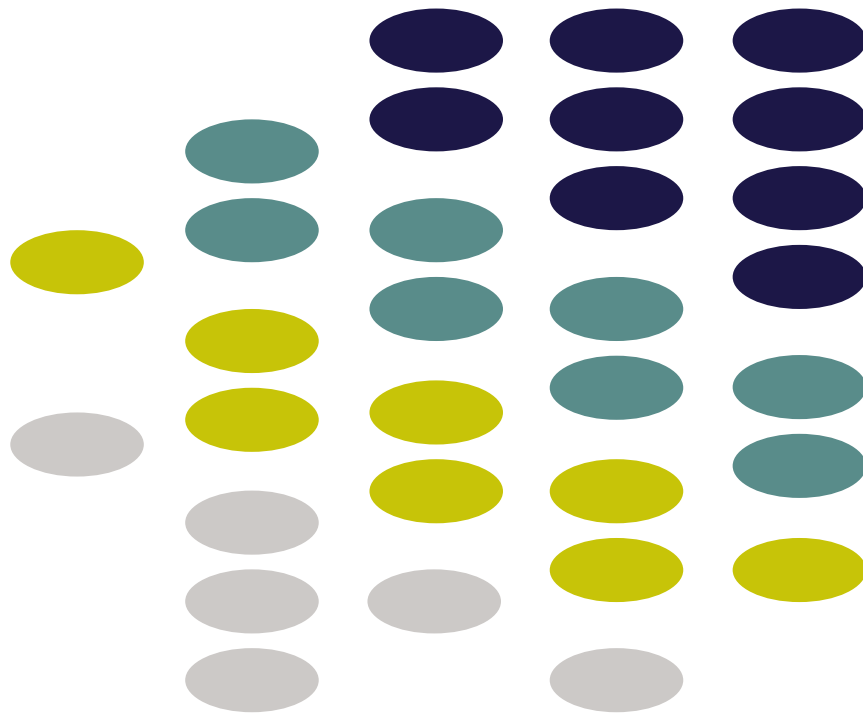


**PROEFP 4**



**PROEFP**

**EMPLOYEE INVOLVEMENT IN THE POSTCRISIS EUROPE  
BENCHMARKING THE COMMERCE AND SERVICE SECTORS**



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## INTRODUCTION

ProEFP is a European network promoting economic democracy in Europe. It enjoys the support of a number of organisations of different kind, from business, trade unions, advocacy and research areas, sharing a common idea: employee financial participation and employee ownership can make European free market a more democratic space. ProEFP studies, promotes, encourages all forms of employee financial participation and a larger diffusion of share/equity ownership among employees.

ProEFP has started in 2010 on the initiative of a number of organisations that led to the Information and Communication Project: Promoting Employee Financial Participation in the EU27, co-financed by the European Commission, ended in year 2011.

Today ProEFP is a Europe-wide network whose aim is:

- Promoting economic democracy and in particular employee financial participation and employee share/equity ownership
- Encouraging partnerships and common projects among its members
- Spreading works and activities of its members to a larger public
- Sharing experiences and promoting best practices of employee financial participation and employee share/equity ownership

In line with previous well received action co-financed by the European Commission, the ProEFP4 project wants to explore how employee participation and collective bargaining support each other revitalizing the nexus between statutory rules and collectively agreed rules to boost employee participation in European companies. It does it going through the current EU acquis in the field of information, consultation and participation rights of employees and exploring how changes in collective bargaining national systems have impacted a correct implementation of these rights at national and European level. The focus is therefore on the legal tools, which set a clear nexus between collective bargaining and information, consultation and participation rights. The benchmark is the commerce and service sectors. In this sense the research will tell how the policy option may be of use in concrete terms.

## EMPLOYEE INVOLVEMENT IN THE POST-CRISIS EUROPE

This year's ProEFP study is the fourth since the establishment of the network. PROEFP aims here at assessing what is left of the paths of participation in Europe after a decade of a crisis, which has subverted production modes and strained industrial relations. Labour legislation, collective bargaining, worker participation within companies cannot be but different, compared to the previous decade. But what are they now? What will they be in the coming future?

As usual for ProEFP, the research introducing the debate targets specific sectors or companies. As such, it moves from concrete human experience and, from this latter, it draws a theoretical framework of the challenges awaiting the economic and institutional social actors.

Furthermore, the multi-stakeholder composition of the network calls for a strict fact-based approach. We do not put forward a vision of the world. Our aim is rather a description of the world, including through the exchange among actors moved by different values and interests, with a view to enhancing the ability of stakeholders to enrich their own vision of the world.

Thus, the study phase has been associated to time for reflection and exchange. A first workshop was organised in Rome on 21 June 2016. A further moment of reflection has taken place in Montepulciano on 7 July 2016. A third workshop has taken place in Brussels, 9 November 2016. The man event on the 30 of March.

The present introduction benefits from the contribution of those who, on these occasions, have expressed their views. Of the many people taking part in our workshops, for want of space we can only mention representatives of both European and national institutions, of entrepreneurs and employer organisations, of multinational companies, of the social economy, as well as academics, researchers and civil society.

Let us start by stating that the theoretical framework for the development of worker participation must evolve. Participation exists, financial participation is more frequent, and yet it is not common practice. Nevertheless, the idea that a participative economy is stronger, more profitable, more sustainable is widely shared.

The theoretical weakness might stem from the experts' struggle in drawing the space of industrial relations where the boundary between labour and capital is increasingly mobile and even overlapping. The world is not worsening; but it is likely that individuals are positioning themselves within society in a novel manner, might they be workers, investors or entrepreneurs. Are not pension funds key players in the financial world? Are not enterprises called to ensure the social aim of those economic activities previously warranted by the State? Is not investment influenced by the social stability of the environment where production takes place?

The risk for participation to turn selective, and accessible only to those who can afford it: high value added workers, in the most innovative sectors, in those grey areas between employment and self-employment, etc. Such a concept already emerged in the previous ProEFP reports, but never so clearly. Participation can turn into luxury, an elitist condition – quite the opposite reason leading to it originally being placed at the heart of the European social model.

In the historical perspective of the European social model, the Welfare State aims at warranting wellbeing amongst citizens, but mostly for business to fulfil a social function linked to the broader development of society. Such condition is known in Europe as social market economy.

The right to information, consultation and codetermination belong to the notion of social market economy since the rise of the German capitalism. It will lead to the economic democracy project, resulting in today's *Mitbestimmung*.

The present new ProEFP study confirms that the European model of industrial relations is participative, yet incomplete in many countries.

However, industrial democracy is a historical condition of the paradigm around which European industrial relations have developed through the 70s, 80s and 90s. It is in the 1975 Green Book for the European lawmaker to weld the notion of enterprise to that of participation and to advocate the European Company status.

Thus, vocabulary evolves to represent the characteristics of industrial democracy from a community perspective. The concept of employee “involvement” encompasses the rights to information and consultation, as well as of the right to influence employers’ decisions. The concept of participation is left undefined by the European lawmaker, if not in the negative, in order to exclude “codetermination” from his range of options. There is no explanation for participation, which is content of social dialogue and of rights.

In a comparative analysis, it is left to member states to shape their own systems, included financial participation. This present study acts as a reminder that today the concept box of participation expands to encompass company welfare. In a context of strongly strained welfare state, collective bargaining takes onto itself the building of services. A collective tool to shape services for individual use.

We cannot but return to the current relevance of the question triggering this research action, approximately one year and a half ago.

But how can this new dimension of participation be wedded to the decentralising reforms of collective bargaining?

There is a necessity for the collective dimension to prevail and to limit the damage of working relations’ deregulation, which is indeed a threat to collective bargaining. And participation is the exaltation of collective thought. Not an end in itself, but rather a means for reasoning to develop through a continuous arbitration of interests, and thus, in contrast to the ‘ugliness’ of individualism, it is a more complex ‘beautiful’ reasoning. Such beauty is not made explicit through the prior composition of interests related to the organisational, strategic and decision-making power of the entrepreneur alone, but it is a partaking to the benefits of economic activity, whose success is warranted by the contribution of each individual expressing their action.

This study allows the entire struggle in modern industrial relations to emerge. Between the atomisation of representation on the one hand (reaching the indecent exaltation of individual participation), and the weak governance of a single market with a single currency on the other, industrial relations cannot but go through renewal not to succumb. This study tells us that collective bargaining and participation must coexist in a single institutional framework exalting collective autonomy.

