

## Last best: experiences of Dutch European works councils

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### *Summary*

*Dutch works councils are bodies of workers' representation that are equipped to influence enterprise policy at the national level. Possibilities for information disclosure, training and for the resolution of disputes through the court are, in broad terms, well established. The introduction of European Works Councils (EWC)<sup>1</sup>, however, took more time than in other countries. Nevertheless, the Directive has had its effects in the Netherlands since the first EWC was installed at the ING bank in April 1996. EWCs now operate in many Multinational Corporations (MNCs).*

*In this article the first experiences of European Works Councils (EWCs) are reported. EWCs were surveyed on, among other things, the main impediments to their effective functioning at the European level. Furthermore, the article addresses the question of what strategies are being developed. Dutch MNCs appear to be generally behind with the establishment of EWCs. Another general conclusion of the survey is that, with the establishment of the EWC, different elements of industrial relations from other countries are being introduced, which can be seen as a first step towards the europeanisation of the system of national works councils in the Netherlands.*

*It has yet to be seen if Dutch works councils will be able to maintain their relatively high standards, and possibly raise them to match those of other European countries, or whether a downgrading harmonisation has been put into force. More comparative research, which has to cover a longer period of time, is required to point out whether the last will be the best at the European level.*



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<sup>1</sup> This term is used here for all forms and procedures of information and consultation at the European level based on the Directive. In practice, several names can be found, like European Forum or European Platform.

### **Résumé**

*Les comités d'entreprise néerlandais sont des organismes de représentation des travailleurs qui sont à même d'influencer la politique des entreprises au niveau national. Les possibilités d'information, de communication, de formation et de résolution des conflits via les tribunaux sont, de manière générale, bien établies. L'introduction des Comités d'entreprise européens (CEE) a néanmoins pris plus de temps aux Pays-Bas que dans les autres pays. La directive a cependant eu des effets dans ce pays depuis l'établissement du premier CEE dans la banque ING en avril 1996. A présent, les CEE fonctionnent dans plusieurs firmes multinationales.*

*Cet article relate les premières expériences des Comités d'entreprise européens (CEE). Les CEE ont été passés en revue mettant en évidence, entre autres, les principaux obstacles à un fonctionnement efficace au niveau européen. En outre, l'article soulève la question de savoir quelles stratégies seront développées. Les firmes multinationales néerlandaises semblent être généralement en retard par rapport à celles des autres pays au niveau de l'établissement des CEE. L'enquête conclut également qu'avec l'établissement du CEE, différents éléments des relations industrielles applicables dans d'autres pays ont été introduits, ce qui peut être considéré comme une première étape vers l'européanisation du système de comité d'entreprise national aux Pays-Bas.*

*Reste à voir si les comités d'entreprise néerlandais pourront maintenir leur niveau relativement élevé, voire l'augmenter jusqu'à un niveau équivalent à celui des autres pays, ou si une harmonisation vers le bas a été mise en oeuvre. D'autres recherches de type comparatif devant couvrir une période de temps plus longue sont nécessaires pour établir si « les derniers ne seront pas en définitive les meilleurs ».*



### **Zusammenfassung**

*Niederländische Betriebsräte sind als Arbeitnehmervertretungsorgane zu verstehen, die auf die nationale Unternehmenspolitik wirksam Einfluß nehmen sollen. Möglichkeiten zur Information, Bekanntgabe, Ausbildung und zur Konfliktlösung auf gerichtlichem Wege sind weitgehend gut etabliert. Die Einrichtung Europäischer Betriebsräte (EBR) dauerte jedoch länger als in anderen Ländern. Dennoch sind die Auswirkungen der Richtlinie seit der Errichtung des ersten EBR im April 1996 in der ING-Bank auch in den Niederlanden deutlich spürbar. Heute gibt es EBR in zahlreichen multinationalen Unternehmen (MNU).*

