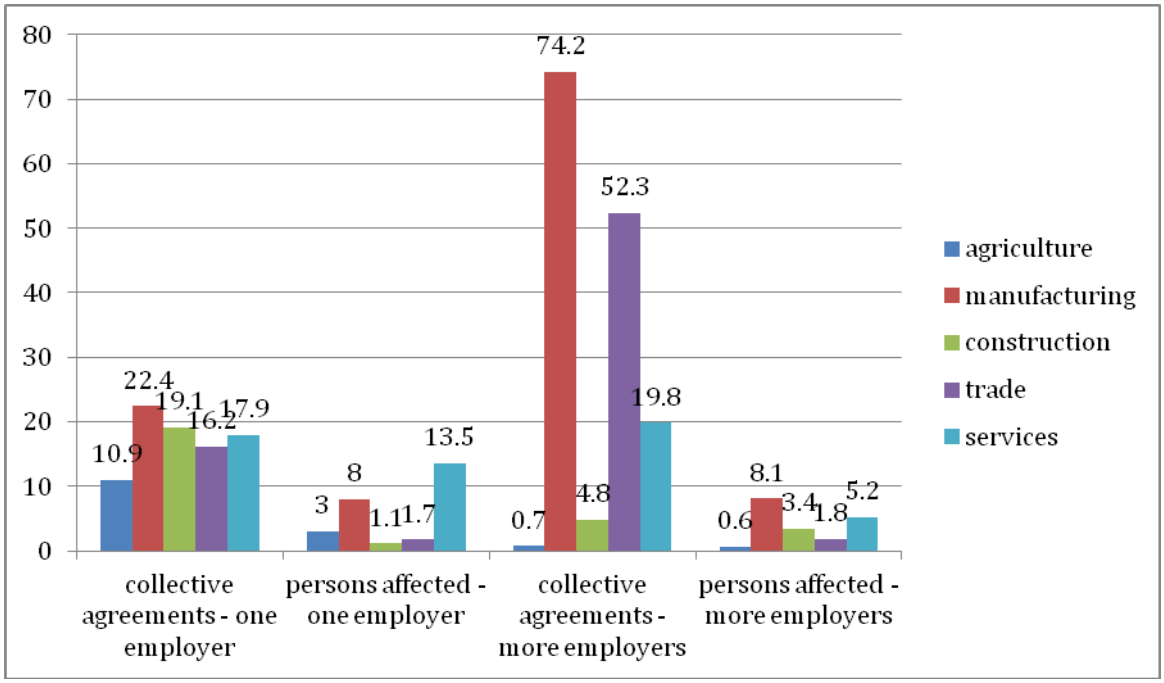


Figure 7: Percentage of collective agreements having stipulations about collective redundancies

C) Probation Period

The new Labour Code changed the regulation of the probation period which extended the basic length of the probation period from one month to three months, and empowered collective agreements to further extend the length up to six months.[151] We have found the figures relating to the probation period especially interesting, as it was feared that employers may use this opportunity to cover their temporary human resources needs by hiring people on a longer probation period and terminating them once they are no longer needed. This could make economic sense as employees during the probation period can be terminated without paid notice and with no reason, thus it is significantly cheaper than the termination of the regular employment contract. Our findings show that employers tend not likely to rely on this option.

Most of the collective agreements concluded at enterprise level contain regulations regarding probation period (agriculture: 81.2%, manufacturing: 79.0%, construction 76.5%, trade: 82.1%, services: 83.7%) (Figure 8/a), but only roughly one-third of them use the opportunity provided for by the Labour Code to extend the length of the probation period (agriculture: 37.5%, manufacturing: 39.8%, construction 46.8%, trade: 34.9%, services: 34.6%) (Figure 8/b) and on average 40% of them shorten the default setting of three months (agriculture: 43.7%, manufacturing: 39.2%, construction 29.7%, trade: 47.1%, services: 49.2%) (Figure 8/c).

Regarding collective agreements concluded by multiple employers, the variation in the probation period is much greater than that of enterprise level agreements. Agriculture stands out as all collective agreements make such provisions, whereas in other industries the differences are notable (agriculture: 100.0%, manufacturing: 17.2%, construction 8.6%,

[151] Section 45 para (5) of the Labour Code

trade: 30.8%, services: 41.6%). Only a few agreements extend the probation period (agriculture: 0.7%, manufacturing: 5.5%, construction 7.6%, trade: 3.8%, services: 6.3%). In contrast, the period is shortened in significantly more cases, most notably in agriculture (agriculture: 99.4%, manufacturing: 11.7%, construction 1.0%, trade: 26.9%, services: 35.3%).

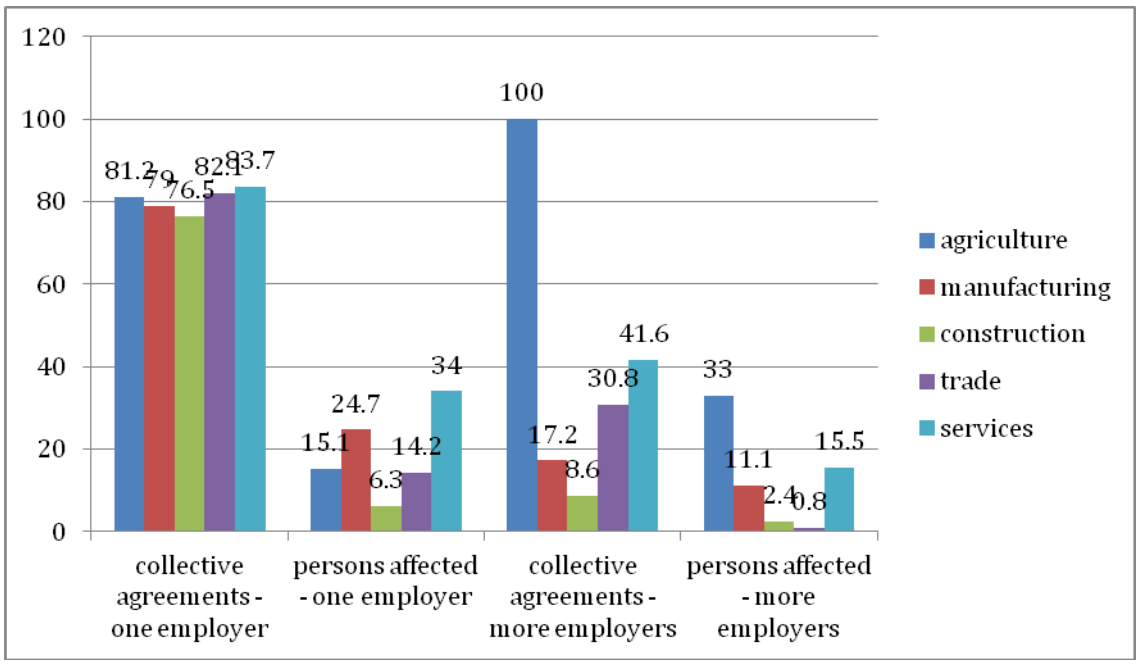


Figure 8/a: Percentage of collective agreements having stipulations about the probation period.

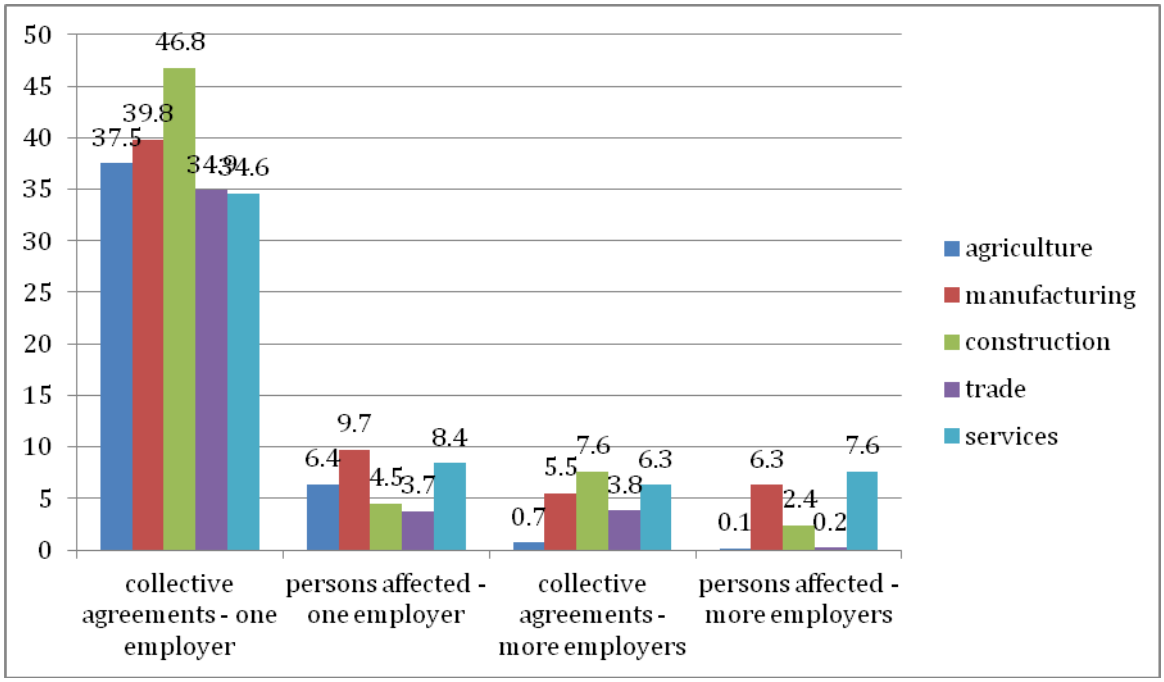


Figure 8/b: Percentage of collective agreements with provisions allowing for a longer probation period than those of the Labour Code.

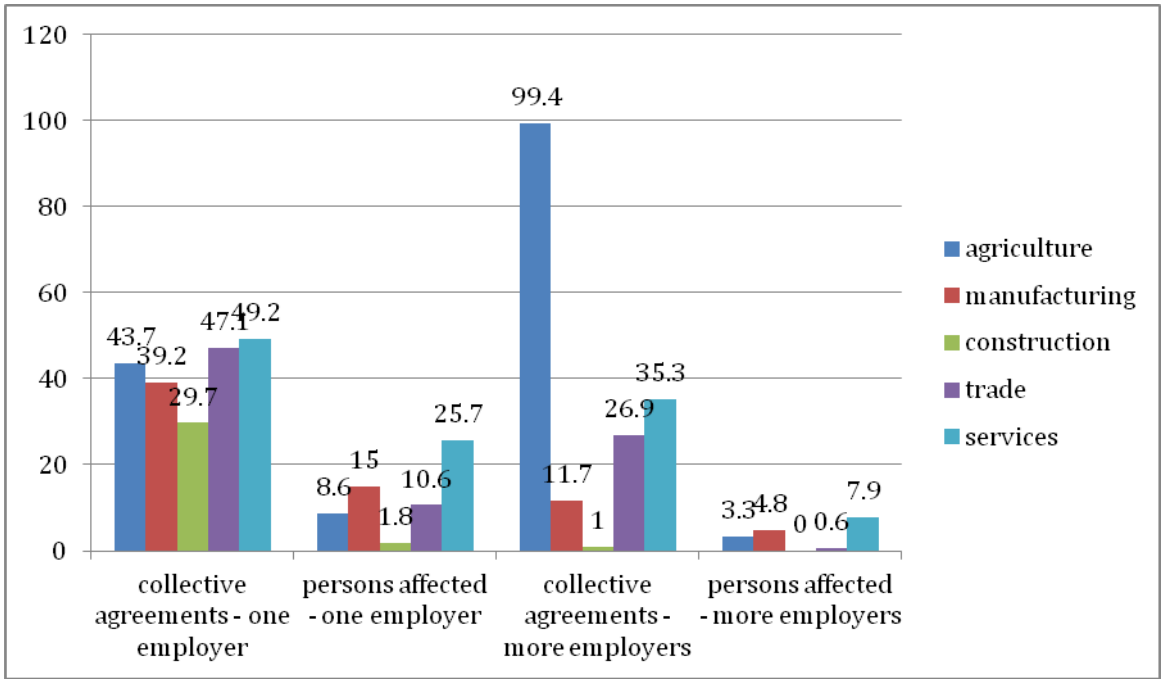


Figure 8/c: Percentage of collective agreements with provisions allowing for a shorter probation period than those of the Labour Code.

D) Work Schedule

According to the provisions of the Labour Code, the statutory limit of maximum overtime hours of 250 per calendar year could be extended to a maximum of 300 hours per calendar year by collective agreement.[152] On the other hand, on average only half of the collective agreements concluded at enterprise level contain regulations regarding work schedule (agriculture: 54.6%, manufacturing: 75.8%, construction 27.6%, trade: 59.3%, services: 66.7%). The figure is even lower in the case of collective agreements covering multiple employers, excluding the agriculture and service sectors (agriculture: 100.0%, manufacturing: 8.2%, construction 5.1%, trade: 33.9%, services: 78.6%) (Figure 9).

[152] Section 109 para (1) and Section 135 para (3) of the Labour Code

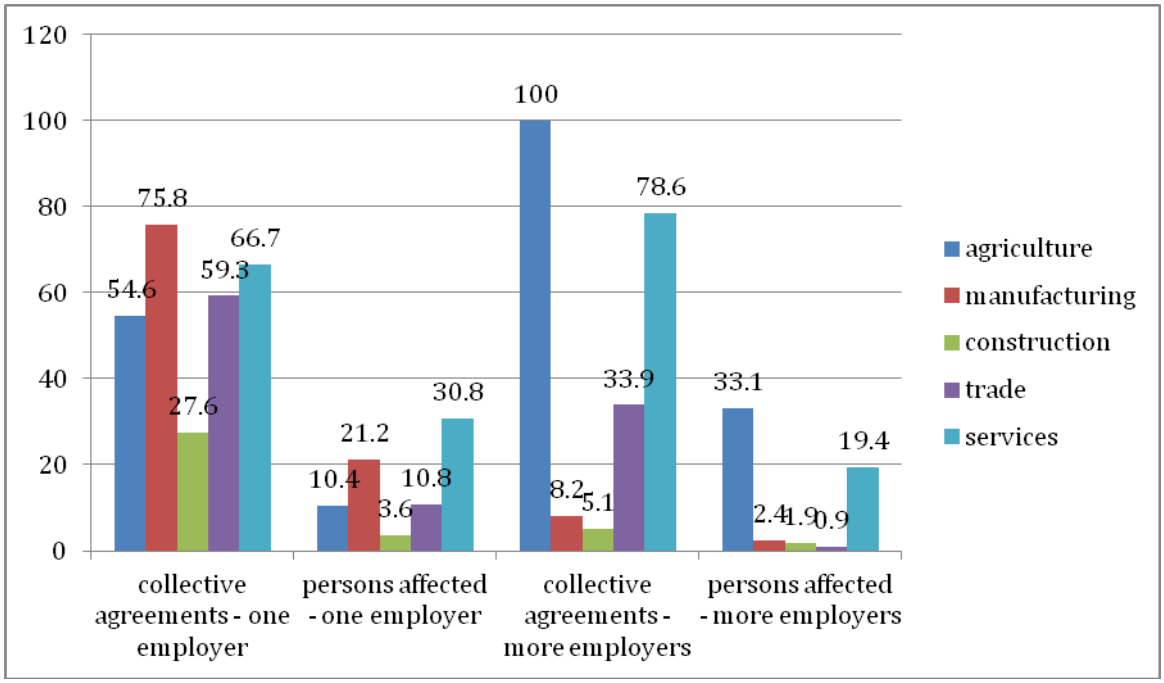


Figure 9: Percentage of collective agreements having stipulations about work schedule and percentage of employees covered.

E) Overtime

Although the Labour Code allows collective agreements to deal with overtime differently from the provisions of law, this option is restricted.[153] However, roughly two-thirds of the collective agreements concluded at enterprise level contain regulations on overtime across all sectors (agriculture: 64.0%, manufacturing: 66.6%, construction 72.3%, trade: 59.3%, services: 67.5%). The figure is even higher in the case of collective agreements covering multiple employers, excluding construction (agriculture: 100.0%, manufacturing: 82.3%, construction 9.4%, trade: 78.5%, services: 77.0%) (Figure 10).

[153] Pursuant to Section 135 para (4) of the Labour Code, derogation is possible only in cases when the collective agreement is concluded for: *a)* employees working as navigators, flight attendants and aviation engineers or engaged in providing ground handling services to passengers and aircraft, and participating in or providing direct support for navigation services; *b)* employees working in travel-intensive jobs in the domestic or international carriage of passengers and goods by road; *c)* carriers and traffic controllers working in a local public transportation system for the carriage of passengers or in a scheduled intercity transportation system inside a 50-kilometer radius; *d)* traveling workers and traffic controllers working in the carriage of passengers by rail and in the carriage of goods by rail; *e)* employees working in harbours.

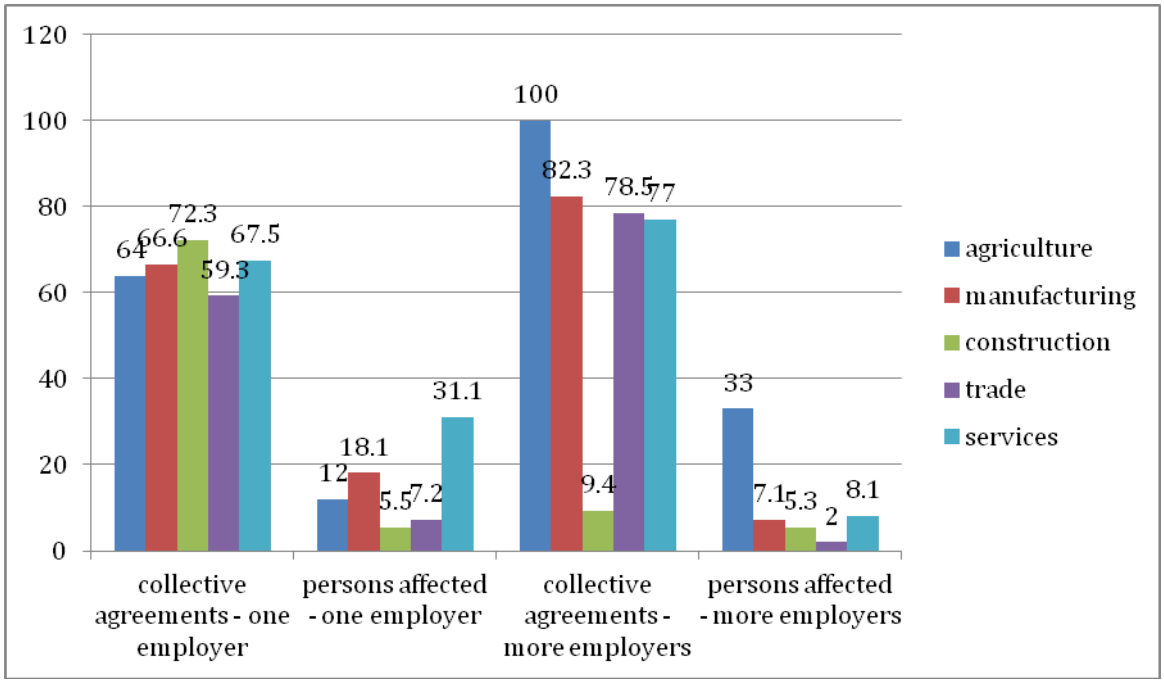


Figure 10: Percentage of collective agreements with provisions on overtime and the percentage of employees covered.

F) Job Rotation

Whereas the great majority of collective agreements contain stipulations regarding job rotation (agriculture: 85.9%, manufacturing: 81.1%, construction 91.4%, trade: 82.9%, services: 83.7%), only a few agreements do so among those covering multiple employers (agriculture: 0.0%, manufacturing: 5.1%, construction 3.7%, trade: 6.9%, services: 5.1%) (Figure 11)

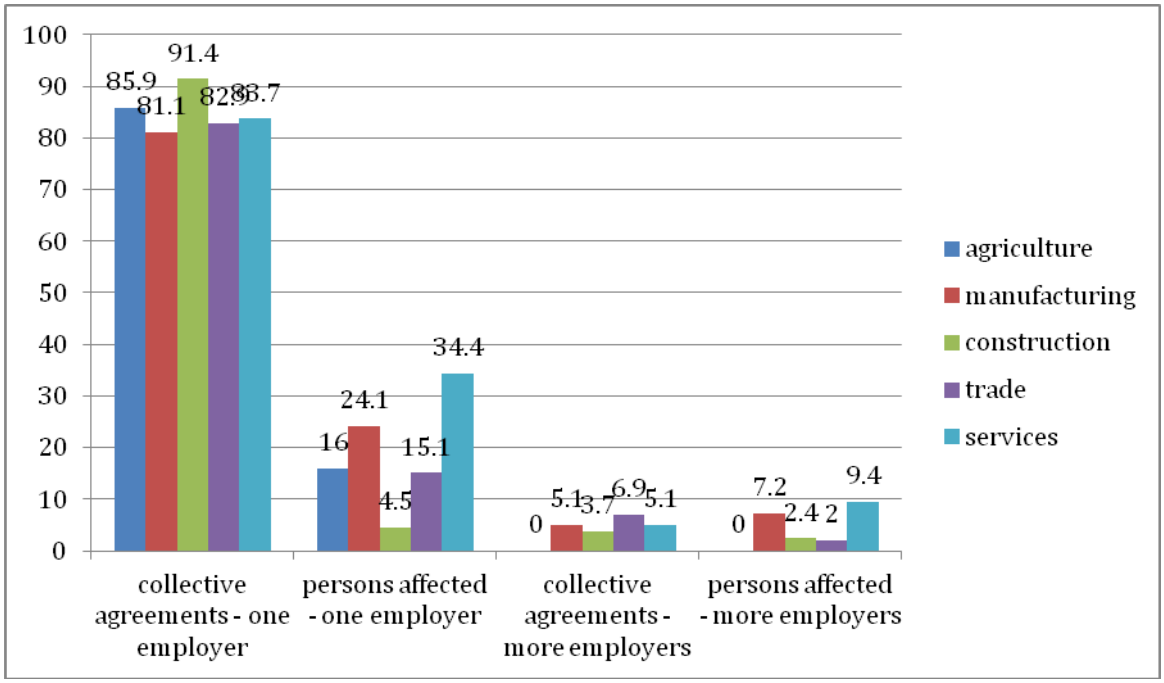


Figure 11: Percentage of collective agreements having stipulations about job rotation and percentage of employees covered

iii) Analysis of Individual Collective Agreements (Part 2)

We analysed the content of 20 collective agreements in terms of provisions concerning internal and external flexibility measures and occupational welfare measures. The Labour Code allows the parties to a collective agreement to modify the conditions in several areas regarding flexibility issues. The possibilities for modification were listed in the first part of the report. We examined whether the parties make use of these options and to what extent. During the analysis we also compared the contents of the collective agreements to the stipulations of the Labour Code to see whether they contain more or less favourable terms and conditions for the employees than the law prescribes. As mentioned earlier, we analysed separately collective agreements concluded before and after 2012.

A) Flexibility Measures

While on an average less than 40 per cent of the collective agreements concluded before 2012 contained detailed regulations on flexibility measures (such as probation periods, transfers, working time, shift work, posting, fixed-term contracts, atypical forms of employment, or regulations concerning termination, including notice periods and severance pay), the figure was 50 per cent in the case of collective agreements concluded after 2012 (Figure 12/a).

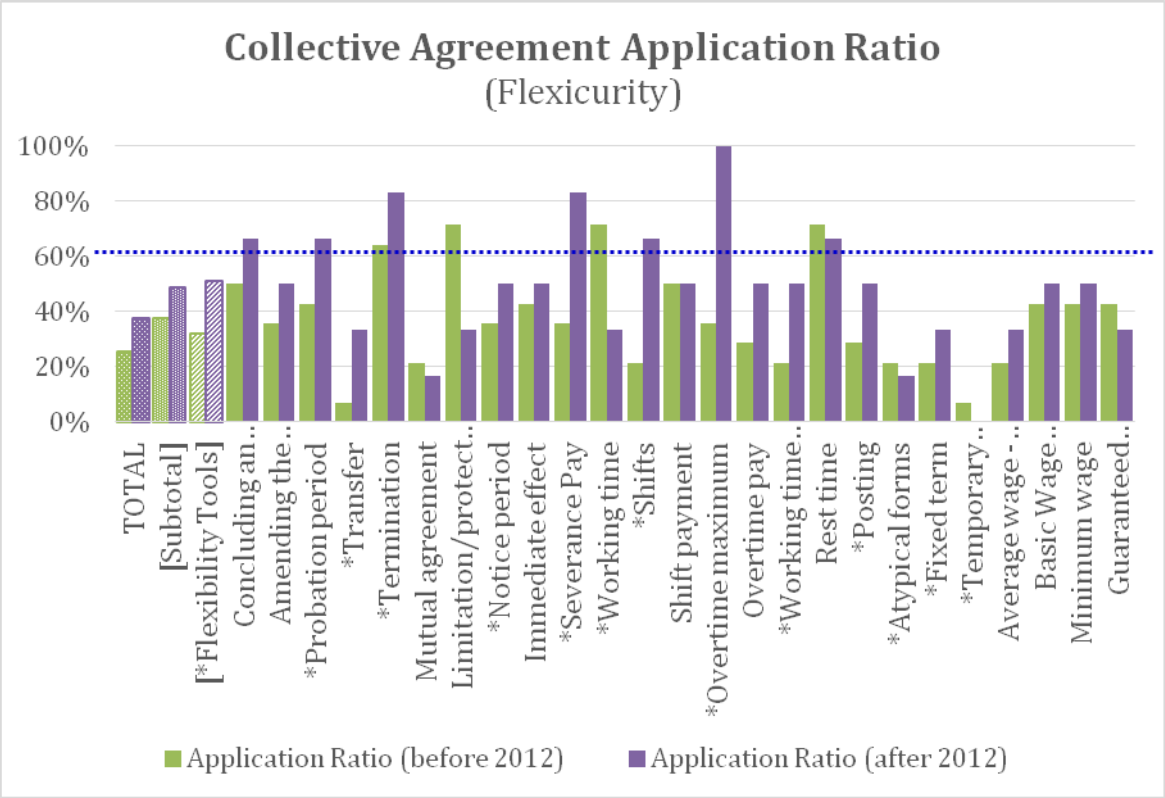


Figure 12/a Application ratio of flexibility measures in collective agreements

Whereas the collective agreements concluded before 2012 tend to repeat the provisions of the Labour Code or adopt provisions that are slightly more favourable to employees (average score 3.1), recently concluded ones rely more on the possibility to derogate from the standard terms of the Labour Code (average score 2.8). The most striking finding is that in collective agreements concluded after 2012 the maximum amount of overtime increased, while at the same time overtime pay was less favourable for employees, as employers tend to stick more to statutory overtime pay rates. This change was predicted as the Labour Code raised the statutory maximum of overtime from 200 to 250 hours per calendar year while allowing collective agreements to further increase it to 300 hours per calendar year. The changes in the law to the detriment of employees regarding shift work are also evident in the collective agreements concluded after 2012. Also, employers are less generous in their commitment to average wages and wage increments.

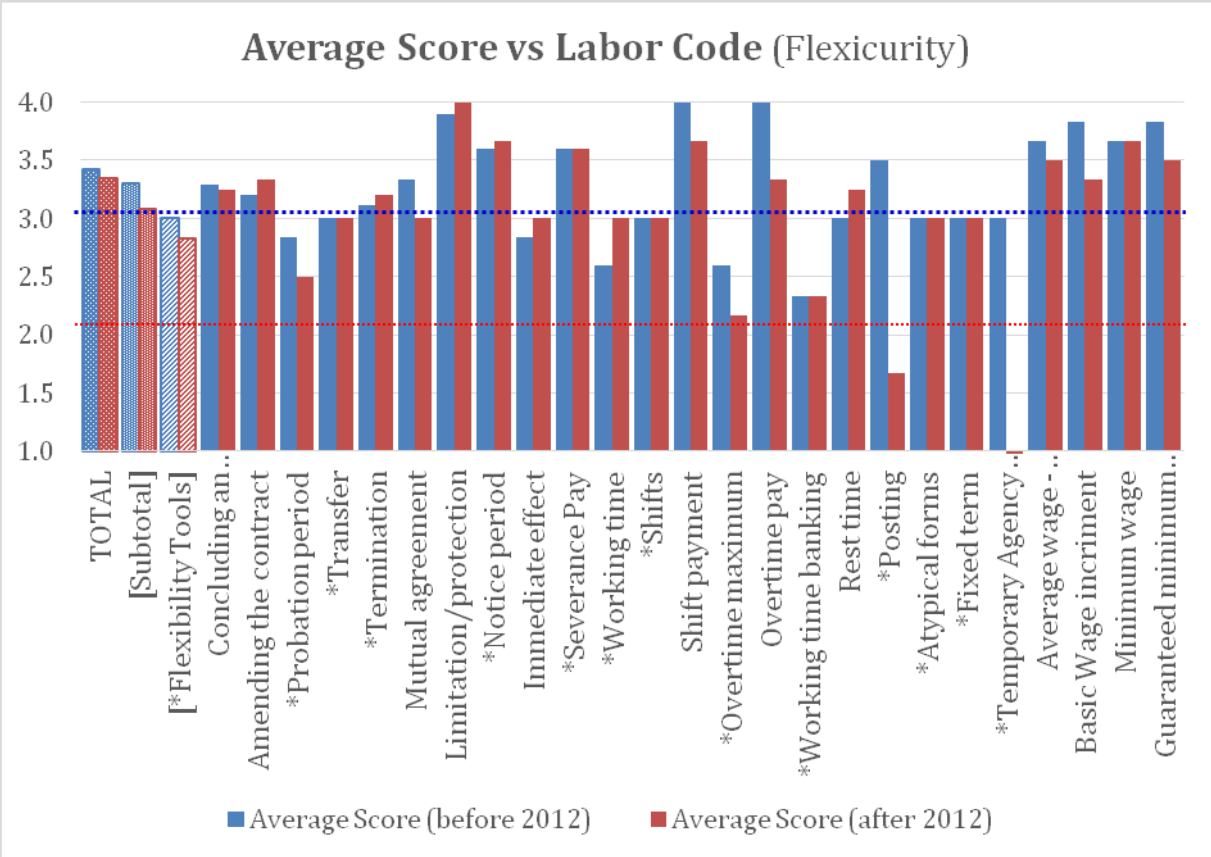


Figure 12/b The terms of collective agreements compared to the relevant stipulations of the Labour Code

Scores:
2= less favorable for employees compared to the Labour Code,
3= equal to the terms of the Labour Code,
4= more favourable for employees compared to the Labour Code.

B) Occupational Welfare Measures

With regard to occupational welfare measures in collective agreements, it is safe to say that the contracting parties have never been particularly creative. There are not many options listed in the various agreements, and some of the measures, like the provision of industrial clothing or additional payment in the case of collective redundancies, are not genuine occupational welfare measures in the sense we understand in the current research, though in the collective agreements they are labelled as such. The variety of the elements was further dropped by 10 per cent in agreements concluded after 2012 (Figure 13). One possible explanation is that the related tax regulations changed unfavourably. The taxation of meal vouchers became more favourable, and this could explain the increased popularity of this measure. Also, due to the abolition of compulsory private pension funds in 2010, employers naturally ceased to pay additional contributions to these pension plans.

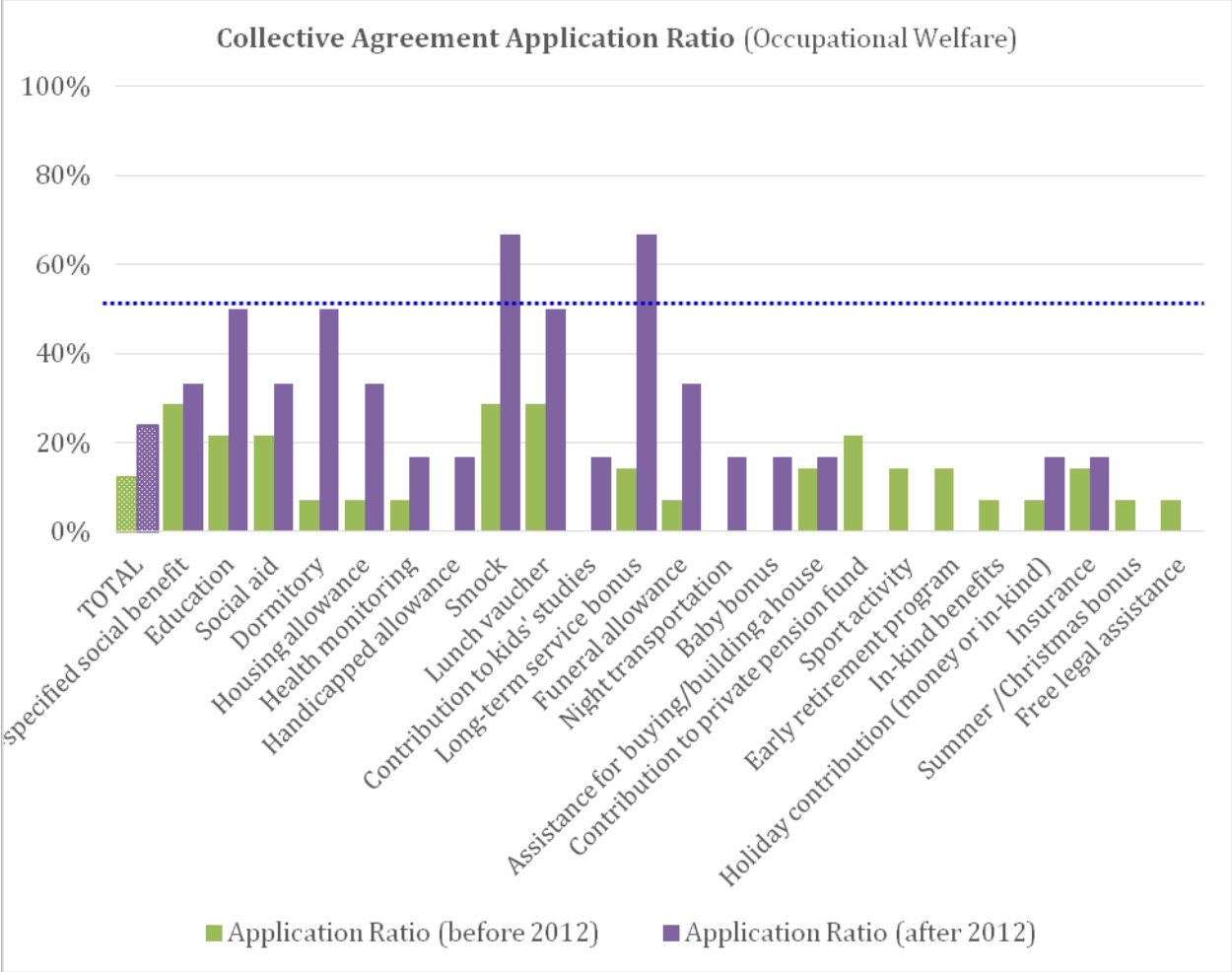


Figure 13 Application ratio of occupational welfare measures in collective agreements

PART II – THE INDUSTRIAL RELATION SYSTEMS ABD THE IMPLEMENTATION OF OCCUPATIONAL WELFARE ARRANGEMENTS IN COLLECTIVE BARGAINING

Italy – Section 1
A general overview of the diverse forms of occupational welfare in a flexicurity perspective

DAVIDE DAZZI

Summary: 1. Introduction – 2. The diverse forms of occupational welfare in Italy – 3. Bilateral bodies: a reaction to asymmetric welfare state? – 4. Joint committees: a participatory road to occupational welfare – 5. Welfare services provided by joint bodies: supplementary or substitutive welfare? – 6. What type of welfare state in Italy: occupational welfare vs welfare state? – 7. Joint committees and occupational welfare: some conclusive remarks – 8. What type of flexicurity? – 9. Industrial relations in Italy: a general overview – 10. Collective bargaining – 11. Decentralisation of collective bargaining: a sum of divergent approaches – 12. Mapping of occupational welfare in Italy – 13. Local collective agreements: occupational welfare among SMEs?

1. Introduction

The European project "*Going up the high road. Rethinking the role of social dialogue to link welfare and competitiveness"* is based on three key concepts: social dialogue, occupational welfare and competitiveness. The interaction among the three key concepts introduces some other concepts that could be used for a wider perspective and a more detailed analysis for "*rethinking the role of social dialogue*":

- **Flexibility** - any attempt at increasing competitiveness implies the concept of flexibility in all its expressions: a more flexible labour market, a more flexible industrial relations system a more flexible production systems and a more flexible welfare state. Flexibility in often associated with the term decentralisation (of collective bargaining) and individualisation (of labour relations);
- **Work organisation** represents a method for developing internal flexibility and a competence that social partners are required to have in order to be able to adopt innovative social dialogue practices;
- **Well-being**: within the scope of the project, the term "well-being" does not only refer to working conditions, but also to the individual capacity and awareness of choosing how to reach a certain "well being" level (freedom of choice).

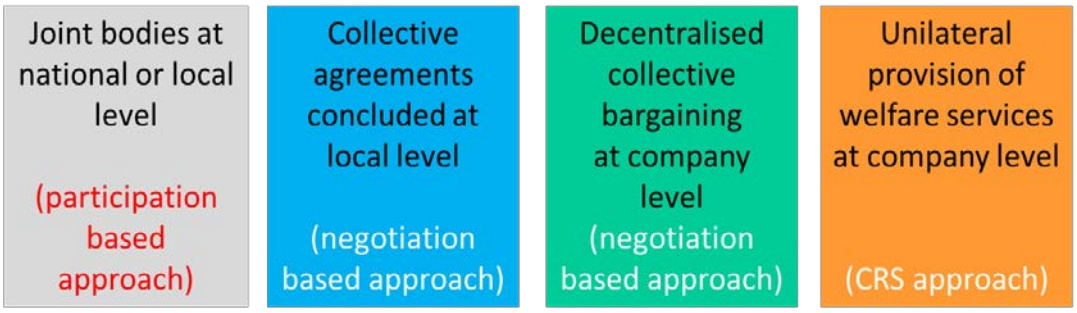
This report aims at moving beyond the key concepts and sub-concepts in order to verify whether and how the diverse forms of occupational welfare could positively impact on work organisation, striking a balance between flexibility and well-being through a social dialogue approach. While emphasising the positive relationship that could potentially emerge from the combination of occupational welfare, competitiveness and social dialogue, this report gives a general overview of how the term "flexibility" has been developed at the national level in recent years.

2. The diverse forms of occupational welfare in Italy

According to the "Social Division of Welfare" (Titmuss, 1955), there are three major categories of welfare: social, fiscal and occupational welfare. Whereas social welfare includes all those services provided directly by the State and "fiscal welfare" all those services deriving from the taxation system, "occupational welfare" is meant to include all those benefits strictly dependent on the type of employment (company, work contract, job qualification). In the general budget constraints arising from the economic-financial crisis and the direct impact on social expenditure, and clearly also on social welfare, each comparative analysis should take into account all the diverse forms of welfare and understand how the diverse forms interact with each other (Ascoli, Mirabile, Pavolini, 2013) in order to respond to the transformation processes of social needs and the general decline of the public welfare state under the pressure of a "permanent austerity" (Pierson, 2001).
In Italy there are various forms of occupational welfare on the basis of the way they have been established:

- Occupational welfare introduced by Joint Committees at national or local level. Due to the bilateral nature of the bodies, it is possible to regard this as a participatory road to occupational welfare (Leonardi, 2014);
- Occupational welfare provisions included in agreements concluded both at local or company level might be regarded as the negotiation road to occupational welfare (Pavolini et al., 2013);
- All the benefits provided unilaterally by the management to the entire workforce or to some parts of it (or even to a part of the citizenship) might be considered the CSR (Corporate Social Responsibility) road to occupational welfare (Treu, 2013).

Figure 7 – The different forms of occupational welfare



As the European project aims at promoting all the practices developed within a social dialogue framework, more attention will be dedicated to occupational welfare initiatives deriving from a process of negotiation or participation. In the following, the report will explore the right combination of occupational welfare, work organisation and well-being and what constraints and opportunities hinder or facilitate this relationship.

3. Bilateral bodies: a reaction to asymmetric welfare state?

First of all, the exploration begins where occupational welfare experiences seem to be more well-structured: the approach known in Italy as "bilateralism" *(bilateralità)* (Nogler, 2014a, 2014b). The establishment of bilateral bodies and funds represents one of the most effective and innovative means that Italian trade unions have used to strengthen and enlarge their role with regard to collective bargaining and welfare practices (Leonardi, 2014). Bilateralism may be seen as participation-based model of industrial relations in which the social partners and their representatives cooperate to reduce conflicts in a mutualistic approach.

4. Joint committees: a participatory road to occupational welfare

Bilateralism came into being first of all in those sectors mainly characterised by a high fragmentation of the productive system, discontinuity of employment and union weakness: as a matter of fact the first bilateral experiences in Italy are to be found in the building sector (Bellardi, 1989), agriculture (after the Second World War) and more recently in the artisan trades. The functions and coverage of bilateral bodies were extended during the 1990s in some specific sectors (credit and insurance, public utilities, transport and postal services), not covered by the Wage Guarantee Fund,[154] establishing special bilateral solidarity funds in order to support employees' income in the case of unemployment or the suspension of production.

As shown in monitoring carried out by Italia Lavoro (Leondardi, 2014), in Italy there are at least 412 joint committees at national or local level, established and functioning under national industry-wide agreements (chemical workers, building workers, temporary work agencies) or inter-sectorial agreement (artisan trades).[155] Furthermore, the role of joint committees was acknowledged and promoted in both laws and national inter-sectorial agreements. The main legislative and contractual provisions supporting the role of bilateralism in Italy are as follows:

- Pact for Italy - in 2002, the Government together with employer organisations and trade unions (except for the CGIL, the largest trade union confederation) concluded the Pact for Italy (Patto per l'Italia), dealing with income policy, labour market reform, tax concessions, investment and employment. The agreement also included a commitment on the part of the government to reform unemployment benefits and social shock absorbers;
- The Labour Market Reform (2003, Legislative Decree no. 276) regulating the new functions conferred on joint bodies in the new legislative framework: vocational training, health and safety, anti-discrimination measures, labour market intermediation (Nogler 2014a);

[154] A public fund (Cassa Integrazione Guadagni) provides income support, financed by the companies and the state and administered by the National Institute of Social Insurance (INPS) . In cases laid down by law, the Wage Guarantee Fund makes up the pay of employees affected by lay-offs or short-time working, providing up to 80 per cent of lost pay.

[155] In this regard, it should be highlighted that the intersectoral agreement concluded in 2010 guarantees for all employees the welfare measures provided by the bilateral system even in cases in which a company does not belong to the bilateral system: the amount the company is supposed to transfer to the fund for each employee is paid directly to the employee.

- The 2007 Welfare Protocol consisting of six thematic pillars based on reforming labour market, welfare services and pension system;
- The Industrial Relations Protocol signed in 2009 by the national social partners, again with the exception of the CGIL. Along with new rules of industrial relations and collective bargaining, the protocol encourages the use and extension of bilateral bodies with a view to developing new, and integrative, forms of occupational welfare;
- The Productivity Pact signed in 2012, initially not signed by the CGIL, strengthens the idea of promoting the role of bilateral bodies to introduce new forms of occupational welfare;
- The labour market reform introduced by the Monti Government (2012), the Fornero Reform (after the name of Minister of Labour), while stressing the importance of bilateralism as a participatory form of industrial relations, introduced a more transparent regulation of Bilateral Solidarity Funds (already regulated by law in 1996 in order to provide income support in case of unemployment in some sectors not covered by Wage Guarantee Fund). The Funds have to be set up by collective agreement and managed by INPS (National Social Security Institute): in case the social partners do not find a common position in given period, the law provides for the setting up of residual funds in order to ensure universalistic coverage.

5. Welfare services provided by joint bodies: supplementary or substitutive welfare?

Most of the national collective agreements concluded over the last years provide for the institution of bilateral funds and joint committees with a wide range of services. Depending on the type of service, it is possible to identify a variety of occupational welfare purposes:

- Supporting worker income in case of unemployment: This function of bilateralism "belongs to the genetic code of bilateral bodies" (Bavaro 2011) and seems to make up for the progressive decline of public social security (Cinelli, 2013). The main objective consists of ensuring an income in case of unemployment or a suspension of production (national collective agreements in the chemical sectors, building, artisan trades, tourism and agriculture) and in specific cases (the collective agreement in the banking sector concluded in 2009) bilateral funds are not only used for guaranteeing income protection, but also for developing active labour market policies (outplacement towards other companies or incentives for hiring or training). The Labour Market Reform developed in 2012 introduced some important innovative tools extending the use of Bilateral Solidarity Funds in all those sectors that are not covered by the Wage Guarantee Fund (Allamprese, Corraini, Fassina 2012);
- Supplementary Health Insurance: In response to the constant pressure exerted on the national health system, the recourse to private forms of health insurance schemes has progressively increased in the past 20 years. Along with the long-time private health funds at the company level in some specific sectors (energy, petro-chemical, banking and insurance), the number of health funds rose rapidly at the end of the 1990s immediately after the Bindi Reform (after the name of the Health Minister, Legislative Decree 229/1999) that regulated the introduction of new forms of voluntary mutual assistance schemes for those services not covered by the public health service. Today, there are more than 300 health funds covering about four million employees (Pavolini et al, 2013) providing both integrative (dental treatments and disability assistance) and substitutive

services (specialist treatments). Supplementary health schemes are included in almost all national industry-wide collective agreements (about 30 adopting a bilateral approach);

- Pension funds: In July 2004 the Italian Parliament approved the reform of certain aspects of the public pension system, vesting the Government with delegated powers to implement a new reform of private pensions. Under this mandate, the Government issued Legislative Decree No. 252 of 5 December 2005, which entered into force on 1 January 2007, and replaced previous law disciplining private pension provision. The new law provides that, starting from January 2007, employees have to choose whether to invest their annual severance pay *(Trattamento di Fine Rapporto)* in a pension plan or to keep it in their firm. If employees do not explicitly make a choice over a six-month period, the severance pay will be automatically paid into an occupational pension plan (typically, the industry-wide occupational pension plan). In 2006, the Finance Act No. 296 of 27 December provided that if an employee does not choose to transfer the severance pay into a pension plan, it will remain in the firm (if the firm has less than 50 workers) or will go to INPS – National Social Security Institute – (if the firm has more than 50 workers), with no changes to the employee's rights. In 2013 more than 500 funds are in operation, of which 39 are based on a negotiation approach, covering about six million employees (about 30% of the total labour force);
- Vocational training: Some specific bilateral funds are specifically dedicated to vocational training, known as "Inter-professional Funds". Their constitution dates back to the inter-sectoral agreement concluded on the basis of Act no. 338/2000, that was the result of a tripartite agreement concluded in 1998. The inter-professional funds are financed through the quota of gross wages (0.30%) that has been allocated to vocational training since 1978. Until now more than 600,000 businesses have joined an inter-professional fund involving more than eight million employees. In 2013, 11 out of 22 existing inter-professional funds were connected to the main three union confederations at national level (Cgil, Cisl and Uil);
- Other services: The range of services produced through a bilateral approach has increased in recent years including welfare actions addressed to specific groups of employees: extension of maternity and paternity leave, credit access, kindergarten services. In this regard,mention should be made of the bilateral experience developed under the collective agreement concluded for temporary-work agencies (2008) in which the social partners set up a guarantee fund for access to credit for the most vulnerable parts of the labour force.

6. What type of welfare state in Italy: occupational welfare *vs* welfare state?

In examining the list of services supplied by bilateral bodies, it is possible to notice how the bilateral origin of occupational welfare is mainly a result of asymmetric welfare state policies. As a matter of fact, bilateralism was initiated where public intervention is less well structured, where manufacturing is less present and employment is less stable.

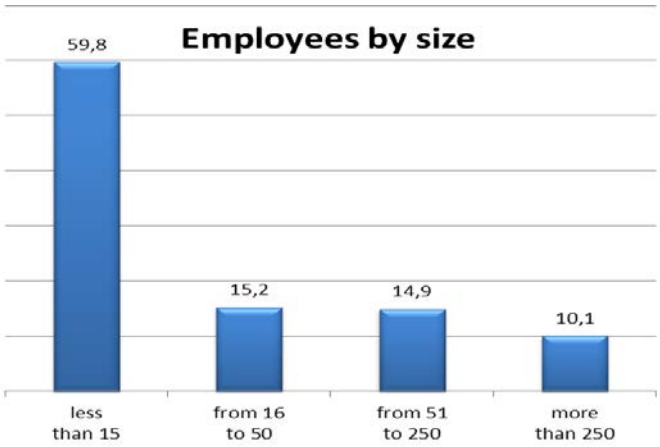
According to the acknowledged classification of welfare models (Esping-Andersen, 1990), the Italian case combines elements of the social-democratic model with elements of the Bismarkian model, integrating them with elements of the liberal model. As a result of the different cultural and organisational aspects of the Italian system, Italy may be considered to belong to the Mediterranean model (Ferrera, 1996):

- The pension system, the social security system and labour market policies are based on a Bismarkian model: access to welfare services depends on employment status, the benefits consist in earnings-related money transfers, the financial mechanisms are mainly founded on social contributions (Palier and Martin, 2007);
- Health and education meet universal criteria with a access for all citizens;
- The welfare system provides social assistance, social care and family support (expression of a liberal model of welfare state).

Like all the other EU countries, Italy has seen a decline in welfare state policies that are constantly put under pressure by a rigid financial European regulation and by a significant transformation of social risks and needs as listed below (Taylor Gooby, 2004):

- Increasing role of service sectors in employment and in terms of added value along the value-chain. This social transformation has a significant impact on labour protection since the social-shock absorbers (the Wage Guarantee Fund - the main insurance-based device in the case of unemployment) are mainly designed for the industrial sectors whereas about 65% of the labour force is employed in service sectors;
- Increasing precariousness and employment fragmentation: compared to other European countries, Italian employment is characterised by a higher level of self-employment often concealing fragile employment positions. Considering only the percentage of fixed-term contracts, it seems that employment discontinuity in Italy is similar to the EU average, but if we take a different perspective including the diverse forms of autonomous wo employment, fragmentation rises significantly: according to the latest Eurostat statistics the incidence of self-employment, made up of both genuine and pseudo self-employment, is much higher in Italy (about 22%) than in the EU28 (14%), Germany (9.8%), France (10%) and Spain (16%). It is thus clear than in Italy much flexibility takes the form of self-employment. This entails a worsening of social protection as the main defensive tools in case of unemployment are provided for salaried employees mainly on open-ended contrasts (standard employment): this social structure is obviously in contrast with the recent employment trends with about 70% of new employees hired on non-standard contracts;
- Sub-contracting, outsourcing and downsizing are all practices to be found not only in the Italian production system but in all European countries. Even this tendency of productive organisation seems to conflict with a labour protection system mainly designed for medium-sized and large companies: according to the latest national statistical survey productive units with less than 15 employees account for about 98% of total production units, employing about 60% of the national labour force;

Figure 8 - Employment by company size



Source: National census 2011, Istat

Employment composition has rapidly changed under the pressure of demographic changes (ageing and migration) and the rising female participation as a part of total employment. According to some statistical projections produced by ISFOL (a research institute under the control of the Ministry of Labour and Social Policy), in 2015 the number of inhabitants over the age of 65 will be 13 million (about 21% of the entire population) and in 2050 21 million (about 31% of the population). On the other hand, the number of migrants in Italy has rapidly increased in the past 10 years reaching 7.4% (2013) of the population: even though the number of migrants is in line with the EU average, it should be pointed out that in Italy migration is geographically asymmetric (in the North migrants are over 10% of the population) and relatively recent (from 2.2% in 2002 to 7.4% in 2013). Finally, the female employment has continuously grown even during the crisis (39% of the total number of employees in 2004, 42% in 2013) with repercussions on the welfare state mainly based on a male-breadwinner model.

The solutions that the national Government, like the other European countries, has adopted over the past 20 years are mainly retrenchment measures (Starke, 2006) or actions oriented to recalibrate the previous social welfare regimes (Ferrera and Hemerijck, 2003). Whilst there appears to be a degree of convergence in policies responding to the transformation of social needs, the results of the measures proposed have been different. The Scandinavian countries have managed to combine rigid fiscal policies with the maintaining of a universal approach whereas other countries – such as Italy – have not managed to correct the asymmetric distribution of welfare benefits due to corporative interests (Maino, 2012).

7. Joint committees and occupational welfare: some concluding remarks

Since occupational welfare schemes generated within a bilateral framework are the result of a balancing process to compensate for the unequal treatments provided by the national welfare state, there is unlikely to be a positive relationship between occupational welfare,

work organisation and well-being. Occupational welfare responds to social inequality and is not intended to intervene in terms of corporate flexibility and work organisation.

Furthermore, the extension and effectiveness of bilateral bodies and the existence of a wide range of bilateral committees highlight two main risks. First, there is a risk inherent in setting up a multiplicity of micro welfare state regimes providing a differentiated range of services and benefits for specific productive sectors (*universalism vs corporativism*): the original objective of combating initial inequalities might cause the labour market to become more unequal. In this regard, it should be stressed that the service sectors account for about 42 bilateral bodies at the national level and about 150 at the local level. Second, the increasing number of bilateral funds ("second welfare") run the risk of weakening the "first" welfare (*second welfare vs first welfare*): the risk is higher in health services as a significant number of bilateral funds provide for (specialist) health treatments as an alternative to the "first" public welfare state.

8. What type of flexicurity?

After setting aside the possibility of finding correlations between occupational welfare and work organisation in the area characterised by bilateralism, this section of the report aims at investigating the existence of a positive relation in other forms of occupational welfare: those forms belonging to the negotiation path to occupational welfare.

The negotiation path to occupational welfare is first of all related to the decentralisation of industrial relations, and more precisely of collective bargaining. The analytical frame of reference will not be national collective agreements but all those collective bargaining practices concluded at local level and at company/group level. The decentralisation of industrial relations is a common tendency in all varieties of capitalism (Hall and Soskice, 2001) and is used as a flexibility instrument to make collective bargaining provisions more coherent with the specific (local/company) needs. According to official definitions of the different forms of flexibility (Eurofound, 2012), decentralisation of industrial relations impacts on internal numerical flexibility (adjusting work-time arrangements, training, parental leave, part time and so on) and functional flexibility (flexible work organisation). If the increasing pressure for a more decentralised structure of collective bargaining represents the main source of flexibility within the industrial relations system, what other flexicurity tools has Italy developed to find ways out of the recession? With regard to legislative interventions, the main efforts have been addressed to some specific solutions:

- **External numerical flexibility**: The latest labour market reforms, including the most recent legislative provisions of the Government (Poletti Decree, named after the Minister of Labour, extending the use of temporary work contracts to 36 months), have intervened in relation to the number and forms of work contracts with a view to increasing the employment rate, without taking into account the negative effects on productivity due to the entrance in the market of marginal workers (e.g. low-skilled workers) and the creation of low-productivity jobs (thus reducing the average quality of the labour supply) (Boeri and Garibaldi, 2007). Along with other labour issues, the latest labour market reforms (including the possible effects of the legislative decree on the labour market approved by Parliament in October 2014) have introduced changes in the regulation of individual dismissals (the debate about the repeal of Article 18 of the Workers' Statute that provided for the reinstatement for a dismissal held to be illegitimate) and introduced new mechanisms to make existing labour protection measures more efficient. In this regard, it

should be underlined that the Fornero Reform (Pension Reform) (2011) raised the retirement age extending the working life of older workers in the labour market;

- **Labour cost/wage flexibility**: In this regard the most significant initiatives were taken under the second Prodi Government (2007) and the Monti Government (Productivity Pact, 2012) cutting labour costs and providing fiscal incentives for increasing productivity-based wages at company level;
- **Job security schemes**: The most widespread and effective form of flexicurity combining temporary flexibility for companies and job security for employees is the extension of social shock-absorbers (Wage Guarantee Fund) also to those sectors and type of workers previously not covered (the "Extraordinary" Wage Guarantee Fund whose regulation was defined in the Framework Agreement concluded by the Conference of the State and the Regions in 2009). In this regard, specific attention should be paid to the job-security agreements (Contratto di solidarietà, Eurofound 2012) that are company agreements which, in order to avoid collective dismissals/redundancies or lay-offs because of a labour surplus/overstaffing (defensive), or in order to permit the hiring of new personnel (offensive), provide for a reduction in the working hours and pay of all the company's employees
- The various attempts to introduce more flexibility into the national economic system do not seem to be part of an inclusive and integrated strategy and sometimes measures seem to be even contradictory. In particular, the legislative measures are more oriented to increasing internal numerical flexibility with a negative impact on productivity, whilst decentralisation of industrial relations is intended to relaunch productivity. In this framework of flexicurity policies it is not surprising that in the last monitoring report carried out by the European Foundation for the Improvement of Living and Working Conditions (Eurofound, 2012) Italy was placed in the Eeastern Europe cluster, and not the Mediterranean system, as it is characterised by "insecurity, lower-to-medium flexibility and medium levels of taxation. In general a low share of temporary and part-time employment is observed in these markets. Total expenditure on social protection and active labour market policies tend to be low. Low mobility and low participation in lifelong learning schemes are also frequently observed." (Eurofound, 2012 – 14).