Why favouring the exaltation of the autonomy of social partners over, for instance, the State's controlling power?

The answer is in the present study. It is because social partners are aware of the new challenges and of the new needs of people and businesses. The true strength of autonomy resides in the capacity to redraft the rules in labour relation, within labour relations. Digitisation can reinstate production cycles, profit-sharing can mitigate inequality, social innovation can pair with technology innovation. This, nonetheless, is a theorisation made by researchers in order to render through abstract concepts the practical solutions that industrial relations enact. In the following pages, the trade and service sector are paradigmatic of these trends. In these sectors, the technology revolution transforms society and industrial relations cannot but just redraft modes, places and times of work. The value judgement on the actions of social partners remains suspended, or rather, will be better expressed by the reader of this report.

One question recurred in the ProEFP-sponsored debates of the past months: what are the tools towards a grand European project, bringing about innovation in the concept of social dialogue and participation?

The Juncker Commission styles itself as the Commission of Social Dialogue. In a conference held on 5<sup>th</sup> March 2015, Juncker affirms his continuity with Jacques Delors, although in a radically new context.

A key point is the European Semester, an attempt to elaborate economic and social policies with social partners' contribution. We are far from the model of the 90s. Rather, the new paradigm is economic governance. An atypical method halfway between community and intergovernmental governance. However, this has been addressed in the 2016 ProEFP report, to which we refer.

Here, we wish to fix the role that participation will play in the body of inalienable social rights of the EU. A dynamic element is the so-called Social Pillar, which is an attempt at updating the EU social agenda. A consultation document identifies twenty action lines, and the tenth line precisely refers to social dialogue and information and consultation of employees. It is an open consultation where financial participation has no room, but in which it could be included if put forward by qualified partners.

In this new flow, information, consultation and participation rely on a *corpus* of seven Directives. However, the legislative framework is far from static. The European Commission carried out a fitness check on three of these Directives (Directive 2002/14 and the directives on collective dismissals and transfer of undertakings). The Commission has been the recipient of a social partners' framework directive proposal to extend the rights to the public sector. The EWC Directive is due for a fitness check in the upcoming months. An opinion is underway at the European Parliament on representation within EWCs.

Worker involvement has therefore not succumbed in the crisis of collective bargaining, but must find its place in the context of the Union's new priorities.

Within the European project, re-launching the social dimension implies a dialogue touching upon not merely labour, but also upon themes such as energy, migration, digitisation, social investments, etc. There is a strong call for social partners to be involved in the European project in a more holistic and therefore more responsible manner.

Many, however, have recalled that the evolution of participation is an important result of the European social model supported by a deemed-authoritative ruling class. Reducing the issue solely to the matter of representation expressed by social partners would be oversimplifying it. Delors encouraged social partners to reach common opinions, but was keen to push forward with the law-making initiative. We were faced to a policy with a social agenda; a policy acting as a stimulus, and a strong one at that, to social partners, yet without threat to their autonomy.

Matters are different today. Decision-makers do not participate, and participants do not make any decisions. There is nevertheless an urge to "participate", beyond the electoral episode, beyond individual – online? – consultations. Heavy responsibility lies at the feet of those pursuing the idea that quick decision-making prevails over participation. Individualism is embedded in this system and is mirrored in citizen mistrust towards representation. The sharing of knowledge remains instead a crucial matter. Participation consists in sharing knowledge, therefore in sharing power. Participation is democracy. This in turn links back to the debate around economic democracy and around the "social" role of enterprise.

Does social enterprise matter? Does the existence of speculative finance enterprises make any sense? An enterprise disregarding the environment, the people, the stakeholders in which it operates? Stimulating economic growth does not make sense any longer, if a season of rights deprivation cannot but be brought to an end. The subject matter is not participation as mitigation of conflict alone. It is not that. It is rather a process granting dignity and self-fulfilment to the individual. Curbing conflict is too narrow an objective for modern industrial relations.

The subject matter is modernity and politics must foster new collective relational processes. Where? On the ground, undoubtedly. When referring to companies employing, on average, three workers, the company level of relations is useless. The wider level is the territorial one with a model of industrial relations made of collective bargaining, organisational involvement, governance, up to and including the financial dimension. Everything requires questioning, unreservedly.

Let us consider two very modern aspects. Business is easily scalable: is some degree of employee-shared ownership utterly impossible? Let us think productivity, too: without participation, how can collective bargaining measure productivity when labour utility is just a fraction of profitability? Participation allows for a more encompassing view of productivity and profitability. We do believe, nonetheless, that the European project provided invaluable input on participation, and must pursue in this direction with renewed impetus.

In Europe, we face inequalities. Findings from the previous ProEFP report have returned



again and again in the work of the past months. Within the European home, not all family members receive equal treatment. The European Trade Unions, ETUC, claims the need for a social pillar to build the European project upon solid foundations. For Europe and for people. That is to say, institutions and people make a democratic *unicum*, and labour rights are key social cohesion factors. The ETUC identifies three main challenges:

The ECJ decisions, determining the subordination of collective bargaining rights to economic freedoms. This concept must be reversed.

Economic rules, embodied by the Troika that, in distraught countries, challenges bargaining rights and pre-empts collective agreements and ultimately workers' rights (e.g. Sunday work, zero-hour contracts)

Participation cannot but proceed through collective bargaining. The social pillar must include the right of every worker to protection and reassurance through collective bargaining. As well as the right to training, to working time, to job security; imagining employees-shareowners who can better protect their own company. Many forms and ideas towards erasing insecurity exist but there is the need to gather social partners once again around the table, with a view that the Commission proceeds with the introduction of social rights anyway.

Such debate recalls the concept of competitiveness. In the European context, companies move following competitive advantage. What are the international tools to regulate the rush towards competitive advantage?

The legal framework is not binding. A few pillars have been defined, such as social dialogue, social protection floors, the body of ILO rights, and more recently the 2030 Agenda with its millennium goals.

What are, however, the control and monitoring tools at our disposal? The Global compact was followed by the Ruggie principles, then OECD guidelines, in an institutional supranational attempt at tying down global economic players. Nevertheless, nothing is binding.

In this context, we suffer the schizophrenic stance of both the EU and national governments. The fragmented action in global instances implies that what is discussed at EU level is eventually diluted at international level.

This year the ILO has witnessed a great debate on production chains and shared responsibilities. The resulting text is a tool marking an agreement among the three partners involved, but still not binding.

In addition, trade union tools such as TCAs exist but these, too, resemble codes of conduct. Here the role of ETUFs comes into play as well as the readiness of trade unions to transfer shares of their negotiating role to European and international federations in order to build new spheres of collective bargaining and participation within the globalised society and economy.

Our debates have put forward a way of combining economic sustainability with the common interest. Participation can thus combine a liberal vision of the market with the value of the collective dimension. We explore new ways. The market rating of big business can encompass a social dimension through innovative algorithms.

Corporate social responsibility is also a recurrent theme; however, it leans towards an individual approach. The company stipulates how to be responsible and unilaterally

decides its course of action in order to be “social”. The whole process can come down to a mere marketing stunt. Investors operate following an individual logic, too, in order to understand the viability of a business. Information is not shared. Whereas market rating should be publicly available. The company must adopt a substantially collective vision of aims, pursue them through governance and link company policies to international social standards. It must then disclose the rating it is provided and make the audience aware of the proximity between the company itself and such standards. The information exchange makes the relationship between company and investors more efficient. The rating sector can do much by developing standards and exploring the sector’s potential to bind economic efficiency to diffused expected returns of production benefits. Namely, sustainability.

The fact remains that in recent years participation, as a theme does not enjoy the attention of financial operators. Is this a contingent circumstance or a structural trend?

In many respects, for the operators of responsible finance, 2016 has represented a turning point. The approval of SDGs, the COP21 in Paris and even the repeated pleas by the Pope, including a recent Encyclical Letter: the social and environmental dimensions prevails more than in the past.

The reform of financial models should make them more similar to sustainable development models. The fact that trade unions do not feature amongst market regulators and stakeholders and that are actually not missed was already mentioned. From the financial operator’s standpoint, the trade unions are not a factor. From the financial operator’s standpoint, sustainable or else, the prime subject matter is risk management and of the perception of consumption shifts. There are legal as well as reputational risks. In reputational risk, the supply chain issue is a topic. Does labour feature only when reputational risk is at stake?

