



OPINION

European Economic and Social Committee

Democracy at work

Democracy at work
(exploratory opinion requested by the Spanish Presidency)

SOC/746

Rapporteur: **Reiner HOFFMANN**

Co-rapporteur: **Krzysztof BALON**

www.eesc.europa.eu

EN

Request from the Spanish
Presidency of the Council of the
European Union

Letter of 27 July 2022

Legal basis

Article 304 of the Treaty on the Functioning of the European Union

Section responsible

Section for Employment, Social Affairs and Citizenship

Adopted in section

03/04/2023

Adopted at plenary

27/04/2023

Plenary session No

578

Outcome of vote

(for/against/abstentions)

175/69/15

1. **Conclusions and recommendations**

- 1.1 Over decades, European legislation has developed a robust system of worker participation in the workplace, based on the law and practices of the Member States and EU fundamental freedoms. A democratic world of work is a building block for further developing the European social model in a sustainable and competitive environment.
- 1.2 Recent crises have shown that active citizens' and workers' rights are mutually reinforcing. Social cohesion is strengthened, the democratic fabric of our societies is more stable and society is less vulnerable to populist and authoritarian positions.
- 1.3 Mechanisms and legal instruments serving the purpose of democracy at work make companies more resilient, more economically successful and at the same time better able to deliver on employment and decent work. Democracy at work as a guiding concept should cover all workers and types of work as well as all workplaces, be they private, public or social in nature, irrespective of size, sector or other organisational aspects. The circumstances of SMEs should be considered. Empirical evidence shows that workers' voices offer the flexibility and room for manoeuvre necessary at workplace level in order to adapt to structural changes.
- 1.4 The fast-changing world of work is also an opportunity for more democracy. Employee participation and social dialogue need to feature more prominently in the public consciousness and be strengthened also across borders to make this possible. A reliable European legal framework guiding and making more effective national information, consultation and participation systems and supported by action programmes with predictable repercussions at national level are essential for this.
- 1.5 The EESC welcomes the European Commission's recent Communication on strengthening social dialogue as a basis for more democracy at work, as well as the statement that social dialogue is based on a vibrant culture of trust based on the specific role of social partners, while civil dialogue, recognised as a separated process, involves organised civil society organisations in a wider range of topics, shaping processes of transformation. However, it should be recognised that the labour market is changing, e.g. many workers are employed in small and micro enterprises, and at the same time in the European Union about 13.6 million¹ people are employed in social economy entities. All these workers and their employers should be fully covered by the institutional social dialogue.
- 1.6 Over decades, European Works Councils (EWCs) have made a positive contribution to companies' long-term economic, social and environmental objectives. To increase their potential and effectiveness their participation rights and resources need to be substantially improved: e.g. any circumvention or infringement of EWC participation rights should be sanctioned effectively and access to justice should be facilitated. In this context, the EESC welcomes the European Parliament's recent resolution on the revision of the EWC Directive and calls on the Commission to take legal measures in a timely manner.

¹ [Commission presents Action Plan to boost the social economy and create jobs - 09.12.2021](#)

- 1.7 Complementary to democracy at work based on law or social dialogue, there are other successful forms of democratic participation of workers that are much alive in the social economy, mainly in cooperatives.
- 1.8 Technological innovations have led to new business models in the platform economy, which often involve precarious employment, especially for people in entry-level jobs and migrant workers. Access to collective representation is mostly non-existent or else insufficiently used. The EESC considers purposeful the aim of the current draft EU Directive on platform work to prevent bogus self-employment, in particular the definition of employers and employees, the reversal of the burden of proof. This would also strengthen the basis for giving workers a voice in the platform economy when adequate criteria for employment status are fulfilled. The EESC notes the Commission's Guidelines on the application of Union competition law to collective agreements regarding the working conditions of solo self-employed persons. The EESC encourages the Spanish Presidency of the Council of the EU to highlight this aspect, in particular when adopting the Directive, and also to address these workers' potential access to collective coverage in line with the Minimum Wage Directive.
- 1.9 The rapid development of artificial intelligence (AI) is posing unfamiliar challenges to democratic standards in the world of work. Algorithmic data management has a huge impact on work organisation, working conditions and data security. The European social partners agree that it is critical that digital technology is introduced in timely consultation with the workforce and their representatives, in the framework of industrial relations systems, notably social dialogue and collective bargaining, so that trust in the process can be built. The EESC supports strengthening employees' data protection rights in a way that secures workers' collective rights and wants to see an adequate digital access to companies and their employees for trade unions in order to establish and to foster an effective social dialogue in the field of AI application in the workplaces.
- 1.10 Good corporate governance means respecting human and labour rights as well as environmental objectives throughout the supply chain. Employers have to show that they view due diligence as an obligatory part of the management board's risk management. Creating decent work worldwide should become an objective of sustainable corporate governance. The EESC therefore advocates defining the need for sustainable corporate governance within the European legal framework. Workers and their representatives, as well as civil society (environmental, human rights and consumer organisations), should participate systematically in this process.
- 1.11 However, the EESC regrets that employee participation at company board level is not recognised as a key element of sustainable corporate governance. Therefore, the EESC supports appropriate efforts to establish a harmonised framework for employee participation on boards, taking into consideration differences between Member States, and to ensure that European company law does not result in avoidance or erosion of corporate participation in the Member States.
- 1.12 More democracy in the world of work depends not only on having the necessary and appropriate legal bases, but also on the knowledge-based cooperation of all stakeholders, especially in the context of the challenge of the green and digital transitions. Civil Society Organisations (CSOs) working regionally or locally in the field of information, education and empowerment, and academic institutions and experts from the liberal professions can also support such cooperation

through targeted measures adapted to local circumstances, in concertation with the social partners and local authorities. Such activities should also be supported by European Structural Funds.

- 1.13 The educative role of workplace participation could support democratic practice in a wider political and societal meaning. In this sense it is crucial to raise awareness and educate young people for democracy at work even before starting employment. Along with social partners, CSOs working in the field of education can play a complementary role and should be supported.

2. **Democracy at work: socio-political relevance in Europe**

- 2.1 Exogenous crises and transformative challenges have become a permanent state. The EU institutions and the Member States must constantly put in place new effective response mechanisms that combine economic efficiency with social, environmental and political objectives.

- 2.2 There are many normative and empirical justifications for more democracy in the world of work². The EESC has therefore long advocated for a balanced implementation of the concept of democracy at work and its key components such as vibrant social dialogue and a fair balance of rights and responsibilities in the workplace, which also includes the promotion of a culture of trust and cooperation between employers and workers, including workers' participation. These components should be supported by a legal framework and social dialogue at all levels and good company practice.

- 2.3 Democracy at work not only contributes to a resilient democracy, but is also key to sustainable economic competitiveness and prosperity. Workplace participation contributes to educating and training citizens in democratic practices, values and political culture. Those who feel taken into account in the workplace and who can participate in decision-making also do this in society and have a more positive attitude towards democracy.