9. Industrial relations in Italy: general overview

Before exploring the diverse forms of occupational welfare emerging from the decentralisation of industrial relations, it is important to give a general overview of how industrial relations are structured in Italy, which actors play a priority role, the link between the diverse levels of collective bargaining and the recent trends of decentralisation.

As far as industrial relations are concerned, Italy traditionally follows a voluntaristic model in which legal institutions are rare and the autonomy of the parties is extensive. However, there have been efforts aimed at increasing the institutionalisation of industrial relations at the national level. The first took place in 1970 with the enactment of the Workers' Statute (*Statuto dei Lavoratori,* Act no. 300/70), that laid down a set of basic individual and trade union rights and freedoms. The second is represented by the Tripartite Agreement concluded at national level in 1993. This Agreement introduced a new income policy based on an inflation rate designed through the concertation method, new procedures for collective bargaining and laid down the basis for a new form of workplace representation (RSU, the Unitary Workplace Union Structure). While the Workers' Statute aimed at introducing an institutional framework of industrial relations by law, the Tripartite Agreement attempted to do so through a social dialogue approach.

Whilst in the 1990s tripartite agreements continued to represent a crucial instrument for the social partners in regulating work and labour issues, since 2000 tripartite negotiations have no longer played a strategic role because of the breakdown in unity among the three main trade unions following the refusal of Cgil to sign the tripartite agreements concluded in 2002 and 2009. In particular, the 2009 agreement attempted to introduce an experimental reform to the collective bargaining system, thereby modifying the 1993 Tripartite Agreement, abandoning the income policy of the tripartite framework and introducing innovative measures to cope with restructuring or to promote economic growth and job creation in both the economic and normative parts of industry-wide agreements at national level. In the following years some important industry-wide agreements (i.e. chemical and service sectors) adopted some elements of the 2009 tripartite agreement (Eurofound, 2013).

According to Article 39 of the Italian Constitution, industrial relations are based on autonomy and pluralism: more than one trade union can coexist in the same bargaining unit. The Italian system of industrial relations is classified as single-channel representation model as negotiation and participation rights are granted to the same union body, the unitary workplace union structure – RSU. According to the data provided by the three main trade union confederation (Cgil, Cisl and Uil), and comparative data (Visser, 2011), trade union density is about 36% (2010). According to some comparative analysis (Visser, 2011), coverage of industry-wide collective agreements is around 80% and employer organisation density was estimated at 58% in 2008 (Eurofound, 2013).

10. Collective bargaining

Apart from the tripartite agreements concluded at national level, collective bargaining in Italy takes place at two different levels: industry-level and company-level or, rarely, at the local level (this is more common in construction, tourism, artisan trades and agriculture). Industry-level collective bargaining is aimed at obtaining pay increases[156] for all employees and regulating social issues, such as working hours, information and consultation procedures and work organisation. In addition, the company-level agreement usually deals with issues delegated to it by the industry-wide agreement (i.e. pay based on company performance) and other supplementary issues, such as working methods, working conditions, job classification and job training. Recently the bargaining structure has been put under pressure through a decentralisation of the industrial relations system and redefinition of the relationship between sectorial and decentralised bargaining, in favour of decentralisation (ETUI, 2013).

Although the trade unions have always stressed the importance of promoting decentralised bargaining in order to make collective bargaining more responsive to employees' needs, the three main union confederations express diverse positions. On the one hand, Cisl (Italian Confederation of Workers Trade Unions) and Uil (Union of Italian Workers) have been supporting an increased scope for decentralised bargaining with the aim of emphasising the specific aspects of each bargaining unit. On the other hand, Cgil (General Confederation of Italian Workers) – the largest union confederation in Italy – has

[156] Italy does not have a statutory minimum wage. However, the courts normally use the minimum wage set by industry-wide agreements at national level as the basis for their judgment. In other words, in Italy each industry has its own minimum wage defined through collective bargaining. That, of course, is valid only for salaried employees whereas self-employed workers do not have a specific statutory or negotiated minimum wage.

always supported the centrality of national industry-wide agreement as the only instrument to safeguard nationwide standards in a production system mainly made up of micro and small companies (in Italy about 98% of production units have less than 15 employees).

11. Decentralisation of collective bargaining: a sum of divergent approaches

Recently, there have been important developments with regard to the regulation of industrial relations and collective bargaining. First, the social partners at the national level (Confindustria on the employers' side and Cgil, Cisl and Uil on the employees' side) concluded an intersectoral agreement on representativeness and effectiveness of collective agreements at the national and company level (the agreement was signed for the first time on 28 June 2011 and the latest revised version of the agreement on 10 January 2014). Furthermore, the 2014 intersectoral agreement provides that company-level agreements can derogate from industry-wide agreements in accordance with limits and procedures defined in national industry-wide agreements. Derogations are also allowed before the successive renewal of national collective agreements in order to cope with an economic and financial crisis or in the case of significant investments for economic and employment development at the company level, but only with regard to some aspects of job performance, working hours and work organisation.

Second, the measures introduced to redress the public budget and promote economic growth passed by the Parliament on 14 September 2011 (Berlusconi Government, the provision known as Article 8) provided for decentralised bargaining (referred to in the decree law as "proximity bargaining") to derogate from collective agreements and legislation, within the limits laid down by the Italian Constitution, EU rules and international labour conventions. According to this provision, agreements are binding if they are signed by the comparatively most representative trade unions at the national or territorial level, or by the representation structures at company level and if the signatories meet the majority criteria in the relevant bargaining unit (ETUI, 2013).

The social partners regarded the legislative intervention of the Berlusconi government as a further attack on autonomous collective bargaining and reacted by adding an additional paragraph to the original agreement of 28 June in which they stated that they would only refer to the previously negotiated agreement. This led to Fiat's break-away from the employers' Confederation of Italian Industry (Confindustria): in 2012 Fiat opted to leave Confindustria due to the refusal of the employers' organisation to make full use of the flexibility provided in Article 8 approved by the Berlusconi Government.

After the fall of the Berlusconi Government in November 2011, the government led by Mario Monti continued to promote decentralised bargaining, providing tax incentives for productivity-linked pay, traditionally defined at the decentralised level. In November 2012 under pressure from the government, the employers and CISL, UIL and UGL, although not CGIL (even though it signed the follow-up agreement on 24 April 2013 since there was no reference to delegating the determination of inflation-linked pay increases from the first to the second level of collective bargaining) concluded a productivity and competitiveness agreement. This resulted in changes to the two-tier system of bargaining, giving a greater role to company-level negotiations in order to promote productivity within companies (ETUI, 2013).

12. Mapping of occupational welfare in Italy

The results produced by our survey have not shown a clear relationship between work organisation forms and occupational welfare practices aimed at increasing company competitiveness. However, it should be acknowledged that we have not yet looked at what has been done at company or local level.

This section aims at including in our analysis also the decentralised levels at which collective bargaining takes place. First, an attempt is made to outline the principal forms of local collective bargaining in order to determine whether the local dimension could be an attractive site of engagement for positive experiences of occupational welfare practices applied to a large number of small enterprises. Second, the focus of our analysis will shift towards where decentralisation of collective bargaining is more intense and potentially more adequate to offer an interaction with work organisation and competitiveness (see Part II below, carried out by the University of Trento).

13. Local collective agreements: occupational welfare among SMEs?

When referring to local collective agreements, it is easy to pay attention to "social collective bargaining": intense and well-structured negotiation practices conducted at the confederate level with the view to dealing with the progressive decline of hegemony of salaried employment as a paradigm (Castel, 1995). In response to a reduced space for negotiation at the workplace, Italian trade unions have developed bargaining policies aimed not only at employees but also at the general public by negotiating social issues with public administrations.

Since the focus of this research project is on competitive and productive forms of occupational welfare, the report does not attempt to cast light on the beneficial effects of "social collective bargaining" but rather analyses the attempts, by the social partners at the local level, to introduce occupational welfare practices among Small and Medium-sized Enterprises (SMEs). The term "local" is used to refer to be a group of SMEs located in one territory and not the public actor administrating that territory.

The mapping identifies four types of local collective agreements:

- **Agreement of intent**: oriented to formalise a commitment to analysing new and coordinated forms of occupational welfare (Social Partners in Como, Prato, Lazio);
- **Implementation agreement**: defining guidelines for promoting the use of occupational welfare in setting productivity pay in accordance or in derogation from national collective agreements and establishing industrial relations at local level oriented to bilaterally manage unemployment risks and training needs and promoting the use of Pension Funds and Private Health insurance (Social Partners in Treviso);
- **Consultation agreements**: the public administration commits itself to promote consultation in order to support business and employees in work-life balance (Bergamo Province) or in finding a coordination between private occupational welfare and public welfare (Province of Reggio Emilia);
- **Network agreements**: oriented to aggregate more businesses in planning and developing new forms of occupational welfare with a view to responding to the decline of public welfare (IEP Network, about 400,000 employees) or developing CSR practices (Giunca, Province of Varese, about 1,700 employees).

Although local collective agreements could represent an effective negotiating framework through which to extend the use of occupational welfare among the most important sector of our productive system (SMEs), the results of our mapping are not particularly encouraging. It becomes clear in a comparative perspective that most local collective agreements refer to arrangements in which social partners, and sometimes also public actors, commit themselves to developing measures that potentially could favour the extension of occupational welfare. What is not encouraging in practice can be read positively as a cultural change. The existence of this kind of collective agreement means that the social partners are more and more aware of how incremental collective bargaining practices play a crucial role for union strategies.

However, the case of an implementation agreement and the network agreements provide examples of a more concrete application of occupational welfare practices among SMEs. While network agreements are of value particularly because of the significant role played by the enterprises involved, the implementation agreement is an example (Senatori, 2014) of how occupational welfare could interact with the negotiating practices at company level. At the same time, it casts light on the structural limits of the existing industrial relations system, in the sense that a participatory issue (occupational welfare) is dealt with by means of a conflict-based process (negotiation).

PART II – THE INDUSTRIAL RELATION SYSTEMS AND THE IMPLEMENTATION OF OCCUPATIONAL WELFARE ARRANGEMENTS IN COLLECTIVE BARGAINING

Italy – Section 2
The mapping of occupational welfare measures in collective bargaining at company/corporate level in Italy

MATTEO BORZAGA, CHIARA CRISTOFOLINI, RICCARDO SALOMONE

Summary: 1. Introduction – 2. The sources of regulation and the actors – 3. The aims of company collective agreements – 4. Welfare programmes at company level: "needs and tools" – 5. When the trade unions are not involved: unilateral occupational welfare measures at company level – 6. Preliminary conclusions.

1. Introduction

This section of the report is the result of the analysis carried out by a sub-group within the Italian team involved in the European project "*Going up to high road. Rethinking the role of social dialogue to link welfare and competitiveness"*. The University of Trento research team focused in particular on collective bargaining at the corporate/company level, aiming at reconstructing and comparing the various regulatory and policy approaches adopted by the Italian social partners in relation to competitiveness, flexibility and welfare. As pointed out in the recent literature, the most innovative strategies provided by collective bargaining "are often designed to foster capacity-building at workplace level" (Gumbrell-McCormick, Hyman, 2013). Moreover, the company level seems to be the most suitable for the development of occupational welfare measures, since it is the closest to the needs of both employers and employees, and the parties can verify and monitor the benefits or the constraints of the implemented measures. In other words, the company level can serve as a "laboratory" for innovative provisions, where the parties can control whether they manage to improve the working environment as well as to promote company competitiveness.

In order to evaluate current social dialogue practices, the research mapped 15 company collective agreements (cf. the appendix) trying to provide an answer to the following set of questions:

- What are the sources of regulation of occupational welfare schemes in the surveyed system? Who are the actors, at which level(s) do they operate?
- What is the general economic situation in which an occupational welfare scheme is set up? Is such a scheme part of a more complex productive or management strategy (defensive or expansive, based on the reduction of costs or on product quality)? In particular, are the experiences under examination framed in a context of productivity, flexibility and competitiveness-related goals? Do they aim to promote flexibility? Which kind (internal, external, both)?
- What are the topics dealt with under the broad 'occupational welfare' concept? What needs are addressed and what are the tools deployed to respond? Does the experience under

examination present some kind of linkage between flexibility and other production-related needs and welfare arrangements?

- To what extent do they pursue or achieve conditions favourable to freedom of choice, in the sense the latter has been defined here? Do they devise any particular procedure or toolkit for employee empowerment or voice?

2. The sources of regulation and the actors

Table 1 shows the fifteen companies surveyed and their sector of business. In order to provide the most representative overview of the Italian market, the empirical research focused on companies operating in different sectors, such as metalworking, air transport, banking, manufacture, distribution and services and the like.

Table 1: the 15 collective agreements mapped

COMPANIES	SECTOR
ABB	Metalworking
AEROPORTI P.	Air Transport and Airport activities
BARCLAYS	Banking
CAMPARI	Beverage industry
CONSERVE IT.	Food cooperative
DANONE	Food industry
FERRERO	Food industry
HENKEL	Chemical

COMPANIES	SECTOR
IKEA	Distribution and services
IW BANK	Banking
KRAFT	Food industry
LUXOTTICA	Eyewear
NESTLE'	Food industry
TECNOFAR	Metalworking
TENARISDALMINE	Metalworking

In the first place, it may be worth emphasising that all the companies in the survey are large, frequently multinational. This is due to the fact that large enterprises lay down welfare strategies more often than the medium or the small ones. The findings of a recent research project on the dissemination of occupational welfare confirmed that almost all (95.2%) the large Italian enterprises provide some welfare measures (Ires, Università Politecnica delle Marche, 2012).

In addition, most of the companies in the survey were not assisted by an employers' organisation. In fact, only five enterprises (i.e. Campari, Danone, Kraft, Nestlé and Tenarisdalmine) bargained along with their representatives. This fact may suggest that, on the employer side, the pivotal role in the implementation of welfare strategies is played by the company management.

On the labour side, usually the Federation in the specific sector related to the General Confederation of Trade Unions (CGIL-CISL-UIL), assisted the representatives of the single enterprise, that are the RSU, when elected, (Unitary Representatives of General Confederation of Trade Unions) or the RSA (Company Representatives of Trade Unions). For instance, the IKEA collective agreement was concluded by the RSU/RSA of the company, assisted by FAI-CISL, FLAI-CGIL and UILA-UIL. Although in most cases workforce representatives belong to one of the three main trade union confederations (CGIL-CISL-UIL), in some sectors other independent trade unions also play a significant role in bargaining. In this regard, a notable example is FABI, which operates in the banking sector (see Barclays and IW Bank).

In order to improve industrial relations, many of the agreements provide for regular meeting for the exchange of views.[157] By way of example, the Aeroporti Puglia, Danone and Nestlé agreements provide that the parties should meet on a regular basis. Campari, Conserve Italia and Tenarisdalmine agreements establish a bilateral committee on specific issues (e.g. work organisation, health and safety at work, training). In the same vein, the Henkel agreement provides a bilateral committee for each company plant. On this topic, Luxottica and Ferrero laid down the most innovative provisions, since Ferrero established an Advisory Committee where the parties share views on specific issues and a Technical Bilateral Commission that compares the performance trends of the employees, whereas Luxottica established a Governance Committee and a Scientific and Technical Committee. The Governance Committee is required to identify and support actions and strategies as well as to decide on the allocation of financial resources. The Scientific and Technical Committee provides the economical and financial analysis needed to implement the actions and the strategies identified. The current literature on occupational welfare emphasises the innovative approach of Luxottica industrial relation, consisting, above all, of two elements: the codetermination management of the committees and the funding system based on the increase of the productivity and organisational flexibility (De Filippo, 2013). More generally, the Luxottica case is often regarded as a benchmark for any analysis of company welfare. In fact, it represents one of the first ongoing experiments, launched in 2009 when the national collective agreement still did not provide any measures.

3. The aims of the company collective agreements

The survey examined agreements concluded during the economic downturn, in the timespan from 2008 to 2013. The social parties often highlight the general economic situation and its negative impact on the market. The high volatility of markets, the increased complexity and the corresponding fall in consumer purchasing power resulted in a reorganisation of work and of the production cycle.

In this perspective the Campari, Danone, Nestlé, Kraft and Luxottica agreements are the most remarkable. Although there is not an explicit link between the enhancement of internal flexibility and the welfare schemes provided, this relation seems to be in the background. In fact, the enterprises negotiate and provide occupational welfare measures while the parties agree on the importance of flexible forms of work to tackle the increasing dynamism and competitiveness of the market. To give some examples, the social partners in the Campari agreement establish, on an experimental basis, a new flexible employee unit to adapt to the specific and variable needs of the company. In the Luxottica agreement, the trade unions agreed to a reduction of breaks. The whole welfare scheme is funded by the resources generated from the reduction and/or the elimination of costs related to what is known as 'non-quality'.

With regard to the Aeroporti Puglia agreement, although it aims to promote both productivity and the well-being of the employees, the idea of well-being seems to prevail. The welfare programme does not seem to be counterbalanced by an enhancement of flexibility (internal or external) for business reasons. On the other hand, the Barclays agreement concluded in 2011 implemented a defensive strategy based on the reduction of costs. In fact, due to the economic downturn, the company carried out a corporate reorganisation and rationalisation; as a result, the programme defined is focused on layoffs

[157] Aeroporti Puglia, Campari, Conserve Italia, Danone, Ferrero, Henkel, Luxottica, Nestlé and Tenarsidalmine.

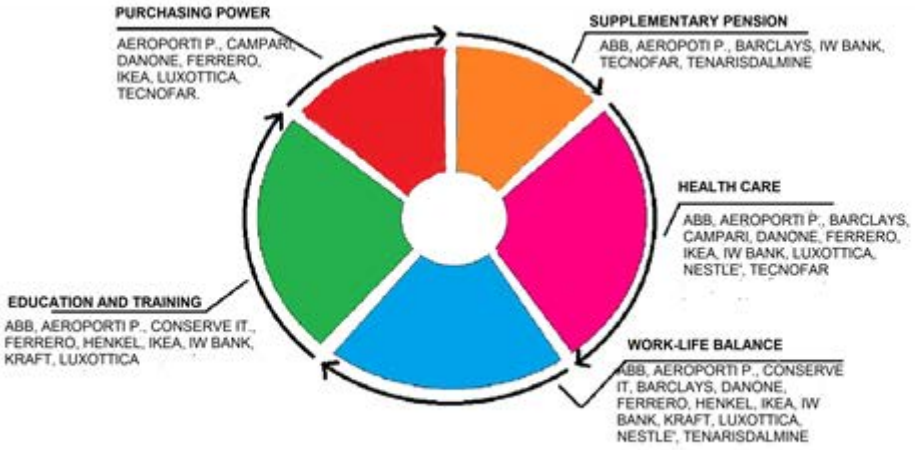
rather than on productivity. Thus, the overtime reductions as well as the easier access to the temporary suspensions of the performance are aimed at controlling costs.

4. Welfare programmes at the company level: needs and tools.

The following classification relies on the one proposed by the literature, that takes as a reference point the different needs that each measure is meant to satisfy (Treu, 2013). In this connection, the needs addressed are divided into those relating to pension and health care, work-life balance, education and training for young people or adults, and finally, and those relating to purchasing power.

Table 2 shows the five needs addressed in the agreements in the survey and the enterprises adopting them.

Table 2: Needs and tools



Starting with the two measures relating to "traditional welfare", pension and health care play a crucial role in the Italian Welfare State.

Pension funds absorb around the 15% of the entire public social expenditure. Although supplementary pension funds first came into existence a number of years ago, the trend increased significantly through collective bargaining and public policies since the early 1990s, as a result of public pension reforms. Since then, supplementary pensions have had a remarkable expansion in several sectors of business. However, coverage in percentage terms is still lower than in other European countries.

Public health care represents the other main pillar of the Italian system, and it has been grounded on the principle of universalism since the reform of 1978. Public spending in this sector has been growing despite attempts to control costs. In 2010 public health care accounted for 6.6% of GDP and according to statistical projections in 2025 there will be two million more elderly people, while the number of non self-sufficient individuals is expected to increase from 4% to 6% (Maino, Mallone, 2012).

The survey reports that various enterprises provide supplementary pension funds[158] while most of them[159] grant forms of integrated health care. To give a few examples, free medical treatment is provided by virtue of insurance policies or agreements stipulated with hospitals. Furthermore, ABB, Aereporti Puglia, Barclays and Tecnofar provide also insurance for accidents involving their employees. In any case, the extent of the benefits differs: for instance, Barclays provides insurance for both occupational and non-occupational accidents, whereas Aereoporti Puglia's insurance covers occupational accidents only. Finallyl, innovative provisions are laid down by Ferrero, that ensures three years of gross pay indemnity to the legitimate heirs of deceased employees, as well as Luxottica and Aeroporti Puglia, that provide a listening and counselling service for employees and their families.

In addition to these measures, a second set of measures has been developed and strengthened in order to encompass the changes and the increasing complexity of workers' needs, such as those related to the work-life balance and to education and training.

The statistics in this connection are a matter of some concern. Official statistics show that the number of employed mothers who do not work two years after childbirth has increased (from 18.4 in 2005 to 22.3% in 2012), whereas the number 'women breadwinners' increased from 5% to 7% in 2012. Also the number of single women with children (+ 36,000) increased, but during the same year, only 13.5% of children up to the age of two years had access to kindergartens or similar services. As a result, the percentage of women employees with children who face work-life balance problems has increased (from 38.6 to 42.7%). Moreover as regards education and training, ISTAT paints a bleak picture of the youth unemployment rate (increased to 40.0% in 2013) and of the Neet rate (increased to 26.0% in 2013) exacerbating the school-to-work transition (Istat, 2014a, Istat, 2014b).

Furthermore, one of the crucial economic and social problems in Italy is the abrupt loss of purchasing power. In 2012 purchasing power decreased by 4.8% (following a four-year period marked by a steady decline). Moreover, it is difficult for families to obtain a loan from banks, as consumer credit and loans decreased respectively by 20% and 35% in 2012. According to the literature, this may be due to the following factors: economic growth close to zero, which does not allow any increase in labour costs; taxes and pension contributions on labour that are too high, and the cost of living, that is growing faster than wages and salaries (De Filippo, 2013b). Whereas before the downturn occupational welfare at company level was closely related to work-life balance issues, the later agreements underline the importance of supporting the purchasing power of workers.

The empirical research (see Table 2) shows that all the 15 company-level collective agreements mapped provide tools to address these emerging needs.

Starting with work-life balance issues, the interventions can be divided into three categories: organisation of working-time and of performance, temporary suspension of the performance, and supply of services.

With regard to the organisation of working-time and performance, a number of enterprises grant time banking schemes - that allow the employee to turn overtime into additional leave - or flexibility at the start or the end of the working day.[160] Aeroporti Puglia

[158] The enterprises that provide this measure are: Abb, Aeroporti Puglia, Barclays, IW Bank, Tecnofar and Tenarisdalmine (6 of 15).

[159] Abb, Aeroporti Puglia, Barclays, Campari, Danone, Ferrero, Ikea, IW Bank, Luxottica, Nestlè, Tecnofar (10 of 15).

[160] In relation to time banking, see Aeroporti Puglia, Campari and Luxottica; on flexibility see ABB, Conserve Italia and Tenarsidalmine.

adopted a shift that allows mothers to work mornings only, to have a fixed rest on Sundays and to benefit from a second fixed day off during the week. In a similar vein, Luxottica and Ferrero allow exceptions from Saturday shifts for disabled or pregnant workers.

In addition, many of the surveyed companies facilitate access to part-time, entitling workers with children or dependent elderly family members to take priority over other workers.[161] However, the extent and the way differ: in Barclays and Henkel, for instance, the priority is not a right but a mere expectation, since it has to be compatible with the organisation's needs. Moreover, the two enterprises do not provide other similar measures. Similarly, Nestlé established a maximum of 5% of part-time workers in the same plant and teleworking is not fully implemented. In this perspective, these agreements do not seem to pursue conditions favourable to freedom of choice, since there is not much room for the empowerment of the employee. More consistent with capability theory are the provisions laid down in the Luxottica, Ferrero and Aeroporti Puglia agreements. In these cases, in fact, the employee can choose between a range of measures: part-time, paid or unpaid leave and time banking according to their personal needs and preferences.

In relation to the second category (i.e. temporary suspension of work), many of the agreements examined grant paid or unpaid leave and time off work.[162] By way of example, IKEA provides paid leave for employees in the case of illness of a child up to the age of eight years as well as five days of unpaid leave in the case of illness of a child aged between 9 and 12 years. Moreover it provides paid leave of two days for new fathers, one day of paid leave for applications for renewal of a residence permit and for family reunification, and 12 months of time off work for mothers, in addition to the parental leave already provided by the law and by the national collective agreement when, for personal reasons, the mother is not able to return at work. Furthermore, IKEA provides a supervised training for the employee returning from maternity or paternity leave.

Finally, as regards the third category (i.e. supply of services), as explained further below, services for children are usually provided unilaterally by the enterprise. However in the case of Aereoporti Puglia the company involved the trade unions in every step of the construction of the multifunctional centre, which provides a kindergarten, afterschool, workshops and summer camps.

Continuing with education and training, most of the agreements in the survey adopt a range of measures.[163] IKEA and Luxottica, for instance, provide internships for young people in order to facilitate the school-to-work transition. Kraft, instead, provides scholarships for the employee's children (14-17 years old) attending English courses or classes during summer holidays or additional leave for employees who decide to attend English courses or classes during the summer holidays. ABB Italia grants scholarships to the children on the basis of merit, whereas Henkel refunds 50% of the cost of tuition and textbooks. Finally, the Conserve Italia and Ferrero agreements are noteworthy in the organisational perspective, since they enhance internal flexibility providing training to foster the versatility and the multi-functionality of the employees.

With regard to the last need addressed, the measures to counteract the loss of purchasing power are of some interest.[164] Luxottica for example supplies a monthly basket of food products pre-selected by the Governance Committee, a bilateral committee composed by both trade union and company representatives. Moreover, the company allows 'family job sharing', which may involve the employee and his/her spouse who is

[161] Aeroporti Puglia, Barclays, Campari, Ferrero, Luxottica, Nestlé.
[162] Aeroporti Puglia, Conserve Italia, Henkel, IKEA, Luxottica,
[163] ABB, Aeroporti Puglia, Conserve Italia, Ferrero, Henkel, IW Bank, Kraft, Luxottica.
[164] Companies adopting these measures: Aeroporti Puglia, Campari, Danone, Ferrero, IKEA, Luxottica, Tecnofar.

unemployed or in receipt of income support (CIGS, Extraordinary Wage Guarantee Fund) or a parent and his/her child who is finishing or has just finished his/her studies. Ferrero stipulated a series of agreements with companies that supply goods and services in order to grant discounted rates to their employees. Furthermore, Tecnofar pays 250 euros per year to all employees who have not been 'short absent' (less than 5 days' absence) on more than two occasions in the calendar year. Furthermore, some of the companies provide financial support.[165] Aeroporti Puglia, for instance, grants small loans up to 5.000 euros, whereas permanent IKEA workers can request an advance on their severance pay in the case of renovation of their first home, car purchase or educational expenditure.

5. When the trade unions are not involved: unilateral occupational welfare measures at the company level.

As previously mentioned, the survey shows that several companies adopt occupational welfare measures unilaterally.[166] By way of example, Kraft supplies an array of goods and services in order to support the purchasing power of their employees, through a project called "Make today delicious", which includes goods and services at reduced cost, time saving services (cafeteria, takeaways, post office, pharmacy, parking, car repair, laundry), wellness services (green area with a space for reading newspapers, meeting rooms with wireless connections, neck massages and fitness centre), agreements with public nurseries and public transport services, free flu vaccination and check-ups for employees over 40 years old. Nestlé opened two large kindergartens in 2004 and 2007 in Milan and in Perugia, whereas Tenarisdalmine stipulated several agreements to ensure childcare, nursery and schools for its employees and their family members. Finally, in 2010 Luxottica implemented the Family Care project at the Milan plant, based on a questionnaire completed by its employees: it includes the extension of the flexible working-time band, agreements and economic contributions for kindergartens and summer camps as well as childcare services on demand.

For the rationale and outcomes of the project, these provisions are the less consistent, since they entail a fragmentation on the workers' front, in the sense that workers increase their dependency on their employer. In fact, these interventions depend on the sole discretion of the employer and do not operate in a win-win perspective.

6. Preliminary conclusions

As a matter of fact, all the mapped experiences denote the key role played by the companies, as the management appears to play a leading role in supporting, designing and implementing the occupational welfare measures.

However, the empirical research also suggests that the social partners acknowledge the necessity to pursue new and innovative bargaining approaches. From this perspective the agreements surveyed are in line with the rationale of the project, as well as with the views in the current literature, since they reflect the growing attention of collective bargaining both on the well-being of employees and on the development of new forms of work-organisation and production methods.

[165] Aeropoti Puglia, IKEA, Luxottica.

[166] The enterprises that adopt a series of measures unilaterally are: Campari, Danone, Luxottica, Nestlé, Tenarisdalmine.

In broader terms, the mapping suggests that social dialogue and collective bargaining are still key characteristics of the Italian industrial relations model. However, all the agreements analysed diverge form the twentieth century trade union strategy, according to which the main focus was to promote the standardisation of conditions, in favour of a more flexible regulation system that tends to identify and value the workers' priorities and preferences.

PART II – THE INDUSTRIAL RELATION SYSTEMS AND THE IMPLEMENTATION OF OCCUPATIONAL WELFARE ARRANGEMENTS IN COLLECTIVE BARGAINING

Italy – Conclusions and recommendations

MATTEO BORZAGA, CHIARA CRISTOFOLINI, DAVIDE DAZZI, RICCARDO SALOMONE

The analysis reveals that in Italy the relationship between social dialogue, competitiveness and occupational welfare has yet to develop completely. In particular, there is still no clear and explicit link between forms of work organisation aimed at increasing competitiveness and occupational welfare practices. At least the relationship seems to be fuzzy when occupational welfare measures go beyond company limits and take on at local or national level: bilateralism and local collective agreements.

At the company level this relationship seems to be at a more advanced stage. Although the linkage between forms of work-organisation and occupational welfare measures is not explicit, the need to respond to the dynamism of the market by improving internal-organisational flexibility is clearly perceived by the social partners. However, in many cases the actors attempt to implement new strategies and seem to find in welfare schemes an instrument to safeguard employee wellbeing. Hence, even though collective bargaining at company level represents the most suitable framework for achieving a dynamic combination of "occupational welfare" measures and new forms of work organisation, there is still some resistance to its development.

First, **structural resistance** is to be seen, consisting of the extension of collective agreements at company level. In the national two-tier collective bargaining structure, it is estimated that the second-level (decentralised) bargaining covers only 30% (Istat) of the entire workforce in the industrial and service sectors.

Second, **cultural resistance** is to be seen in negotiation at the decentralised level. The decentralisation of collective bargaining in Italy has been discontinuous and all the diverse attempts have shown how the social partners, and policy-makers, seem to be more oriented to decentralise various collective issues but not occupational welfare: pay schemes, working hours and job performance. This means that even when decentralised collective bargaining achieves a larger dimension, it is unlikely to develop a more intense use of occupational welfare at company level.

Third, **institutional resistance** is to be seen, depending on the structure of the industrial relations system. In the single-channel representation model, the same structure (RSU, unitary workplace union structure) constitutes, at one and at the same time, both the representative body for the entire workforce in the work/production unit (including those employees who are not members of any union), and the rank-and-file structure for the unions. As a result, the same body, representing simultaneously union and employee representatives, is entitled to both participation and negotiation rights. Given this industrial relations system, the introduction of occupational welfare measures, more closely related to a participation-based approach, is determined by a body that is also responsible for negotiation, with a conflict-based approach. As participation and negotiation rights converge on the same body, occupational welfare measures are likely to be perceived as part of the pay-setting agenda, or part of an exchange process with the employer. This constitutes a cultural obstacle, principally for the trade unions, to full acknowledgment of how occupational welfare measures could impact positively on work organisation. In this

regard, it should be pointed out that occupational welfare measures seem to be more coherent with Human Resource Management strategies than with the industrial relations system: increasing real remuneration without increasing labour costs thanks to fiscal advantages.

Finally, **legislative resistance** is to be seen**,** deriving from the ambiguity related to how fiscal incentives encourage or discourage the negotiating road to occupational welfare. The Italian tax system is by no means clear in dealing with the relationship between occupational welfare and collective bargaining. On the one hand, supplementary health schemes and pension funds benefit from fiscal incentives when determined by collective bargaining. On the other hand, with regard to some kinds of occupational welfare measures, and specifically those referring to education, training, recreation, social and health assistance and religion, companies benefit from limited fiscal advantages when such welfare measures are introduced by collective agreements. Conversely they benefit from a total fiscal deductibility if the same welfare measures are provided unilaterally to each employee. According to Article 51 of the Tax Code (1986), regulating fringe benefits, welfare measures must be provided on a voluntary basis and this use of collective agreement means that the process is no longer voluntary. Recently some modifications have been introduced (Act no 44/2012) reducing the area of welfare measures on a voluntary basis, but uncertainty of treatment has not been totally eliminated: it is the services that are most closely correlated to work-organisation that are still excluded from tax benefits. In some cases, the social partners at company level work together to design appropriate occupational welfare measures and the schemes are then provided unilaterally by the management, and not included in the collective agreement, in order to be sure to benefit from total tax deductibility. Such an ambiguous tax system discourages the use of collective bargaining as a way to develop occupational welfare.

Despite significant obstacles, we suggest that social dialogue remains an effective instrument to link and balance the well-being of employees to the enhancement of competitiveness. At present, the system seems to be still at an early stage of development, but its potential is evident. Furthermore, the long-standing effects of the economic financial crisis have induced social partners to adopt more intensively innovative practices of industrial relations and forms of flexibility. The collective agreements in this study show that the industrial relation system implemented is often based on a more cooperative approach and that the measures adopted are often quite innovative. Furthermore, the research shows that a detailed analysis is more likely to highlight the connections between occupational welfare measures and work organisation.

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PART II – THE INDUSTRIAL RELATION SYSTEMS ABD THE IMPLEMENTATION OF OCCUPATIONAL WELFARE ARRANGEMENTS IN COLLECTIVE BARGAINING

Spain

FRANCISCO J. GÓMEZ ABELLEIRA, KENNETH A. DUBIN

Summary: 1. The Spanish regulatory and policy framework – 2. Internal flexibility after the reforms: do companies still need to negotiate? – 3. The transformation of collective bargaining – 4. Latest trends in social dialogue practices concerning occupational welfare – 5. Employee welfare in sectoral agreements – 6. Employee welfare in company level agreements – 7. Collective Agreement for Philips Ibérica – A) Compensatory arrangements and insurance schemes – B) Skills development – C) Work organisation – 8. Collective Agreement for Air Liquide España, Air Liquide Medicinal, Air Liquide Ibérica de Gases – A) Compensatory arrangements and insurance schemes – B) Skills development – C) Work organisation – 9. Conclusions.

The aim of this paper is to review the link between social dialogue and occupational welfare in Spain. In the first part, we analyse the Spanish regulatory and policy framework, with a view to answering the following question: do recent legal and policy developments in Spain promote a high-road approach to labour relations? In the second part, we focus on the developments in the regulation of internal flexibility, and in the third part on the developments in the regulation of collective bargaining. In the fourth part of the paper, we examine the latest trends in social dialogue practices in Spain focusing on the contents that can be considered occupational welfare.

1. The Spanish regulatory and policy framework

Like other European countries, Spain has gone through a process of far-reaching labour reform over the period 2009-2013. These reforms were described by public officials as a critical means for reversing a constantly rising unemployment rate, and, in their more candid moments, for restoring competitiveness through wage devaluation. Though further reforms in the near future should not be ruled out, the reforms approved so far have already altered some of the most important pillars of the Spanish system of labour relations. One of the main effects of these reforms, particularly those approved by the conservative government of Mariano Rajoy in February 2012, is the weakening of collective bargaining, both at the sectoral and company levels. This change has had a significant impact on the negotiated social welfare benefits that are the subject of this report. Before the reforms introduced during the period 2009-2013, the Spanish system of labour relations rested on four institutional pillars:

1) *The State as the main provider of social welfare.* Pensions, unemployment benefits, sickness benefits, maternity and paternity benefits as well as health care are provided by the State through mandatory schemes which are financed either through the social security contributions paid by employers and employees (financing pensions and cash benefits) or through general taxes, such as the income tax or VAT (financing the public health care system). Employers and employees had little autonomy and few incentives to negotiate more generous provision in these areas. Replacement rates in Spain can still be considered

high both for pensions and unemployment benefits: for instance, whereas in Spain the gross public pension replacement rate for a median earner is 73.9, in the EU27 the rate is 60 (2013). Social security contribution rates in Spain are also high, indeed among the highest in OECD countries: over the period 2004-2012, the pension contribution rate (as a percentage of gross earnings) was over 28% in Spain, while it was around 23% in EU27.

2) ***Labour legislation rather than collective bargaining as the main source of protection for employees.*** Spanish workers have traditionally enjoyed high levels of protection through national employment legislation. This can be considered as a part of the Francoist legacy: under the dictatorship, strong individual protection of the employee (at least, employment stability and protection against unjustified dismissals) was offered as partial compensation for the negation of freedom of association and other collective rights. In the highly charged atmosphere of the transition to democracy, collective rights were restored, while individual protections remained largely in place. The twin challenges of the 1970s oil crisis and the gradual opening up of the Spanish economy in the lead-up to European Union accession in 1986 led to dramatic changes in the competitive environment facing Spanish employers. The persistence of strong legal protections for employees and a culture of arm's length, low-trust bargaining made adjustment difficult and undermined the competitiveness of many companies. Only among those few companies that enjoyed a strong financial position were there employers able to bargain for flexibility in exchange for expanded occupational welfare. For most companies in Spain the main route to flexibility since the mid-1980s has been fixed-term employment. The unions, meanwhile, have concentrated their efforts on protecting labour market insiders' jobs, wages and working conditions. As a result, sectoral and firm-level bargaining agents have rarely achieved positive-sum solutions exchanging flexibility for greater occupational welfare.

3) ***High protection for permanent employees, low protection for fixed-term employees (dual labour market).*** In the 1980s, growing unemployment and competitiveness problems led the Socialist government to approve reforms aimed at the flexibilisation of the labour market and the employment relationship. Instead of reducing the overall level of employment protection, the main flexibilisation measure was to liberalise the use of fixed-term employment contracts. As a result, from the mid-1980s onwards, permanent employees enjoyed high levels of protection for both jobs and working conditions while employers resorted to the massive use of fixed-term employment. Fixed-term contracts obviously provided hardly any protection from dismissal when they came to an end; they also allowed employers far greater levels of internal flexibility. Since their introduction, the use of fixed term contracts in Spain has been among the highest in the EU and among all the OECD countries, making Spain a paradigmatic case of a dual labour market.

4) ***Preponderance of sectoral collective bargaining.*** Most workers in Spain were covered by a sectoral collective agreement. This was the outcome of the combination of three legal principles promoted by the main social partners in the late 1970s. First, collective agreements had general efficacy, meaning that they applied to all companies and employees within the sector, whether or not they were affiliated with the associations and unions that signed the agreement. Second, before 2012, collective agreements applied even after the end of the planned period of validity until a new agreement was reached in the bargaining unit, effectively impeding the negotiation of less favourable conditions for existing workers absent the most extreme competitive pressures (and sometimes not even then). Third, again until 2012, a collective agreement negotiated at the company level could not establish less favourable working conditions than those established by the corresponding sectoral agreement.

The reforms approved during the Great Recession (2009-2013) may be divided into two phases. The first phase corresponds to the Socialist government (2009-2011), whereas the second phase corresponds to the Popular (Conservative) government (2012-2013). The most far-reaching reforms have been put in place by the Popular party, basically Act no 3/2012 (hereinafter the 2012 Reform). A review of these reforms is necessary in order to assess their impact on the four pillars mentioned above.

1) Though two important reforms (one in 2011[167] the other one in 2013[168]) have affected pensions in two fundamental aspects (retirement age and calculation of pension amount), the State is still the main provider of social welfare. Admittedly there is a growing social perception that future pensions might not be as generous as they once were, which in turn generates the belief that the private sector should set up new schemes to supplement income for future recipients. In the context of an ongoing and severe crisis, however, these beliefs have not been translated into an expansion of employer-supported pensions. It is worth noting that no legislation has been introduced to improve the fiscal treatment of such private-sector initiatives.

2) The level of protection afforded by labour legislation has decreased significantly over the last few years. The 2012 reform has reinforced the position of companies in terms of both internal and external flexibility: substantial modifications of working conditions, including pay and including modifications affecting conditions established by collective agreements, are now much easier than in the past. The regulation of dismissals is also less stringent than it used to be: on the one hand, making employees redundant for economic and productive reasons - including collective redundancies - is now more feasible than before; on the other hand, the compensation due for unfair dismissal has been reduced from 45 to 33 days of salary per year worked. In addition, other reforms, such as the reform of part-time work (approved in December 2013), have contributed to enhanced levels of flexibility: the unilateral administration of working time by management now allows a degree of flexibility which, before 2012, was difficult to obtain even in a collective agreement.

3) The duality of the labour market has been tackled by successive reforms, but without much success: according to the latest Labour Force Survey (2014 Q3), 24.6 percent of employees have a fixed-term contract. The following graph shows the number of permanent employees (blue line) and the number of fixed-term employees (orange line).

Graph: Source: INE (EPA).

It is true that the difference between the termination costs of permanent and fixed-term employees has been reduced: before 2012, while the termination cost of the typical

[167] Law 27/2011.
[168] Law 23/2013.

permanent contract was 45 days of salary per year worked, the termination cost of a fixed-term contract was only 8 days of salary per year worked. This remarkable gap is now much smaller (33 days versus 12 days), but this is still not a trivial difference. The practical result is that most companies prefer to employ workers on a fixed-term basis. Even though fixed-term contracts are formally limited to objective reasons, the reality is that the degree of control by the labour inspectorate is low and that only a small fraction of the employees affected by unjustified fixed-term contracts end up filing a claim.

4) The most important objective of the 2012 Reform was probably the decentralisation of collective bargaining in order both to facilitate wage devaluation and to weaken the power of unions. Although the reform did not change the traditional rule of general efficacy, it altered the regulation of the termination of collective agreements and inverted the historic prevalence of sectoral agreements over company-level agreements on an important number of matters. As a result of these two changes, the preponderance of sectoral collective bargaining might well become a thing of the past in the near future.

2. Internal flexibility after the reforms: do companies still need to negotiate?

There are two principal gains that companies may try to obtain through collective bargaining. These gains function as an incentive to negotiating. The first is social peace; the second is productivity.

Though social peace may still operate as an incentive in some cases, in the reality of labour relations in the twenty-first century, industrial action (especially strikes) is increasingly infrequent. Twenty-five years ago, in 1989, the number of working days lost as a consequence of strikes was 3,685,412. Ten years later, in 1999, the corresponding figure was 1,477,504. Twenty years later, in 2009, it was 1,290,852; and in 2013, only 1,098,480 working days were lost because of strikes. There are important economic sectors in Spain where industrial action is almost unknown (in 2013, for instance, only 246 employees went on strike in the pharmaceutical industry, only around 2,000 in the hotel industry, fewer than 5,000 in the restaurant sector).[169]

The other important driver of negotiation is productivity. Though there are other variables to consider, in modern economies internal flexibility is one of the most important drivers of productivity. The ability to adapt quickly to change and to new challenges entails the need for companies to change tasks, schedules, and workplace organisation. After the recent reforms, this is guaranteed directly by the law through new regulations governing task modification (functional mobility) and the uneven distribution of working time (up to 10 percent of annual working time may be unevenly distributed at the unilateral decision of the employer). These types of flexibility used to require negotiation, as the law did not grant the employer any unilateral prerogatives whatsoever.

Today, any company can use them without negotiating with employee representatives. In addition, the flexible regulation of part-time work introduced in December 2013 further increases the extent to which employers can avail themselves of internal flexibility without any negotiation.

This does not mean that companies no longer need to negotiate. They can achieve even higher levels of internal flexibility through negotiation with employee representatives. They can also use agreements for the modification of working conditions as a way to avoid litigation or arbitration: without the agreement, the employer's unilateral decision may be challenged before a court (and the chances are that the court will declare the modification

[169] Source: Ministry of Employment.

void or unjustified). Moreover, without an agreement, the modification of working conditions established by a formal, officially published (normative) collective agreement is not possible; under these circumstances, the only way to introduce flexibility measures that contradict the agreement (absent a negotiated change) is by winning in an arbitration procedure.

The outcome is that the need to negotiate with unions or employee representatives is less compelling than it used to be. Labour has lost power and employee representatives are less indispensable than just a few years ago. Note that this is just a comparison between present and past: even after the reforms of these years, social dialogue in the workplace or at company level may still be considered an excellent tool for business competitiveness. This claim is reinforced by developments in the legal regulation of collective bargaining, to which we turn now.

3. The transformation of collective bargaining

For all the changes introduced in relation to internal flexibility, termination of employment, redundancies, employment contracts, and part-time work, the most strategically important single development in Spanish labour law in the last five years is the reform of the collective bargaining system. There are two absolutely transcendental changes: first, the decentralisation of collective bargaining and, second, the new legal framework concerning limits on the binding effects of formal (normative) collective agreements.

The traditional rule pursuant to which sectoral collective agreements prevailed over company level collective agreements was central to the Spanish labour relations system. It gave considerable power to big unions and employers' associations, especially at provincial level: the regulation of wages, hours and tasks contained in those sectoral agreements had to be respected by every company operating within the provincial territory in a particular sector. The only purpose of collective bargaining at company level was the establishment of better working conditions, so that in practice very few companies had their own collective agreement. For the most part, these companies were large ones where workers were sufficiently organised to press for more advantageous wages and working conditions.

Now, a formal (normative) collective agreement negotiated at company level can establish lower wages than the sectoral agreement, lay down different terms and conditions concerning working hours, change the job classification, and so on. The terms and conditions on these important matters contained in a company-level collective agreements now prevail over those set out by the industry-wide collective agreement.

As a result of this new rule, one could expect a spectacular increase in the number of formal collective agreements at company level. However, according to the latest statistics, the number of formal collective agreements at company level has not skyrocketed. (The number of company agreements has doubled, but from a low floor) as shown in Figure 1.

Year	Total	Company	Sector
2011	1,363	1,058	305
2012	1,580	1,274	306
2013	2,446	1,898	548

Figure 1 Number of formal, officially published collective agreements signed per year (Source: Ministry of Employment).

In fact, if we consider not the number of agreements signed in a given year, but the number of employees affected by those agreements, it is clear that an overwhelming majority of employees continue to be covered by a sectoral agreement.

Year	Total	Company	Sector
2011	2,628,723	332,363	2,296,360
2012	3,194,925	339,072	2,855,853
2013	5,252,961	527,489	4,725,472

Figure 2. Number of employees affected by collective agreements signed in the corresponding year (Source: Ministry of Employment).

The explanation for this has to do with another provision that the 2012 Labour Reform has made availale for employers: since 2012, companies may derogate from the terms and conditions established in a formal collective agreement. In order to do this, companies have either to reach an agreement with employee representatives or to obtain a favourable arbitration decision. Both routes deserve in-depth analysis.

The first way to derogate from a formal collective agreement is to reach a workplace or company -evel agreement with employee representatives. The interesting point here is that these representatives may be the regular ones (either union representatives or elected representatives: basically, a works council) or, in their absence, just a committee of up to three workers elected in just a few days by the workforce. While the regular employee representatives have stability and prerogatives, have been more or less trained for the the position, and enjoy special legal protection (protection against dismissal), the so-called ad hoc committee is formed almost overnight by employees without any training, and their legal status is far from clear. In thousands of small businesses, most of which lack formal employee representatives, the employer and the ad hoc committee simply reach an agreement in a few days in order to derogate from the terms and conditions established in the formal (typically sectoral) collective agreement. From November 2012 to October 2014, the number of these derogation agreements registered with the Ministry of Employment was 4,452. In 2013, the number of such agreements was 2,486, more than the number of company-level collective agreements signed in the same period.

In addition to decentralising collective bargaining, the 2012 Reform eliminated the rule according to which collective agreements remained in force until the entry into force of the new collective agreement. Once a collective agreement had reached the end of its period of validity, and while negotiations were conducted towards a new agreement, the terms and conditions laid down in the old agreement were still binding. This lasting efficacy of collective agreements after their period of validity, known as "*ultractividad*", created a relatively comfortable position for unions and employee representatives. Another important effect of the rule, as noted above, was to make it almost impossible to negotiate less favourable working conditions: at least in sectoral negotiations, unions would never sign an agreement with lower wages or longer hours, because the terms and conditions of the expired agreement would remain in force *sine die*, year after year. The negative effects of this rule for business competitiveness were not evident during the years in which the economy grew and inflation was high (well over 2 percent in Spain for many years, rapidly eroding the purchasing power of wages that were not renegotiated); but they became evident during the Great Recession.

In the main, the collective bargaining reform in 2012 reduces the power of both unions and employers' associations at the sectoral level and creates incentives for collective bargaining at the company level. However, it gives companies two ways to derogate from the working conditions and other terms of sectoral collective bargaining. The first way is to conclude a formal (normative) collective agreement: the wages, hours and other terms laid down in this agreement prevail over those established at the sectoral level, even if the former are less favourable for the employees. The second way is to enter into a mere workplace agreement to derogate from the sectoral agreement: this too can establish lower wages, longer hours, etc. While the first way requires stable employee representatives (works councils) in the company, the second way does not require the existence of a works council, and the employer can negotiate and reach an agreement with an interim workers' committee. Thus, the availability of this second way eliminates the incentive to set up works councils in companies. However, an overwhelming majority of works councils in Spain are unionised: most of their members (delegates or council members) are union members. The result is that companies can avoid unions and works councils and, at the same time, can have the flexibility and working conditions they need (or just want), only by working towards agreements with their workforce. Thus, as noted above, the 2012 reform appears designed to drastically reduce the power of unions in the Spanish economy.

4. Latest trends in social dialogue practices concerning occupational welfare

The research in this part of the report is based on a sample of the most recent national collective agreements. All the agreements are recent, having been published in 2014. The study extracted information from 30 agreements:

- 15 industry-wide collective agreements, covering around 400,000 workers as follows:

Abbreviated name in this report	SECTORAL COLLECTIVE AGREEMENT	APPROXIMATE NUMBER OF EMPLOYEES COVERED
SCARestock	Restocking activities	20,000
SCALeather	Leather industry	2,400
SCATextile	Textile industry	78,200
SCAProperty	Property brokerage	70,200
SCATile	Tile and brick industry	7,500
SCANougat	Manufacture of nougat	5,000
SCAPoultry	Poultry processing	14,000
SCACement	Cement by-products	7,000
SCAMeat	Meat industry	44,800
SCATaxis	Taxi services	20,000
SCAAgencies	Administrative and paralegal services	17,300
SCARailway	External services to the railway industry	5,200
SCAGlass	Glass and ceramic industry	60,000
SCAHandling	Handling (airports)	14,000
SCAShoe	Footwear industry	24,000

- 15 company-level collective agreements. As shown in the following table, the sample includes companies of different sizes and sectors. Some of them are multinationals, others not. Some of them are Spanish subsidiaries of foreign companies, others are not.

Abbreviated Name in this paper	COMPANY COLLECTIVE AGREEMENT	SECTOR	APPROXIMATE NUMBER OF EMPLOYEES COVERED
CCALiquide	Grupo AL Air Liquide	Manufacture of chemicals and chemical products	836
CCASintax	Sintax Logística	Freight transport by road	150
CCATelefon	Telefonica On the Spot services	B2B media services activities	137
CCAFord	Ford España	Motor vehicles production	8,254
CCAKFC	KFC Restaurants Spain	Restaurants	178
CCAPhilips	Philips Ibérica	Specialized wholesale	612
CCA20M	Grupo 20Minutos	Newspaper publishing	151
CCAAqualo	Aqualogy Supply Chain	Wholesale construction materials	99
CCABridge	Bridgestone Factories	Tyre manufacturing	2,869
CCAEssilor	Essilor	Ophthalmic lenses and equipment manufacturing	469
CCACaixa	Fundación La Caixa	Museum and related cultural activities	350
CCAExide	Exide Technologies	Battery manufacturing	1,451
CCASabeco	Supermercados Sabeco	Retail sales in non-specialised stores with food, beverages predominating	4,500
CCAAcciona	Grupo Acciona Energía	Electricity	1,657
CCAGobain	Saint Gobain Vicasa (Fábricas)	Hollow glass manufacturing	934

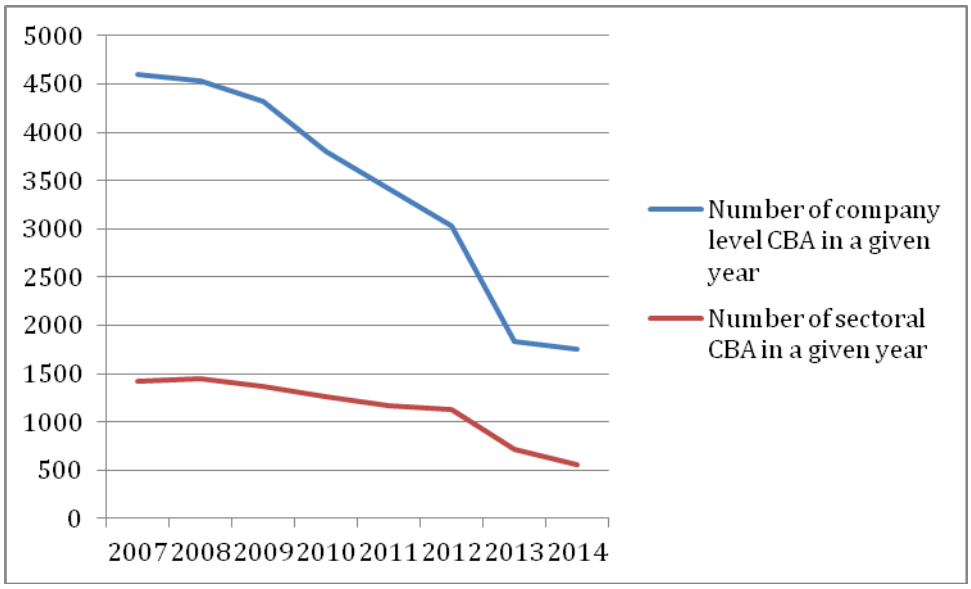
Due to the limited size of the sample, the analysis is more qualitative than quantitative. However, we are confident that the sample is fairly representative of the current collective bargaining situation in Spain. In fact, reliable statistical data show that among social costs, those aimed at employee welfare make up a small and *decreasing* fraction of total labour costs borne by employers.

	Wages / Salaries %	Social Security Taxes paid by company %	Voluntary contributions paid by company (pension plans, etc.) %	Social benefits directly paid by company %	Training financed by company %	Other social expenditure by company %
2008	73.08	22.38	0.7	0.98	0.35	0.14
2009	72.81	22.12	0.72	1.06	0.31	0.13
2010	73.14	22.09	0.7	1.05	0.34	0.14
2011	73.07	22.05	0.71	0.94	0.36	0.13
2012	73.24	22.19	0.61	0.94	0.33	0.14
2013	73.44	22.36	0.61	0.74	0.33	0.13

Source: INE – Encuesta de costes laborales [National Statistics Institute – Labour cost survey]

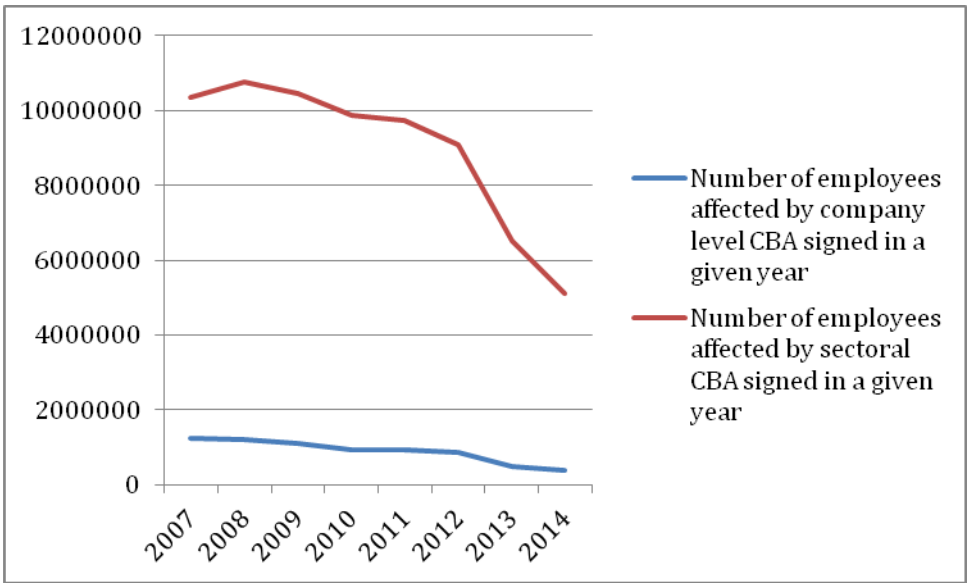
Our study does not cover workplace agreements. More informal in nature, and usually unpublished, workplace agreements often grant additional rights to employees. It is important to bear in mind that specific measures or arrangements are often made through workplace agreements rather than in formal collective bargaining agreements.

