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The Effectiveness of European Works Councils, as a Mechanism of Voice, for Hungarian Workers of UK-owned Multinational Companies in the Printing, Chemical and Food Industries

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In memory of Professor John Gennard, for his kindness and support in Budapest

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ABSTRACT

European Works Councils (EWCs) have received a mixed response amongst policymakers and research critics since their establishment in the mid-1990s. Whilst there are those who are optimistic about their achievements (Coms, 2004; Lecher at al, 2001; Lecher and Rub, 1999), there are those who give a more measured response (Hall and Marginson, 2005; Waddington, 2005; Gilman and Marginson, 2002; Carley and Marginson, 2000; Wills, 2000; 1999; Royle, 1999) and those who believe EWCs have failed to offer workers an appropriate mechanism for strengthening the employee voice for workers of multinationals in Europe (Keller, 2002; Ramsay, 1997; Streeck, 1997).

In 2004, EU enlargement prompted further European social integration and, along with countries from Central and Eastern Europe (CEE), Hungary became an accession state. This meant that, for the first time, Hungarian workers of multinational enterprises became participants of new and established EWCs (Voss, 2006). In light of these political and socio-economic developments, this qualitative study, involving three UK-owned case study organisations from the printing, chemical and food industries, assesses whether EWCs are effective in delivering an employee voice for Hungarian workers. Moreover, the study considers how the multinational environment; local voice structures; and the internal dynamics and function of the EWC all shaped Hungarian employee voice.

This analysis of EWCs and employee voice is embedded within a Marxist view of the employment relationship, in which power inequalities; management control; and a conflict of interests are believed to lie at the heart (Ackers, 2012; Budd, 2004; Ramsay et al, 2000; Kelly, 1998; Kochan, 1998; Hyman, 1997). The study argues that trade union-led mechanisms remain the most robust and effective channel for counterbalancing the inequalities and providing employee voice (Hyman, 1997; Kelly, 1996; Kirkbride, 1992; Freeman and Medoff, 1984) and the findings show that, in comparison to employee voice, is weak both at a local and European level. Whilst EWCs

offer some opportunity for harnessing a voice, this has not been realised through effective pan-European coordination of trade union networks. In conclusion, the study recommends that local trade unions work towards cultivating closer links and strategies with EWCs to create stronger voices and solidarity links for Hungarian workers.

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Chapter 1

Introduction

In 1988, EU Commission President, Jacques Delors, described '…social dialogue and collective bargaining [as] pillars of democratic society.' Since that time, the European Union (EU) has led a long campaign and embarked on a somewhat turbulent journey towards creating a social Europe that, at its heart, has attempted to protect the rights of working EU citizens (Gold, 2009; Leibfried and Pierson, 2000; Dinan, 1999). Despite opposition from national governments and the social partners, the architects of the EU have achieved minimal standards in social policy, which have firmly changed working lives in Europe and, as part of that strategy, the Treaty of the European Union (1992/OJ C191) has established provision in European worker voice, through the introduction of the Social Protocol and European Works Councils (here on in referred to as EWCs). By 2004, the EU became an even greater socio-economic and political institution, when enlargement took place and countries from within Central and Eastern Europe (CEE) became new EU members. This meant that further integration and harmonisation in employment policy, across the region, was required and, as a new member state, Hungarian workers of multinational organisations found themselves part of a European voice mechanism (Voss, 2006). The main purpose of this study is, therefore, to establish whether EWCs are effective for Hungarian workers in providing them with a voice within the multinational environment. This introductory chapter begins with a brief background and overview of the study and the existing literature framework. It outlines, also, the rationale for the study and identifies its key objectives. We begin with the background to the study.

1.1 Background to Study

Almost two decades have passed since EWCs surged on to the European stage and, as part of the EU's social strategy the primary aim of EWCs was to counterbalance the deregulation of the European economic markets (Knudsen, 2003; Falkner, 1998). Their introduction, in the mid-1990s, marked

a sea change in social policy and brought with it the prospect of a European level industrial relations system, strengthening the platform for employee voice across the region (Marginson and Sisson, 2006). The EWC Directive (94/45/EC) provides workers of multinational enterprises with an information and consultation forum and, today, a total of 1007 company agreements are in place to discuss financial and organisational issues which affect the workforce (ETUI-REHS, 2012; Falkner, 1998).