- 2.4 The EESC has consistently stressed that having a robust European framework and good worker participation practices (*workers' voice*)³ as a basis for trustful dialogue between management and workers at all levels (cross-border, national, local) is part of the basic legal framework of European democracy and is an important guide for a competitive, social market economy. This should apply to all workers and all forms of work at all workplaces, be they private, public or social in nature, irrespective of size, sector or other organisational aspects.

- 2.5 A political consensus between governments, the social partners and civil society has anchored the *workers' voice* in many pieces of European legislation over decades⁴. This efficient resource must be fully implemented as a valuable component in all countries and companies, further strengthened and improved in the interests of economic success and social cohesion in Europe,

² [Benchmarking Working Europe 2019](#), Chapter 4.

³ Taking into account different means and processes for involving workers and their representatives in the Member States, this opinion uses the umbrella term "workers' voice" where appropriate.

⁴ With the involvement of social partners a body of almost 40 directives have been added to European secondary legislation, establishing a broad legal framework for informing and consulting workers and enabling them to participate; [ETUI Facts & Figures](#).

also strengthened in cases where there are gaps in law or implementation, and should be further developed in line with changes in the world of work. Against this background, the EESC encourages Member States to evaluate at national level the state of play and develop initiatives for robust information and consultation frameworks.

- 2.6 *Workers' voice* in EU countries is characterised by multiple institutions, sometime "functional equivalents" based on different labour relations systems, such as strong job and company-related information, consultation and negotiation rights, employee participation on boards, collective agreements at company, sectoral and cross-industry levels, binding outcomes of social dialogue as well as company cultures and capacities to manage change.
- 2.7 The incoming Spanish Presidency's request for an EESC exploratory opinion on democracy at work continues the noticeable trend whereby EU institutions and governments in EU countries are increasingly formulating "more democracy at work" as a political goal for the "Future of Europe". This can be seen:
- In the Social Commitment made at the 2021 Porto Social Summit, European governments and social partners reiterated their commitment to advancing and strengthening autonomous social dialogue at European, national, regional, sectoral and company level⁵.
 - The recent European Parliament report on democracy at work highlights that major changes arising from the European Green Deal and digitalisation must be implemented fairly and encourages the promotion of legal opportunities for employees to participate⁶. In the same spirit, the European Parliament recently called with a broad majority for a revision of the existing EU Directive on European Works Council⁷.
 - The Directive on adequate minimum wages in the EU requires all Member States to take measures to increase the coverage of collective bargaining, such as promoting the building and strengthening of the capacity of social partners.
 - In a recent proposal for a Council recommendation to strengthen social dialogue, the Commission stated that Member States should fully recognise and respect the specific role of social partner organisations in social dialogue structures and processes, while recognising civil dialogue as a separated process, involving a broader set of stakeholders on a wider range of topics⁸.
 - The Social Economy Action Plan, adopted 2021, specifically commits to promoting social economy business models which have democratic and participatory governance as one of their key identifying features.
- 2.8 In the same vein the EESC considers that a reliable and effective *workers' voice* can be an essential prerequisite for "sustainable" and economically successful corporate governance in the EU.

⁵ [Porto Social Commitment 2021](#).

⁶ European Parliament report [A9-0331/2021](#).

⁷ European Parliament resolution [P9_TA\(2023\)_0028](#).

⁸ Proposal for a Council Recommendation on strengthening social dialogue in the European Union [COM\(2023\) 38 final, p. 14](#).

- 2.9 The EESC is pleased to respond to the questions raised by the Spanish Presidency, namely
- what contribution the participation of workers and their representatives in business management can make to a just social and green transformation;
 - to what extent is it necessary to further develop the existing legal framework for employee participation and involvement in company decision-making, including in multinational companies;
 - how should employees' participation rights be strengthened in the context of digitalisation, which also covers the platform economy and data protection issues;
 - what impact do new technologies have on fundamental democratic rights such as worker participation.
- 2.10 In addition, in this opinion, the EESC presents a reflection on other forms of democracy in the world of work.
- 2.11 The EESC welcomes the Resolution on decent work and the social and solidarity economy adopted by the ILO at the June 2022 International Labour Conference, which highlights the fundamental role of social economy organisations in "consider the contribution of the social and solidarity economy to decent work, inclusive and sustainable economies, social justice, sustainable development and improving standards of living for all", as well as the United Nations Resolution on promoting the social and solidarity economy for sustainable development of 18 April 2023⁹. These principal resolutions demonstrate that social economy organisations play an important role in developing democracy at work by an important contribution to more democracy and participation in the economy and the labour market; this should be reflected in order to cover the social economy organisations in the institutional social dialogue also at European level.

3. **The EESC's position on democracy at work**

- 3.1 The EESC believes that the social inclusion of all stakeholders, in particular the *workers' voice*, as a key pillar of a business and of the economy, should be recognised and encouraged as one of the prerequisites for making businesses more "social", more environmentally sustainable, and more competitive.
- 3.2 The EESC has already highlighted the benefits of statutory employee participation tools at national and European level in numerous opinions adopted by a sizeable majority, stressing that:
- democratic structures at work should be seen as a core element of the European social model¹⁰;
 - social and civil dialogue at national and EU level is key to ensuring an economic, labour and social policy that helps boost people's living and working conditions and makes businesses more competitive¹¹;

⁹ [Resolution which is "recognizing the contribution of the social and solidarity economy to decent work and inclusive and sustainable economies, to the promotion of international labour standards, including fundamental rights at work, to the improvement of the standard of living for all and to social innovation, including in the field of reskilling and upskilling"](#)

¹⁰ [OJ C 229, 31.7.2012, p. 77.](#)

¹¹ [OJ C 10, 11.1.2021, p. 14.](#)

- countries with well-established social dialogue institutions and effective industrial relations systems are better placed to achieve positive economic, social and environmental objectives;
- effective worker involvement in business-related decision-making contributes positively to business success and to the implementation of digital, environmental and climate-neutral transition projects;
- exploiting the full potential of innovation requires the involvement and motivation of workers¹²; in this context, the *workers' voice* within companies contributes to positive change;
- the world of work is also a place for learning about democracy, especially for young people and entry-level workers, with the potential to prevent this group being left behind in the transformation process¹³;
- social economy entities such as cooperatives which work towards long-term goals and directly serve their workers and communities should be supported;
- restructuring in all forms can be better anticipated and managed through the early participation of organised employee representatives¹⁴ where this is provided for, including on boards, without hindering the necessary room for manoeuvre in decision-making in the event of company changes or changes in work organisation;
- transfers of enterprises without heirs or facing insolvency to employees under a cooperative form could also be a way to restructure them into sustainable and democratically managed enterprises¹⁵;
- especially in times of transformation and crisis, involving workers and civil society on the basis of a vibrant culture of mutual trust promotes the better implementation and acceptance of structural and organisational change¹⁶ and thus also boosts security and stability.