In Spain, most companies and most employees are covered by sectoral collective agreements rather than company-level collective agreements. Since the onset of the economic recession in 2008, the number of collective agreements concluded has decreased steadily, as shown in the following graph:



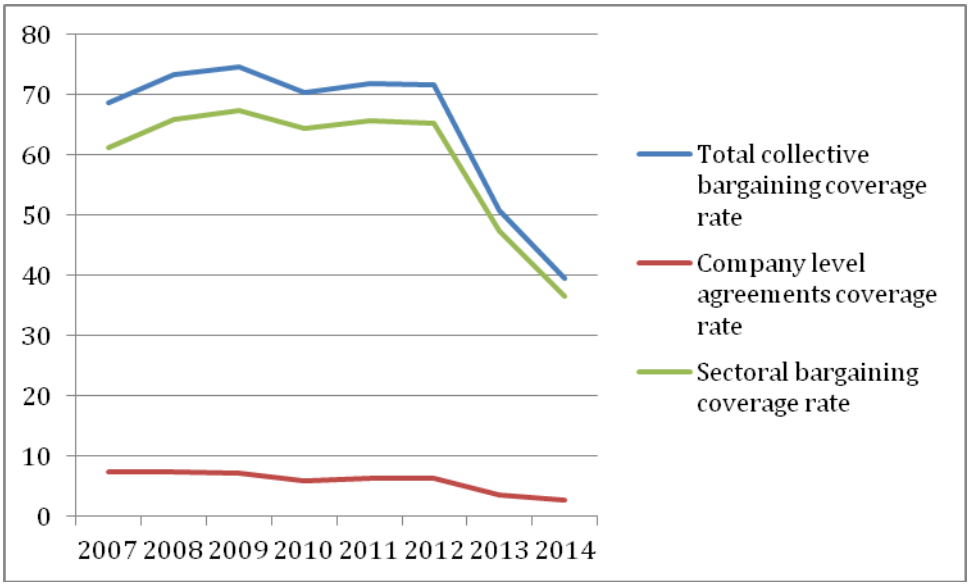
Graph based on information supplied by "Comisión Consultiva Nacional de Convenios Colectivos" [Boletín del Observatorio de la Negociación Colectiva]

As a result of the decrease in the number of agreements signed, the number of employees covered by labour agreements has also decreased, as shown in the following graph:



Graph based on information supplied by "Comisión Consultiva Nacional de Convenios Colectivos" [Boletín del Observatorio de la Negociación Colectiva]

Though the total number of employees has also decreased over the last seven years, the decrease in the number of agreements is disproportionately larger. As a result, the coverage rate of collective agreements has been decreasing in recent years, as shown in the following graph:



Graph based on information supplied by "Comisión Consultiva Nacional de Convenios Colectivos" [Boletín del Observatorio de la Negociación Colectiva]

As the data show, while the number of collective agreements (and the coverage rate) was decreasing before 2012, that year marked a turning point. The coverage of collective bargaining is substantially less extensive now than it was prior to the labour market reforms implemented in February 2012: the ability of unions and employee representatives to bring employers to the bargaining table has been seriously undermined. Moreover, when employers do agree to bargain, the power of employee representatives is often critically compromised.

5. Employee welfare in sectoral agreements

Most sectoral agreements contain some type of provision concerning employee welfare. In addition to the most basic function of setting minimum wages and maximum working hours, sectoral collective agreements establish measures aimed at enhancing employee welfare. The most frequent measures are:

1) Supplementary cash benefits during temporary incapacity for work.
2) Insurance against death and permanent incapacity (especially if due to accidents at work).
3) Paid days off and unpaid leave of absence over and above that established by law.
4) Supplementary cash benefits during temporary incapacity for work.

1. Supplementary cash benefits for temporary incapacity

Thirteen out of the 15 agreements under examination grant employees the right to receive supplementary cash benefits during temporary incapacity.

During periods of temporary incapacity the employee is generally entitled to a cash benefit from the social security, whether or not the incapacity was caused by sickness or work-related injury. If the temporary incapacity is due to work-related injury or to an occupational illness, the social security administration pays the employee 75 percent of the contribution base (which in most cases is approximately the same amount as the employee's salary). If the temporary incapacity was caused by an accident or an illness not related to the job, the employee receives a cash benefit of 60 percent of the base from the fourth to the twentieth day of the period, and of 75 percent of the base starting in the twenty-first day. The maximum duration of the benefit is a year and a half.

Most sectoral collective agreements provide a supplementary benefit to be paid by the employer. In many cases, the benefit is granted only if the temporary incapacity was caused by a work-related accident or illness.[170] In others, however, the benefit is granted in every situation of temporary incapacity, whether or not its cause has to do with the work carried out by the employee.[171] In most cases, the benefit is granted regardless of the cause but only under certain conditions (for instance, hospitalisation.)[172]

An important number of agreements protect workers only if the period of temporary incapacity extends beyond a minimum number of days.[173] This type of restriction tries to

[170] SCARestock, Article 51. SCALeather, article 56. SCATextile, article 43. SCAGlass, article 25. SCAShoe, article 48.
[171] SCAProperty, Article 63.
[172] SCATile, Article 29. SCAMeat, annex 18. SCAAgencies, article 34. SCARailway, article 51.
[173] SCARestock, Article 51 (incapacity must last at least 9 days). SCALeather, article 56 (incapacity must last at least six days in a hospital). SCANougat, Article 41 (incapacity must last at least 20 days). SCAPoultry, annex III (must last at least 20 days). SCAHandling, Article 54 (the benefit is paid starting on the 60th day of the period of incapacity).

combine the protection of workers with the business objective of reducing unjustified absenteeism. This approach is rooted in the presumption that most false incapacity claims last only a few days. The link between these extra requirements and the fight against unjustified absenteeism is clear in some agreements (for instance, they provide that the benefit will be paid only if the absenteeism index for the entire company is below a certain limit).[174] Meanwhile, other agreements establish that the employee is entitled to 50 percent of their salary up to a number of days per year when they are off work due to sickness.[175] Employees are entitled neither to salary nor to social security benefits for the first three days of any process of temporary incapacity caused by sickness not related to work.

2. Insurance against death and permanent incapacity (especially if due to a workplace accident).

Another frequent provision in sectoral agreements is insurance against death and permanent disability. The social security system covers death and permanent disability through pensions and other types of benefits. In addition, almost every industry-wide collective bargaining agreement establishes the company's obligation to take out an insurance policy covering employee death and permanent disability. There are important differences in the amount covered under each agreement.[176] In most collective agreements, the protection offered by the agreement is only for death and disability due to work-related injury or sickness.[177]

3. Paid days off and unpaid leave of absence over and above the provisions laid down by law.

Most sectoral collective agreements contain some type of provision concerning work-life balance, often as paid days off from work in addition to those granted by legislation. Spanish legislation provides a minimum duration of paid annual leave of 30 calendar days, in addition to 14 public holidays. It also provides paid leave of absence (usually 1-4 days) for personal circumstances (death of a close relative, hospitalisation of a close relative, etc.).

A number of sectoral collective agreements provide additional paid days off work: in many instances, without any need to justify the reason for the absence (for instance, they grant a number of days in a year that the employee can use as they wish;[178] or they grant additional days of paid annual leave).[179] In other cases, the agreement requires that the

[174] SCACement, Article 105.
[175] SCATextile, Article 48 (4 days); SCAPoultry, annex III (2 days).
[176] For instance, SCATextile: €7,200 (Article 67); SCATile: between €30,000 and €42,000 (annex I). SCANougat: €23,000 (Article 42). SCAPoultry: one year of salary. SCACement: €1,800 or 50,000 if the cause is a work-related injury (Article 104). SCAMeat: €18,000 (annex 11). SCATaxi: €31,000 to 41,000 (Article 38). SCAAgencies: €12,500 (Article 33). SCARailway: €22,230 to 25,900 (Article 52). SCAGlass: €24,433 (Article 24). SCAHandling: €25,000 (Article 54).
[177] SCATextile, Article 67. SCANougat, Article 42. SCAMeat, annex 11. SCATaxi, Article 38. SCAAgencies, Article 33. SCARailway, Article 52. SCAGlass, Article 24. SCAHandling, Article 54.
[178] SCALeather, Article 41: one day off per year, to be freely picked by the employee. SCA Textile, Article 36: two days off per year. SCAProperty, Article 38: two days off per year. SCAAgencies, Article 28: one day off per year.
[179] SCARestock, Article 37: 31 calendar days. SCAProperty, Article 38: 31 calendar days.

employee provide a reason for the absence (for instance, for medical visits,[180] including those of dependent members of the family).[181]

A number of industry-wide collective agreements provide unpaid leave for family, personal or other unspecified reasons, using a variety of formulas: for instance, a month per year or a leave of up to five years.[182] Some agreements do not establish a precise limit for unpaid leave of absence, but in these cases the leave requires the consent of the company.[183] Other agreements improve upon the minimum rights recognized by legislation (for instance, they establish an unpaid leave of absence of up to five years for childcare, improving on the statutory right of three years).[184]

Very few sectoral collective agreements regulate work schedules. The most advanced establish the right of employees to enjoy uninterrupted morning and early afternoon work schedules[185] or limit the percentage of workers assigned to interrupted workdays.[186] Some agreements provide recommendations, but these suggestions imply no binding effects.[187] According to both official statistics and other studies,[188] the most common work schedule in Spain is that in which the employee works both in the morning and in the afternoon, with a break for lunch of at least an hour ("*jornada partida*": typically 9am to 2pm and 4pm to 7pm) (this "split shift" was the work schedule of 40.2 percent of workers in 2011), followed by a morning and early afternoon uninterrupted schedule ("*jornada continuada*": 8am to 4pm or 9am to 5pm) (this "single shift" was the schedule of 28.6 percent of workers in 2011). The impact of these types of work schedules on work-life balance can be measured by employees' responses when asked how they reconcile work and personal and family duties: 28.6 percent of those in *"jornada partida"* answer "badly" or "very badly," while only 8.2 percent of those with a *"jornada continuada"* considered work/life balance to be so difficult.

Some agreements protect workers with family responsibilities from irregular patterns of work[189] or facilitate uninterrupted work schedule *("jornada continuada")* for family reasons.[190]

Less common measures in sectoral collective agreements are:

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[180] SCATextile, Article 46 (18 paid hours per year for medical visits). SCAProperty, Article 41 (35 paid hours per year for medical visits). SCAPoultry, Article 21 (3 hours per visit). SCAAgencies, Article 28 (the time needed for medical visits); SCARailway, Article 27 (the time needed for medical visits). SCAGlass, Article 32 (16 paid hours per year for medical visits). SCAShoe, Article 27 (18 paid hours per year for medical visits).

[181] SCATextile, Article 46 (unlimited number of unpaid hours in order to accompany dependent children). SCATaxi, Article 24 (unlimited number of paid hours in order to accompany dependent children and other dependent relatives). SCARailway, Article 27 (10 paid hours per year in order to accompany dependent children and other dependent relatives).

[182] SCAProperty, Article 42: unpaid leave of a month per year for employees with dependent children or relatives. SCANougat, Article 22: unpaid leave of 15 to 60 days every 3 years. SCACement, Article 78: unpaid leave of 6 months for the care of a dependent relative. SCAAgencies, Article 31: unpaid leave of 20 days per year. SCARailway, Article 28: unpaid leave of 1 or 2 months per year.

[183] SCAPoultry, Article 21.

[184] SCACement, Article 77.

[185] SCAProperty, Article 47: the uninterrupted work schedule must be granted by the company unless it proves business needs making impossible this type of schedule.

[186] SCAHandling, Article 35.

[187] For instance, SCATextile, Article 27, authorizes companies and employee representatives at the workplace to agree on the implementation of the uninterrupted morning and early afternoon schedule (jornada continuada). But it is just an authorization, not an obligation.

[188] *Jornada y horarios de trabajo*, Instituto Nacional de Seguridad e Higiene en el Trabajo (Madrid, 2014): http://www.oect.es/Observatorio/5%20Estudios%20tecnicos/Encuestas%20de%20condiciones%20de%20trabajo/Encuestas%20especificas/Jornada%20y%20Horarios%20de%20Trabajo.pdf

[189] SCALeather, Article 42: the uneven distribution of working time cannot be imposed by the company on employees with limited availability due to health condition, childcare, pregnancy or breastfeeding.

[190] SCAProperty, Article 47.

- Cash benefits during work suspension or short-week work for economic, technical, organisational or production-related reasons.[191]
- Compensatory measures for working parents:
- Financial support for parents with children enrolled in obligatory education or university.[192]
- Financial support for parents with children enrolled in nursery school.[193]
- Support for parents of disabled children, either financial (eg. 92€ per month[194]) or through time off (to attend meetings or medical visits with the disabled child[195]).
- Protections for atypical employees:
- Severance payments for fixed-term employees (20-25 days of salary per year worked).[196]
- Protection for workers who become disabled (task and workplace adaptation).[197]
- Incentives for early retirement (the older the worker, the smaller the incentive).[198] Note that compulsory or mandatory retirement is no longer lawful in Spain.
- Loans.[199]

6. Employee welfare in company-level agreements

Generally speaking, company-level agreements contain more occupational welfare measures than industry-wide agreements: even agreements in smaller companies, generally less generous in this realm than their larger counterparts, usually have more measures than the typical industry-wide agreement.[200]

First we will review the most common measures found in this type of labour agreements. Then we will focus on the two best agreements from the sample for a more in-depth analysis.

Collective agreements at company level usually contain measures that can be classified in two main blocks: compensatory arrangements and organisational measures.

As for compensatory arrangements, the most frequent are:

1) Cash benefit for temporary incapacity for work, in addition to social security benefit.
2) Benefits related to childcare.
3) Insurance: against death and permanent disability and medical insurance.

[191] SCACement, Article 102.
[192] SCARailway, Article 45: €54 per month until the child turns 21 years old. SCAGlass, Article 23: €7.57 per month until the child turns 16 years old.
[193] SCAProperty, Article 26: €600 per year until the child turns 3 years old.
[194] SCARailway, Article 44.
[195] SCAProperty, Article 41.
[196] SCACement, Article 24. SCATaxi, Article 17.
[197] SCALeather lays down the obligation of companies to relocate workers who have reduced capacity because of their age or disability (Article 21). Same obligation in SCAShoe, Article 53.
[198] SCALeather, Article 57 (employees who voluntarily leave the company receive €1,842 if they are 60 years old; €1,458 if they are 61; €704 if they are 62; €621 if they are 63; €526 if they are 64; and €442 if they are 65). SCAShoe, Article 49 (from 5 to 1 monthly payment if the employee retires when they are 60 to 65 years old).
[199] SCARailway, Article 54. SCAHandling, Article 55.
[200] This is not really surprising, given that collective bargaining regulations prior to the 2012 reform meant that for most issues firm-level agreements could only improve on the conditions set out in the sectoral agreement that would apply in the absence of the company-level accord.

4) Other benefits (loans and so on).

1) Temporary incapacity for work.

Every company-level collective agreement in the sample establishes this benefit, which entails income support during a period of temporary incapacity for work due to sickness or injury. In most cases, the company guarantees 100 percent of salary during the incapacity; in other cases just a reduced percentage.[201] However, there is a tendency to establish some type of limitation, usually with the objective of reducing absenteeism: for instance, the employee has to agree to a medical examination by the company medical officer,[202] or the benefit is reduced for the second sickness incident during a given year,[203] or there is a maximum duration of the benefit,[204] or the benefit starts only when the temporary incapacity lasts for several weeks or months,[205] or the benefit is not granted when the company-wide absenteeism rate rises above a certain level.[206] Temporary incapacity for work-related injury usually has a better treatment than incapacity for common sickness.[207] Also the situation of hospitalisation or surgery usually has a special treatment.[208]

2) Benefits related to childcare.

Most collective agreements contain some type of measure aimed at helping parents with children. For instance, birth premiums (cash paid on the occasion of a birth),[209] cash payments until the children reach a certain age (with extra cash if the child is disabled),[210] scholarships,[211] nursery school allowances,[212] often as part of a flexible remuneration plan or policy (the employee may substitute nursery school allowances for cash, thus obtaining some tax savings),[213] extended duration beyond statutory maternity leave and so on.[214]

3) Insurance.

Most collective agreements require companies to pay insurance policies for death and permanent disability due to work-related injury.[215] Some agreements also provide life

201 CCAFord, Article 49 (80-90 percent).
202 CCAcciona, Article 35. CCACaixa, Article 37.
203 CCASintax, Article 39.
204 CCACaixa, Article 37.
205 CCAEssilor, Article 46.
206 CCATelefon, Article 42.
207 CCAEssilor, Article 46. CCABridge, Articles 130-131. CCAKFC, Article 27. CCAExide, Articles 77-78. CCASabeco, Article 42. CCASintax, Article 39. CCAGobain, Article 66. Exceptions may be found: CCAAcciona, Article 45; CCA20M, Article 50; CCAAqualo, Article 33.
208 CCASintax, Article 39. CCAEssilor, Article 46
209 CCAcciona, Article 49 (one-off payment of €1,200 for women after giving birth). CCACaixa, Article 47 (€250). CCA20M, Article 46 (€500). CCAKFC, Article 18 (€150).
210 CCACaixa, Articles 43-45. CCABridge, Article 168. CCAAqualo, Article 31. CCAFord, Article 50.
211 CCAGobain, Articles 69-75.
212 CCABridge, Article 170.
213 CCAqualo, Article 32.
214 CCAEssilor, Article 46 (an extra month in which the Company pays 75% of salary).
215 CCASabeco, Article 49. CCASintax, Article 40. CCAAcciona, Article 46. CCAEssilor, Article 47. CCAAqualo, Article 35.

insurance,[216] while a few others require the company to pay medical insurance policies.[217] The amount covered varies from one agreement to the other.[218]

4) Other benefits.

Some agreements foresee loans for employees,[219] support for employees who are enrolled in study programmes[220] (usually on the condition that the programme has relevance to the company's activities), incentives for early retirement,[221] pension schemes,[222] a social fund to be managed by the works council and so on.[223]

As for organisational measures, most of them concern work-life balance arrangements. Most collective agreements at company level establish paid time off work for needs not specifically protected by legislation: for instance, they provide the employee with the time needed for medical visits,[224] or the time required for other personal affairs, usually with a maximum number of days per year.[225]

Some agreements also establish unpaid time off, usually for unspecified reasons (generally understood to be personal or family-related issues for the employee).[226]
Other agreements establish the possibility of telework[227] or give preference for the choice of shift work to women and men with care responsibilities.[228]

Flexible work schedules are also common where they are compatible with the nature of work.[229] This type of work schedule is obviously important for work-life balance.

An example is provided by CCACaixa. The work schedule is regulated as follows:
1. Monday to Thursday:
– Start: from 8.00 am to 9.30 am, flexibly.
– Lunch break (minimum duration: 45 minutes): from 1.30 pm to 3.15 pm, flexibly.
– End: from 4.45 pm to 7.15 pm, flexibly.
The duration of the shift must be 8 hours.

[216] CCAGobain, Article 92. CCACaixa, Article 39. CCAFord, Article 55. CCATelefon, Article 35.
[217] CCACaixa, Article 40. CCABridge, Article 169. CCATelefon, Article 36.
[218] CCASabeco, Article 49 (€15,000). CCASintax, Article 40 (€36,000 to 43,000). CCAcciona, Article 46 (€200,000). CCACaixa, Article 39 (€72.000). CCAEssilor (a year of salary). CCAAqualo, Article 35 (€30,000).
[219] CCAGobain, Article 82. CCACaixa, Article 42. CCAAqualo, Article 34. CCAFord, Article 53. CCATelefon, Article 40.
[220] CCAGobain, Article 78. CCACaixa, Article 41. CCAFord, Article 54.
[221] CCAGobain, Article 83.
[222] CCACaixa, Article 38. CCABridge, Article 158. CCAFord, Article 59. CCATelefon, Article 37.
[223] CCATelefon, Article 43.
[224] CCAExide (Employees are entitled to paid time off in order to attend medical appointments, with a maximum of 2 times in the year and 16 hours in total; no limit applies for visits to specialized doctors; same for accompanying children, with a maximum of 8 hours per year). CCASabeco, Article 33 (employees are entitled to paid time off in order to attend medical appointments; if the appointment if for their children under 14 years old, the time is limited to 6 hours per year). CCABridge, Article 114. CCAAqualo, Article 38. CCAFord, Article 43.
[225] CCATelefon, Article 29 (2 days off per year, in addition to 25 working days of paid annual leave). CCASabeco, Article 27 (5 days off per year, in addition to 27 working days of paid annual leave). CCA20M, Article 30 (3 days off per year for sickness of a child). CCAKFC, Article 24 (a day off for personal affairs).
[226] CCASabeco, Article 34 (15 days per year). CCAEssilor, Article 61 (the employee must prove the reason for the leave). CCABridge, Article 33 (2 months every 3 years). CCA20M, Article 31 (3 months; for leave of up to 16 days, no need to give a reason).
[227] CCAAcciona, Article 40. CCATelefon, Article 50.
[228] CCAEssilor, Article 38.
[229] For instance, in the example in the box below (CCACaixa), some employees are not entitled to a flexible schedule: a) Staff providing direct attention to the public; b) Staff working in maintenance of facilities or production; c) Employees hired for specific tasks not compatible with the general timetable.

2. Friday:
– Start: from 8 am to 9 am, flexibly.
– End: from 3.00 pm to 4.00 pm flexibly.
The duration of the shift must be 7 hours.
The employee must inform their manager regarding their chosen schedule.

Among the sample of 15 company-level collective agreements analysed here, we highlight two of them: Philips Ibérica and Air Liquide.

7. Collective Agreement for Philips Ibérica

A) Compensatory arrangements and insurance schemes

- Birth premium: 726€ per birth.
- Child allowance:
  from 0 to 3 years: 656€ per year.
  from 4 to 21 years: 433€ per year.
- Disabled children: 4,900€ per year.
- Meals: company subsidises midday meal through the company cafeteria or meal vouchers.
- Loans at special rates of interest: up to 16,500€ to be repaid in five years.
- Medical insurance
- Life insurance, covering death and disability for any cause.
- Counselling services.

B) Skill development

- Scholarships for education and training.

C) Work organisation

- Paid time off work for medical visits.
- Telework.
- Flexible timetable: employees may decide to start work between 7.30 and 9 am.
- Flexible remuneration: up to 25% of cash salary may be exchanged for services or goods (in-kind salary).
- Protection against changes in timetables: employees are entitled to receive an extra payment of 2.5% of their salary during the time their timetable is altered.
- Unpaid time off work for personal or family reasons.
- Paid leave of absence for volunteering activities: 4 hours per month.
- Paid annual leave: 26 working days.

8. Collective Agreement for Air Liquide España, Air Liquide Medicinal, Air Liquide Ibérica de Gases

A) Compensatory arrangements and insurance schemes

- Child allowance: 1,800€ per year for a disabled child.
- Meals: employees receive meal vouchers of 7.70€ per working day.
- Pension plan. Defines contribution by company and employee.
- Loans with very low interest: up to 12,000€ to repay in 5 years.

B) Skills development

- Scholarships for employee's education (50% of tuition, with a maximum of 6,000€).
- Academic leave of absence of up to 270 hours.

C) Work organisation

- Protection against job relocation transfers
- Employees may be entitled to terminate employment with severance compensation of up to 2 months per year worked.
- Employees aged 48 or more cannot be transferred.
- Flexible timetable
- Employees may decide to enter start work between 8 am and 9 am.
- Paid annual leave 5 weeks or 25 working days.
- Paid time off for medical visits also for accompanying children.
- Unpaid time off for any reason up to 30 days per year.

9. Conclusions

After the review of 30 recent collective agreements, some conclusions may be drawn. When it comes to occupational welfare, there is a big difference between industry-wide and company-level collective agreements. Generally, more generous and more varied measures are to be found in company-level agreements than in industry-wide agreements. Industry-wide bargaining focuses on a limited range of compensatory arrangements and insurance schemes. Bargaining at company level not only covers these forms of occupational welfare, but also includes measures that affect work organisation.

This conclusion must be put in context: most workers in Spain are covered by some type of collective agreement but an overwhelming majority are covered by industry-wide agreements. Industry-wide collective agreements bind companies employing on average six or seven employees. Company-level collective agreements affect companies employing on average 300 employees.

Since 2012, company-level agreements have prevailed over industry-wide ones in the most important aspects of labour relations (salary, working hours, etc.). Though one might have expected a sharp increase in the number of collective agreements at company level, this has not happened. Different explanations may be advanced:

- High levels of informality in small companies mean that negotiating a firm-level agreement is not necessary in order to depart significantly from the relevant sectoral accord.

- Sectoral agreements are not problematic for most companies given that in many sectors they set minimal conditions. In other words, the level of protection granted by sectoral agreements is not excessive and can be afforded by most companies.

High-road labour practices may be found that combine employee welfare, business competitiveness and social dialogue. But these practices coexist with others in which employee welfare is sacrificed, also through social dialogue, in order to allow companies to remain competitive. A good example is provided by the industry-wide collective agreement for restocking activities. Through subcontracting, companies are able to divide the workforce into at least two levels of occupational welfare.

PART II – THE INDUSTRIAL RELATION SYSTEMS AND THE IMPLEMENTATION OF OCCUPATIONAL WELFARE ARRANGEMENTS IN COLLECTIVE BARGAINING

Sweden

BENGT FURÅKER

Summary: 1. Introduction – 2. The Swedish model – 3. Collective agreements – 4. Conclusion.

1. Introduction

This paper provides general information on the Swedish industrial relations and welfare model, but it also has the specific purpose to give a picture of some of the occupational welfare collective agreements, concluded by the principal employer association and the principal trade unions in the private sector. It starts with an outline of key characteristics of the Swedish model and continues with a description of the main welfare state arrangements regarding four important issues: dismissals and unemployment, parenting, sickness and retirement. The aim is to provide a context for the following description of the above-mentioned occupational welfare collective agreements related to the same issues. All such agreements have to strike a balance between employees' need for security and employers' need for being competitive and the paper ends by drawing some general conclusions in these respects.

2. The Swedish model

The Swedish model of industrial relations and welfare state is to a large extent shaped by a strong labour movement (Esping-Andersen 1985, 1990). In the 82 years since 1932, governments have been led by the Social Democrats for a total of 68 years, although sometimes they have ruled in coalition with other parties. Pure 'bourgeois'[230] governments have existed for only 14 years in the period from 1932. However, in the last eight years a four-party alliance of bourgeois parties has been in power and this reign has implemented several significant changes in the Swedish model. At the same time, it should be emphasised that some of these changes began during the previous Social Democratic rule. The bourgeois parties lost the election in September 2014 and a new government has now been installed. It is a coalition between the Social Democrats and the Greens, but together the two parties do not have a majority of seats in the parliament. The Social Democrats obtained 31 percent of the votes in the election and the Greens less than 7 percent. Whether or to what extent the new government will bring about a restoration of earlier welfare state and labour market arrangements remains to be seen.

An important element in the Swedish model is strong labour unions which are matched by well-organised employers. It is therefore not surprising that collective agreements – on different levels (central, sectoral, local/company) – play a crucial role. In 2012, about 90 percent of all employees in Sweden (aged 16-64 years) were covered by collective

[230] 'Bourgeois' is the Swedish term for parties to the right of the Social Democratic Party.

agreements (see Table 1). All public-sector personnel are covered, whereas the proportion is somewhat lower in the private sector. Table 1 shows some decline in the private sector since 1995, but there are certain breaks in the statistical series which make it difficult to draw far-reaching conclusions.

Table 1 Collective agreement coverage among employees aged 16-64 years, selected years 1995-2012

	1995	2005	2008	2010	2012
All employees	94	93	90	89	90
Private-sector employees	90	89	84	84	85
Public-sector employees	100	100	100	100	100

Source: Kjellberg 2013/2014: 12.

Sweden belongs to a category of countries (mainly Nordic neighbours) with a very high union density. Table 2 shows that the level of unionisation is estimated at 70 percent in 2013, which nevertheless means a dip from 77 percent in 2006. Women have higher proportions than men, although there is some decline for both sexes. A key problem for unions is to organise young people. In recent years union density among those aged 16-29 has not been much more than half of that among those aged 45-64.

Table 2 Union density among various categories of employees in Sweden, 2006-2013

	2006	2007	2008	2009	2010	2011	2012	2013
All employees	77	73	71	71	71	70	70	70
Males	74	71	68	68	68	67	68	67
Females	80	76	74	74	75	73	73	73
Youth aged 16-29	58	53	49	48	48	47	47	47
Middle-age/older workers aged 45-64	85	82	81	80	80	80	80	80
Blue-collar workers	77	74	71	70	69	67	67	66
White-collar workers	77	73	72	72	73	73	73	73
Private-sector employees	71	68	65	65	65	65	65	65
Public-sector employees	88	86	84	84	84	83	83	83

Source: Kjellberg 2013/2014: 8, 18

Moreover, Table 2 shows a class difference. In 2013 union density was 66 percent among blue-collar workers and 73 percent among white collars. There is an even more substantial sector difference. In the private sector, union density was about 65 percent in 2013 (just 61 percent in the private service sector): in the public sector it was 83 percent.

A specific characteristic of the Swedish peak-level trade unions is that they are organised along class lines: Sweden has been portrayed as having the most class-divided trade union movement in the world (Kjellberg 2009: 241). The principal working-class organisation is the LO (*Landsorganisationen*) which is also the largest confederation in terms of members (see Table 3). Most white-collar workers are organised by the TCO (*Tjänstemännens centralorganisation*) which is the second largest organisation, whereas academics belong to the Saco (*Sveriges akademikers centralorganisation*). As shown in Table 3, other unions make up a tiny proportion. Across time there has been a decline in the proportion of employees organised by the LO and an increase especially for the Saco.

Table 3 Proportion of trade union members by peak-level organisation, selected years 2000-2012. %

	LO	TCO	Saco	Other	Total
2000	54	32	11	2	100
2005	51	33	13	3	100
2010	47	34	16	3	100
2012	45	35	16	3	100

Source: Kjellberg 2013/2014: Appendix 4, Table 22

Focusing on the proportion of employees working for organised employers, we get the picture presented in Table 4. In the public sector all employees work for such employers. Although slightly increasing since 1995, the figures for the private sector are lower. Nevertheless they must be judged as relatively high and an explanation for this is that Sweden has many large companies in which employees are more often unionised than in smaller units. It is therefore relevant also to consider the *proportion of companies* belonging to employer associations. When counting that proportion we get much lower figures; for 2012 it has been estimated to be no more than 31 percent (Kjellberg 2013/2014: 16, note 10).

Table 4 Proportion of employees working for organised employers, selected years 1995-2012. %

	1995	2005	2008	2010	2012
All employers	86	86	87	87	87
Private-sector employers	77	78	80	80	81
Public-sector employers	100	100	100	100	100

Source: Kjellberg 2013/2014: 17.

After World War II, the Swedish labour market to a large extent developed along the lines suggested by LO economists Gösta Rehn and Rudolf Meidner (for brief overviews, see e.g., Esping-Andersen 1985: 229-232; van den Berg, Furåker and Johansson 1997: 86-90). A key element was the solidaristic wage policy according to which workers in the most advanced industries should hold back their wages, whereas workers in low-pay sectors should get increases. As a consequence, companies in low-pay sectors either had to rationalise their production or close down. In order to avoid workers in contracting industries becoming unemployed and remaining in unemployment, active labour market policies became a crucial element. These policies included extensive public employment services, retraining for people in need of new skills and support for geographical mobility. The Rehn-Meidner model was an attempt to speed up structural rationalisation of the Swedish economy and this required a great deal of labour mobility or – with a more up-to-date expression – labour flexibility. However, this might not be sufficient to assure workers a reasonable level of security. Thus job creation measures were implemented and the generosity of unemployment insurance grew. Actually Rehn and Meidner worked out a model of flexicurity long before this concept was introduced in the contemporary discourse (cf. Jørgensen and Madsen 2007; Wilthagen and Tros 2004). Today, however, it seems that the Swedish labour market is not characterised by extensive mobility; in a Nordic comparison other countries time and again turned out to have more mobility (Berglund et al. 2010).

Welfare state arrangements were expanded in Sweden during the long period of economic growth after World War Two. Income-related sickness insurance was established in 1955. Another improvement the same year was work-related injury insurance. Moreover, women workers could receive some paid maternal leave before 1974, but through a major reform that year it also became possible for fathers to take such leave. Child care and care for older persons were expanded in the 1960s, 1970s and 1980s. The pension system was reformed several times in order to secure reasonable incomes for those who had reached the age for exiting from the labour market.

In the subsequent sections I will pay attention to some of the welfare state arrangements in Sweden as they are designed today. I start with provisions in relation to dismissals and unemployment. This will be followed by three sections on parental insurance, sickness and the pension system. It should be pointed out that the information shown in the tables represents simplifications of regularly rather complex systems of rules.

Dismissals and unemployment

Since gainful employment is essential for making a living, it is problematic for working-age individuals to lose their job or not to get a job at all. The Swedish system provides several arrangements related to this problem. To make it simple, we can make a distinction between three categories: (a) employment protection legislation; (b) active labour market policy; and (3) unemployment insurance.

As a reaction to the rapid structural rationalisation of the Swedish economy in the first post-World War Two decades, employment protection legislation (EPL) was introduced in 1974. The purpose of this legislation was to provide more job security for workers at risk of losing their jobs. In the speedy restructuring of the economy, it turned out to be difficult to move workers from contracting to expanding industries, regions and occupations. A strong opinion was formed that it was necessary to make the jobs people actually had more secure: it was not sufficient merely to have the opportunity of finding another job in the labour market, often perhaps in another part of the country.

The law has been changed several times since it was enacted, but the underlying purpose remains the same. Generally, however, the rules have been liberalised in the last decades – a development that has also taken place in many other countries (OECD 2004, 2013b; Venn 2009). It is not possible here to go through all the changes that have taken place in Sweden, but two things are worth mentioning: Temporary work agencies were permitted from 1993 and it has become easier for employers to hire workers on a temporary basis. The main features of the current legislation are presented in Table 5.

Table 5 Key characteristics of employment protection legislation in Sweden

• Employment is normally "permanent", but different forms of temporary contracts are allowed.
• Temporary employment is generally allowed up to two years, for seasonal work and for people aged 67 or more.
• Dismissal must be based on just cause, e.g., lack of work.
• The notice period is between one and six months, depending on length of employment.
• Dismissed workers may be entitled to re-employment with the same employer.
• In case of redundancy, dismissals should follow the principle 'last in, first out'.
• Employers with 10 workers or less can exempt two workers from the 'last in, first out' rule.

Source: SFS 2010:1230

One of the most debated parts of this legislation is the principle 'last in, first out'. Business-friendly critics argue that it forces companies to keep employees who have had their jobs for a long time, even if they are not the most qualified or the most needed for the future. In this connection, however, it should be underlined that companies and trade unions can agree on solutions that deviate from the letter of the law. Actually this happens quite frequently. There is also a critique of the exception from the law described in the last panel in Table 5.

Table 6 Expenditure on active labour market policy in relation to GDP, 2012. %

	Sweden	Estonia	Hun-gary	Italy	Spain (2011)	UK (2010)	Denmark	France	Germany
Public employment service	0.31	0.08	0.12	0.11	0.15	0.33	0.36	0.25	0.34
Labour market training	0.09	0.17	0.00	0.15	0.20	0.02	0.74	0.34	0.22
Employ-ment in-centives	0.65	0.02	0.13	0.18	0.26	0.01	0.39	0.03	0.03
Sheltered/ supported employment	0.26	0.00	0.00	0.00	0.09	0.01	0.61	0.09	0.03
Direct job creation	0.00	0.00	0.47	0.00	0.08	0.04	0.00	0.13	0.03
Start-up incentives	0.01	0.01	0.01	0.00	0.12	0.01	0.00	0.04	0.03
Total active measures	1.33	0.29	0.73	0.45	0.89	0.41	2.10	0.90	0.69

Source: OECD database.

The OECD indicators of EPL strictness have recently been revised. Today there are two summary indices: one for permanent employees and the other for temporary employees (OECD database). In the first case, in comparison with other European countries, Sweden is in the middle with not so strict and not so liberal rules. Regarding temporary employment contracts, Sweden is counted as one of the most liberal countries in Europe.

The second type of institution in relation to dismissals and unemployment is active labour market policy (ALMP). Sweden used to be a country with a strong emphasis on ALMP in contrast to passive measures such as unemployment benefits (van den Berg, Furåker and Johansson 1997: 35-50). Table 6 shows how much selected countries spent on active labour market policies (as a percentage of GDP) in 2012, but in 2011 for Spain and 2010 for the UK. The total for Sweden (1.33) is the second highest in the table, but Denmark is way ahead with 2.10. We should be aware that the level of unemployment varies across the countries in the table, but most of them are found in the range of 8-11 percent of the labour force aged 15-64 years. Spain is the obvious exception with by far the highest unemployment rate: 24.9 percent in 2012. Nevertheless the country had a considerably lower level of spending on ALMPs than Denmark and Sweden.

The public employment service is one of the main ALMP institutions in many countries. For the functioning of the labour market, it is important to have a mechanism that helps employers and jobseekers find each other. However, employers sometimes complain that they cannot get the workers needed, even though there are large numbers of unemployed persons. One reason for this might be a mismatch between the qualifications in demand and the qualifications the jobless have. Labour market training is a possible

answer to the problem. In Sweden, expenditures on training programmes have diminished since 2000 (Berglund and Esser 2014: 75). During the economic crisis in the early 1990s, the country annually spent more than 1 percent in relation to GDP on labour market training. Still in 2006 this figure was 0.33 percent, but as Table 6 shows, in 2012 it was no more than 0.09 percent.

A further important institution for those who do not have a job is unemployment insurance. Table 7 presents some of the main characteristics of the Swedish system. The basic idea is that unemployment benefits should be available for people during a transition period in which they are jobless but searching for jobs. Sweden adopts the Ghent model, that is, unemployment benefits are managed by union-related funds. It is however possible to be a member of an unemployment insurance fund without being a union member.

Table 7 Key characteristics of Swedish unemployment insurance

• Work requirement: at least 6 months and 80 hours per month during last 12 months *or* at least 480 hours during 6 months and 50 hours per month.
• Membership requirement: member of unemployment insurance fund.
• People not fulfilling the membership requirement can get benefits (much lower) from the so-called basic insurance.
• Compensation: first 200 days, 80% of previous wage up to a ceiling (SEK 18,700 per month 2014), thereafter 70%.
• Duration: waiting period of one week, maximum 300 days (5 days a week), 150 extra days for parents with children under 18.
• Individuals should be prepared to accept suitable jobs.

Source: Svenskt näringsliv 2014: 78-80.

To get unemployment benefits a member must also fulfil certain work requirements. It is necessary to have worked for at least six months – and 80 hours per month – during the last 12 months or at least 480 hours over a six-month period and then 50 hours per month. The Swedish unemployment insurance used to be generous by international comparison (in the early 1990s, the compensation rate was more than 90 percent of previous income), but it is now more or less average among the OECD countries (Berglund and Esser 2014: 106). An unemployed individual can receive unemployment benefits for 300 days but must of course be ready to take suitable jobs. The replacement or compensation rate is 80 percent of the previous wage for the first 200 days and 70 percent thereafter. A crucial question is the ceiling, which is set at SEK 18,700[231] and which has not been changed since 2002, in spite of significant inflation over the period. Today only about one out of ten unemployed get 80 percent of their previous salary. Moreover, the bourgeois government that came into power in 2006 raised the contributions to unemployment insurance rather dramatically, leading to a mass exit of members from the insurance (Kjellberg 2010/2013). The new Swedish government has announced that it will increase the ceiling in the unemployment insurance.

The discussion on unemployment insurance frequently focuses on whether the generosity of benefits (in terms of duration and replacement rates) impacts on unemployment rates. There is a great deal of research on these issues (e.g., Holmlund 1997;

[231] On September 25, 2014, SEK 100 = EUR 10.90.

Fredriksson and Holmlund 2006; Tatsiramos 2006). It seems to indicate that generous unemployment benefits tend to prolong the period of unemployment, but it is not so clear how great this effect is. Moreover, monitoring of sanctions appears to have an important role to play with respect to getting people into work. Another indication is that if the period of job search is longer, the unemployed are more likely to move to stable employment. We should moreover underscore that unemployment benefits help to maintain purchasing power in the population during periods of economic downturn.

Parenting

To a more limited degree it was possible for working women to receive benefits in connection with maternity before 1974, but that year a major parental insurance reform was enacted. A few years earlier joint taxation for husband and wife had been abandoned, which was an important step in the development of a two-earner family model. The new parental insurance was gender-neutral, that is, both parents could get paid leave for taking care of their child(ren). After the 1974 reform, several changes have taken place in the system. Table 8 presents some of the main characteristics of the current parental insurance.

There should be no doubt that the parental insurance is mainly to the advantage of employees. Through this legislation they can stay home with their children but still keep their job. For employers it may be problematic to make plans for their employees' periods of parental leave. On the other hand, parental insurance provides incentives for people to participate in the workforce even if during certain periods they must be on leave to take care of their children at home. By fulfilling the requirements for full compensation, those receiving benefit get much higher benefits than if they have not worked at all. Together with publicly funded child care, parental insurance is crucial for maintaining the high level of female employment that Sweden has achieved – though many women work part-time.

Table 8 Key characteristics of Swedish parental insurance

• Duration: maximum 480 days; 60 days are reserved for each parent.
• Compensation: 80% of previous wage up to a ceiling (SEK 37,000 per month) during 390 days; thereafter much lower.
• Requirement for full compensation: right to sickness benefit of at least SEK 180 per day during at least 240 days before the birth of the child.
• A woman can be paid 60 days before the birth of the child.

Source: Svenskt näringsliv 2014: 58-59.

Men take a much lower proportion of days off with their children, although they have increased their use of the insurance over the years (SCB 2012: 43). In 2011 they took about one fourth of the total number of compensated days. The implication is that when employers want to hire a person and have a choice between a man and a woman – let us assume equal in terms of qualifications and both with similar family circumstances – it is rather likely that they will choose the man as he can be expected not to take parental leave to the same extent.

Sickness

Swedish sickness insurance dates back to 1955. It has been reformed several times since then and, accordingly, rules have varied a great deal over the years. At the beginning of the 1990s the replacement or compensation rate was 90 percent of the previous income and no waiting day and no time limit existed. During the economic crisis in Sweden in the 1990s, efforts were made to rein in public expenditure and the insurance became less generous. Nevertheless, in the late 1990s and early 2000s we could again observe higher levels of sickness absence from work (Palmer 2005: 23-27; Försäkringskassan 2012: 9-11; Berglund and Esser 2014: 116-119). The Social Democratic government took steps to deal with the problem, but above all the bourgeois four-party alliance that came into power in 2006 introduced significant reforms. Table 9 gives us some key information about the current sickness insurance.

Table 9 Key characteristics of Swedish sickness insurance

• Compensation: 80 % of the wage up to a ceiling (SEK 26,900 per month).
• Duration: waiting period of one day, maximum 364 days; the period may be prolonged with 550 days, but then with slightly lower compensation (75%). Under certain conditions it is possible with prolongation.
• Employers pay sickness wage during days 2-14.

Source: Svenskt näringsliv 2014: 47-51.

An important part of the sickness insurance is that employers are responsible for sickness pay. There is one waiting day and employers pay for days 2-14. The replacement or compensation rate is now 80 percent up to a ceiling which is clearly higher than in the unemployment insurance. People can receive sickness benefits for 364 days and the period can be prolonged but then with a lower level of compensation.

Retirement

Sweden set up its first pension system in 1913; in 1959 a completely new system was implemented and in the 1990s this was in turn thoroughly reformed. The current pension scheme is a mixture of the previous and the new system. There is no fixed retirement age; people have the right to continue working until the age of 67 – if the employer has a need for them. Pension benefits can be drawn from age 61 and the system thus allows considerable flexibility with respect to retirement.

There are three types of pension: income-based, premium, and guarantee pension. The income-based pension is the most important part of the system and it is built on lifetime earnings. Incomes include salaries as well as benefits such as sickness and unemployment benefits. The premium pension is also based on the individuals' earnings throughout their lifetime. It is placed in funds and people can choose between funds. The guarantee pension provides benefits for those who have had no or very little income from employment.

Table 10 Key characteristics of the Swedish pension system

• The current pension system is a mixture of the previous and the newer system
• There is no fixed retirement age; people can draw their pension from age 61.

• The system includes three types of pension: income-based, premium, and guarantee pension.
• The income-based pension is the main part of the system and is built on lifetime earnings. Incomes include salaries, sickness benefits, unemployment benefits, etc.
• The premium pension is also based on lifetime earnings. It is placed in funds and people can choose between funds.
• The guarantee pension is for people with little or no income from employment.

Source: Svenskt näringsliv 2014: 25-28.

After this overview of some key features of the welfare state arrangements in connection with dismissals and unemployment, parenting, sickness and retirement, we now turn to collective agreements taking welfare some steps further.

3. Collective agreements

In the current section I will present the most important central collective agreements in the private sector, covering the above-mentioned issues. The main social partners are then, on the employer side, the Confederation of Swedish Enterprise (*Svenskt näringsliv*) and, on the employee side, the LO (*Landsorganisationen*) and the PTK (*Privattjänstemannakartellen*). Some information on these actors is presented in Table 11.

Table 11 Social partners behind the collective agreements studied

Employer side	**Trade union side**	
Confederation of Swedish Enterprise (*Svenskt näringsliv*) represents 49 member organisations and almost 60,000 small, medium-sized and large companies with more than 1.6 million employees.	LO (*Landsorganisationen*) is the peak-level organisation for 14 trade unions representing about 1.5 million blue-collar workers.	PTK (*Privattjänstemannakartellen*) is a collaboration between 26 trade unions representing more than 780,000 white-collar workers.

As can be seen in the table, the Confederation of Swedish Enterprise has almost 60,000 member companies and these involve more than 1.6 million employees. The LO has about 1.5 million members, but many of them work in the public sector in contrast to the PTK that is a collaborative organisation in the private sector with almost 800,000 members.

In the following I examine the collective agreements related to the issues treated in the preceding section. Again, it should be emphasised that I have attempted to simplify the information in the tables; it would take us too far to go into all the details of the agreements.

Dismissals and unemployment

The first thing to note is that EPL in Sweden is semi-dispositive, which means that employers and trade unions can agree on certain deviations from the law. This happens locally and often in connection with redundancy. As mentioned, one of the most controversial issues is frequently the decision about who can stay and who must leave. According to the law, the 'last in, first out' principle should be applied. Employers commonly wish to have another solution, because they want to keep those workers who are supposed to be best suited for the work available and for the future development of the company. The problem is likely to be particularly important for smaller companies, but as shown in Table 6 employers with 10 workers or less can exempt two persons from the case list. Another beneficial mechanism for employers is that the workforce can normally be divided into selection categories, which entails that the 'last in, first out' principle can be applied separately for each category. Still, this may not be sufficient for employers to obtain the desired composition of their workforce, but in addition there is thus the option to agree with trade unions on another sequence of dismissals.

The next step is to look at some of the general arrangements that have been agreed upon in relation to dismissals. It should be emphasised that we refer to dismissals due to lack of work (dismissals due to misconduct represent a separate matter not examined here). Table 12 shows measures in support of transition to other jobs. These measures are obviously complementary to active labour market policies. To begin with blue-collar workers, they have the possibility of receiving a lump sum (SEK 20,000) to help them find another job. This sum can be used for programmes involving mapping, review of labour market prospects, guidance, design of action plan, training in personal marketing and job hunting.

Table 12 Collective agreements to promote transition to other jobs

Blue-collar workers	**White-collar workers**
• Workers dismissed due to lack of work can receive transition support (lump sum of SEK 20,000) aimed at helping them to find a new job.	• Transition support is given in the form of personal advice and help to find new job or start a business.
• Requirement: the job should have lasted at least one year and included a minimum of 16 hours per week.	• Requirement: the job should have lasted at least one year and included a minimum of 16 hours per week.
• Transition programmes**:** mapping, review of labour market possibilities, guidance, design of action plan, personal marketing and job hunting.	• Financial support may be given for participation in training programs and for starting a business.

Source: Svenskt näringsliv 2014: 81-85.

For white-collar workers there is a similar set of solutions, although not specified in terms of money. There is advisory transition support aimed at helping people to find new jobs or start a business of their own. It is also possible for them to receive financial support for starting a business as well as for participation in training programs.

Moreover, employees have the chance of getting financial support in case of dismissal. Table 13 presents an overview of this for blue-collar and white-collar workers. As we can see, the solutions differ between the two employee categories. Whereas blue collars receive a lump sum, white collars receive an upgrading of their unemployment benefits. Together with unemployment insurance, blue collars can obtain 70 percent of their previous salary for the first six months and 50 percent thereafter. The maximum is SEK 200,000 for a six-month period. However, this form of compensation is age-related. To receive anything at all the individual must be 40 years old and the maximum is 18 months for those aged 60-65. The level of compensation (70 percent and 50 percent of the previous salary) might seem low, but we should recall that the ceiling is low in unemployment insurance. As white-collar workers usually have clearly higher salaries than this ceiling both 70 and 50 percent may give them higher benefits.

Table 13 Collective agreements on financial support in case of dismissal

Blue-collar workers	**White-collar workers**
• Severance pay (AGB) to permanent workers dismissed due to lack of work.	• Severance pay (AGE) is financial support during unemployment.
• Requirement: the worker must be at least 40 years old and should have been employed at least 50 months during a five-year period by one or several companies having AGB.	• Requirement: the employee must be at least 40 years of age and must have been employed in the company for at least 5 years.
• Compensation: a lump sum (at least SEK 30,700); for each year between age 50 through 60 an additional SEK 1,300 is paid, that is, the maximum is SEK 45,000.	• Compensation: together with the unemployment insurance 70% of previous salary can be paid during first 6 months and thereafter 50%; the maximum during 6 months is SEK 200,000.
• AGB is not paid if the worker has been allowed full sickness benefits before dismissal, is offered re-employment within three months or declines a job offer from another employer.	• Duration: at age 40-44 maximum duration is 6 months, at age 45-59 it is 12 months and at age 60-65 it is18 months.

Source: Svenskt näringsliv 2014: 81-85.

Blue-collar workers can receive severance pay (AGB) if they are dismissed due to lack of work. AGB consists of a lump sum of SEK 30,700, but individuals aged 50-60 get SEK 1,300 extra per year of age, up to a maximum of SEK 45,000. The general requirement is that the worker is 40 years old or more and has been employed for at least 50 months during a five-year period by one or several companies having AGB.

Parenting

When a child is born, we can expect that one of the parents needs to stay away from work for some period of time. By international standards Swedish parental insurance is indeed generous, but there may nevertheless be some economic hardship for families with small children. In order to strengthen the financial situation for such families, there is a collective agreement between Confederation of Swedish Enterprise and the LO. Some of the details in this document are presented in Table 14. Notably, the Confederation of Swedish Enterprise and the PTK have not agreed upon anything with respect to parenting, but there are collective agreements in some sectors of the labour market, offering white-collar workers benefits corresponding to those received by blue-collar workers.

Table 14 Collective agreement on parenting for blue-collar workers

• Requirement: Worker must have been employed for at least 12 months during last 4 years.
• Compensation: an additional 10% of wage up to the ceiling in the parental insurance and 90% of wage above that.
• Duration: maximum 180 days when employed at least 24 months and 60 days when employed at least 12 months.

Source: Svenskt näringsliv 2014: 60-61.

In addition to the legislated parental benefits, blue-collar workers can receive 10 percent extra of their wages up to the ceiling in the parental insurance and 90 percent of wages higher than that. These additional benefits are given for 180 days to workers with at least two years of employment and for 60 days for workers with at least one year of employment. There is furthermore a general requirement with respect to tenure.

Sickness

The third matter to be dealt with is sickness. Table 15 summarises the key characteristics in the collective agreements in relation to this issue. For blue-collar workers there is a provision called AGS which is a supplement to the statutory sickness insurance. It provides 10 percent extra of the wage for days 15-360. There is one simple requirement to collect AGS: The worker must have been employed for at least 90 days.

The solution for white-collar workers is somewhat different. First, for the period from day 15 to day 90, there is either a 90 percent sickness pay or 10 percent extra to the sickness benefits for those who earn no more than the ceiling in the sickness insurance. Second, from day 91, we find different arrangements depending on income. Employees with a salary up to the sickness insurance ceiling get 10 percent extra benefits until day 360. For those with higher incomes there are two more steps: 65 percent as sickness pay up to a second ceiling and 32.5 percent up to a third.

Table 15 Collective agreements on sickness benefits

Blue-collar workers	White-collar workers
• AGS is a supplement to statutory sickness benefits.	• Compensation days 1-90: no extra pay 14 first days; 10% extra during days 15-90 on salary up to the ceiling in the sickness insurance and 90% on higher incomes as sickness salary.
• Requirement: the worker must have been employed for 90 days.	• Compensation days 91-360: 10% extra on salary up to the ceiling in the sickness insurance; on higher incomes, 65% up to a second ceiling as sickness salary and above that 32.5% up to a third ceiling.
• Compensation: no pay first 14 days; from day 15 about 10% extra as sickness benefits.	• Compensation after day 361: nothing extra for incomes up to the ceiling; on higher incomes, 65% as sickness salary up to a second ceiling and above that 32.5% up to a third ceiling.
• Duration: maximum 360 days.	• Sickness pension is available when work capacity is reduced by at least 25% for more than 90 days.

Source: Svenskt näringsliv 2014: 52-57.

Retirement

Collective agreements – between the Confederation of Swedish Enterprise and the LO and the PTK – offer additional retirement benefits beyond what the state pension provides. There are somewhat different solutions for blue-collar and white-collar workers. Table 16 gives a summary of the main features of the arrangements for the two categories.

To begin with blue-collar workers, it is agreed that the employer should pay a premium to a pension fund. Within a range of alternatives workers can choose between different funds. The premium is 4.5 percent of wages up to SEK 426,750 per year and 30 percent of wages over that amount – without any upper limit. All workers are included in the system, no matter what type of employment contract they have and no matter whether they work full-time or part-time. The pension premium starts to be paid when the individual is 25 years old. It is possible to draw a pension from age 55 and it is possible to wait until after 65.

Table 16 Collective agreements on pensions

Blue-collar workers	White-collar workers
• A pension premium is paid to a pension fund and workers can	• There are two systems for white collars: ITP 1 and ITP 2 (including

choose between a number of funds.	the supplement ITPK).
• All workers are included, irrespective of type of employment contract and working time; the pension premium is paid from age 25.	• ITP 1 is mainly for workers born 1979 or later and is very similar to the agreement for blue collars, described in the left-hand column.
• The premium is 4.5% of wages up to SEK 426,750 per year and 30% of wages over that amount – without any upper limit.	• ITP 2 is mainly for workers born 1978 or earlier. The premium starts being paid from age 28. Its size is difficult to predict, but it is related to salary and age. There is an upper limit for the salary: SEK 1,707,000.
• The pension can be drawn from age 55 for a limited period or lifelong. It is possible to defer the receipt of the pension until after 65.	• The ITPK premium is 2% of the salary.

Source: Svenskt näringsliv 2014: 29-46.

For white-collar workers there are two systems: ITP 1 and ITP 2. As a general rule, ITP 1 is applied to workers born in 1979 or later, whereas ITP 2 is for those who are older. However, companies signing collective agreements today including ITP will normally employ the ITP 1 scheme. This solution is similar to the agreement for blue-collar workers. Regarding ITP 2, the payment of the premiums begins when the worker is 28 years old. To estimate the premiums is difficult, but they are essentially dependent on salary and age. ITP 2 also comprises an extra scheme called ITPK, for which the premium is two percent of salary.

4. Conclusion

In this paper I have summarised a number of important features of the Swedish model of industrial relations and welfare state. The labour movement – with a large Social Democratic party and strong trade unions – has played a key role in the development of the Swedish system. The existing welfare arrangements are today basically accepted by the bourgeois parties, even though they partly have different opinions in regard of how the systems should be designed. There has been some dismantling of the Swedish welfare state – its generosity has been reduced – over the last eight years with a four-party bourgeois alliance in power, but it should be underlined that steps in this direction were taken already in connection with the economic crisis in the 1990s and during the period of Social Democratic rule 1994-2006. However, union density is still high – although it has shown a tendency to decline in recent years – and the employer side is also well organised. This means that the social partners in the labour market are strong actors, who to a large extent regulate their dealings through collective agreements.

The welfare state arrangements in Sweden were rapidly expanded during the long period of economic growth after World War Two. As mentioned in the presentation above, the well-known Rehn-Meidner model for labour market development – which was not uncontroversial but nevertheless served as a guide for Swedish policies during many years –

was very much a model of flexicurity long before this concept was introduced in the political discourse. It was an attempt to promote structural rationalisation of the Swedish economy and this required a great deal of labour mobility or labour flexibility. As a consequence, companies in low-pay sectors either had to rationalise their production or close down. In order to avoid workers in contracting industries becoming unemployed or remaining in unemployment, active labour market policies were developed. These policies included extensive public employment services, retraining for people without up-to-date skills and support for their geographic relocation. As occupational and geographic mobility was not always a realistic option, it was important to assure that workers could have supplementary roads to security as well. Accordingly, job creation measures were implemented and the generosity of unemployment insurance grew. In sum, the Swedish model was an attempt to increase competitiveness while at the same time offering decent employment and working conditions for workers.

Four sets of problems for people in working life are focused on in this paper: dismissals and unemployment, parenting, sickness and retirement. The Swedish welfare state provides the principal solutions in relation to these problems, but the state arrangements are appended by collective agreements concluded by the social partners in the labour market. Concentrating on the private sector, the main social partners are, on the employer side, the Confederation of Swedish Enterprise and, on the employee side, the LO and the PTK. I have paid particular attention to the agreements between these partners.

