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# European Industrial Relations: Transnational Relations and Global Challenges

Armando ALIU<sup>†</sup>

## ABSTRACT

This study investigates transnational relations and global challenges which the European Industrial Relations have been facing recently. The paper, methodologically, was structured with taking into account both socio-political and judicial arguments. The social theory, and ergo, the practice in Europe were analyzed according to Marxist point of view. Basically, industrial relations and employment relationship were examined from the perspectives of employees, employee representatives and nation-states. The influence of the Charter of Fundamental Rights which is legally binding with the Lisbon Treaty (TFEU) was examined. In addition, the effectiveness of the *acquis communautaire* within the EU was argued with respect to the European Social Model; such as, social dialogue, tripartite and bipartite information exchange and consultation, collective bargaining and legal provisions regarding employment conditions and social protection. The importance of Europeanisation and convergence of national industrial relations was illustrated.

**Keywords:** *Industrial Relations, Collective Bargaining, Europeanisation*

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## INTRODUCTION

The European Industrial Relations at international, supranational and transnational level face many global challenges. Basically, to conceptualise, it can be argued that internationalisation and transnationalisation have forced the EU to transform industrial relations and employment relationships within the EU. With the GATT agreement which was signed in 1994, international markets have expanded through the removal of trade blocks. This expansion brought convergence among states interests and as a result of this new regional powers have risen in the world. To frame general structure of the world's industrial relation system, the role of regional powers and transnational actors should be explained in order to perceive the influences of global challenges. First of all, the three main trading blocs which namely are the Europe, the North America and the Asian-Pacific countries have strong trade relations and interactions. This triangle highlights the fact that power relations in essence have free market and liberalised world trade. This liberalism and capitalistic point of view, on the one hand, have mainly strengthened multinational corporations (MNCs). On the other hand, the pressure on the workers' social life has increased. In addition, multinational corporations provided their productions and services to across national borders with the help of globalisation approach.

In the light of these considerations, transnational relations<sup>1</sup> permeate world politics in almost every issue-area. About 5,000 international non-governmental organisations (INGOs), lobby international regimes and inter-state organisations for their purposes. Some of the approximately 7,000 multi-national corporations with subsidiaries in other countries have gross sales larger than the gross national product (GNP) of even major countries and create adaptation problems for the foreign economic policies of many states (Kappen, 1995, p.3). The transnational relations vary with regard to their embeddedness in bilateral and multilateral institutions. The original concept of transnational relations encompasses everything in world politics except inter-state relations. In this context, particularly, sovereign nation-states are forced to choose a side where they are creating their political, economic, social and cultural relations and operations and therefore regionalism ruined the centre-base world order. These new structurings increased the level of competitiveness

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<sup>1</sup> Regular interactions across national boundaries when at least one actor is a non-state agent or does not operate on behalf of a national government or an intergovernmental organisation.

among regional powers and nation-states needed to think strategic deepness of themselves. Today, there are a lot of sovereign states which want to make improvement on relations with regional, international and transnational powers via international agreements.

When industrial relations at transnational level is analyzed, the states can be understood as central decision-making organisations and actors and transnationals are inevitably involved in a bargaining relationship. The outcome of bargaining between states and transnational actors will depend on the balance of interests and capabilities. More importantly it is for an actor to operate legally within the boundaries of a specific country, the greater the leverage of political authorities. The EU Industrial relations exposes the prospects for the emergence of a distinctly European pattern of industrial relations, in which the European-level organisations representing employers and trade unions gain in importance vis-à-vis their national organisations.

How can the prospect of Europe-wide coordination, or possibly partial harmonisation, of employment and social policies be reconciled with the new dominant trend towards more differentiated? Could the implementation of the Social Chapter trigger a process, encouraged by the scope for social dialogue (all types of negotiations, consultation or simply exchange of information between, or among, representatives of governments, employers and workers on issues of common interest in relation to economic and social policy), in which the European level organisations of employers and trade unions gain vis-à-vis their national organisations, not only in the sphere of social policy but also in the field of collective bargaining? What levels and objects of regulation and what forms and procedures might characterise any such supranational European level of industrial relations? What do national and European trade unions and employers associations hope and expect to gain, and what options do they perceive, in the fields of social policy, collective bargaining and European integration in the context of current and prospective developments? Is it possible that, in the long-term, an authentic and distinctive European system of industrial relations will emerge, anchored in transnational collective bargaining in the classically understood sense of the term?

To respond the questions above, this paper was structured on Marxist organisational approach and classical neo-Marxist arguments. Analyses of European Social policy with respect to social protection of workers and social inclusion of them within a more civilised

society can be fundamentally realised with taking into account the balance among nation-state and trade unions as well as the balance among state authority and non-state actors. Therefore, unionisation and centralisation of multi-employer collective bargaining are very crucial. The nation state should enhance its legitimacy in order to protect workers' social rights and ensure them social prosperity. Centralisation of state authority over regulations regarding industrial relations should also respect unitarist perspectives.

### **1.1. Neo-Marxist Approach and Social Theory**

The dialectical method which was created by G.W.F. Hegel, explains phenomena in terms of endless process of transformation of contradictions resulting from the unity of opposites (i.e. thesis versus antithesis, leading to synthesis). Hegel applied the dialectical approach to the realm of ideas. However, Marx and Engels adapted the dialectical method to the realm of the material world to explain the interaction between ideas (theory) and social reality (practice). In addition, Marx and Engels transformed Hegel's dialectical idealism into their materialist dialectics by placing ideas in their social, material context. While trying to understanding Marx analyses of workers-capitalists interaction (or conflict/struggle), many realist scientists admire Marx's arguments because he investigated for the reality in the real world with focusing to workers.

Through a brilliant transformation of the Hegelian dialectic and a dynamic reconceptualization of class materialism, Marx went on to develop a materialist conception of history and explained it dialectically. Going a step further, Marx insisted that "the philosophers have only interpreted the world, in various ways; the point, however, is to change it." Thus, dialectical and historical materialism, committed to a scientific analysis of society and its transformation, became the hallmark of the Marxist approach (Berberoglu, 2005, p.182).

The key figures of neo-Marxist tradition (or the tradition of Western Marxism) were Georg Lukacs, Karl Korsch, Antonio Gramsci, Karl Polanyi and Walter Benjamin, and the writers of the Frankfurt School in Germany. All these scientists contributed to Marxist arguments and tried to explain the real world order. In particular, Horkheimer and Adorno, the founders of the Frankfurt School tradition (Institute für Sozialforschung – Frankfurt am Main) illustrated to the academic world adequate Marxist evidences in order to understand social theory of

various ideologies. Horkheimer's and Adorno's *Dialectic of Enlightenment* is undoubtedly the most influential publication of the Critical Theory of the Frankfurt School, and one of its most compressed theoretical statements.

Horkheimer and Adorno had set out to explain why humanity, instead of entering a truly human state, is sinking into a new kind of barbarism. They analyzed historical and fateful dialectic of the domination of external nature, internal nature, and society. Enlightenment, which split these spheres apart, is traced back to its mythical roots. Enlightenment and myth are not seen as irreconcilable opposites but as dialectically mediated qualities of both real and intellectual life. Therefore, Myth is already enlightenment, and enlightenment reverts to mythology (Horkheimer and Adorno, 2002, p.217-218). In addition, Horkheimer and Adorno provided the background of social theory against which the scientific, moral, cultural, and psychological phenomena of the self-destruction of enlightenment were interpreted. Since the authors limit the application of the Marxian categories essentially to liberalism – which, especially with regard to the achievement of bourgeois freedom, is presented as a transient episode in a history of power always dominated by the law of the racket – it is understandable why those categories are pushed into the background in *Dialectic of Enlightenment* (Horkheimer and Adorno, 2002, p.237). Racket theory<sup>2</sup> has as its occasion and subject the fate of the once oppositional workers' organisations. It shows how far the class struggle had been transformed under monopoly capitalism into a system of transactions between monopolistic units and thus into a medium of adaptation. In addition to the analyses of the various explanations given by classical social theorists concerning the nature of society and social relations provides us with an occasion to examine briefly three fundamentally different theoretical approaches (paradigms) in classical and contemporary social theory; [1] the organic approach – Émile Durkheim, [2] the individualistic approach – Max Weber and [3] the organisational approach – Karl Marx. In this study we will examine and basically focus on the organisational approach with taking into account neo-Marxist arguments.