3.3 The EESC stresses the value of involving workers in workplace innovation. Initiatives by the social partners to enhance the productivity and well-being of workers at workplace level should be promoted in a wider European context. The EESC welcomes the initiatives and research of Eurofound¹⁷ and the European Workplace Innovation Network, and proposes that the EU take action to develop dialogue between the social partners and other stakeholders at all levels in the context of participatory approaches.

3.4 The EESC has also demonstrated its conviction that sustainable economies require companies in which the various stakeholders work together and cooperate in seeking to achieve sustainable business opportunities, economic competitiveness, environmental sustainability, and social balance. Hence the EESC's call for a corporate governance model that promotes the creation of

¹² [OJ C 159, 10.5.2019, p. 1](#), point 1.1.

¹³ [EESC resolution on the European Year of Youth](#), adopted on 08.12.2021, points 2.13 and 2.14.

¹⁴ [OJ C 229, 31.7.2012, p. 77](#), point 1.4. and [OJ C 10, 11.1.2021, p. 14](#), point 5.5.

¹⁵ [OJ C 286, 16.7.2021, p. 13](#), point 1.6.

¹⁶ [OJ C 341, 24.8.2021, p. 23](#), point 2.6.

¹⁷ [European Company Survey 2019](#).

long-term values as a duty of executive directors through the pursuit of the long-term interests of the company and its stakeholders¹⁸.

- 3.5 The debate on further developing a European legal framework for sustainable corporate governance must take reference to resolutions, opinions and reports already adopted by the EESC, the European Parliament and other relevant sources such as social partner agreements. Consequently, the EESC calls on the Commission to consider in their further work programs a corporate governance framework which serves as a reference for more sustainable and democratic corporate governance which fundamentally provides an adequate expression of workers' voice and for their representatives in company supervision and administration at all levels.
- 3.6 The debate on further developing a European legal framework for sustainable corporate governance must make reference to resolutions, opinions and reports already adopted by the EESC and the European Parliament, and to other relevant sources such as social partner agreements.
- 3.7 The starting point for European support for democratic participation in designing a forward-looking transformation must be existing skills, scientific and industrial infrastructure, and mobilising social economy cultures. In this way, local economies can be successfully connected to the global competitiveness of products and services.

4. Specific comments on the democratic development of the world of work

4.1 Ensuring and developing existing employee participation standards

- 4.1.1 The promotion of democracy in the world of work must go beyond company-level participation rights to include sectoral and cross-sectoral collective bargaining and representation systems and social dialogue at all levels, as well as dialogue with civil society.
- 4.1.2 The EESC has discussed the need to evaluate the current EU legal framework and how it should be implemented effectively in national law. This includes the intention to improve already existing provisions accordingly.
- 4.1.3 For example, the EESC has discussed the need for an EU framework regarding workers' participation when it comes to setting companies' strategic course at board level, while respecting differences at national and business level¹⁹.
- The European Parliament report on democracy at work²⁰ sets out how such a European framework for workers' rights to information, consultation and representation on boards could be designed.
 - Moreover, it is vital that the EU regulatory framework safeguards existing national participation rights, in particular the involvement of employees in company decision-making

¹⁸ [OJ C 229, 31.7.2012, p. 77](#), point 4.1., [OJ C 341, 24.8.2021, p. 23](#), point 1.11, [OJ C 10, 11.1.2021, p. 14](#), point 5.1, [OJ C 106, 31.3.2020, p. 1](#).

¹⁹ [OJ C 341, 24.8.2021, p. 23](#), point 1.14 and point 3, [OJ C 10, 11.1.2021, p. 14](#), [OJ C 161, 6.6.2013, p. 35](#), point 4.2.2 and point 4.4.2.

²⁰ European Parliament report [A9-0331/2021](#).

bodies. EU law, which regulates the cross-border transfer of a registered office or mergers and creates types of European company, must not bring about an avoidance or erosion of rights acquired at national level, such as board-level employee participation.

- 4.1.4 The EESC has also discussed the need to consolidate EU law provisions on mandatory employee participation, on the basis of standards already achieved, and for the definitions of information, consultation and participation to be standardised²¹.
- 4.1.5 The case-law of the Court of Justice of the EU has recently confirmed that existing elements of employee involvement at company level, such as board composition, must also be taken into account when companies are transformed into a European legal form, such as a European company (SE)²². EU law should ensure that this element is functionally comparable in the law of the EU Member States. This would create a reliable and legally certain basis for action for all parties involved.
- 4.1.6 In order to increase the effectiveness of the work of European Works Councils (EWC), the EESC has already discussed improvements, in particular concerning the right to participate, the provision of necessary resources, the strengthening of enforcement measures, the clarification of definitions to prevent circumvention, and effective sanctions for businesses that do not comply with the relevant provisions²³.
- 4.1.7 These requests are also reflected in the European Parliament's most recent resolution on the Directive on European Works Councils, which calls on the Commission to bring forward a proposal for a revision of the EWC Directive with a view to clarifying its objectives, definitions and procedures and to strengthening the right of workers' representatives and trade unions to information and consultation, particularly during restructuring processes²⁴. The EESC considers useful the Parliament's calls to improve the EWC Directive. It calls on the Commission to take legal measures in a timely manner, focusing on measures to promote the effective enforcement of European rights in business practice.

4.2 Requirements for participation in the platform economy

- 4.2.1 The platform economy represents opportunities, challenges and risks in relation to work, coupled with precariousness and inequality²⁵, posing challenges to democracy at work. This particularly applies to opportunities for collective representation and the protection of collective rights²⁶, which to date have been reserved to those employed directly. Platform economy workers – largely

21 Directive 2009/38/EC on European Works Councils and Directive 2002/14/EC establishing a general framework for informing and consulting employees in the European Community should be taken as a benchmark; see [OJ C 161, 6.6.2013, p. 35](#), points 1.6 and 4.4.2.

22 CJEU judgment of 18/10/22, ref. C-677/20 (SAP), CJEU judgment of 18/07/17, ref. C-566/15 (TUI).

23 [OJ C 10, 11.1.2021, p. 14](#), point 1.10.

24 European Parliament resolution [P9_TA/2023, 0028](#).

25 [The platform economy and the disruption of the employment relationship](#).

26 [OJ C 290, 29.7.2022, p. 95](#).

people in entry-level jobs and migrant workers – often face greater challenges than others when it comes to working conditions and salaries; given that adequate criteria are fulfilled workers' rights should therefore be extended to them and their voices included as part of the *workers' voice*.