The most obvious conclusion from the present analysis is that collective agreements are supplements to the welfare state arrangements. Their role is above all to improve conditions for workers. We might therefore ask whether they simply represent concessions from the employers or whether they are in some way advantageous also for them. There is undoubtedly a concession dimension in existing collective agreements, but we should nevertheless take some other aspects into consideration. First, like the general welfare state schemes the solutions adopted are designed not to interfere with the companies' need for flexibility, although the risk of conflict in this respect should not be overlooked. Second, if there is a shortage of labour with the required qualifications, it may be advantageous for employers to be able to offer a social package that takes welfare beyond what everyone else can get. It is thus a way of becoming competitive in recruiting labour. Third, benefits are to some extent tied to tenure – or at least to some minimum period of service; in other words, they may contribute to creating a stable workforce. In the current discussion there is often a focus on the need for worker flexibility, but employers must certainly also have a degree of stability among their personnel and this issue is commonly neglected or at any rate underestimated. The collective agreements dealt with here contain some elements that make it advantageous to remain in the workplace for a long period.

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PART II – THE INDUSTRIAL RELATION SYSTEMS AND THE IMPLEMENTATION OF OCCUPATIONAL WELFARE ARRANGEMENTS IN COLLECTIVE BARGAINING

The Transnational Level. A Critical Overview

IACOPO SENATORI[232]

Summary: 1. The Particular Features of Transnational Collective Bargaining. – 2. The Implementation of Occupational Welfare in Transnational Accords. – 2.1. Training. – 2.2. Work-Life Balance – 2.3. Residual and ancillary provisions. – 3. Concluding remarks.

1. The Particular Features of Transnational Collective Bargaining

Transnational collective bargaining (hereinafter TCB) is commonly referred to in the European lexicon as a typical form of social dialogue embedded into the European multi-level system of governance (Marginson 2012, European Commission 2008). In its early stages TCB mainly developed at the sectoral and intersectoral levels, as exemplified by the various European Framework Agreements signed by the ETUC and the European employers' associations under Article 155 of the Treaty on European Union, whereas more recently its focus has shifted to the company level. According to a recent definition provided by the European Commission, this kind of bargaining can be defined as "comprising reciprocal commitments the scope of which extends to the territory of several States and which has been concluded by one or more representatives of a company or a group of companies on the one hand, and one or more workers' organisations on the other hand, and which covers working and employment conditions and/or relations between employers and workers or their representatives" (European Commission 2008).

The typically European characterisation, the growing quantitative importance (company agreements cover at least 10 million employees and 100 multinationals headquartered in Europe according to recent figures, European Commission 2012) and its role in the broader governance toolkit based on social dialogue may be sufficient to explain the interest in TCB in the framework of a research on occupational welfare arrangements in Europe. It may be added that the European Commission has repeatedly emphasised the potential of TCB as a regulatory asset for modern European labour law (European Commission, 2005, 2012).

However, there are several peculiarities that distinguish agreements of this kind from the more conventional forms of agreement concluded at national level. To the extent that these peculiarities affect the assumptions which agreements are rooted in as well as their formal and legal configuration, they need to be taken into account when comparing the findings of a survey conducted at the transnational level with those from the analysis of national industrial relations.

Transnational collective bargaining lacks any formal linkage to an institutional framework, be it domestic, supranational or international (Ales 2013). In fact, it stems from

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the initiative of actors that, especially in the case of company-level agreements, voluntarily undertake a process of negotiation often without enjoying a formal legitimation as bargaining agents (as is the case for European Works Councils) and with no clear mandate from the lower levels (as in the case of some International or European Trade Union Federations). In addition, even in cases where problems relating to the legitimation of bargaining agents can be overcome, questions relating to the law applicable to an agreement can be raised, to which the application of international private law cannot provide a satisfactory response (Van Hoek, Hendrickx, 2009). These characteristics are reflected in a lower level of effectiveness and enforceability of these agreements, calling into question their prescriptive nature. For this reason, in the literature they are sometimes referred to as "tools" or "texts" rather than being recognised as agreements properly speaking (Ales et al 2006).

Another peculiarity involves the relationship between the bargaining parties. In most cases both the negotiation and the subsequent administration of an agreement of this type appear to be characterised by a power imbalance, detrimental to the employees, even more than in national collective agreements (Senatori 2013). This is confirmed by the position usually taken by companies and employers' association, when they refuse to acknowledge any legally binding effect to the signed agreements. In fact, they are normally meant to be part of the human relations management toolkit, and consequently deemed to be applicable only insofar as they serve the purposes of the company.

Third, the contents and the systematic structure of transnational texts slightly differ from the typical forms of collective agreements. A significant number of transnational texts are modelled on international standards drawn from ILO conventions, OECD rules and sources of the same kind (Ales 2013). Such texts are laid down in the form of statements, often with a very broad content, sometimes even drafted on standard templates in the style of "boiler-plate" agreements. This gives rise to a certain amount of complication in the interpretation of texts, especially as far as the systematic reading of the clauses and the intention of the parties is concerned, although in other cases these standard rules are built on to shape a more clearly defined and original body of regulation.

Recently, however, a different form of "spontaneous" agreement has emerged, characterised by a more sophisticated content, often focused on the regulation of specific issues such as equal opportunities, lifelong learning and anticipation of change. Texts of this kind present a structure and a normative status that come closer to the typical features of collective agreements.

Taking all this into account, there are two kinds of reason why an analysis of texts concluded at the transnational level can productively complement a survey on social dialogue practices enacted at the national level in the field of occupational welfare.

First, such texts, since they operate across different States and industrial relations systems, can be useful for comparative research casting light on normative and practical trends and identifying possible benchmarks, in terms of context and the subjects of the various welfare schemes and arrangements.

Second, occupational welfare schemes, in the sense outlined above (see *supra* Curzi, Fabbri, Senatori in this report), have several constitutive features in common with the broader phenomenon of transnational collective bargaining. As highlighted in the literature, transnational collective bargaining, especially as far as company agreements are concerned, is mostly interpreted by employers as a part of their HRM strategy, in other words as a means to reinforce a ccorporate culture, thus emphasising the progressive consolidation of Multinational Companies as private regulatory fora, and setting aside claims put forward by employee representatives in the formation of agreements. Likewise, occupational welfare

arrangements have been described as arising mainly from the initiative of employers, that tend to conceive them as management tools for the enhancement of innovative policies in compensation, retention, restructuring and the like, whereas the trade unions seem to have entered this field of negotiation reactively and with a defensive attitude (Colombo, Neri, Pavolini 2013).

As a result, the analysis of the provisions of transnational texts may be expected to provide some insight into the occupational welfare schemes laid down in the agreements, the balancing of different interests they entail, the regulatory mechanisms adopted, and the conditions in which social dialogue in this field can promote European employment policies in a high road perspective.

2. The Implementation of Occupational Welfare in Transnational Accords

The research presented in this paper was carried out on the basis of some 150 documents drawn from the database on transnational company agreements managed by the European Commission as well as from the collection of European Framework Agreements signed by the European Federations at the intersectoral level.

It should be noted that the term occupational or company welfare is not encountered in any of the texts in the study. In a limited number of cases (e.g. Pernod, Lafarge, Italcementi) it is possible to identify provisions and clauses that explicitly lay down a body of regulation intended as welfare, with various nuances. However, starting from the broader concept of occupational welfare outlined in a previous section of this report (see Curzi, Fabbri, Senatori in this report) a wider range of documents was identified. In fact, 45 texts were identified that include provisions relevant to the present research.

The texts were analysed along the lines of the questionnaire that has been set up in the initial stages of the research (see Curzi, Fabbri, Senatori in this report). However, some remarks about the methodology need to be made in this respect, in order to explain why it is not possible provide exhaustive answers to certain questions in the questionnaire.

As pointed out above, such texts vary considerably in terms of structure, contents and actors, reflecting the complexity of the multi-level governance system.

More precisely, with reference to the signatory parties, whereas it can be maintained that companies, i.e. MNCs, are emerging as the main actors on the employer front at the transnational level, the range of players on the employee side is extensive as it may include, either alone or together depending on the cases, European Works Councils, European or Global Trade Union Federations or Confederations and even national unions, with no prevailing patterns observable.

Furthermore agreements of this kind, with regard to their distinctive features, can be placed in two opposite categories: on the one hand we find general statements embedded in frameworks of corporate social responsibility, respect for human rights and basic standards of protection for workers; on the other hand, agreements with more sophisticated contents and dealing with highly specific topics, such as equal treatment and anticipation of change.

For either category, and with few exceptions, the structure of the agreement makes it difficult to establish a systematic linkage between the provisions, and to put forward hypotheses on the functional interdependencies between them. As a result only a brief overview will be provided for issues such as the general economic situation in which occupational welfare schemes are set up or their role in terms of productivity, flexibility and competitiveness-related goals. It does not seem sufficient, in this respect, simply to

refer to the joint pursuit of the mutually beneficial goals of competitiveness and respect for social and human rights, that most of the agreements in the study include as a part of their CSR-oriented approach.

In a similar vein, all of the agreements lay down principles or guidelines that require further implementation at the lower levels. This characteristic does not allow for a complete understanding of how such "open" rules are intended to operate once they are put into practice. This makes it more difficult to carry out a qualitative assessment of the texts in terms of whether they manage to create conditions favourable to the employees' freedom of choice, in the sense adopted in this research project.

Taking these considerations into account, the following sections will concentrate on discussing the findings relating to the parts of the questionnaire concerning the topics dealt with in the agreements, the measures they adopt to address the needs expressed, and the rules of implementation, with particular regard to the role of social dialogue. Where possible, questions relating to the systematic structure of the agreement, the balance between the interests at stake it is intended to achieve, its rationale and the qualitative assessment of its provisions will also be addressed.

For the sake of clarity, it has been decided to start from the topics of the agreements, i.e. the needs they aim to address. In this perspective it is possible to divide up the topics into two main thematic strands: training and work-life balance. A third strand includes clauses either targeting a residual list of other needs or laying down ancillary tools for the satisfaction of needs relating to the two main groups.

2.1. Training

Most of the agreements in the survey, amounting to 30, contain provisions relating to workers' training. However, this is not always linked, even indirectly, to the concept of occupational welfare. It is understood that, to be part of an occupational welfare strategy, training should be aimed at human development goals. To put it in another way, as occupational welfare schemes are meant to respond to workers' needs, in cases in which training is designed to enhance the workers' occupational or cultural position, in particular their employability, then it can be deemed to be part of occupational welfare.

For this reason, in attempting to infer an agreement's rationale from its preamble or from the wording of the individual clauses, a preliminary distinction can be made between those texts that frame the provision of training as an investment in the interest of the company and those that conceive of it in terms of mutual benefit.

Hence, clauses such as "the existing abilities and skills of the employees are of outstanding significance (…) in order to secure the company's future" and "[the company] therefore supports and promotes all the need-based qualification schemes of the employees, which are suitable to extend and consolidate their professional knowledge that is necessary for the job"[233] or "[the company] supports the qualification of its workforce in order to facilitate the attainment of high performance levels and high-quality work standards"[234] seem too closely linked to the unilateral perspective of the company to be considered to be part of occupational welfare schemes, especially if adopting a "high road" perspective.

[233] See *Codes of Conduct of GEA AG*, clause 1.7; in a similar vein *Text of the Global Framework Agreement between Umicore and ICEM/IMF*.
[234] *Declaration on Social Rights and Industrial Relationships at LEONI*, clause 1.8

On the other hand, there are agreements that put a greater emphasis on the benefits that training can provide for the workers' as individuals. Texts belonging to this second category can be further divided into two subsets: those that commit the company to promote, by means of training, career advancement within the company, and those that aim at strengthening the general employability of the workers, not ruling out the possibility that they will exploit their improved skills in the external labour market.

In the first subset, one may include those clauses that declare the company's intent "to acknowledge and foster the ability of its employees to acquire and maintain the competencies necessary to find or retain a job" in a context of promotion of employee mobility,[235] or set up a mechanism for the maintenance of the workforce's skills and knowledge, "providing possibilities for further career developments and individual life-long experiences", in the conceptual framework of anticipation of change.[236] Also remarkable for its peculiar scope in this respect is another case,[237] in which the company's focus on the recruitment of qualified and competent young workers entails a training policy "aimed at combining work obligations of the young workers with the opportunity for them to develop professional skills and qualities."

In the second subset, reflecting to a closer extent the principles underlying the occupational welfare concept, it is possible to place the agreements that, mainly with reference to company restructuring, and hence in a defensive perspective aimed at safeguarding workers from the risk of unemployment, commit the company "to train workers for other jobs or, wherever possible, to find other jobs for them within the Group",[238] or the agreements that in the event of major changes in working conditions or in business activities causing job losses, entitle workers "to receive training for the purpose of helping them find occupation either with the companies of the Group or elsewhere."[239]

It may be argued that in both the these subsets, the company's commitment to support the workers' skills implies the existence of a linkage between training provided in the interest of workers – hence in an occupational welfare perspective – and work organisation strategies, especially those aimed at promoting internal flexibility. This possibility, that would confirm one of the theoretical assumptions that have been put forward in the first part of this research (see Curzi, Fabbri, Senatori in this report), should however be tested against the implementation of transnational agreements at the local level. In fact, as previously explained, the wording and the normative effect of transnational texts are too ambiguous to draw clear consequences in this respect.

With regard to the analysis of the measures that the agreements lay down to implement training policies, a distinction may be made between the texts that limit themselves to a mere declaration of intent as regards training for employees, and those that take on a more proactive stance.

The declarations of intent include statements of this kind: "[The company] believes that guidance and professional training to develop its human resources and skills play an essential role in improving productivity, while also promoting the involvement and

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[235] *EADS International Framework Agreement*, June 2005, "Working Time and Leave"; in a similar vein see the Renault agreement.

[236] See *Managing & Anticipating Change at ArcelorMittal*, article 1.2; in a similar vein *Worldwide Framework Agreement on PSA Peugeot Citroën Social Responsibility*, May 2010, article 3, that considers vocational training as "one of the tools for the promotion of improved employee equality")

[237] See *Text of the Global Framework Agreement between Lukoil and ICEM*, article 3.7.

[238] See *Renault Group Employees' Fundamental Rights Declaration*, 4 April 2003, "Jobs".

[239] See *Danone Applicable Convention in the Event of Changes in Business Activities Affecting Employment or Working Conditions*.

participation of employees and their representatives";[240] "Existing skills and know-how of the staff are of tremendous importance (…). For this reason [Company] supports and promotes training measures for the employees (…). Training and retraining are assigned special importance in future development".[241]

The more proactive statements seem closer to the occupational welfare concept, insofar as they assume some kind of empowerment on the part of the employees. In fact, employees may interpret the clauses as laying down an obligation on the part of the employer, albeit in the face of the limited legal enforceability of transnational texts (if any).

Agreements of this type include documents that confer on workers a formal position in respect of training, as a right, a duty or a hybrid status. Examples include clauses explicitly entitled "Right to training" (as in the Renault agreement) or those that describe training as a "shared responsibility" of the company and the employees[242] or a multifaceted status encompassing right and duty at the same time.[243]

In this connection mention should also be made of those agreements that set up – often in the form of guidelines – programmes and procedures for the planning and the realisation of training schemes and policies. Programmes of this kind underline the company's commitment to provide training, going beyond purely formal statements. Hence, from a substantive point of view, they may deemed to provide employees with some degree of empowerment.

Schemes of this kind usually consist of a number of of procedural stages, normally including periodical skills evaluation, identification of productive requirements and adaptation/training needs, monitoring of technological and labour market requirements, job descriptions, mentoring and so on.[244] Agreements dealing with the management of restructuring and anticipation of change often add a specific reference to redeployment or outplacement services.[245]

Particularly significant, for the potential employee empowerment they embody, are the arrangements that provide for the certification and validation of employees' acquired skills.[246] This may be seen as a means for improving the employees' occupational portfolio, with a view to internal or external job mobility.

With regard to the rules of implementation, the role of social dialogue is prominent in all the documents in the survey. Reflecting the nature of transnational agreements, this often takes the form of a general involvement of the signatories (in the form of information and consultation) in the local implementation as well as in the subsequent monitoring of the implementation in respect of all of the provisions in the agreement. Particularly interesting in this regard are those agreements that set up a list of benchmarks or indicators against which the achievement of specific performance targets are to be assessed, both in general terms and as far as training is concerned.[247]

In addition, several agreements lay down specific implementation and monitoring procedures in relation to training, still providing a significant role for social dialogue.

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[240] *Enel Global Framework Agreement*, 14 June 2013, article 9.7.
[241] *Principles of Social Responsibility Codes of Conduct Gebr. Röchling*, November 2014, article 2.4.
[242] *Text of the Global Framework Agreement between Umicore and ICEM/IFM*, article 2.4.
[243] *Unicredit Dichiarazione congiunta "Formazione, apprendimento e sviluppo professionale"*, 16 December 2008.
[244] E. g. *Global Framework Agreement on fundamental labour rights within Danske Bank Group*, 9 September 2008; *Pernod Ricard European Agreement on Corporate Social Responsibility*, 7 January 2014; *Principles of Social Management at the Dexia Group*, 26 June 2002; *Ford Social Rights and Social Responsibility Principles*, 4 December 2003.
[245] See for instance the above mentioned EDF, Renault, and Danone agreements.
[246] E. g. Danone; seel also *Schneider Electric Accord Européen sur l'anticipation des changements, 12 July 2007*; *BSN agreement on skills training.*
[247] As in the above quoted Danone and Dexia agreements.

Agreements of this kind include, for instance, a commitment to "continued dialogue" between management and employee representatives in the area of skills development[248] as well as the establishment of dedicated bilateral bodies such as a "Strategic Joint Committee" in charge of discussing the changes taking place in jobs[249] or the "Multilateral Committee on Training"[250] that, as a section of the company's Global Works Council, undertakes to carry out assessments and make proposals "with a view to creating an international hub looking at the most significant initiatives taking place, and to facilitate, direct and support training in all countries".

Mention should be made in this regard of the "Charter on Labour Relations within the Volkswagen Group",[251] that essentially has a procedural nature insofar as it does not lay down a substantive body of regulation but rather sets up a dense web of information, consultation and co-determination procedures. This implies that the crucial matters related to economic, HR and social issues, including vocational education and advanced training, are completely devolved to the shared responsibility of employee representatives and management, in line with the ideal of "performance and participation" that inspires the company's approach to industrial relations.

2.2. Work-Life Balance

A smaller set of agreements involves one of the most typical elements of the "modern" concept of occupational welfare, i.e. work-life balance. Some 20 texts, in fact, either include the topic in their general list of contents relating to fundamental labour rights[252] or embed it in a more focused company policy which the agreement is specifically dedicated to. In these cases, the titles of the agreements reveal the philosophy – or rather the specific goal – that inspires them. In this sense, we find texts devoted to "Diversity",[253] "Professional equality",[254] "Quality of life at work",[255] "Equal opportunities",[256] "Workplace wellness".[257]

In examining the rationale and the systematic structure of these agreements, it may be seen that measures related to work-life-balance normally coexist with provisions of a more "defensive" or "prescriptive" nature such as those that require the company to refrain from discriminatory practices and specify the need for equal conditions for women and men in respect of recruitment, pay, access to vocational training and career advancement. Central to this pattern is, regardless of how the agreement is worded, the promotion of diversity at the workplace.

This goal, when it is part of the statement in favour of human rights, social responsibility and competitiveness that is common to the "generalist" agreements, is expressed in a fashion that may be deemed to be consistent, at least on paper, with a "high

[248] *Ford Social Rights and Social Responsibility Principles*, 4 December 2003.
[249] *Worldwide Framework Agreement on PSA Peugeot Citroën Social Responsibility*, May 2010.
[250] *Enel Global Framework Agreement*, 14 June 2013
[251] Signed on 29 October 2009.
[252] E. g. *Worlwide agreement on fundamental rights within the France Telecom Group*, 21 December 2006; *Worldwide Framework Agreement on PSA Peugeot Citroën Social Responsibility*, May 2010.
[253] See *Group Danone/IUF Convention on Diversity*.
[254] See *GDF Suez Group European Agreement on Professional Equality Between Women and Men*, 2012.
[255] See *Groupama Joint Declaration Dated 15 February 2013 Relative to Quality of Life at Work*.
[256] *Protocole d'accord de groupe en faveur de l'egalite des chances dan le Group Areva, en Europe*, *Accord Europeen Sur l'Egalite des Chances Group Total*, 21 November 2005, *UniCredit Dichiarazione Congiunta "Pari opportunità e non discriminazione*", 14 May 2009.
[257] *Lafarge Statement on Workplace Wellness Addendum to the 1 June 2011 Agreement*.

road" perspective of mutual fulfilment of the parties' respective needs; aimed, in other words, at striking a balance between productive and competition-related goals and the protection of workers from social risks.

In this respect, diversity is considered as beneficial for the company as it "stimulates creativeness and innovation", and at the same time consistent with "employee expectations as well as those of society as a whole."[258] Promotion of diversity is also deemed to promote the reputation of the company along with employee satisfaction and retention, as "it means developing a positive image of the group with regard to its members, clients, suppliers, employees and partners", whereas other benefits for the company lie in the fact that "teams made up of individuals with different profiles (…) can enhance economic performance, better understand the expectations of different types of customers, penetrate new markets, enhance the company's ability to innovate and adapt more effectively to change."[259]

The same perspective, inspired by goals of mutual enhancement and balancing of rights and needs, is assumed by those agreements that include work-life balance in the framework of well-being. Such agreements are rooted in the shared opinion that "occupational health reconciles social and economic issues", and in that context a "healthy work-life balance" responds to the aim of attracting, motivating and retaining staff while, from the employee's point of view, "the value associated with work and personal life concurrently contribute to each employee's accomplishment."[260]

The measures that these agreements adopt to implement their work-life balance policies are those that normally occur in this kind of arrangements, especially at the company level (Treu 2013; Colombo,Neri, Pavolini 2013): working time flexibility, parental leave, benefits and support services and other measures that impact on work organisation. Each agreement elaborates a specific mixture of such tools, making use of one or more of them and "manipulating" them in personalied ways, thus giving rise to variations.

It should be pointed out first that, whereas many of the texts are framed in a soft regulatory perspective based on promotional rather than prescriptive norms,[261] or simply state an intention to comply with local values and regulations,[262] others explicitly express the willingness to go beyond the standard international framework of regulation concerning fundamental social principles,[263] or even to "go above and beyond national and European legislation."[264].

Flexitime is a solution that is typically adopted to facilitate workers with family care responsibilities. In this regard, agreements may either take on particular, specific commitments such as "une attention particulière doit notamment être apportée à certains horaires, tels que l'heure de début et de fin de reunion, l'heure de début et de fin de formation";[265] or envisage more flexible and tailor-made solutions, such as "arranging working times so that solutions can be provided to specific situations, notably concerning expectant mothers, single parents looking after a family" and the like;[266] or again limit

[258] *Group Danone/IUF Convention on Diversity*, Preamble.
[259] *Groupama Joint Declaration Dated 15 February 2013 Relative to Quality of Life at Work*, Axis 2; in a similar see the above quoted Total and PSA texts.
[260] *Lafarge Statement on workplace Wellness Addendum to the 1 June 2011*, article 6.
[261] See for instance the UniCredit agreement quoted under footnote 71.
[262] See for instance the above quoted Renault agreement.
[263] *Group Danone/IUF Convention on Diversity*.
[264] *GDF Suez Group European Agreement on Professional Equality Between Women and Men*, 2012, Preamble; in a similar vein see the quoted Total agreement.
[265] *Protocole d'accord de groupe en faveur de l'egalite des chances dan le Group Areva, en Europe*, clause 2.5.
[266] *Group Danone/IUF Convention on Diversity*.

themselves to more general, and more compromise-oriented, declarations such as "[The company] adapts collective working time to the company's needs, taking employees' expectations into consideration as far as possible."[267]

Arrangements relating to parental leave often include measures aimed at assisting the employee upon his/her return to work, such as mentoring, tutorship or training, in order to avoid disadvantages arising from maternity and paternity.[268] Some agreements aim at reinforcing the legal status of employees, by guaranteeing their return to the original job position or to an equivalent one[269] or ensuring that leave related to children "does not lead to any differentials in terms of changes in remuneration."[270] A few agreements also provide for the establishment of support services such as company crèches or kindergartens[271] or, in broader terms, "innovative practices that promote a better-balanced use of time", including working time arrangements as well as "miscellaneous forms of aid."[272] Others insist on promoting the sharing of parental responsibilities between men and women as a means for enhancing diversity at the workplace, by stating that "male employees who wish to play a greater role in their family life can find themselves up against resistance within their company, whether this resistance comes from management or their own colleagues."[273]

A significant number of texts include a set of final clauses that, far from being marginal, assume a central role in the light of the conceptualisation we have tried to outline, as they establish a clear linkage between occupational welfare, in the form of work-life balance arrangements, and organisational design (see Curzi, Fabbri, Senatori in this report). In fact, specific schemes and tools such as those depicted above are often coupled with more general commitments to "organising job content to ensure that it is not a source of exclusion."[274] Significantly, a few agreements, in addition to recognising the centrality of "the way work is organised" for the purpose of accommodating the diversity of family situations, acknowledge the variable nature of workers' needs and personal expectations throughout the life cycle, committing the company to take into account this intrinsic characteristic while setting up its organisational design and implementing its own policies and actions.[275]

It may be interesting to notice that the crucial role of work organisation in the promotion of work-life balance is affirmed at another level of transnational bargaining. Reference is made to the intersectoral autonomous Framework Agreement on Telework signed on 16 July 2002 by ETUC, UNICE, UEAPME and CEEP. Although covering a cross-sectional issue that partly encompasses occupational welfare but goes beyond it, the agreement asserts its "win-win" perspective (in principle) by declaring that telework is "a way for companies and public service organisations to modernise work organisation", as well as "a way for workers to reconcile work and social life".

The agreement apparently draws a set of guidelines that seem to be suitable to an employee empowerment rationale, or, to put it in another way, to the enhancement of freedom of choice in respect of the employer's (possibly) diverging will. Significant in this

[267] *EADS International Framework Agreement*, June 2005, "Working Time and Leave"; in a similar vein see the above quoted Renault agreement.
[268] This is the case, for instance, in the above-mentioned Areva, Danone and Total agreements.
[269] See the GDF Suez text quoted in footnote 79.
[270] *Group Danone/IUF Convention on Diversity*; in a similar vein GDF Suez.
[271] See the Areva and Total agreements.
[272] *Groupama Joint Declaration Dated 15 February 2013 Relative to Quality of Life at Work*, article III.2.
[273] *GDF Suez Group European Agreement on Professional Equality Between Women and Men*, 2012, Article 10.
[274] *Group Danone/IUF Convention on Diversity*.
[275] See the GDF Suez and Total agreements.

respect is the emphasis made on autonomy in the management of the teleworker's working time, the commitment to prevent the teleworker from being isolated from the rest of the working community (Clause 9), his or her right to equal employment conditions (Clauses 4, 10 and 11), the voluntary character of telework and the reversibility of the decision to change over to telework (Clause 3).

At a closer look, however, the perspective appears to be far more conditioned to compromise, or in other terms dependent on the concrete implementation to be carried out at the lower levels. In fact, both the voluntary nature and the reversibility of telework can be claimed either by the worker or by the employer, whereas the autonomy in the management of working time should be performed "within the framework of applicable legislation".

As for the rules of implementation, the agreements follow the same patterns that have already been illustrated in respect of training. In particular, they envisage a central role for social dialogue procedures for monitoring and enactment at local levels. In addition, the most sophisticated models set up a list of benchmarks or indicators for the assessment of the compliance with the expected goals.

2.3. Residual and ancillary provisions

Within the overall framework, clauses that address social risks or tools different from those considered above assume, both qualitatively and quantitatively, a marginal role.

Clauses of this kind are framed in the same systematic and functional scheme as those linked to the issues of training and work-life balance, that claim to promote quality of life, attractive working conditions and respect of fundamental rights in a way that needs to be consistent with general goals of productivity and competitiveness. In some cases they play a complementary role, aimed at reinforcing other tools deployed to satisfy the same need such as, for instance, parental leave or equal treatment provisions.

The measures adopted in this respect are of four kinds. Some agreements establish company-based health insurance schemes, mostly aimed at implementing a standard floor of protection for the whole group.[276] Others set up a system of supplementary benefits for maternity[277] or disability.[278] A third category is represented by agreements that provide for supplementary pension schemes,[279] whereas in only one case was it possible to observe the provision of benefits for the enjoyment of cultural and sporting activities.

3. Concluding remarks

In the attempt to draw some conclusions from the analysis, it should first of all be highlighted that, although occupational welfare is not explicitly referred to as a conceptual framework in the agreements, the texts that indicate some kind of concern for "new social risks" reflect an outcome that is consistent with the theoretical construction of the concept as regards targeted needs, deployed tools and philosophical and economic rationale.

[276] See *Global Corporate Social Responsibility Agreement between Rhodia and ICEM, Renegotiated Version*, 25 March 2008; in a similar vein see the above-mentioned Dexia, PSA, Gaz de France, EDF texts.
[277] Such as the Rhodia and Gaz de France texts.
[278] See the Pernod text.
[279] See the Gaz de France and EDF texts.

However, significant experiences in this respect, mainly at company level, represent only a small share of the overall amount of transnational collective agreements. Furthermore, a clear national bias can be identified, as the largest share of agreements in our field involve companies headquartered in France. This element may be considered in line with findings that emphasise this intrinsic characteristic of transnational industrial relations.

In addition, from the way agreements are configured, both in the statement of intent and in the more prescriptive clauses, it seems to be possible to infer their commitment to a "high road" perspective. In fact, the assumption of a win-win compromise underlying both the general regulatory framework established by an agreement and each specific arrangement and scheme is common to a significant proportion of the documents.

They usually acknowledge the existence of diverging interests between the parties and express their confidence in the fact that the satisfaction of employee needs and the increase of quality of life at work can be the drivers of better performance and greater productivity. On the other hand, it is clear from most of the texts that the issue of sustainability, in the light of productive needs and economic constraints, represents a threshold for quality of life arrangements.

In this sense, agreements may deemed to be consistent with a social investment perspective (Crouch 2014). The central role they reserve for social dialogue, in the prevailing forms of consultation and codetermination, for the implementation of their provisions at the lower levels, arguably reinforces this view. In addition, it seems to somehow validate one of our theoretical assumptions in respect of the role of procedural regulation in the enactment of occupational welfare in a freedom of choice perspective.

However, the special characteristics of this level of regulation impose a more cautious assessment. A caveat in this respect can be drawn from the literature that has investigated "productivity coalitions". The similarity arises from the fact that such peculiar forms of negotiation share with the topic under investigation in this report the property of being a response to increased global market competition, at the same time seeking to "balance efficiency with equity, competitiveness with solidarity" (McLaughlin 2013).

Research has shown that successful negotiations of "productivity coalitions" rely on four elements:

(1) the existence of non-market coordination mechanisms;

(2) ideological concordance between the partners, which should share a "culture of compromise";

(3) union "embeddedness", meaning that a minimum degree of power symmetry is required, so that the unions do not play a mere ancillary role in respect the companies;

(4) institutional constraints to persuade the social partners to behave in a way that is consistent with the three other elements.

The application of this reasoning to our peculiar topic, in the light of the distinctive elements highlighted above, reveals the possible misconceptions arising from an overoptimistic reading of transnational agreements. In fact, both the requirements of ideological concordance and union embeddedness are not plainly evident in transnational collective bargaining if one considers, on the one hand, the typically self-referential reasons that in most cases drive MNCs to sign a transnational agreement (often after taking the initiative in this regard: Egels-Zànden 2009), and on the other hand the persistently high power asymmetries that are present in transnational bargaining. As for institutional constraints, it has been argued (Senatori 2013) that the liberal-market orientation and ambiguous attitude of European decision-makers, and particularly of the Commission (whereas different remarks should be made for the Parliament, whose potential is nonetheless limited by its weak competencies), make these institutions unreliable as

advocates of substantial change. For these reasons, it may be argued that transnational collective bargaining in the field of occupational welfare may represent an interesting experimental ground but, on the basis of the evidence presented, not the most promising one.

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PART III – CASE STUDIES

Social Dialogue and Occupational Welfare in the Bulgarian Food and Beverage Industry (Case of a Brewery)[280]

EKATERINA RIBAROVA

Summary: 1. Company case-studies – 1. 1. Companies – A. Kamenitza Molson Coors – B. Carlsberg-Bulgaria – C. Heineken-Zagorka – 1.2. Comparative analysis – 1.2.1. Strategies and competitive advantages – 1.2.2 Employment – 1.2.3 Occupational training and work-force development – 1.2.4 Work organisation, working time arrangements – 1.2.5 Payment flexibility – 1.2.6 Work-life balance, social benefits – 1.2.7 Organisational culture and CSR – 1.2.8 Practices of CSR – 1.2.9 Industrial relations and social dialogue – 2. Some general conclusions.

The sector of brewery and malt production is among the most successful and sustainable in Bulgaria. There are seven big companies with nine units in total, as well as two independent units of malt production, one unit for row materials for beer production, two micro brewery enterprises, two research institutes and 11 companies-suppliers of raw materials and equipment for the brewing industry. In the national market, around 95% of the beer consumed is produced in Bulgaria.

According to the data of the National Insurance Institute in April 2014 the number of employees in the sector is 2450, and most of them are engaged in the brewery production. However, the number of employees in the companies related to the brewery companies is above 8000. In 2014 the social partners in the sector are among the first that managed to agree on the minimum social security thresholds (which as usual will become the minimum level of wages for certain jobs and occupations) for the year 2015. Most of the agreed minimum wages are much higher then the minimum wage for the country, while for some jobs the agreed minimum wage is twice as high as the country minimum wage.

Industrial relations and social dialogue at the sectoral level are among the most advanced. The main social partners are the Union of the companies, producing beer and malt, affiliated to the Bulgarian Industrial Association and the Beer, Food and Beverages Trade Union, affiliated to the CITUB, and the Federation for the Food and Drink Industry, affiliated to the CL Podkrepa. There is regular social dialogue between the social partners and also some joint documents, such as the Charter for social co-operation as well as the Joint Memorandum for promotion of the corporate social responsibility, were signed. The sectoral level collective bargaining is regular and three sectoral collective agreements in a row were extended by the Minister of Labour and Social Policy, by agreement between the social partners and their officially expressed will.

[280] For the purposes of this part of the national report are used interviews with the Human Resources Managers from the companies Kamenitza Molson Coors and Heineken Zagorka, trade union shop-stewards (members of the CITUB affiliated branch trade union) from: the both units of Kamenitza Molson Coors, both units of Carlsberg and Heineken Zagorka, as well as an additional interviews with the chairmen of the Beer, food and beverages trade union, affiliated to the CITUB. Also some data, presented by the association of companies producing beer and malt in Bulgaria and by the three companies on their websites are used.

The case-studies (all subsidiaries of MNCs) were selected because of their good social dialogue at the work-place and policies for occupational welfare. At the same time in all of them a moderate level of flexibility is used.

1. Company case-studies

1. 1. Companies

A. Kamenitza Molson Coors

The company, which is the subsidiary of an MNC, has existed under the same name in Bulgaria since 2012. However, the first production unit of the same company was established in the early 1880s. In 1995 the Belgian company InterBrew, later InBev, acquired four enterprises, producing beer, as well as some malting plants in Bulgaria under the privatisation procedure and all the enterprises were merged under the name Kamenitza. In late 1990s and early 2000s two of them were closed by InBev. Then in 2009 the company StarBev, registered in the Czech Republic acquired Kamenitza. In 2011 StarBev management took the decision to sell its malting plant in Central Nord Bulgaria and rent out its malting plant in Central South Bulgaria to the French company Malteries Soufflet. In 2012 the StarBev decided to sell their subsidiary Kamenitza to the American - Canadian company Molson Coors. Currently Kamenitza Molson Coors has two production units in Central Southern Bulgaria.

B. Carlsberg-Bulgaria

The Danish company Carlsberg entered the Bulgarian market in 2002. However the first production unit of the current Carlsberg-Bulgaria was established in early 1880s. In the first half of the 1990s one of the units (in North East Bulgaria) was acquired by the Turkish company FAF Metal under the privatisation procedure. In 2002 the unit was sold to Carlsberg and in 2005 also another enterprise producing beer in the South West Bulgaria was also sold off by Carlsberg. They obtained also one former unit of Coca-Cola HBC and implemented new technology for the purposes of beer production, but then this unit was closed. In the process of development of its activity, Carlsberg Bulgaria has established a local network of distributors and has influenced the local economy and the local labour market, especially in North East Bulgaria.

C. Heineken-Zagorka

The Netherlands-based company Heineken acquired during the privatisation programme two beer producing enterprises in Bulgaria in 1997. They had been in production since the 1970s. After the privatisation the two units became part of the Greek subsidiary of Heineken, and the stakeholders included Coca Cola HBC. In the early 2000s one of the plants, operating in Sofia, was closed, but there is still a large distribution office and administration. The other unit, which is in Central Southern Bulgaria is sustainable and Heineken continues to be the majority shareholder.

1.2. Comparative analysis

1.2.1. Strategies and competitive advantages

In the last five years the three companies, especially Kamenitza and Zagorka, have made investments in technology, working conditions, environmental protection, and local infrastructure. In Heineken-Zagorka the volume of production since 2008 increased and productivity improved.

In Kamenitza a modern system of management of production was implemented, as well as the SAP system of management of storage, management of working capital, budget planning and monitoring of expenses. The company is working with inside systems of quality control - MCCEP (Molson Coors Programme for excellence of distribution process) and SPOT (Program for optimisation of processes in the supply chain).

In Heineken-Zagorka there are many quality standards implemented like ISO 9001, 14001, 22000 and BS OHSAS 1800.

In the first half of 2014 there are some trends of decline of the volume of production for all the companies, mainly because of the comparatively cold summer. However there were neither any price increases, nor changes in the level of wages. Among the factors for success should be mentioned the new management systems, the quality control improvement and the effective use of resources, in addition to the well established organisational culture.

The expectations of the management of Kamenitza Molson Coors and Carlsberg Bulgaria are related to the preserving of the level of production and sustainability. The management of Heineken Zagorka raised their expectations for productivity and also some extension of the market. The Zagorka managers seem to be the most optimistic and the company appears to be the most successful.

1.2.2 Employment

In all three companies there was some reduction of personnel because of increasing the market competition. In Carlsberg Bulgaria some internal restructuring, aimed at the increase of productivity was made in 2011-2012, which also led to redundancies. The redundancies were not too radical however: in all the companies the procedures were implemented according to the law and collective bargaining provisions. The persons whose contracts were to be terminated were selected on the basis of their performance assessment results. In Kamentza they received redundancy pay of from 5 to 12 gross monthly wages/salaries, depending on the length of service in the company. In Carlsberg the redundancy pay was higher – up to 25 gross monthly wages/salaries and in Heineken Zagorka the redundancy pay was between 5 and 10 gross monthly wages/salaries.

The number of employees in Kamenitza at present is 737 (for the two units in total), in Carlsberg-Bulgaria - 600 employees (for the two units in total) and in Heineken-Zagorka – 522 employees (in total the production unit, distribution office and administration in Sofia).

In all three companies most of the workers and employees have permanent contracts, some additional seasonal contracts (1% of all employees) are used between April and September, because of the growth in demand. The terms of the seasonal contracts are from three to six months. Most of the temporary workers are usually employed again in the next years, in cases they have not found another job, as they had acquired basic skills and experience. The trade unions do not usually have any influence on this process, but in

some cases they insisted of renewing of the contracts of those who were trade union members. Sometimes the distribution workers are also employed at first on three to six months' probation contracts.

Carlsberg Bulgaria has implemented programmes for traineeships, for students and recent graduates, as well as school leavers employed on temporary contracts.

Most of the employees in the three companies are men and the average age is comparatively high, from 45 to 50. The organisational structure usually includes qualified production workers and technicians, less qualified workers, distribution workers and administrative and managerial staff.

1.2.3 Occupational training and work-force development

In all the three companies there are policies and practices of occupational training and development.

The system of occupational training and work-force development in Kamenitza includes several main activities:

a) individual training plans based on the employees' needs and the company needs; they are integrated in the annual company plan for training and development;
b) acquisition of skills for work with new technologies and products;
c) management training;
d) specialised training for distribution workers;
e) training courses for redundant employees;
f) partial coverage of expenses for training, not organised by the company, but rarely used.

The training policy is based on the evaluation of the employees' competences and needs assessment. For some employees, who reached an exceptional level of performance also individual plans for career development are prepared and the plans include also the chance for promotion.

The company established education and training environment protection schemes and life-long learning. In times of crisis however the budget for training is reduced and most of the courses currently are organised only inside the company.

The training and development activities at Carlsberg comprise the following elements:

a) programmes for various groups of employees;
b) special training in cases of promotion;
c) management training: business and soft skills;
d) language training;
e) special training for distribution workers.

Management training includes leadership, goals definition and feedback, communication issues, mentoring, coaching, performance evaluation, management of change.

There is also a Lean Academy, dealing with the principles of lean production processes, which is organised by the central managing bodies of the MNC. Some representatives of the Bulgarian subsidiary participate every year.

The training policy of Heineken Zagorka has a number of important elements including the following:

a) acquisition of skills for work with the new technologies and products;
b) partial coverage of expenses for training, not organised by the company.

Trade unions in the three companies also participate in education and training, with a consultative vote with regard to the policies. The branch trade union affiliated to the CITUB organises some courses for improvement of the skills of the Health and Safety Committee members; also for key competences, for Information and Consultation procedures, for leadership and team work, and for combating the informal economy. The courses are mainly addressed to the trade union members and representatives in all three companies and all their units.

1.2.4 Work organisation, working time arrangements

In all these companies the job descriptions usually require the ability to work on more then one jobs/occupation and on various kinds of machines. Job rotation, job enlargement and teamwork are used. The teams are semi-autonomous, deciding on the distribution of work, the replacement of co-workers in the case of absence, and mutual assistance. The problems arising at work are solved either by the supervisors together with the working teams or in some cases with the intervention of higher-level managers.

The Health and Safety at Work systems are well integrated into work organisation processes. There is regular implementation of risk assessment, and at Kamenitza a plan for action in the critical situations has been adopted.

The internal system of quality control, with the participation of the employees, is of great importance for Kamenitza. In Heineken Zagorka a new system of quality control has been implemented.

In Carlsberg and in its Bulgarian subsidiary the lean production approach is used. Lean production gives equal importance to three main systems:

- operational (the mechanism of organisation and optimisation of all the resources and means should add value and minimise losses);
- management infrastructure (the structure and the processes, which are used for management of the business goals achievement);
- attitudes and behaviour (the structure and the processes, which are used for management of the business goals achievement).

All three systems are equally important and they should be implemented in a coordinated manner. Change cannot be implemented without any of the elements.

The main practical effects of lean production in Carlsberg Bulgaria are related to the establishment of order in the work-place, the rapid solution of technical problems, minimising the time for supply, retrieval and transfer of the prepared goods to storage and their just-in-time realisation on the market, and reduction of the time for obtaining the necessary information for the purposes of production.

In all the companies a system of direct consultative participation is used. The employees' views and suggestions concerning work organisation are regularly collected. The system in Kamenitza is called "from the idea to the process". Also a competition of the best ideas for the improvement of production, work organisation or

technical/technological innovation is organised. There is also a quarterly promotion of the best workers, based on the evaluation of results.

In Carlsberg the title of the system is Your Views. Also the initiative named "behaviour of the winners" is used. In Zagorka also a competition of new ideas is organised.

In all the production units of the three companies, shift work is used. The number of shifts depends on the seasonal changes of the market demand: there are usually three in the spring-summer period (April-September) and two in the autumn-winter period (October-March). In some of the winter months, reduced working hours are adopted, but the basic level of wages/salaries is not changed.

The recession has led to the implementation of a six-monthly calculation of the number of working hours in all the companies. Overtime is calculated on the basis of requirements of the volume per six-month period (40 hours per week). Overtime is paid according to the Labour Code and the provisions of the collective agreement. At the same time there is no flexibility in daily working hours. Nor is there any freedom in the choice of working time distribution and daily breaks from work. Night work is used in all production units and it is paid according to the law and collective agreements.

According to the trade union representatives from all the companies, some of the implemented work organisation and working time changes have led to an improvement in productivity, but are useful mainly for the company, not for the workers and employees. Some of the changes also resulted in redundancies.

1.2.5 Pay flexibility

In all the companies the structure of wages includes: basic wage, additional payments according to the Labour code (for overtime and night work, seniority payment), and bonuses. The basic wages usually are changed according to the productivity and the level of inflation. Bonuses are calculated monthly (Kamenitza), or every three months, and annually for all the companies.

The wage/salary structure could be described as moderately flexible. In Kamenitza usually 85% of pay is a guaranteed amount (basic wage or salary plus additional payments according to the law and collective agreement) and 15% variable amount (monthly and yearly bonuses). This is valid for most of the personnel. With regard to the guaranteed part (85%) this consists of approximately 87.5 % of basic pay (basic wage or salary, the level of which is defined according to the job characteristics, qualification level, results of the performance evaluation and productivity of the team/company, plus additional payment for seniority) and approximately 12.5% for overtime and night work, depending on the hours worked overtime and at night. The basic wage/salary is subject to change according to the dynamics of the labour market.

In Carlsberg Bulgaria and Heineken Zagorka the bonuses are calculated every three months and there are also annual bonuses, but in Zagorka they depend heavily on the results of performance evaluation.

In Zagorka there is a mixed form – piecework and payment by hours worked, depending on the jobs. For some jobs there is no flexible part of the wage/salary. For most of the jobs the guaranteed amount is 90% with 10% calculated in the form of bonuses, for the distribution workers the guaranteed part is only 60%, with the remaining 40% consisting of bonuses. For the managers 85% is the guaranteed part of the salary and 15% consists of bonuses. In the guaranteed part for all the workers and employees the share of

paid overtime and night work is about 5%, with the basic wage/salary plus seniority pay accounting for 95%.

The levels of average wage/salary in the three companies differ, but the differences are not too high: in Carlsberg the amount is BGN 1200 (approximately EUR 600), in Kamenitza it is BGN 1250 (approximately EUR 625) and in Zagorka the level is higher, at BGN 1471 (approximately EUR 736). All the average wages/salaries are above the level of the average country wage, which is about EUR 410.

The trade unions in Kamenitza and Carlsberg usually participate in the preparation of the company rules governing pay scales. At Zagorka the trade union representative stated that they aparticipate in the establishment of the rules governing pay scales, but rarely and not in a decisive way.

1.2.6 Work-life balance, social benefits

In all the companies some activities for work-life balance have been implemented recently and also long-term policies for social benefits.

In Kamenitza the main mechanisms for work-life balance are as follows:

- additional paid leave;
- additional financial support for families and children;
- partial coverage of the expense for holidays of employees and their families;
- support for the education of employees' children (grants, scholarships) .

At Carlsberg the activities for work-life balance include:

- additional paid leave; also additional paid leave depending on the number of children;
- partial coverage of the expenses for holidays of employees and their families, which is given only in cases in which they stay at the company hotel at the sea coast; also sometimes full coverage of a one-week holiday in the mountain for workers /employees and their families is given when they complete 15, 20, 25, 30 and 35 years of service in the company;
- additional financial support for family purposes;
- involvement of employees and their families in the practices of corporate social responsibility (some cultural and sports activities and events, team building).

At Zagorka there are also some work-life balance activities such as additional paid leave and additional financial support for annual paid leave.

The benefits are usually agreed on with the trade unions in all the companies, but the final decision of the distribution of the social funds is discussed and voted on by the general assembly /or assembly of proxies of all workers and employees in the companies.

The social benefits for 2013-2014 are similar for all companies and they usually include:

- additional insurance;
- health and life insurance;
- vouchers for catering; vouchers for some shops like Metro (Zagorka);
- coverage of expenses for transport;
- partial coverage of the expenses in case of illness; additional financial support for the workers and employees in cases of birth of a child, death of a relative/family member,

marriage, financial benefits for Christmas and Easter; support for the day of children and for 8 March.

The social benefits and the work-life balance activities are addressed to all the workers and employees, not taking account of their employment grade. Some of the benefits concerning family life are given dependent on family status.

According to the trade union representatives, during the most recent negotiations they reached an agreement with the employer to increase the level of social payments. Some of the work-life balance measures are also social benefits.

1.2.7 Organisational culture and CSR

All three companies have their own organisational culture and their management and employees usually share and support their values.

The organisational culture, including all values and principles, supported by Kamenitza is defined in the concept, Our Beer. It comprises all medium-term goals and key indicators, to be reached by the end of 2015. The concept was implemented in 2013. The main values and principles are related to the promotion of quality of work and products, transparency, informal style of management and dialogue with employees, initiative and loyalty.

These company programmes are implemented to support the organisational culture:

- National and local programmes "Owner of the company" – this includes the award of a prize for employees' initiative and loyalty;
- Programme for new ideas - every three months the collected ideas are evaluated and the employees who gave practical and important ideas are awarded prizes, but in this case it is also financial.
- The day of open doors – this is a meeting of all workers and employees together with their families in the company.

At Carlsberg the promotion of high quality products, work and work-place is supported. Also lean production, as mentioned above, is popularised among the workers and employees as a part of the organisational culture. The sense of lean philosophy concerning the workers/employees' loyalty and identification with the company consists of the view that every employee should be happy to come to work, every member of the staff should have the necessary information concerning his/her tasks for the working day, everybody should be supported with regard to his/her readiness to work and his/her security at work (including the mechanism for solving technical and other problems).

At Heineken-Zagorka the culture is based on four basic values: respect and care for people, particularly employees but also clients; quality improvement; entertainment (team building, promotion of success attitudes); courage (new ideas, innovations). Also loyalty to the company is promoted.

A code of standards of ethical conduct is also implemented in all companies.

1.2.8 Practices of CSR

Corporate social responsibility is a part of the policies in all three companies, which put them among the pioneers of the CSR practices in Bulgaria.

Corporate social responsibility is integrated in every dimension of the company behaviour of Kamenitza and is based on four pillars:

- responsible employer;
- relations with the community;
- responsible company;
- respect for the environment.

The practices include actions in support of environment protection and the sustainable development of the local community, support of education and youth, support of social service organisations (homes for older persons, homes for children without parents, kindergartens).

At Carlsberg the policies and practices of the CSR concerned also actions for environmental protection and sustainable development of the local community, as well as support for education and young people.

At Heineken Zagorka the main focus is sustainable development, sustainable resources (also support for green agriculture), green initiatives, decrease of emissions, environmental protection (water resources).

1.2.9 Industrial relations and social dialogue

All employers are members of the sectoral employers' association – the Union of the companies, producing beer and malt, which is affiliated to the Bulgarian Industrial Association (BIA). Kamenitza is also an individual member of the Confederation of the Employers and Industrialists in Bulgaria (CEIBG).

At Kamenitza there are two trade unions. One of them, which is larger, is a part of the trade union for the beer, food and beverages sector, affiliated to the Confederation of the Independent Trade Unions in Bulgaria (CITUB). The other is a member of the Federation of Food and Drinks, affiliated to the Confederation of Labour (CL) Podkrepa. Trade union density (for both units) is 40% and since 2011 it has been stable.

Approximately 30% of union members are women, while the young members (18-35 years) are 20% in one of the units and 40% in the other.

At Carlsberg the trade union density is higher, at 60 %, and most of the members belong to unions that are part of the CITUB affiliate trade union for the beer, food and beverages sector. In one of the units there is also a small organisation of the CL Podkrepa affiliated to the sectoral Federation of Food and Drinks and it includes around 3% of the personnel. Women account for 30% of trade union members, the young people 20%, but in the leadership both groups are present with a 30% representation.

At Heineken Zagorka the trade union density is comparatively low, just 10%, and there is competition between the two unions, one affiliated to the sectoral federation of the CL Podkrepa, which is larger, and one affiliated to the CITUB branch trade union. Women account for 30 % and young workers for 40%.

In all companies there are joint committees for social dialogue. All companies are covered by the sectoral collective agreement and there is also supplementary bargaining at the company level. The timeframe for all company-level agreements was between April and June 2014 and there were negotiations for new agreements during the period when the

interviews were conducted. The main matters for collective bargaining are employment issues, working conditions, working time arrangements, wages, social benefits, and training activities. Also some new issues like work-life balance, non-discrimination and diversity promotion, and CSR activities are included.

The trade union representatives participate in the general meeting of stakeholders when labour and social issues are discussed (however they have only a consultative vote). Some employees participate also in the stakeholders meetings, in cases when they are also shareholder in the company.

In all companies information and consultation representatives were elected in 2006 - 2007, but after their first mandate had finished in 2010, the trade unions (after agreement with the employers) asked for delegation of the information and consultation functions to them by the general assembly/ assembly of the delegates of all the workers and employees, which is possible under Bulgarian law and they obtained this right.

All three companies have health and safety committees, where trade unions are also well represented.

In all three cases trade union representatives declare that employer provides all the information required according to the Labour Code and the Framework Directive for information and consultation (14/2002), as well information for the health and safety at work, and CSR activities. In the cases of a change of employer (transfer of the undertaking) as it happened with Kamenitza in 2009 and 2012 and also with units obtained by Carlsberg Bulgaria in 2002 the local trade unions as well as the sectoral trade unions were consulted. This occurred also in the case of redundancies in recent years, though they were not mass redundancies.

Until 2010 Kamenitza had an InBef EWC member, representing Bulgarian workers and employees, who was also a trade union representative, but the workers lost this right due to a change of the ownership of the company.

At Carlsberg the Bulgarian EWC representative was elected in 2014 and at Heineken Zagorka in 2013. However the Zagorka representative is not a trade union member, as the low trade union density did not allow the trade union members to elect one of their candidates to the EWC.

At Carlsberg an annual survey of the employees' views is conducted and the results are presented to the employees.

According to both HR managers and trade union representatives, industrial relations and social dialogue are promoted at company level, but much more should be done for better results (Zagorka).

2. Some general conclusions

A) All these companies have implemented innovations in work organisation, but they are focused on company goals and improvement of the productivity and competitiveness, rather than on the workers'/employees' needs.

B) Both internal and external flexibility are used. However, the influence of the workers/trade unions on flexibility is comparatively low or completely absent. A limited number of work organisation issues are discussed in consultation with the workers. Workers/employees do not have freedom of choice concerning the working time and work organisation, with the exception of particular decisions on job rotation, absence and so on.

C) Wage flexibility is not high: the balance between the guaranteed wages/salaries and the variable part is usually 80-85 to 20-25, with some exceptions for distribution workers. Trade unions do not have much influence on wage flexibility as they usually negotiate only the level of wages/salaries and additional payments and are consulted on the payment system as a whole.

D) The work-life balance and the policies for corporate social responsibility are included in the corporate culture, but the focus of work-life balance is mainly on the payment/coverage of some expenses, not so much on working time and on the provision of some facilities. In practice there is not much freedom of choice concerning the benefits and work-life balance activities.

E) The organisational culture is focused on the link between productivity, competitiveness and occupational welfare/quality of working life.

F) Industrial relations and social dialogue are comparatively well developed. Trade union density varies, but the unions are always treated as a constructive partner by the employers. Agreement between trade unions affiliated to different confederations is usually a prerequisite for better industrial relations and higher trade union membership density, as in the case of Carlsberg and Kamenitza.

G) Both the employers and trade unions support the implementation of the organisational culture and the social responsibility of the enterprises.

H) In most areas the practices in the companies are similar. This could be explained by the fact that they are in the same sector and that all of them are MNC subsidiaries. At the same time they have some peculiarities in production management (Kamenitza), work organisation (lean production in Carlsberg), industrial relations (low trade union density and competition between the two trade unions at Zagorka, EWC representatives at Carlsberg and Zagorka), also a particular focus on the green initiatives at Zagorka.

I) An important role is played by the relations between the employers' association – the assocation of the companies, producing beer and malt – and the sectoral trade unions, as they jointly promote many initiatives at branch and company levels. Some of the practices relating to working time, work organisation, work-life balance, CSR, supplementary collective bargaining are also used in the other companies producing beer and malt, which are wholly owned by Bulgarian shareholders. This approach leads to some improvement of labour and social standards in the sector as a whole, introducing practices that are still not widespread in Bulgaria.

PART III – CASE STUDIES

A Hungarian Automotive Company

MIKLÓS KIRÁLY, SARA HUNGLER

Summary: 1. Methodology – 2. Company Description – 3. Employment Situation – 4. Workers' Representation – A. Employer's Priority: Flexibility – B. Trade Union Requests: Status Quo – 6. Occupational Welfare Measures A. Employer's Measures – B. Training – C. Additional Benefits Provided by the Trade Union – i) Cooperation with the Employer – ii) Other Measures – 7. Remuneration – A. General Findings – B. Area of Improvement

1. Methodology

For this case study the following methodology was adopted: first, we obtained the collective agreement, company handbooks and financial reports. After analysing the content of the documents, a phone interview was held with the head of HR. After that semi-structured interviews were conducted with the Head of HR, the head of the Trade Union, a senior Trade Union officer and the head of the Works Council on the company premises. Due to time constraints, all the interviewed people were present at the same time.