The value driver, the company positioning in the waves of change, interpreting need as a potential demand: in such a concept box, the labour question is absent or marginal. It features only for the specific fraction of high value added work. The question of selective marginality of participation returns.

Rewriting the social dimension is today a daunting task. Let us examine corporate social responsibility. It has first emerged as a revolutionary movement, but with its ups and downs, twenty years onwards it can be stated that CSR has not determined the cultural and organisational shift some expected. The thrust has waned. Nevertheless, this does not alter the necessity to place the individual back at the core of development models as a generally recognised necessity shared, as already mentioned, by international bodies, civil society and religious communities.

## INFORMATION AND CONSULTATION RIGHTS

To speak of participation in Europe is to speak of the development of SMEs. It is said that the European Union has pushed industrial systems towards a model of participatory industrial relations. Information and consultation impact on social dialogue in a way that enhance a participative approach responding to need of change and innovation.

Information & consultation respond to a participatory model of corporate governance: more participation of employees and other stakeholders means more social integration and an integrated development of the whole society.

This took place, firstly, through legislation, which “constitutionalised” workers’ rights to information and consultation. The right to be involved in a company’s strategic choices appears in Article 27 of the Charter of Fundamental Rights of the European Union, in the chapter on Solidarity. Since the entry into force of the Lisbon Treaty, the Charter has the same programmatic and binding force as the rules of the Treaties.

In particular, during the years the European Union has produced several legislative acts in order to ensure the involvement of the employees in the most important decisions of the enterprises. Social dialogue engages institutions and social partners in the search for participatory relational methods as opposed to the exercise of conflict. In the business world, social dialogue means “participation”.

The idea is to promote a new model of corporate governance: through more participation of employees and other stakeholders, for more social integration and an integrated development of the whole society. A deeper workers’ participation has a positive impact on the development of a good work climate and contributes to the mitigation of human resource problems contributing at the same time to the improvement of the company’s performance. In this sense, information and consultation impact on social dialogue in a way that enhances a participative approach responding to need of change and innovation. In this field it is possible to find several provisions at International, EU and National level. These rights are recognised at international level in the Article 21 of the European Social Charter (Council of Europe) where it is affirmed, “*Workers have the right to be informed and to be consulted within the undertaking*”.

At European Union level these rights are recognised in the Community Charter of the Fundamental Social Rights (1989) and also in the Charter of Fundamental Rights of the European Union (2000), where it is stated (Article 27) that “*Workers or their representatives must, at the appropriate levels, be guaranteed information and consultation in good time in the cases and under the conditions provided for by Union law and national laws and practices*”.

Even though their recognition in the Community Charter of the Fundamental Social Rights, a proper legal basis for information and consultation has been introduced only with the Treaty of Amsterdam in 1998 that incorporated the Agreement on Social Policy into the text of the treaty. The legal basis is nowadays represented by the articles 151 and 153 of the Treaty on the Functioning of the European Union (TFEU) where it is given to the

Council and to the European parliament the power to act. In particular, article 153 TFEU is particularly interesting because it represents the legal basis for the European action, entrusting the Parliament and the Council to adopt measures designed to encourage cooperation between Member State; and Directives setting out minimum requirements for gradual implementation.

During the years, the European Institutions laid down many Directives to implement the new approach based on the participation of the employees in the undertaking's life and on social dialogue. Certainly, the European intervention is wide, but, in general, the *acquis* concerning the sector is considered disjointed and not organic.

The core of the EU framework can however be found in the EU Directive 2002/14/EC that sets minimum principles, definitions and arrangements for information and consultation of employees at the enterprise level within each country. Given the range of industrial relations practices across the Member States, they enjoy substantial flexibility in applying the Directive's key concepts (employees' representatives, employer, employees etc.) and implementing the arrangements for information and consultation. Management and labour play a key role in deciding those arrangements.

## SECTOR ANALYSIS

### OVERVIEW OF THE COMMERCE SECTOR

Commerce is the activity of buying and selling of goods and services, especially on a large scale. The commerce sector, one of the biggest employer in Europe with 19 million workers, is going through fundamental changes. Digitalisation characterizes by new forms of shopping implies key changes as regards job profiles, skills needs and levels of employment. Information, consultation and negotiation of collective agreement take or should take a pivot role to enable change to happen in the interest of all stakeholders including the supply chain. New forms of work organisation, pacification of carriers and vocational training are urgently needed to maintain competitiveness of big and small business.

#### RETAILING: BUSINESS AND FINANCIAL STRATEGIES OF THE KEY PLAYERS

Multinational companies dominate the retail trade, accounting for a significant share of the global economy. In 2014, the 100 leading corporations accounted for 13.1% of global consumption.

Over the past few years, in a context marked by weak economic recovery in Europe (leading to households having to juggle their consumer choices) but also by an evolution in consumption forms, the multinationals have retained their positions, while the relative weight of the 10 leading corporations has slightly increased.

- Profitability remains high in the sector, with the profit rates of the global corporations for the most part exceeding 15% of equity capital. This finding
- applies both to the major food chains, a sector dominated by integrated corporations, and to the two other sectors investigated (DIY and clothing).
- Competition remains high, especially in the food sector where discounters are waging a price war against hypermarket chains.
- The trend towards consolidation is very manifest, with M&A activity and restructuring measures the order of the day.

#### **From a strategic perspective, it is possible to identify some interesting trends.**

Commerce sector is characterised by a growing internationalisation. The majority of European corporations have subsidiaries in other countries, not just in the European Union, but also in Russia, China, Latin America and the Middle East.

Major retailers are also stepping up their investment in different forms of commerce:

- Discount: hypermarkets want to win back customers from the discounters. Price war and dedicated spaces in hypermarkets.
- Drive: Corporations are developing a concept combining Internet and “speed shopping”.
- E-commerce: Corporations are increasing the number of dedicated websites; more and more chains are combining on-line and in-shop commerce.

- Re-conquest of city centres. Chains are also making increasing use of near-to-consumer formats (convenience stores), after having stifled competition from small retailers.
- In all places: From the hypermarket to centres of activity and culture/leisure).

### E-COMMERCE: VERY MUCH ON THE RISE

The development of e-commerce is the result of widespread Internet access, the low entry thresholds for online shopping and improved trust in digital payments.

The sector has seen double-digit growth in all the countries studied: +13% in France (2015), +15% in Poland (2016), +27% in Romania. From an overall perspective, of the 50 largest e-commerce players, just 12 are not to be found in the top-250 global retailers.

The main changes concern household appliances, consumer electronics, and fashion articles. Food retailing is also developing fast, via the traditional brands of supermarkets but also through pure players (e.g. Amazon, which is developing its food offering).

The trend is towards increased globalisation. One of the main motives for buying something online is its unavailability within an area in reach of the consumer. According to a Paypal-IPSOS study, 25% of transactions are cross-border.

The size of the various national markets varies greatly from one country to the next, reflecting differences in purchasing power.

The main markets are the United Kingdom, Germany, France and Spain. Distance sales account for 6% of retail sales in France (€26 billion), against 3% in Spain (€16.3 billion) and Poland (€7 billion).

The total per capita online purchases average €2000 a year in France, compared to €876 in Spain. In Romania, the average value of a transaction is €40 for Romanian online shops and €58 for merchants based outside Romania.

Forms of consumption still differ, but are becoming increasingly harmonised.

In Romania, 90% of purchases are still paid for on receipt of a product, while card payments account for 60% of payments in Spain.

Mobile phone payments nearly everywhere are shooting up, accounting for €6.4 billion in 2015 in France.

The respective shares of home deliveries, the use of pick-up points and shop purchases are also diverging.

### MAJOR E-COMMERCE PROFILES

Traditional distance selling (mail order) companies (La Redoute, Les 3 Suisses – who used to rely on their offering of printed magazines and whose sales were mainly made in France): they are gradually becoming “full web companies”, but have not (yet) taken the final plunge. They tend to serve older customers. Due to this fact, their sales have been declining since 2005 and the leading players in the sector have been subject to virtually permanent restructuring for many years.

The pure players dominate the e-commerce sector, relying on infrastructures that require less resources than traditional shops and in turn allow them to aggressively price their products.

They can be classed into four categories: the full-range or multi-range e-commerce

companies (Amazon, Cdiscount), specialist e-commerce companies (LDLC, Oscaro, Allopnus), national marketplaces (eBay, Priceminister) which act as trusted third parties between buyers and sellers, and the organisers of online flash sales/event sales (Vente-privée, Showroomprive).