- 4.2.2 The EESC considers purposeful the aim of the current draft Directive on platform work to prevent bogus self-employment. This would shift the burden of proof from workers to platforms and make protection under labour and social law available to platform workers, including representation rights and easier access to justice. The EESC notes the Commission Guidelines on the application of Union competition law to collective agreements regarding the working conditions of solo self-employed persons.
- 4.2.3 The EESC reiterates its earlier opinion that cooperatives in particular are able to ensure democracy at work in the digital platform context²⁷. Moreover, the EESC supports the position of the European Parliament that cooperatives could constitute an important instrument for the bottom-up organisation of platform work²⁸.
- 4.2.4 Since young people from vulnerable backgrounds make up 55% of platform workers, it is crucial to educate them on democracy at work even before starting employment, so they can exercise their rights and fight against discrimination. Along with social partners, CSOs working in the field of education can play an important role and corresponding projects should be supported.
- 4.2.5 The EESC will further follow aspects of the *workers' voice* in the platform economy and pay attention to the specific situation of self-employed platform workers and their coverage by collective bargaining.

4.3 Workers' voice and the use of artificial intelligence (AI), and data protection at work

- 4.3.1 As AI can have a significant impact on fundamental rights, non-discrimination and working conditions, its use should be based on a solid foundation of enforceable rules to protect workers from negative impacts. It also poses new challenges to democratic standards at work. The protection of privacy and the enforcement of the relevant laws should be a main focus. In addition, the monitoring, tracing and control of AI algorithms used at work must be ensured. This raises the question, for example, of how data subjects' access to information is to be designed, so as to understand the functioning and impact of the algorithm on work organisation and working conditions²⁹.
- 4.3.2 Social partners should be involved in all stages of the deployment and use of AI. Among other things, the European Social Partners' Framework Agreement on Digitalisation of June 2020 explicitly highlights the need for proper anticipation and timely involvement of workers and their representatives at a strategic level³⁰.

27 [OJ C 152, 6.4.2022, p. 38.](#)

28 EP-report: [Platform Work directive Report](#), Recital (new) 39a.

29 [Labour in the age of AI: why regulation is needed to protect workers.](#)

30 [European Social Partners Agreement on Digitalisation.](#)

4.3.3 Big data is a key element of AI. AI systems therefore also need to comply with the principles of the European Data Protection Regulation (GDPR). Article 88 of the GDPR imposes specific obligations on employers in order to protect employee data. In the EESC's view, it should be examined whether, in view of the dynamic developments and increasing complexity of data processing, the existing provisions need to be improved in order to strengthen the necessary protection rights.

4.3.4 The EESC wants to see an adequate digital access to companies and their employees for trade unions in order to establish and to foster an effective social dialogue in the field of AI application in the workplaces. It must be ensured that the EU GDPR is not used in practice as an obstacle to hinder the legitimate exercise of collective workers' rights. Abuse must be prevented through appropriate sanctions³¹.

4.3.5 In addition to already adopted opinions the EESC will further deepen its view on the impact of AI in the world of work, and focus hereby also on the *workers' voice*.

4.4 Participation in corporate due diligence throughout the supply chain

4.4.1 As a sustainable growth strategy for the EU, the European Green Deal means that not only economic success, but also social and environmental goals are essential for businesses. Therefore common rules that ensure that corporations and their owners adhere to "good corporate governance" should incorporate in a balanced way the role of all relevant stakeholders, workers' voice included.

4.4.2 Compliance with human and labour rights as well as environmental objectives along the supply chain is an important part of sustainable corporate governance. Creating "decent work" worldwide must become a recognised target for business decisions³². The EESC has therefore already recognised the need for a single EU-level regulatory framework for businesses³³. Supply chains should constitute a bigger part of risk management, including in the context of respect for human rights. It is therefore logical to place responsibility for them at board level.

4.4.3 The EESC notes that not only employees with their trade unions and representative bodies, but also civil society interests such as environmental organisations and human rights and consumer protection bodies, can play a key role in monitoring due diligence. It therefore welcomes the proposed introduction of mechanisms to assess and monitor compliance with corporate due diligence. However, it notes with concern that no provision is made for dialogue between the social partners.

31 ECA study (2021), [Data Protection Law and the Exercise of Collective Labour Rights](#).

32 [OJ C 486, 21.12.2022, p. 149](#), point 1.8 and point 1.9.

33 [OJ C 486, 21.12.2022, p. 149](#), point 1.11.

4.4.4 The EESC has already suggested a binding legal framework on due diligence and corporate responsibility, taking into account the *workers' voice*, must play an important role³⁴. It calls on the Commission, as part of the ongoing decision-making process, to lay down in the proposed legal text provisions on the mandatory and effective participation of both workers and civil society stakeholders in the due diligence process in line with their interests.

4.5 Further reflection on democracy in the world of work and direct forms of participation

4.5.1 The participatory management approach is also of importance in areas with weakly developed forms of employee representation, such as start-ups, freelance businesses and many SMEs. This approach already plays a major role in social economy enterprises, especially in economically active CSOs and cooperatives. The EESC will promote the exchange of best practices in this field, particularly on the interaction between statutory and trade union employee participation and forms of direct participation as an element of participatory management.

4.5.2 Complementary to democracy at work based on law and/or social dialogue, there are other successful forms of democratic participation of workers that are much alive in the social economy, mainly in cooperatives.

4.5.3 In order to shape regional structural change and to create a green and social deal, the question arises as to how forms of democracy at work can dovetail with forms of participatory democracy beyond the company, involving society organisations such as environmental and social organisations in the regional and local context.

4.5.4 Successfully implementing various forms of democracy in the world of work depends also on the knowledge-based cooperation of all stakeholders. CSOs working regionally or locally in the field of information, education and empowerment can support such cooperation through targeted measures adapted to local circumstances, in concertation with the social partners and local authorities. In this context, in some Member States' CSOs, among them consumer and human rights organisations, can play a complementary role in empowering workers and push employers to exercise corporate social responsibility. Such activities should also be supported by European funds.

Brussels, 27 April 2023

Oliver Röpke

The president of the European Economic and Social Committee

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N.B.: Appendices overleaf

³⁴ [OJ C 443, 22.11.2022, p. 81](#), point 1.7. and [OJ C 341, 24.8.2021, p. 23](#), point 3.10.

APPENDIX to the OPINION
of the
European Economic and Social Committee

The following amendments, which received at least a quarter of the votes cast, were rejected during the discussion (Rule 43(2) of the Rules of Procedure):

AMENDMENT 3

SOC/746

Democracy at work

Point 4.1.3

Tabled by:

ARDHE Christian

BLIJLEVENS René

DE FELIPE LEHTONEN Helena

DE MELLO Vasco

PILAWSKI Lech

POTTIER Jean-Michel

Amend as follows

<i>Section opinion</i>	<i>Amendment</i>
<p>For example, the EESC has discussed the need for an EU framework regarding workers' participation when it comes to setting companies' strategic course at board level, while respecting differences at national and business level^[1].</p> <p>- The European Parliament report on democracy at work^[2]sets out how such a European framework for workers' rights to information, consultation and representation on boards could be designed.</p> <p>- Moreover, it is vital that the EU regulatory framework safeguards existing national participation rights, in particular the involvement of employees in company decision-making bodies. <i>EU law, which regulates the cross-border transfer of a registered office or mergers and creates types of European company, must not bring about an avoidance or erosion of rights acquired at national level, such as board-level employee participation.</i></p> <p>^[1] OJ C 341, 24.8.2021, p. 23, point 1.14 and point 3, OJ C 10, 11.1.2021, p. 14, OJ C 161, 6.6.2013, p. 35, point 4.2.2 and point 4.4.2.</p> <p>^[2] European Parliament report A9-0331/2021.</p>	<p>For example, the EESC has discussed the need for an EU framework regarding workers' participation when it comes to setting companies' strategic course at board level, while respecting differences at national and business level^[1].</p> <p>- The European Parliament report on democracy at work^[2]sets out how such a European framework for workers' rights to information, consultation and representation on boards could be designed.</p> <p>- Moreover, it is vital that the EU regulatory framework safeguards existing national participation rights, in particular the involvement of employees in company decision-making bodies.</p> <p>^[1] OJ C 341, 24.8.2021, p. 23, point 1.14 and point 3, OJ C 10, 11.1.2021, p. 14, OJ C 161, 6.6.2013, p. 35, point 4.2.2 and point 4.4.2.</p> <p>^[2] European Parliament report A9-0331/2021.</p>

Outcome of the vote:

In favour: 98
Against: 130
Abstention: 20

AMENDMENT 4

SOC/746
Democracy at work

Point 4.1.5

Delete point

Tabled by:

ARDHE Christian
BLIJLEVENS René
DE FELIPE LEHTONEN Helena
DE MELLO Vasco
PILAWSKI Lech
POTTIER Jean-Michel

<i>Section opinion</i>	<i>Amendment</i>
<p><i>The case-law of the Court of Justice of the EU has recently confirmed that existing elements of employee involvement at company level, such as board composition, must also be taken into account when companies are transformed into a European legal form, such as a European company (SE)^[1]. EU law should ensure that this element is functionally comparable in the law of the EU Member States. This would create a reliable and legally certain basis for action for all parties involved.</i></p> <p><i>^[1] CJEU judgment of 18/10/22, ref. C-677/20 (SAP), CJEU judgment of 18/07/17, ref. C-566/15 (TUI).</i></p>	

Outcome of the vote:

In favour: 100
Against: 136
Abstention: 15

AMENDMENT 5

SOC/746

Democracy at work

Point 4.1.7

Amend as follows

Tabled by:

ARDHE Christian

BLIJLEVENS René

DE FELIPE LEHTONEN Helena

DE MELLO Vasco

PILAWSKI Lech

POTTIER Jean-Michel

<i>Section opinion</i>	<i>Amendment</i>
<p>These requests are also reflected in the European Parliament's most recent resolution on the Directive on European Works Councils, which calls on the Commission to bring forward a proposal for a revision of the EWC Directive with a view to clarifying its objectives, definitions and procedures and to strengthening the right of workers' representatives and trade unions to information and consultation, particularly during restructuring processes^[1]. The EESC <i>considers useful</i> the Parliament's calls to improve the EWC Directive. It calls on the Commission to take <i>legal</i> measures in a timely manner, focusing on measures to promote the effective enforcement of European rights in business practice.</p> <p>^[1] European Parliament resolution P9_TA/2023, 0028.</p>	<p>These requests are also reflected in the European Parliament's most recent resolution on the Directive on European Works Councils, which calls on the Commission to bring forward a proposal for a revision of the EWC Directive with a view to clarifying its objectives, definitions and procedures and to strengthening the right of workers' representatives and trade unions to information and consultation, particularly during restructuring processes^[1]. The EESC <i>notes</i> the Parliament's calls to improve the EWC Directive. It calls on the Commission to take measures in a timely manner, focusing on measures to promote the effective enforcement of European rights in business practice. <i>The EESC also notes that on 11 April the Commission launched the first-stage consultation of European social partners on a possible revision of the EWC Directive in order to gather the views of European social partners on the need for and overall direction of possible EU action on improving the EWC Directive. The consultation will be open for six weeks.</i>[2]</p> <p>^[1] European Parliament resolution P9_TA/2023, 0028.</p> <p><i>[2] First-stage consultation of social partners (europa.eu)</i></p>

Outcome of the vote:

In favour: 86

Against: 139

Abstention: 18

AMENDMENT 6

SOC/746

Democracy at work

Point 4.4.4

Amend as follows

Tabled by:

ARDHE Christian

BLIJLEVENS René

DE FELIPE LEHTONEN Helena

DE MELLO Vasco

PILAWSKI Lech

POTTIER Jean-Michel

<i>Section opinion</i>	<i>Amendment</i>
<p>The EESC has already suggested a binding legal framework on due diligence and corporate responsibility, taking into account the workers' voice, must play an important role^[1]. <i>It calls on the Commission, as part of the ongoing decision-making process, to lay down in the proposed legal text provisions on the mandatory and effective participation of both workers and civil society stakeholders in the due diligence process in line with their interests.</i></p> <p>^[1] OJ C 443, 22.11.2022, p. 81, point 1.7. and OJ C 341, 24.8.2021, p. 23, point 3.10.</p>	<p>The EESC has already suggested a binding legal framework on due diligence and corporate responsibility, taking into account the workers' voice, will play an important role^[1].</p> <p>^[1] OJ C 443, 22.11.2022, p. 81, point 1.7. and OJ C 341, 24.8.2021, p. 23, point 3.10.</p>

Outcome of the vote:

In favour: 89

Against: 148

Abstention: 11

AMENDMENT 1

SOC/746

Democracy at work

Point 1.6

Amend as follows

Tabled by:

ARDHE Christian

BLIJLEVENS René

DE FELIPE LEHTONEN Helena

DE MELLO Vasco

PILAWSKI Lech

POTTIER Jean-Michel

<i>Section opinion</i>	<i>Amendment</i>
<p>Over decades, European Works Councils (EWCs) have made a positive contribution to</p>	<p>Over decades, European Works Councils (EWCs) have made a positive contribution to</p>

<p>companies' long-term economic, social and environmental objectives. To increase their potential and effectiveness <i>their participation rights and resources</i> need to <i>be substantially improved: e.g. any circumvention or infringement of EWC participation rights should be sanctioned effectively and access to justice should be facilitated.</i> In this context, the EESC <i>welcomes</i> the European Parliament's recent resolution on the revision of the EWC Directive and calls on the Commission to take <i>legal</i> measures in a timely manner.</p>	<p>companies' long-term economic, social and environmental objectives. To increase their potential and effectiveness <i>the EESC considers that there is</i> need to <i>further promotion of proper enforcement and guidance based on practical tools such as benchmarking with best practices.</i> In this context, the EESC <i>notes</i> the European Parliament's recent resolution on the revision of the EWC Directive and calls on the Commission to take <i>appropriate</i> measures to <i>promote the proper enforcement of the Directive</i> in a timely manner. <i>The EESC also notes that on 11 April the Commission launched the first-stage consultation of European social partners on a possible revision of the EWC Directive in order to gather the views of European social partners on the need for and overall direction of possible EU action on improving the EWC Directive. The consultation will be open for six weeks.[1]</i> <i>[1] First-stage consultation of social partners (europa.eu)</i></p>
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Outcome of the vote: linked to amendment 5