2. Company Description

The company was established in 1993, and located in a large town located in North-West Hungary. It develops and manufactures engines, parts and tools for automobiles; since 1998 it has assembled various types of passenger cars; the manufacturing capacity was further improved and since 2013 it involves the full manufacturing process of two newly developed models. The Hungarian establishment is part of a large German automotive group, and is owned 100 per cent by the group. It operates on a two million square metre factory. The production chiefly focuses on exporting goods and it provides 9 per cent of Hungary's total export, making the corporation the second largest export company of the country. The company has been steadily growing ever since of its establishment, and in 2013 net income grew by 5.8 per cent.

Key financial data of the company for 2013 and 2012:

	2013	2012	Growth
Total no. of engine manufactured (pieces)	1 925 636	1 915 657	+0.5%
Total sales of engines (pieces)	1 890 232	1 874 581	+0.8%
Total no. of cars manufactured (pieces)	42 851	33 553	+27.7%
Number of employees (average in the fiscal year)	9 683	8 663	
Net income (million EUR)	5588	5282	+5.8%
Total investment (million EUR)	968	1038	
R&D Investment (million EUR)	537	433	

3. Employment

At the end of 2013 the company employed 10,337 people. Two per cent of the total employees are white-collar workers. The company generally recruits employees in a 70-80 km radius of the town where it is located. In 2013, due to the expansion of manufacturing capacity, new employees were recruited from all over the country.

Due to the strict manufacturing process and the in-house training policy, most of the employees have regular (standard) full-time employment contracts, concluded for an indefinite time.

4. Workers' Representation

There are two trade unions operating at the company: theIndependent Trade Union established in 2006 and organising 6500 employees, and the local branch of the Metalworkers' Union, which started its operation in 1993, though only 30 employees are members. Despite the large difference in the workers' support, the Metalworkers' Union is invited to participate in all meetings between the representative TU and the employer, including collective bargaining. This policy serves to promote unity between the unions and therefore among employees too.

The works council was first elected in 1995 and it currently has 13 members according to the regulations of the 2012 Labour Code. The works council by and large has less power and rights compared to that of the trade union. All of its members were nominated by the trade union (11 of them were nominated by the Independent TU and 2 by the Metalworkers Union) and it works closely with (or, as the head of the Works Council put it, in the shadow of) the larger trade union.

5. The Collective Bargaining Process and the Collective Agreement

A new collective agreement was concluded between the representative trade union (Independent Trade Union) and the employer in 2012 after the new Labour Code came into effect. During the bargaining process, the parties indicated the following priorities. The employer wanted the utmost (internal) flexibility regarding the production process, while the trade union's priority was to mitigate the negative impact of the new Labour Code[281] and to obtain guarantees regarding employment security.

A. Employer's Priority: Flexibility

Regarding the flexibility of the production process, the following points were considered. The production process requires employees to work 39 different shifts. The notice to employees from changing from one shift to another was set at four days by the employer. After opening the new production unit in 2013 the former two-shift work schedule (morning-afternoon) was changed to a three-shift one (morning-afternoon-night).

Due to market demands, the product lines change on average every four or four and a half years, which requires new technology and production processes to be implemented. As a part of a large multinational group the company often needs to post workers to other countries.[282]

Concerning working time flexibility issues, the employer and the trade union agreed under the previous collective agreement to set up a work-time banking system. However, its legitimacy raised concerns, due to the more protective regulatory regime of the previous Labour Code. It is important to point out that the production process does not allow blue collar workers to have any discretion regarding starting and finishing times, telework, job sharing or even the break time within the work day. The Labour Code provides minimal restrictions regarding shift work, for example due to the protection of pregnant women, night shifts are forbidden and night shifts and posting are restricted for those employees who are raising young children or are single parents. There is more flexibility for white collar workers as there are examples of flexible work time and telework for instance in the Human Resources department.

In terms of the transfer of workers to other facilities, the 2012 Labour Code lays down an overall maximum of 44 working days or 352 hours per calendar year for an employee to be transferred to a different place, to be assigned to different tasks or to be transferred to a different employer.[283] However, the statutory maximum can be elevated by a collective agreement.[284] The employer negotiated 110 working days as maximum total transfer period per calendar year.

B. Trade Union Requests: Status Quo

Regarding the trade union requests, three major demands were formulated.

[281] For the details please see Part 1 of the report.
[282] For example in 2006 when a new factory was built in Germany 16 per cent of the Hungarian workers were posted there for a limited time.
[283] Section 53 Para 2 of Act No I of 2012.
[284] Section 57 Para 1a) of Act No I of 2012.

First, the question of employment security was addressed by the union. In 2008 during the recession the company managed to avoid laying off its employees, chiefly due to the above work-time banking solution. The trade union considered as an important negotiating position that in such an unfavourable situation the employer should take steps to avoid redundancy.

Second, the 2012 Labour Code introduced changes regarding the allowances relating to shift work and overtime to the detriment of employees. The trade union negotiated to keep the allowances paid by the employer at the previous level. This measure takes account of the fact that the company provides the highest salary in Hungary not only in the automotive but also in the metalworking industry, including those workers who obtained no higher than vocational education.

Third, the unions wanted to defend the status quo in terms of trade union rights. The new Labour Code introduced detrimental changes to trade unions' and its officers' rights. The most striking innovations was that only a limited number of trade union officers are now protected against dismissal. Another change, heavily contested by the trade unions, was related to work time allowance. Previously for hours not used by the union officer for union duties, the employer had to pay compensation, which was an important source of income for the trade unions, but this was abolished by the new Labour Code. However, the trade union managed to negotiate that all union officers (including those of the Metalworkers' Union) should be protected against dismissal and posting to different workplace without their consent and that the employer should continue compensating the unused hours of the work-time allowance of trade union officers. The compensation is used by the trade union to organise team building events, to print information materials on occupational welfare measures and the like. Also, the employer provides all the necessary facility, logistics and materials for the proper operation of the trade union.[285]

6. Occupational Welfare Measures

A. Employer's Measures

As pointed out earlier, the employer provides a competitive remuneration package to its employees. In addition to the higher-than-average base salary, overtime and shiftwork allowances, the company has developed an outstanding cafeteria system, available to all employees without differentiation relating to their position.

All employees are entitled to choose benefits from the occupational welfare measures provided by the employer up to the value of HUF 450,000.[286] The services/goods offered by the employer are either exempt from tax or subject to tax of 37.5-38.2 per cent.[287] The list of benefits is regularly checked to ensure that it meets the employees' needs.

[285] This duty of the employer is prescribed by the Labour Code, however the trade unions at the company have the use of a high standard facility and state-of-the-art technology for their activity.

[286] The amount has been increased: it was HUF 450 000 in 2014, for 2015 it will be HUF 475 000.

[287] Tax issues related to occupational welfare measures are regulated in Act No CXVII of 1995. According to a recent amendment, after 1 January 2013 the total taxation on most of the occupational welfare benefits is 35.7 per cent (based on 1.19 times of the net value, social allowance is 14 per cent and personal income tax is 16 per cent [Section 71]), which is a reduced percentage compared to the general level of 51.17 per cent. The reduced tax is applicable up to value of HUF 500 000/ year/ employee, above that amount the general 51.17 per cent applies. Thus, providing any occupational welfare measures worth more than HUF 500,000 per year is not rational. The unfavourable changes to the tax law in 2013 resulted in severely cut back cafeteria services at companies in the whole country.

Occupational Welfare Measure	Tax %
Computer rental	0
Housing loan (no interest charged)	0
Vouchers for cultural and sport events	0
Life insurance	0
Language courses	0
Local transportation pass	35.7
Meal voucher	38.2
Canteen	35.7
Health check and medical treatment	35.7
Private pension plan	35.7
Schooling allowance	36.7
Various holiday vouchers (accommodation, restaurant, leisure activities)	35.7
Car rental	n/a

The workers entitled to these benefits are regular, full-time employees who are covered by the collective agreement and who have been working with the employer for a minimum of one year.

B. Training

One of the key competitive advantages of the employer is the highly skilled workforce. The company runs a complex in-house training system (see, Services). They prefer to hire recent graduates (at least vocational school graduation is required) and train them. Employees have high level of influence on their training, but the company's priority is to have workers with "flexible" knowledge. The Head of HR told us that those employees who are 30-35 years old[288] and started their career at the company in their early twenties are capable of performing in all production units and carry out almost all relevant tasks. This training system provides additional internal flexibility for the employer as employees can be assigned to any tasks required by the market needs. Also, employees are encouraged to learn languages (the company language is German, but other languages are also supported, like Spanish due to the new investment in Mexico), therefore the whole group can benefit from the transfer of employees. Naturally, this in-house training is expensive, thus the employer prefers to retain the skilled workforce.

[288] Average age at the workplace is 35 years old.

C. Additional Benefits Provided by the Trade Union

i) Cooperation with the Employer

The 2012 Labour Code introduced important changes relating to the working time allowance of trade union officials.[289] The new Code stipulates that the total working time reduction in a given calendar year is one hour per month for each two trade union members employed by the employer.[290] The possibility of compensation of working time reduction was eliminated.[291] This had a negative impact on trade union activity, as the compensation that trade union officers received in lieu of the working time reduction served as an important financial source for union activity.[292]

At the company under examination, according to the 'status quo' agreement between the trade union and the employer, the employer did not adjust the working time allowance or abolish the compensation in lieu of time off. In return, the trade union uses the income to finance activities for the mutual benefit of the employees and the employer.

The flagship example mentioned by the interviewees was the case when the employer had to identify a solution for a severe fluctuation problem. As mentioned earlier, the company usually recruits its workforce from a 70-80 km radius of the plant. However, when the new operation unit was established, the increased need for workers made the company widen the geographical scope of the recruitment. About 200 employees were hired from the East and North-East of Hungary. These regions could generally be characterised as less industrialised than the west of the country. There are no similar high technology factories located in the area and other employers as reported by the Head of HR, adopt more relaxed work rules, especially relating to shift work and break time during working days.

Employees coming from these areas faced multiple challenges. First, they had to adjust to the advanced technology of the company and even more importantly, to the strict working rules and high standards.[293] Second, most of the newly recruited employees came without their families. Most of them lived in dormitories and travelled back to their hometowns on rest days, having little interactions with other employees. The high pressure and isolation led to demoralisation in the workplace: the fluctuation among the new hires was over 20 per cent (as opposed to the general average of 0.2-0.3 per cent) Due to the in-house training programme of the employer, the costs also increased significantly.

As a solution, the trade union offered to organise events which facilitated the inclusion of newcomers. They arranged various free-time activities (theatre, hiking, city tours, team building activities) and provided additional information brochures on company benefits and work rules, promoting the advantages of long service time. In addition, the trade union offered help for seeking jobs (not in-house) for family members left behind. After this initiative the fluctuation was reported to have dropped, however it is still around 5 per cent in this specific group.

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[289] Previously the total work time allowance was two hours per month for every three union members employed by the employer for all trade union officials. See, Section 25 para (2) of the 1992 Labour Code.
[290] Section 274 para (2) of the Labour Code
[291] The reasoning was that if the exemption from work was not claimed, obviously the trade union officer did not need that time to perform their duties. Trade unions claim that the amount of money they had gained by the redemption was an important source of income. However, it could be contested whether the employer is obliged to fund the operation of trade unions in such a way (or in any way, as a matter of fact).
[292] However, the previous practice raised concerns, as it could have been seen as indirect influence of employer through "financing" the trade union.
[293] Workers' presence for example is 98.7 per cent.

The trade union also offers help with carrying out surveys on occupation benefits to identify those that are still needed and those that need to be replaced, and by what. The trade union also provides "simplified" information on the occupational benefit system, after it was reported by the employees that the brochures provided by the employer are difficult to understand.

ii) Other Measures

The independent trade union has significant income from membership fees, which is independent from the agreement with the employer. From the membership fees a certain percentage is automatically allocated to the trade union solidarity fund for social aid.

Regarding collective bargaining, one of the priorities (as well as the core assets) of the trade union is that their officers are highly educated. The trade union finances various forms of training to help officers gain recognition as equal and qualified negotiating partners.

The core trainings courses are economics, law and finance. The Head of HR spoke highly of the hard and soft skills of the union officers and acknowledged that there has been a significant improvement in negotiations since the trade union started promoting these training programmes 5-8 years ago.

The trade union also provides a "shopping cart" for goods (mostly food and drink) and services (mostly sport and culture) at reduced prices. However, naturally, these services are only available to union members.

7. Remuneration

A. General Findings

The company offers the highest base salary for skilled workers both in the industry and in North-West Hungary, and as a result the employer is considered to be highly competitive in the job market.

The company adopts a complex bonus system, which is based on individual performance (hard component: target numbers, soft component: cooperation), team performance and company performance. The bonus is paid out on a six-monthly basis.

Regarding overtime and holiday work compensation, the trade union negotiated to maintain the higher rates of the 1992 Labour Code. As the senior trade union officer put it during the interview, the employer "needs to pay for the devotion and flexibility employees demonstrate at the workplace." The Head of HR added that production flexibility has the utmost importance for the company and even though they try to reduce production costs, they benefit from workforce flexibility, thus they do not have major concerns regarding trade union requests on overtime and the payment of work on public holidays.

B. Area of Improvement

The employer mentioned one specific problem relating to the remuneration system. At the company, as mentioned earlier, about two per cent of the employees belong to management (general manager, production unit leaders, and sub-unit leaders), and under them the team leaders and team coordinators are in charge of leading semi-autonomous

groups. Each team consists of 8-10 employees and around 60 people (6-8 teams) work on one shift. Team leaders have limited autonomy in coordinating team work and evaluating team members. This limitation is twofold: one is related to the strict production process of the company, and the other one is the result of the bonus payment system.

Regarding the first limitation, team leaders have no influence on the type of tasks, pace of work and the quantity of the outcome (work is mostly done on an assembly line) or operational target (target numbers are set by means of a bottom-up method, but eventually the HQ approves the target), but they are in charge of improving quality, meaning mostly the accuracy of the work done. Thus, teams are competing with each other regarding their performance.

Regarding the second limitation, team leaders have the right to evaluate team members and to propose bonuses for high performing workers. Team leaders also have the right to initiate disciplinary measures for breaching work rules (both of them are theoretically proposals to the sub-unit leader, but in practice the sub-unit leader approves the request without interference with the team members). Personal performance is a part of the individual remuneration and one of the consequences of disciplinary issues could be tentative reduction of the salary. However, it has been long reported that team leaders do not usually apply any objective criteria for evaluation and consequently to make decisions on the bonus, but it is decided on a highly subjective basis. The trade union proposed to launch a specific training programme on evaluation.

PART III – CASE STUDIES

How Social Dialogue Can Attempt to Link Welfare and Competitiveness at the Company Level. Insights from three Metalworking Companies in Italy

YLENIA CURZI

Summary: 1. Introduction – 2. Case Study A – 3. Case Study B – 4. Case Study C – 5. In search of best practices: preliminary assessment of case studies – 6. Concluding Remarks: implications for the social partners and government action

1. Introduction

The present part of the report deals with social dialogue practices at the company level addressing the implementation of occupational welfare measures linked to internal flexibility programmes in the attempt to strike a balance between two relatively autonomous and potentially diverging viewpoints. The entrepreneurial standpoint, and thus the need for competitiveness, long-term economic growth, and revenue, is likely to diverge from the points of view of people at work, reflecting their needs for an effective combination of the capability for work and the capability for life, for health, for the promotion of fundamental human rights, and of the human dignity.

With this in mind, this part of the report presents case studies of three large metalworking enterprises in Italy.[294] Two enterprises operate respectively in the motor vehicle and in the automotive sector; both of them belong to a multinational group working in the automotive sector with headquarters in Germany. The third enterprise is the Italian subsidiary of a multinational group operating in the packaging sector with headquarter located in Sweden. As a result of the influence of the headquarters and of the model of industrial relations adopted by the parent companies, in all the Italian companies under examination the social partners have a collaborative and participatory approach to the collective regulation concerning the implementation of occupational welfare measures linked to internal flexibility programmes. The involvement of workers representatives in the decision-making process on these issues is set in a framework of information and consultation procedures, and co-operative practices.

Furthermore, the report draws attention to social dialogue practices with a subsidiary role with respect to public action in the field of welfare.

As highlighted below, the occupational welfare measures implemented at company level in the three case studies consist in the provision of cash benefits and/or services aiming at protecting employees from new social risks. However, they also encompass internal flexibility measures and are associated with changes in work organisation aimed at jointly pursuing company competitiveness, individual wellbeing, and the satisfaction of non-standard social needs such as work-life balance, and the needs of workers with caring responsibilities. In line with this, the subsidiary action of the social partners at company

[294] For reasons of confidentiality, the name of the three enterprises will not be disclosed. Hereinafter, we shall refer to them, as enterprise/company/case study A, B and C, respectively.

level takes place at two different levels, and with two different forms. On the one hand, the social partners act to provide employees with additional social services, in terms of quantity or quality, with regard to those offered by the public sector, thereby expanding the scope of social protection services provided to employees. On the other hand, the social partners focus their action on work reorganisation in order to protect employees against new social risks. In so doing, they play a full integrative role with respect to the State. The intervention in terms of the work organisation, in fact, is an area where the social partners, rather than the State, play a key role, especially at company level.

In this connection, the case studies provide empirical material for a conceptualisation of occupational welfare alternative to the reductionist one, which considers it as the simple result of the public actor's externalisation of social protection services to the social partners, to deal with the negative effects of the employment strategies based on external numerical flexibility measures. This externalisation is the result of public spending cuts related to the economic and financial crisis, and the member states compliance with the budget constraints deriving from their membership of the European Union.

As stated above, the case studies refer to three large enterprises in the metalworking sector. All three enterprises employ highly skilled workers.

According to the existing research results (Ascoli, 2011; Mares, 2003; Pavolini, Ascoli and Mirabile, 2013; Seeleib-Kaiser and Fleckenstein, 2009), the spread of occupational welfare is positively related to the size of the firm, the level of qualification of the workforce, and the economic sector, both in Italy and in other countries.

In search of best practices, and insightful examples of how the social partners attempt to strike a balance between the company's needs for smart and sustainable growth, and the employees' needs for wellbeing, we thus concentrated our attention on work settings where occupational welfare is more widespread.

With respect to previous analyses of the same sectors and enterprises, however, we did not adopt a purely descriptive approach. On the contrary, the primary aim of the present field research was to gather information to assess the measures and practices implemented by the social partners against the multidisciplinary methodological approach outlined in the initial stage of the project (Curzi, Fabbri, Senatori, Part I in this report) based on "high road" strategies. For this purpose, it relies on the concept of "freedom of choice", drawn from Amartya Sen's capability approach, and on the use of this concept in labour law and industrial relations analysis (Bonvin, 2012). It further relies on a set of criteria, drawn from organisational analysis, to evaluate whether the internal flexibility measures implemented in each case promote the well-being of the workers concerned, while promoting the capability of the company to innovate products and processes, and to achieve smart and sustainable growth.

To deal with the issue of innovation, we concentrated our attention on the companies in manufacturing, and especially in the metalworking sector. This is a mature sector (i.e., the overall supply of goods and services exceeds the overall demand), leading companies to innovate processes, products and services, thereby pursuing long-term growth based on non-price competition in order to survive. In this connection, it is worth noting that one of the goals of the Europe 2020 Strategy is to maintain manufacturing as a share of GDP above 20%. Moreover, the 2013 European Competitiveness Report stresses the need to harness the potential of manufacturing as a lever to regain EU competitiveness. In fact, manufacturing as a share of Research and Development (R&D) is still four times manufacturing as a share of EU GDP.

Within manufacturing, motor vehicle and other transport equipment respectively invested 18% and 25% of the GDP in the sector in R&D in 2010, while R&D was less than 10% in machinery and equipment (European Commission, 2014).

The metalworking enterprises where we carried out the field research were chosen for the following main reasons.

All enterprises focus on internal rather than external numerical flexibility with the aim of increasing both company competitiveness and employment security. Moreover, the occupational welfare measures implemented in all companies include changes in work organisation aimed at satisfying individual needs relating to new social risks.

In addition, companies A and B were chosen because they have respectively implemented occupational welfare measures in the field of work-life balance and in the area of education, training, and apprenticeship, in line with the EU social investment policy priorities concerning "Supporting Working Carers and Care Workers" and "Youth Guarantee" (Eurofound, 2014). Enterprise C, instead, was studied in order to explore in detail the internal flexibility measures implemented in a company almost entirely based on professionals involved in new product development processes, and to analyse whether the social partners have taken decisions on the issues at stake significantly different from respect to those taken in company A[295] and company B.[296]

Information was gathered from July to September 2014 by means of an analysis of the documents provided by the companies (collective agreements at company level, web sites, slides shows), and semi-structured interviews with Human Resource (hereinafter HR) Directors. For case study A, we also carried out semi-structured interviews with a workers' representative and a test engineer.

Section 2, 3, 4 describe Case study A, B, and C respectively. Each section highlights the occupational welfare measures implemented in each company, the needs addressed, the beneficiaries, and the main goals pursued by both the management and the unitary workplace union structure. Each section also describes the internal flexibility measures and the way the social partners link company competitiveness, internal flexibility and occupational welfare in each case.

In section 5, we shall assess each case study against some benchmarks drawn from the existing literature, namely the German social model, the Adriano Olivetti's occupational welfare "model", and the win-win solutions implemented in European companies (Eurofound, 2014). In addition, we shall assess each case study against the methodological approach outlined in the initial stage of the project (Curzi, Fabbri, Senatori, Part I in this report). As a methodological approach, it examines the situation in each single case, and outlines a mostly theoretical pattern of "high road" strategies that may be hard to find in reality. Assessing each case study against such an abstract tool, however, provides the chance to highlight the organisational choices, concerning the internal flexibility currently implemented in each case, that are inconsistent with the premises, values and aims that the social partners claim to pursue. In this regard, we shall draw attention to the organisational choices that negatively affect the health of individuals at work as well as the company capability to innovate and pursue long-term economic growth. In this connection, we will examine some opportunities for organisational change. By "opportunities for organisational change", we do not intend practical solutions for the observed inconsistencies, but, rather, general directions towards which the action of the social

[295] A is a company almost entirely based on R&D professionals, like company C. However, it works in a different sector and belongs to a different multinational group.

[296] Company B belongs to the same multinational group, but unlike company C, it is vertically integrated. In addition to R&D, it carries out some phases concerning the manufacturing of the final product.

partners and of the government should move in order to improve the consistency between the practices and the aims and values that the actors involved claim to pursue. In this view, we consider that it is up to the government and the social partners to make decisions concerning when and how to translate the opportunities of organisational change we shall outline into practical solutions. In this regard, they should also consider that such opportunities might not be immediately realisable due to existing constraints that need time and more favourable conditions to be overcome. In our view, however, this does not imply the need to consider the opportunities for change, the realisation of which needs to be postponed, as less relevant than the solutions that the social partners have already implemented in the case studies in order to move towards a smart, inclusive and long-term growth.

Based on these premises, and drawing from the previous analysis, the concluding section outlines some implications. They specifically concern the changes in the logic of trade union and government action that are needed to fully exploit the potential of internal flexibility to promote both the health and well-being of the workers concerned and the company capability to innovate and pursue long-term economic growth.

2. Case Study A

Enterprise A belongs to a Swedish multinational group. It is the Italian plant of the Group's industrial division that produces processing and packaging solutions for foods. This industrial division has two plants in Italy. The core businesses of the plant where we carried out field research are the Research and Development (hereinafter, R&D) of packaging line solutions, and assembly and testing of new prototypes of packaging machinery.

At the transnational level, there is no European Work Council, but a Council, which represents trade unions from the different European countries where the group has subsidiaries. The Council has information rights, but no collective bargaining rights. The workers' representatives from Italian plants have the right to participate in this Council.

In the Italian plant under examination here, the unitary workplace union structure is made up of six members: five of them from FIOM (the federation of metalworking blue and white collars affiliated to the CGIL) and one from FIM (the Italian Federation of Metalworkers affiliated to CISL).

In addition, industrial relations are mainly based on participation rather than collective bargaining and power struggles.

Management representatives and the unitary workplace union structure meet every three months, to share information about business strategies, major trends in productivity, research and innovation, technical investments, and the effects on employment produced by major company innovations (concerning productive processes, technology, and organisation). The management informs the unitary workplace union structure also on subject matters that usually come under the employment contract between the company and each individual employee, such as employment grade and professional development.

As a whole, industrial relations at the plant level are shaped by the same principle the founder of the multinational group identified in 1963 to manage the labour relation with each employee: "Have faith in your colleagues and co-workers, [as] we cannot function without trust". In this connection, the unitary workplace union structure is deeply involved in the company decision-making processes, and collaborate to meet the economic, technical and organisational needs of the company. The management, in turn, is highly

committed to distributing a part of the earnings deriving from any increase in the company competitiveness among employees, in order to increase the workers' perceived well-being.

Let us thus highlight the conditions under which this mutual trust relationship takes place and the solutions it leads to in the field of occupational welfare.

In the plant under analysis, R&D mainly consists in designing procedures, technical specifications and operational solutions necessary for producing the single parts (called modules) of a new prototype and to assembly them, thereby obtaining the overall packaging machinery. A minor part of the R&D activities also consists in the follow-up inspections of machinery returned by the clients or the test phase due to malfunctioning.

In cases of simple or already tested machinery, Company A only focuses on R&D activities, and externalises the production of each single part, and the delivery of the machinery to the client to subcontractors. In the case of new prototypes or complex packaging machineries, Company A also assembles the parts produced by subcontractors, tests the entire prototype, and delivers the product to the client. Company A carries out the phase of (re)testing also in case of machinery returned by the clients due to malfunctioning.

The subcontractors working for the company also work for other non-competitor enterprises. This is a huge source of flexibility for Company A that can change, and decrease, the quantity of its orders without the risk of creating financial and economic problems for its subcontractors. In light of the advantages of flexibility it provides, the ability to work for several customers is the basic criterion that company A uses to select subcontractors. The opportunity to work with subcontractors who can provide customers with such services is also the main reason why the Swedish industrial division of the group decided to establish a plant for R&D, and the assembly and test of packaging machinery in the local area. Finally, in the company view, working with many subcontractors is a way to transfer and disseminate knowledge to the local area.

A total of 824 employees work in the plant under analysis: 27% of them are women, and 13% are from other countries. On average, the employees are 39 years old and have a seniority of 10 years, 43% of them have a University degree, 37% have an engineering background, and 8% have a specialist background. A total of 105 employees are trade union members: most of them are researchers and developers, and some of them are managers. All of them belong to the FIOM (metalworking federation of blue and white collars affiliated to CGIL). The percentage of employees who are trade union members is nearly 23% (105 out of 450 potential members, rather than 824 because the remaining employees are expatriates).[297]

Most employees are employed on a standard contract, whereas temporary contracts are used to cope with temporary needs relating to peaks of production or to the replacement of employees who benefit from parental leave. Temporary contracts can also represent the initial stage of the path leading the company to hire employees on standard contracts. As laid down in the collective agreement, temporary workers who have been working in company A for 18 months, even if not continuously, in the previous 24 months have the right to apply for vacancies. Those who cannot obtain a standard contract, either because there are no vacancies or because they do have not the required skills, are however supported by an outplacement service. In addition, temporary workers who have been working for at least three months have the right to receive a pro-rata amount of the performance-based pay, i.e. variable compensation related to the achievement of agreed targets.

[297] These figures were provided by the trade union representative we interviewed at the plant.

Quality and innovation are the building blocks of the company competitive strategy. As highlighted below, quality is intended as compliance with a predetermined standard that, operatively, mainly concerns the time required to carry out a given task. Any deviation from the standard means problems, the need to find a solution, waste of time, decreased production volume, and thus increased costs and losses.

Innovation is mainly based on "cost drivers". This goes for innovation concerning the generation of new product ideas and the organisation. The basic aim of R&D is to find solutions aiming at decreasing the cost of packaging machinery. In the same way, one of the most important tasks of all employees is to give spontaneous and innovative advice aimed at the technical optimisation of the means and method of production, and at the continuous reduction of the time needed to carry out any task.

The first measure of internal flexibility implemented at company level is consistent with the above pillars of the company competitive strategy. Included in the collective agreement at the company level, it concerns performance-based compensation. A part of the remuneration of all employees is based on the achievement of predetermined quantitative targets by the Swedish industrial division and by individual workers. The performance targets for the Swedish industrial division are defined in terms of quality (such as delivering the product on time, within or before the deadline agreed with the customer), and count for 40% on the variable compensation. The individual performance targets are defined in terms of productivity, and count for 60% of the variable compensation. This, in turn, accounts for 7% or 15% of the remuneration related to the employment grade laid down by the national collective agreement, depending on the level (satisfactory or more than satisfactory) that the Swedish industrial division and the individual performance have achieved.[298] Every four years, when the collective agreement at company level is renewed, a part of the productivity-based pay, corresponding to productivity objectives permanently achieved,[299] becomes part of the monthly fixed salary. It is thus distributed in an equal amount to all employees.

Individual objectives are the result of a top-down process of target definition with starts with the determination of the performance targets of the Swedish industrial division, which are the starting point for laying down the performance targets of all the plants of the Swedish industrial division. In accordance with the objectives defined at this level, they then identify the objectives of the managers responsible for a work team.[300] Each manager, in turn, accordingly defines the individual objectives for each employee under his/her supervision. Individual objectives are rigorously based on objective parameters,[301] and they are closely tied to the Swedish industrial division objectives. An example: the quality of the packaging machinery decreases as the number of problems detected in the test phase increases. The greater the number of problems, the greater the time needed to complete

[298] On a scale from 1 to 5, targets are considered to be achieved if the threshold score of 3 is reached both at the Swedish industrial division and at the individual level. If the Swedish industrial division performance score is less than 3, no variable compensation is distributed to all employees; if the Swedish industrial division performance score is more than 3, but the individual performance score is less than three, no variable compensation is distributed to the individual employee. The variable remuneration, which counts for 7% of the fixed salary, corresponds to the achievement of score 3 while the variable remuneration, which counts for 15% on the fixed salary, corresponds to the achievement of a score ranging from 3 to 4.

[299] That is the number of prototypes that have become functioning packaging machinery at client sites.

[300] A work team usually consists of all employees working in a given department, or carrying out the same functional task: such as R&D, maintenance, quality, planning, supply chain operations (the name of the organisational unit including assembly and test phases).

[301] Individual objectives of employees at the R&D department are defined as the timeframe within which the design of a new project/prototype should be ready, and submitted to the manager, or sent to subcontractors who produce the modules.

the test phase and to deliver the machinery to the client, the greater are the costs, and the lower the productivity. The lower the quality of the machinery, the lower the clients' productivity, to the extent that a greater number of functioning problems of the machinery means frequent breakdowns and thus a smaller quantity of finished products produced and sold by the clients. The Swedish industrial division performance targets, and the related team and individual objectives, are the fundamental parameters that employees use to self-define their work priorities and to submit new ideas.

As noted above, the basic aim of the generation of new ideas is the economic and technical optimisation of the product and of the means and methods of production. While optimisation of the product is the fundamental aim of the R&D department, the optimisation of production is the duty of all employees. As regards employees in R&D department, the optimization of production is not institutionalised. This means that it is up to each employee to find time to devote to the generation of new ideas aimed at optimising how work is carried out and organised. This, in turn, implies that each employee should be able to identify what is a priority within the overall workload, and what, instead, can be postponed in order to dedicate attention to organisational innovation. As regards the other employees, those who belong to supply chain operations, innovation aiming at the technical and economic optimisation of the methods and means of production, is institutionalised. It is a pillar (known as "focus improvement") of World Class Manufacturing (hereinafter WCM), a management technique that the company aims to promote among its suppliers.

At the level of production, this technique is based on the definition of standard operating procedures, which predetermine the working activities included in the assembly and test phase and the time needed to execute each of them. Any deviation from the prescribed time of task execution results in a loss, a waste of time and thus an improductive cost causing delays with respect to the timeframe within which the machinery should be delivered to the clients. The delay can occur for technical problems concerning the parts provided by external subcontractors,[302] the workstation or the logistics of the "supply chain operations" organisational unit.[303] Deviation from the standards which determine the time of task execution may also result from failure to comply with health and safety standards or from incidents taking place in connection with activities not yet optimized. Faced with a deviation, the test engineer usually deals with it and tries to solve the problem, alone or by asking someone else (maintainer or electrician) to intervene. In any case, he/she initiates a procedure so that specific semi-autonomous work groups take charge of it, in order to find and standardize a solution within a given lapse of time. In minor situations, also test engineers directly search, find, and submit advice on standard solutions aimed at rationalising activities, and reducing the time of their execution, out of the activities of the "focus improvement" pillar.

However, taking part in the WCM pillars or generating and submitting advice for new standard procedures are activities that go beyond the ordinary plant and individual workload. Promoting innovation thus requires test engineers, as R&D employees, to be capable of defining work priorities and finding time to work on this activity. There are no economic benefits for taking part in WCM pillars. Basically, it is a voluntary activity, which, however, provides employees with the chance to gain "visibility", and to improve their knowledge so as to increase their career opportunities, and the chance to apply successfully for a vacancy within the company.

[302] Problems caused by a deviation from quality standards defined within the quality pillar of WCM.
[303] Problems caused by a deviation from maintenance standards laid down within other pillars of WCM.

Standard procedures enable employees to work safely and efficiently, and to provide clients with products of optimal quality on time. Standard procedures concerning assembly and test activities enable test engineers to deal with the variability associated with the need to intervene in relation to different machinery with a number of different options, and to quickly identify the right approach to carry out the work. They also increase employee interchangeability, making it easier to find a substitute for an employee taking time-off for work-life balance needs.

The introduction of WCM and the related internal flexibility measures result from "unilateral" management decisions. There are two other internal flexibility measures worth highlighting.

The first one is the result of social dialogue. This measure enables the company to rotate employees on different job positions, even downwards. This possibility especially concerns engineers, who usually work on temporary projects where they carry out tasks, which the employment grade laid down in the national collective agreement does not foresee, and that are thus defined according to a job description internal to the company. When the project ends, the engineer loses his/her organisational position, but if a new project starts, he/she can apply for a different organisational position, even if this is at a lower level than the previous one according to the job description internal to the company. Workers' representatives agree on this type of job rotation, provided that the engineer maintains the previous remuneration and the employment grade laid down in the national collective agreement.

The second measure of internal flexibility is included in the collective agreement at company level. The unitary workplace union structure automatically authorises overtime carried out up to 200 hours per year and two hours per day, allowing the company to agree with the individual employee how to carry it out according to the company technical and organisational needs. In addition, the unitary workplace union structure automatically authorises that specific employment grades to carry out overtime outside of these limits, in exchange for the accumulation of the exceeding hours in a work-time bank.

As highlighted before, the internal flexibility measures implemented at company level mainly aim at increasing productivity. A share of the earnings from the increased productivity is distributed among workers in the form of occupational welfare measures.

Some of these measures are included in the collective agreement at company level. They encompass both social services and changes to work organisation. Changes to work organisation mainly concern work time. In particular, they include the following measures.

- In addition to the measures laid down in the legal framework and the national collective agreement, the social partners have agreed to allow any employee to work part-time in order to take care of children under 14 years old. In order to meet the company technical and organisational requirements, related to the fact that in the same department there may already be a number of part-time workers, the company has the discretion to agree with the employee how he/she should distribute the part-time work (i.e. in the afternoon instead of the morning or vice versa).
- Work-time banking, especially conceived for those working overtime paid at a flat rate.
- In addition to the measures laid down in the legal framework and the national collective agreement, extension of the paid time off period to assist children under 14 years old, parents, spouses or cohabitees in case of sickness.
- Extension of the eight hours paid time off for the birth of a child in the case of a child born on Saturday or Sunday.
- Optional company parental leave for parents with children under one year old in order to support their integration in kindergarten. The company parental leave is included in the

calculation of seniority but excluded from the calculation of holidays, variable compensation, and thirteenth monthly salary. During company parental leave, the company pays the worker an allowance of 50% of the normal wage.

- Company integration (20%) of the INPS (National Institute for Social Security) income support for discretionary parental leave till the child is one year old.
- In addition to the measures laid down in the legal framework and the national collective agreement, extension of paid time off for workers needing to take exams on educational programmes related to personal training needs, or to attend degree, post-graduate, or doctoral programmes. The company collective agreement establishes that employees asking simultaneously for time-off will be authorised up to a maximum of 6% of the workforce.
- Employee self-certification of one-day sick leave (for minor complaints such as headaches). There is a limit of two days per month and twelve days per year. Compared with the use of medical certificates requiring at least three days off work also for temporary conditions, this contributes to reducing absenteeism and the related cost sustained by the company.
- In the case of certificated sick leave of at least four days, authorisation of the interruption of the collective holidays or of individual holidays lasting for at least one week.
- Paid time off for specialist medical examinations that can be carried out only in working time. Maximum of 24 hours per year, including the journey (one hour or two depending on whether the medical examination is carried out in a facility located in the province).
- Paid time off (for a maximum of two hours per day) for physiotherapy carried out within the third day of an incident/operation, provided the employee expects to return to work.
- With respect to the legal framework concerning unpaid leave, the social partners have agreed to reduce from ten to five years the seniority required to ask, once during the employment contract, for a non-paid leave of a minimum of one month and a maximum of six months. Seniority is further reduced by one year, in the case of unpaid leave for voluntary work, study, care work, and care of children under seven years old.
- An advance of severance pay, up to 100% of the total sum set aside, no more than twice during the employment contract.
- Flexible entry and exit time.

In addition, the social partners have agreed to introduce flexible ways to carry out work, which concern both time and space in order to make it easier for employees (especially white collars) to fulfil care work or to satisfy their work-life balance needs.

In connection with the adoption of performance-based evaluation and reward systems, the management attention has shifted from employees' compliance with prescriptions of rigid timing to carry out work to the individual ability to reach agreed targets, to fulfil assigned tasks, to meet deadlines, and undertaken commitments to coordinate their work with that of other colleagues (taking part in meetings when and where they are scheduled by work teams). On condition that employees meet these limits, they are allowed to decide at their own discretion when and where to carry out work. In this connection, the company collective agreement allows employees to present self-certification for presences, absences, and extra-presences; self-certification provide the information needed to calculate employee remuneration. The company collective agreement also establishes that, in case of need, the company may use data from the technical devices used to control accesses to the plant for security reasons, to verify employee self-certification as mentioned above.

In addition to the occupational welfare measures included in the collective agreement at the plant level, the management unilaterally implements a benefit plan.

First introduced in 1999, it was designed based on a survey asking employees about their needs and the extent to which they were satisfied with the measures implemented by the company. On this basis, the management replaced certain measures with new ones.

The management also consulted the union representative to gain an in-depth understanding of the employees' most pressing needs.

The benefit plan consists of services and income support aimed at satisfying employees' social security and work-life balance needs. In connection with work-life balance, the measures address both the needs of those taking care of children and aged parents, and the needs of young people and unmarried workers. Services and cash benefits are offered to all employees, or the categories of employees identified on the basis of the need addressed by the benefit, irrespective of their position and the employment grade as laid down in the national collective agreement.

The overall plan is made up of two parts. The first part is fixed. It includes private insurance against accidents, and the reimbursement of travel expenses for those using public transport, and environmentally sustainable mobility. The second part has a flexible structure. The company offers a predetermined set of measures, and each employee, every year, may choose one service, in accordance with his/her specific and changing needs. The services offered include:

- Social security services: integration to retirement plan, income support for employees and their relatives' medical expenses.
- Time saving services: online laundry with a 40% discount; schoolbooks with a 10% discount; online shopping for fruit, vegetable, dairy products, and fresh pasta from local suppliers; personal package delivery services; post office job handling services; tickets booking for events (theatre, cinema, museums, sports, concerts, etc.) throughout Italy.
- People/House Care services: kindergarten,[304] baby sitter booking at reduced prices; specialised nurses and social care services at home; house care services by qualified maintenance workers (plumbers, electricians, gas engineers) at agreed prices; house cleaning services at reduced prices; emergency care (services by babysitters, carers, and nurses to cope with work-related emergencies, the cost of which is met by the company).
- Mobility services: car sharing/pooling.
- Income support: discounts and concessions based on agreements with local commercial businesses (clothing shops, beauty parlours, gyms).
- Cultural and sport services: wellness area, membership to sports groups, art clubs, solidarity groups.

In terms of work-life balance, the flexible benefit plan includes two significant measures: the parents programme and the telework measures. The first programme helps both manager to be informed about managing paternity and maternity leave, and the employee to be informed and to feel cared for during parental leave, via "keep in touch", "stay tuned" and counselling. The first two actions include training to making it easier for women workers to return to work after maternity leave. As regards the third action, the company implements a particular form of counselling. In the group of women workers who meet before maternity leave, the counsellor is a mother who has already returned to work after maternity leave, and thus in a better condition to provide advice and information to mothers who are preparing to take maternity leave. In this connection, external counsellors are used only for the group of women workers who meet after maternity leave, based on the idea that this is a particularly sensitive phase that can be better dealt with by an expert. The second measure is telework, that is technological devices (i.e. mobile phone and computers) that the company makes available to employees

[304] The company has set up a kindergarten for children from 12 to 36 months to be used by employees and the local community.

so that they can work efficiently from home, and outside the office, in accordance with management and company policy. This is clearly related to the flexibilisation of work time and space described above, aimed to accommodate individual work and private life.

Formally speaking, the benefit plan is the result of unilateral management decision. It is not included in the plant collective agreement, and thus employees are not entitled to benefit from the measures permanently or at least for the period when the collective agreement is still in force. Every year, the company can withdraw some of or all the measures offered, depending on the general economic conditions, and the economic resources available to finance investments in occupational welfare measures. This flexibility makes it easier to obtain the CEO's endorsement for the plan and to manage it.

Let us now concentrate on the main reasons underlying the implementation of occupational welfare measures. In this connection, the parties involved seem to have different, yet compatible points of view.

Management considers occupational welfare measures, both those included in the plant collective agreement and those excluded, as provisions supplementary to the remuneration paid for the work by employees, and thus as tools of Human Resource Management.

In the management view, occupational welfare measures are part of the reward system, in addition to (fixed and variable) remuneration aimed to attract and retain high-skilled workers. They especially need to attract young engineers and specialists, entering the labour market after university and technical high school, and usually applying for jobs in other – more well known - metalworking multinational enterprises located in the local area and surroundings. Unlike its competitors on the labour market, who pay wages higher than the market average, the company pays wages in line with the market average, and invests the additional economic resources in the provision of occupational welfare measures. In this respect, the company benefits from the Italian legislation (Articles 51, 95 and 100 of the unified body of laws concerning income taxes). These provisions allow tax deductions for companies incurring expenses for services provided to all or some categories of employees based both on the collective agreement, and mainly concerning income support, pension and supplementary health insurance, and on the management unilateral decision, and regarding education, recreation, social and health assistance and religion. Thus, compared to remuneration, the implementation of occupational welfare measures used as tools to attract and retain highly skilled and motivated individuals involve reduced labour costs, and increased profitability as measured by EBITDA (earnings before interest, tax, depreciation and amortisation). In addition, management considers occupational welfare measures as a means to increase employee engagement, satisfaction, and the ability to stay focused on work, and to reduce absenteeism,[305] thus increasing labour productivity, the chance for employees to achieve their individual objectives and for the company to reach its goals.

As regards the trade union representatives in the company, they increasingly consider social dialogue experiences in occupational welfare as practices related to the need to change trade union attitudes, and to shift attention from negotiations focused on wages increases, the greater part of which actually risks being eroded by taxation, to a logic which gives priority to the implementation of solutions to solve problems that cannot be effectively dealt with at the central level, by the State and national collective agreements.

In this connection, the trade union representatives support the view that the social partners' action in the field of welfare is integrative rather than substitutive of public schemes.

[305] As for example, in the cases of the one-day sick leave measure, and of the telework programme.

On the one hand, workers' representatives cooperate with management representatives to provide occupational welfare measures in the field of social security, supplementing the services provided by the State according to a universalistic approach ensuring a minimum standard of protection. Examples of this are the supplementary health insurance and the integration to income support for parental leave provided until the child is one year old.

On the other hand, workers' representatives cooperate with management representatives to implement occupational welfare measures based on work organisation changes, and thus on interventions that can be properly administered neither by the law nor by the national collective agreement.

3. Case Study B

Company B belongs to the motor vehicle sector. It designs and manufactures racing motorbikes, and high-powered road motorbikes, which customers consider a premium product. Europe, Nord America, and Asia are the main markets for road motorbikes; however, Italy is still the second most important national market.

Product quality, reliability and security, in addition to productive efficiency, are the building blocks of the company competitive strategy. The company's main competitors are Japanese motorbike manufacturers, which the company takes as the benchmark for quality performance. Unlike company B, however, Japanese producers do not pursue a premium pricing strategy based on superior performance.

In light of the competitive advantage mentioned above, the company places great emphasis on product innovation and investment in new machinery and equipment, and considers R&D, mechanic manufacturing, [306] engine and motorbike assembly and motorbike test as its core processes.

Innovation in road motorbikes is closely related to the R&D activities in the business of racing motorbikes, carried out in partnership with research centres and universities in the local area. In this connection, the company manages innovation according to two closely related five-year plans: the innovation and product plans.

The total number of employees in the R&D department is nearly 300, 200 of whom work in the R&D department concerned with road motorbikes and 100 in the R&D department concerned with racing motorbikes. All together, they account for 50% of the overall number of white-collars and for nearly 27% of the total employees.[307]

In connection with the emphasis on efficiency and the associated investments in new productive equipment, the company intends to buy new machinery (i.e. robotised workstations, and computerised numerical control machines) mainly aimed at increasing the productivity of mechanical and manufacturing activities.

[306] Mechanic manufacturing is the only manufacturing phase the company carries out directly as it refers to the final manufacturing phase concerning two parts particularly critical for the engine: the drive shaft and camshaft. The manufacturing of the other parts of the motorbike is externalised to subcontractors chosen according to the following criteria: technical capability and professionalism, product and process quality, service, and competitiveness based on overall costs. The company owns another plant in Thailand producing road motorbikes for the Asian market. The primary aim is not to outsource production into countries with lower labour costs, but to overcome customs barriers that force companies to establish production plants in Asia to sell products there.

[307] Total employees are 1100: 500 of them are blue-collars, and 600 white-collars. Women account for nearly 18-19% of the total employees, for nearly 10% of blue-collars, and for more than 50% of white-collars who work in departments different from R&D. In fact, there are no women employees in the R&D department, because of the shortage of female mechanical engineers in the labour market.

This is one of the main effects of the acquisition of the company by a German multinational group operating in the automotive sector in 2012. The recent acquisition will further promote a transition to the German system of industrial relations, based on the enhancement of collective agreements at the territorial, plant and company level, on trade unions rights of information, consultation, and on shared responsibility and co-operation between social partners. In this framework, two major changes are expected to occur.

First, the production facility is planned to be intensively exploited, 24 hours a day, seven days a week, and the trade union representatives are expected to take responsibility for the internal restructuring aimed at increasing productivity.

Second, the management has made a commitment to invest part of the increased income to improving employment security and occupational welfare measures, to promote training, to set aside the plan to outsource production to countries with lower labour costs (such as South East Asia and East Europe), and to increase productivity bonuses paid to employees.

In this regard, what is noteworthy is that the social partners started to create conditions favourable to this transition at company level before 2012. For example, in the 2003 collective agreement, the social partners committed themselves to establishing a high quality model of industrial relations, to searching any ways to achieve this aim and to reaching jointly accepted solutions. The same agreement refers to the involvement of the trade union representatives in the company decision-making processes concerning the implementation of organisational solutions based on functional, inter-functional and project-based work teams, and aimed at improving product quality and efficiency, and at the same time at providing employees with better working conditions and greater professional competencies. In 2010, the social partners further committed themselves to establishing bilateral committees to discuss both the matters that were already object of collective bargaining and new issues such as compliance with ethical codes.

In light of this, in the following analysis, we will point out first the previously existing internal flexibility and occupational welfare measures, resulting from social dialogue practices at company level prior to the acquisition, then those that are going to be implemented as a result of the influence of the German parent company.

Among the measures of internal flexibility related to the company competitive strategy and existing before the acquisition, mention should be made of the performance and skill based reward systems, and of the adoption of teamwork.

With regard to the first measure of internal flexibility, the company collective agreement establishes that all blue-collars, and the white collars belonging to the seventh and the subsequent employment grades laid down in the national collective agreement, annually receive a performance bonus of nearly 2.200 euros based on the achievement of organisational objectives of quality ("moto good at first shot", and costs of warranties), productivity (productive efficiency) and revenue-generation (as measured by EBITDA).

In addition, the collective agreement establishes that blue collars and white collars receive a skills-based remuneration,[308] which rewards skills in management and skills in integration. "Skills in management" is the capability to self-organise and control the work carried out on a number of different workstations within the same production area (namely, motorbike and engine assembly and mechanical manufacturing). "Skills in integration" includes skill in management, a higher level of specialisation, and the capability to carry out activities pertaining to different production areas, soft skills and the ability to interact usefully within work teams. The remuneration based on skills in management is

[308] Skill-based remuneration is *ad personam* merit-related fixed salary, in addition to the basic salary.

applied to all employees belonging to the third employment grade laid down in the national collective agreement, and upwards. The remuneration based on skills in integration is applied to all employees belonging to the fifth employment grade laid down in the national collective agreement, and upwards.

Skills-based remuneration is closely related to the widespread adoption of teamwork throughout the organisation. At the factory level, a team is actually made up of all employees involved in a manufacturing phase, such as: engine assembly, motorbike assembly and testing, mechanical manufacturing. The adoption of teamwork is closely related to investment in new productive technologies. Such technologies mean that employees are faced with greater complexity, which concerns not only the high value added product (i.e. engines, motorbikes) to be assembled, but also the manufacturing tools used to assemble the product. The greater complexity facing employees implies that they have to cope with unforeseen problems. Employees can deal effectively with these problems only if they are capable of carrying out a number of different tasks, including quality control and maintenance. In addition, employees belonging to the same organisational unit are asked to share their expertise and knowledge to analyse the situation, make a diagnosis of the problem, identify a benchmark, and assess whether or not past answers to similar problems can be used to solve the problem at hand. In this regard, one of the major changes expected to occur after the recent acquisition is the introduction in the collective agreement of a bonus based on team performance.

In addition to the performance bonus in the collective agreement, management has unilaterally implemented a management-by-objectives related bonus, which concerns employees in employment grade seven and above, and managers. The system consists of three levels: the personal performance bonus (paid to all professionals belonging to employment grade seven and above, and managers, including objectives relating to Human Resource Management), the company performance bonus (i.e. EBITDA, cash flow, paid to managers and those in employment grades above grade seven), and the group long-term performance bonus (paid to managers only).

With regard to the occupational welfare measures already implemented by the social partners at company level before the acquisition, mention should be made of the interventions on work organisation, particularly working hours, aimed at preventing the variation in demand for road motorbikes becoming a source of job insecurity.

The company cannot avoid using fixed-term contracts and temporary workers to deal with seasonal fluctuations in product sales and production volumes. However, these seasonal fluctuations are highly predictable. Production peaks occur from January/February to July. In addition, the social partners are in agreement that stable and long-term employment, rather than temporary and fixed-term employment, is needed to implement the competitive strategy of high quality, professionalism, and productivity.

In order to deal with seasonal fluctuations and at the same time to limit the use of fixed-term contracts and promote stable employment, the social partners have agreed to introduce a system of positive and negative flexibility for a maximum of 104 hours per year[309] in the engine and motorbike assembly area, and in the mechanical manufacturing area, where employees work on production lines. Accordingly, from January/February to July, blue-collars work more than eight hours per day, still respecting the limit of 45 hours per week laid down by the national collective agreement. Daily hours worked beyond the

[309] This limit is much higher than the one laid down by the national collective agreement (i.e. 64 hours per year).

limit of eight hours per day are paid at higher rates, and accumulated[310] in the form of negative flexibility which involves blue-collars taking fixed days off from September to November, when sales and production volumes decrease. At the beginning of the year, the HRM and production departments together with the trade union representatives plan the periods of positive and negative flexibility for the different working areas. In addition, the implementation of positive flexibility is communicated to the trade union representatives with adequate notice.

Moreover, the social partners have introduced a trial programme concerning open-ended vertical part-time contracts. This requires employees in production to work for seven months, from January to July, but they are paid as if they had worked eight months. Vertical part-time is used to deal with seasonal fluctuations in production and sales volumes. It is also a lever to transform a certain number of fixed-term contracts first into open-ended contracts, then into full-time open-ended contracts. This occurs when sales volumes increase and reach the level at which production requires a greater number of employees even in low season. Vertical part-time is thus a buffer of flexibility which, unlike fixed-term contracts and positive/negative flexibility, aims to increase long-term, stable employment.

With regard to social protection and income support, the collective agreement in force before the acquisition included supplementary health insurance, supplementary pension insurance, and the advance of severance pay no more than twice during the employment contract, with a minimum seniority of six years. In addition, a number of occupational welfare measures were formerly implemented to address work-life balance needs, in particular, the transformation of full time open-ended contracts into part-time contracts for maternity reasons or for fulfilling temporary care duties for non-self-sufficient relatives within the second degree of kinship, and for taking part in training programmes;[311] paid matrimonial leave; one month-supplementary unpaid parental leave; time off for workers needing to attend high school or university final examinations; paid time off for childbirth; paid and unpaid time off for assisting children between four and eight years old in case of sickness; paid time off for specialist medical examinations and treatement; time off for death or serious illness of relatives within the second degree of kinship; flexible entry and exit times for white collars and indirect workers. All the above measures are supplementary to those laid down in the national collective agreement.

For reasons of organisational and social justice, all employees are entitled to benefit from occupational welfare measures, irrespective of their job position and of their employment grade as laid down in the national collective agreement. In the view of management, occupational welfare measures are intended to attract and retain highly skilled workers at all levels. They are implemented for this purpose as supplementary HRM measures along with the payment of outstanding remuneration (the company pays a basic salary nearly 20% higher than that laid down in the metalworkers' national collective agreement).

We now turn our attention to the main changes expected to occur after the recent acquisition of the company by the German multinational group.

The first important change concerns the reorganisation of shifts in the mechanical manufacturing area. The aim is to increase productivity and to exploit intensively the new equipment and machinery the company intends to buy after the acquisition in order to increase efficiency in this area.

[310] The hours accumulated are equal to the number of hours worked beyond the limit of eight hours per day plus the 35% of the same number of hours.
[311] This is conditional on the company finding a substitute to perform the same job adequately.

In this regard, social partners have recently agreed on the following trial programme. Compared to the previous schedule,[312] the new one involves three shifts (one in the morning, one in the afternoon, and one in the evening) of seven and a half hours (paid as if they were eight hours) for seven days a week (including Saturday and Sunday, and excluding public holidays) for a total of 21 shifts per week. On this basis, an employee works three consecutive days, takes a rest on the two following days, and starts work again on a different shift on the sixth day. In so doing, s/he works nearly 30 hours a week, but is paid as if s/he had worked 40 hours. This programme takes account of the management commitment to increase the yearly performance bonus paid to employees to nearly 2500 euro, and to increase employment, by turning a number of fixed-term contracts into vertical part-time contracts, and a number of vertical part-time contracts into full-time contracts.

As noted above, another matter discussed by the social partners after the acquisition is the introduction of a team performance bonus as a further measure to increase productivity/efficiency and quality.

To sum up: the new trial programme attempts to combine greater productivity with greater employment security and higher salaries. However, it runs the risk of being at odds with the company's concern for work-life balance needs, and the investments made in the related occupational welfare measures.

In this regard, it must be underlined that occupational welfare measures are to be strengthened and improved after the acquisition. Such an improvement will take place in accordance with the parent company corporate social responsibility plan, i.e. a master plan that each company within the group must adopt, yet in a flexible way. In relation to employees, it includes the following areas of intervention: mobility and infrastructure, training, nature and environment, health and work-life balance, social policies and family. Each company can at its own discretion decide the areas of intervention on which to focus and, within each area, the specific solutions to adopt, in order to adapt the transnational plan to specific national and company circumstances. In the company under examination, the social partners focus their attention on health, work-life balance, family and social policies. The main measures that they intend to strengthen are supplementary health insurance – by the extension of the services provided for the employee's family, and the introduction of a free annual medical check-up for all employees – and measures in support of family life – by the extension of time-off for care work, and of parental and matrimonial leave.

The major change expected to occur with regard to occupational welfare measures for employees is concerned with the logic underlying the measures rather than the kind of measures adopted. In this connection, the social partners are discussing whether to introduce a flexible bonus system. This would consist of a set of predetermined measures enabling the employee to choose the preferred one, in light of his/her specific needs related to age, social and economic situation, and so on. The fundamental aim of the introduction of a flexible welfare system is twofold. First, to attract and retain the most highly skilled workers in the labour market, and to increase employee satisfaction at all organisational levels. Second, to take maximum advantage from the fiscal benefits that the Italian law grants to companies for expenses relating to occupational welfare services.

Training is another field of intervention, on which social partners have focused their attention since the acquisition. The focus of attention is on measures to meet the needs of young people in the transition from school to work. With the sponsorship of the education

[312] Four shifts of six and a half hours (paid as if they were seven) for five days a week for a total of 20 shifts per week.

department of the Emilia-Romagna Region, the company is implementing a German-style dual training programme at local level: students attending educational programmes at the local technical high schools or university degree programmes in engineering will also be able to take an apprenticeship in the company. The aim is twofold: to provide solutions to the high rates of youth unemployment, and to provide the company with the opportunity to recruit the better students and to improve the selection process.