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<sup>2</sup> Racket theory is an analysis of contemporary society as a conglomerate of organised groups under the leadership of bureaucratic or quasibureaucratic elites. Since of the individual rackets no longer even pretend to pursue intellectual ideas or objectives relating to society as a whole, the traditional ideologies, which used to make particularist interests appear universal, also disappear. They are replaced by the unashamedly pragmatic objectives of manipulation and preservation of power. The ability to impose these objectives decides the selection and careers of the leading personnel within a racket.

The organisational approach that was articulated by Marx emphasizes the centrality of social organisation and focuses on class relations and class struggles as the motive force of social change and social transformation. This approach highlights the exploitation of labour as the most important, indeed the central, problematic of capitalist society that explains the emergence of class conflict and class struggles under capitalism. In addition, Marx's organisational approach contends that it is not the individual but the society based on class inequalities, hence class conflict, that is the source of social tensions and instability. The organisational approach criticizes the amassing of wealth from private profit based on the exploitation of labour. Thus, it threw its lot in with the oppressed and exploited labouring masses, which it believed would eventually become conscious of their class interests and struggle for the abolition of private property and private profit through a revolutionary transformation of capitalist society, establishing in its place a new egalitarian social order. In capitalist society, two main classes relate to one another in production sphere: capitalists and workers. The capitalist class owns the means of production and accumulates capital through the exploitation of labour. The working class doesn't own the means of production however instead uses its labour power to generate value for capitalists as a condition for its survival. Under capitalist production, while a portion of the value generated by labour is returned to it for subsistence (wages), a much greater portion goes to the capitalist in the form of surplus value (profits), which accumulated over time, enhances the wealth and fortunes of the capitalist class vis-à-vis all other classes in society, particularly the working class, in both relative and absolute terms. The reality which was analyzed by Marx indicates a very dramatic world order. We will refer to Marx himself here in order to understand this world order more precisely.

It is perfectly true that if a rise in the general rate of wages should take place, that rise, whatever its ulterior effects might be, would not immediately change the amount of production. At this point we need to ask for the workers in private sector whether the wage maximization is possible or not? (Marx, 1913, p.10). Marx asserted that "*What do we mean by saying that the prices of the commodities are determined by wages? Wages being but a name for the price of labour, we mean that the prices of commodities are regulated by the price of labour.*" So that the value of commodities is determined by the value of labour," or that " the value of labour is the general measure of value (Marx, 1913, p.50).

A general rise in the rate of wages would result in a fall of the general rate of profit, but, broadly speaking, not affect the prices of commodities. The general tendency of capitalist production is not to raise, but to sink the average standard of wages. Trade Unions work well as centers of resistance against the encroachments of capital. They fail partially from an injudicious use of their power. They fail generally from limiting themselves to a guerilla war against the effects of the existing system, instead of simultaneously trying to change it, instead of using their organized forces as a lever for the final emancipation of the working class, that is to say, the ultimate abolition of the wages system (Marx, 1913, p.127-128). Adorno argues, echoing Marx's theory of exploitation, the social relation between workers and capital, which involves the 'exchange of living labour against the wage' and sustains capitalism's class division, disobeys the imperative of fair commodity exchange (Benzer, 2011, p.17). The labourer selling the commodity of labour power relinquishes the value consumed by the production of his labour power plus any extra value labour creates during the time of employment. The wage paid by capital, however, compensates only the reproduction of labour power. The worker is exploited; the capitalist skims surplus value off the transaction. The transfer of labour power alters the socio-economic conditions surrounding both parties. But instead of undoing this transformation and reinstating the original conditions, the wage payment constitutes a further redistribution of values. Since the exchange of the commodity labour power for the cost of its reproduction contradicts the capitalist lie of equality, the socially transformative acts do not reciprocally sublimate themselves. Through this injustice, something new occurs in the exchange.

Capitalism, in Schumpeter's view, would be killed by its economic successes, not by its failures, because these successes create an unfavourable social and political climate, or in his words an "atmosphere of almost universal hostility to its own social order. Three processes are important in generating this anti-capitalist outlook. First, the development of the capitalist economy itself undermines the entrepreneurial or innovative function, which Schumpeter regards as the essential feature of capitalism, because technological progress and the bureaucratic administration of large enterprises tend to make innovation itself a routine matter and to substitute the activities of committees and teams of experts for individual initiative. Second, capitalism erodes its own institutional framework by destroying the protective strata – the gentry, small businessmen, farmers and others – which had



survived from an earlier form of society, and by weakening individual proprietorship in favour of a more diffuse kind of ownership in the modern corporation. Third, capitalism encourages a rational and critical attitude which is eventually turned against its own social system, and this process is greatly assisted by the creation of a large stratum of intellectuals who have, according to Schumpeter “a vested interest in social unrest” (Schumpeter, 1976, p.ix-x). In addition, Schumpeter evaluated socialism as an institutional pattern in which control over means of production and over production itself is vested with a central authority or in which, as a matter of principle, the economic affairs of society belong to the public not to the private sphere (Schumpeter, 1976, p.xi).

## **1.2. Industrial Relations and Employment Relationship**

Industrial relations cover relations between manager and worker in all spheres of economic activity. Industrial relations focus on all forms of economic activity in which an employee works under the authority of an employer and receives a wage in return for the labour. Industrial relations thus excludes domestic labour and also the self-employed and professionals who work on their own account. In addition, industrial relations can be understood as the regulation of work and employment through some combination of market forces, state intervention and collective bargaining<sup>3</sup> (Edward, 2003; Hyman, 2005).

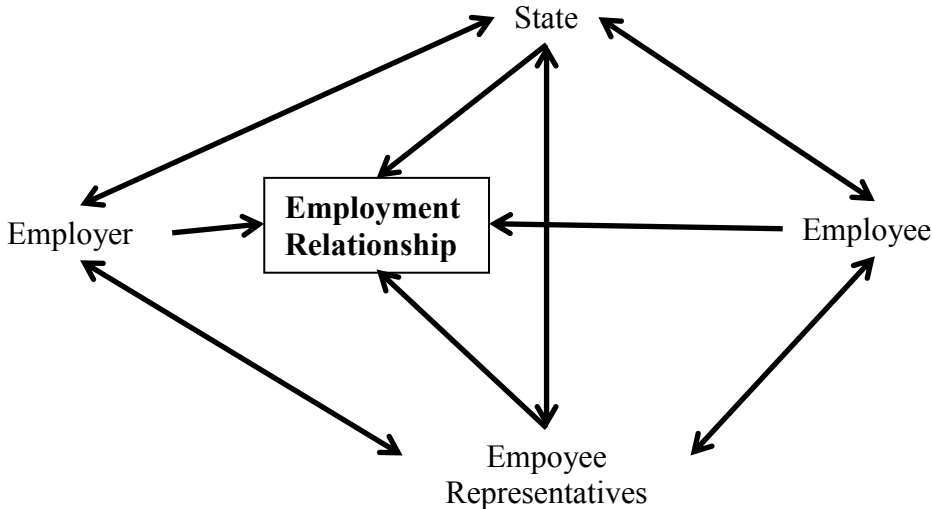
Industrial relations systems accommodate to external changes selfreferentially, in that the prevalent bargaining mode and its interaction with procedural state regulation guide the direction of adaptation by defining the possibilities for renewing the compromise between capital and labour under changed conditions. State regulation has a key role in shielding industrial relations in general, and collective bargaining in particular, from the destructive effects of market forces (Traxler, 2003).

Supportive state regulations include the attribution of representational privileges to the unions and employer associations. The most crucial shift in power configurations comes from the fact that the possibility of opting out of the given compromise has moved from the unions to governments and employers. Unions and state should work together in order to

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<sup>3</sup> Collective bargaining is the process of negotiation between unions and employers regarding the terms and conditions of employment of employees, and about the rights and responsibilities of trade unions. It is a process of rule making, leading to joint regulation.

centralise wage policies and regulations in the context of industrial relations. Centralised Unions and nation-states should urge to corporates more effective centralised collective bargaining and taking into account wage maximisation as a basic principle. Therefore, unionisation within the EU is very crucial and indispensable. On the other hand, the employment relationship has two parts – market relations and managerial relations. Market relations cover the price of labour, which contains the basic wage and hours of work, holidays and pension rights. In this respect, labour is like other commodities, with a price which represents the total cost of enjoying its use. Yet labour differs from all other commodities in that it is enjoyed in use and is embodied in people. The employer has to persuade the worker who is the person in whom the labour is embodied to work. Managerial relations are the relationships which define how this process takes place. Market relations set a price for a set number of hours of work and managerial relations determine how much work is performed in that time at what specific task or tasks who has the right to define the tasks and change a particular mix of tasks and what penalties will be deployed for any failure to meet these obligations.