Since their introduction, EWCs have received a wealth of attention but their achievement in providing employee voice has prompted mixed reviews. Whilst some are optimistic about what they have delivered (Com, 2004; Lecher et al, 2001; Lecher and Rub, 1999), some offer a more pragmatic assessment (Marginson and Sisson, 2006; Timming, 2006; Hall and Marginson, 2005; Waddington, 2005; Gilman and Marginson, 2002; Whittall, 2000; Wills, 2000; 1999), whilst others remain firmly pessimistic in their views (Keller, 2002; Ramsay, 1997; Streeck, 1997).

In 2004, the EU underwent a significant programme of enlargement, dramatically increasing its membership from twelve to twenty seven member states and incorporating many countries from the CEE region (Mailand and Due, 2004). During the latter years of the communist regime, Hungary operated a pseudo-market within its centrally planned economy. When political transition took place, Hungary received major foreign direct investment and, in the 1990s, was regarded to be at the forefront of democratisation (Neumann, 2005; Galgoczi, 2003; Frege, 2002; Lado, 2001; Flanagan, 1998). The prospect of EU membership further fuelled economic interest in Hungary and, by 2001, twenty five per cent of Hungarian workers were employed by foreign-owned multinationals and these enterprises shaped intensely its business infrastructure (Lado, 2001).

With the growth in foreign investment and accession to the EU, the EWC Directive became applicable to many more workers and Hungarian employees found themselves as new participants. However, what set Hungary apart, from other CEE members, was its early adoption of a dual

channel industrial relations system and the establishment of national level works councils alongside trade union networks (Neumann, 2005; Galgoczi, 2003, Vickerstaff and Thirkell, 2000). The implementation of these local voice mechanisms, combined with growth in foreign investment, was meant to have produced a more progressive and informed approach to employee relations (Frege, 2002), allowing workers to benefit from a more proactive role within the EWC forum (Voss, 2006). Therefore, the purpose is to establish whether these events have helped to create a stronger local employee voice system and whether the introduction of EWCs has been an effective voice strategy for Hungarian workers.

1.2 **Outlining the Research Framework**

The study draws upon three disparate fields of social research: employee voice; EWCs; and Hungarian employee representation. Each literature is critical to the research rationale, with key aspects of each forming part of the conceptual framework. We begin by examining employee voice. Before we can understand voice, we need to establish why voice is critical to workers. Taking a Marxist perspective, the employment relationship is characterised predominantly by the power inequalities found within it and the control management exercise over workers (Butler, 2005; Kelly, 1998; Hyman, 1997; Hyman and Mason, 1995). Marxists view conflict as a key feature of the employment relationship (Ackers, 2012; Budd, 2004; Ramsay et al, 2000; Kelly, 1998; Kochan, 1998; Hyman, 1997) and, therefore, in order to counterbalance these inequalities and structured antagonisms (Edwards, 2003; 1986), workers require access to voice mechanisms. However, defining the scope of employee voice has proved challenging and establishing what makes voice effective has been particularly difficult (Armstrong, 2006; Bryson, 2004; Marchington et al, 2001; Benson, 2000; Millward et al, 2000). The literature shows that the strength of employee voice varied enormously (Wilkinson and Dundon, 2010; Blyton and Turnbull, 2004; Salamon, 2000). In attempting to bring clarity to these issues, Wilkinson and Dundon (2010) demonstrated how ‘breadth’; ‘depth’; ‘scope’; and ‘form’ all played a part in determining the success of employee voice. Hyman (1997) argued that, in

order for voice to be effective, it had to offer autonomy; legitimacy; and efficacy and this could be achieved only through the trade union mechanism. Indeed, Hyman's (1997) notion that union-led voice is the most effective is reinforced by the wider literature (Butler, 2005; Dundon et al, 2005; Gospel and Wood, 2003; Lloyd, 2001; Terry, 1999; Kelly, 1996; Kirkbride, 1992; Freeman and Medoff, 1984) and Hyman's (1997) framework forms a key part of this study of EWCs.