4. Case Study C

Company C belongs to the automotive sector. Its core business is to provide clients with services aimed at combining creativity, engineering, construction of pre-series prototypes, production start-up assistance and all the support required to put a new product into high-volume production. The basic idea underlying this business is that any aesthetic design is implicitly a technical and engineering project too, because the ultimate goal is to design a vehicle that can be easily mass-produced.

In this connection, the main elements of the company competitive strategy are not only innovation and quality, and thus the capability to generate new ideas for high quality products, but also efficiency, and thus the ability to optimise time management and the cost of existing development processes. The company has been investing in modern information and communication technologies since 1990, particularly in collaborative technologies that enable the employees to carry out simultaneously, rather than sequentially, the activities of design, engineering, simulation and testing, thereby minimising the time to market, the number of prototypes, and the costs, while increasing the global quality.

Company C has a total of 930 employees: 47% of them work in the engineering department, 21% in the styling department, 19% in the pre-series centre, and 13% in general staff. Engineers thus represent nearly the 50% of the overall workforce. Employees belonging to the sixth employment grade as laid down in the national agreement account for 29.7% of total employees, while those belonging to the seventh grade account for 30.9%. The typical employee has been working in the company for 12 years, and the average age is 43. With regard to gender distribution, women account for 14% of total employees: 10 % of them work in the styling department, 11% in the engineering department and pre-series centre, 12% in the quality department, and 42% in general staff.

Employees are the most critical asset for the core business of the company. As a result, the company commits itself to supporting their personal and professional development, and to creating an organisational environment where they can learn, develop creativity, innovate, and share knowledge. Given its commitment to investing in employee training, the company makes limited use of non-standard contracts (temporary and fixed-term).

The company uses temporary contracts - mainly in the pre-series centre, and in general staff units (warehouse workers) - to cope with workload peaks related to the activity carried out, based on temporary projects. Temporary workers account for less than 10% of total employees. In addition to remuneration equivalent to to comparable standard employees, temporary workers benefit from basic training before starting working in the company. In order to limit the loss of the investment the company makes to train workers that it will employ only temporarily, the collective bargaining at company level has introduced supplementary limits on the duration of temporary contracts.

The company also makes limited use of fixed-term employment contracts, and considers them as a means of selection to assess whether the candidates for a position

possess the appropriate qualities such as reliability and trustworthiness which can be verified better on the job rather than in an interview.

Since 2010, the company has been part of the German multinational in the automotive sector that owns company B. Even before being taken over by the multinational, the company was providing services to international clients. Compared to the previous situation, joining the multinational group has imposed constraints but also opened up new opportunities.

The company is no longer autonomous in the briefing stage of the styling, that was the key characteristic of the provision of services for leading carmakers in emerging markets (Japanese clients in the 1960s, Korean clients in the 1970s and 1980s and recently Chinese clients). After the acquisition, however, the business outlook has become less uncertain, because the company is now part of a multi-brand group with a leading position in the car industry. The group is highly focused on product innovation rather than on short-term financial returns, and it is vertically integrated from styling to high-volume production of cars, and thus has a strong product expertise.

Within the group, the company enjoys a distinctive position. It is the only enterprise capable of integrating style, engineering and construction of pre-series prototypes, in order to provide carsmakers with turnkey solutions. This business still accounts for 70-75% of total revenues. Since the acquisition, however, the company has started to provide services on the basis of a different logic, more focused on specialisation and efficiency. The company has begun to offer services of styling, or engineering, or the construction of pre-series prototypes to assist the parent company, and the other companies of the group in carrying out their own styling, or engineering, or construction of pre-series prototypes.

Becoming part of the German multinational group has changed the approach to industrial relations at company level. In the company collective agreement signed for the period 2013-2016, the social partners explicitly committed themselves to developing relations based on principles of information, consultation, and co-operation, rather than on conflict and power struggles. Cooperation presupposes that each party acknowledges and respects the relative autonomy of the other. It involves constructive collaboration and the sharing of responsibilities to find solutions to the problem of how to increase the company's long-term competitiveness on the international markets, and company efficiency. Increasing efficiency is considered as the way to generate greater revenues to be distributed as dividends to shareholders, for investment in the business, for the creation of high quality jobs and better working conditions, and for the provision of services responding to new and old social risks (low income, sickness, work-life imbalance, deskilling).

In this connection, the social partners have agreed to set up bilateral committees to deal with priority issues considered to lay the foundations for win-win solutions.

The main issues are:

- Organisation, and the related issues of flexibility and competitiveness to deal with the following priorities:
  - to increase employees' skills, autonomy, and ability to adapt to continuous changes in work processes;
  - to establish work teams to improve knowledge sharing, continuous learning, boosting the employees' capacity to interiorise the company mission;
  - to promote change and flexibilisation of working hours based on seasonal differences in workloads and to deal with workload peaks.
- Training and development of occupational skills.

- Health and Safety, and Environmental Protection.
- Work-life (family) balance and Corporate Social Responsibility to deal with gender differences, and equal opportunities, by means of measures concerning working hours, support for parents, and the planning of schemes[313] to favour a proper balance between private life and work.

Bilateral committees are not entitled to negotiate. Rather, they are concerned with information, consultation, preliminary investigation, giving advice and making preliminary proposals about shared solutions to the problems and issues at stake.

The constitution of bilateral committees may extend the scope for workers representatives. Taking part in such committees gives them the opportunity to address issues, such as work-life balance, and health and safety at work, that may also be of interest for professional staff, that is a category of employees normally excluded from the mechanism of collective voice and used to negotiating individually, rather than through the union,[314] the incentives for their contribution to the company.

In addition, bilateral committees seem to be the main source of solutions based on mutual commitments between the social partners, as formalised in the collective agreement. As regards workers' representatives, the commitment is to agree on the introduction of a variable pay system, and of a system to assess and reward employees' individual contribution. As regards the management, the commitment is to agree on the implementation of occupational welfare measures, including changes in work organisation.

With regard to the system of variable pay, this is made up of two main parts: the variable company bonus and the team bonus.

The variable company bonus is a yearly bonus related to company performance distributed to all employees. It is based on two criteria: the ratio between EBITDA and the average number of employees per year; the ratio between the total number of hours worked and the total working hours of current employees.[315]

The team bonus is to be introduced to motivate team members to share a common objective, i.e. to improve working activities, productivity and quality. As regards the calculation of the team bonus, the social partners are aware of the difficulties of identifying adequate parameters to assess and reward the performance of organisational units dealing with R&D rather than with production. The social partners have therefore entrusted the organisation/flexibility/competitiveness bilateral committee with the task of identifying the most appropriate parameters. The indicators currently discussed by the committee are actions to improve quality and the working environment, new ways to organise work, and *objective* parameters such as those relating to efficiency, presence at work, and revenue generation by each main department.

In addition to variable pay, the social partners have agreed to introduce an individual bonus to reward individual performance according to the following dimensions of analysis, assessed during an "employee dialogue" with the supervisor: quality of the work, methodological and occupational knowledge, problem-solving attitude, knowledge improvement and sharing, collaborative and communicative attitudes, commitment and autonomous initiatives, management of employees. Workers' representatives thus have agreed that employees will receive differential pay, even if they belong to the same

[313] Special agreements with schools, kindergartens, agreements to buy goods produced within the group, and services such as laundry, car sharing, cultural and sporting activities.
[314] Employees who are union members account for 20/30% of total employees in the company.
[315] The total number of working hours of current employees does not include holidays, annual paid time off, public holidays, and the time dedicated to union meetings.

employment grade, on the basis of the different contribution each of them makes to the company. On the other hand, the social partners have agreed to set a range within which the annual individual bonus may vary, with a minimum and a maximum amount, and to establish a proportion between the bonus and the number of months that each employee has actually worked in the year.

As regards occupational welfare measures, the social partners have agreed that part of the revenues deriving from the greater efficiency will be redistributed among employees in the form of occupational welfare measures rather than as generalised wages increases. These measures are supplementary to those provided by the State and related to the following areas / needs of importance for all or most employees.

- Employees' health care:
  - paid time off for (specialist, basic, emergency) medical examinations, diagnosis and laboratory services;
  - supplementary health insurance with the possibility to pay a supplementary premium to extend the insurance to household members;
  - periodic discretionary health check-ups aimed at preventing the risk of diseases, differentiated on the basis of employee gender and age.
- Work-life balance:
  - flexible entry and exit time, and flexible one-hour lunch break to enable employees with care duties to strike a balance between work and family responsibilities;
  - reversibility of the option to move from a full-time to a (vertical or horizontal) part-time contract to address the needs of women workers who are coming back to work after parental leave. Employees who opt to move to a part-time contract are entitled to the same vocational development opportunities as those of full-time employees;
  - supplementary paid time off: two days for the father in the case of the birth of a child. This measure replaces the discretionary parental leave that can thus be used by the mother;
  - five days of unpaid time off to assist children up to the age of 12 in the case of sickness.
- Education: economic benefits for obtaining legally recognised educational qualifications; reimbursement of the cost of textbooks if related to educational programmes linked to the occupational needs in the company.
- Income support:
  - solidarity funds;
  - advance of severance pay twice during the employment contract;
  - special agreements with health care providers, banks and financial institutes, car makers and structures providing personal care services at reduced costs.

In some cases, the occupational welfare measures described above were identified on the basis of employees' suggestions. Most of them however were the result of the proposals put forward within bilateral committees.

What is interesting to note is that the occupational welfare measures described above, as well as the internal flexibility measures concerning remuneration, are included in the collective agreement.

This gives formal recognition to measures designed to be sustainable. Formalisation presupposes certainty and stability. In this connection, the formalisation of the occupational welfare measures in the collective agreement might be understood as the result of the employer's commitment to ensure stability for the measures adopted, rather than making them conditional on his goodwill or sensitivity to workers' concerns, or upon

his personal appraisal of the economic situation of the firm. Similarly, the formalisation of the internal flexibility measures in the collective agreement might be understood as the result of workers representatives' commitment to cooperate to ensure the revenue generation to finance the implementation of occupational welfare measures.

From this perspective, the solutions included in the collective agreement striking a balance between company and employees needs are not exactly like negotiated solutions, and solutions that one party imposes on the other. They resemble more agreed solutions, which are formalised to safeguard the interests of both parties.

5. In search of best practices: preliminary assessment of case studies

The Europe 2020 Strategy lays down the ambitious goal of smart, sustainable and inclusive economic growth. Productivity is the main indicator to measure economic growth, not only at the macroeconomic, but also at the microeconomic level. Productivity and efficiency are the main criteria to assess and measure competitiveness at company level.

In this regard, Italy has two main benchmarks to assess national companies' competitiveness, and to find solutions for increasing it. On the one hand, Spain, where companies have recently achieved higher levels of productivity than Italian companies, but at considerable economic and social cost. On the other hand, Germany, where companies achieve high productivity while maintaining existing jobs, either by reducing working hours and wages below the level laid down by national collective agreements, or by increasing working hours and making them more flexible, by differentiating remuneration and making it reflect individual, team and company economic performance, especially in the metalworking and electronic sectors.

In light of these benchmarks, the case studies under investigation here provide examples of good practices. Unlike Spain, the companies improve productivity without "labour shedding". Unlike Germany, part of the earnings drawn from the greater productivity and efficiency, obtained through the introduction of wage, functional and numerical internal flexibility, are redistributed to employees in the form of occupational welfare measures.

More particularly, Case studies B and C seem to reflect the German Model, yet renewed in contents and forms of expression. In the German system, social partnership grounds the market social economy, and both parties acknowledge that long-term growth depends on their mutual dependency. They also acknowledge the legitimacy of their respective points of view, each of which has a relative autonomy with respect to the other (Bosco and Schmid, 2010).

In this perspective, in case studies B and C the social partners use the collective agreement to state their respective commitments in the fields of occupational welfare and internal flexibility, thus making the exchange certain over time. They also use it to reconcile diverging and potentially conflicting viewpoints to increase their chances of finding win-win solutions to the problem of how to deal with constraints and uncertainty deriving from the economic crisis. In this connection, unlike the German trade unions (Bosco and Schmid, 2010), the social partners seem to have been able to extend the scope of the company collective agreement to issues of employment security, workforce professional development, and innovation in social protection.

In addition, case studies B and C bring to mind the logic of the action by Adriano Olivetti (De Sario and Gallino, 2012). In Olivetti's view, the company is not only a means to generate revenue for shareholders, but also to create wealth to finance investment in

business and R&D, in order to promote long-term and smart economic growth, as well as better living conditions for the benefit of employees. In this connection, occupational welfare measures become an HRM tool, in addition to remuneration. In this regard, case study B is particularly interesting, as the social partners agree to introduce occupational welfare measures additional to outstanding reward policies consisting of a basic salary almost 20% higher than the level laid down in the national collective agreement.

The evaluation of case studies B and C using our conceptual tool casts light on another important aspect. Occupational welfare measures, especially those consisting of services, are included in the collective agreement, and are the result of a structured approach to social dialogue. Employees are thus entitled to benefit from them rather than having a mere expectation conditional upon the corporate actors' goodwill or sensitivity for workers' concerns, and their personal appraisal of the economic situation of the firm. This strengthens the "readiness of interlocutors", the employees' capability for voice and thus their freedom of choice (Bonvin, 2012: 15).

In light of recent research results, case study A may also be considered an example of good practice. A number of the organisational features, which, according to Eurofound (2014), characterise win-win arrangements in EU companies, are present in company A. In particular, "employees document good work practices and lessons learnt so that they can be shared with colleagues". They decide on their own on the planning and execution of work tasks, especially those concerning "informal" innovation in the method of production. Autonomous team work for innovation is adopted. Team members have thus more space and autonomy to develop ideas and reflect on how to work better, which leads to innovation (ibid., p.4). Moreover, "proper communication channels in both directions are set up, in order to develop trust. In downwards communication, top management is committed to share relevant information with the workforce about the strategy and the objectives that organisation is pursuing, so that employees can understand how the work they do and the advice for innovations they put forward fit into the big picture. This offers a meaningful framework for their work" (ibid., p. 6).

The assessment of case study A in the "freedom of choice" analytical perspective reveals the following positive elements, concerning particularly the flexible part of the benefit plan. This consists of a set of pre-determined measures from which employees can choose the preferred services depending on their different needs. Each employee can also change his/her choice from year to year, in accordance with the change in his/her circumstances. The benefit plan is designed on the basis of the beneficiaries' feed-back on the measures previously implemented, and the consultation with the trade union representatives.[316] In addition, the beneficiaries are, at least in part, involved in the implementation of the measures offered. This is exactly what happens in the case of the women workers returning to work after parental leave, who act as counsellors in pre-maternity leave meetings. All these elements of the benefit plan implemented in case study A are highly consistent with the idea of freedom of choice.

They are especially consistent with the idea that employees can choose the measures they have reason to value, and are able to participate effectively in the design, implementation and assessment of the measures offered, rather than being reduced to the status of passive beneficiaries (Bonvin, 2012: 12).

[316]The adoption of occupational welfare measures shows similar features also in case studies B and C. In the former case, the management takes into consideration the introduction of a flexible bonus system that will be designed with the involvement of the trade union representatives. In case study C, the processes of information, consultation, preliminary investigation and proposals for solutions by bilateral committees are the key sources of the occupational welfare measures specified in the collective agreement.

On the other hand, the benefit plan is formally the result of the unilateral decision of the employer. It is not laid down in the collective agreement, and every year management representatives may at their discretion decide to suspend the plan depending on the general economic situation, and the amount of economic resources that can be invested in occupational welfare measures. To the extent that this diminishes the "readiness of interlocutors", it reduces the consistency of the plan with the idea of "freedom of choice". The problem, however, might be at least in part the result of the influence of the Italian tax rules allowing deductions for companies incurring costs for the provision of services in education, recreation, social, and health assistance, based on the unilateral decision of the employer.

In the light of the freedom of choice concept, the benefit plan implemented by company A has another problematic characteristic, i.e. it is framed within a set of overall organisational choices, which motivate employees to stay tuned to work, and to reduce absenteeism in order to increase company competitiveness, as measured by productivity. Such organisational choices might lead to the intensification of work, reduce individual well-being, and restrict capability for work and for life, thus reducing "freedom of choice" (Bonvin, 2012:13-15).

In case study C, the variable pay system, particularly the individual and company bonus and, at least potentially, also the team bonus might have a similar negative effect on individual well-being. They might motivate employees to be present at work, thus discouraging them from taking time off for care work, or to combine work and private life effectively.

Bonvin (2012: 15) argues that one dimension of "freedom of choice" is "capability for voice", which, in its turn, concerns the employees' capability to participate effectively in the definition of the working conditions, reflecing their beliefs about what they consider to be a valuable job. In this perspective, another problematic feature common to all the case studies is the greater emphasis placed on occupational welfare measures consisting of services rather than in interventions on work organisation.

In this regard, however, there is a need to underline the negative influence exerted by the national legislation that allows tax deductions for companies incurring costs for the provision of occupational welfare measures consisting in services only, irrespective of the fact that the provision is based on the company collective agreement or on the unilateral decision of the employer. Since 2011, the Italian government has stopped funding measures implemented in accordance with Act n. 53/2000, Article 9, that is measures based on company collective agreement, and consisting in changes in work organisation to adapt the working conditions to the employees' need to better combine work and family life.

In the case studies under examination, a limited number of measures concern changes to work organisation. With respect to the hypotheses of organisational intervention laid down in Act n. 53/2000, they mainly concern working hours. An exception is company A. In this case, the flexibility in work organisation aimed at satisfying employees' work-life balance needs, regards not only working time, but also space. As highlighted above, however, this intervention is framed within an overall set of organisational choices whose impact on employee wellbeing is far from clear. In this regard, Eurofound (2014) points out that in high involvement and high innovative organisations, the emphasis on professionalism, responsibility, and autonomy may result in more work intensification and lower levels of health and safety at work.

We now concentrate on the assessment of the case studies against the criteria drawn from organisational analysis to ascertain whether the internal flexibility measures

implemented favour the company capability to innovate products and processes, and how they might influence employee well-being.

Product and process innovations play key roles in the competitive strategy of all the companies studied. In all of them, however, the performance of the employees involved in innovation – i.e. employees belonging to the seventh employment grade laid down in the national collective agreement – are assessed and rewarded in terms of efficiency, as measured by quality and productivity indicators (i.e. EBITDA). In so doing, reward systems mainly encourage process innovation rather than product innovation. But apart from that, they are based on parameters applicable in conditions of certainty, that is in situations where objectives, means and time are well known, and may be determined in advance (Thompson, 1967: 193).

On the other hand, innovation is a creative response, and thus an intrinsically uncertain activity, the means and results of which cannot be known in advance (Schumpeter, 1947). The HR Director we interviewed in company C was well aware of the difficulty of assessing innovative activities on the basis of the company's economic and financial performance.[317] Although clearly there is a need to adopt objective parameters of appraisal for the performance of work teams involved in R&D, the possibility to assess it on the basis of predetermined objectives and indicators of efficiency is a matter of discussion within the bilateral committee responsible for identifying the most adequate parameters.

In light of that, some doubts arise about whether it is appropriate to make use of a variable pay system, based on company efficiency or EBITDA, or on individual or group productivity, to reward employees in innovative start-up companies, as proposed by Art. 28, n. 7-8 of Legislative Decree n. 179/2012.

The assessment of the performance of innovative activities in terms of productivity or EBITDA probably results from confusing the outcome (the reduction of costs and/or the increase of revenues) with the basic aim of innovation (to generate new ideas of product or process).

In the case of innovation, it is impossible to identify ex ante any indicators of effectiveness or efficiency. In this regard, Schumpeter (1947) clearly points out that: "creative response can practically never be understood *ex ante*; it cannot be predicted by applying the ordinary rules of inference from the pre-existing facts. It can always be understood *ex post*" (p. 150).

Innovative performance, thus, can be assessed only ex post. Furthermore, the ex post appraisal of innovative performance is mainly based on extrinsic measures (i.e. numbers of inter-functional teams working on innovation) (Griffin and Page, 1993).

If it is not appropriate to assess innovative performance in terms of efficiency or effectiveness, and if it is not possible to make use of intrinsic measures to assess innovative performance, attention should be directed to the organisational choices that shape working conditions in support of innovation.

According to March and Simon (1958), the first organisational condition is to keep employees focused on unpredictable/innovative activities, rather than assigning them also the responsibility for activities related to daily work processes. Assigning employees both tasks distracts their attention from unpredictable activities and reduces the pace of the innovative process. In case study A, employees at all levels are simultaneously responsible for innovating the methods of production, and for carrying out daily work tasks. For all employees, but especially for those in the assembly and test department, having simultaneous responsibility for planned and unpredictable activities may imply reduced

[317] In this regard, he pointed out that "it is quite difficult being accountable for future profitability when your business is flying towards the future".

monotony, and greater perceived well-being at work. However, it forces each employee to switch attention from innovative to planned activities and vice versa; this, in turn, increases the effort that each employee makes to adapt to each single activity, thereby producing cognitive intensification of work, greater levels of fatigue with possible negative implications for work-life balance.

In addition, except when operational problems occur, employees in the assembly and testing department have to follow standard operating procedures. As highlighted by Terssac (1992), this discourages employee autonomy and their efforts to adopt innovative operating procedures at work. This then reduces the frequency of innovation in the methods of production.

A second organisational condition that favours innovation is time pressure, which is the arrangement of a deadline by which innovation should be produced (March and Simon, 1958). In case study A, this condition is met for innovations concerning methods of production. This kind of innovation is institutionalised within the "focus improvement" pillar of WCM, where autonomous teams have the discretion to define a period of time within which to develop new standard operating procedures. In the case of employees in R&D, innovation in the methods of production is not institutionalised. As a result, it is up to each employee to identify the work priorities within the ordinary workload, and to find time to work also on unpredictable activities to find new and better ways to work. However, this reduces the speed of innovation. It might also imply that each individual works in conditions of non-optimal stress, where they are responsible for objectives that are too ambitious to be achievable, with the result that frustration might arise, thereby jeopardising the effectiveness of the innovative process.

As highlighted by the HR Director of company C, the deadline by which employees are asked to generate new ideas may be an objective indicator to assess the innovative performance.

March and Simon (1958) highlight that the following additional organisational conditions should be taken into proper consideration to set deadlines effectively.

First, the greater the time pressure, the more employees will focus attention on information available locally *(hic et nunc)*. For this reason, if employees involved in innovative processes are detached from sources of information important to innovate products or processes, they will be more likely to generate an idea resembling a reproductive solution (already experimented) than a creative (innovative) response. Thus, it is important for R&D employees working under time pressure to be able to continuously communicate with a range of sources of information, such as departments of basic research, R&D colleagues working in other companies, sales and marketing personnel, and even maintenance technicians and the like. In fact, the greater the number of employees with different backgrounds taking part in innovative activities, the greater the effectiveness of the innovative process, because it generates a larger number of new ideas.

In this respect, it is significant that in company B, the R&D in the racing motorbike business is carried out in collaboration with Universities and research centres, and the R&D in the road motorbike business is closely related to the R&D in the racing motorbike business. Also in company C, employees belonging to different departments normally interact continuously with one another during the development process, supported by collaborative technologies.

In other respects, however, R&D units work in all the companies studied in conditions that do not effectively support the process of innovation. In companies A and B, in fact, R&D employees work separately from testing and assembly work teams. In company C, management representatives have started to organise work on a functional basis, rather

than on a project basis, since the acquisition by the German multinational group. In functional organisation, styling, engineering and pre-series departments work separately. This may reduce the effectiveness of the innovative process. It might also lead to worker frustration, especially in the cases where R&D employees work under time pressure, and are expected to produce creative ideas, but are also detached from sources of information (i.e. the pre-series centre) important to assess the effectiveness of their innovations.

6. Concluding Remarks: implications for the social partners and government action

The case studies analysed here suggest that the search for win-win solutions linking internal flexibility, occupational welfare and greater competitiveness requires the social partners to shift from the traditional attitude based on conflict and power struggles, to a more collaborative one. A more collaborative attitude is especially required when innovation in work organisation is at stake.

The case studies in this analysis, like the others investigated in previous research (Eurofound, 2012), show that the social partners are actively cooperating to introduce internal flexibility measures on remuneration, job rotation, semi-autonomous work teams, and working hours in order to increase company competitiveness, as measured by productivity and efficiency.

In this regard, our analysis suggests that this way of conceiving competitiveness can have a negative effect both on the wellbeing of workers, and on their freedom of choice, and on the company ability to generate creative ideas in relation to products and processes. In other words, measuring competitiveness only in terms of productivity and efficiency might be in contrast with the social partners moving towards the European 2020 strategy aim of smart, sustainable and inclusive economic growth.

In this connection, the social partners would do well to redirect their efforts towards the search for new ways of organising work that favour innovation, rather than greater productivity, at the same time promoting the well-being of the workers.

In this direction, the first important opportunity for organisational change is to identify criteria other than productivity and efficiency to assess the performance of employees involved in innovative activities.

Not only the social partners but also national governments, are required to direct their attention to other criteria to assess innovative performance. In fact, there are a number of Italian government proposals [318] that allow tax and social security deductions for productivity bonuses paid to employees on the basis of territorial and company collective agreements, linking variable pay to the achievement of company performance, as measured by efficiency, productivity, quality, EBITDA, or to the implementation of measures such as flexible working hours and job rotation. These rules encourage the social partners to cooperate to modernise work organisation in order to increase company competitiveness. However, this means conceiving competitiveness only in terms of productivity improvement, and to the extent that this is a parameter of performance appraisal which discourages innovative performance, these rules fail to provide an incentive for the exploitation of the potential that innovation, and innovation-related internal flexibility measures might afford for long-term competitiveness.

[318] For example, the productivity agreement put forward by the Monti government.

In the case of the subsidiaries of MNCs, it should be underlined that the chances the social partners have to introduce at company level criteria other than productivity to assess innovative performance depend heavily on the rights (of information, and consultation versus codetermination) they exercise at transnational level.

As regards occupational welfare, the analysis suggests that reintroducing government rules funding social partner interventions in work organisation to adapt working conditions to the employees' need to combine work and family life, in accordance with Act no. 53/2000, Article 9, is one of the changes needed to assist the social partners in implementing measures consistent with "freedom of choice" at company level. In this regard, one particular measure mentioned in the Act deserves particular attention. It consists in the adoption of "innovative systems to assess [work] performance and results".

It may be argued that the social partners need to strengthen their capability to assess the implications of "innovations" in performance appraisal and remuneration systems, such as those based on productivity, for employee well-being and freedom of choice.

Productivity-based assessment and remuneration systems might discourage workers, needed to deal with their responsibilities as carers from doing so in person. Alternatively, they might induce them to attempt to comply with productivity standards at work, and to deal with their responsibilities as carers personally. In this case, the opportunity for employees to work at home with flexible hours might make it easier to achieve this objective. The effect, however, might be that the employees' overall (paid and unpaid) workload increases, and this, in its turn, might translate into greater work intensification and lower levels of individual well-being. In both cases, the "freedom of choice" would be clearly reduced.

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PART III – CASE STUDIES

The Interplay Between Company and Community Welfare in an Italian MNC from the Bologna area

DAVIDE DAZZI

Summary: 1. Introduction – 2. Company profile – 3. Work and production organisation – 4. What forms of flexibility? – 5. Industrial relations – 6. The joint technical committee – 7. The main drivers of transformation – 8. Occupational welfare: a variety of approaches – 9. Social investments – 10. Occupational welfare – 11. Conclusions and final remarks – 12. Evaluation of the case study.

1. Introduction

The case study proposed within this paper should be read in comparison with the other Italian case studies presented at the Tallinn Meeting (9 October 2014) with respect to which it shows some elements of continuity and discontinuity. This case study is realised in a company with many structural similarities with the other companies involved in the field-research conducted in Italy:

- all companies belong to the mechanical and engineering sectors,
- they share the same union federations as social counterpart,
- they are involved in multinational business relations,
- they adopt innovation oriented strategies
- the labour force is mainly based on high-skilled employees.

However, while all the other companies are related to a German parent company, this case study refers to a firm that has always belonged to an Italian parent company. Clearly the difference is not represented by the national identity but by the influence that the national and local background might exert on the industrial relations system developed within the company. The German industrial relations model is mainly characterised by a high level of institutionalisation of participation rights, while in Italy, given an almost non-existent institutionalisation of industrial relations, participation is mainly the result of bargaining (the "the negotiation road to participation").[319] Naturally, our example represents an outstanding case within the industrial relations system because while it is the case that the Italian participation model is far more negotiation-oriented, it is also clear that the levels of quality reached by means of the decentralisation of industrial relations are not of the same standard. In other words, this particular case is not a typical application of the Italian negotiation road to participation but is certainly a good practice of what could potentially emerge from a coordinated participation model of industrial relations.

The company was selected after having consulted the local General Secretary of the most representative Union Federation (Fiom-Cgil) within the trade union representative

[319] Garibaldo F., Telljohann V. (eds) (2010), *The Ambivalent Character of Participation: New Tendencies in Worker Participation in Europe,* Peter Lang, Frankfurt am Main

body (RSU). According to the Secretary of the Metalworking Federation in Bologna (where the headquarters are located), the selected company is the expression of a combination of negotiating practices, occupational welfare and well-being, the three key-words on which the European project is based (*Going Up The High Road. Rethinking the Role of Social Dialogue to Link Welfare and Competitiveness*). On the basis of the indication of the local union federation, the research team contacted the union coordinator and, thanks to his intermediation, also a management representative. After initially agreeing to meet us, the corporate management then declined our invitation to take part in the project. Despite the refusal on the part of the management, the wide-ranging and detailed collection of documents and material about occupational welfare at company level and the extensive information on the company website allowed the research team to complete the case study with adequate documentation. Most of the desk-research is based on decentralised collective agreements and bargaining proposals. The semi-structured interview conducted with the trade union representative and a substantial mount of research materials contributed to an accurate analysis of how occupational welfare has been developed from different perspectives.

In the final remarks, the report takes into account the research outputs of a project carried out recently by the Alma Mater Foundation (University of Bologna) on some leading companies in Bologna. Since the research project was focused on occupational welfare models existing in Bologna (including the company analysed in our case study), the research team used the comparative analysis with a view to gaining understanding of other existing occupational welfare approaches and developing a conceptual framework for evaluating the specific dynamics of our case study.

2. Company profile

The company is a leading supplier of high technology machinery for cigarette manufacturing and packing, filter production, other tobacco products and special products. Originally the company was set up as a motorcycle manufacturer after the Second World War and entered the tobacco market only at the end of the 1950s, introducing an innovative system compared to traditional wrapping machines. Looking back at the origins, the company has always developed innovation-oriented strategies combining high levels of performance with social issues: the first collective bargaining at the company level dates back to the 1960s.

This company had a consolidated turnover in 2013 of 705 million euros, with 2,570 employees worldwide, 1,650 of whom work in the five production plants in the province of Bologna. From the Bologna headquarters, the company runs eight other manufacturing facilities (Germany, Japan, Indonesia, Brazil and the United States) with over 500 employees in customer service. Although the production is centred in Bologna, almost the entire annual turnover is realized abroad with manufacturing products sold through 11 subsidiaries worldwide in more than 110 countries.

The firm is part of an industrial group made up of 12 innovation-based industrial companies operating in the Bologna area owned by the parent company. These companies specialise in advanced automated machinery and materials, industrial process solutions and precision gears. The companies in the group consist of 92 operating units (of which 55 are production units) in 31 countries with a turnover of 1,400 million euros and approximately 6,000 employees. In 2010 the management team was changed. The current management team comes from pharmaceutical sectors while the previous team developed their management expertise mainly in metalworking.

Due to the nature of the market in which the company operates, corporate competitiveness is driven by two main factors:

- technological innovation oriented both to process and product issues. The company is globally well-known for being innovation-oriented: each year a significant share of the annual turnover is re-invested in Research & Development (about 10%), specifically on product innovation. Innovation investment is mainly allocated to packaging materials, shapes and formats, quality control, printing systems, and lowering energy consumption
- high-skill employment means that great importance is given to training and retraining for management (with some specific projects to attract and retain management experts, in particular "talent management") and to all employees through company funding and "interprofessional funds".[320]

3. Work and production organisation

There is a close link between the high-quality products and the high-skill level of the workforce. Even without taking the various job descriptions into account, the interview findings show that even the newest employee operating on the assembly line needs to use at least 400-500 different mechanical instruments and ICT tools, highlighting the expertise and competence standards generally required.

It may be seen from the list of union proposals for the most recent round of decentralised collective bargaining in 2011 that two different forms of work organisation co-exist in the production units in Bologna. On the one hand, an order-based work organisation that attracts criticism from worker representatives because of its limited competitive potential compared with innovative work-organisation forms adopted by other firms in the same sector. In the order-based work organisation model, the employees with different occupational backgrounds work together in semi-autonomous work groups maintaining distinct roles but reducing the skills gaps that could hinder internal communication. Due to the type of working activities mainly in the client workplace, semi-autonomous groups are expected not only to develop production projects but also to solve unexpected operational problems by themselves: pro-active behaviour is one of the main direct forms of participation on which the organisation model is based.

On the other hand, the company has been investing in lean manufacturing practices with the support of an external consulting enterprise specialising in this field. Lean production models are mainly applied to *Pack* high-speed machines and partially to the *Maker* production lines. Lean manufacturing consists mainly in *Kanban* techniques and aims to increase the use of ICT with a view to reducing costs and lead times, and increasing the quality of the final products. Along with the significant investment in lean production, as part of its ongoing organisation transformation the company is also re-introducing concurrent engineering (integrated planning for developing a project or a production process) confirming the intense collaboration between employees with a range of different backgrounds.

According to the union representatives, considering the list of union proposal presented in 2011, the co-existence of two forms of work organisation has to be overcome in order to be more competitive in a market characterised by a high variability of production

[320] Created to finance ongoing training programmes agreed among the social partners; the beneficiaries are the employees of the companies who are members of these funds

volumes, high dependency on regulatory changes (anti-smoking rules) and high product customisation.

Another factor impacting on work organisation is the increasing use of subcontracting and outsourcing as part of the production process. Although outsourcing practices were initially perceived by the unions as an attempt to move out part of the production, worker representatives now seem to be more fully aware that management outsourced only those production processes that would be too expensive to be developed in-house.

4. What forms of flexibility?

Flexibility is a common tendency in all companies that intend to continue to be competitive in such a high-quality market. This is a common belief of worker representatives and, certainly, on the management side. In terms of production models, flexibility consists of the extension of worldwide production, establishing production plants where the distance makes local production more rational and through outsourcing practices.

In terms of work organisation, the main forms of flexibility consist of:

- internal numerical flexibility, adjusting working time to both employee and management needs. In particular, interventions with strategic purposes are important as they emphasise how worker representatives play a crucial role in turning management decisions into practice. In the company under examination, the management proposal to extend the night-shift also to technical staff was not immediately accepted as it was perceived as undermining their professional status. After intermediation on the part of worker representatives, the proposal was implemented without social consequences. In addition, time-saving schemes have been adopted for many years in order to turn additional hours into paid leave (employees are free to benefit from paid leave in units of 15 minutes each);
- functional flexibility, mainly represented by the semi-autonomous work group entrusted with the development of a particular order. According to the worker representatives, the type of products and the professional skills indicate the extension of the use of teleworking but no decision has been made yet in this regard;
- wage flexibility, closely connected with functional flexibility, with a focus on productivity pay and bonuses. Since 2003, productivity pay has been based on two indicators. The first (EBIT) refers to financial indicators relating to cost reduction measures. The second is calculated on the basis of the number of days required to deliver the final product. According to the collective bargaining actors, this should enable the labour force to achieve higher levels of cooperation and organisational synergy. However, it should be stressed that productivity pay suffers from national constraints in wage and income policies. Due to the low-level wage structure, productivity pay is mostly adopted to compensate for the lack of purchasing power and only partially to stimulate productivity.

5. Industrial relations

The company has one of the highest unionisation rates (45%) in the metalworking sector in Bologna, an area traditionally characterised by long-standing and well-structured union relations. This means that union density is the result of a positive view of trade unions at the local level and the capacity of worker representatives to set up constructive relations with the management over the years. Of the 1,650 employees working in Bologna,

about 730 are unionised and of these about 600 are members of Fiom (the federation of white-collar and blue-collar metalworkers of CGIL, the largest union confederation in Italy).

According to the representation rules laid down in the 1993 Tripartite Agreement, there is a unitary workplace union structure (RSU) made up of 36 members representing the metalworkers' federations of the three main union confederations in Italy (CGIL, CISL and UIL), thus safeguarding trade union pluralism. The worker representatives have:

- two coordinators in charge of organisational functions: the two coordinators are RSU members and are appointed with a view to coordinating relations within the representation body;
- work groups organised on the basis of the negotiation issue: in order to improve industrial relations and collective bargaining practices and to increase expertise on specific topics, each of the RSU members belongs to a different work group in charge of specific issues (work organisation, productivity, working hours, individual rights). In doing so, the trade union body is more reactive, competent and flexible in establishing relations with management. Each member takes part in more than one work group with a view to avoiding overspecialisation and developing a broader expertise with regard to negotiating issues.

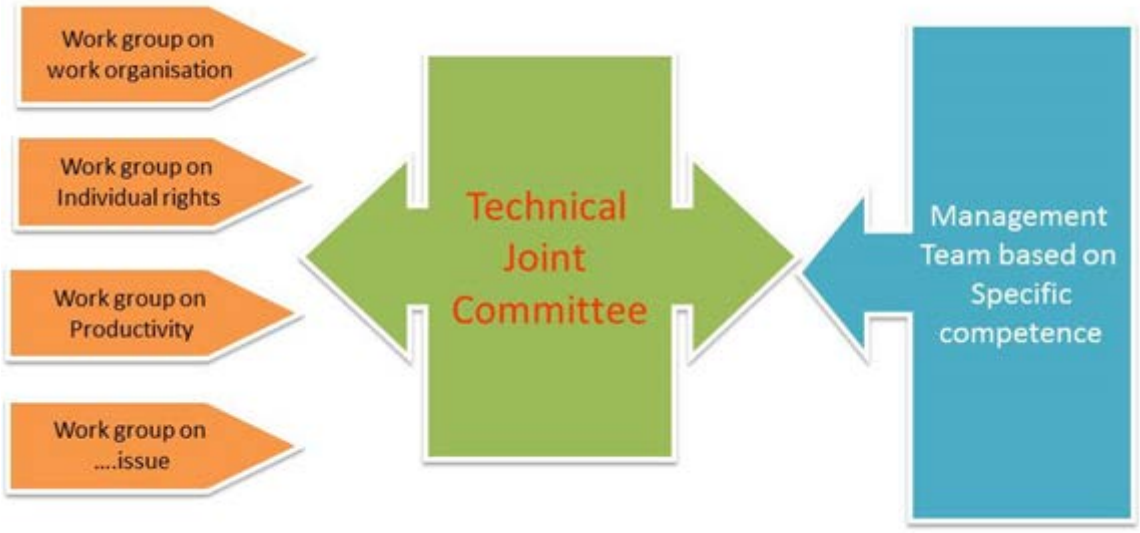
According to the interview with the trade union coordinator, occupational welfare practices are dealt with by the work group dedicated to individual rights. In this regard, it should be pointed out how worker representatives have developed a clear strategy that is based on the idea of bringing together collective and "political" reasons, mainly expressed by union requests, and individual needs, paying close attention to personal needs and turning individual requests into collective bargaining issues.

6. The joint techical committee

The last collective agreement concluded at company level in 2011 set up a Joint Technical Committee in charge of consultation rights. This Committee consists of worker and management representatives and the composition varies depending on the topics. Normally participation is not numerically balanced because of the pluralism of the union side. Although the Joint Technical Committee is limited to consultation rights, it is also true that those in charge of making a decision on technical issues are those with negotiating rights (management and worker representatives). This means that proposals put forward by the Joint Technical Committee have to go through the negotiation process in which the players need to reach a compromise between divergent technical and political positions.

Informally a Joint Technical Committee was operating also before 2011 but only the last collective agreement introduced it formally, showing the different industrial relations approach of the current management team. Due its formal acknowledgment within collective bargaining practices, this form of representative (or indirect) participation may be seen as an advanced industrial relations practice at company level.

Figure 9 – Industrial relations structure



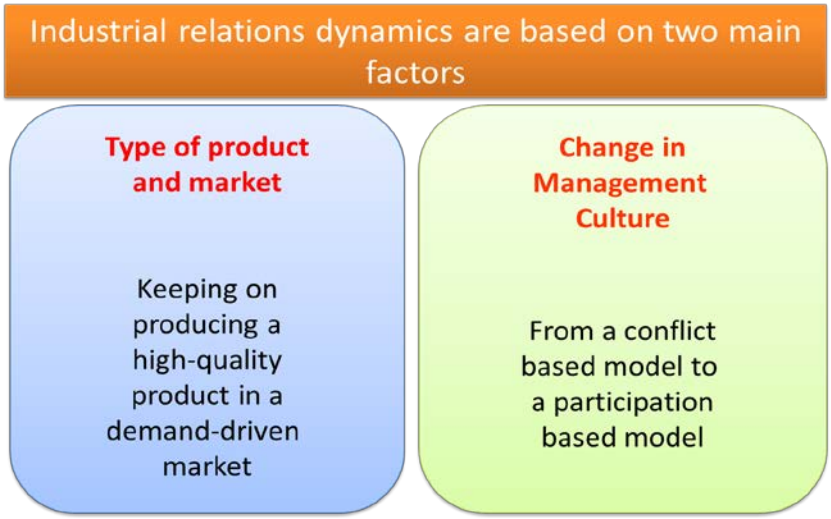
7. The main drivers of transformation

According to the interviews, the collaborative climate of industrial relations is dependent on structural and circumstantial factors. While the structural factors refer to the type of product, the circumstantial factors are related to management attitude.

In a demand-driven market for high-quality products, a participatory climate of industrial relations represents a pre-condition for competitiveness and a method for raising awareness among employees on the need for flexibility. On the one hand, the management is aware that the added value of production depends on high-skilled employees and thus aims at establishing a dialogue with those representing the workforce. On the other hand, the trade unions are aware that only with a larger membership will they be able to make an impact on working conditions and to increase their bargaining power: the more representative the trade union, the greater its impact on the decision-making process. In this connection, it should be stressed that the unionisation rate is high also among high-skilled employees and middle management. Highly skilled employees are thus a crucial resource for both management and the trade unions: for management in order to keep on producing high-quality products and for the unions for being more effective in defending and extending workers' voice.

Along with the type of production, management attitudes also have a strong impact on the industrial relations system. As noted above, the new management team appointed in 2010 was from the pharmaceutical sector, in which industrial relations are traditionally participation-oriented, whereas the previous management team had a metalworking background, with a more conflict-based approach to industrial relations. It became clear in the interviews that worker representatives are aware of this change in industrial relations, and the measures introduced in the last collective agreement provide further confirmation: practices that were informally accepted are now formally acknowledged (Joint Technical Committee, social represesentative).

Figure 10 – Industrial relations: drivers of transformation



8. Occupational welfare: a variety of approaches

The company provides a wide range of welfare services not always in line with our definition of occupational welfare. In our definition social dialogue is a prerequisite of "occupational welfare", but in this case study not all the welfare measures have been developed with the involvement of the trade union representatives. This means that some of the welfare measures are a unilateral management initiative and some of the measures are the outcome of a dialogue with worker/union representatives. This suggests two conceptualisation. The first conceptualisation could be seen as a "social investment" strategy, since the unilateral provision of welfare measures seems to reflect the social dimension of the company, while the second conceptualisation could be seen as "occupational welfare" strategy properly speaking, since all the measures are placed within a social dialogue framework. Each strategy appears to pursue different objectives.

9. Social investments

In terms of social investments, it is possible to identify at least two different aims. First, unilateral provisions aim at stimulating a climate of solidarity in the workplace according to a Corporate Social Responsibility approach (CSR welfare). The social measures go beyond those required by law with a view to strengthening a self-regulatory identity promoting active compliance with the social role that the enterprise is supposed to play, embracing responsibilities that have a positive impact on the external and social environment. Second, unilateral provisions aim to improve relations with the community in which the company operates (community welfare) with a view to reassuring local stakeholders that corporate strategies are centred in the local area, and as a sign of recognition of the community (local stakeholders, local expertise and knowledge, local institutions, social capital, local social dialogue and so on) and of the contribution to the success of the company.

CSR welfare measures are mainly designed for the company workforce, whereas community welfare services are addressed also to citizens, embracing the idea that welfare

should not be limited to workplace but extended to the citizenry. The welfare services that can be classified as CSR welfare are as follows:

- supplementary health schemes, covering both dentals costs and specialised diagnostic tests, extended also to workers' families and employees in retirement;
- supplementary insurance against accidents at work, even if they occur outside the company, and for serious illness;
- on the basis of specific agreements with local commercial services, employees have a number of vouchers to be spent in specific circumstances (ie, Epiphany voucher)
- covering transportation costs for employees with a disability that reduces their mobility.

On the other hand, welfare services that fall under "community welfare" are as follows:

- opening the corporate canteen to about 30 citizens with disabilities: the measure has a dual effect as it supports people with social difficulties, and contributes to integrating them with the rest of the community;
- supporting the building or renewing of some local hospitals: the Paediatric Oncological Institute, a hospice for people with a incurable cancer, and other investments in medical research centres. In order to coordinate all these activities, the company has set up a charitable Foundation;
- creating a multi-use centre consisting of a kindergarten with a mixed private/public access, restaurant and wellness centre, gallery and auditorium. In this regard, it should be pointed out that the project, partially co-financed by public bodies, pursues two objectives at the same time. First, it provides services of public interest in an area in which cultural supply is lacking, emphasising the sense of community of the welfare measure. Second, the multi-use centre aims at contrasting the decline of the manufacturing culture by offering exhibitions and cultural initiatives dedicated to recovering the dignity of the technical and scientific knowledge that has always been the distinguishing factor of the local community.

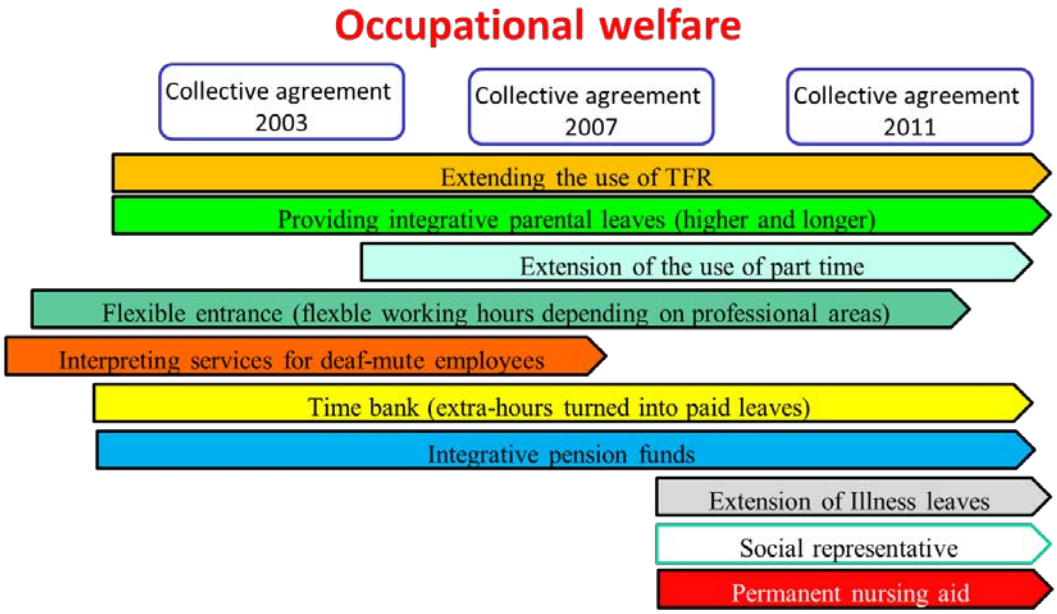
10. Occupational welfare

Along with social investment measures, important welfare provisions have been progressively included into the decentralised collective agreements, stressing the positive climate of industrial relations. In our analysis, the mapping is limited to the last three collective agreements signed respectively in 2003, 2007 and 2011. As mentioned above, the company has a long-standing tradition of collective bargaining practices and as a result occupational welfare measures were developed even before than 2003. The idea of limiting our comparative analysis to the last 10 years of collective bargaining reflects the need to understand whether and to what extent the financial crisis and new management have changed occupational welfare policies.

As shown in Figure 11 below, some occupational welfare practices have been confirmed, modified and extended in all the collective agreements, while other measures were formally introduced only in the last collective agreement concluded in 2011, when the new management had just been appointed. As already noted with regard to industrial relations issues, some existing practices were formally included in the collective agreements only under the new management. That is what has happened in the case of the social representative *("delegato sociale"):* a worker representative in charge of supporting employees for all those social issues affecting them individually. Along with the corporate counsellor, the social representative is responsible for activating and coordinating all local aid networks and is required to acquire specific competence and expertise in listening to and

understanding individual social cases. Although this service had been envisaged even before, it was formally recognised and instituted only in the latest collective agreement.

Figure 11 – Occupational welfare measures in the decentralised collective agreements



TFR = *trattamento di fine rapporto* / severance pay

Most of the occupational welfare measures have an evident impact on work organisation as they affect working-time flexibility:

- Extension of the paid leave foreseen by law in the case of a spouse/or a close relative needing medical assistance: whereas the current legislation (Act No. 53/2000 Article 4) grants three days a year for just one period of leave, the collective agreement provides for a further two days of paid leave for each period, following the first one without any limitation on the number of periods of leave within the year;
- Birth of a child: two days off for each employee (male/female) when a child is born;
- Part-time working: the 2007 and 2011 collective agreements made the use of part-time contract more flexible accepting all the potential forms (horizontal, vertical and so on) up to a maximum of 6% (and 8% in 2011) of the workforce;
- Parental leave: the 2007 collective agreement extended parental leave from six to nine months with the same wage coverage (30%) and unpaid parental leave to up to 80 hours for employees with children from 6 to 11 years of age. The 2011 collective agreement provides for an increase of the wage coverage required by law maintaining the nine-month extension: from 30% to 50% the first three months, from 30% to 40% from fourth to sixth month and 30% from the seventh to nine month at the expense of the company;
- Working hours: in response to employees' requests, the 2011 collective agreement extended and differentiated working time flexibility at the beginning of the day: from 7.45 to 8.30 for those responsible for direct activities and from 7.45 to 8.45 for those responsible for indirect activities;

- Paid leave: with regard to the existing time saving schemes (the possibility of turning extra working hours into paid leave to be used in 15 minutes portions), the 2003 collective agreement stated that all extra working hours can be turned into paid leave, eliminating the previous threshold (32 hours);
- Sick leave: derogating from what is foreseen within the national industry-wide agreement, the 2007 collective agreement extended the cases for benefiting from "brief sickness" leave.

Furthermore, occupational welfare measures aimed at improving individual rights for specific target groups, supporting employees' purchasing power and safeguardin retirement include the following measures:

- Merit-based scholarships for the children of employees;
- The possibility to receive an advance on severance pay, up to a 90% of the total sum, on two occasions in the course of the entire working life. This is possible not only in specific circumstances (divorce, school expenditure, buying or restructuring first or second home,) but also in the case of periods of unemployment of more than 30 days up to a maximum of 1,500 euros;
- The establishment of a pension fund with contributions both from the employees and the company (the 2007 collective agreement increased corporate contribution from 1.2 to 1.5%);
- In order to ensure effective health monitoring, the 2011 collective agreement provides for the setting up of a nursing centre 40 hours a week within the production facility.

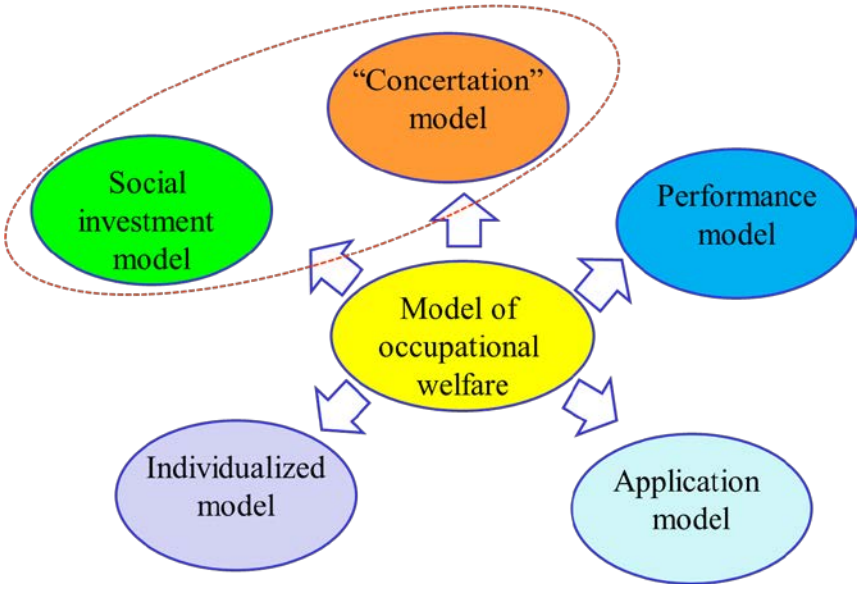
According to the interview with the trade union coordinator, occupational welfare measures and in general all the individual rights within collective bargaining processes are aimed at providing incentives for the high-skilled employees, who are normally more interested in individual conditions than collective issues. Occupational welfare is part of a union strategy for attracting high-skilled employees and thus increasing union bargaining power.

11. Conclusions and final remarks

This analysis highlights the co-existence of a variety of approaches with regard to occupational welfare. On the one hand, we find the social investment approach, stressing the influence that an enterprise is supposed to exert on its community and, on the other hand, we find occupational welfare measures designed by management, with a view to retaining high-skilled employees, and by worker representatives, with a view to being more attractive and gaining negotiating power in the workplace. According to the results of a recent survey[321] on occupational welfare among the leading companies located in Bologna, it is possible to distinguish five different models of occupational welfare and each model corresponds to a different union involvement, management attitude and set of welfare services, as shown in Figure 12 below.

[321] Matteo Orlandini, Modelli di welfare aziendale a Bologna, Alma Mater, Tavolo Tecnico "Fare Welfare"

Figure 12 – Occupational welfare models



- The Social investment model: occupational welfare is regarded as a method to enhance the social and economic reputation of the company. This model is based on strong corporate leadership in which the trade unions and worker representatives play a "consenting" role[322] and mainly provide in-house services for both employees and citizens;
- The Concertation model sees occupational welfare as an instrument to organise the workforce in a flexible framework, encouraging a trade-off between work-performance and work-organisation. This model is based on well structured industrial relations and collective bargaining practices and includes measures affecting working time and pay bargaining.
- The Performance model sees occupational welfare as mainly oriented to increasing productivity. The model is based on participatory industrial relations with welfare services provided by external bodies (baby-sitting, corporate coaching, supplementary insurance schemes);
- The Individualised model proposes a type of occupational welfare principally aimed at improving individual conditions. With this model, trade unions are only involved for informative purposes and the welfare measures include a wide range of personalised services;
- The Applicative model conceives of occupational welfare as a way of increasing employees' protection against social risks. With this model, "external" trade unions play a key role and services are mainly deriving from local or national collective agreements.

If we consider the results of our analysis in the light of the classification proposed by the research conducted by the University of Bologna, it is possible to argue that, depending on the diverse perspectives, our company might belong to both the "social investment" and the "concertation" model. The co-existence of the two models implies the co-existence also of a dual management attitude: strong leadership, on the one hand, and participation-based relations with worker representatives, on the other. Clearly the two management approaches are not conflicting provided that worker representatives are capable of merging

[322] Fleckenstein, Timo and Seeleib-Kaiser, Martin (2011) Business, skills and the welfare state: the political economy of employment-oriented family policies in Britain and Germany. *Journal of European Social Policy*, 21 (2). 136-149.

individual and collective dimension and playing the role of "protagonist"[323] in designing occupational welfare measures, reducing the risk of corporatisation of industrial relations.

Another aspect that is evident in the interviews is the perceived lack of correlation between occupational welfare and work organisation. This perception can be criticised at least for two reasons. First, most occupational welfare measures impact on work-time flexibility thus directly, or indirectly, affecting work organisation. Second, the body in charge of being consulted on individual rights (the work group dealing with occupational welfare issues), is the same body that is consulted on work organisation issues: the Joint Technical Committee.

Finally, it should be pointed out that occupational welfare policies depend closely on the industrial relations framework. While the previous management team sometimes used occupation welfare to limit the attractiveness of the unions and to weaken the negotiating role of worker representatives, the new management seems to value occupational welfare also with a view to strengthening participation-based industrial relations.