**Figure 1:** The Employment Relationship  
**Source:** Edwards, 2003, p.9

The employment relationship is a relationship between an employee and an employer. As illustrated in Figure 1, this direct relationship may be mediated by the two other key institutions to Industrial Relations, the trade union and state. A trade union in its most basic role represents a group of workers in a specified part of their relations with a single employer. A union’s role can be measured in terms of density, extent, mobilisation and

scope (Edwards, 2003, p.9). Unions may engage with the state; such as, making demands for legislation and engaging in more lasting forms of accommodation. The state influences the employment relationship directly through laws on wages, work conditions and many other issues and through its role as the employer of public sector workers. State has relationships with unions either through laws on union government or through bilateral arrangements or through trilateral relationships also involving employers. Therefore, state has a special role at increasing employment rate and provide job opportunities to unemployed people. Hence, employment is not simply an economic contract but a relationship which embodies reciprocal rights and obligations. Workers possess collective interests which can legitimately be expressed in organized form, and can expect employers and governments to engage constructively with their representatives (Hyman, 2005, p.32). The state has the right and indeed duty to defend the principle of collective representation, to underwrite minimum standards of employment conditions where these are not codified voluntarily, and to extend decommodification by managing a system of welfare provision.

The Charter of Fundamental Rights<sup>4</sup> of the EU was passed in 2000 as a legally non-binding declaration expressing the consensus of all fifteen member states at that time. The Charter has now become a legally binding part of the Lisbon Treaty (TFEU).

The Charter of Fundamental Rights contains a whole set of fundamental social rights, among them the right to protection against unjustified dismissal, the right to fair and just working conditions, the right to collective bargaining and collective action, as well as the right for either workers or their representatives to information and consultation, just to give an impression (Weiss, 2010, p.4). The Charter plays a major role in building the legitimacy of the institutional structure of an EU industrial relations system. Fundamental rights in the Charter ascribes legitimacy to collective bargaining and collective action, information and consultation on a wide range of issues, and so on. More precisely, the Charter legitimises the actors, processes and outcomes of the EU industrial relations system.

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<sup>4</sup> The European Union's Charter of Fundamental Rights was signed and solemnly proclaimed by the Presidents of the Commission, the European Parliament and the Council on 12 December 2007, paving the way for the signing of the Treaty of Lisbon the following day. Article 1(8) of the Treaty recognises the rights, freedoms and principles set out in the Charter and states that these shall have the same legal value as the Treaties. The Charter of Fundamental Rights was initially solemnly proclaimed at the Nice European Council on 7 December 2000, but this was merely a political commitment carrying no binding legal effect.

The *acquis communautaire*<sup>5</sup> of the EU labour law consists of the hard law of EU regulations and directives. These confer justiciable rights which may lead litigation and decisions of the European Court of Justice (Bercusson, 2003, p.212). In preparing for EU membership, the candidate countries were required to transpose the *acquis communautaire*, including regulations and directives concerning various aspects of the European Social Model, such as social dialogue, tripartite and bipartite information exchange and consultation, collective bargaining and legal provisions concerning employment conditions and social protection (Leisink, Steijn and Veersma, 2007, p.3).

Sectoral social dialogue is a key element of the European Social Model and a tool of modern industrial policy and good governance. The European social dialogue is recognised as a pillar of the European social model. It embodies the principle of social subsidiarity and complements the national practices of social dialogue and industrial relations, while acknowledging the autonomy of social partners – i.e. the representatives of management and labour (employers' organisations and trade unions) – and the diversity of industrial relations in Europe (European Commission, 2010, p.6). In addition, social dialogue between representative organisations of workers and employers at all levels, company, local, regional, sectoral, national, and European, is essential for sustainable development, growth and employment creation, business performance and international competitiveness, job quality and good employment practices, as well as efficient and productive industrial relations.

### **1.2.1. Europeanisation and Convergence in Industrial Relations**

Globalisation and European policy developments are important drivers towards increasing convergence of national industrial relations. According to Vos there are four senses of convergence: Input convergence – convergence in the pressures and constraints placed upon a particular political economy; Policy convergence – convergence in the policies

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<sup>5</sup> *Acquis communautaire* is a French term referring to the cumulative body of European Community laws, comprising the EC's objectives, substantive rules, policies and, in particular, the primary and secondary legislation and case law – all of which form part of the legal order of the European Union (EU). This includes all the treaties, regulations and directives passed by the European institutions, as well as judgements laid down by the European Court of Justice. The *acquis* is dynamic, constantly developing as the Community evolves, and fundamental. All member states are bound to comply with the *acquis communautaire*.

pursued by particular states; Output convergence – convergence in the consequences, effects and outcomes of particular policies; and Process convergence – convergence in the processes sustaining developmental trajectories of particular states (Vos, 2006, p.312). On the one hand, following a more or less ‘simple convergence approach’, international and regional pressures seem to lead inevitably to increasing convergence. This does not imply the expectation that existing national industrial relations systems will merge into a one-size-fits-all model. On the other hand, most of the empirical evidence suggests that there will be more divergence than convergence of the national systems.

The convergence-divergence paradigm of ‘europeanisation<sup>6</sup>’, one indicator of the far-reaching impact of EWCs on national workplace industrial relations would be if the development and operational practices of EWCs led to a dominance of ‘*monistic*’ or ‘single channel’ workplace industrial relations that affect and transform ‘*dualistic*’ national IR systems (Hertwig, Pries and Rampeltshammer, 2009, p.52). Will there be a convergence in the actual industrial relations systems of the various countries and between the public and private sectors? Some convergence between the public and private sectors has certainly taken place, indeed, in some countries the special status granted to public-sector employees has been weakened in Italy and the Netherlands (Leisink, Steijn and Veersma, 2007, p.245). Currently, institutional differences appear to be obstructing further convergence among European countries. A strong process of European integration will influence public-sector employment and employment relations in the various countries since this will encourage Europeanisation by institutional compliance, which is to give an impetus to further convergence of public-sector industrial relations. Furthermore, convergence via Europeanisation can be supported by the EU supranational regulations.

The Italian social scientist Cella talks about the possibility and the viability of supranational industrial relations in the EU. According to Cella, the problem of the unions is that internationalisation of markets and the establishment of trading blocs in different world regions influence the efficiency and the effectiveness of nationally restricted union policy.

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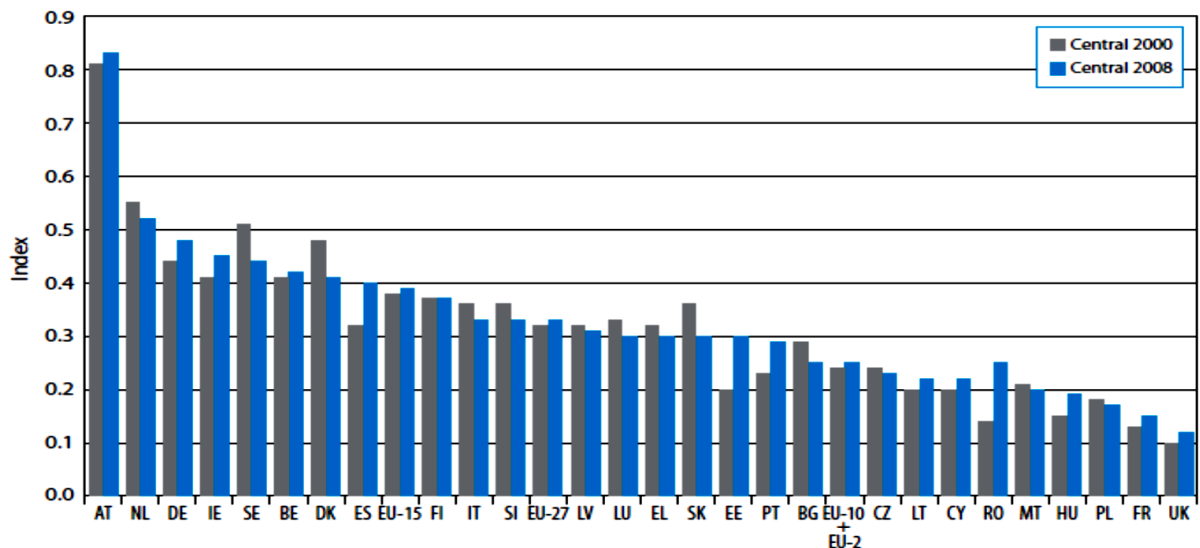
<sup>6</sup> Europeanisation can be understood in terms of a limited set of ordinary processes of change, well known from other institutionalised systems of governance. The term Europeanisation involves the changes in external boundaries, developing institutions at the European level, central penetration of national systems of governance, exporting forms of political organisation and a political unification project (Olsen, 2002). According to Wallace Europeanisation is the development and sustaining of systematic European arrangements to manage cross-border connections, such that a European dimension becomes an embedded feature which frames politics and policy within the European states (Wallace, 2000, p.370).