With no explicit role for trade unions, EWCs have emerged to provide varying levels of voice for multinational workers. Having outlined already the three major debates within the EWC literature, it is important to show how these can be drawn together to form the conceptual framework. Despite taking a largely optimistic view of EWCs, Lecher et al (2001), in their typology, demonstrated not only how EWCs had faired but, also, showed how autonomy was a key part in developing an effective EWC. The typology resonates not only with Hyman's (1997) study but, also, echoes with aspects of Gilman and Marginson's (2002) framework, which offers a more pragmatic assessment of EWCs based on their 'statutory'; 'country'; 'sector'; and 'learning' effects. Moreover, both frameworks bring together the notion that EWCs are affected partially by management's relationship with its workforce and, again, this chimes with Hyman's framework (1997).

However, with approximately three per cent of EWCs considered to provide adequate scope for employee consultation (Carley and Marginson, 2000), the involvement of members, from the CEE region, further complicates the capacity of EWCs to deliver an effective employee voice. Indeed, there is strong empirical evidence that EWCs have failed in their capacity to provide a voice to workers within a Western European domain (Timming, 2006; Hall and Marginson, 2005; Whittall, 2000; Wills, 2000; 1999; Royle, 1999; Ramsay, 1997; Streeck, 1997) and this throws into question whether Hungarian workers are able to facilitate a voice at a European level.

To date, the Hungarian experience of EWCs is not well documented. Whilst there is evidence, from the wider CEE community, on their impact (Meardi,

2004), some attempts have been made to assess their influence in Hungary (Voss, 2006; Neumann, 2005; Galgoczi, 2003), with the most notable study undertaken by Voss (2006). In this study, Voss (2006) described the conditions required under which a Hungarian voice could be strengthened through the EWC mechanism and these findings were reinforced by the wider EWC literature (Pulignano, 2005; Knudsen, 2003; Gilman and Marginson, 2002; Lucio and Weston, 2000; Hyman 1997; Streeck, 1997; Kelly, 1996). In short, Voss (2006) concluded that, in order for a European voice to be effective for Hungarian members, it had to be set within a cooperative management culture and underpinned by a strong national industrial relations background. Indeed, much of the wider literature calls for multi-level structures to work together and consider the EWC as an opportunity for cultivating stronger solidarity links across Europe, since union-led mechanisms are the most powerful in enabling voice (Pulignano, 2005; Lucio and Weston, 2000; Hyman, 1997).

Yet, whilst Voss's (2006) study made some logical assumptions about the value of local mechanisms in supporting the EWC, it failed to fully recognise the issue of legacy which has come to influence the Hungarian industrial relations landscape (Neumann, 2006; Frege and Toth, 1999; Toth, 1998a). Indeed, Hungary's adoption of a dual channel of representation has not been without difficulty. In a post-communist era, trade unions experienced their biggest decline and the introduction of works councils attempted not only to undermine the union movement but, also, it left the system weak and fragmented (Neumann, 2006; Aczel, 2005; Galgoczi, 2003; Pollert, 2000, 1999; Toth, 1998b; Hughes, 1992). In turn, the issue of Hungary's communist legacies came to influence its current workplace practices, with local management resistant to move away from its autocratic leadership styles and workers fearful of management control (Benyo, Neumann and Kelemen, 2006, Mako, 2006). Moreover, the present socio-political climate, in Hungary, casts doubt over trade union abilities to operate as autonomous, legitimate and efficient agents on behalf of workers, and, therefore, questions remain unanswered as to whether Hyman's (1997) assertion, that unions provide the most robust voice mechanism, is reflected accurately within this context.