*Im vorliegenden Artikel wird über die ersten Erfahrungen der EBR berichtet. Dabei wurden die EBR u.a. im Hinblick auf die wichtigsten Hindernisse für ihr Funktionieren auf europäischer Ebene untersucht. Darüber hinaus beschäftigt sich der Artikel mit der Diskussion der verschiedenen Strategien, die in diesem Zusammenhang entwickelt wurden. Niederländische MNU liegen bezüglich der Errichtung Europäischer Betriebsräte zurück. Ein weiteres grundsätzliches Resultat der Untersuchung besteht in dem Umstand, daß bei der Errichtung der EBR augenscheinlich verschiedene Elemente der industriellen Beziehungen aus anderen Ländern miteingeführt wurden. Dies ist als erster Schritt auf dem Weg zu einer Europäisierung des Systems nationaler Betriebsräte in den Niederlanden anzusehen.*

*Es bleibt noch abzuwarten, ob die niederländischen Betriebsräte in der Lage sein werden, ihre relativ hohen Standards aufrechtzuerhalten und sie möglicherweise noch erhöhen können, um sie so an die Standards in anderen europäischen Ländern anzupassen, oder ob eine Harmonisierung auf einem niedrigeren Niveau erfolgen wird. Weitere vergleichende Untersuchungen, die über einen längeren Zeitraum erfolgen, scheinen unerlässlich, um festzustellen, ob der letzte unter Umständen der beste auf europäischer Ebene sein wird.*

### **Introduction**

Since the 1980s forms of voluntary European Works Councils have been established in some countries of the EU, such as France and Germany (Gold and Hall 1992). The reasons why they exist in these countries only are of a political and industrial relations nature (Marginson 1992; Veersma 1994). It is obvious, however, that the Netherlands is not among this group of countries.

Although there was an earlier debate on European-level information and consultation, Dutch multinational companies have always been very reluctant to introduce forms of European information and consultation (Stoop 1993; Veersma 1994). Philips, as one of the most prominent MNCs in the Netherlands, with international activities increasingly concentrated in South East Asia, was adamantly opposed to every form of European-level information and consultation, while Unilever management seemed to be very anxious to give control away to trade unions. The reason for this was that trade unions took the lead in founding the Unilever Information Consultation Committee in the 1980s. This body comprised workers from each European country in which the company operated. By means of a divide-and-rule policy vis-à-vis trade unions and the works council, management succeeded in playing off the works council against the dominant national trade union - at the time *Industriebond* (now merged as part of *Bondgenoten*) - of the general federation of trade unions, the FNV (Veersma and Tegelaers 1997).

The main argument of Dutch management is that information should be given by local management on a voluntary basis. Modern management is, in this view, dependent on open and direct communication with the workforce, which means that there would be no reason to have any European-level regulation. This was very much in line with the point of view advanced by UNICE during the implementation of the Directive (Veersma 1994: 219).

Management is, however, not the only actor in this field of industrial relations. Trade unions have made considerable efforts to introduce European-level works councils.<sup>2</sup> National-level works councils have also been active in this regard. Most works councils of MNCs are members of a forum for the exchange of information at MNCs (*MNO-overleg*), which monitors the employment relations practices of MNCs. In order to exert pressure towards the establishment of European-level WCs and to learn from the experiences in different EWCs an association was founded with the main task of stimulating the exchange of information and experiences between EWCs in the Netherlands.<sup>3</sup>

The establishment of EWCs was directly determined by the Directive on information and consultation within the European activities of MNCs. In fact, the first EWCs in the Netherlands were mostly set up on a voluntary basis. However, this was neither due to the internal dynamic of MNCs, nor was it influenced by national social-political scene, as was the case with the voluntary EWCs in France established in the 1980s (Gold and Hall 1992; Veersma 1994:216-217). The Dutch EWCs were introduced in anticipation of the Directive on the basis of Article 13, which allows the possibility of setting up an EWC on a voluntary basis.

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<sup>2</sup> As stated by the official of the FNV responsible for the support of EWCs, these efforts date back many years. Before that time the danger of losing power to the works council and the danger that management would use the EWC for its own purpose were the reasons for trade unions being not very active in this respect. This suspicion is confirmed by other, earlier experiences elsewhere. As Marginson states, one reason for the early establishment of EWCs within French companies is that management does not have to fear the position of trade unions. Although the possibilities for mobilising workers in the event of disputes are very good in France, the unionisation rate is very low. Management was, therefore, confident that it would be able to control the agenda and the outcome of information and consultation at the European level (Marginson 1992: 542). The recent experience with the closure of the Renault plant in Vilvoorde in 1997, in spite of the existing EWC, supports this position.