The last few years have seen a major development in so-called “marketplaces”. These allow companies to greatly reduce their logistics costs and to offer B2B services to sellers. In France in 2015, such marketplaces accounted for 26% of transactions on the 40 main e-commerce websites.

The “Click & mortar” retailers mostly run their own e-shops while their online sales account for just a minor share of overall sales. Their high visibility as high street brands allows them to lower the cost of acquiring customers on the web.

This is a more profitable business model than that of the pure players as it points web customers to the high-street shops where the conversion rate is much higher.

This “web-to-store” approach is based on in-shop pick-up services, e-reservations, etc., without taking account of the traditional presence of sellers, after-sales service, physical access to a product, all of which boost customer loyalty. Moreover, these companies have powerful purchasing departments, allowing them to offer attractive prices.

The web development strategies of these high-street brands differ: inventory centralisation, purchasing “turnkey platforms” from pure players, marketplace presence.

In the ranking of the 50 largest e-commerce companies worldwide it appears that :

- the share of e-commerce in overall revenues differs greatly, ranging from 1.8% for Carrefour SA to 100% for such pure players as Amazon. The average figure for these top 50 e-commerce companies is 13.2%.
- of the top 50 companies, 11 are pure players.
- between 2013 and 2014, the online sales growth rate for these players increased 19.7%, whereby the trend is even greater when a longer time span is used (+22% since 2011).

### **The technology driving global commerce**

There is an increasing numbers of mobile devices. In 2015, 83% of internet connections were made via a mobile device. With the introduction of online clothing accessories (the Google Glass, the Apple watch), retailers can be expected to start offering e-shops with capabilities allowing the use of mobile devices.

### **Accelerated retailing**

This is a phenomenon which first appeared some ten years ago. The accent here is on getting new products to the market quicker, on stepping up the speed of interactions and on speeding up deliveries.

*Amazon and Google are offering same-day deliveries in certain areas of the US, UK, Germany and Canada. Delivery times are getting shorter and becoming increasingly precise. We foresee unprecedented changes in how supply chains are organised.*

### **Experience retailing**

Retailing is no longer just product-oriented but is turning into a “customer experience”. The idea behind this is to give customers new buying experiences via various attractions and complete environments (tablets and interactive screens, mirrors linked up to social media, social media campaigns), especially via POS digitisation.

### **Innovation**

A revolution is already underway, in particular in the field of POS scanning and self-checkouts. It is set to continue, involving various formats and channels: a dismantling of borders between sectors or specialised single-product companies, mobile POS systems, the disappearance of intermediaries (no more shops, stocks, depots) and their replacement by production orders sent straight to a manufacturer, or automatic purchasing originating from such web-linked appliances as fridges.

### **Use of automation is not uniform, but it is increasing**

The use of automation/mechanisation in warehouses differs from one company to another depending on a number of factors: volumes, flow “linearity”, product types and shapes, but also their value.

As a consequence, we are seeing different levels depending on the company in question ... but the general trend is always the same: a growing use of automation.

### **The substitution of physical labour by machines is taking place in two ways:**

*“impressionist” mechanisation:* the gradual substitution of manual labour by robots. *This process corresponds to the progressive substitution of manual tasks by mechanised tasks without necessarily fully reviewing the management of goods flows. Moreover, the management of certain types of products (non-standard shapes for example) is proving to be difficult to automate.*

*“Radical” automation:* a massive, comprehensive and radical change in warehouse management. Warehouse management is fully automated.

“Radical automation” solutions are mainly deployed in the context of building new warehouses (examples in France: Dispéo in 2012 and Redoute in 2016-17, and in the near future a new Amazon site).

## **WORKING AND EMPLOYMENT CONDITIONS IN THE RETAIL SECTOR IN EUROPE**

### **Main characteristics**

Working conditions in the retail sector are dependent on a number of factors mutually influencing each other (see table below).

All these issues should be the subject of discussions between management and workers’ representatives within information & consultation, worker participation and collective bargaining structures.



<b>Physical conditions</b>	<b>Psycho-social conditions</b>
Carrying of loads, bent backs often causing lower back pain and/or hyper-extension of the shoulders (arms raised “above the heart” to serve customers and stack the shelves), standing all day, working in cold storage rooms, ...	The psycho-social burden depends heavily on the organisation of work: multitasking, “nomadic” (or horizontal) versatility, new technologies, atypical schedules (stores must be ready for opening) including off-peak, nights and weekends, role of the collective, impact of absenteeism, peaks of seasonal activities, volume of clients, management per hour of work/m2.
<b>Working remuneration and conditions:</b>	<b>Organisation of the company:</b>
The remuneration and number of working hours (part-time work), training and personal development prospects are low.	Centralisation of a large part of the tasks (HR, finance, purchasing support functions, ...), the role of supervisors questioned, social dialogue is weak, poor condition of tools (pallets, cutting tools, trolleys, ...). => logic of cost reduction

### Demographic developments

The retail sector’s function of helping people gain a foothold in the labour market is well-known, with the sector offering a wide range of jobs not requiring any or just a few qualifications. Staff turnover is traditionally high. However, in certain countries, where the economic pressure is significant and unemployment is prevalent, the brands are major employers in their territory => unqualified employees cling to their jobs even if working conditions are poor, hence the seniority and age of employees in this sector increase considerably, giving rise to new issues of keeping these workers in employment when they are worn out by their work.

Age has become an important factor in the retail sector, as it has an impact on policies for preventing accidents at work, in particular associated with the physical conditions of work (handling goods, atmosphere, work pace, working hours).

It is a challenge, because employers – until now – have paid little attention to this issue: few skilled positions exist in stores and there are no personnel trained in occupational health to conduct a policy of prevention – instead, they are oriented more towards “safety”.

### The role of middle management is changing

Supervisors, such as department managers, can envisage a career in a company insofar as their results in terms of sales are satisfactory. Prospects are much more limited today as key store functions have become “impoverished”, thanks to the centralisation of many tasks.

Centralised ordering and the consequent loss of autonomy, coupled with increasing administrative duties, are progressively questioning their role in the work organisation of certain companies. They manage their department by issuing centralised directives based on a main indicator: the rate of personnel costs to sales. Ultimately, the pressure they endure cascades down on the employees of their department.

More and more multinational companies are experiencing a high turnover of top

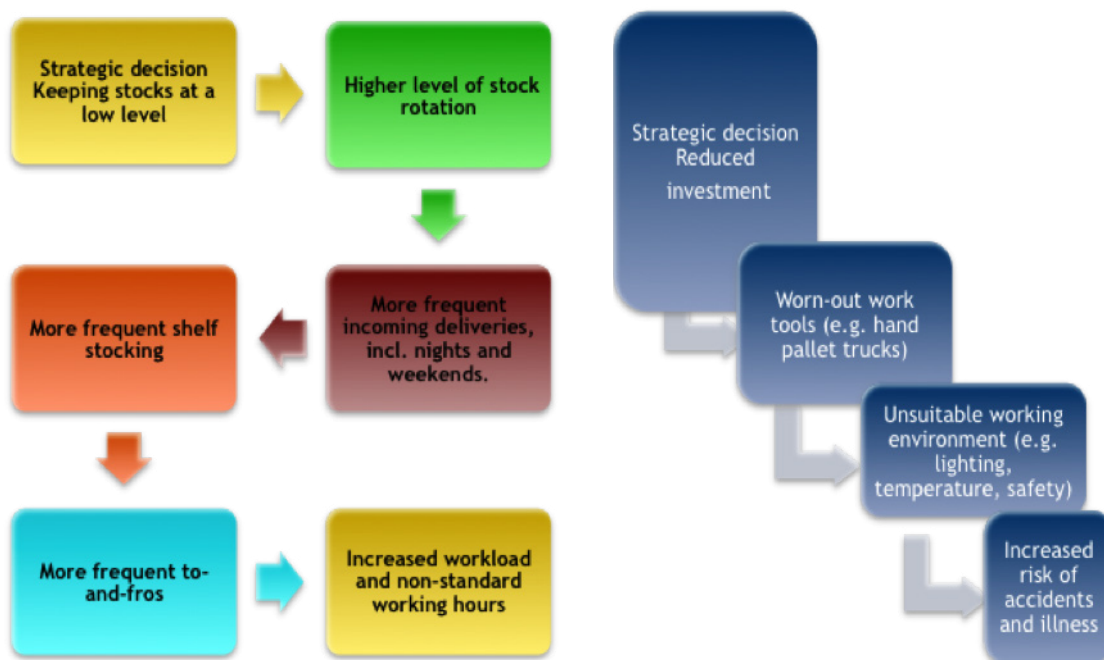
management and store managers. This instability has a very negative influence on the health of employees, because strategies aimed at preventing occupational risk would need several years to be implemented. – Ultimately, confidence and social dialogue are paralysed and the loss of motivation and productivity is another result.