In light of this, there is a case for investigating further the effectiveness of EWCs for Hungarian workers of multinational organisations and their relationships with local level voice mechanisms. Given the empirically based criticisms which EWCs have faced within Western Europe (Whittall et al, 2007; Waddington, 2005; Timming, 2006; Wills, 2000; 1999; Royle, 1999; Ramsay, 1997; Streeck, 1997), the study examines, in its assessment of EWCs, the impact of the UK multinational environment and the existing system for employee voice in Hungary. In addition, the study establishes whether, within the EWC forum, worker representatives have created the right dynamics and strategies for harnessing a voice at both a European and local level. The study focuses on UK-owned multinationals from the printing, chemical and food sectors. The decision to use these case studies rested on two factors. Firstly, the UK industrial relations landscape, historically, lends itself to a more adversarial approach and its experience of organising local works councils is limited in comparison to other EU states (Salamon, 2000). Secondly, in keeping with Gilman and Marginson's (2002) framework, they identify 'sector' as a contributing factor to the success of EWCs and this may influence, also, the study's findings. In summary, this study's key objectives were to identify the following:

1) Whether the UK multinational environment, as a home country, shaped EWCs for Hungarian workers.

2) How Hungary, as a host nation for these multinational enterprises, responded to participation within the EWCs.

3) Whether prevailing mechanisms of voice in Hungary were able to harness the European platform to strengthen employee voice.

The following section outlines how these research objectives were achieved.

1.3 Overview of the Study

Taking a qualitative approach, the study was driven empirically through three case study organisations, referred from now on as PrintCo, ChemCo and FoodCo. Each case study represented a UK-owned multinational company with operations in Hungary and was taken from the printing, chemical and food industries. Semi-structured interviews were used as the primary research technique and these were underpinned by observational studies and archival data analysis. In total, sixty participants agreed to take part in the study (twenty per case study), comprising of those involved directly and indirectly in European and local voice mechanisms. Approximately half of the participants were Hungarian, with the rest based in the UK. Senior UK management, EWC representatives, local works council representatives, trade union officials and local management were all involved in the study, with the vast majority of representatives working as full-time employees. The fieldwork was carried out between 2007 and 2008 and the data was gathered in partnership with a senior figure of the Hungarian Chemical Workers' Union (VDSZ) in Hungary.

The study followed standard principles in research reporting and began with a critical review of the existing debates. The literature review is carried out across three chapters. Chapter two explores the concept of employee voice, considering, firstly, the inequalities within the employment relationship and identifying why voice is necessary for workers. The chapter examines, also, the strength and scope of voice and presents an overview of the varying mechanisms. It considers, also, the constraints placed on non-union voice and analyses the role of legislation and the impact of dual channel representation. Chapter three examines EWCs, as a mechanism of voice, charting their formation and the emergence of these European structures; the impact of the multinational environment; and the response of trade unions. Chapter four provides an overview of Hungary's political, economic and social history and how its industrial relations system has responded to these changes. More specifically, it analyses the impact of Hungary's Labour Code (1992) and explores the growth in foreign direct investment and entry to the

EU. The chapter concludes with an outline of the key literature framework which sets out the rationale for the study. In chapter five the research methodology is discussed and the framework, through which the empirical data is viewed, is introduced. Whilst chapters six, seven and eight present the empirical findings for each case study organisation, these are analysed through the empirical framework in chapter 9. Finally, chapter ten concludes the study by identifying the key findings and demonstrating how the study has furthered the debates within the field. The limitations of the study are considered, also, along with a brief rationale for further research. We begin the study, in the following chapter, by reviewing the debates around employee voice.

Chapter 2

Exploring Employee Voice and its Mechanisms

This chapter aims to understand employee voice and its purpose within the workplace. In order to do so, we need, also, to better understand the employment relationship and establish what are the characteristics of voice which make it meaningful and effective. In the current economic climate, shaped by high unemployment and job insecurity, employee voice has gained widening public interest and increasing importance at work (Gennard, 2009). However, voice, as a concept in industrial and employee relations, has been developed and applied over several decades.