<sup>3</sup> Within the near future this association will be terminated. Probably, this association was helpful during the period when EWCs were initially established. The termination might reflect a need to work out next the existing arrangements.

At first glance this might appear to contrast with management's former reluctance towards European-wide information and consultation. Management is, however, usually more willing to agree to the creation of representative bodies where it has the feeling that it is able to influence the direction taken by the development of the EWC in practice. For this reason there was already a slight change in the attitude of management at Unilever (Veersma 1994:221) and most MNCs tried to establish an EWC on the basis of Article 13 of the Directive. The reason behind this change is rather the pragmatic attitude shown by management, generally seen as one of the main pillars behind the co-operative and consensual 'polder-model' in the Netherlands.

This can be seen as a way to escape from the more strictly formulated provisions of the regulations in the Directive itself. This observation is supported by other research from the Nordic countries, which shows that, especially in Norway, the incidence of Article 13 agreements is relatively high (Knudsen and Bruun 1998: 137). These researchers conclude that EWCs established in the countries involved (Norway, Sweden, Denmark and Finland) mean a minimalist implementation of the Directive. MNCs had the possibility to negotiate voluntary agreements until 22 September 1996, two years after the Directive was ratified.

In the Netherlands, research reports twenty companies where an EWC has been set up on the basis of the Article 13 (Lamers 1998)<sup>4</sup>. Thirteen of these companies are largely Dutch-owned. According to a recent European-wide analysis of agreements under Article 13 the Netherlands has 18 companies with a EWC under Article 13, which is 5 per cent of the total of these arrangements through Europe (Marginson *et al.* 1998:5).

## The survey

Dutch works councils represent workers at different levels of the company. Within large companies, which MNCs usually are, there are three levels of worker representation. First there is the level of the establishment, second the divisional level, and the third level is the top level of the company. As the top level is supposed to be directly concerned with activities at the central - that is, multinational or transnational - level of decision-making, which includes the European-level policy of the company, worker representatives at the top level were the respondents of a survey which was sent out during 1998. The aim of

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<sup>4</sup> The background of this research is typical of the pragmatic attitude of the employers in the Netherlands. The general employers' federation of the Netherlands, the A WVN, was the client of the research. The purpose was to investigate the 'added value' of a European representative body to the national system of works councils. The findings could be worthwhile for employers who wanted to implement an Article 13 agreement.

the survey was to investigate the initial experiences of works councils of MNCs. Only companies that were originally Dutch-owned are included in the survey.

As suggested earlier, management primarily showed a pragmatic attitude towards EWCs. Therefore, a clear vision on European-level forms of information and consultation could hardly be expected. The main motive of management was to avoid regulation at the European level. At the same time management wanted, as soon as the Directive became reality, to find out the 'added value'. For this reason the questionnaire was sent only to the central works councils (the COR). As the highest-level body of worker representation in the Netherlands, workers present on the COR are supposed to be involved with, if not actually on, the EWC.

Eighty-nine companies were selected on the basis of the inventory made by the ETUI of the companies coming within the scope of the Directive (ETUI 1995). Forty-seven questionnaires were received, which was a 53 per cent response rate. Nineteen works councils included in the survey have established an EWC or body with rights derived from the Directive. In eighteen companies negotiations have not yet taken place. Within fourteen of these companies, negotiations will be held in the future that, according to the COR, will lead to the establishment of an EWC.

The questionnaire includes the following topics: the initiative to establish an EWC; the composition, tasks and rights; practical functioning; management strategy as perceived by the EWC; the vision and strategy of the EWC; and some aspects of the company policy with regard to internationalisation and social policy.

### *The initiative to establish an EWC*

Although many MNCs are strongly divisionalised, at only one company was an EWC reported at divisional level. All the other EWCs were established at the company level. One may wonder if this means that EWCs do not follow the logic of MNCs, which is sometimes suggested (Bartlett and Goshal 1989). Apart from the structure of operational activities, it is clear that strategic decisions are always taken at the corporate level, and from this perspective EWCs are at the appropriate level to be informed and consulted. In the future complementary EWCs might come into being at the divisional level.