**What is the link between business and the social environment in a company?**

In some countries, staff representatives generally have a lot of information relating to business trends based on such indicators as the evolution of productivity, inventory levels, investment levels, profitability targets and restructuring terms and conditions.

As can be seen in the charts below, issues of strategic importance for a company (available technology, competition, regulation, social environment) give rise to strategic management decisions impacting the operating level (type of management and work organisation, production tools, working conditions, etc.) and life at work.

**Two examples: inventory and investment levels**



Analysing social data and HR decisions in order to understand the impact of strategic management decisions relating to health. Three examples.

### **Age and seniority**

Two distinct but interrelated concepts. Their analysis may lead the corporate partners to consider the adaptation of positions to employees, their periods of life (parenthood, physical deterioration, skill transfer).

### **Absenteeism**

Identifying the factors influencing absenteeism (working hours, wages, subcontracting, lack of career prospects) allows us to point out certain strategic management decisions that are counterproductive. Absenteeism has a negative impact on work organisation. Eradicating absenteeism involves improving dialogue, work organisation and working conditions and/or occasionally offering financial incentives (attendance bonus).

### **Versatility**

It is a true variable of adjustment to activity in commerce and logistics, but it can have extremely negative effects on health if it is not supervised, because it is often the result of downsizing and/or a division of the organisation and associated roles.

Firstly, corporate partners should ask themselves about the type of versatility that is applied to their company: simple rotation: replacing someone off work, whatever his/her function? or versatility through integration: enriching work content and giving a worker a greater feeling of doing meaningful work and thereby motivating him/her.

Versatility through rotation may be disputed by employees who see it as endangering their employment and posing the threat of down-skilling and de-professionalisation. By making work interchangeable, versatility makes work lose its value, i.e. the fact that the work is crucial for conducting an activity, and that it is dependent on individual skills and professionalism.

Intensive staff supervision aimed at doing away with any “non-productive” time is leading to work intensification and densification => the risk of musculoskeletal disorders and stress caused by this form of work organisation. E.g. cashiers who can stack shelves.

### **The links between the works council and the health & safety committee is fundamental**

In certain countries, different worker representation structures exist for business-related issues and health & safety issues. In many cases, branch and company managers have little knowledge of health & safety issues, focusing solely on achieving profit targets. Workers’ representatives thus need to direct their confrontational attention and dialogue towards a field which management does not manage well, but for which they are often criminally responsible. This may even lead to new factors of well-being at work being a posteriori collectively bargained within a company.

## OVERVIEW OF THE SERVICE SECTOR (FACILITY MANAGEMENT)

The service sector is an important part of the economy. European services are the backbone of European economic and social life, and since 2000 their role is growing and employment in the sector has risen<sup>1</sup>. The Service sector includes a vast range of activities that are part of what is called the Tertiary sector. A considerable number of the services included within the Tertiary Sector belong to Facility Management field.

Facility Management (FM) is an “integration of processes within an organisation to maintain and develop the agreed services which support and improve the effectiveness of its primary activities” (EN15221-1: 2006 Facility Management – Part 1: Terms and definitions). According to IFMA (International Facility Management Association), the Facility Management is the “practice (system of knowledge, methods, tools) of coordination of space / equipment and work with human resources and the overall organization (goals-responsibility); it integrates principles of administration, property management, architecture, psychology and knowledge of group behaviour and engineering”. In other words, Facility management is an interdisciplinary field devoted to the coordination of space, infrastructure, people and organization. It represents a wider range of activities that are referred to as non-core functions. This sector is subject to continuous innovation and development, under pressure to reduce costs and to add value to the core business of the public or private sector client organisation.

The FM is not only the externalisation of the services management, but it is also a new, more advanced method of integrated management of all activities related to the optimal functioning of a building / real estate.

Therefore, Facility Management is a practice for managing non-core business services. In the past, organizations used to manage in-house most or even all of the non-core services (services supporting internal operations). Only in few cases, some activities, like cleaning, security and maintenance, were contracted out. In the recent years, organisations tend to outsource not only non-core processes and manufacturing, but even most of the services that support them. Worldwide, public and private organisations are constantly raising their attention to an efficient and effective management of facility services. This generated a strong growth in the sector of companies specialized in providing support services.

The FM industry is transforming from a predominantly single-service local outsourcing model to an integrated services delivery model that seamlessly meets the core needs of the customer on a national and even global scale.

The worldwide FM outsourcing market is expected to grow from \$959.2 billion in 2012 to \$1.314 trillion in 2018<sup>2</sup>. The market is not just expanding, however; it is evolving, with growing public- and private-sector demand for FM solutions that are both global and integrated.

Along with this evolving market, customer expectations are broadening to include more value-added FM services: customers increasingly expect FM providers to assume

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<sup>1</sup> UNI Europa

<sup>2</sup> Glenn Hodge, Reinhard Poglitsch & Peter Ankerstjerne

responsibility for regulatory and labour law compliance and to take an active role in advancing the company's strategic mission. To this end, FM suppliers are having to evolve from service providers to strategic partners.

Due to the specific objectives of the project, the research focus on Professional Cleaning and Catering as these sectors are the most labour intensive ones.

It is to underline that there are no official figures concerning the turnover of these sectors, not only in some countries but in the EU as well.

One of the main reason is that there is no a unique statistical code for FM, thus, particular statistical information in the FM sector is not collected<sup>3</sup>.

## 2.1) The Cleaning Sector in Europe

Cleaning contractors achieved a total turnover of € 64.522 billion<sup>4</sup>. This number demonstrates the good recovery of the industry after global financial and economic crisis started in 2008-10. Indeed, it represents a net increase of 4.83% over two years (2010-2012), while the EU-27 GDP was limited to a growth of 1.6% in 2010-2011, and decreased by 0.4% in 2011-2012. On average, the annual turnover growth in the industry over the last 22 years is at 9.1%. It is to underline that the industry's resistance could be explained by higher productivity gains and the continuous increase in market penetration. This figure however confirms the continuous general shift from an industrial economy towards a service-based economy during the last 22 years.

This macroeconomic context is due to a number of factors/drivers: the first and most important reason is the continuous trend to outsourcing; secondly, a higher productivity growth has been recorded in the industrial economy, while at the same time there has been a transfer of jobs from industrial to service activities. In addition, the overlap between services and industry which tends to accentuate the apparent reduction in the importance of manufacturing. Indeed, this phenomenon has been deeply examined and identified by the HLG as "the *servitization* of manufacturing the tendency for manufacturing firms to sell services and solutions, rather than products and goods".

Germany, France, Italy, Spain and the UK are the five largest national markets within the EU. Together, they represent around 70% of the total European turnover. The total number of cleaning company exceeded 176 900, representing an increase of 13% per year<sup>5</sup>.

Companies employing more than 500 people (i.e. about 1.36%) achieve half of the total turnover in the industry. In absolute figures, the cleaning industry is still largely dominated by very small companies: about 76.4% of them employ less than 10 people.

More than 3.32 million people were employed in the cleaning industry, as opposed to 3.317 million in 2010. This represents a small increase of 0.1% over two years (2010-2012), thus an average growth of 0.05% per year, while the EU-27 employment respectively increased by 0.3% in 2010-2011 and decreased by 0.5%<sup>7</sup>. After the crisis in 2008-2010, which obliged companies to strongly reduce their employee base due to expenses cuts of (public and private) clients in almost all European countries, employment slightly increased between 2010 and 2012 and nearly reached the level of 2005.

<sup>3</sup> Toshio Kirov (co-founder of Bulgarian Facility Management Association and member of the EuroFM)

<sup>4</sup> EFCI Survey 2014 - 20 European countries covered.

<sup>5</sup> (2011 - 2012)

However on average, the annual employment growth in the industry over the last 22 years is at 4.35%<sup>6</sup>.