The globalisation of competition undermines the joint interest of labour and capital to regulate industrial relations: 'taking wages out of competition'. Cella's conclusion is that union-wide industrial relations within the EU are possible (Széll, 2001, p.270). The EU Social Charter, the Social Protocol of Maastricht, the White Paper about the European Union's economic future and the passing of the directive about European wage councils are evidence to him that European participative and collaborative model, based on the European culture of 'tripartite concertation', is not out of reach. Cella talks about 'procedural innovations' that have strengthened the social partners and established the institutional supranational basis for the launch of an integrated system of labour relations.

### **1.3. Trade Unions and Works Councils in the EU**

The power and presence of trade unions is determined by various factors. The level of membership, the unity and cooperation inside and outside the union movement; the relationship with employers, governments, political parties and other social organisations; leadership, internal organisation and membership participation; sound finances; a coherent value system or ideology; and the standing of the unions and their leaders in public opinion.

In view of the varied pattern of union organisation it is hard to discern any general EU model of trade unionism. Across member states, the number of confederations or peak associations of trade unions varies from one to nine; the membership share of the largest confederation varies from 100 % in Austria to 23 % in France; and the number of affiliated unions in the main or largest union confederation varies from eight in Germany to more than a hundred in Poland. There is not a particular north-south or east-west gradient in these variations (European Commission, 2011, p.18). The total number of unions affiliated to the largest confederation in each country decreased from 829 in 2000 to 758 in 2008, which represents an average of 29 per country. A cautious estimate and considering that smaller confederations may also have a smaller number of affiliates, suggests that the total number of national unions in the EU might be in the order of 2 000. Not included in this count are the independent or unaffiliated unions; they probably add another 1 000 mostly very small unions in professions and occupations in the public or state-subsidised sector as well as associations representing managers.



**Figure 2:** Union Centralisation 2000-2008  
**Source:** European Commission, 2011, p.23

The small decline in union and confederal authority in some countries in the EU-15 is compensated by further concentration, whereas the opposite — rising authority amidst further fragmentation — is found in some countries in the 12 new member states. Ranking the countries by degree of union centralisation we find that the five most centralised union movements are in Austria, the Netherlands, Germany, Ireland and Sweden (see Figure 2).

The position of Germany and Ireland is remarkable, since the authority of the German and Irish confederations (DGB and ICTU) is rather limited. But both union movements are highly concentrated; in Germany, the power of unions over their branches is formidable; in Ireland the participation in seven consecutive social pacts with the government and central employers' associations since 1987 has caused an upward shift in authority, as the Irish Congress of Trade Unions (ICTU) has increased its role in relation to affiliates.

'Centralised or industrial collective bargaining arrangements encouraged particular forms of trade union activity, based on co-ordinated bargaining' (Waddington and Hoffmann, 2000, p.27). The extent of the decline in membership, coupled to the relative absence of union representatives in the workplace in private sector services, has raised the profile of issues concerned with recruitment, retention and workplace organisation among trade unionists. Why do people join trade unions and who recruits them? Unions have traditionally undertaken an insurance role in representing individual members in their workplace.

The 98 union confederations currently existing in the EU are quite different in who and what they represent; they differ in size, internal organisation and ideology and in the tasks they fulfil (see Table 1). To grasp these differences we look at the relative size or market share (European Commission, 2011, p.21).

Table 1: Major Union Confederations, Market Shares and Effective Number of Unions

|    | Largest confederation |                | Second confederation |            |                | Effective number of unions |      |      |
|----|-----------------------|----------------|----------------------|------------|----------------|----------------------------|------|------|
|    |                       | No affiliation | Market share         |            | No affiliation | Market share               | 2000 | 2008 |
| AT | ÖGB                   | 9              | 100.0 %              |            |                |                            | 8    | 7    |
| IE | ITUC                  | 43             | 95.3 %               |            |                |                            | 5.5  | 5.1  |
| LV | LBAS                  | 23             | 91.0 %               |            |                |                            | -    | 9    |
| SK | KOZ SR                | 35             | 88.0 %               |            |                |                            | 20   | 17   |
| UK | TUC                   | 60             | 83.0 %               |            |                |                            | 15   | 10   |
| DE | DGB                   | 8              | 77.8 %               | DBB        | 40             | 15.6 %                     | 10   | 6    |
| EE | EAKL                  | 17             | 75.1 %               | TALO       | 12             | 24.9 %                     | 23   | 20   |
| LT | LPSK                  | 26             | 74.9 %               | LDF        | 10             | 19.1 %                     | 21   | 17   |
| BG | CITUB                 | 35             | 69.8 %               | CL Pokreba | 24             | 19.5 %                     | 26   | 29   |
| PT | CGTP                  | 60             | 64.2 %               | UGT        | 53             | 25.1 %                     | 19   | 17   |
| NL | FNV                   | 14             | 63.2 %               | CNV        | 9              | 17.7 %                     | 10   | 9    |
| EL | GSEE                  | 70             | 60.3 %               | ADEDY      | 46             | 39.7 %                     | 32   | 29   |
| DK | LO                    | 17             | 59.6 %               | FTF        | > 50           | 17.4 %                     | 14   | 14   |
| CZ | ČMKOS                 | 33             | 55.5 %               | ASO        | -              | 22.4 %                     | -    | 8    |
| BE | CSC/ACV               | 11             | 52.3 %               | FGTB/ABVV  | 7              | 40.3 %                     | 22   | 19   |
| RO | Cartel Alfa           | -              | 52.0 %               | C. Frăția  | -              | 25.7 %                     | -    | -    |
| SI | ZSSS                  | 21             | 51.3 %               | KSJSS      | -              | 19.7 %                     | 30   | 50   |
| MT | GMU                   | 32             | 49.0 %               | CMTU       | -              | 37.7 %                     | -    | 26   |
| PL | NSZZ Solid.           | 102            | 48.0 %               | OPZZ       | 36             | 43.0 %                     | 46   | 47   |
| FI | SAK                   | 22             | 46.8 %               | STTK       | 20             | 28.6 %                     | 26   | 22   |
| ES | CC.OO                 | 12             | 44.2 %               | UGT        | 10             | 31.4 %                     | 26   | 25   |
| SE | LO                    | 15             | 43.3 %               | TCO        | 16             | 35.3 %                     | 14   | 16   |
| LU | CGT-L                 | 16             | 43.1 %               | LCGB       | 16             | 26.1 %                     | 22   | 24   |
| IT | CGIL                  | 16             | 41.4 %               | CISL       | 22             | 32.5 %                     | 33   | 31   |
| CY | PEO                   | -              | 39.6 %               | SEK        | -              | 34.8 %                     | -    | -    |
| HU | SZEF                  | 36             | 28.6 %               | MSzOSz     | -              | 26.1 %                     | 42   | 48   |
| FR | CGT                   | 18             | 23.0 %               | CFDT       | 15             | 22.7 %                     | 71   | 67   |

**Source:** European Commission, 2011, p.21

Trade unions and employer's associations are important interest groups in democratically organised societies. They safeguard their members' interests and take on the role of a mediator (Széll, 2001, p.334). The increased tempo of European integration, the ever-growing economic links and the resultant interdependence between states mean that interest groups can no longer limit their activities to the national level. These associations have realised the necessity of both transnational cooperation and the European dimension.