The initial talks intended to come to an agreement on an EWC are dominated by the interaction between management and the works council. Mostly the COR (six cases)

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<sup>5</sup> Most of the questions address only MNCs with a EWC. Unless otherwise stated, all figures are based on this population (n = 19).

or the works council at the firm level (two cases) or both (one case).<sup>5</sup> In five cases the first meetings took place between works councils and trade unions, which then negotiated with management. In only three cases are the European Industry Federations mentioned as supporting trade unions during the initial talks. These outcomes are an indication that, after the push by works councils to set up EWCs, management became, at least, one of the main initiators in the establishment of EWCs. The explanation might be that, as suggested earlier, management was eager to introduce EWCs before the Directive imposed more far-reaching obligations upon them.

Works councils were the principal party to sign agreements for EWCs from the side of the employees. Only in two cases did trade unions negotiate and sign the agreement. When works councils were involved, the COR was involved in most cases (7), and in other cases they were one of the actors involved, either in co-operation with trade unions (3) or with works councils at a lower level of the company (3). This confirms the European-wide analysis of Article 13 agreements. In this research the German-Dutch group of MNCs turned out to be a group where less agreements are signed by trade unions than elsewhere. Also, agreements were more likely to be concluded with national works councils (Marginson *et al.* 1998:16). One may agree with Marginson *et al.* (1998) that this reflects the nature of the national system of employee representation, as this is in line with the national practice of works councils being the direct representatives of employees. It should be noted, however, that as trade unions negotiate some agreements there is variation within Dutch practice. Trade unions in the Netherlands do not have a direct representative role within the enterprise at all and works councils are elected from lists of candidates that may be made up by trade unions.

### *The composition of EWCs and indicators of the impact of EWCs*

The composition of the EWC is another aspect that is unfamiliar to Dutch practice. Seven EWCs include members from the management side - all from the top level of management - whereas twelve of the EWCs in the survey comprise only representatives from the employee side. When managers are members of the EWC they are a minority of the total membership; three EWCs report that two members are from the management side. However, in three companies management has more than two representatives. In one case management has no fewer than nine members. Other research across Europe also points to the dominant role of management. Management chairs the majority of EWC meetings and joint procedures for setting the agenda, draws up the minutes, and disseminates the outcome of many EWC meetings (Marginson *et al.* 1998).

Under the terms of the Dutch Law on Works Councils of 1979 - amended in 1998 -

only employees can be members of works councils in the Netherlands. The intention of the law was to break with paternalistic traditions and to establish more equilibrium between the position of different stakeholders within the firm. However, a rather different conjunction of factors has led to the different composition of the EWCs. EWCs have not developed independent strategies vis-à-vis management. For example, EWCs are not yet able to organise the exchange of information between different actors and to communicate with employees. When management has the task of providing information, and no negotiations are held, management might as well be a member of the EWC. Also of relevance here is that in all cases the EWC has the right to organise meetings with other employee representatives in preparation of the meeting with management. In the national system this would mean that the works council organises its own meeting and that the decision-making meeting with management is held accordingly.

Other indicators of the intensity and the impact of the EWC are the way in which the agenda is determined and the provision of rights to hire specific experts, including support from the side of the trade unions. The agenda is in all cases drawn up by both parties. Although this is in contrast with the national practice of works councils where only worker representatives are present, the importance of this observation should not be over-emphasised. As long as the EWC does not have any real influence on company policy, in contrast to the works council, it seems reasonable to formulate the agenda in co-operation with management.

Next, it appears from the survey that in the majority of cases (14) EWCs are allowed to invite officials from the trade unions to their meeting. Only one agreement precludes the invitation of experts from outside the company to the meeting. However, in all cases the EWC has the possibility to hire experts. This is a formal right, which might stem from the national rights of works councils. Dutch works councils are in the national system well equipped, especially when it comes to hiring experts from outside the firm.

In order to establish the extent of communications and of the facilities that are provided by the company, questions were asked on how frequently EWC meetings take place and how often they meet with representatives from other European countries. Most EWCs meet only once a year. From the survey it appears that there is a broad range of frequencies of meetings with other representatives of employees. Most have one or two of these meetings a year (respectively 7 and 8). However, one exception is the EWC that mentions seven meetings a year with colleagues from abroad. One may, however, wonder how regular these meetings are. An overall observation is that contacts with representatives from other countries are at least more frequent than with management.