Taking into account the Industrial Cleaning sector in EU, it is to underline the high incidence of part time work and fixed-term contracts. At the same time, most workers work typical and regular hours, with low levels of employer-paid training. There are high levels of exposure to physical risks, especially biological and chemical risks. With this respect, a high proportion of employees are not very well informed about the health and safety risks at work and the impact of work on employees' health needs attention as well. Herewith follows a list of data needed to have a general overview:

- **47%** of workers is employed in micro-workplaces (from 1 to 9 employees)
- **8%** of workers works in large workplaces (more than 250 employees,) - EU (12%).
- **Women** are the large part of workforce (**56%** vs. 44%)
- The **8%** of the workforce is **under the age of 25** - EU 9% ; the **30%** is **between 25 and 39** years old (EU 36%) and the **30%** is aged **50 and over** (EU 27%)
- The **3%** of workers is **self-employed with employees** (EU 4%)
- The **9% self-employed without employees** which is slightly below the EU28 average of 11%
- **Among** employees, fixed-term contracts are much more prevalent in industrial cleaning (23%) **than in the EU28 as a whole** (12%) **and are considerably** more prevalent among women than men in the sector.

## 2.2.) The Catering Sector in Europe

The foodservice sector in Europe is split into markets self-operated by public bodies and markets contracted to catering companies. In 2012, contract caterers in the EU had a 35.2 % share of the total public foodservice market value<sup>7</sup>. This was an increase of 1.7 % since 2008 (when the share was 33.5 %) and had already increased 8.7 % since 2000 (based on EIRO, 2010). Companies, public authorities, crèches, schools, universities, retirement homes, hospitals and prisons are all increasingly relying on contract catering.

Some figures that represent the catering sector in Europe are as follows:

- 67 million consumers served every day
- One in four meals taken outside the home
- One in every two meals taken at the workplace
- More than one in four meals at school
- More than one in 10 meals in healthcare or social sectors<sup>8</sup>.

It is possible to note a split of public sector expenditures on food and catering between self-operating public bodies and contract caterers. A wide variation is visible between the 17 Member States. In Germany, Sweden, Finland, Denmark, and Poland public expenditure on self-operating services accounted for over 70 % of the total, whereas Spain, Portugal and Ireland accounted for less than 40 %. Contract caterers represent more than 50 % of the public expenditure in those countries, together with Luxembourg, Austria and Italy. According to the most recent available data on the sector, the three leading contract

<sup>6</sup> EFCI Survey 2014 - 20 European countries covered.

<sup>7</sup> Cfr. FERCO, 2012.

<sup>8</sup> Cfr. Foodservice data available

caterer in EU represents the 59% of the total market share, and the contract catering market is dominated by two company groups with a combined market share of about 50%. In contrast to this prevalent pattern of market concentration, two markets in western Europe (namely Italy and Spain) as well as the social foodservice markets in central and eastern Europe have remained relatively fragmented, with numerous family operated catering business and local operators managing only a few contracts each in these countries<sup>9</sup>.

The data available states that the turnover of the total contract catering industry in the EU was more than €24 billion and around 600 000 people were employed<sup>10</sup>. In terms of employees per Country within the EU market, at the first place there is the United Kingdom that counts about 115 000 employees in the sector, equally distributed between private and public sector. Then, Italy and France follow, with respectively 100 000 and about 79 000 employees.

### The collective bargaining system in Catering and Cleaning sectors

The importance of collective bargaining as a means of employment regulation is measured by calculating the total number of employees covered by collective bargaining as a proportion of the total number of employees within a certain segment of the economy. Accordingly, the sectors' rate of collective bargaining coverage is defined as the ration of the number of employees covered by any kind of collective agreement to the total number of employees in the sector.

Within the **cleaning sector**, due to the lack of strong, well established social partners within the sector in several countries, sectorial industrial relations tend to be relatively poorly developed in these countries. Where they have been established in these countries, they frequently cover only particular niches of the sector. Where they have not, collective bargaining activities within the sector are either almost non-existent or take place at single-company level only. For that reason, for some countries it has proved difficult or impossible even to roughly estimate the collective bargaining coverage rate of the entire cleaning industry. Accordingly, for five countries (Bulgaria, Cyprus, Latvia, Poland and Spain) the sector's collective bargaining coverage remains unknown, as none of the social partners contracted could provide an estimate for the entire cleaning sector. Nevertheless, there is a group of countries recording high or even full collective bargaining coverage rates in the sector. This group of countries comprises almost exclusively 'old' Member States, namely Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Sweden, with Slovenia as the only 'new' Member State<sup>11</sup>.

Within the catering sector, more than 3/4 of the Countries for which related data are available record a remarkably high coverage rate of (almost) 100%. However, there are seven countries where collective bargaining is completely absent. A third group of countries records sector-related collective bargaining at a low level, with bargaining coverage rates from virtually zero in the UK (and probably Ireland) up to 40% in Denmark. It may be inferred from these findings that in more than half of the EU, the sector's industrial relations structures are well-established, while they appear to be underdeveloped in one third to half of the Member States.

<sup>9</sup> Cfr Eurofund Europe observatory; Comparative Information about representativeness of the european socialpartner organisations in the catering sector.

<sup>10</sup> Cfr. EIRO

<sup>11</sup> European Foundation for the Improvement of Living and Working Conditions, Representativeness of the European social partner organisations: Cleaning activities industry; pp. 40-41.

### **The employment in the catering and cleaning sectors**

At a general level, the service/FM sector's function of helping people gain a foothold in the labour market is well-known, with the sector offering a wide range of jobs not requiring any or just a few qualifications.

Huge part of the service/FM employed and operators is mainly composed by woman, disadvantaged people (experiencing social, economic and health disabilities) as well as by migrants<sup>12</sup>.

Whether staff turnover is traditionally high, due to the economic crisis there is a reduction of this indicator, with many staff members working a long time for the company. Ageing has become an important factor in the service/FM sector<sup>13</sup>, as it has an impact on policies for preventing accidents at work, as 30% of the workforce is over 50. Contract and Site Supervisors are envisaging a career in a company because their duties and responsibilities, acting as interface between the customers and the company, are becoming more and more crucial.

Going deeper on the catering sector, it shows that women represent the majority of workers in almost all countries for which related data are available. In several countries, female employment is at least twice as high as male employment in the contract catering sector. Furthermore, despite its dynamic development during recent years, the contract catering sector is still not very large. Its share in aggregate employment and regarding the total number of employees is 0.5% or lower. Regarding the cleaning sector, as indicated in most country report, employment is characterised by relatively high rates of illicit and non-standard forms of employment, in particular part-time work and (bogus) self-employment, and relatively low levels of qualifications. Moreover, the high incidence of migrant workers, as well as their ease of replacement, makes them particularly vulnerable to exploitation. According to EFCI, at European level about 75% of the sector's workforce are women and about 70% of cleaners work part time. Most country reports show that pay and working conditions tend to be modest.

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<sup>12</sup> EFCI Survey 2014 - 20 European countries covered.

<sup>13</sup> European Foundation for the Improvement of Living and Working Conditions; Working conditions of an ageing workforce; p. 29 ss.



## CASE STUDIES OVERVIEW\*

### COMMERCE

The commerce sector, one of the biggest employers in Europe with 19 million workers, is going through fundamental changes connected to digitalisation and the use of new technologies. In particular, digitalisation characterizes by new forms of shopping implies key changes as regards job profiles, skills needs and levels of employment. Information, consultation and negotiation of collective agreement take or should take a pivot role to enable change to happen in the interest of all stakeholders including the supply chain. New forms of work organisation, pacification of carriers and vocational training are urgently needed to maintain competitiveness of big and small business. The sector is marked by a weak economic recovery but also by an evolution in consumption forms. The profitability and competition remain high and it is possible to see trends in the sense of a growing internationalisation and major retailers are also stepping up their investment in different forms of commerce. The sector is characterised by a growing share of e-commerce and technologies are driving global commerce. This is the result of widespread Internet access, the low entry thresholds for online shopping and improved trust in digital payments. The quality of social dialogue however vary widely, according to national legal frameworks as well as to national practices.

The empirical analysis for the commerce sector focused on Spain, Poland, France, and Sweden.

- In Spain the commerce sector has been hit by the economic crisis, what in turn has led to negative consequences for the workforce with an employment reduction of 12%. The situation of workers has been impacted by 2 national labour law reforms (2010 & 2012) and In Madrid, the Law for Commercial Activity Revitalization (2012) has allowed free opening for 365 days a year, 24 hours a day, for all commerce sector. The main issues addressed in collective bargaining are linked to the liberalization of opening hours and both the influence and participation of workers within companies is weakening:
  - Lesser frequency of tripartite and bipartite social dialogue since the outbreak of the crisis
  - Decline of TU bargaining power
  - In terms of work organization, managements consider to have exclusive power over the matter and they don't take into account unions suggestions
  - Lack of information
  - Strong influence of so called "yellow unions".