The social wage is a neat example of the intersection of different agendas of representation: unions are concerned not only with the nominal wage or salary but also with the size of tax and other deductions, and with the social benefits and entitlements which their contributions provide. In many countries, the institutionalised role of the unions in the administration of the social welfare system contributes to membership stability or at least assigns them a public status (Ferner and Hyman, 1998, p.xviii). More generally, one of the typical connotations of social partnership is precisely that unions have a legitimate role in representing employee interests over all these agendas. This legitimacy has indeed been increasingly questioned in several countries, as our contributors show; but such challenges have, in most cases, had limited impact.

European Trade Unions' fundamental principles are ensuring solidarity, social cohesion and justice, equal opportunities in the European economy of the future of Europe. However, trade unions face challenges such as: plans for a renewal of collective bargaining policy and workplace representation; recruitment of new groups of employees to union membership; adaptation of organisational structures to sectoral change; and Europeanisation of trade union work. The Europeanisation of industrial relations is a key element of trade union modernisation.

#### **1.4. European Trade Union Confederation and European Works Councils**

The social partners for social dialogue are; on the employees' side the European Trade Union Confederation (ETUC), and on the employers' side Business Europe (formerly Union des Confédérations de l'Industrie et des Employeurs d'Europe - UNICE) as well as the Centre of Enterprises with Public Participation and of Enterprises of General Economic Interest (CEEP).

Starting with 36 million members in 1973 from 14 countries, all in western Europe, the ETUC's combined membership has increased to nearly 56 million in 36 countries, spanning the whole European sub-continent. Also affiliated to the ETUC are 12 European industry federations (see Table 2), grouping almost all major EU trade unions in their respective sectors.

Table 2: European industry federations, affiliated with the ETUC, 2011

| Sector                     | European industry federation   | Website   |
|----------------------------|--|---|
| Food, agriculture, tourism | European Federation of Trade Unions in the Food, Agriculture and Tourism sectors and allied branches | <a href="http://www.effat.org">http://www.effat.org</a>                   |
| Chemicals, mining, energy  | European Mine, Chemical and Energy Workers' Federation   | <a href="http://www.emcef.org">http://www.emcef.org</a>                   |
| Metal, engineering         | European Metalworkers' Federation  | <a href="http://www.emf-fem.org">http://www.emf-fem.org</a>               |
| Textile, clothing, leather | European Trade Union Federation — Textiles Clothing and Leather                                      | <a href="http://www.etuf-tcl.org">http://www.etuf-tcl.org</a>             |
| Construction and wood      | European Federation of Building and Woodworkers  | <a href="http://www.efbww.org">http://www.efbww.org</a>                   |
| Transport                  | European Transport Workers' Federation   | <a href="http://www.itfglobal.org/ETF">http://www.itfglobal.org/ETF</a>   |
| Services                   | Union Network International  | <a href="http://www.uni-europa.org">http://www.uni-europa.org</a>         |
| Arts and entertainment     | European Arts and Entertainment Alliance   | <a href="http://www.uniglobalunion.org">http://www.uniglobalunion.org</a> |
| Journalism, media          | European Federation of Journalists   | <a href="http://www.ifj.org">http://www.ifj.org</a>                       |
| Public services            | European Federation of Public Service Unions   | <a href="http://www.epsu.org">http://www.epsu.org</a>                     |
| Police                     | European Confederation of Police   | <a href="http://www.eurocop-police.org">http://www.eurocop-police.org</a> |
| Education                  | European Trade Union Committee for Education   | <a href="http://www.csee-etuice.org">http://www.csee-etuice.org</a>       |

**Source:** ETUC, 2011, <<http://www.etuc.org/>>.

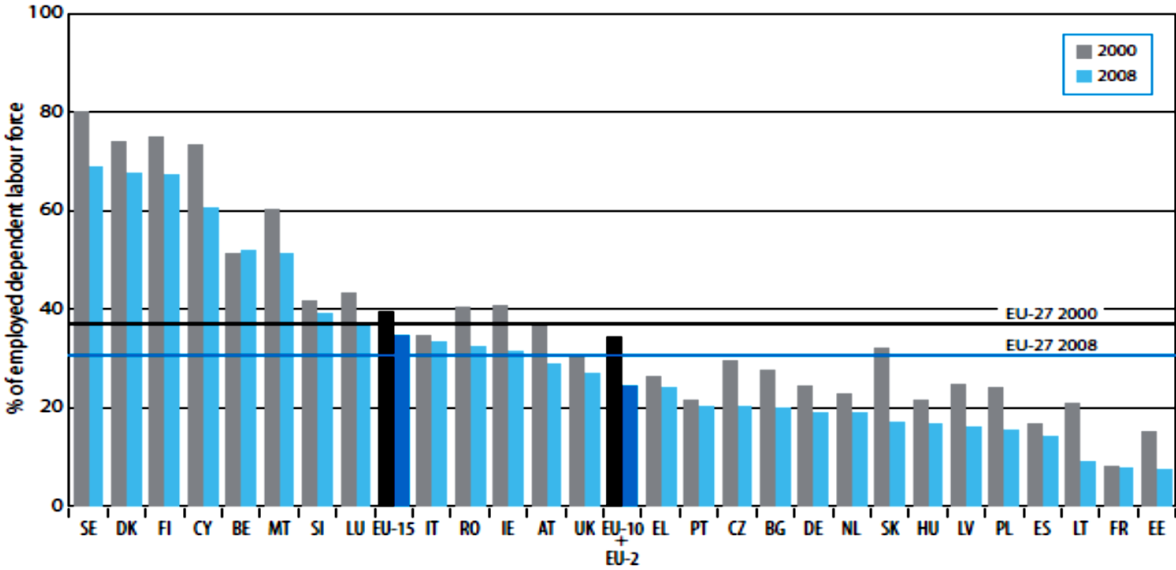
In spite of massive diversity at the national level, trade unionism at the European level is characterised by a high degree of unity. The European Trade Union Confederation (ETUC) brings together all major confederations. About 8 million employees in the EU join independent unions and confederations that are not affiliated with the ETUC. Some of these organisations, with an estimated total of about 4 million members<sup>7</sup>, are represented in the European Confederation of Independent Unions (CESI – Confederation Européenne des Syndicats Independents, founded in 1990). CESI has member organisations in 15 EU member states, mostly in the EU-15 (European Commission, 2011, p.24).

The ETUC should have the right to intervene, or initiate complaints before the European Court to protect fundamental trade union rights. A litigation strategy could enable trade unions to use the rights guaranteed by the EU Charter to shape a system of industrial relations at EU level (Bercusson, 2003, p.217).

During the 2000s unions in about half of the EU member states lost members; in the other half there were small gains. Of the total losses, 2 million occurred in CEE countries, 1 million

<sup>7</sup> The estimate of 4 million union members of CESI must be interpreted with caution, since only few of these organisations publish membership numbers and no independent check of published data is possible. The four Italian confederations (CISAL, CISAS, Conf.ILL and Conf.S.A.L) are estimated to have a combined membership of 1.8 million, which is 15 % of total membership in Italy. The German Civil Servants' Federation DBB, with almost 1.3 million members in 2008, is the dominant organisation in CESI.

in the EU-15. The biggest losses, in absolute terms, happened in Germany (approximately: 1.5 million members), Poland (-650000) and Romania (-424000); the biggest gains took place in Italy (+555000), Spain (+317000) and Belgium (+205000). In percentage terms, in Figure 3, the biggest losses happened in Lithuania (-47.7%), Estonia (-43.6%), Slovakia (-43.4%), the Czech Republic (-27.9%) and Poland (-25.5%); trade unions in Spain (+15.4%), Cyprus (+14.6%), Greece (+13.9%) and Belgium (+11.5%) made the largest gains (European Commission, 2011, p.25-26).