There also appears to be a wide range in the number of members of the EWC. This varies from 5 to 31 members. Twelve agreements include only the EU member states. One agreement excludes the UK, but with the application of the Directive to the UK this might have changed already. In seven cases representatives from other European countries are also included. Among the nationalities involved are Belgium (18), Germany (16), France (13), the UK (12), Ireland (11), Italy (10), Spain (9) and Denmark (8). Several conclusions can be drawn from this. First, this pattern might reflect the spread of activities of Dutch MNCs across Europe. A second possible explanation is that MNCs with activities in the countries mentioned are more inclined to establish an EWC. However, from the survey, it is not clear in which European countries the activities of MNCs that do not have a EWC are located. It is obvious that Belgium and Germany are the neighbouring countries that have most representatives in EWCs of Dutch-owned MNCs, which, almost certainly, reflects the spread of activities of Dutch MNCs.

Future research is required to establish whether there are differences with regard to the development of EWCs towards genuine forms of transnational information and consultation. As stated elsewhere (Veersma and Tegelaers 1997), these forms might develop most fruitfully where national systems are similar. The similarities between the Dutch system of industrial relations and the German one is clear, especially when consideration is given to the regulatory framework of works councils.<sup>6</sup> When taking into account the number of representatives in EWCs of the countries involved, the conclusion can be drawn that Dutch-owned MNCs are most frequently confronted with the German system. In 10 cases Belgium has one representative and in 5 cases two or more members (with a total number of 32). France and the UK are represented by a total number of 28 and 27 representatives respectively. German representatives are more numerous. There are 4 cases with three members, and 3 cases with four or five members, and there are a total of 53 German members.

It is worth mentioning that 90 members are representatives of Dutch employees, which means that Dutch representatives do not outnumber their counterparts from other European countries. Assuming that the number of national representatives makes a difference to the pattern of influence on the EWC, it is appropriate to label EWCs involved in the survey as genuine transnational bodies.

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<sup>6</sup> According to the researchers who conducted the European-wide analysis of Article 13 agreements, this is also the reason to take both systems as one grouping of countries with close similarities: the German-Dutch group (Marginson *et al.* 1998).

### *Information and consultation rights*

From the answers to the questionnaire it becomes clear that the information which has to be provided to EWCs can be divided into two different categories. As the Directive is clearly addressed in the first place to the strategic issues of companies and issues concerned with *social dumping*<sup>7</sup>, topics related to these issues are most frequently mentioned. Other topics, which are expected to be handled at European level, because they are dealt with by European regulations or because they are directly related to European market strategies, are mentioned less frequently.

Almost all the EWCs included in the survey (18) have the right to be informed on the issue of strategy and structure of the company. Next, information has to be provided by management on the financial and economic position of the company, be it with regard to European activities (18) or world-wide activities (13). Sixteen of the EWCs have to be informed on issues of investment and restructuring, reorganisation and collective dismissals.

Furthermore, 15 EWCs include a provision which requires that they be informed on mergers and take-overs, and about the relocation of employment.

Among the second type of issues are education and training, international human resource management (HRM), new technology, new working methods, and working conditions. It was expected that these issues would develop as a result of new management structures adapted to the accelerating development of the European market. Recently, there has been a debate regarding the emergence of the Euro-company (Marginson and Sisson 1994). However, Euro-companies continue to segment and stratify their activities, in part, according to the circumstances of national and regional systems with respect to skill formation, levels of pay and productivity, which means that companies would engage in 'regime shopping' (Marginson and Sisson 1994:42). Within regions or countries with a primary educational model, which means that external training institutions formulate in the first place skill requirements, the supply of high-skilled labour is highly institutionalised and, therefore, to a lesser extent dependent on the market situation. Within countries dominated by a market model, where the company carries the primary responsibility for training, such as the UK, training is hardly promoted at all by external institutions, and companies are more inclined to invest in routine, rather than high technology, production (Marginson and Sisson 1994:40).

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<sup>7</sup> For a further elaboration on this phenomenon see Veersma 1995.