AMENDMENT 2

SOC/746

Democracy at work

Point 1.11

Amend as follows

Tabled by:

ARDHE Christian

BLIJLEVENS René

DE FELIPE LEHTONEN Helena

DE MELLO Vasco

PILAWSKI Lech

POTTIER Jean-Michel

<i>Section opinion</i>	<i>Amendment</i>
<p>However, the EESC regrets that employee participation at company board level is not recognised as a key element of sustainable corporate governance. Therefore, the EESC supports appropriate efforts to <i>establish a harmonised framework for</i> employee</p>	<p>However, the EESC regrets that employee participation at company board level is not recognised as a key element of sustainable corporate governance. Therefore, the EESC supports appropriate efforts to <i>support</i> employee participation on boards, taking into</p>

participation on boards, taking into consideration differences between <i>Member States, and to ensure that European company law does not result in avoidance or erosion of corporate participation in the</i> Member States.	consideration differences between Member States.
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Outcome of the vote: linked to amendment 3

APPENDIX I

Table I. Legal provision for the information and consultation of workers in Europe

Charter of the fundamental Rights of Workers 1989 Treaty on the Functioning of the EU 2009	Employment law	Framework of Information and consultation	DIR 2002/12/EC
		Employment contract	DIR 91/533/EEC
		Temporary agency work	DIR 2008/104/EC
		Fixed-term work	DIR 1999/70/EC
		Part-time work	DIR 97/81/EC
		Transfer of undertakings	DIR 2001/23/EC
		Collective redundancies	DIR 98/50/EC
	Transnational specific circumstances	European Works Councils	DIR 2009/38/EC
		Societas Europaea (SE)	DIR 2001/86/EC
		European Cooperative Society	DIR 2003/72/EC
		Takeover bids	DIR 2004/25/EC
		Cross-border mergers	DIR 2005/56/EC
		Documentation of merger and divisions	DIR 2009/109/EC
		Certain aspects of company law (incl. cross-border mergers, restructuring and insolvency)	DIR 2017/1132/EC
	Health and safety	Preventive restructuring frameworks	DIR 2019/1023 EC
		Cross-border mergers, conversions and divisions	DIR 2019/2121
		Framework for Health and Safety	DIR 89/391/EEC
		Minimum standards	DIR 89/654/EEC
		Work equipment	DIR 89/655/EEC
		Personal protective equipment	DIR 89/656/EEC
		Manual handling	DIR 90/269/EEC
		Display screen equipment	DIR 90/270/EEC
		Carcinogens	DIR 90/394/EEC
		Biological Agents	DIR 90/679/EEC
Mobile construction sites	DIR 92/57/EEC		
Safety and health signs	DIR 92/58/EEC		
Pregnant and breast-feeding workers	DIR 92/85/EEC		
Drilling	DIR 92/91/EEC		
Mining	DIR 91/104/EEC		
Fishing vessels	DIR 92/104/EC		
Chemical agents	DIR 98/42/EC		
Vibrations	DIR 2002/44/EC		
Noise	DIR 2003/10/EC		
Electromagnetic fields	DIR 2004/40/EC		
Artificial optical radiation	DIR 2006/25/EC		
Work-related stress	European Framework Agreement		
Harassment	European Framework Agreement		

Source: Authors.

APPENDIX II

Fact-finding visit to Germany in the framework of opinion SOC/746 on *Democracy at work*, 6 February 2023

The delegation met with workers' and employers' representatives from the German chemical industry and steel industry as well as with researchers and advisors on co-determination from the Hans Böckler Foundation.

Workers' participation – System of co-determination

Trade unions and direct representation in the workplace ensure workers' participation. Works councils ensure representation at plant level, and supervisory boards ensure representation at company level. Works councils are elected and consist of those working in the plant. Works councils can be set up in all companies with five or more employees. A works council has extensive and clearly defined legal rights. Board-level co-determination is provided by having elected employee representatives present on a company's supervisory board in companies with 500 or more employees. In companies with 500-2000 employees, workers are given one third of the number of seats. With 2000 or more there is parity. Employee representatives have the same rights and duties as the board members representing shareholders, although they can always be outvoted by the shareholders' representatives (except in a small number of companies in the coal, iron and steel industries).

Works councils cover about 10% of the plants in Germany. It depends on the size of the plant; from 50-250 the numbers increase, whereas for plants with over 500 workers, more than 80 percent are covered. The companies that do not have co-determination are often start-ups that do not have a legal structure for participation, or companies that ignore/circumvent the rules. EU company law has created a legal form of company that is not covered by German law on co-determination. The Institute has developed a legal opinion on how to get rid of this loophole; however, the German Ministry of Labour wishes to clarify this at European level before changing German law.

The Foundation is working on company-level supervisory boards and gives advice and training on co-determination. It also helps workers' representatives understand the legal and financial implications of decisions, and helps develop opinions on strategic points of view. The Foundation is highly appreciated by both trade unions and employer organisations. Research shows that there are economic advantages for both sides involved in co-determination, such as higher investment rates, higher employee retention, and better financial management/accounting practices, and the Foundation helps look for positive outcomes for workers and companies alike³⁵.

Social dialogue and worker participation in the chemical industry

The chemical industry in Germany covers over 400 companies and more than 100 000 people, with 60% of the companies having fewer than 250 employees. The industry covers the entire chain of the chemical

³⁵ https://www.imu-boeckler.de/data/IMU_why_codetermination.pdf

industry, services, plastics, etc. Many companies have international owners, with 38% located outside Germany. Decisions about investment in the region are made in another part of the world.

The chemical industry has experienced a lot of change and transformation over the years, for example in 1960, in 1990 with the transition from coal to crude oil, the introduction of modern chemical plants etc. Nowadays, these changes concern climate-neutral production, digitalisation and demographics, among other things.

Changes are dealt with through social partnership, which is very important for companies and employers. The last strike in the industry dates back to 1971. There is ongoing communication with trade unions on all elements, including the future. The employers noted that the relationship is not always easy, but discussion is always maintained. When special situations emerge, special bargaining agreements are reached, and the employer representative feels optimistic that the social partners will also be able to tackle the current changes. For example, on demographic change and the ageing of workers, they are working together to find effective tools to deal with these issues. First, they have carried out an analysis and tried to design work processes to adapt to an ageing workforce. During difficult times for companies there are also examples of trade unions that have agreed to salary cuts. Members of the delegation drew attention to the fact that this kind of corporation did not exist in all EU Member States. In Germany, there are also examples of less well-functioning works councils, but at industry level, the contact is always maintained.