One of the earliest studies to conceptualise voice was undertaken by Hirschman in 1970. Regarded as a seminal work, Hirschman's study linked the notion of exit, voice and loyalty towards consumer brands and used this formulation to examine customer reaction to the quality of products. Faced with a choice, a customer can choose to stop buying a product (exit); complain to the manufacturer (voice); or remain silent and stay loyal to the brand (loyalty). In his study, Hirschman concluded that voice, whilst the most complex strategy, was the most beneficial to both the organisation and the consumer. The framework was adapted later for the workplace where the discontented shopper was replaced by the discontented worker. In effect, the study demonstrated that an employee could choose to leave their employment (exit); voice their concerns to management and work towards improving them (voice); or remain silent and continue in their role (loyalty). In Hirschman's view, the worker would be advised to voice their concerns and work towards improving relations, rather than exiting or remaining silent.

Indeed, since his work, there has been a growth not only in literature on employee voice and its relative achievements (Gollan, 2005; Mooney, 2005; Bryson, 2004; Spencer and Daniel, 1986; Leck and Saunders, 1972) but, also, more considerable literature on its limitations (Wood and Fenton-O'Creevey, 2005; Dundon et al, 2005; Bryson, 2004; Poutsma et al, 2003;

Terry, 1999; Hyman and Mason, 1995; McCabe and Lewin, 1992; Freeman and Medoff, 1984). Then, the aim is to explore voice and its many manifestations through the existing evidence.

In order to do so , the chapter examines voice through five sections. The first section explores the employment relationship and demonstrates how inequalities in power create a need for employee voice to counterbalance these imbalances. This is undertaken by examining the conflict of interests and cooperation between employers and workers; management control; and worker autonomy. Having ascertained that voice is necessary to combat power relations, section two looks to define voice and understand how it is conceptualised. More specifically, it examines voice in terms of its scope and strength; distinguishing information; consultation and negotiation; and demonstrating how the choice of mechanisms enhance or impede the capacity to provide voice. Section three reinforces earlier discussions, through an evaluation of the empirical literature on voice, by examining employee involvement and participation schemes and industrial democracy; and differentiating between individual and collective and union and non-union channels of voice. Section 4 examines, then, the role of trade unions, illustrating how their autonomy and power make them the most credible and effective mechanism for voice, and counterbalancing the inequalities in the employment relationship. Finally, section five assesses the role of legislation and dual channel representation, by considering, specifically, the German statutory model and the implementation of information and consultation in the UK. The chapter ends with an introduction to European level voice and EWCs.

2.1 Understanding the Need for Employee Voice in the Employment Relationship

The overriding purpose of employee voice is to counterbalance the power inequalities inherent within the employment relationship (Butler, 2005; Kelly, 1998; Hyman, 1997; Hyman and Mason, 1995). For this to be its principal aim, one has to accept that, fundamentally, an imbalance in power exists and

that the relationship is built upon a conflict of interests. However, it is worthwhile noting that there exists significant debate around the notions of power and conflict. Whilst unitarists believe that conflict is pathological and built on a notion of mutual gains (Pfeffer, 1998; Huselid, 1995), pluralists and Marxists view conflict as a key feature of the employment relationship (Ackers, 2012; Budd, 2004; Ramsay et al, 2000; Kelly, 1998; Kochan, 1998; Hyman, 1997). However, whilst the nuanced philosophical debates concerning the employment relationship are not engaged with in detail, it should be pointed out that at the heart of this examination of employee voice is an acceptance of the Marxist perspective that the employment relationship is balanced unfairly in favour of employers to the detriment of workers (Kelly, 1998; 1996; Hyman, 1997; 1975).

Given these assumptions, the purpose of this section is to convey the importance of employee voice in counterbalancing these inequalities; this is best achieved through an analysis of the employment relationship and the nature of the power inequalities. Firstly, it considers Edwards' (2003; 1986) conceptualisation of the employment relationship and the 'structured antagonism' between workers and employers. Then, the reasons for the existence of these antagonisms are explored through an analysis of power, demonstrating how Marxist thinking has shaped industrial relations literature. Then, conflict is discussed, specifically in terms of management's attempts to control the employment relationship through worker autonomy and participation, by referring, in particular, to Kelly's (1998) mobilisation thesis and Ramsay's (1977) 'cycles of control'. The section concludes with a brief introduction of union and non-unionised voice mechanisms.