The other side of the coin is the interest of employees in this field. EWCs might not be very convinced about the need to receive information in this field. At least from the survey it appears that only 7 EWCs have the right to be informed on education and training as well on international HRM, whereas 12 do not have such a right. Very much related to this is the right to acquire information on technological change and the introduction of new working methods. As has become clear, technological change involves choices on the division of labour, and the content and the skill level of jobs. On this topic only 8 EWCs have the right to be informed by management.

It was expected that working conditions would be induced largely by European legislation, because this field of policy making is one of the by far most developed ones of the social dimension (Nagelkerke and Veersma 1992). However, only 6 EWCs have the right to be informed on issues in this field.

Although in the literature the right to be consulted is only very rarely mentioned, for example in the often-cited exception of Volkswagen (Schulten 1992), the answers of the EWCs in the survey suggest a completely different story for the Netherlands. Twelve EWCs report the right to be consulted, and one EWC also has the right to negotiate on issues concerning the social policy of the MNC. This is confirmed by the European-wide analysis of Article 13 agreements, which makes it clear that only two per cent of the agreements specify any negotiating role for EWCs (Marginson *et al.* 1998). With respect to consultation rights, the question remains what status the advice of EWCs will have. It seems unlikely that this will be binding on management.

A further question is how management informs employees. In the majority of the companies involved (9), information on cross-border operations is provided through the meeting of the EWC. Most surprisingly, in 8 cases this information will primarily be provided to employees in the different plants through line management. This outcome is highly relevant as EWCs report that this type of information will be provided to them in the first place.

The EWC communicates with its rank-and-file by different means. Most frequently mentioned is the local works council as the channel through which the EWC communicates (9). Trade unions are mentioned twice in combination with local works councils, and only once as the only channel through which there is communication with the rank-and-file. This result is very much in line with the national tradition of communication, in which the trade union has a very minor role to play with regard to information and consultation at the company level.

As a means to inform the rank-and-file most EWCs use special or regular bulletins (respectively 4 and 3 cases). Bulletins are used in combination with a computer network in four cases. Others use only a computer network - internet or an intranet (respectively 2 and 1) - as a way to communicate with the rank-and-file. Most EWCs report in one language (English) (9), whereas others translate all documents (6) or use certain languages for groups of countries (3) or have some documents translated together with the main language, English (1).

### *Strategies as perceived by EWCs*

EWCs have been asked to score the strategy of management with regard to European-level information and consultation. Sometimes the answers show a great deal of social desirability, or they may be biased because the members of the EWC show a high commitment to the European policy of MNCs. Nevertheless, some findings are worth mentioning here.

Eleven EWCs classify management strategy as aiming more or less strongly to promote European-level consultation, whereas only 4 EWCs classify this strategy as being not at all, or only slightly, geared to stimulating European-level consultation. What is more relevant is the estimation of the impact of consultation of EWCs by management on its policy. Not one EWC holds the opinion that management would ignore its advice, and nine EWCs state that management will certainly, or almost certainly, take its advice into consideration. This shows a high trust in European information and consultation and the effect it might have on policy-making within the firm.

The EWC perceives as its main function the provision of information with regard to employees. Forty-two per cent state that this should be the most important task of the EWC. This can be taken to mean that the EWC views as its main task the development of EWCs in relation with existing national practices that are the basis for exchange of information with employees.

Answers to questions about whether the EWC should have a primary function with regard to the MNC itself are ambiguous. This could be a result of improvements in the European market strategy of companies or the strengthening of the enterprise culture at the European level. What is of relevance here is the rating of the function the EWC could have with regard to collective bargaining. Answers to this question tend very much to be neutral, which can be interpreted as the EWC not having this function in mind as its primary function, while not totally excluding such an option. When, however, EWCs are asked about the possibility of negotiating collective labour agreements, the majority (58 per cent) stated that they were not willing to do so.

Fourteen EWCs (almost 74 per cent) see their role as complementary to the national system of information and consultation, and sixteen EWCs would not like this part of the national system of industrial relations to be replaced by European industrial relations. A majority of EWCs (14) see their role as stimulating solidarity between workers across Europe.

Referring to the possible role of EWCs with respect to reorganisations and the relocation of employment, it might be important for EWCs to develop a position to negotiate the contents and consequences of such strategies of MNCs. However, from an examination of the relevant question in the survey, no clear picture emerges. Four EWCs (21 per cent) take the view that they should not have such a role, whereas the same number take the opposite view. Even more surprising is that 5 EWCs (26 per cent) have no clear opinion on this question.