If previously the subject of social dialogue was the improving of wage conditions, nowadays trade unions activity is more focused on the recovery of the working conditions enjoyed before the crisis and legislative reforms (in terms of salary, workload, working hours and shifts, reconciliation, health and safety).

\* All the case studies are available on the PROEFP website: [www.proefp.eu](http://www.proefp.eu)

- In Poland, social dialogue in the commerce sector remains at very low level, especially in Jeronimo Martins and Auchan, the two companies where our analysis was conducted. Local labour market is increasingly tensed with a real disaffection for jobs in supermarkets in connection with low wages and poor working conditions. The draft law that wants to impose a « Sunday trading ban », brought to the Parliament (Sejm) by NSZZ Solidarnosc, is a potential game changer in the social dialogue at sectoral level. However no sectoral round table and negotiation is expected for the moment on that particular strategic issue.
- In France we observed a lack of information and transparency. The level of information & consultation is rather low with a multiplication of non focused meetings, lack of transparency due to the company's organisational structure. The main topics of negotiations with management are wages, off-days, working shifts, investments as well as H&S. Here the commerce sector appears characterised by less and less employees in the shops, an elderly workforce, part-time contracts and multi-tasking employees.
- In Sweden the situation seems better off, with regular meetings with TU officials (Handels, Unionen) as well as with workers' representatives (both Ikea & H&M). Workers of both companies are covered by national collective bargaining agreements and there is a good level of social dialogue at country level with strong information and consultation rights and I&C that takes place even at store level.

### **Service (Facility Management)**

We have seen that the service sector is one of the most important parts of the economy. European services are the backbone of European economic and social life, and since 2000 their role is growing and employment in the sector has risen<sup>14</sup>.

The Service sector includes a vast range of activities that are part of what is called the Tertiary sector. A considerable number of the services included within the Tertiary Sector belong to the Facility Management field. Facility Management is an "integration of processes within an organisation to maintain and develop the agreed services which support and improve the effectiveness of its primary activities" (EN15221-1: 2006 Facility Management – Part 1: Terms and definitions). According to IFMA (International Facility Management Association), the Facility Management is the "practice (system of knowledge, methods, tools) of coordination of space / equipment and work with human resources and the overall organization (goals-responsibility); it integrates principles of administration, property management, architecture, psychology and knowledge of group behaviour and engineering". In other words, Facility management is an interdisciplinary field devoted to the coordination of space, infrastructure, people and organization. It represents a wider range of activities that are referred to as non-core functions. This sector is subject to continuous innovation and development, under pressure to reduce costs and to add value to the core business of the public or private sector client organisation.

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<sup>14</sup> UNI Europa

Facility Management is a growing sector with growing public- and private-sector demand for FM solutions that are both global and integrated. The focus of the analysis was mainly on cleaning and catering services in Italy, Spain, Bulgaria, Hungary, and Greece.

- In Italy we observed that in collective bargaining operates at National level with the support of the bilateral bodies.

### ***Formula Servizi***

Formula Servizi is an Italian worker cooperative specialized in the provision of several and high quality Facility Management Services (Professional Cleaning, Logistics, Maintenance and Documental Digitalization) to communities, companies and public administrations. The company's success is the result of a culture characterized by solidarity, which relies on its members, who, for the past two years, have been appropriately trained for this role (Out of 1860 workers, almost 900 are cooperative' worker-members ).

Employee share-owners are keen to be fully involved in corporate governance.

Local assemblies are held in all the locations scattered around the country and these general assemblies are well attended.

Members also evaluate the company managers every 3 years. These assemblies have proved to be one of the most rewarding in terms of internal management/ employee cohesion.

Representatives of non-member workers also attend the assemblies, thus guaranteeing a flow of detailed and thorough information to all work colleagues. Trade union delegates (sometimes cooperative members) hold a constant and direct dialogue with management, mainly representing the interests of non-member workers, thus strengthening relations throughout the entire workforce. They also deliver workers' opinions, for example, on health and safety issues, which very often have helped to better manage internal organisational processes, streamline procedures and improve communication. The approval of every decision and approval about the EFS happens during the annual General Assembly (in 2014 were held 64 local assembly).

The employees are part of the decision as they are members and share holders of the cooperative. The binding rule for the EFS is contained in the cooperative' statute and not the collective bargaining.

- In Hungary, in the cleaning sector social dialogue operates mainly at company level. As for catering, although there is only one trade union and one employers' organisation, they are consulted regularly within the framework of the Sectoral Dialogue Committee. Their cooperation leads to social peace in the sector.

### ***Fővárosi Közterületfenntartó Nonprofit Zrt.***

Budapest Public Area Maintenance Nonprofit Company (Nonprofit Closed Company by Shares)

The main activities are the following services: waste management, sanitation, road

maintenance, road repairs, hazardous waste, street cleaning, waste collection. The company has the following quality assurance: ISO 9001, ISO 14001. The Company spent in 2015 per employee HUF 763 527 on social and welfare benefits. Unconventional, innovative and management intends to introduce a tradition of employee satisfaction measurement of life of the company. The survey of more than 1,000 employees, 35 % of the total number of employees filled out during the period from August 2015 September. The questionnaire filling of 57% would recommend the Company to friends and relatives. The surveyed 60% of employees are proud to work at the company. After the employee satisfaction survey, and then after the suggestion box placements in early 2016, the company organized a series of forums. They have given voice in anyone's opinion, he could put questions to the CEO and management. The main topics raised in the forums:

- employee satisfaction, salary allowances, wage development, social, health and other benefits, insurance, cafeteria, work clothes , internet access, printer settings
- employees and managers to increase the competencies, training, apprenticeship programs
- the possibility of introducing restrictions, levies, extra costs, payment obligations, as well as efficiency and revenue-raising plans to offset those affecting at the Company.

- In Bulgaria, in the cleaning sector social partnership and collective bargaining are completely focused at company level in Bulgaria's cleaning services sector. Trade union density is low. The only national association of employers plays the role only of a business association and does not participate in a bipartite partnership at sector level or in the collective bargaining process. As for the catering, at national level, there are three trade union federations in the tourism industry and one employer organisation. They conduct multi-employer bargaining for the minimum social insurance thresholds for the hotels and restaurants sector, and they conclude a collective agreement for the tourism industry.

#### ***Revetas Capital (Sofia Airport Center EAD)***

Revetas Capital Advisors LLP ("Revetas") is an opportunistic real estate manager which entered the Central and Eastern Europe (CEE) market in 2003. Revetas manages and invests capital on behalf of a range of investors in real estate and FM opportunities throughout CEE. Revetas is focused exclusively on Central and Eastern Europe with offices in London, Bratislava, Vienna, Krakow and Bucharest. Revetas maintains the highest standards of integrity. The principle of alignment, transparency and visibility is the foundation of relationships with investors, clients, partners and employees.

The foundation of Revetas's success is a performance-oriented culture, combined with integrity and responsibility. Mutual trust and goodwill are the keystones to relationships with clients, investors, partners and employees. Revetas aims to ensure that all of its partners, advisors and business associates adhere to strict procedures governing their own ethical behavior as well as that of their own team members. Revetas is committed to alignment with its investors, clients and partners and provide clear objectives based on certain timelines ensuring all parties have the same objective.

Compensation is always performance based. Furthermore, Revetas's employees and partners participate in the performance of the business, including carried interest in the Funds. At all levels the organization is aligned with investors and partners. The direct and disciplined management approach has secured strong returns throughout the economic cycles. The Revetas team have managed multiple investments in CEE as an owner-operator and have worked with an experienced group of local advisors to assist in the management of its investments.

Based on the owner-operator approach, Revetas is be able to ensure implementation of the Fund's strategy during all phases of the investment process.