Edwards' (2003; 1986) analysis of the employment relationship has come to play a key part in our understanding of the modern day workplace. He referred to the 'structured antagonism' between employers and employees, insisting that the employment relationship was based upon diverging interests between employers and employees and that conflict was an inherent element in the employment relationship. Whilst employers wish to drive down costs in their pursuit of profit, workers desire better working conditions and pay in

return for their labour. Fundamentally, he argued that these antagonisms could not be resolved. Despite this conflict, he contended, also, that, on a day-to-day basis, cooperation had to be maintained in order for the ongoing relationship to succeed. Indeed, Edwards (2003; 1986) demonstrated that both conflict *and* cooperation were features of the employment relationship, an insight which gave rise to the term 'structured antagonism'. Moreover, Edwards emphasised several additional characteristics of the relationship. Management control was a key factor since it was management's responsibility to ensure that cooperation was maintained. Further, labour surplus and exploitation were prerequisites of the relationship, highlighting the interdependency between workers and employers. This observation was consistent with Fox (1985), who demonstrated, also, that both stakeholders had an interest in the welfare of their organisation, arguing that on some level both parties needed to co-operate. Whilst employers aim to create profit, workers, too, need the security of employment to survive which can be achieved only through daily harmonisation of the relationship.

However, one needs to proceed with caution when discussing the mutual benefits of the workplace relationship, since the aim of the 'structured antagonism', as described by Edwards (2003:1986), is not to detract from the fact that a conflict of interest between workers and employers does exist and, fundamentally, shapes the relationship. Indeed, the relationship is predicated on an imbalance of power and, in order to understand the complexities of the employment relationship further, it is necessary, firstly, to explore the notion of power.

In 1974, Steven Lukes published his seminal work, 'Power: a Radical View'. Lukes discussed society's relationship with the state, referring to the 'three faces of power'. He concluded that governments controlled people in three ways: through decision-making power; non decision-making power; and ideological power. The first is the most overt form of power, in which governments are seen to be formulating policy and making decisions through consultation with opposition parties. The second notion of power is the government's capacity to control the agenda. That is, what is and what is not,

discussed or reviewed in an open forum, whilst the third 'face' is ideological power. This is regarded as the most powerful, enabling governments to influence the wishes and desires of individuals, sometimes to the detriment of their own self-interests. In short, this theory, at its most rudimentary level, describes an imbalance of power in the relationship between individuals in society and the government; however, it is one which can be applied, also, to the workplace.

Indeed, power and its role within the employment relationship are underlying themes of a Marxist perspective. According to Marx (1867 reissued in 1990) employment is a transactional arranged in that a worker is able to sell his labour in return for a wage, in just the same way that an exporter of goods sells their products at an agreed price. Labour is a commodity and combined with materials and other modes of production these provide the means for capitalism to flourish. However, the labour market is not characteristically like any other and suffers from inequalities and an imbalance in power which is heavily skewed in favour of employers

The idea of worker exploitation formed the basis of Marx's thesis in which he described how labour surplus – where the value of labour input is greater than the value received – was, itself, an exploitation of the workforce. The imbalance derives, fundamentally, from ownership of the means of production on the part of capitalist employers and, conversely, non-ownership of the means of production on the part of workers. The idea of labour inequalities in modern industrialised society dates back to Adam Smith's critical text *The Wealth of Nations* (1776 reissued in 1997) in which Smith referred to the imbalance between employees and employers (referred to as 'masters'). He observed that 'masters' constantly rally to curb increases in waged labour and manage to do so through their role in shaping the industrial landscape and the legal system which he argued favoured the 'master' over the 'servant'.

The Marxist perspective continued to influence an important current within industrial relations literature. Blyton and Turnbull (2004:178) referred to capitalist society as 'an asymmetry of power between capital and labour',

which existed between employer and employee and where the former possessed more power than the latter. According to Fox (1985), establishing whose dependency is greater (employer or employee) and who holds the greater power resources is key. Hyman (2005) agreed, also, that the relationship was based on inequality and interdependence, whilst Pfeffer (1981) described the power, exercised by management, as either coercive or legitimate. Coercive power refers to the extent to which groups or individuals succeed in achieving a desired outcome through constraint or compulsion. Essentially, management has the capacity to force workers to comply even if they are not in agreement with management objectives. In contrast, legitimate power is much more subtle, in that it may not require management to exert force but, instead, requires workers' to legitimise management's authority, often implicitly.