EWCs were also asked to prioritise the different goals of their strategy. The most important item, mentioned 5 times, was the strategy and structure of the company. The second most frequently mentioned item (4 times) was the relocation of employment. Two other EWCs mentioned either the financial and economic position of the company or mergers and takeovers as the main aim of their strategy. A topic very much related to the last is restructuring, reorganisation and collective dismissals, which, on four occasions, was the second highest priority (mean score of 4.6 on a scale of 11).

A rather low score was given to investments (4 times this is given the 8th place, with a mean score of 6). The explanation could be the fact that EWCs view themselves not yet as a prime actor to talk with on strategic issues, like the investment strategy, but rather as an actor to talk with when workers' interests are more clearly at stake. Other issues that have generally a rather low priority concern aspects of the company strategy, like education and training, international HRM, technology and new working methods, and working methods. As these issues are listed low on the rankings, it appears that they are not high priorities for EWCs to achieve as a strategic goal.

### *Problems experienced by EWCs*

In the survey EWCs were asked what they experienced as the main problems for the functioning and development of European-level information and consultation. On a 5-point scale they gave the highest score to differences in culture with respect to consultation and negotiations between countries (mean, 3.6). Also, language problems were mentioned as a problem for their functioning (mean, 3.4). Next comes differences between legislation of countries, with a mean score of 3.3.

Although EWCs have come into being mainly as vehicles to influence strategies on employment and the relocation of employment, EWCs tend to view employment as a nationally defined interest, which might pose a problem to supranational information and consultation. Employment interests are seen as a problem for the functioning of EWCs (mean, 3.2). Other topics receive a relatively low score as the background of problems experienced by EWCs. Bad communication with the rank-and-file has still a relatively high score (mean, 2.7), but the others mentioned are really low, like commitment of national representatives and problems related to resistance on the part of management (both have a mean score of 2.0).

One may conclude from this that management is not viewed as an impediment to the development of European-level information and consultation. Earlier it became clear that EWCs do not expect management to ignore their advice where it has been requested. Here it appears that they see resistance from management as neither a problem for the functioning nor the development of EWCs. Possibly, this might relate to what has been pointed out earlier as the pragmatic attitude of management of Dutch MNCs and their representatives.

It is also clear that EWCs relate their activities to the national level of works councils. The development of national works councils, their level of development, their facilities achieved during the last decades, and the practice of the multi-level information and consultation of the national system, are of high relevance in this respect. In the national system local works councils and central works councils at the top level of MNCs operate as complementary and interacting bodies of information and consultation, between which a fine-tuning of strategies takes place. Furthermore, it is necessary to consider that facilities are highly dependent upon the national system, like training and the hiring of experts.<sup>8</sup> As systems at different levels of MNCs are dependent, in part, on individuals being engaged at several levels, it might also be expected that supranational bodies are highly dependent on what can be achieved at the lower level of information and consultation. In this way European-level information and consultation might derive added value from rights that are achieved nationally.

### **Current practices and demands for the extension of rights**

Several EWCs have already made major steps with regard to the development of genuine European information and consultation. Remarkable in this respect are the topics mentioned on which EWCs gave advice. Although education, training and more

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<sup>8</sup> Although this is not only an indirect relationship. According to the Dutch Law on European Works Councils, Dutch EWCs have the right of training while being paid by the employer, which is not very common in legislation on EWCs in other European countries.

general aspects of HRM are not the first aim to be consulted upon, these are topics that are being mentioned by EWCs as concrete topics on which consultation has taken place. Not surprisingly these issues are mainly dealt with at companies with large proportions of high-skilled labour, such as high-tech companies with considerable research and development investment. One EWC also mentions the elaboration of corporate values that have been defined until now in global terms. In relation to plans for the restructuring of HRM at European level, other arrangements have been put on the agenda on the initiative of the EWC, such as minimum conditions of employment.

Some companies in the food industry, in which processes of restructuring are continuously taking place, have already made plans on restructuring of the company at the European level. This includes the basic agreements that core production facilities should remain within each country, the negotiation on the time element of company restructuring, dealing with dismissals, and compensation for employees. Others mention that the EWC has a role in handling the outsourcing of activities and issues concerned with excess capacity.