Sofia Airport Center strongly believes in EFS. Herewith follows the description of the EFS indicators:

- The approval of EFS options happened in 2012 in Sofia, Bulgaria;
  - All of the employees form an integral part of the decision making process in the company; and
  - The participation in the above process is voluntary and it's spread both inside and outside of the firm.
- In Greece there is no collective employment agreement which covers the cleaning sector in Greece in its entirety. There are, however, four important collective employment agreements in the sector. Three have been signed by the Federation of Workers in the Private Sector of Greece (OIYE), while the fourth is the collective employment agreement of the Pan-Hellenic Federation of Workers of Local Authorities (POE-OTA). Only the Pan-Hellenic Federation of Cleaning Enterprises (POEK) is an entirely sectoral employers' association that is invited to participate in the social dialogue. In other respects, the status of cleaners is determined by a large number of collective employment agreements for other sectors such as tourism, retail and food service establishments, hotels, bookstores and construction companies

#### ***ECOLOGICAL S.A. - Anonimi Etairia A.E. (Anonymous Company)***

Ecological S.A. is a Greek Facility Management company. As of today, it is being placed among the leaders of the sector and focuses in delivering cleaning services. Within Greece, FM companies do not provide any formal ESO/EFP/EPF schemes, as found in other economies, for example in Italy. There are exceptions though, such as micro or small cooperatives (usually in the agriculture sector). In Ecological, the governance is being implemented from the related company stakeholders and assigned executives. The company has an internal communication channel, established between the union and the management, in order to address efficiently any issues that may arise. The upper management is usually represented internally by the HR Department, or by the financial department, if any financial issues are being raised.

Workers on the other hand, are being represented by a strong workers' union. The union is a member of the Greek Federation of Private Employees (OYIE) As the company's projects are implemented in several infrastructures around Greece, the union is being composed from local teams of full-time and part-time employees.

Each team is then represented in regular meetings of the workers union in Athens. In these meetings, the HR and the financial departments are present, while for any critical issues, high level executives may also be present. Furthermore, Ecological has a specific inspector, which directly supervise the activities of the team, the provided services and the efficacy of each project or process. As stated earlier, there is not any formal ESO/EFP/EPS scheme, as the company does not provide any kind of shares or any formal attendance on the management board or executive positions. However, a bonus scheme is included, and is being related both to the performance of the company itself, and to the performance of the teams in each project separately. Formally, employees, the workers' union or any employees' representative do not directly participate to the decision-making processes of the company. The decisions are being taken by the upper management, in line with the stakeholders and the board of directors. The workers' union and local representatives have a consultancy role, especially considering their expertise in the field, the selection of the appropriate teams, and the project workflow. The consultancy role is voluntary, as there is not any formal binding within or outside the company (with the exception of the formal creation and function of the union). Nonetheless, experience of Ecological suggest that regular consultation of the projects and processes of the company with the workers' representatives, have achieved positive impact and drive a positive attitude towards efficiency and performance.

- In Spain, for the cleaning sector collective bargaining takes place in three sub-sectors: general cleaning of buildings and premises; street cleaning, encompassing refuse treatment and waste disposal; cleaning of railway tracks and trains. In the catering service collective bargaining is characterised by the existence of a multi-employer national framework agreement, regulating the structure of collective bargaining, and several multi-employer regional and provincial agreements, which mainly regulate working time and wages

***GRUPO ASPROSEAT (ASPROSEAT GROUP) - Asociación y Fundaciones (Association and Foundation)***

ASPROSEAT is a group of non-profit social organizations working to improve the quality of life of people with disabilities, preferably of an intellectual type, their families and other groups at risk of social exclusion, within the framework of a commitment to equal opportunities and the protection of their rights.

Salaries, maintenance of staff and new projects are the main subjects of discussion at the corporate level. The employees of ASPROSEAT participate in the company management and, in particular, regarding matters as teamwork, job rotation.

Issues such as quality of social dialogue are evaluated by workers through satisfaction surveys that are periodically distributed and collected. The survey is also used to evaluate the quality of information and consultation processes within the company.

The information and consultation processes within ASPROSEAT have been standardized with the implementation of the EFQM European Foundation for Quality Management

system. To improve the process of collective bargaining, ASPROSEAT's willing is to give more transparency to the negotiation processes, even exploiting more general explanatory meetings. As part of innovation within the process, ASPROSEAT will use social networks to keep information up-to-date.

## CONCLUSION

Europe is sizing a sustainable economic recovery trying to remain faithful to the concept of social market economy enshrined in the EU Treaty. A new social dialogue has to be reshaped to better serve an EU governance that has rapidly changed over the last years. Thanks to several studies and exchanges run in the last 5 years, ProEFP Partners know that social dialogue, collective bargaining and employee participation cannot be seen as separate and independent practices. They are interlinked. Changes in one of the three areas automatically influence the others.

The ProEFP4 project explored how employee participation and collective bargaining support each other and the nexus between statutory rules and collectively agreed rules to boost employee participation in European companies.

The ProEFP4 study is the fourth since the establishment of the ProEFP network.

ProEFP aimed here at assessing what is left of the paths of participation in Europe after a decade of a crisis, which has subverted production modes and strained industrial relations. Labour legislation, collective bargaining, worker participation within companies cannot be but different, compared to the previous decade. As usual for ProEFP, the research introducing the debate targeted specific sectors or companies. As such, it moved from concrete human experience and, from this latter, it draws a theoretical framework of the challenges awaiting the economic and institutional social actors. In this sense, the ProEFP4 project went through the current EU *acquis* in the field of information, consultation and participation rights of employees exploring how changes in collective bargaining national systems have impacted a correct implementation of these rights at national and European level. The focus was on the legal tools that set a clear nexus between collective bargaining and information, consultation and participation rights. The benchmark was the commerce and service sectors.

The project methodology focused on common European trends and challenges in the economic and social field in order to make employee involvement a point of strength for the SMEs in Europe according to the objectives set in EU 2020 Strategy, the enhancement of the Single Market while preserving social cohesion.

From the research conducted benchmarking Commerce and Service it emerged the how the crisis impacted on Information and Consultation rights. It emerged as well how these rights are instruments to fight inequalities and that make societies more dynamic encouraging investments in skills and boosting social mobility.

The sectorial analysis was carried out on two levels. The first level was a desk research that gave us an overview of the two sectors while the second level focused on case studies in several EU Countries. It showed how Social dialogue and Employee involvement operates in two important sectors and the difficulties they face after the economic crisis.

In the post-crisis Europe, the theoretical framework for the development of worker participation should evolve. The idea that a participative economy is stronger, more profitable, more sustainable is widely shared.



Today the notion of participation expands to encompass company welfare. In a context of strongly strained welfare state, collective bargaining takes onto itself the building of services. The risk for participation however is to turn selective, and accessible only to those who can afford it: high-value-added workers, in the most innovative sectors, in those grey areas between employment and self-employment, etc. Participation can turn into “luxury”, an elitist condition – quite the opposite reason leading to it originally being placed at the heart of the European social model.

Our analysis allowed us to appreciate how employee involvement is higher in the cases of employee financial participation (EFP). In the EU, EFP was recently considered a component of good corporate governance in the Action Plan for on Company law and corporate governance (2012) and was promoted in a 2014 Parliament Study. France is the only country in Europe with a solid legislation that recognises a wider interest of the society to support and regulate EFP. In other countries, EFP belonged to the sphere of private interests of companies and/or their employees.

Despite that programmatic effort, EFP never appears in the toolbox of the decision makers at European level. What is lacking today in Europe is a knowledge of the size and the systemic effects that EFP schemes may have on the economy and in the society. This is at odds with the fact that the use of these instruments are increasing especially in the aftermath of the economic crisis. It is also at odds with the fact that many EFP tools would suit the objectives (economic governance of the EU) to build flexible economies while enhancing social resilience.

The present study investigated also what is left of employee participation in the aftermath of the economic crisis. It emerges that EFP helps companies prepare their staff to the new challenges (especially awarding skills and stabilisation of the employee relationship) and that if it needs social-minded companies, democratisation of capital is a way to build patient long-term sighted investors.

The present study has been carried out in the context of the EU funded project “Employee Involvement in the post-crises Europe, benchmarking the commerce and Service sectors” VS/2015/0367.

The Project partnership is composed of co-applicants and associated entities.

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The research has been carried out by DIESIS and its affiliated entities, and SYNDEX Europe International.

In particular, DIESIS took care of the general parts and coordination. CONFESAL, Legacoop Servizi and Scuola Nazionale Servizi conducted the research on the Service sector. SYNDEX Europe International took care of the Commerce sector.

All the associated entities participated actively to all the project events and offered insight and experiences that enriched the research.

The full report, which includes the integral version of the case studies, is available on the ProEFP website [www.proefp.eu](http://www.proefp.eu)



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