A discussion on the impact of COVID-19 and digitalisation on the employment relationship then ensued. During the pandemic, solutions were found to help both companies and workers. For example, companies had to pay less social security contributions if they invested in training during the time that plants were closed.

Companies with fewer than 50 employees often do not have works councils. There are differences between sectors; for example, the retail sector has less coverage. Bigger companies with over 500 employees are covered to almost 100 percent. About two-thirds of workers in SMEs are covered by co-determination in Germany. It was noted that the definition of SME is not the same in all EU countries, and that divisions are stronger in other parts of Europe.

It was noted that works councils are also present in company-level collective bargaining. They may also be involved in negotiations on exemptions to the overall framework agreement, but agreements are entered into between employers' organisations and trade unions. Works councils and trade unions may have different interests at times, but mostly their interests overlap.

According to the workers' representative, there are two main strengths of co-determination. Firstly, it facilitates change, such as the social and green transformation, and it allows for a stronger emphasis on long-term perspectives. Shareholder-led management often caters to short-term profits, but companies and workers' share common objectives, for example on adapting the skills of the future workforce. At board-level, there is a common interest in keeping the industry in the region. The system also facilitates crisis-management. During the pandemic, both sides had agreed on "Kurzarbeit" i.e. reduced working time, which allowed workers to maintain employment and enabled companies not to lose their workforce.

Secondly, the workers' representative emphasised the daily dialogue. This meant that when a crisis occurs, the conversation structures are already in place and these set the framework for constructive social dialogue. Trade unions help transmit unpopular messages and also have the common interest of the company in mind.

The system works through transparency and information. Companies have to provide information about what is going on, as a relationship of trust can only be built on information and transparency.

From five workers and upwards, it is possible to have a works council, and the councillors are not necessarily the same as the shop stewards. However, 70-75% of them are organised in trade unions. The head of the supervisory board has a double vote and can overrule the worker side.

During the ensuing debate, a distinction was made between SMEs and smaller family-owned companies and bigger companies. It was suggested that SMEs are more likely to apply a long-term vision for their business strategy. In the chemical industry in Germany, the 400 members of the association are of different sizes. 60% have less than 250 employees, but they could be branches of bigger international companies, which is the case for about 38% of them. About 10% are family owned, but this includes both smaller and bigger companies. The turnover and the number of employees do not necessarily correspond.

The workers' representative emphasised that the advantages of co-determination are fact-based, and that the positive influence could be measured, for instance through a higher level of investment and a higher number of apprenticeships. It was noted that, as the representatives come from industry, they understand the industry well. A member of the delegation highlighted that this was not the case in every country and therefore this model could not be transferred directly to other countries. However, it was emphasised that it could be possible to look for functional equivalence.

Transformation of the steel industry and the role of the social partners

It was noted that the steel industry is undergoing a major transformation. The industry employs 90 000 workers nearly 80 000 of whom are represented by IG Metall, and it also includes the steel, forging, crafting, non-iron, and aluminium sector.

The steel industry has a special form of co-determination known as "Montanmitbestimmung", which means that a neutral person decides in cases of parity on the supervisory board. This never happens in practice, as both sides prefer to find a negotiated solution rather than have somebody else decide on their behalf.

Besides, it is a legal requirement for workers and the trade union to be able to nominate a chief human resource officer to participate in the board of the company. This means that layoffs are often prevented and alternative solutions are found. The resource officer is always involved in a meaningful way, as afterwards decisions are overseen by the parity supervisory board.

The steel sector is undergoing a transformation, with a need to tear down furnaces and build new direct reduction plants working with hydrogen and new energy solutions in order to decarbonise production. It is in the European strategic interest to keep the steel industry in Europe alive. This is the biggest

challenge that the works councils and the social partners are working on, together with the German government and the EU.

Companies and workers agree on the importance of building the hydrogen sector and the necessary infrastructure, including a pipeline from North Africa to Europe. Discussions are now taking place on how to meet the energy needs of industry in Germany and in the EU more generally, and whether to place some steel production in North Africa. IG Metall believes it would be a mistake to only produce abroad.

Solutions are being sought in order to have the right conditions in order to keep the steel sector in Germany. Steel is the starting point of industrial production, and this is also a matter of sovereignty. This transformation needs a huge amount of investment totalling around EUR 40 billion. The unions want to help the companies, and have a common interest in safeguarding the industry, as well as in ensuring the social dimension of this transformation and maintaining jobs.

The social partners agree on the need to educate and upskill workers. A direct production plant using hydrogen would need workers with different skills. The trade unions' focus is on upskilling and reskilling workers. Companies cannot carry out this investment on their own and the social partners are calling for public funding. Trade unions are also working to prevent carbon leakage, for example the situation whereby new reduction plants are placed outside the EU. The US Inflation Reduction Act presents another challenge but the EU should do the same and protect its steel industry. Companies and workers have a shared interest in the industry's survival. There is a need for a common industrial policy in the EU. Addressing politicians jointly would make things easier for the social partners.

If the industry is left to die, this would present a big risk to democratic societies. History shows the social unrest and extremism that could result from this. The industry needs a level playing-field and a better European industrial policy. Despite the bottlenecks stemming from different social relations cultures, worker participation can lead to agreements and a common understanding of the needs of both workers and companies in a democratic process.

APPENDIX III

Fact-finding visit to Sweden in the framework of opinion SOC/746 on *Democracy at work*, 28 February 2023

The delegation met with employers' representatives from the Association of Swedish Engineering Industries (Teknikföretagen) as well as representatives from TCO Swedish Confederation of Professional Employees, and union representatives at H&M and Scania.

Development of the Swedish labour market

The employers' organisations representatives explained the functioning of the Swedish labour market and social dialogue with a presentation that underlined the development and main characteristics of the Swedish model. The first part of the presentation focused on the historical development of the Swedish model which has a long tradition and has been influenced both by liberal and socialist ideas, recognising the prerogative of the employers to lead and direct work and the workers' right to organise. From the beginning, the main element has been the compromise between the interests of the parties who over time have tried to balance efficient operation with fair working conditions, with a strong emphasis on the autonomy of the social partners.

With the 1928 Act on Collective Agreements, an important principle was established: when a collective agreement is in force there is a "peace obligation", otherwise there is full freedom to take industrial action. The Labour Court was also created. It has generally awarded very low damages for violations of bargaining agreements. This is linked to the fact that the state sought to achieve equal partners, and give them an incentive to maintain a good negotiation culture that prioritises finding solutions. The 1938 Saltsjöbaden Agreement established rules for negotiations and a consensus that disputes should be resolved through negotiations.

However, in the 70s, a series of laws was introduced. The legislation, in combination with the fact that wage-formation was not working well during the seventies and eighties, led to a crisis in the Swedish model according to the employers, whereas the workers' representatives felt the legislation had been more of a codification of existing collective agreements.