12. Evaluation of the case study

It may be argued that the company under examination meets at least in part the eligibility criteria for being regarded as a case of best practice in occupational welfare:

- Even though some significant measures have been developed unilaterally by the management, all the welfare measures directly affecting working time are the result of collective bargaining, emphasising the importance of a social dialogue approach. Occupational welfare practices are thus the outcome of a compromise between potentially diverging interests and are intended to satisfy not only productive needs but also individual motivation;
- Due to the high unionisation rate and the advanced form of representative participation (Joint Technical Committee), the case represents a win-win solution in the sense that occupational welfare initiatives are not a management concession but the outcome of collective agreements aimed at meeting employee needs. In this regard, it should be pointed out that the union commitment to satisfying employees' needs is not only explained by the idea of valorising individual human dignity, but also motivated by the union intent of increasing its attractiveness among high-skilled employees;
- Occupational welfare is part of a union strategy aiming to increase collective power by acting on individual rights. This approach is dependent on the climate of industrial relations needed in a high-quality workplace in which a significant part of the added value derives from workforce skills and competence;
- Occupational welfare policies reflect a social investment approach used by management to enhance th corporate social and economic reputation in the community where the production plants are located with a view to guaranteeing locally centred strategies for local stakeholders: unilateral occupational welfare measures are also intended to confirm management strategies;
- Collective agreements do not oblige employees to make use of specific welfare services but determine a well-structured framework within which each person is free to choose the solutions more suitable to his/her needs. Freedom of choice is thus to a certain extent guaranteed for all employees according to their respective needs, and employee voice is ensured by the existing participation forms at the workplace and by the high level of unionisation. Furthermore, it should be stressed that the freedom-of-choice approach

[323] Idem

seems to be adopted with specific reference to work-time flexibility and time-saving schemes thanks to which each employee is free to design his/her work-life balance within certain organisational constraints. In this sense, "freedom of choice" seems to be a side-effect of the strategic value acquired by occupational welfare policies in a context of industrial relations strongly dependent on the type of product and market;

- Within a general national framework aimed at reducing labour costs by exchanging monetary compensation for occupational welfare measures, in our case the welfare strategies seem to pursue different purposes: union attractiveness, competitiveness and individual well-being.

PART III – CASE STUDIES

High Road Solutions at Repsol

KENNETH A. DUBIN, FRANCISCO J. GÓMEZ ABELLEIRA

Summary: 1. Case Study Introduction: Repsol – 2. Conclusion

1. Case Study Introduction: Repsol

In a 2013 study, Repsol was named the company in Spain that most effectively assisted its employees in achieving work/life balance.[324] Chief among the criteria for this award were flexible work schedules. Emphasis on this issue is hardly surprising, given that a decade ago Spanish workplaces were among the least flexible in all of Europe. In 2004 Eurostat and LFS studies, only workers in Bulgaria, Rumania, Cyprus and Geece were less likely than Spanish men and women to have flexible work schedules. In no country were fewer men and women able to work from home.[325]

Over the last few years, Repsol has greatly expanded occupational welfare policies, with a particular emphasis on increasing working-hour flexibility. Given the lack of collectively bargained, win-win occupational welfare solutions identified in our survey of Spanish collective bargaining agreements, we chose to focus our case study on a company that is one of the acknowledged leaders in an area of benefits, even if many of these benefits are provided unilaterally by the company rather than negotiated with employees. Repsol is a particularly interesting company to study in this regard not only for the extreme generosity of the benefits offered (in the context of Spain), but also because a significant proportion of the workforce is unionised.

Our report is based on an extensive review of company documents regarding Repsol's competitive strategy, human resource practices and social responsibility programmes, along with a review of the 15 collective bargaining agreements with its various affiliate companies and its overarching general agreement, now in its seventh edition.[326] We confirmed and elaborated on the information contained in the company's extensive public documentation through an in-depth interview with one of the company's senior Human Resource executives.[327] We also analysed union documentation and contrasted our findings through more informal discussions with union leaders over the last few years. Finally, we also interviewed company director Itziar Varona, Subdirector of Labor Relations, Corporate and Planning, and previously director of Labour Relations for both the commercial and

[324] Cirujano, Ana Eva.2013. Ranking de las empresas que concilian. Estudios de política social y laboral, Instituto Internacional de Estudios Políticos. 23 December, Number 1. Available at: www.politicas-e.net.

[325] Cited in Janneke Plantenga and Chantal Remery. 2009. Flexible working time arrangements and gender equality: A comparative review of 30 European countries (European Commission: Directorate- General for Employment, Social Affairs and Equal Opportunities), 26.

[326] The Group-wide framework agreement is not applicable in its Petronor refinery operations in Bilbao.

[327] Ms. Itziar Varona, Subdirector of Labour Relations, Corporate and Planning, and previously director of Labour Relations for both the commercial and industrial units of the company.

industrial units of the company documents and collective bargaining agreements for a number of competitors considered to be best-in-class peers of Repsol around the issue of work/life balance.

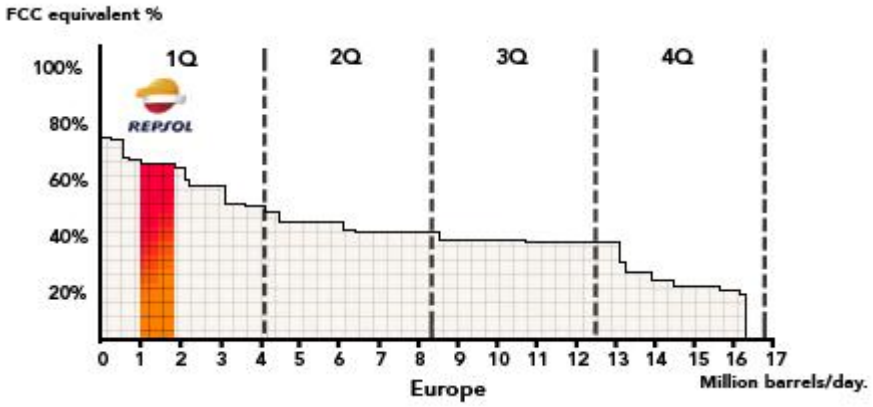
Repsol's occupational welfare programs are clearly a best case in the Spanish context. At the same time, the often unilateral fashion in which many of these benefits have been designed and implemented means that Repsol cannot be considered a best case of social dialogue delivering high-road occupational benefits. Nevertheless, the Repsol case is not simply an object lesson on the limits of company-level social dialogue in Spain. The company's initial efforts to expand occupational welfare benefits focused on senior professional staff not covered by any of the firm's collective bargaining agreements. However, the very success of these programmes as measured by employee satisfaction, retention and productivity, encouraged management to extend many of these benefits to the heavily unionised core of workers covered by collective bargaining. In so doing, high road issues have been increasingly, albeit slowly, incorporated into the collective bargaining agenda, impacting the way that work is organised, the value workers ascribe to work-life balance, and the relationship of management with its union interlocutors on the company works council.

As we argue in our conclusions, these changes cast light on a potential alternative path toward the high road in companies like Repsol—and countries like Spain—where employer efforts to achieve flexibility have been consistently understood by worker representatives as zero-sum battles. In such cases, dialogue on occupational benefits is unlikely to deliver a new bargain in the workplace as competitive strategies change. However, where collective bargaining does not wither away entirely, occupational benefits may ultimately be critical to restoring harmony and building consensus around new approaches to work organisation and new expectations regarding productivity and performance.

2A: company competitive edge/strategy and whether or not the company sells on international end market

Repsol's mission is to be a global leader in the exploration, extraction, refining and marketing (petrol stations) of petroleum, liquid natural gas and energy.[328] The company puts extractive activity at the center of its growth strategy, seeking increases in annual production of more than 7% per year, with a replacement rate of reserves exceeding 120% through 2016. In order to realise these goals, Repsol expects to invest more than $1 billion/year in its exploration activities. At the same time, significant capital project upgrades in Bilbao and Cartagena (Spain) have positioned the firm to be a cost leader in integrated refining across Europe. With its major capital projects largely complete, the core strategy in refining is to improve operational efficiency. The Cartagena and Bilbao refineries are now at the forefront of industrial complexes with the greatest conversion capacity in Europe, measured using the FCC equivalent ratio (% of conversion per million barrels processed per day).

[328] Repsol. Plan estratégico 2012-2016. Rueda de Prensa 29 mayo 2012. Available at http://www.repsol.com/imagenes/es_es/Plan-Estrategico-2012-2016RuedadePrensa_tcm7- 624749.pdf.



Source: Repsol Annual Report 2013.

Finally, Repsol has completed important acquisitions in the energy generation, transmission and distribution business with its purchases of Gas Natural and Unión Fenosa, now operating under the name Gas Natural Fenosa. This business provides the firm with diversification, credit stability and cash generation.

Repsol's leadership claims that its people – their diversity, expertise and commitment to the company's strategic and operational objectives – are its principal competitive advantage. The key behaviours the company seeks from its employees to realise its goals include collaboration, knowledge-sharing and taking whatever initiatives are required to realise the organisation's goals.[329]

Among the tools used to pursue these broad behavioural and cultural objectives, both Repsol's management and its publicly available documents highlight the centrality of programmes designed to promote more flexible modes of work, greater work/life balance and a more diverse workforce. As part of a broad effort to consolidate a culture of integrity, responsibility, transparency, flexibility and innovation, the company has deployed six programmes intended to advance diversity and work/life balance. We consider three of these six programmes—working day and flex time, teleworking, and time management—to be directly related to occupational welfare broadly defined.[330]

2B: Whether or not there is an organized workforce at the company level and the model/tools of industrial relations

The Repsol Group employs around 24,000 employees, a large percentage (71%) of whom are employed in Spain. The Spanish workforce numbers around 18,000 employees, of whom approximately 6,000 are women.[331]

[329] Repsol. Política de gestión de las personas. http://www.repsol.com/es_es/corporacion/responsabilidad-corporativa/como-lo- hacemos/modelo-rc/compromisos-adquiridos/politica-gestion-personas.aspx.

[330] The other three, Different Capacities, Adaptation of the Workplace, and Diversity are less directly related to the core issues of this project and will not be discussed here.

[331] These are the data submitted by Repsol to the Labour Authority at the time of registry of the Framework Accord (2014).

The workforce in the different companies within the Repsol Group is represented by three main unions. Six unions (CCOO, UGT, STR, USO, CIG, CCP) have employee representatives on works councils within the different Repsol companies. Out of around 330 works councillors, 122 belong to CCOO, 113 to UGT and 74 to STR. These three unions are considered most representative and entitled to sit at the negotiating table for all collective bargaining activities related to Repsol. CCOO and UGT are the main national unions, while STR is a local union, the Sindicato de Trabajadores de Repsol (STR, Union of Repsol Workers). STR is especially strong among blue-collar workers: it is the first union in Repsol Petróleo (refineries) and Campsa Red (petrol stations).

All employees within the Repsol Group are covered, in principle, by the Framework Accord for Repsol Group. The latest Accord (the seventh) was signed on 7 July 2014 by CCOO and STR. The Framework Accord sets out broad conditions regulating the employment relations of all workers covered by collective bargaining in Spain through the end of 2015. The agreement will be incorporated into all collective bargaining agreements covering workers at the company's multiple businesses across Spain (15 company or workplace agreements and 12 sectoral agreements that regulate conditions in a number of other Repsol operations). The Framework Accord has been in place since 1997. The seventh accord marks the first time that STR has received sufficient votes in works council elections across the Group to be recognised as a most representative union. UGT refused to sign this latest agreement in a dispute over the size of the Group's final pay rise offer.
The main company-level collective agreements are:

- Repsol (headquarters): 2,490 employees, of whom 2,427 are based in Madrid. -Repsol Exploración (support to gas and petroleum extraction): 852 employees. -Repsol Investigacions Petrolíferes (petroleum extraction in Tarragona): 18 employees.
- Repsol Lubricantes (manufacturing of lubricants, asphalts and other products): 275 employees.
- Repsol Petróleo (refineries): 3,148 employees.
- Repsol Butano (distribution of liquefied petroleum gas): 834 employees.
- Repsol Química (chemical manufacturing): 1,381 employees.
- Repsol Comercial (sale of fuels).
- In addition, Repsol applies a number of provincial sectoral agreements for most of the gas stations it directly operates.

The Framework Accord includes the establishment of an Oversight Committee (Comisión de Seguimiento) with one full-time union representative from each of the signatory unions plus the establishment of 3000 hours in union time to be distributed among the three unions according to their relative representativeness in the Repsol Group.
There are corresponding Oversight Committees for each of the collective bargaining agreements signed by each of the Group's individual companies or workplaces. In each of these workplaces, there will also be a Workplace Health and Safety Committee, which brings together management and union representaties at least once every three months (Article 41 and Disposición Adicional II).

There is also a Technical Committee for Equality (Mesa Técnica de Igualdad), in place since May 2004 to provide oversight for the implementation of the Group's Equal Opportunity Plan. The unions can also appoint Equality delegates to provide oversight in each of the companies of the Group where they have representation (Article 14.4).

Repsol and the workers' legal representatives in Spain held formal meetings twenty times over the course of 2013. The company has also had since 2008 a European Company Committee, which meets once a year and a Spain-Latin America Union Network bringing together union and company representatives from CC.OO. and UGT Spain, and the corresponding representatives in Bolivia, Brazil, Colombia, Ecuador, Peru, Trinidad and Tobago, and Venezuela.

Repsol offers employees with positions considered vital or of high responsibility (technical managers) the possibility of being exempt from the collective agreement in exchange for a higher salary, including individual appraisals and individual variable pay. Around 30 percent of the workforce is thus excluded from the collective agreements, at least with respect to pay (level and structure) and performance appraisal. The unions do not reject this practice: their constituency is basically made up of middle ranking and low-level positions.

2C: Professional profile of the workforce

Repsol's staff includes the following professional groups:

- 49% technical staff (around 400 people work as researchers at the Repsol Technological Centre);
- 38% blue-collar workers;
- 8% technical managers;
- 4% administrative staff;
- 1% top managers.

People by gender and professional category

Category	2011				2012				2013			
	Women	Men	Total	% women	Women	Men	Total	% women	Women	Men	Total	% women
Executive staff	39	228	267	14%	44	248	292	15%	43	249	292	15%
Technical managers	398	1,267	1,665	24%	447	1,404	1,851	24%	468	1,499	1,967	24%
Technicians	3,492	7,642	11,134	31%	3,863	7,793	11,656	33%	3,984	7,792	11,776	34%
Administrative staff	818	338	1,156	71%	783	306	1,089	72%	769	317	1,086	71%
Operatives and juniors	2,618	6,783	9,401	28%	2,569	6,538	9,107	28%	2,593	6,500	9,093	29%
TOTAL	**7,365**	**16,258**	**23,623**	**31%**	**7,706**	**16,289**	**23,995**	**32%**	**7,857**	**16,357**	**24,214**	**32%**

Source: Corporate Responsibility Report 2013, p. 133.

2D. Labour flexibility measures implemented (internal, external, both). For internal flexibility measures, please describe if they concern numerical internal flexibility, functional flexibility, wage flexibility. If it is possible, please highlight the connection with the company competitive edge.

External flexibility. Repsol uses few temporary employees and is strongly committed to creating truly permanent positions. In 2013, 166 new employees were contracted in Spain, compared with 360 in 2012 and 743 in 2011. Of these, 166 new employees, only four were no longer working in Repsol by the end of the year (compared with 31 in 2011 and 32 in 2012).[332]

Given the high degree of skill required by the organisation and the priority it places on commitment, it is not surprising that the company chooses to limit temporary contracting, particularly given its strong cash-flow position and optimistic medium-term prospects.

Internal flexibility. For workers covered by the firm's collective bargaining agreements, rules governing internal flexibility are set out in the respective bargaining agreements. For other employees, internal mobility is strongly encouraged as a way to build competencies and to provide development opportunities for ambitious professionals. In 2013, 3,328 employees changed positions;1,941 of these involved changes (mostly upward) in their professional category.

Variable Pay. For employees excluded from collective bargaining, Repsol updated its performance evaluation system in 2013 to give greater weight to employees' behaviors with respect to the fulfilment of company values as well as specific targets. As we shall see below in section 2E, greater emphasis on these values, including linking them to compensation, is directly related to improving occupational welfare.

In 2012, Repsol's VI Framework Agreement for its Spanish operations introduced for the first time both performance evaluation and variable pay for employees covered by collective bargaining. In 2013, performance evaluation was carried out for some 60% of this employee universe and incentive pay based on collective targets for the year 2012 was paid to non-exempt employees for the first time (approximately 1% of total pay). This amount has since risen to 2.5%. Crucially, all incentive pay for non-exempt employees is above and beyond all other salary and benefits agreed on in the collective bargaining agreement and is distributed in linear fashion for all the included employees within the relevant reference group.[333]

Performance evaluation for non-exempt employees was made a priority when the 2011 Climate Survey revealed a good deal of dissatisfaction with development opportunities. The "single performance assessment model" agreed with the unions in January 2013 after arduous negotiations defined responsibilities and skills for each individual based on their work group. Managers place employees in one of three categories: outstanding, adequate or needs improvement. Although, as noted, these rankings do not affect payouts for non-exempt employees, the system has not been embraced by unions, who fear that individualised pay for performance may be imposed in the future.

Repsol's management has been keen to introduce performance evaluation and pay for performance for non-exempt employees—though their introduction has increased total compensation—because they believe it is critical to strengthening worker identification with the corporate culture described above and to addressing dissatisfaction with development activities among the most capable and ambitious non-exempt employees.

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[332] Repsol. 2014. Informe de Responsabilidad Corporativa 2013. The sharp reduction in new hires in 2013 reflects the fact that, unlike the previous two years, there were no partial retirements with the necessary replacements. Available at http://www.repsol.com/es_es/corporacion/responsabilidad- corporativa/como-lo-hacemos/informes-responsabilidad-corporativa/.

[333] These incentives were not offered for non-exempt employees in CAMPSARED, the company's network of petrol stations. The company argues that this is because wage competition from smaller competitors is especially fierce in the context of the deep economic crisis that continues to have a strong impact on consumption in Spain.

Performance assessment in Repsol

		2011		2012		2013	
		Outside collective bargaining agreement	Under collective bargaining agreement	Outside collective bargaining agreement	Under collective bargaining agreement	Outside collective bargaining agreement	Under collective bargaining agreement
People subject to assessment and performance review	Women	2,412	389	2,697	331	2,880	1,290
	Men	5,431	333	5,814	263	6,011	4,395
	Total	7,843	722	8,511	594	8,891	5,685
Percentage of total employees		36%		38%		60%	

Source: Repsol Corporate Responsabiity Report 2013, p. 144[334]

2e. Company Welfare Measures Implemented

Flexible Remuneration Options:

Since October 2013, exempt employees who are Spanish tax residents can benefit from a comprehensive flexible remuneration programme in which they can elect from among an array of options, many of which bring important tax benefits. These options include a share acquisition plan, payments for daycare, personal ICT equipment, medical insurance and individual pension plan contributions.[335] Non- exempt employees can participate in the share acquisition plan.

The following table details the value of these benefits across the entire Group. For 2013, 60.6% of the amount shown refers to benefits provided in Spain.

Benefits (millions of euros)	2011	2012	2013
Pension plan contributions	36.8	39.8	41.3
Food allowances	13.6	13.8	15.1
Subsidized loans	0.65	0.65	0.67
Health care	19.2	21.1	24.1
Accident and life insurance	4.8	6.3	5.1
Study aid	4.2	6.1	7.2
Other social welfare benefits	0.29	0.44	0.44
Total	**79.5**	**88.2**	**93.9**

Source: Ibid., p. 149.

Work/Life Balance Programmes

As mentioned in our introduction, Repsol has tried to consolidate a cultural of integrity, responsibility, transparency, flexibility and innovation through six programmes intended to advance diversity and work/life balance. In this section, we analyse in greater detail the

[334] Available at http://www.repsol.com/es_en/corporacion/responsabilidad-corporativa/como- lo-hacemos/informes-responsabilidad-corporativa/.

[335] The Group considered offering free daycare services at its headquarters, but employee surveys revealed little interest among parents in bringing their children to the workplace.

three programmes most directly related to occupational welfare: working day and flex time, tele-working, and time management.[336]

These programmes are overseen by the Round Table on Equal Opportunity (Mesa de Igualdad) formed in 2004. The objectives of this group gained greater relevance in 2007 with the Spanish government's approval of the Organic Law for the Equality of Women and Men and, in particular, the law's requirement that companies with more than 250 employees within Spain adopt Equality Plans.[337]

In 2007, a Committee on Diversity and Work/Life Balance was established to develop programmes reflecting senior management's conviction that a culture demanding greater commitment from workers could only be created if employees were provided with opportunities to improve the balance between their professional and personal lives. These programmes were viewed as critical to recruiting, retention and productivity, and so the decision was made to place them at the centre of the company's corporate responsibility program, along with its commitments to the environment, risk protection and local community development.

Tele-working (Home Working)

Tele-working is probably the most emblematic workplace balance policy introduced by the Repsol Group in Spain and in its operations around the world. A trial programme was introduced in 2008 through the Round Table on Equal Opportunity in the Fourth Framework Agreement, thereby subjecting the initiative to oversight by the CC.OO. and UGT unions from its initial stages. Global satisfaction with the experiment led to its incorporation into the Fifth Framework Agreement and its progressive roll-out in 2009 and 2010. The most recent data on the uptake of the programme reveals its enormous popularity among employees.

Home working in Repsol

Country	2011	2012			2013		
		Women	Men	Total	Women	Men	Total
Spain	690	647	325	972	761	387	1,148

Source: Ibid., 153.

In order to ensure the success of the programme, the peformance evaluation criteria of all managers were revised to incorporate the objective of promoting work/life balance among their employees. This change was accompanied by training in the new culture of the organisation and in the logic and procedures of the telework programme and other related initiatives. Employees who reach an agreement with their manager can choose to work from home one, two or three days a week, two afternoons per week and all day Friday, or up to 20% of their time every day of the week. The company provides training, logistical and material support to the employee to ensure that the teleworking environment is productive and safe.

The unions were initially reluctant to support the move, fearing that workers who opted for telework would find themselves marginalised from their colleagues and limited in their advancement opportunities. However, given the comprehensive training and support

[336] The other three, Different Capacities, Adaptation of the Workplace, and Diversity are less directly related to the core issues of this project and will not be discussed here.
[337] Ley Orgánica 3/2007 de 22 de marzo, para la igualdad entre las mujeres y los hombres.

offered to employees, their managers and their co-workers, the experience has been extremely successful.[338]

The company has identified at least four benefits for employees from this programme that are all extremely central for this project:

- Productivity: 8 in 10 workers believe their productivity has improved and 9 in 10 feel more motivated;
- Time: The overwhelming majority find they have more time for themselves and their families;
- Emotional well-being: Most feel more concentrated and have greater confidence in their managers;
- Economic savings: Almost all report a cost and time savings.[339]

As a further sign of the success of the programme, between 2008 and 2011, the percentage of workers who responded affirmatively to the annual climate survey question asking whether satisfactory life/work balance was possible at Repsol increased from 43 – 60%.[340]

Union representatives continue to be closely involved in the development of the programme through the Framework Agreement, the workplace health and safety committees and the respective company- or work-place level collective bargaining agreement observatories.

Management believes the programme has been an enormous catalyst in its efforts to transform a culture of "being present" into a culture of "being efficient" and to promote the organisation's commitment to its people, thereby improving its reputation with respect to a variety of stakeholders. As a result of this programme and the broader company commitment to work/life balance, Repsol has been recognised by the Spanish Association for the Streamlining of Working Hours as the company most advancing the cause of more rational working hours in Spain.[341]

Time Management Support: at the company's headquarters, employees have generally free access to on-premises to often time-consuming personal services such as dry cleaning, pharmacy, clothing and shoe repair, courier services, and the like. There is also free support for all employees in Spain to manage family healthcare logistics.

Working Time Flexibility: Concentrated shifts have been introduced throughout the year in Repsol's Puerto Llano refining plant and for 15 weeks (over the summer) in the rest of the organisation.

The 2012 Framework Agreement introduced flexible hours in the Group's central offices. Unless the structure of the position made the changes impossible, employees were able to choose the hours they wished and change them day by day. However, few workers have taken advantage of this programme and it may well be reconsidered in the future.

Support for Healthy Lifestyles: The Group provides a range of programmes to support healthier life-styles and to prevent or manage chronic illnesses such as dyslipidemia, high blood pressure and diabetes. One of the most noteworthy programmes

[338] See for example, the blog that company established to promote tele-working and to facilitate the sharing of experiences and the resolution of problems. http://blogs.repsol.com/teletrabajo/. In 2013, every worker was offered "Agility in Home Working" training to develop their effectiveness when working from home.
[339]Repsol. 2013. El libro blanco del teletrabajo.
Available at http://www.repsol.com/imagenes/es_es/libro_blanco_tcm7-627218.pdf
[340] Ibid., 14
[341] http://www.horariosenespana.es/.

include the Repsol Healthy Heart Plan launched for four years from 2013 to support early detection of cardiovascular problems. From 2013-2015 the companyalso provides free assessment of psycho-social risks related to the working environment across all of its operations in Spain. The risks considered include the following:

- Working time
- Autonomy
- Work load
- Psychological demands
- Variety and content of work
- Involvement and supervision
- Worker interest and remuneration – Performance of tasks
- Social relations and support.

Training investments 2013

Finally, as the following chart demonstrates, ongoing training is widespread at Repsol.

	Hours training in year		Average hours/year per person	
	Women	Men	Women	Men
Executive staff	2,267	9,042	53	36
Technical managers	22,372	62,617	48	42
Technicians	231,600	398,270	58	51
Administrative staff	13,649	5,596	18	18
Operatives and juniors	26,102	207,237	10	32
Total	**295,990**	**682,761**	**38**	**42**

Source: Repsol Corporate Responsabiity Report 2013, p. 147.

2. Conclusion

Repsol's work/life balance practices are clearly a best practice, high-road solution in the pursuit of flexibility in the workplace. Flexible working time and tele-working policies – the centerpiece of work/life balance practices at Repsol – have been developed, implemented and evaluated with the support and participation of union representatives. Complementary developments around incentive pay and performance evaluation designed to focus workers on company objectives are relevant in this regard, as one of the major objectives evaluated includes managerial and worker support for work/life balance.

While unions are active participants in these policies, they have often been reluctant to embrace these programmes (at least until widespread employee support for the initiatives was made clear through employee surveys); in addition, in all cases, the programmes are wholly a product of managerial initiative. Moreover, the unions' refusal to embrace individualised performance evaluation has not limited the widespread use of this practice, given the large number of professional employees with individualised working conditions.

As an historic Spanish industrial firm, the vast majority of worker representatives are older men. Not surprisingly, work/life balance has not been a major priority for them. Nevertheless, the company has chosen to incorporate rank-and-file workers into these programmes, expanding the scope of collective bargaining and promoting a major shift in

the attitudes and roles of union representatives. This is not necessarily the ideal route to high-road solutions, but in the case of Repsol, it has been remarkably effective. However, new modes of union representation will need to be devised if more skilled, higher-level employees are to be incorporated into mechanisms of collective voice for advancing these and other policies that are central to flexibility at work and in workers' private lives.

More encompassing mechanisms for worker voice would strengthen the already solid foundations for high-road solutions at Repsol as the company begins to address new flexibility challenges going forward, of which two stand out. First, the Human Resources department is looking to progressively eliminate formal working hours for more and more employees as it seeks to encourage staff to take ever more responsibility for achieving their own objectives. Second, as an increasing number of older skilled workers choose to continue working past standard retirement age, management fears that career trajectories for younger workers may be stalled. Many of the older workers report that their reluctance to retire or to reduce their working hours reflects the fact that the crisis has had a major impact on their families and they are reluctant to forgo any income at the present time. Reconciling the need to provide growth opportunities for younger employees (to ensure both engagement and retention and to prepare a future generation of leaders) with the desires of older workers to remain in the workforce looks to be the next major test of high-road bargaining at Repsol.

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Websites of unions at Repsol:

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UGT: http://www.ugtrepsol.es/

USO: http://usorepsol.blogspot.com.es/2014/09/la-seccion-sindical-de-uso-te-presenta.html

PART III – CASE STUDIES

The Case of Volvo Cars in Gothenburg, Sweden

BENGT FURÅKER

Summary: 1. Introduction – 2. Volvo Cars: Background – 3. Local (and central) agreements – 4. Conclusion.

1. Introduction

For the project Going up the High Road: Rethinking the Role of Social Dialogue to Link Welfare and Competitiveness, this part of the report presents a minor case study of Volvo Cars in Gothenburg, Sweden, a company within the automotive industry. It is a supplement to a previous country report on Sweden (Furåker 2014). The main purpose of the current report is to examine collective agreements at workplace level in relation to occupational welfare. It deals with issues of flexibility and security, asking whether there are solutions that can represent a win-win situation for both the company and its employees.

Flexibility is a term with positive connotations. For companies it is important to be able to adapt quickly to external changes. This requires flexibility in many different ways. It may, for example, include having the possibility to make swift adjustments regarding the workforce. In case of economic downturn and reduction in orders, companies are under pressure to reduce the number of hours worked – or to dismiss workers – and when the economy picks up again with new orders coming in, they must either have the available employees work overtime – or they must recruit new employees. The kind of flexibility companies want to have is certainly not always positive for workers, especially not if it entails insecurity in the form of a risk of dismissal or shorter working hours.

Employees often wish to have other forms of flexibility. With respect to working time they may be interested in being allowed to adapt working time and work schedules to their personal activities and obligations, such as dropping off and picking up children at day care and caring for older relatives. For more in-depth theoretical analyses of these issues, see Furåker et al. 2007 and Furåker 2005: 183-204.

We may furthermore ask whether there is something that we could call company-level flexicurity. In the current political discourse the concept of flexicurity stands for a blend of flexibility and security at societal level. It usually refers to a policy mixture with liberal employment protection legislation, on the one hand, combined with generous unemployment insurance and active labour market policy on the other (e.g., Jørgensen and Madsen 2007; Wilthagen and Tros 2004). As an addition to these policies, it should be conceivable to find agreements at company level which contribute to enhancing employers' demands for flexibility and workers' needs for security. A key ambition in this paper is to search for such arrangements.

The data provided in the present report are to a large extent derived from interviews with four persons, all employed at Volvo Cars in Gothenburg, Sweden. Informants include Roger Håkansson, HR Specialist, Volvo Cars, Petter Manning, Pension Specialist, Volvo Cars Insurance, Marie Ingvarsson Morten, the "Union" (*Unionen* organising white-collar

workers) at Volvo, and Peter Krantz, Adviser Insurance & Pension, IF Metal Workers Union Volvo.[342] Valuable additional information has been obtained through a number of telephone calls and extensive e-mail correspondence.

2. Volvo Cars: Background

Volvo (the name is Latin and means "I roll") was founded in 1927 and was soon established as a leading manufacturer in the Swedish automotive industry. Not only cars but also trucks, buses and other types of engines and vehicles came to be part of the product range. Particularly in the decades after World War II, there was a rapid expansion of motoring in Sweden and the company also had significant success in exporting its products. Volvo became known for putting high quality and safety in the front seat. However, the competition became increasingly strong and by international standards Volvo was – and still is – a small producer. In 1999 Volvo Cars was separated from the Volvo Group and sold to Ford Motor Company. The period with Ford as owner did not last long. Only about a decade later, in 2010, Volvo Cars was bought by the Chinese automotive company Geely or, more precisely, Zheijang Geely Holding Group Co. Ltd (Volvo 2013: 6). Geely is now the majority owner, but the company's headquarters is still located in Gothenburg. Production of cars takes place in Torslanda (Sweden), Ghent (Belgium), Chengdu and Chongqing (China) and Kuala Lumpur (Malaysia).

Table 1 shows the number of cars sold by Volvo Cars in 1999-2013. The peak year in the table is 2007 with more than 458,000 cars retailed and the lowest sales can be seen for 2009 with less than 335,000. In other words, the deep worldwide economic crisis starting in 2008 led to a sharp decline in sales. The company lost about a quarter of its sales in two years. Then there was a considerable recovery during 2010 and 2011 and some levelling off after that. The US, China and Sweden were the largest markets in 2013. To put Volvo Cars in international perspective, it can be mentioned that Toyota, GM and Volkswagen sold close to 10 million vehicles each in 2013.

[342] I wish to extend my thanks to these four people for being very helpful in supplying information and answering my questions.

Table 1 Number of cars sold by Volvo Cars, 1999-2011

Year	No. of cars
1999	401,509
2000	409,059
2001	412,390
2002	406,695
2003	415,046
2004	456,224
2005	443,947
2006	427,747
2007	458,323
2008	374,297
2009	334,808
2010	373,525
2011	449,255
2012	421,951
2013	427,840

Source: Volvo Cars Newsroom; Volvo 2013: 7.

As shown in Table 2, by December 2013 Volvo Cars had more than 23,500 employees. They were above all located in Sweden, Belgium, China and Malaysia. About 66 percent worked in Sweden, about 18 percent in Belgium, 6 percent in China and 2 percent in Malaysia (Volvo 2103: 33). Table 2 also reveals the impact of the 2008 economic crisis. Compared 2010 with 2007, we see a decline in employment of nearly 5,000 persons.

Table 2 Number of employees at Volvo Cars, end of year 2007-2013

Year	No. of employees
2007	24,384
2008	22,732
2009	19,650
2010	19,494
2011	21,512
2012	22,715
2013	23,579

Source: Volvo 2013: 4.

A great majority of the employees at Volvo Cars are males, approximately 74 percent among white-collar workers and approximately 83 percent among blue-collar workers (Volvo 2013: 43). With respect to leadership positions (including managers with direct reporting responsibilities, programme managers, project leaders and specialists in leading positions), however, the proportion of women increased from 12 percent in 2002 to almost

23 percent by the end of 2013 (Volvo 2013: 42). In recent years, at the workplaces in Sweden and Ghent, total sick leave as a percentage of hours worked has hovered around 4.4-4.5 percent (Volvo 2013: 39-40). Regarding the workplaces outside Europe, sick leave is measured differently, which means that comparisons are difficult to make. The tendency is for work-related illness and injury to be on the decline. It can be added that the turnover rate among employees has decreased significantly in recent years (Volvo 2013: 4).

Training of employees is an important element in the development of Volvo Cars. In 2013, about 500 different courses were offered with the participation of almost 39,000 participants (Volvo 2013: 44). The main fields of training include engineering, IT systems and tools, leadership and organisational development, process-related manufacturing and safety, health and the environment.

Focusing on Volvo Cars in Sweden, Table 3 shows that the company had around 15,500 employees in December 2013. A little more than half of these employees were blue-collar workers. The table also provides information on the distribution of personnel across Sweden. The main factory is the Torslanda plant in Gothenburg with more than 3,100 employees, above all blue-collars workers. Almost all of these blue collars are organised by IF Metal Workers Union; their degree of unionisation is exceptionally high – it is estimated to about 96 percent. A majority of the employees in Gothenburg are however white collars and they are principally located in sites adjacent to the Torslanda plant. They are to a large extent occupied with product development, which is a crucial activity in the highly competitive automotive industry. The most important union for white-collar workers is the Union (*Unionen*) with almost 2,900 members, who make up about 40 percent of the recruitment base. There are two more –smaller – organisations for white collars, but these employees also have a lower degree of unionisation than blue collars. The local collective agreements concluded by the three white-collar unions are similar to one another.

Volvo Cars in Gothenburg has approximately – with constant shifts across time – 1,000 consultants (white collars) and 200-300 temporary work agency workers (blue collars). In Sweden, temporary agency work is subject to the same employment protection legislation as applies to other workers, that is, employees have the same job security with the agency as they would have had with any other employer (for a brief presentation of the Swedish employment protection legislation, see Furåker 2014). Very few workers at Volvo Cars have temporary contracts, that are mainly limited to summer and holiday employees.

Table 3 Workforce at Volvo Cars in Sweden by location and worker category, December 2013.

	Total	**% blue collar**	**% white collar**
Torslanda plant, Gothenburg	3,119	92.4 (2,883)	7.6 (236)
Gothenburg excluding Torslanda plant[343]	8,714	21.8 (1,898)	78.2 (6,816)
Skövde/Floby	1,981	82.0 (1,624)	18.0 (357)
Olofström	1,707	90.3 (1,542)	9.7 (165)
All workers	15,521	51. 2 (7,947)	48.8 (7,574)

Source: Volvo 2013: 33.

[343] It should be noted that the vast majority of these employees are located in Torslanda but outside the factory building.

The average monthly wage for a blue-collar worker is almost 30,000 SEK,[344] not counting supplements for unsocial working time. Most white-collar workers' monthly salary is around 35,000 to 45,000 SEK. Female and male salaries are rather close to one another at Volvo Cars in Sweden. To give some examples, the female/male ratio with respect to salaries is 0.96 for senior engineers/production supervisors, 0.97 for group managers/qualified professionals and 0.98 for both skilled and highly skilled workers (Volvo 2013: 42-43). The average age has increased in recent years and the majority of workers are in the range between 40 and 60 years. A small proportion is under 20 years and approximately 7 percent are over 60 years old.

3. Local (and central) agreements

In my previously mentioned country report on Sweden (Furåker 2014), I presented several collective agreements involving, on the employer side, the Confederation of Swedish Enterprise (*Svenskt näringsliv*) and, on the employee side, the LO (*Landsorganisationen*) and the PTK (*Privattjänstemannakartellen*). More details on these agreements can be found in the compilation made by *Svenskt näringsliv* (2014). It should be underlined that they apply at Volvo Cars and they represent a foundation for the union activity at the company. There are, however, also certain additional local agreements which will be brought up in this paper. In these cases, the partners besides the employer are IF Metal Workers Union Volvo and the Union (*Unionen*) at Volvo as well as the two other white-collar unions. Agreements involving the latter two are basically the same as for the Union, but I have only interviewed a Union representative. The subsequent description of the central agreements is based on my country report – and there is therefore some repetition – and the information on the local settlements is derived from my interviews and certain unpublished documents.

Dismissal and lack of work

When a company in Sweden is facing redundancy, it has to negotiate with the unions regarding how many and which workers will have to leave. According to the law, the principle "last in, first out" should be followed. An advantageous element for employers is that the workforce is normally divided into selection categories, which means that the "last in-first out" principle can be employed separately for each category. This also happened at Volvo.

During the critical years in connection with the 2008 economic crisis, the central agreements by the Confederation of Swedish Enterprise and the LO and the PTK played a significant role. The agreed-upon solutions are to some extent supplements to active labour market policies. Blue-collar workers are granted a lump sum (SEK 20,000) aimed at helping them to find another job. This sum can be used for programmes entailing mapping, review of labour market prospects, guidance, design of action plan, training in personal marketing and job hunting.

For white-collar workers we come across a similar set of arrangements, although not specified in monetary terms. There is advisory transition support for the purpose of helping people to find new jobs or start a business of their own. It is also possible for them

[344] On September 25, 2014, SEK 100 = EUR 10.90.

to receive financial support for starting a business as well as for participation in training programmes.

Moreover, employees have the opportunity of getting financial support in case of dismissal. Blue-collar workers can collect severance pay (AGB) if they are dismissed due to lack of work. AGB consists of a lump sum of SEK 30,700, but individuals aged 50-60 receive SEK 1,300 extra per year of age, up to a maximum of SEK 45,000. The general requirement is for the worker to be 40 or older and to have been employed for at least 50 months during a five-year period by one or several companies having AGB.

Whereas blue-collar workers obtain a lump sum, white-collar workers get an upgrading of their unemployment benefits. Together with the unemployment insurance, they can receive 70 percent of their previous salary for the first six months and 50 percent thereafter. The maximum is SEK 200,000 for a six-month period. This form of compensation is however age-related. To receive anything at all, the individual must be 40 years old and the maximum period of benefit is 18 months for those aged 60-65. The level of compensation (70 percent and 50 percent of the previous salary) might seem low, but we should bear in mind that the ceiling is low in unemployment insurance. As white-collar workers usually have clearly higher salaries than this ceiling, both 70 and 50 percent may give them higher benefits.

As a result of the crisis beginning in 2008, several thousand persons working at Volvo in Gothenburg had to exit. In the first phase, large numbers of consultants had to leave and the number of people employed through temporary work agencies was reduced to a minimum. Through a central collective agreement with the IF Metal Workers Union, working hours were reduced with some compensation for the loss of income. Then priority lists for dismissal were established by the unions and the company. In addition to the provisions of the central collective agreements, the company had to pay additional amounts in this process. Exiting workers aged 62 years and above were granted severance pay amounting to 70 percent of two months' wages.

Parenting

In addition to the presentation of universal parental insurance in Sweden, my country report described the main features of a collective agreement between the Confederation of Swedish Enterprise and the LO. The focus of the agreement is to strengthen the financial situation of families with small children. In addition to the legislated parental benefits, blue-collar workers can receive 10 percent extra of their wages up to the ceiling in the parental insurance and 90 percent of wages higher than that. These supplementary benefits are given for 180 days to workers with at least two years of employment and for 60 days for workers with at least one year of employment. There is also a general requirement with respect to tenure: the individual must have been employed for at least 12 months over the last four years.

At national level, there is no agreement of this kind between the Confederation of Swedish Enterprise and the PTK, thus leaving many white-collar workers with only what the welfare state offers. However, this does not give us the whole picture; on lower sector levels we find collective agreements that give white collars additional benefits corresponding to the ones that blue-collar workers have through the settlement between the Confederation of Swedish Enterprise and the LO. Volvo, for example, is part of this.

Sickness

The Swedish statutory sickness insurance is supplemented by collective agreements concluded by both the LO and the PTK. At Volvo it is the central agreements that apply in this regard; no additional local settlements have been concluded. Accordingly, blue-collar workers are covered by an arrangement which gives 10 percent extra of the wage for days 15-360 of sickness. There is one simple requirement: The worker must have been employed for at least 90 days.

The solution for white-collar workers is somewhat different. First, in the period from day 15 to day 90, there is either a 90 percent sickness salary or 10 percent extra of the salary to the sickness benefits for those who earn no more than the ceiling in the sickness insurance. Second, from day 91, we also find different arrangements depending on income. Employees with a salary up to the sickness insurance ceiling receive 10 percent extra benefits until day 360. For those on higher incomes there are two more steps: 65 percent as sickness pay up to a second ceiling and 32.5 percent up to a third.

Retirement

Also with respect to pensions there are **c**ollective agreements – between the Confederation of Swedish Enterprise and the LO and the PTK – that go beyond what the welfare state provides. To some extent the solutions for blue-collar and white-collar workers differ. To begin with the blue collars, it is agreed that the employer should pay premiums to a pension fund. Within a range of alternatives workers can choose between different funds. The premium is 4.5 percent of earnings up to SEK 426,750 per year and 30 percent of earnings over that amount – without any upper limit. All workers are included in the system, no matter what type of employment contract they are on, and no matter whether they work full-time or part-time. The pension premium starts being paid when the individual is 25 years old. It is possible to draw the pension from age 55 and it is possible to wait until after 65.

For white-collar workers there are two systems: ITP 1 and ITP 2. As a general rule, ITP 1 is applied to workers born in 1979 or later, whereas ITP 2 is for those who are older. However, companies that today sign collective agreements including ITP will normally employ the ITP 1 scheme. This solution is very similar to the agreement for blue-collar workers. With regard to ITP 2, payment of premiums begins when the worker is 28 years old. To estimate the size of the premiums is difficult, but they are essentially dependent on salary and age. ITP 2 also comprises an extra scheme called ITPK, for which the premium is two percent of the salary.

In addition to the system provided by the state and the above-mentioned collective agreements, Volvo workers are offered extra retirement benefits through a specific pension arrangement, the Volvo Company Pension (*Volvo Företagspension*). Basically all employees are included, except holiday and practice staff. Those on permanent contracts are covered from the first full month of employment. For people on temporary contracts to be covered, it is required that they have been employed three whole consecutive months during the year. The main characteristics of this pension scheme are presented in Table 4.

Table 4 Key features of Volvo Company Pension

• Extra pension benefits are available for basically all employees.
• The full annual premium for employees working at least 50% is SEK 4,200.
• Employees can choose between traditional insurance management and placement in funds.
• For those working less than 50% but more than 20%, half of the full premium is paid.
• There are some extra premiums related to tenure.
• Pension benefits are normally collected during five years (age 65-70), but can be drawn from age 55.

Sources: Interviews; unpublished document.

There is no age limit for the Volvo Company Pension and it does not affect other retirement provisions or the tax deduction rights associated with private pension savings. The company pays an annual premium to the employee's pension. In case the individual has Green Bank hours (see further below) these can be transformed into retirement premiums. Volvo then adds 5.6 percent to the accumulated hours. Employees are covered by the pension scheme during parental leave, whereas sick leave means some reduction of the premiums and during other leave no premiums are paid.

The full annual premium for those working more than 50 percent is SEK 4,200 or SEK 350 per month. Those who work less than 50 percent but more than 20 percent get half of the full premium. Tenure is also rewarded: there is some extra remuneration when the worker has reached 25, 35, 45 and 50 years of employment. Employees have a choice regarding how the deposited money will be managed. It could be either through traditional insurance management or through placement in funds. Normally the pension is collected at some point during a five-year period – when the individual is between 65 and 70 years of age – but at the earliest it can be paid from age 55.

Working time

With regard to working time, the system of production implies strict regulation of hours for many of the workers at Volvo. There are two shifts: the day shift starting early in the morning and the evening shift starting in the afternoon. Punctuality is controlled by a time clock. At present there is no night shift, although some workers are engaged during the night with maintenance tasks and the like. The plan is to start a night shift for the assembly of automobiles at the beginning of next year.

Many white-collar employees work between 7.30-8.00 a.m. and 16.00 p.m. They are allowed flexibility of one hour and a half up to two hours. It should be noted that also white collars are required to clock in and out, but about 2,000 of them are not subject to this requirement. A small number can work work from home for part of the time.

The most interesting thing from the perspective of this project is a new agreement signed by Volvo Cars and IF Metal Workers Union Volvo – on cyclically adjusted working hours. It has not yet entered into force but will do so from the beginning of 2015. The principal contents of this agreement are summarised in Table 5. There are presently also negotiations regarding an agreement between the employer and the Union on working time for white-collar workers, but they have still not been completed.

According to the new agreement with the Metalworkers Union, the day shift starts at 6.30 a.m. and ends at 14.36 p.m. The corresponding hours for the evening shift is 15.36 p.m. and 23.30. One advantage for workers with the settlement is that the working day is shortened from 8.3 to 7.7 hours. The agreement also covers the planned night shift. It will involve three time banks: the Red, the Blue and the Green. Individually, employees can accumulate 150 overtime hours which are then placed in the Green Bank. The hours stored can be used as pension provisions, time off or cash withdrawals.

Table 5 Key features of new working time agreement between Volvo Cars and IF Metal Workers Union

• Working time is handled through three banks: the Red, the Blue and the Green
• The Red Bank is aimed at managing normal ups and downs in orders.
• The Blue Bank is aimed at managing severe crises.
• The Green Bank is a bank for individual overtime up to a maximum of 250 hours; assets can be used as pension benefits, time off and cash withdrawals.
• The Process Council (with two company representatives and two union officials) takes collective decisions on working time.
• Collective overtime is accumulated in the Red Bank, which allows variations between +150 and –250 hours.
• When the Red Bank account is full, hours are transferred to the Blue Bank.
• The Process Council is expanded with two members to decide over Blue Bank assets, for example, to implement a three-day working week.

Sources: Interviews; unpublished document.

Both the Red and the Blue Bank are set up for the purpose of collective accumulation of working time. It is a matter for the so-called Process Council (*processrådet*) to make the relevant collective decisions on overtime and days off. The Process Council has four members: two representing the operational management of the company and two representing the local Metal Workers Union. Additional hours and time off are laid out with two weeks' notice. In October every year the fixed days off are decided and this solution always includes the days between Christmas and New Year.

The Process Council can decide that people on the day shift should work overtime between 14.36 and 15.18 p.m. These 42 minutes are then accumulated on the Red Bank account. Corresponding requirements apply to workers on the evening shift; they may also be required to work overtime after their shift – between 23.30 p.m. and 00.12 a.m. – and this time is placed in the Red Bank as well. As mentioned, the Process Council decides about days off (whole days) which are deducted from the Red Bank that allows variations between +150 and -250 hours. Specific rules have been decided for those who will be working night shifts.

If no overtime is determined by the Process Council after the end of an ordinary shift, one hour can be used for individual overtime, for example to catch up with delayed production. In the event there is no overtime work at all, time between the day shift and the evening shift is normally used for maintenance work. Such activities also take place at night.

When the Red Bank account for workers on day and evening shifts has reached 150 hours, additional time will be transferred to the Blue Bank. Correspondingly, for workers on night shifts, time will be transferred to the Blue Bank when the Red Bank has come up to 100 hours. Again, there will be certain specific rules for these staff. The maximum for all workers in the Blue Bank is 100 hours, but additional hours can be transferred to it in a situation with redundancy.

The purpose of the Red Bank is that it should handle the normal ups and downs in sales, whereas the Blue Bank is aimed at managing severe crises. When decisions are made on the handling of assets in the Blue Bank, the Process Council is expanded with two more members: the chief production manager and the chairman of the local Metal Workers Union. During a crisis, workers may have to reduce their working week to three or four days, and "blue" time can then be added in order to deal with the wage loss. It is hence possible to slow down production significantly without having to give notice of layoffs.

There are some obvious advantages for the company with the working time agreement. Production can be adapted more rapidly to market volatility and accompanying variations in orders. With less working time flexibility the company may have to dismiss workers and this is likely to take quite some time due to employment protection legislation and negotiations with the unions. In such a case, when everything is settled and some employees have left their jobs, the situation can have changed completely: the economy may have turned up again and the company may be facing a shortage of personnel.

For workers the new working time agreement entails two main advantages. First, it includes a shortening of daily working time by 36 minutes. Second, because the company can better adapt to changes in orders, existing jobs can be expected to become more secure. In other words, increased job security is obtained by greater acceptance of variation in working hours. The drawback is that employees may have to work extra hours during certain periods, but very little dissatisfaction with the agreement has been expressed.

4. Conclusion

The Swedish welfare state provides the main solutions in relation to many of the financial hardships that people encounter during their lives. However, state arrangements are supplememented by collective agreements concluded by the social partners in the labour market. In the private sector, the central social partners are, on the employer side, the Confederation of Swedish Enterprise and, on the employee side, the LO and the PTK. At Volvo Cars, which is the focus of this report, the main local partners besides the employer are IF Metal Workers Union Volvo and the Union at Volvo and two other smaller white-collar unions. Generally, we find the same collective agreements as in other companies. There are, however, some particularities to observe: they refer to retirement benefits for all workers and a working time agreement for blue collars.

As emphasised in my country report on Sweden (Furåker 2014), the collective agreements on occupational welfare are above all supplements to the welfare state arrangements. To some extent, they represent concessions from the employers. This holds for both central and local collective agreements. However, it may also be advantageous for employers to be accommodating towards workers' demands and wishes. A company may benefit from offering solutions that take welfare beyond what other employers offer. In particular, this can be decisive when it is difficult to find workers with qualifications that are in strong demand; it is accordingly a way of becoming more competitive in recruiting

labour. An illustration of this at Volvo is the local arrangement regarding retirement, which allows basically all employees some extra pension benefits.

We must also note that benefits are often tied to tenure, or at least to some minimum period of service: in other words, they may even contribute to creating a stable workforce. For example, the Volvo Company Pension contains such an element. In the public debate there is often a focus on employers' need for worker flexibility, but they must certainly also have some degree of stability among their personnel and this requisite is often underestimated in the discussion. Arrangements that encourage long-term employment can help secure a stable core of workers. This is not to deny that companies also need numerical flexibility (cf. e.g., Wilthagen and Tros 2004).

From the perspective of the current project, the most interesting agreement at Volvo Cars is the new collective settlement on working time for blue-collar workers. It means that the company can more easily adapt the workload to the constant variations in terms of orders. In this way it becomes simpler to meet fluctuations in the market without dismissing workers. The procedure in case of redundancy can be difficult and time-consuming, as the company is obliged to negotiate with the unions and to follow the rules in the employment protection legislation. It is definitely preferable to adapt the amount of work without having to engage in such a process.

Blue-collar workers also gain some advantages with the new working time agreement. They get a shortening of their daily working time by 36 minutes, which is a significant change given the strict regulation of working hours implicated in the production system. Even more important is that jobs can be assumed to become more secure, in line with the company's improved prospects of adapting to the order situation. It might be seen as a disadvantage to have to work extra hours during certain periods, but workers have so far shown very little dissatisfaction with this solution.

Let me finally come back to the issue of flexicurity (e.g., Jørgensen and Madsen 2007; Wilthagen and Tros 2004). The question I raised in the beginning of this report was whether we could find arrangements at Volvo that could be seen as company-level flexicurity. As the new working time agreement described here represents a mixture between flexibility and security, it could definitely be a candidate in this regard. At the same time we should be aware that the agreement has not yet been implemented: it remains to be seen how it works in practice.

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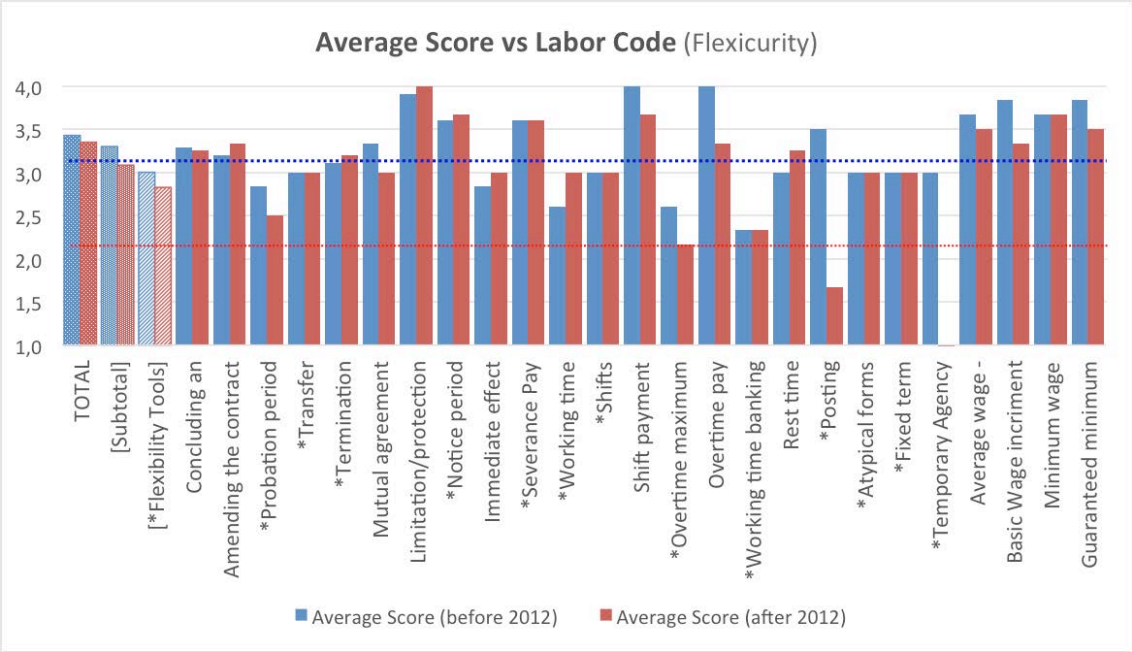
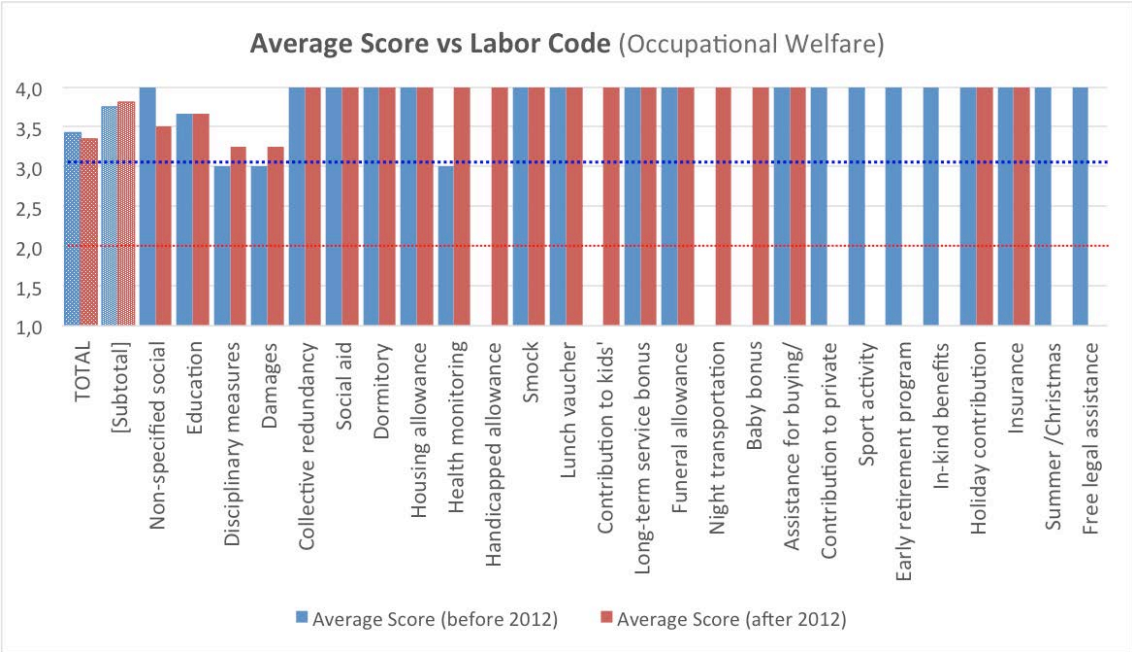
APPENDIX

1) HUNGARY – Table – Collective Agreements Coverage 2008-2014

NACE code and name of the sector		2008 (31/12)			2009 (31/12)			2010 (31/12)			2011 (31/12)			now (2014)		
		number of persons working in the sector	number and percentage of people affected by collective agreements		number of persons working in the sector	number and percentage of people affected by collective agreements		number of persons working in the sector	number and percentage of people affected by collective agreements		number of persons working in the sector	number and percentage of people affected by collective agreements		number of persons working in the sector	number and percentage of people affected by collective agreements	
			persons	%		persons	%		persons	%		persons	%		persons	%
A	agriculture, forestry and fishing	81033	21312	26,3	82139	33411	40,69	75967	33825	44,5	75967	33576	44,23	75967	33576	44,23
C	manufacturing	741743	225284	30,37	659610	224725	34,6	653713	230016	35,1	558455	193135	34,58	642361	226729	35,29
F	construction	127169	26030	20,47	117666	22021	18,72	117446	21814	18,5	117446	21697	18,48	117446	21564	18,36
G	trade	365312	38883	10,6	345411	43662	12,64	343398	41297	12,02	343398	41232	12,01	343398	41039	11,95
H	services	637323	168413	26,4	678036	202641	29,88	636335	229831	36,11	636321	225135	35,38	636321	220928	34,72
all		1952580	479922	24,57	1882862	526460	27,96	1826859	556783	30,47	1731587	514775	29,73	1815493	543836	29,95


Average Score vs Labor Code (Flexicurity)
4,0
3,5
3,0
2,5
2,0
1,5
1,0
TOTAL
[Subtotal]
[*Flexibility Tools]
Concluding an
Amending the contract
*Probation period
*Transfer
*Termination
Mutual agreement
Limitation/protection
*Notice period
Immediate effect
*Severance Pay
*Working time
*Shifts
Shift payment
*Overtime maximum
Overtime pay
*Working time banking
Rest time
*Posting
*Atypical forms
*Fixed term
*Temporary Agency
Average wage -
Basic Wage incriment
Minimum wage
Guaranteed minimum
Average Score (before 2012)
Average Score (after 2012)


Average Score vs Labor Code (Occupational Welfare)
4,0
3,5
3,0
2,5
2,0
1,5
1,0
TOTAL
[Subtotal]
Non-specified social
Education
Disciplinary measures
Damages
Collective redundancy
Social aid
Dormitory
Housing allowance
Health monitoring
Handicapped allowance
Smock
Lunch vaucher
Contribution to kids'
Long-term service bonus
Funeral allowance
Night transportation
Baby bonus
Assistance for buying/
Contribution to private
Sport activity
Early retirement program
In-kind benefits
Holiday contribution
Insurance
Summer /Christmas
Free legal assistance
Average Score (before 2012)
Average Score (after 2012)

2) ITALY – Local Collective Agreements

WELFARE PROJECT IN PRATO, ITALY

SIGNATORIES	Unindustria, Prato (Employers' Association) CGIL Prato, CISL Prato, UIL Prato (Trade Unions)
Type of Agreement	Agreement of intent
Date	28 January 2013
Abstract/extract	• **WELFARE** In line with the tradition of pragmatic employment relations, the social partners in Prato regard the territorial collective bargaining as the best instrument to face new emerging needs, create better working conditions for workers and their families and increase the competitive positioning of companies. With a view to promoting new forms of occupational welfare as a response to the emerging of workers, the social partners agree upon the setting up of a dedicated working group with specific goals (31 March 2013). The group can even avail itself of experts. **GOALS** • Collecting more important national experiences on "second welfare" • Identifying priority needs

CORPORATE WELFARE PROJECT IN LAZIO, ITALY

SIGNATORIES	UNINDUSTRIA IN LAZIO (Employers' association at regional level)
Type of agreement	Agreement of intent
Abstract/extract	• **OBJECTIVES** The project's aims are: 1. Sharing of best practices from associated companies that are related to the management of fringe benefits, social utility obligations and "second welfare" measures; 2. Exploring new ways to provide benefits to employees, and new technical instruments; 3. reinforcing the "fringe benefit culture" among companies, in particular among small and medium enterprises (SMEs), with the involvement, in a subsequent phase, of the trade unions. • **working group** The project is carried out by the Working Group "Fringe Benefit Obligations of Social utility and Second Welfare" that is composed of Human Resource Managers, Industrial Relation Managers, Social Security Managers, Fiscal Manager, digital and telematics technicians in order to explore new instruments. Round Table is divided into four focus groups: 1. Compensation and Flexible Benefit; 2. Tax consultancy, tendering questions and proposals for legislative modifications; 3. Pilot projects about business "Welfare Card" and agreements with service providers; 4. Second welfare as a model for economic measurement and an instrument for Corporate Social Responsibility.