Some of these topics might develop when consultation between management and EWCs is underway more regularly. Nevertheless, this does not imply that existing rights are sufficient for EWCs. Some have referred to the rights they would like to acquire in the future. Eight EWCs (42 per cent) want information rights to be extended. Most of the EWCs which make explicit suggestions for the extension of information rights mention the national law on Works Councils as a reference. One EWC states that this should be a gradual development. It is worth mentioning that some EWCs state that information rights should not be transferred too hastily to the European level. One EWC states that it has already extended information rights in national meetings with management. It aims to develop this type of consultation at the divisional level, where it believes there are more possibilities to influence management strategies. EWCs in companies with only restricted information rights plead for the right to have information on the structure and strategy of the company world-wide.

Four EWCs call for the extension of consultation rights. When asked for suggestions, they mention consultation rights on the following: the allocation of production, major investments, new technology and other strategic decisions. This also reflects the issues on which companies have to consult works councils in the Dutch national system. This is also relevant to company take-overs, mergers and the outsourcing of activities. In the Dutch Law on Works Councils a right to approve plans with respect to the social policy of the company is present. Most EWCs suggest that this type of

right should be achieved for European-level information and consultation as well. This would have to include working conditions and health and safety in particular.

With respect to the right to negotiate, EWCs themselves come up with recommendations, including minimum social standards and on social policy issues with respect to company restructuring at the European level. Also, wages and working conditions are mentioned, as is the right to negotiate on alliances outside Europe and other forms of cooperation. It should be noted that these EWCs are all at MNCs strongly affected by internationalisation strategies of the company, like the food industry or airlines.

### **Last best ?**

As could be expected, the question posed in the title is highly rhetorical. It can hardly be predicted to what extent current experiences can be a predictor of the level of the future development of European-level information and consultation at Dutch-owned MNCs. However, some conclusions may be drawn from the early experiences.

First, it is clear that some issues arising from the survey point to the introduction of practices that are not found within the Dutch national system of information and consultation, for example, the position of management on EWCs. Trade unions are also shown to have a more prominent role in EWCs than at national level. This might be the effect of the early stage of development of EWCs, in which trade unions were important to push developments at the European level. Although trade unions do not operate as genuine European bodies, they were eager to stimulate and lobby for European information and consultation. Trade unions were initially afraid that EWCs could be played off by management against lower-level representatives and against trade unions, as was the case at an early stage of development towards an EWC at Unilever (Veersma and Tegelaers 1997). A recent example is the cooperation sought by the Dutch trade union for cabin employees with Italian trade unions at KLM, which has an alliance with Alitalia. The officer in charge states that he does not expect to learn a lot from the Italian trade union on how to acquire information, but what he aims to prevent is unions being played-off against each other (*De Volkskrant*, 28 November 1998).<sup>9</sup>

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<sup>9</sup> Airlines especially are co-operating increasingly by means of alliances, which makes it hard to counter airlines' strategies. Formally the companies remain independent, so MNCs can hardly be forced to provide information on the basis of the Directive on EWCs. This is a problem that goes beyond the sector of airlines. One example is the major Dutch company in the automotive industry, NedCar, which is currently owned by Volvo and Mitsubishi and the Dutch State. In the near future the shares owned by the State will be sold.



Furthermore, EWCs are better placed to negotiate at the European level than are trade unions. Taking into account their weak position, this could harm the position of national trade union representatives if EWCs were to replace the role of trade unions. It is clear from the survey, however, that Dutch EWCs do not see themselves as bodies to negotiate collective labour agreements.

Future developments will not depend only on the position of national actors. An extremely relevant factor is the presence of representatives from other countries within EWCs. Others might not have achieved the same level of facilities as Dutch works councils. Problems for Dutch EWCs, therefore, might arise from the activities of others and their relative absence of skills with respect to information and consultation. It is also acknowledged that developments might depend on the representation of works councils with a better starting point and, even more important, national experiences with information and consultation that resemble experiences of Dutch works councils and their level of activities. It may be concluded that the high frequency of German representation might imply good prospects at the European level, even if this were to lead towards a gradual development with a lot of input from bilateral interactions. In the end the future will tell who is doing best.

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