Types and levels of negotiations

The Co-determination Act establishes the right to negotiate, the right to information and the employer's obligation to negotiate in some situations. There are mainly three different types of negotiations that can occur within this legal framework. Co-determination negotiation: the employer is obliged to conduct negotiations with the unions, for example on reorganisation of production, but afterwards the employer is free to make a decision. There is no obligation to reach an agreement with the unions and the subject of negotiation cannot be settled as a legal dispute. Dispute negotiation: the parties of a CBA are entitled to attempt to solve legal disputes regarding the interpretation or application of the statutes of labour law legislation or the collective agreements through negotiations. If the parties cannot agree, the issue can be brought to the labour court. But this rarely happens, most legal disputes on the Swedish labour market

are settled through negotiations. Negotiation for an agreement: negotiations between the employer and the unions can also be conducted in order to reach an agreement, mostly in order to reach a CBA on some level.

With regards to the levels of negotiation, there is a local, sectoral and national level. At the local level, the parties are companies, local and/or regional representatives. They negotiate salary, compensation, labour shortage negotiations, the co-determination procedure within a company group and, very importantly, derogations from sectoral agreements. The peace obligation applies during these negotiations. At the sectoral level, the parties are Teknikföretagen/IF Metall, Unionen, Sveriges Ingenjörer, and Ledarna. They negotiate salary, working hours, compensation, vacations, leave and derogations from the law. There is no peace obligation during these negotiations. At the national level, the parties are the Confederation of Swedish Enterprise/LO and PTK. They negotiate under the peace obligation on subjects like pensions, insurance, and the framework regarding termination due to redundancy and personal reasons.

Within these levels, the law represents a general framework from which derogations could be made at a local and sectoral level. In order to really have democracy at work, it is important to allow the social partners at all relevant levels to negotiate and conclude agreements freely. The main principle in Sweden is that collective agreements are always valid, except from certain situations where the court deems them very unfair to workers, but this is very uncommon.

An example of sectoral agreement is the 1997 industrial agreement. The industrial agreement coordinates collective bargaining and binds employers' organisations in the industry and their trade union counterparts. It governs wage formation in the industry in Sweden and contains rules about social dialogue which takes place continuously. The parties have a special industrial committee and permanent working groups that deal with issues such as gender equality, research, transport, development, etc. They also have a joint economic council with independent economists. The industrial agreement establishes a negotiation procedure. The parties can elect mediators who have certain rights such as postponing industrial action for a certain period. This agreement has worked very well: the competitiveness of companies has increased but wages have also become more competitive.

An example of an historic national agreement is the reformed employment law and the system for transition and skills support from 2022. The system is aimed at upgrading workers' skills by providing them with the right to take leave to study subjects that are relevant to strengthen the employer's position on the labour market. The state pays most of the worker's salary during the study period which can last 43 weeks, but the training has to be in the interest of the company.

Democracy at work. Swedish example

The foundation of the Swedish labour market model is its autonomy: the social partners rely on their counterparts for problem-solving, with self-regulation as an outcome. They have continuous social dialogue as described above and there is a high level of mutual trust, and the social partners to a large extent have a role equivalent to that of the legislator. Legislation constitutes a framework but the social partners have broad freedom to regulate, and also deviate from collective agreements. Worker's rights are protected and guaranteed through these agreements.

Collective agreement coverage is on average 90 percent and state intervention is very limited. In many other countries, the coverage of collective agreements is much lower. The reason for such a high percentage in Sweden is due to the strong interest that members of employers' organisations and of unions have in joining the organisations because of the impact and importance that both organisations have regarding many aspects of work regulation such as: termination of contracts, salaries and pensions. Employers and workers both win by being members because they reach collective agreements that involve a good degree of flexibility for companies and high level of employment conditions for workers.

This model is the foundation for democracy at work and workers' participation. The right to information and consultation is regulated by the Co-determination Act, which sets out an information obligation on: revenue and economic outlook, changes in production, premises, new technology, rate of sickness leave, staff turnover and workplace accidents (if any), and a consultation obligation on: significant changes in the business such as new organisation, downsizing, hiring of a new manager, mergers and acquisitions. An employer also has to consult on significant changes in the working or employment conditions of individual workers. This law applies to small companies too. And if there is no collective bargaining agreement that applies to a company, some of the provisions of the act still apply, and then the company will have to negotiate with the union at sectoral level.

Workers also have influence through board representation. Worker participation on company boards was first introduced in Sweden in 1973 by way of legislation. Now workers of companies with at least 25 employees are entitled to appoint two members and two deputy members to the board. In companies in different branches of industry and with more than 1000 employees, workers are entitled to appoint three members and three deputy members to the board. Those appointed by the workers' organisations should be employed by the company, but this is not a strict requirement. Workers' representatives have the same standing and responsibilities as other board members. If there is an executive committee in relation to the board, workers' representatives are entitled to participate in its work.

When legislation on board representation first entered into force employers were worried, but now the employer representatives have the impression that it works well. They seldom receive complaints from companies and believe that it is because it was established that the worker members have the same standing and responsibilities as other board members, they have to respect confidentiality requirements, and they are also responsible if decisions go wrong.

From the trade union side, there had also initially been reluctance by union representatives to take responsibility for board decisions, but their concerns quickly disappeared. Union representatives explained that board participation worked well, but that it is a tricky situation to be in for a union representative, as you receive a lot of information that is secret. They have had a few examples where the workers' representatives did not want to stay, as they did not get the same information as the other members of the board, while they still had the responsibility, but this is rare.

European level

During the discussion, it was considered how the Swedish model could inspire other labour markets. There was broad agreement that, due to diverse historical cultures and political contexts, there are many different labour market models in Europe and that it would be very difficult to export a single model.

Many other labour market systems have more of a legislative tradition, which also could be seen at EU level.

The employers' representative believed that the EU has an important role in safeguarding basic human rights and workers' rights, as well as to regulate cross-border issues. However, social policy initiatives at EU level must keep international competitiveness in mind. Well-functioning autonomous collective bargaining systems require that legislators place trust in the social partners' ability to balance workers' and employers' interests, and there should be a right to derogate from EU directives by collective agreements.

Trade union representatives felt that there was room for enhancement of participation at EU level, but not necessarily at national level. Due to the fact that national level models are different and it is hard to find a one-size-fits-all approach, they were sceptical of the need for an EU Co-determination Act, but there was scope to make the cross-border dimension more streamlined to ensure a better implementation and they agreed with the notion of applying sanctions. They explained that, in their experience, the company's origin determines how well European Works Councils work. They spoke of examples where foreign union colleagues told them that they did not have other consultations besides the cross-border meetings, and in those circumstances sanctions were necessary.

Platform work and its employment status was also discussed. The participants said that a solution was developing organically, with about 20 factors determining the employment relationship on a case-by-case basis, and that there were not many disputes between the social partners on this. This was also the case concerning the green transition, where the social partners made agreements in times of structural change.

The social partners both believed that the best way to increase the workers' voice was above all by strengthening collective bargaining. The cornerstone of the Swedish model is respect for the autonomy of the social partners.