SIGNATORIES	IEP-IMPRESE E PERSONE (businesses and persons) EUDAIMON and a Network of companies
Type of agreement	Network agreement
Date	2009
Abstract/extract	• **NETWORK IEP** Network IEP-IMPRESE E PERSONE is the first applied model of second welfare set up by a number of companies in Italy. It was set up in 2009 at the initiative of EUDAIMON. It is a laboratory intended to experiment and to share solutions for the creation of a sustainable model of welfare in Italy. The welfare solutions are intended to supplement, and not replace, those provided by the welfare state, that is constantly under threat by the economic crisis and financial cuts. The Network is composed of several Italian companies and there are more than 400,000 employees. All companies aim to promote and disseminate occupational welfare practices. • **three lines of action** Network IEP works on three action lines: 1. Building an inter-businesses welfare platform by which all companies can share common assets/services with all the network members. Some example: care service for the elderly and for family members who are not self-sufficient; handling online service for administrative practices (which are based on the *Protocol Reti Amiche* On the Job by Ministry of Public Works), special rates for the purchase of goods/service within the network enterprises. 2. creating a forum-laboratory where member companies can enhance and contribute to produce activities, services, new solutions and also research 3. setting up a committee (with trade unions and employers' organisations) that discuss with the national Government and with local administration about needs and efforts for collaboration between public-private spheres.

AGREEMENT IN VARESE, ITALY

SIGNATORIES	Network of companies - Varese province
Type of agreement	Network agreement
DATE	October 2012

Abstract/Extract

Care service for the elderly with easy credit terms, car-pooling and car-sharing projects in order to reach the workplace, special conventions for insurance packages, work-life balance projects with particular attention to children's education.
Giunca is the first network of companies aimed at promoting "second welfare" initiatives for employees. It was set up in the province of Varese.
It consists of 10 enterprises in the Province of Varese that belong to different manufacturing sectors: construction manufacturing, plastic manufacturing, chemical manufacturing, pharmaceutical manufacturing, mechanical manufacturing. In total the companies employ 1,682 workers. The companies are **T.M.C Srl, Chemisol Italia Srl, Viba Spa, TioxideEurope Srl, Momentive Specialty Chemicals Italia Spa, Novartis Farma Spa** (shortly even other Novartis Group companies will join: Sandoz, Novartis Consumer Health, Novartis Animal Health**), Sanofi-Aventis Spa, Lati Industria Termoplastici Spa, Bilcare Reasearch Srl, B.D.G. EL Srl.** Multinational corporations, major industrial firms and North-South Provincial manufacturing small and medium enterprises, even with the support of **Unione degli Industriali in the province of Varese** (the local branch of Confindustria), join together with the purpose of creating a network model of organisation called GIUNCA.
Within the objectives of the agreement, one of the most significant is: "to conduct activities of planning, analysis, studying, research, in order to develop a corporate social responsibility, promoting Second Welfare and training issues while stimulating competitiveness, innovation and quality of production."

AGREEMENT IN TREVISO, ITALY

SIGNATORIES	Unindustria of Treviso (Employers' Association) C.G.I.L Treviso, C.I.S.L Treviso, U.I.L Treviso (Trade Unions)
Type of agreement	Implementation agreement
Date	7 February 2011
Abstract/extract	• **objectives** The agreement is a test for a local system of relations. The main aim of the system is to improve the enterprise's bargaining based on a voluntary basis with economic issues, which have to be connected with the outcome of the enterprise and also with multi-industry agreements, with national agreements and with the law (art. 53 l. 122/2006). • **a local system of industrial relations** Signatory parties intend to experiment with an innovative local system of industrial relations. Industrial relations that guarantee competition of the local economic system, through regulatory and economic issues, managing unemployment with bilateral tools; taking action on specific needs like training, up-skilling and workers' qualification, for a more modern system of flexicurity. In addition the signatories commit themselves to promoting the development of complementary pension funds and supplementary health schemes. • **human resources and active labour market policies** Reinforcement of all the contractual instruments that improve job opportunities, even by using non-standard working hours.

AGREEMENT IN COMO, ITALY

SIGNATORIES	CONFINDUSTRIA COMO Trade Unions in Como: CGIL, CISL, UIL
Type of agreement	Agreement of intent
date	11 April 2011
Abstract/extract	**Welfare** As evident from some recent experiences, occupational welfare (second welfare) seems to be revealing a capacity to satisfy workers' needs more effective than the provisions of national collective agreements. Starting from this assumption, Confindustria Como and the trade unions are willing to examine the topic by setting up a dedicated group with specific aims (September 2011) Aims of the group: ▪ Reporting on most significant experiences in national collective bargaining or in decentralised collective agreements or in corporate practice, if necessary with the support of experts who work in this sector. ▪ Identifying priority needs that require a response. ▪ Identifying business management solutions and cost coverage solutions, giving priority to a mutualistic approach The proposals identified will be used exclusively for supplementary welfare measures.

AGREEMENT IN TREVISO, ITALY

SIGNATORIES	PROTOCOL OF TREVISO UNINDUSTRY OF TREVISO (Employers'association) CGIL TREVISO, CISL TREVISO, UIL TREVISO (Trade Unions)
Type of agreement	Implementation Agreement
DATE	13 January 2012

Abstract/extract

- **WELFARE**

The signatories to the present Protocol intend:

1. To define a model company-level agreements that associated companies in different sectors, can use to integrate or derogate from the national collective agreements, with a view to introducing an incentive programme with economic and welfare issues related to company's performance;
2. To promote the adoption of collective agreements at company level that provide economic incentives or welfare schemes related to company's performance, and to this end the Protocol provides for the setting up of:

- A Bilateral Sectoral Commission composed by representatives of Unindustria", guaranteeing technical support, and workers' representatives; The Commission defines:
  - Useful parameters/indicators for evaluating company objectives
  - Recommended values for rewards and/or welfare interventions.

AGREEMENT IN BERGAMO, ITALY

SIGNATORIES	WORK-LIFE BALANCE VADEMECUM AND WELFARE HELPDESK Province of Bergamo
Type of agreement	Consultation/orientation agreement
Abstract/extract	The Vademecum is about balance between working and social life, and it is meant especially for companies. Both initiatives are the result of studies and analyses conducted at local level. The Vademecum is a guide to develop work-life balance projects for employees that indicate the correct use of normative tools and appropriate source of funding. Europe 2020, which aims at smart, sustainable, and inclusive growth, highlights the need to promote best practices especially for social protection, health and safety at work, gender equality and the integration of disadvantaged people. Reconciling work and private life is not only related to personal choices, but also concerns the public interest that involves institutions and companies, in particular local companies. The experimentation of "welfare helpdesk", promoted by the Province of Bergamo, aims at supporting companies to develop new models of work organisation. • **Welfare HELPDESK** This provides support for companies that intend to realize work-life balance projects. It gives expert advice about: access to sources of founding; planning of experimental actions; public and private rewards; models of balance of productive time and leisure time; community, national and local legislation.

WELFARE PACT IN REGGIO EMILIA, ITALY

SIGNATORIES	Province of Reggio Emilia
Type of agreement	Consultation/orientation agreement
Abstract/extract	• **Corporate Social Responsibility** Corporate social responsibility policies need to be promoted, within a wider process of welfare change, strengthening the connection between decentralised collective bargaining and territorial collective bargaining with regard to public welfare policies. • **A welfare agreement: some questions** Is there a place to design and implement company-level agreements supporting shared policies for public welfare? Reggio Emilia could be the first place for a new bargaining welfare where corporate social responsibility is not philanthropic, but it is a way to promote rights on behalf of the whole community. Is it possible to reach a local tripartite agreement (trade unions, companies, public system) in order to define rules having an impact on company-level agreements about welfare?

3) ITALY – Company Collective Agreements

ABB
FIOM-CGIL; FIM-CISL; UILM-UIL;
National Trade Union Coordination ABB (S.C.N.)

WHEN - DATE:	7 November 2008 (company collective agreement);
WHY-AIMS	Encourage and support health care, scholarships and supplementary pensions
BILATERAL BODIES	None

WHAT and HOW - HOW WELFARE PROGRAMME: NEEDS AND TOOLS:

HEALTH CARE:

Additional insurance coverage as provided for by law and by contract.
Guarantee insurance benefits for accidents, assistance for medical expenses (transfer abroad)

SCHOLARSHIP FOR THE CHILDREN OF EMPLOYEES:

Extend scholarships for students selected on the basis of merit.

ADDITIONAL SECURITY*:*

Supplementary pension schemes in the prospect of enhancement compared to the same forms of contribution in existence today.

AEROPORTI PUGLIA

Aeroporti Puglia is the company that manages the Apulian airports (Bari, Brindisi, Foggia, Taranto-Grottaglie).

WHO-ACTORS:

WHEN-DATE:

15 December 2010 (company collective agreement); PSG*"Aeroporto sui generis"* (negotiated with trade unions, as a result the parties sometimes refer to it as a "company agreement on work-life balance")

WHY-AIMS:

The aims are to foster satisfaction and well-being of the employees on the one hand and to increase productivity and competitiveness on the other.

BILATERAL BODIES:

There is no bilateral committee but the parties meet usually every two months.

WHAT and HOW: WELFARE PROGRAMME: NEEDS AND TOOLS.

PURCHASING POWER AND INCOME:
- *Replacement*: if an employee is deceased or is unfit for work, his or her place can be taken, even without selection, by his or her son or daughter.
- *Transport*: where transport is not provided directly by the company, the employee is entitled to transport allowance.
- *Financial services*: the company provides small loans of up to 5,000 euro.

WORK-LIFE BALANCE:
- *Transition to part-time*: an employee can decide to switch from a full-time to a part-time job for work-life balance reasons.
- *Paid leave* for maternity, paternity, childcare, exams and refresher courses up to 96 hours per year.
- *"Mother-shift"*: mothers are entitled to work mornings, to have a fixed rest on Sunday, and to benefit from a second fixed day off during the week.
- *Time banking schemes*: the employee can turn the overtime pay into additional leave.
- *Supervised training* for the employee returning from a maternity or paternity leave.
- *"TeleTrovo" desk*: it provides multiple services such as babysitting services, if there is a lack of free places in the nursery schools, health services and elder care services.
- *Services for children*: there is a multifunctional centre with kindergarten, afterschool, workshops, and summer camps. Both employees and citizens living close to the airport can make use of the centre.

HEALTH:
- *Health care*: the company has stipulated an agreement with the public hospital for medical visits (e.g., diagnostic tests).
- *Occupational accident insurance:* provided in case of decease and permanent disability.

- *Listening and counselling point* for employees and their families.

PENSION:
- *Supplementary pension:* permanent workers can apply for the integrated pension fund "PREVAER".

EDUCATION:
- *Scholarships* for employees' children attending high school or university.

WHAT and HOW ? OTHER FORMS OF CORPORATE SOCIAL RESPONSIBILITY.

- *Biocompatible and eco-sustainable building materials*: for the construction of the multifunctional centre the company used biocompatible and eco-sustainable building materials such as non-toxic and recyclable materials.
- *Childcare service for citizens:* The company reserved the 10% of the available places for citizens' children living close to the airport.
- *Code for equal opportunities between men and women*, *Equal opportunities committee*: established in 2007 in order to foster gender equality.

BARCLAYS
Barclays is a multinational banking and financial services company.
National collective agreement: banking

WHO- ACTORS:

BARCLAYS BANK PLC
DIRCREDITO FD; FABI; FIBA-CISL; FISAC-CGIL; UILCA-UIL; RSA

WHEN- DATE:

10 June 2011 (company collective agreement); 20 December 2004 (company collective agreement on integrated pension schemes)

WHY- AIMS:

The company intends to carry out a corporate reorganisation and a rationalisation of the organisation.

BILATERAL

None

WHAT and HOW: WELFARE PROGRAM: NEEDS AND TOOLS.

WORK-LIFE BALANCE:
- *Part-time:* the Bank will confirm the present part-time contracts and will accept up to nine new requests. Other requests will be carefully taken into account and priority will be given, compatibly with the organisational needs, to mothers with children up to the age of three years.

OUTPLACEMENT AND SECOND WORK LIFE:
- The bank will provide outplacement and work-life services to those employees who will sign a consensual resolution agreement. The requalification and reoccupation programmes outlined by the company will last 12 months.

PENSION:
- *Supplementary pension funds:* permanent workers and employees with fixed-term contract can apply for the pension fund INSIEME.

HEALTH:
- *Health care insurance:* permanent workers, employees with a fixed-term contract, temporary workers and interns can benefit from a range of services (e.g.: diagnostics, surgeries)
- *Insurance cover for professional and extraprofessional accident:* the company provides free coverage for permanent workers, employees with a fixed-term contract, temporary workers and interns.

CAMPARI

Campari - Italian multinational beverage company- National Collective Agreement

WHO- ACTORS:	**DAVIDE CAMPARI S.p.A- ASSOLOMBARDA RSU; Local OO.SS.; FAI–CISL; FLAI- CGIL; UILA-UIL**
WHEN- DATE:	19 July 2011 (company collective agreement)
WHY-AIMS:	The parties agree on the importance of the model of work organisation and working time conditions aimed at achieving greater operational flexibility, therefore they establish, on an experimental basis, a new flexible unit adaptable to specific company needs; the parties agree on the importance of a participatory, active and fair industrial relations model in order to tackle the increasing dynamism and competitiveness of the market.
BILATERAL BODIES:	There is a bilateral committee that analyses specific issues (e.g. work organisation schemes and safety on workplace).

WHAT AND HOW: WELFARE PROGRAMME: NEEDS AND TOOLS.

WORK-LIFE BALANCE

- *Time banking schemes*: the employee can turn the overtime pay or the paid leave not used into additional leave.
- *Part-time*: in the access to part-time procedure the company will give priority to employees who provide care to children or to dependent elderly family members. However, part-time will be granted only where compatible with organisational needs.

PURCHASING POWER AND INCOME:
- *Meal vouchers.*

HEALTH:
- *Integrated health care:* the parties have agreed to harmonise the present health care insurance with the new Integrated Health Care Fund.
- *Free vaccination:* flu vaccinations, free tetanus vaccinations.

WHAT and HOW: OTHER FORMS OF CORPORATE SOCIAL RESPONSIBILITY.

PROJECTS

The company confers an award on the person suggesting how to increase workplace safety.

CONSERVE ITALIA
Conserve Italia is an Italian farmer cooperative leader in the sector of preserved foods.
National collective agreement: food cooperative

CONSERVE ITALIA Farmer coop.
FAI- CISL; FLAI- CGIL; UILA-UIL

WHO-ACTORS:

WHEN-DATE: 8 October 2008 (company collective agreement); Code of Ethics;

WHY-AIMS: The company expects to increase productivity and maintain both the present leading position and the well-being of the employees, in addition to maintaining its connection to the communities in which it operates.

BILATERAL BODIES: *Bilateral Technical Commission:* it analyses problems and implements actions regarding the plant or the entire group (e.g.: ways to provide health insurance coverage for employees, education programmes, work organisation schemes).

WHAT and HOW: WELFARE PROGRAMME: NEEDS AND TOOLS.

WORK-LIFE BALANCE:
- *Time off work:* an employee with four years of seniority is entitled to time off work, for a period up to six months in addition to what is already provided by the law. During this period the employee can ask for an advance on his or her severance pay.
- *Flexibility in starting time*: the employee is allowed to start work within a flexible band. The band is 8.30-9.00 AM.

EDUCATION:
-*Training and professional development projects:* The scope of the programme is to foster the versatility and the multi-functionality of employees by extending to every plant the training and professional development project tested in the Massa Lombarda and Barbiano plants.
- *Life-long learning programmes*: in order to promote the training of new hires, foster the culture of security at workplace and ensure the quality of products.

HEALTH AND PENSIONS:
- ENPAIA: is a foundation that provides integrated health care, supplementary pensions schemes and occupational accident insurance also to Conserve Italia clerical workers and directors.
- The Bilateral Technical Commission will analyse methods to ensure integrated health care at company level by extending the integrated health care fund FILCOOP SANITARIO.

WHAT and HOW OTHER FORMS OF CORPORATE SOCIAL RESPONSIBILITY.

- *Code of Ethics*: the aim is to create corporate wellness and to establish fair internal partnerships. In the Code of Ethics the company states its intention to pursue forms of flexibility that can facilitate work-life balance, childcare and education.
- *Quality Management System*: The aim is to establish, document, implement, and maintain a quality management system with statements of quality policy and quality objectives.
- *Renewable energy*: the company is committed in the development of renewable energy.

DANONE
Danone is a French food-products multinational corporation.
National collective agreement: food industry

WHO- ACTORS:	**DANONE S.p.A - ASSOLOMBARDA FAI–CISL; FLAI- CGIL; RSU**
WHEN- DATE:	26 September 2011 (company collective agreement)
WHY-AIMS:	The parties agree on the importance of participation in order to deal with the increasing dynamism and competitiveness of the market, and on the necessity to seek and promote new business initiatives, methods of work organisation, forms of income support as well as forms of family life support. There is no clear and explicit link between the occupational welfare set by the parties and the agreed flexible
BILATERAL BODIES:	There is no bilateral committee, but the parties meet, at the corporate level, every six months.

WHAT and HOW: WELFARE PROGRAMME: NEEDS AND TOOLS.

PURCHASING POWER AND INCOME:
Canteens or meal vouchers.

WORK-LIFE BALANCE:
- *Part-time:* the company will prioritise requests for vertical part-time on an annual basis and horizontal par-time on a four hours per day basis. The requests must be complementary in order to ensure the coverage of the shift (as specified in the clause of the company collective agreement stipulated on the 26 October 1998)
- *Telework.*
- *Temporary part-time for care of children*: permanent workers can request the temporary conversion from a full-time to a part-time contract to care for children up to the age of three years. However temporary part-time workers cannot be more than 5% of the workers in the same plant.
- *Rest area for staff*: free hot beverages for employees.

HEALTH:
- *Integrated health care*: implementation of integrated health care for employees and their family members.
- *Paid leave for medical exams*: up to a maximum of 120 minutes.

WHAT and HOW: OTHER FORMS OF CORPORATE SOCIAL RESPONSIBILITY.

- *Code of Ethics*: In addition to the Welfare Programme, the company is committed to sharing with the trade unions its Code of Ethics and to developing communication in order to increase its strong sense of social, environmental and cultural obligations.

WORK-LIFE BALANCE:
- Kindergarten and summer camp agreements: reserved places or financial contributions.

PURCHASING POWER AND INCOME:
- *Transportation agreements.*
- *Fitness reimbursement.*
- *Goods and services at reduced cost*: the company provides a contribution for goods and services.

WHO- ACTORS:	**FERRERO** **FAI-CISL; FLAI-CGIL; UILA-UIL**
WHEN - DATE:	26 July 2006 (company collective agreement); 21 July 2011 (company collective agreement);
WHY - AIMS AND FUNDINGS	Benefits for the employees with Complementary Agreement in 2006 and 2011. Providing a series of mechanisms and organisational schemes for two areas: - work-life balance; - company welfare programmes;
BILATERAL BODIES	*Advisory Committee:* established for the discussion of specific issues between company and national trade union representatives.
	Technical Bilateral Commission and Project Group: comparison of performance trends between employees

WHAT and HOW - WELFARE PROGRAMME: NEEDS AND TOOLS:

WORK-LIFE BALANCE:
To guarantee part-time work hours and other special leave for male and female workers with small children and for workers with serious health problems or who need to care for family members:
- *Projects focusing* on work/life balance;
- *Company day care*, mini clubs, support services for families;
- *Groups for listening* to associates;
- *Exemption* from night shifts for workers who are mothers;
- *Time banks* at the company plants on an experimental basis.

COMPANY WELFARE PROGRAMMES - HEALTH:
- In agreement with professionals in the region, provision of *free medical and paediatric treatment* service for children of employees;
- *Granting of a death indemnity amounting* to three years of gross pay paid to the legitimate heirs of deceased workers in permanent employment;
- *Initiatives apply to all employees* without distinction, regardless of the type of employment, including part-time workers and temporary workers. Health initiatives in subsidiaries of the Group all over the world.

PURCHASING POWER AND INCOME:
- *Initiation of a series of agreements* with companies that provide utilities and consumer goods and services (e.g. energy, telephone, banks) for the purpose of obtaining discounted rates for employees;

COMPANY WELFARE PROGRAMMES - EDUCATIONS:
- *Granting of education subsidies* for children of employees enrolled at universities as a contribution towards their first-year university fees;
- *Creation of summer camps and training programmes* at one of the Group's European facilities for children of employees (selected on the basis of merit);

JOB POSITION:
Intervention on the versatility of job position with a (specific) committee on professionalism

OTHERS – FERRERO FOUNDATION:
Ferrero Foundation offers health and social assistance, educational, creative and recreational initiatives to ex-employees who have worked continuously for the Group for at least 25 years.

WHAT and HOW: OTHER FORMS OF CORPORATE SOCIAL RESPONSIBILITY.

Code of Ethics reduces any uncertainty with regards to behaviour and an understanding of underlying values for the workers.

Code of Business (2011) is enforced for "business to business" relations and it is based on five priorities: 1) excellence of product quality and safety; 2) human rights commitments; 3) environmental protection and sustainability; 4) conditions of workplace environment; 5) business integrity.

HENKEL

Henkel is a German manufacturing company that makes various chemical products (in particular, detergents and adhesives), with brands and technologies for consumer and industrial businesses.
National Collective Agreement: chemical

HENKEL
FILCATEM–CGIL; FEMCA- CISL; UILCEM-UIL.

WHEN-DATE: 28 March 2011 (company collective agreement)

WHY-AIMS: Promote reconciliation, support for study and welfare contracts

BILATERAL BODIES: There are bilateral committees for the group and for each company site.

WHAT and HOW - WELFARE PROGRAMME: NEEDS AND TOOLS:

CONCILIATION OF PERSONAL NEEDS AND WORK (CORPORATE SOCIAL RESPONSIBILITY):

Part-Time attention to requests made by its employees, consistent with organisational needs and production.

Recognition of a day's paid leave to male workers on the birth of a child.

SUPPORT FOR EDUCATION:

Refund of tuition and of textbooks' price up to 50% as defined by enterprise agreements.

WELFARE CONTRACT:

Binding agreement on participation.

OTHER FORMS OF CORPORATE SOCIAL RESPONSIBILITY

CSR includes the conciliation of personal needs and work

IKEA
Ikea is a Swedish company that design and sells ready-to-assemble furniture.
National collective agreement: tertiary sector, distribution and services

WHO-ACTORS:

IKEA Italia Retail S.r.l.
FILCAMS- CGIL; FISASCAT- CISL; UILTuCS-UIL;
RSU/RSA IKEA

WHEN-DATE:

27 July 2011 (company collective agreement)

WHY-AIMS:

It is fundamental for the company to uphold the present excellent price-quality ratiom fostering, at the same time, the professionalism (competence, availability, motivation) of the employees.

BILATERAL BODIES:

None

WHAT and HOW: WELFARE PROGRAMME: NEEDS AND TOOLS.

PURCHASING POWER AND INCOME:
- *Severance pay*: permanent workers can ask for an advance on severance pay in the following cases: renovation of the first home; purchase of a car; education expenditures for oneself or for the children.

WORK-LIFE BALANCE
- *Paid leave* for employees in case of illness of the child up to eight years.
- *Paid leave for new-fathers*: two days' paid leave for the child's birth.
- *Unpaid leave*: five days in case of illness of the child aged between 9 and 12 years.
- *12 months of time off work* for mothers in addition to the parental leave already provided by law and by national collective agreement when for personal reasons the mother is not able to return to work.
- *Supervised training* for the employee returning from maternity or paternity leave.
- *Paid leave for renewal of residence permit and for family reunification*: foreign workers are entitled one day of paid leave for applications for renewal of residence permit and for family reunification.
- *Further work-life balance actions*: future meetings with trade unions have been planned in order to identify and implement further positive actions.

HEALTH:
- *Paid leave for part-time workers*: seven hours' paid leave per year.
- *Six months of time off work:* in addition to what has already been provided by the national collective agreement (12 months) in case of serious illness.

SUPPORT FOR YOUNG PEOPLE:
- *Internships*: regarded as the main tool to learn new technical and specific skills. The use of this instrument will be systematically monitored.

IW BANK
IW Bank is an Italian online bank majority-owned by UBI Bank,
operating in Europe (Italy, France, Luxembourg, Spain, Germany, Austria and the UK).
National Collective Agreement: banking

WHO-ACTORS:	**IW BANK** **FABI, FIBA-CISL, FISAC-CGIL, UILCA-UIL**
WHEN-DATE:	30 July 2012 (company collective agreement); 21 February 2012 (Protocol)
WHY-AIMS:	Benefits of employees deriving from the Welfare Programme: - improvement of company competitiveness - interventions on behalf of all workers
BILATERAL BODIES	None

WHAT and HOW - WELFARE PROGRAMME: NEEDS AND TOOLS:

WELFARE PROGRAMME

600 euros related to the value of the welfare package, the same for all levels of remuneration for all categories of workers to be made available to the staff in 2012; the measures:

- Nurseries
- Schools
- University
- Master's programmes
- Language courses
- Summer camps
- Refund of school purchases
- School canteen
- Contribution to pension fund

- Health care plan
- Medical check-up

OTHER

Productivity bonuses that replace the welfare programme.

KRAFT
Kraft is an American food-product corporation.
National collective agreement: food industry

KRAFT FOODS ITALIA SRL, KRAFT FOODS ITALIA SERVICES SRL, KRAFT FOODS EUROPE PROCUREMENT GMBH, KRAFT

WHOACTORS:

WHEN-DATE: 27 June 2011 (company collective agreement)

WHY-AIMS: The parties recognise the high level of their bilateral relations but do not intend to give up the search for new models of industrial relations. The parties agree on the importance of flexible forms of work organisation and on the necessity to seek new forms of income support as well as forms of work-life balance. However, there is no clear and explicit link between flexible forms of work organisation and occupational welfare measures taken into account by the parties.

BILATERAL BODIES: There is no bilateral committee but the parties are obliged to meet at regular intervals (once per year)

WELFARE PROGRAMME: NEEDS AND TOOLS.

WHAT
WORK-LIFE BALANCE

- *Telework* (the company offers its availability to experimenting with new forms of teleworking)

EDUCATION:
- *Scholarships* for the employee's children (14-17 years old) attending English courses or classes during summer holidays.
- *Additional leave* for employees who decide to attending English courses or classes during summer holidays (one day for each week of attendance)

WHAT and HOW: OTHER FORMS OF CORPORATE SOCIAL RESPONSIBILITY.

PROJECT
"Make today delicious": a series of initiatives that help to improve well-being at work:

- *1.Goods and services at reduced cost.*
- *2.Time saving services* (cafeteria, takeaways, post office, pharmacy, parking, car repair, laundry).
- *3.Wellness services* (the company provides a green area with a space for reading newspapers, meeting rooms with wireless connections, neck massages, a fitness centre).
- *4. Agreements and conventions* (with the public nursery and with the public transport company of Milan).
- *5. Health and safety* (free flu vaccination, check-ups for employees over 40 years old).

LUXOTTICA
Luxottica is an Italian eyewear company that controls most of the world's major eyewear brands.
National Collective agreement: Eyewear

WHO-ACTORS:	**LUXOTTICA** **FILCTEM- CGIL; FEMCA- CISL; UILTA-UIL**
WHEN-DATE:	14 December 2009/ 24 June 2010/ 14 October 2011/ 04 June 2013 (company collective agreements).
WHY-AIMS:	The Welfare Programme aims to protect the workers' purchasing power and to increase productivity. The parties agree on the importance of fair and positive industrial relations, and as a result they implement a transparent information system. The parties also agree on the importance of flexible forms of work, so they provide an open clause on the basis of which they are going to verify and define the corporate organizational needs at regular time. However, there is no clear and explicit link between flexible forms of work organisation and occupational welfare measures taken into account by the parties.
BILATERAL BODIES:	*Governance Committee***:** identifies and supports positive actions and decides on the allocation of the financial resources. *The Scientific and Technical Committee*: provides economical and financial analysis.

WHAT and HOW: WELFARE PROGRAMME: NEEDS AND TOOLS.

PURCHASING POWER AND INCOME:
- *Shopping cart*: permanent workers, fixed-term employees, temporary workers and interns receive a monthly basket of food products pre-selected by the Governance Committee.
- *Family job sharing*: may involve the employee and his/her spouse who is unemployed or benefits from an extraordinary wage supplement (Extraordinary Wage Guarantee Fund) or the parent and his/her child who is finishing or has just finished his/her studies.
- *Financial services*: provide financial support for priority expenditures such as medical, educational or assistance expenses.

WORK-LIFE BALANCE:
- *Paid leave for new-fathers*: five days paid leave for the birth or the adoption of a child, other three days paid per year to care for children up to the age of 13.
- *Unpaid leave for brief periods to care for children* in addition to what is already provided by law.
- *Time banking schemes*: the employee can turn overtime pay or paid leave not used into additional leave.
- *Time banking schemes in support of future maternity/paternity*: the employee can turn the time banking spare hours, unused leave and overtime pay into additional future maternity/paternity leave.
- *Part-time*: in the access to part-time procedure the company will assure priority to employees who provide care for children or to dependent elderly family members.
- *Exemptions from Saturday shifts* in certain cases (e.g. disabled workers, pregnant workers).

EDUCATION:
- *Reimbursement* of the purchase of textbooks and of university tuition fees.
- *Scholarships* to the employee's children attending high school or university.
- *Educational programmes*: related to general or specific activities and functions carried out by the company.

HEALTH:
- *Integrated health care*: for employees, including fixed-term contract employees and their family members, spouse or cohabiting partner and children, (e.g., dental services, diagnostic tests).
- *Internal industrial medicine service* and *listening and counselling point* for the employees and their families.

SUPPORT FOR YOUNG PEOPLE:
- *Education and career guidance* for young people living in the area where the company is established;
- *Internships paid* for the employees' children if they continue their studies.

WHAT and HOW: OTHER FORMS OF CORPORATE SOCIAL RESPONSIBILITY.

- *Service for children* (day care, after school): benefit granted differently depending on the plant (e.g.: financial contributions for kindergartens and summer camps, percentage of reserved places in kindergarten); - *One Sight Foundation*: provides treatment to restore eyesight.

NESTLE'
Nestlé is a multinational food and beverage company
National Collective Agreement: food industry

WHO-ACTORS:	**NESTLE' ITALIANA S.p.A, NESTLE' Spacci Srl-ASSOLOMBARDA**
WHEN-DATE:	27 June 2011 (company collective agreement)
WHY-AIMS:	The parties agree on the importance of the model of work organisation and working time conditions aimed at achieving greater operational flexibility; the parties agree on the importance of various industrial relations tools (information, consultation and participation of workers) in order to tackle the increasing dynamism and competitiveness of the market; the parties also agree on the necessity to seek new forms of income support as well as forms of family life support.
BILATERAL BODIES:	There is no bilateral committee but the parties are obliged to meet at regular intervals (every six months)

WELFARE PROGRAMME: NEEDS AND TOOLS.

WHAT

WORK-LIFE BALANCE

- *Teleworking:* the company implemented new training programmes in order to remove obstacles to teleworking

- *Temporary part-time*: permanent workers can request the temporary transition from full-time to part-time work in relation to any serious disease that involves the use of life-saving treatment.
-*Temporary part-time to care for children*: permanent workers can request the temporary conversion from full-time to part-time work to care for children up to three years or in relation to the cases of adoption or custody of children.
- *Temporary part-time to care for adults:* permanent workers can request the temporary conversion from full-time to a part-time work to care for non-self-sufficient adults.
Temporary part-time workers cannot account for more than 5% of the workers in the same plant.

HEALTH:
-*Paid parental leave*: up to a maximum of 10 days (more favourable treatment than the limit set by the Article 40 of the national collective agreement).

HOW
The company provides the necessary financial resources (200 euros per capita per year) in order to reach all the goals of the occupational welfare agreement. All the new initiatives in this field will be taken according to specific procedures and examined each year between the parties.

WHAT and HOW: OTHER FORMS OF CORPORATE SOCIAL RESPONSIBILITY.

PROJECTS
- "*Obiettivo Prevenzione"*: a campaign launched by the company to inform employees about the most common and dangerous diseases (such as cancer or cardiovascular disease).
- *"90 Days*": through the creation of the Junior Camp, the company opened the doors of the Milan plant for the children of employees of the Group, making it possible to host them on dedicated areas during the holidays.

KINDERGARTENS
- Two big kindergartens opened in 2004 and 2007 in Milan and Perugia.

PURCHASING POWER AND INCOME:
- *Goods and services at reduced cost*: the company provides an economic contribution for goods and services.

TECNOFAR
Tecnofar is an Italian company that produces stainless steel pipes.
National collective agreement: metalworking

WHO-ACTORS:

TECNOFAR SPA.
RSU + FIM-CISL

WHEN-DATE:

31 January 2011 (company collective agreement)

WHY-AIMS:

The parties agree on the importance of new forms of income support as well as forms of family life support. There is no clear link between flexible forms of work organisation and occupational welfare measures taken into account by the parties.

BILATERAL BODIES:

None

WHAT and HOW: WELFARE PROGRAMME: NEEDS AND TOOLS.

PURCHASING POWER AND INCOME:
- *Vouchers*: a sum (250 euros per year) is paid to all employees who have not taken short periods of sick leave (less than five days) more than twice in a calendar year. The amount is proportionally reduced in the case of longer absences.

HEALTH AND PENSION:
- "Fondo Arcobaleno": is a new and specific fund that provides integrated health care, integrated pensions schemes and occupational accident insurance for TECNOFAR workers. .

TENARISDALMINE

Tenaris is a global manufacturer of steel pipe products and provider of pipe handling, storing and distribution services to the oil and gas, energy and mechanical industries.
National Collective agreement: metalworking

WHO-ACTORS:	**TENARISDALMINE- CONFINDUSTRIA Bergamo** **FIOM; FIM; UILM (Bergamo, Valle Camonica, Sebino, Brianza, Livorno)**
WHEN-DATE:	26 June 2012 (company collective agreement)
WHY-AIMS	Promotion of the Welfare Programme: childcare, performance flexibility and social security fund.
BILATERAL BODIES	*Bilateral Technical Committee:* analyses problems and implements actions (e.g.: for industrial relation: preventing collective conflict in the workplace).

WHAT and HOW - WELFARE PROGRAMME: NEEDS AND TOOLS.

FLEXIBILITY OF PERFORMANCE:

Tenaris has implemented a project in order to improve the existing legislation on two matters: the flexibility of working hours and flexibility for new parents.

SOCIAL SECURITY FUND:

Every employee is entitled to apply for a supplementary pension fund.

OTHER:

Productivity bonuses: an award system consisting of a bonus for productivity, profitability, professionalism, diligence and safety prevention in the workplace.

WHAT and HOW: OTHER FORMS OF CORPORATE SOCIAL RESPONSIBILITY.

CHILDCARE:

Experimental basis, the company has stipulated several territorial agreements with private institutions to ensure childcare, nurseries and schools as an incentive for their employees.

4) Semi-structured interview questions

STRUCTURE OF THE INTERVIEW

COMPANY NAME

IS THE COMPANY PART OF A GROUP?
IF SO, IS THE GROUP DOMESTIC OR INTERNATIONAL?

IF THE COMPANY IS PART OF A GROUP WITH HEADQUARTERS ESTABLISHED ABROAD, INDICATE THE COUNTRY WHERE THE HEADQUARTERS ARE LOCATED.

SECTOR

IS THERE AN ORGANISED WORKFORCE AT THE PLANT/ENTERPRISE LEVEL: YES /NO

STRUCTURE OF THE INTERVIEW

1. EMPLOYMENT
Interviewees: *Head of Human Resources Management/ Industrial Relations, and workers' representatives if present*
2. OCCUPATIONAL WELFARE
Interviewees: *Head of Human Resource Management / Industrial Relations, and workers' representatives if present*
3. **WORK ORGANISATION**
Interviewees: *Head of Human Resources Management / Industrial Relations, and, if it is possible, line managers (i.e. production manager; R&D manager); workers' representatives if present, and team leader or worker, if it is possible*
4. **STRATEGY**
Interviewees: *Head of Human Resources Management/Industrial Relations*
4.1 INNOVATION
Interviewees: *Head of Human Resources / Industrial Relations, or if it is possible, Head of R&D*

1. EMPLOYMENT

(Questions for Head of Human Resource Management/ Industrial Relations and workers' representatives at the plant/enterprise level if present)

Composition of employment as a percentage on 30.06.2014

- By level of educational qualification (middle school, training institute, high school, undergraduate degree, postgraduate degree)
- By employment grade (blue-collar, white-collar, middle manager, director)
- By type of employment contract (standard and non-standard)
- By nationality
- By gender
- By age group (15-24, 25-34, 35-44, 45-54, 55-65, over 65)

Which categories of workers and what types of skills / jobs / roles are on standard contracts? Which categories are on non-standard contracts?

For what purposes are non-standard contracts used: selection of potential new employees, cost containment?

Over the period 2006-2014, has the company dismantled some businesses and relied on outsourcing or sub-contracting to buy the corresponding services from the market?

2. **OCCUPATIONAL WELFARE**

(*Questions for Head of Human Resources Management/ Industrial Relations, and workers' representatives at the plant/enterprise level if present*)

TOOLS

What kind of occupational welfare measures are implemented?
Do they encompass the following tools?

1. **Working time flexibility**
   - 1.1. Part-time
     - 1.1.1. (Can workers revert to full-time working if they wish to?)
   - 1.2. Parental leave
     - 1.2.1. After maternity leave, are workers guaranteed to return to the original job position (or to an equivalent one?
     - 1.2.2. Are there any guarantees that parental leave related to children do not lead to changes in remuneration?
   - 1.3. Supplementary time-off
     - 1.3.1. (paid or not?)
   - 1.4. Flexible timetable
     - 1.4.1. Employees may choose when they start and finish work within flexible bands at the beginning and end of each day.
     - 1.4.2. Schemes with flexible band during the middle of the day so that employees have some choice over the time they take their lunch break.
     - 1.4.3. Multi-periodic working time
       - 1.4.3.1. Contracted hours (the total hours an employee must work according to his/her employment contract) are achieved by employees working the core time plus hours of their choice during flexible bands over an agreed period. This period is known as the accounting period (four weeks long). Some schemes allow for an excess or deficit (within set limits) to be carried over to the next accounting period.
       - 1.4.3.2. Is it voluntary or compulsory?
       - 1.4.3.3. (Is it linked to the company needs for daily, weekly, monthly working time flexibility?)
   - 1.5. Time banking scheme
     - 1.5.1. (Is it related to the company need for overtime or positive flexibility?)
     - 1.5.2. (Is the monetary payment for the hours from the time banking scheme ruled out?)
   - 1.6. Teleworking
     - 1.6.1. Is the worker's decision to make the transition to teleworking reversible and voluntary?
     - 1.6.2. Is the teleworker autonomous in the management of the working time?
2. **Organisational flexibility**
   - 2.1. Job sharing
   - 2.2. Assignments of tasks (number and kind) and of methods of work to workers taking into account:
     - 2.2.1. their individual motivations / aspirations for skill development, career advancements within the company or for greater employability on the external labour market
     - 2.2.2. Their specific needs for work-life balance

3. Services (benefits in kind, including those provided to workers on the basis of conventions and agreements with a third supplier) and cash benefits

3.1. Services for work-life balance:
- **3.1.1.** Care services for children (kindergarten, baby sitter, summer camp, transport services for workers children)
- **3.1.2.** Care services for relatives with disabilities
- **3.1.3.** Care services for elderly relatives (conventions and agreement with nursing homes, assisted living centres)
- **3.1.4.** Time saving services related to housework (company butler for bills payment, doing shopping) or other kind of services (services for legal, fiscal, social security, and health advice)

3.2. Healthcare services
- **3.2.1.** Supplementary healthcare funds and insurance schemes
- **3.2.2.** Other health care services (diagnostic tests, check-up, free medical visits, counselling, services for psychological support and social assistance services)

3.3. Income and purchasing power support
- **3.3.1.** Supplementary pension schemes
- **3.3.2.** Solidarity funds
- **3.3.3.** Advance of severance pay
- **3.3.4.** Guarantee funds favouring access to credit
- **3.3.5.** Supplementary income in the period of parental leave
- **3.3.6.** Supplementary paid time-off for paternity
- **3.3.7.** Income support for temporary work suspension or in cases of reduction of working hours
- **3.3.8.** Shopping cart; goods and services at reduced cost

3.4. Services or activities for Education and Training
- **3.4.1.** Financial support to employees' education and training (scholarships, reimbursement of cost of textbooks); activities for employees' training
  - **3.4.1.1.** What kind of training activities are offered: i.e. vocational training/education versus education/training on conceptual, abstract knowledge
  - **3.4.1.2.** Which subject/content do they concern?
  - **3.4.1.3.** Which are the categories of workers to whom they are offered (blue-collars, white-collars, managers, directors, new employees, etc.)
- **3.4.2.** Mentoring, tutoring, training, counselling, coaching in favour of workers when they return back to work after parental leave
- **3.4.3.** Updating and information in order to avoid isolation from work environment during the period of parental leave

3.5. Other services
- **3.5.1.** Workplace canteen, meal vouchers
- **3.5.2.** Transport (conventions and agreements with public transport, car sharing, shuttle services)
- **3.5.3.** Cultural, sporting, recreational activities, tourism and holiday (conventions and agreements with theatres, cinemas, libraries, gyms, health/beauty spa, tour operators, hotels, travel agencies; company gyms and relaxation areas)
- **3.5.4.** Scholarships for employees' children and financial support to other sporting, cultural, recreational activities for employees' children

WORKERS TO WHOM OCCUPATIONAL WELFARE MEASURES ARE OFFERED

Whether or not all workers are provided with occupational welfare measures
Descriptions of workers who benefit from occupational welfare measures:

- Job/task performed
- Professional profile
- Employment grade
- Level of educational qualification
- Age
- Gender
- Family responsibilities
- Type of contract

REASON TO IMPLEMENT OCCUPATIONAL WELFARE MEASURES

Main benefits expected by workers / their representatives

- What are the workers' needs that occupational welfare solutions address?
  - Healthcare
  - Work-life balance
  - Education/Training to support either the career advancements within the company or greater workers' employability on external labour market, or both
  - Purchasing power and income security

Principal objectives expected by management

- Whether and how the occupational welfare measures are connected to innovative forms of work organisation and to the strategies pursued by the company

Are occupational welfare measures unconditional entitlements for workers, or are they offered at the management discretion?
Do union/workers' representatives at the enterprise level take part in the process leading to the implementation of occupational welfare measures?
What is the form of their involvement? (i.e. collective bargaining, information, consultation, co-decision)?
Who are trade-unions that bargain on occupational welfare?
Are information, consultation and co-decision on occupational welfare programs, rights laid down by law or collective agreement, or are they at the discretion of the company?
Are workers' representatives capable of formulating proposals on occupational welfare measures alternative to those put forward by the management?
What is the management attitude towards the alternative proposals put forward by workers' representatives: how often, and on the basis of what criteria are they taken into account?

3 WORK ORGANISATION

Questions for Head of Human Resourcse Management / Industrial Relations, and for line managers (i.e. production manager; R&D manager)
Are there innovative forms of work organisation?
Of what kind?
1. **Internal numerical flexibility** (i.e. interventions regarding working time) such as
    a. Overtime
    c. Positive / negative flexibility
    d. Part-time
    e. Work on Sundays and / or holidays
    f. Change of work shifts
    g. Night work
    h. Change in the duration / distribution of breaks
    i. Working on holidays and rest days

1.1 In which working area (department, organisational unit)? What kind of job/expertise is involved?

The speed / pace, timing / deadlines for carrying out activities / tasks are determined:
i. by the machine(s)
ii. by customers
iii. by the department objectives (measured in terms of quantity of output)
iv. by the individual objectives (measured in terms of quantity of output)
v. on the basis of the objectives assigned to the group (measured in terms of quantity of output)
vi. by the activities carried out in other departments

Are the breaks determined in advance or can workers take a break whenever they need?

2. **Internal organisational flexibility**:
    a. Job / department rotation:
        - Who decides? The supervisor/management or the workers who rotate over different tasks / departments?
        - Is there any cooperation with workers representatives at the plant/enterprise level on the issue of job/department rotation?
        - How often and how fast do workers rotate on different departments / tasks?
    b. Job enlargement (variety of tasks assigned to one single worker)
    c. **Job enrichment** (request for discretionary/autonomous effort)
    d. **Semi-autonomous work groups**:
        - Are group members multi-tasking?

1.1 Which working area (department, organisational unit) are concerned with internal organisational flexibility? What kind of job/position/expertise are involved?

On job enrichment and semi-autonomous work groups

- Are workers deemed responsible for / obliged to ensure the achievement of predetermined outcomes of work (in terms of quantity? Or in terms of quality?)
- Are they deemed responsible for / obliged to solve **operational problems** arising in the course of their work
- Are they required to comply with specific quality procedures?

- Are they responsible for quality control?
- Are they free to choose the method of work which they consider most appropriate to achieve the objectives?
- Are they responsible for / obliged to plan their work, and in what way?
    - Are they required to translate general purposes set by managers into operational targets (in terms of quality / quantity of output) to be pursued in practice
    - Are they required to decide what types of tasks should be undertaken to achieve the objectives?
    - (In the case of group work) Are team members required to decide who is responsible for carrying out the tasks?
    - Are worker required to decide what is the type and number of tasks assigned to them?
    - Are workers required to decide what is the order and priority of tasks to be performed?
    - Are workers required to decide when tasks have to be performed, and/or the duration, start and end time of task execution, and/or the pace / speed of work?

Are the above mentioned responsibilities individual (the individual worker is held responsible) or collective responsibilities (a group of workers is held responsible collectively)?
If they are group responsibilities:

i. Which employment grades and professional profiles are present in the group?

3. **Wage flexibility**
Is there a performance-based remuneration system?
Is it applied to all workers / employment grades?
What kind of performance is considered?

- individual performance,
- work group performance,
- company-level performance

What are the performance indicators considered as basis for remuneration:

- presence at work / absence from work,
- labour productivity
- efficiency
- innovation (how is innovation measured?)
- profitability (i.e. EBITDA- Earnings Before Interests, Taxes, Depreciation and Amortization- or EBITA, Earnings Before Interests, Taxes, and Amortization)
- the achievement of predetermined targets of output quality (how is quality measured?)

To what extent does performance-related pay affect the annual wage?

Is there a skills-based remuneration system?
Is it applied to all workers / employment grades?
What types of skills are required?
To what extent does skills-based remuneration affect the annual wage?

What are the possible career paths for the different workers' categories existing in the company?
What criteria are they based on?

Questions for workers representatives at the plant/enterprise level (if they are present)
Do union or workers' representatives at the enterprise level take part in the decision making process concerning the organisation of work and human resource management?
What is the form of their involvement in this process (i.e. collective bargaining, information, consultation, co-decision, etc.)?
Are information, consultation and co-decision on organisation of work and HRM, rights laid down by law or collective agreement, or are they at the discretion of the company?
Who are the trade unions bargaining on work organisation and HRM?

Do union or workers' representatives at the enterprise level bargain changes in the choices of work organisation and human resource management which concern:
- criteria for evaluating work performance based on technical and economic efficiency
- criteria for evaluating work performance based on effectiveness in the cases in which they are inappropriate: i.e. cases where workers are required to find solutions for unexpected problems, arising in the course of work, which however are unsolvable due to local constraints; cases where neither the aims nor the means of the production process can be defined beforehand
- rewarding criteria involving work intensification, i.e. remuneration depends to a large extent on pay systems based on productivity or on the workers' ability to reach a predetermined goal
- excessive speed / frequency of shifts between tasks
- contents of tasks (repetitiveness or monotony of tasks or excessive variety / changeability of tasks assigned to workers)
- workloads
- speed of work execution
- overtime
- shift work and distribution of shifts
- work on Sundays and public holidays
- predetermination of unattainable goals
- imposition of procedures that determine what to do, how to make decisions, what information to use / look for and criteria to adopt to make decisions
- duration and temporal distribution of labour
- rest (breaks, holidays)
- precarious employment
- impossibility of scheduling work

Questions for a supervisor, team leader, or worker
The solution of operational problems arising in the course of work
Could you provide an example of a particularly critical operational problem that may occur in the course of work?
a. Interruption of power supply
b. Sudden breakdown of machinery / equipment

c. Unpredictable variability of the characteristics of materials / semi-finished parts / components in entrance; unpredictable behavior of the production process (never completely under control)
d. Interference between production and maintenance tasks
e. Organisational dysfunctions: documentation that is not up-to-date, or useless information.

In which cases / how often does the resolution of the unexpected problem require the operator to use knowledge relating to activities / phases of the process located upstream and / or downstream in relation to the activities being carried out?
Could you describe the decision-making process by which the operational problem is solved?:

- How often is it sufficient to use the existing procedures, adapting them to the specific case?
- Are there cases (how frequent) in which it is better to develop a new procedure?
- In such cases (development of new procedures), does the operator proceed independently (alone, without cooperating with others)?
- Or does he/she involve / cooperate with other organisational units or other roles/operators with different professional background?
    - Which organisational units / roles / operators are they?
    - What kind of interdependencies exists with them?
    - What is their contribution?
    - What induces them to cooperate / collaborate?
- What could be done in cases in which there are objective difficulties that prevent workers from solving operational problems, even collaborating with others?
    a. Is it possible to renegotiate the objectives to be achieved (standard of quality / quantity of output and / or deadlines for the completion of an order or task).
    b. With what consequences?

4. STRATEGY

Questions for Head of Human Resources Management/Industrial Relations

Key success factors of competitive advantage

- Production costs / product price
- Product quality (please provide a definition of the quality of the product, such as conformity to a certain standard)
- Services related to a product
- Reduction of lead time and/or time to market
- Timeliness of response to market demands:
  • Does the company deal with predictable or unpredictable market demands?
  • Are the demands of the market (in terms of the quantity / quality of products / services required) stable or changing? Are they homogeneous or heterogeneous?

Products and services offered

Main products / services (as a percentage of turnover)
What products does the company intend to focus on in a strategic perspective?
Market share (as a percentage of the total market, and compared with the market share of the most relevant competitor)
Position of the product(s) compared to competitors (product for a market niche, difficult / easy to replicate)

Customers

Domestic (percentage of turnover); geographical areas
International (percentage of turnover); geographical areas
Main markets for exports, and exports as a percentage of total production

Competitors

National: geographical area
International: geographical area

Suppliers

National: geographical origin
International: geographical origin
Type of relationship established with the supplier: stable / temporary
Selection criteria:

- price
- quality
- lead time
- rapid response to unexpected needs
- reliability (in terms of skills / knowledge, on-time deliveries)
- innovative capacity, design contribution, improvement of the component or group to accomplish.

4.1 INNOVATION

Questions for Head of Human Resources / Industrial Relations or Head of R&D

Over the period 2006-2014, has the company launched new or significantly improved product or services?
(Excluding the cases of mere sale of new products or services purchased from other companies, and the cases of purely aesthetic changes)

Provide a short description

Is the innovation of products / services:
• demand pull (reactive behavior): predictability/unpredictability of demand for innovation
• company push (proactive behaviour in response to not-yet-manifest market needs)

Over the period 2006-2014 has the company introduced:
Technologically new (or significantly improved) production processes?
Technologically new (or significantly improved) logistics systems, methods of distribution, or of external supply of goods or services?
Other technologically new (or significantly improved) processes concerning procurement, maintenance and support, management of administrative and information systems, accounting activities?

Provide a short description

Research and Development
Is there an R&D department in the company?
How many employees work there? What are their expertise/professional profiles?
Is there a budget allocation specifically devoted to R&D? (as a percentage of profit)
Which activities does the R&D department deal with? Is it mainly oriented to the activities of an industrial engineering department? Or do the innovative activities prevail?
Are there any forms of integration between R&D, industrial engineering and production? If so, are they formalized or do they take place informally?.
On the issue of R&D and of the innovation of products/services and production process, has the company established partnerships/relationship with from:
- Other group companies
- Suppliers of equipment, materials, components or software
- Customers
- Competitors or other enterprises in the same production sector
- Other companies in other sectors
- Consultants, private research institutes and laboratories
- Universities and public research institutes
- Conferences, exhibitions, trade fairs
- Scientific journals, technical and commercial publications
- Employers' associations
- public bodies (local authorities, national agencies, European Union)

If so, how has the economic and financial crisis impacted on the choices related to innovation? How has investment in innovation changed?

If the company has not innovated (in particular innovation of product / service or production process), what are the main reasons, considering mainly the period 2006-2014:
- Lack of internal company/group financial resources
- Lack of external funding resources
- Innovation costs too high
- Lack of qualified staff
- Lack of information about technologies
- Lack of information about markets
- Difficulty of finding partners to cooperate in innovation
- Markets dominated by consolidated companies (innovation leaders)
- Insufficient demand for innovative products or services
- The company introduced innovations in a previous phase
- The company does not consider it necessary to innovate to meet the needs of customers

Main effects of innovation (in product / service, production process)
New products / services for existing customers / markets
Same products / services for new clients (access to new markets)
New products/services for new clients/markets
Improvement of the quality of existing products / services for existing markets/clients
Reduction of costs (of labor, materials, energy) per product unit
Reduction of response time to customer requests
Increased customer satisfaction
Increase of market share in existing markets
Increased flexibility in production / supply of products / services
Increase of production / supply capacity of goods / services
Reduction of environmental impact, risks of occupational accidents
Adaptation to standards and regulations