**Figure 3:** Union density by country, 2000-2008  
**Source:** European Commission, 2011, p.26

On the other hand, European Works Councils (EWCs) are bodies representing the European employees of a company. Through them, workers are informed and consulted at transnational level by management on the progress of the business and any significant decision that could affect them. The right to establish EWCs was introduced by Directive 94/45/EC for undertakings or groups of undertakings employing at least 1 000 employees in the European Union and the other countries of the European Economic Area (Iceland, Liechtenstein and Norway) with at least 150 employees in each of two member states. Some 900 EWCs represent over 15 million employees, favouring social dialogue and anticipation of change in transnational companies (European Commission, 2009). European Works Councils are major building-block in the development of European industrial relations, but their full potential will be realised only if their work receives active support from trade unions.

There is still a debate over the character of the European Works Council as part of a European system of industrial relations and on the EWCs nature as a source of European employee identity building, as well as its capacities for transnational bargaining and coordination of action. There are two views relevant to EWCs – Euro-pessimistic and Euro-optimistic (Hertwig, Pries and Rampeltshammer, 2009). The “pessimistic” view of EWCs: “neither European, nor Works Councils” but rather as further instruments of national interest representation and vehicles for inter-state competition between labour regimes; the “optimistic” views of EWCs: institutional settings for the development of transnational collective identities and actions, and as instruments for counteracting internal company competition and for the articulation of joint cross-border employee positions. The differences between “euro-pessimistic” and “euro-optimistic” assessments of the EWCs’ functions and potentials and their impact on the Europeanisation of workplace industrial relations and trade-union cooperation result, from the application of diverging normative and theoretical frameworks. Their divergent assessments of the transnational and supranational dimensions of the Europeanisation of industrial relations can be traced back to different views of the political economy of the European Union and its actual or potential political capacities for de-regulation and re-regulation.

Euro-pessimists see an asymmetry between ‘market making’ and ‘market correcting’ EU policies and a blockade of any substantial supranational social policy regime. On this view, three mutually reinforcing factors serve to obstruct any far-reaching Europeanisation of transnational industrial relations (Lecher and Platzer, 1998, p.83);

- the ‘European and transnational weakness’ of trade unions, rooted in heterogeneity of material and ideological interests;
- the ‘transnational ‘organisational weakness’ of employers, their strategic lack of interest in a supra-state organisation for collective bargaining and interaction;
- the ‘supranational weakness of the state’ i.e. of the EU.

Euro-optimists stress the gradual emergence of cross-border and EU-level capacities for policy coordination within the European trade-union camp, the establishment of transnational institutional settings and new modes of regulation, and the growth of actors with a distinctive transnational capacity to act, as in the case of EWC developments.

Company-based transnational 'syndicalism' seem to be one theoretically possible path of EWC development, particularly in MNCs in which trade unions have no strong footing and management dominates the EWC.

EWC Directive mobilised workplace employee representatives and managements, and strengthened the Europeanisation of trade unions in two respects. First, the establishment of EWCs represented the first genuinely European project for the European industrial federations. Second, the large-scale introduction of EWCs prompted by the Directive also forced national trade unions to Europeanise themselves by mobilising or re-focusing internal resources, more closely coordinating cross-border activities, and intensifying interaction within their respective European organisations. Some national trade unions (e.g. Nordic) argue strongly in accordance with their national traditions that the role of the EWCs should be strictly limited to information and consultation, others have accepted the first steps towards participative and negotiating EWCs and some national unions even want to actively support and strengthen these developments. In the UK, various observers reckoned that EWCs might help to close the 'representation gap' which exists in the UK due to the absence of statutory employee representation<sup>8</sup> rights. Another projection is that EWCs may trigger the introduction of group-level employee representation structures, which may threaten the union single-channel representation as non-union representatives become involved directly alongside or in the place of unionised colleagues.

#### **1.4.1. Horizontal and Vertical Europeanisation**

Since the negotiations and establishment of EWCs follow similar or comparable processes in all European countries and as these processes are interconnected across national borders, this part of the developmental process can be described as "horizontal Europeanisation" (Hertwig, Pries and Rampeltshammer, 2009, p.55). Horizontal interactions can vary between cooperation and competition or conflict; they are decisive for the organization of a stable flow of information between the different plants and locations and for the balancing of national differences of power and information access between the employee

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<sup>8</sup> Employee representation may be defined as the right of employees to seek a union or individual to represent them for the purpose of negotiating with management on such issues as wages, hours, benefits and working conditions. In the workplace, workers may be represented by trade union or other representatives: on disciplinary and grievance matters; on works councils or other consultative bodies; for the collective bargaining of terms and conditions; for making workforce agreements; on joint working groups.

representatives. In contrast, the notion of “vertical Europeanisation is suitable for understanding the distinctive attributes of transnational and supranational actors which characterize a sizeable number of EWCs. The emergence of EWCs and the first stages of their discernible practice can be interpreted as substantial progress towards a supranational form of employee interest representation and the creation of Europe-wide minimum standards for workplace employee co-determination. Vertical Europeanisation takes place only where a distinctive transnational and supranational sphere of communication and cooperation is established and is used as a level of problem solving beyond the nation state.

To sum up, the potential to the process of transnational restructuring via EWCs requires strong coordination and cooperation which can be generated only from a genuine process of integration of the trade union into the activities and functioning of EWCs.

Within the “institutional housing” of the EWC, conceptualised in terms of a European multi-level-structure of workplace industrial relations, the European level has “objectively” grown in importance due to the accelerating pace of trans-frontier economic restructuring and the dramatic increase in mergers, take-overs and joint ventures. In addition, a relevant number of EWCs are able to cope with these trans-frontier challenges in such a way that the transnational level of interaction is used as a “clearing house” for diverging interests and as a chain of information and consultation. These EWCs can be described as a transnational instrument of workers’ involvement and participation.

A significant number of EWCs have either not developed transnational actor capacities, or are in the case of “active” EWCs, confronted with challenges of corporate transformations that “overstretch” their capacities to act.

The “participative” EWC needs to be reconsidered and re-conceptualised. Treatments necessarily highlights the strengths and weaknesses of EWCs because restructuring is much more important than other matters. Therefore, it seems promising or necessary to make clearer distinctions between participation in and negotiation on “soft issues” such as social framework-agreements, and the EWCs capacities to act with regard to “hard issues” such as plant closure and restructuring. Empirical investigations on the latter issue may offer new insights on the potential and limits of the EWC as a transnational actor and deliver additional benchmarks or items for classification.

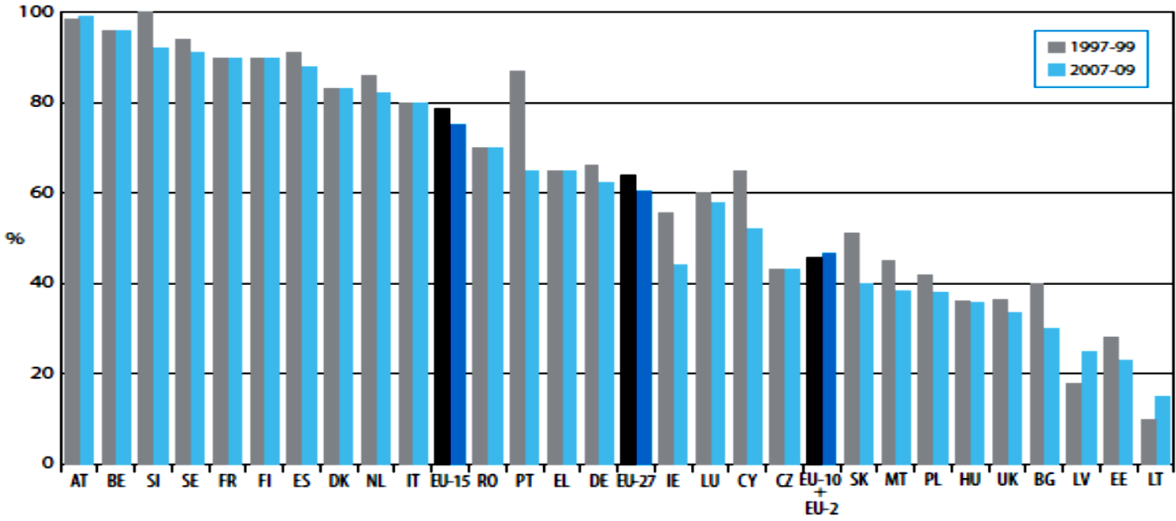
### **1.5. Employees' Participation and Collective Bargaining**

'Three legislative steps in the area of employees' participation are of the utmost interest, two referring to transnational undertakings and groups of undertakings, one referring to domestic structures within the member states' (Weiss, 2010). The first step was the directive of 1994 on European Works Councils which we have mentioned above, was amended in 2009. It covers transnational undertakings and groups of undertakings with at least 1000 employees within the EU and with at least 150 employees of the undertaking or of different undertakings of the group in each of at least 2 different member states. The second step was the directive supplementing the statute for a European Company with regard to the involvement of employees. This directive has to be read together with the statute on the European Company that contains the rules on company law. The main goal of establishing a European Company as an option is to save on transaction costs, and to increase efficiency and transparency. The third step was the directive on a framework for information and consultation of 2002 shapes the participation structure within the member states. It covers public or private undertakings of at least fifty employees and establishments of at least twenty employees in member states.