Kelly's (1998) 'mobilisation theory', offered, also, a Marxist perspective on the employment relationship. At the heart of Kelly's (1998) framework was the concept of injustice. He argued that the employment relationship was predicated on injustice and its growth provided the impetus for collective representation and mobilisation of workers throughout capitalist society. He highlighted, also, the diverging interests of worker and employer and suggested that employee, rather than employer, interests be the starting point for industrial relations theory. Rather than focusing on profit and productivity, more emphasis should be placed on the conflict of interests and exploitation of workers. Given the propensity for current debates, within HRM, to focus on sustaining competitive advantage and how workers, as a valued business asset, can be employed to create this dynamic (Boxall and Purcell, 2002, Wright et al, 1994), Kelly's (1998) thesis adopted a rather different approach, countering unitarist claims and demonstrating that conflict remained at the very core of the relationship.

If it is accepted that power is distributed unevenly in favour of management and, therefore, conflict is innate and determines workplace norms, then, Ramsay's (1977) 'cycles' theory which charted management attempts to control the relationship, is explicable. Ramsay (1977) argued that the extent,

to which workers were allowed to engage in participation, was reliant on management control and interest. During periods of full employment and worker militancy, management use participation schemes to combat unrest in the workplace, whilst, during times of labour quiescence, employers revert to more non-participatory and autocratic styles of leadership. According to Ramsay (1980) management's interest in worker participation is 'phantom' and lacks any real meaning or value, since employers simply use it as a self-serving strategy to maintain control of the relationship. Indeed, not only are participation schemes designed to reinforce the inequalities prevalent in the employment relationship but, also, their development and adoption by management is regarded as a specific attempt at marginalising trade unions (Kelly, 1998). The argument that worker involvement and participation schemes have been used as part of union avoidance strategies is presented later in the chapter. However, what is interesting to note, at this stage, is how the employment relationship is managed and daily harmonisation secured through the control of worker autonomy. Essentially, managers are able to maintain the relationship through awarding workers just enough autonomy to secure their compliance or – to use a more HRM-led term – create employee 'commitment'.

As Ramsay's (1977) 'cycles' thesis demonstrates, often, worker participation is controlled and channeled by management, with employers offering greater or lesser involvement during differing stages of the relationship. It is for this reason that the only way in which workers have any chance of counterbalancing these inequalities and lessening management's grip, is through the utilisation of effective employee voice strategies (Kelly, 1998, 1996). However, the choice of strategy plays a key part in its success, with many mechanisms relying too heavily on management involvement (Butler, 2005). Terry (1999:27) described some of these schemes as '…management emanations subject to management whims…', labelling some voice mechanisms as 'cosmetic devices', whilst Haynes (2005) believed them to be no more than 'toothless wonders'. In short, employee voice can only counterbalance successfully the employment relationship through trade union mobilisation and representation, since unions provide the most autonomous

and legitimate channel through which workers can articulate voice (Kelly, 1998, Hyman, 1997,). Moreover, Freeman and Medoff (1984) concluded that trade unions provided the only channel through which workers were protected and management involvement was minimised. These debates, outlining the merits of trade union-led voice, are returned to throughout the chapter.

So far, this chapter has outlined the purpose of employee voice and demonstrated how it can counterbalance the power inequalities and conflict prevalent within the employment relationship. More generally, we have alluded briefly to union and non-union mechanisms and how non-union voice has come under scrutiny by some members of the academic community. The next section aims to build on this understanding of the complexities of voice by addressing it as a theoretical concept; considering the definitions of voice; and establishing what makes it effective.