At the European level an additional reference system for a Europeanisation of labour relations involving the active inclusion of employees has been added to social dialogue in the last ten years with the three directives explicitly concerning employees' involvement (Gold, 2009, p.140). In the first place they set Europe-wide standards for the inclusion of employees, information and consultation as a codified European standard with consequences for national labour systems, and additional participation in cross-border companies and cooperatives. This represents an achievement for Social Europe.

In the light of these considerations, particularly, we are going to present the relationship among employees and employers via collective bargaining. Collective bargaining is the negotiation of pay and other conditions of employment between a group of employers and a trade union acting for its members (Edwards, 2003, p.4). In addition, an estimated 121.5 million of the 184 million employees in employment in the EU were covered by a collective agreement in 2008. This translates into an adjusted bargaining coverage rate of 66 %, or two-thirds of all EU employees (European Commission, 2011, p.36). In Figure 4 was illustrated the huge cross-national variation, ranging from virtually 100 % in Austria to less

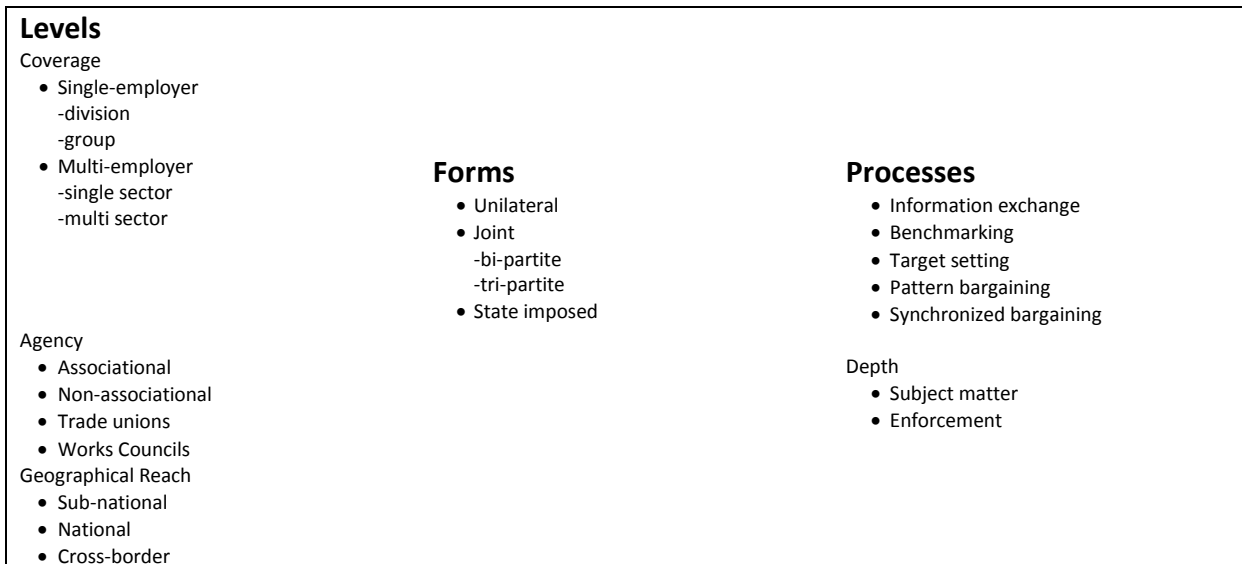
than 20 % in Lithuania. There was a small decrease in coverage rate in many countries, and some larger declines in Portugal, Slovenia, Slovakia, Cyprus, Malta and Poland. The erosion of collective bargaining coverage in Germany between 1995 and 2005 appears, however, to have slowed.



**Figure 4:** Bargaining coverage rates, 1997–1999 and 2007–2009  
**Source:** European Commission, 2011, p.36

As with collective bargaining, a basic distinction can be drawn between single-employer and multi-employer coordination. The first involves a vertical dimension and covers bargaining units at different levels where there is a dependency relationship and where outcomes at the subordinate level conform to parameters set at higher level. The second involves both a horizontal and a vertical dimension, i.e. the coordination covers independent bargaining units at the same level as well as different levels internally within each of the participating organizations (Marginson and Sisson, 2006, p.64). Further variation involves the levels at which coordinated bargaining occurs, the forms it takes, the processes involved and its depth, that is the range of issues covered and the extent to which coordination can be enforced.





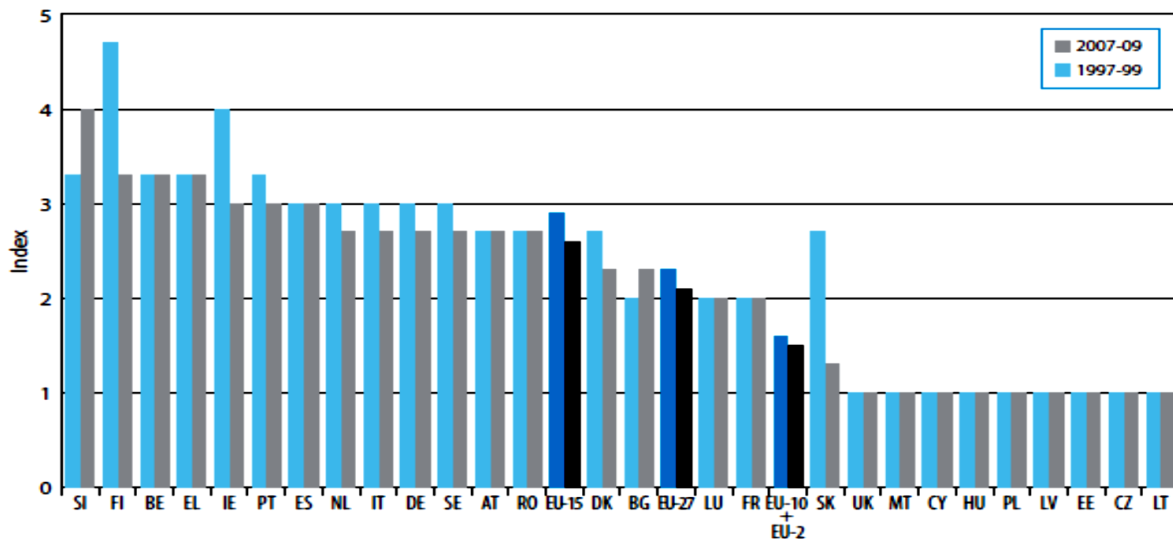
**Figure 5:** Coordinated bargaining: a basic framework

**Source:** Marginson and Sisson, 2006, p.64

In various EU member states governments have tried to engage trade unions and employers' organisations in tripartite social pacts<sup>9</sup> on wage moderation and reform on issues such as pensions, early retirement, employment protection, active labour market policies, unemployment insurance and training (European Commission, 2011, p.49).

In Figure 6 was indicated that there is a large divide between the EU-15 and the 12 new member states. In the EU-15 sector some other form of multi-employer bargaining prevails, the main exception being the UK (European Commission, 2011, p.41). In the 12 new member states company bargaining prevails, albeit mixed with some element of multi-employer bargaining, although usually not at the sector level; here there appear to be three exceptions (i.e. Slovenia, Romania and Bulgaria). The second main message is that there is a clear tendency towards decentralisation and that sector bargaining with the possibility of additional company bargaining has become the mainstream in the EU-15.

<sup>9</sup> Social pacts are defined as tripartite bargains, more precisely as publicly announced formal policy contracts between the government and social partners over income, labour market or welfare policies that identify policy issues, targets, tasks and responsibilities of the signatories.



**Figure 6:** Bargaining centralisation, 1997-2009

**Source:** European Commission, 2011, p.41

There are two main groups in the European Union: the economies of CEE countries plus Malta, Cyprus and the UK, where on average decision-making over wages is taking place in the company, with less coordination among bargaining agents or units; and the continental European countries of north and south Europe, plus Ireland and Slovenia, where decisions over wages are also influenced by bargaining agents above the level of firms and these agents coordinate among themselves. Within each group, however, there is considerable variation, with for instance France much lower on coordination than Germany, Italy or Spain, and a more coordinated wage bargaining approach in Romania compared to the rest of the new member states (European Commission, 2011, p.41-42).

### 1.6. Manifesto for Social Europe

In the past, the first Manifesto for a social or civilised world order was done by Marx and Engels. Marx and Engels stated at the Manifesto of the Communist Party that the fundamental proposition in every historical epoch were the prevailing mode of economic production and exchange, and the social organization necessarily following from it, form the basis upon which is built up, and from which alone can be explained, the political and intellectual history of that epoch; that consequently the whole history of mankind (since the dissolution of primitive tribal society, holding land in common ownership) has been a history of class struggles, contests between exploiting and exploited, ruling and oppressed classes; that the history of these class struggles forms a series of evolution in which a stage has been

reached where the exploited and the oppressed class, the proletariat (workers), cannot attain its emancipation from the sway of the exploiting and ruling class, the bourgeoisie<sup>10</sup> (capitalists), without emancipating society at large from all exploitation, oppression, class distinctions and class struggles (Marx and Engels, 1908, p.4). Does wage labour create any property for the labourer? It creates capital, i. e., that kind of property which exploits wage-labour, and which cannot increase except upon condition of begetting a new supply of wage-labour for fresh exploitation. Capital is a collective product, and only by the united action of all members of society, can it be set in motion. Capital is therefore not a personal, it is a social power. The first step in the revolution by the working class is to raise the proletariat to the position of the ruling class; to win the battle of democracy. The proletariat will use its political supremacy to wrest all capital from the bourgeoisie; to centralize all instruments of production in the hands of the State, i. e., of the proletariat organized as the ruling class; and to increase the total of productive forces as rapidly as possible. In addition, particularly, Mückenberger asserted a Manifesto for achieving a Social and Civilised Europe in 2000. The former Manifesto for Social Europe of 1996 opened with the declaration that: *“Europe has the potential to be a dynamic force for global economic, social and cultural progress. But the European Union is paralysed by nationalism, monetarist economism and the protectionist self-interest of member states. Therefore, a strong social policy is needed in Europe: to enhance cooperation and innovation, encourage economic competitiveness based on quality, and provide a powerful set of incentives for social cohesion”* (Mückenberger, 2000, p.359). Mückenberger contributed to the former Manifesto for Social Europe of 1996 with his Manifesto for Social Europe of 2000. He explored how the European Union can enlarge social citizenship to reach people in the member states and non-member states who are excluded from the economic prosperity it has created for only some of its people. The Manifesto for Social Europe of 2000 addressed the question of how EU institutions and the actors in the social dialogue can become more actively, and cooperatively, engaged in the process of creating Social Europe. In addition, it explored the potential scope for an EU civil dialogue and how a dynamic can be developed between civil dialogue and the social dialogue in order to promote Social Europe. The Manifesto for Social Europe of 2000 focused

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<sup>10</sup> By bourgeoisie is meant the class of modern Capitalists, owners of the means of social production and employers of wage - labour. By proletariat, the class of modern wage-labourers who, having no means of production of their own, are reduced to selling their labour-power in order to live.

on the requirements of a Social Europe which is interdependent with political and economic integration. The Manifesto argued that Social Europe is a precondition not only of the social well-being of the citizens of the EU, and of the cohesion and productivity of society as a whole, but also of long-term economic performance (Mückenberger, 2000, p.366). Regarding the main issue of the European Social Model, that is the social policy and employment standards coupled with the actual involvement of industrial relations actors in determining these standards through collective bargaining and social dialogue, there are three various expectations. First, the process of European integration will lead to convergence at the lowest common denominator. Second, the process of European integration sees a gradual upward harmonisation towards the level of social standards currently prevailing in the EU-15 member states. The third expectation is of a midway outcome, with a downgrading of standards in the EU-15 member states and an upgrading of living and working conditions in the Central and Eastern Europe member states (Leisink, Steijn and Veersma, 2007, p.236). Social partnership – a requirement for a Social Model in European Union – is often most familiar in countries with the strongest traditions of militancy and class conflict. What the idea of social partners implies is; first, a societal recognition of the different interests of workers and employers; second, an acceptance or encouragement of the collective representation of these interests; and third, an aspiration that their organised accommodation may provide an effective basis for the regulation of work and the labour market. Implicit also is the notion that encompassing organisations and centralised regulation are the optimal features of an industrial relations system (Ferner and Hyman, 1998, p.xv-xvi). European Social Model encompassed ‘democracy and individual rights, free collective bargaining, the market economy, equality of opportunity for all and social welfare and solidarity’. The future challenge outlined in the Commission’s communications on ‘modernising and improving social protection in the European Union’ was how to adapt social protection as a core component of this model while sustaining high standards of provision in a context of population ageing, changing family structures, a new gender balance and enlargement, without abandoning the values of solidarity and cohesion (Hantrais, 2007, p.261). Looking to the future of European industrial relations, there is clear evidence supporting the development of a strong social dimension on the basis of diversity in national institutions and national orientations. The most relevant examples in this aspect of Europeanisation are the experiences gained with EWCs and in developments within

national information and consultation processes (Leisink, Steijn and Veersma, 2007, p.254). The main function of industrial relations systems in the past was the protection and regulation of the labour position, currently, it seems to shift to the support of national economies in the international competition. European system of industrial relations is currently shaping and will be influenced by globalisation, international competition, the role of multinational companies etc. will limit the impact of such a supra-national system. It could limit the growing competition between the national systems within Europe and can give ground to a certain level of security and protection for European citizens.

## CONCLUSION

All European labour institutions and the member states of the EU should work together effectively in order to adopt a more balanced macro-economic framework which promotes the interests of employees with positive social outcomes. From the perspective of employees, gaining equal job opportunities, better working conditions, social protection and better social rights are crucial. In addition, promoting the Europeanisation of industrial relations and developing trade union's capacity to represent employees at European and national levels have high priorities for creating social policies which are supported actions for European Social Model. Employee representative institutions should coordinate their policies and operations within the EU and should have common objectives in order to gain and act with one voice.

The Athens Manifesto in 2011 alarmed the possible negative influences of financial crises in Greece, Ireland and Portugal. Many scientists argued that the financial crises can spread within the EU, especially, Italy and Spain are under the high risk of crises. These negative situations create pressure both on governments and employee representative institutions. The EU member states are exerting downward pressure on pay, public services, social security, pensions, and labour and living standards. The EU member states are concerned face a long period of continued recession, rising debt burdens, pressure on labour standards and labour rights and unemployment. Therefore, the EU immediately should take precautions; such as, more centralised and coordinated collective bargaining, ensuring new job opportunities to unemployed people, mobilise sustainable development, protection of social rights and standards and so forth.

In the light of these considerations, the EU can attach more importance to develop a better European economic governance which, in fact, should serve the interests of the European employees and not the markets. Strengthening the European Social Model will reflect an improved social dialogue, so that the EU can achieve the European Union 2020 targets.

The European Commission – Employment, Social Affairs and Inclusion denoted that the EU member states should combat poverty and social exclusion, reform their social welfare systems by learning from each other and identifying what policies work best in the fields of poverty and social exclusion, pensions, health and long-term care, and tackle the challenges

posed by demographic change and to prepare for the effects of population ageing by focusing upon the emerging opportunities.

As a consequence, the European Union has a lot of works to complete and a lot of challenges to deal with. The future enlargement of the European Union with Western Balkan countries will bring new difficulties in various dimensions. However, from an optimistic point of view, the EU had experienced many difficulties and it will overcome recent internal or external crises successfully.

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