2.2 The Dimensions of Employee Voice

Having established that the purpose of employee voice is to counterbalance the inequalities in power found within the employment relationship, it is now necessary to explore the concept of employee voice in more depth. The aim of this section is to understand the different dimensions of employee voice. Defining employee voice through a critique of Bryson's (2004), Armstrong's (2006) and Marchington et al's (2001) interpretations enable us to better comprehend its function and purpose. Then, our understanding of voice is developed further by examining the strength and scope of voice through the work of Gospel and Wood (2003), Blyton and Turnbull (2004) and Wilkinson and Dundon (2010). The section concludes by considering how the effectiveness of voice can be measured through Hyman's (1997) framework.

A number of definitions attempted to encapsulate the essential meaning and purpose of voice. Bryson (2004: 220) suggested that employee voice was simply '…two-way communication between management and employees…' whilst Armstrong (2006: 808) believed that it was a system for '…ensuring that employees are given the opportunity to influence management decisions

and to contribute to the improvement of organisation performance.' Armstrong's (2006) definition echoed McCabe and Lewin's (1992) analysis which referred to the management's communication to workers and their involvement in management decision-making.

However, there were striking differences between these definitions and, in some ways, they raised more questions than they provided answers, and, arguably, did not explain the essence of voice. Firstly, Bryson's (2004) definition discussed voice in terms of a communication tool, indicating that it was merely a mechanism for dialogue between management and staff. This interpretation seemed to present a version of voice which was weak in terms of its ability to counteract this imbalance of power within the employment relationship. There was no suggestion by this definition that voice could achieve outcomes for workers, or that its purpose was to harness power for workers. For these reasons it seemed to offer an unsatisfactory and overly reductive analysis. In contrast, Armstrong's (2006) definition extended the remit, linking voice with influence over management decision-making. This suggested that the role of employee voice was consultative and the definition provided a slightly more robust interpretation of its aim and purpose. However, this failed still to acknowledge power and conflict which both lie at the centre of the employment relationship and provide the impetus for using employee voice mechanisms. Moreover, Armstrong's (2006) understanding put performance and the needs of the organisation at the heart of voice, a prioritisation which ran counter to Kelly's (1998) perspective which put the needs of the employee at the core.

In attempting to find a more robust interpretation of the concept of employee voice, the work of Marchington et al (2001) is considered now. They argued that voice primarily allowed workers to raise and rectify issues with management; in turn, this helped to prevent a breakdown in the employment relationship. It counterbalanced, also, management power through collective measures and, lastly, it ensured viable working relations in the long term, demonstrating a mutual and cooperative relationship between management and workers. In the main, this definition encapsulated a more explanatory and

complex picture of employee voice. Key to this interpretation was its recognition of the power imbalance which lay within the employment relationship. By alluding to the exercise of power within the employment relationship, it demonstrated that the purpose of voice was to counterbalance these inequalities. Marchington et al (2001) suggested, also, that by articulating voice, workers could 'rectify' issues and, therefore, influence decision-making and assume that conflict and co-operation existed concurrently within the employment relationship (Ackers, 2012). This position was consistent with Edward's (2003, 1986) 'structured antagonism'.

However, whilst Marchington et al (2001) referred explicitly to the use of collective voice measures, they did not specify whether these should be union or non-union led. Within the Marxist perspective, a central tenet is that unions provide the most salient mechanism for delivering voice (Kelly, 1998; Hyman, 1997; Freeman and Medoff, 1984). Hyman's (1997) analysis provided the most robust argument for adopting trade union voice mechanisms. To understand this more fully, it is necessary to explore the complexities, strength and scope of voice through other analytical frameworks.

Conceptually, voice can operate on three levels: information; consultation; and negotiation. According to Gospel and Wood (2003), at its most basic level, voice provides a process for acquiring information or operates as a communication network, allowing managers to convey information using a top-down approach. This interpretation is in keeping with Bryson's (2004) definition in which voice acts merely to aid communication within the employment relationship. It offers no tangible outcome for workers, nor does it provide them with any real opportunity to engage in decision-making. In short, mechanisms, which operate at this level, offer a weak and somewhat unsatisfactory platform for meaning worker voice.

Gospel and Wood (2003) identified consultation as a more enhanced measure of voice which promoted two-way dialogue between workers and managers. This assessment was in keeping with Armstrong's (2006) interpretation of voice, although it should be added that he referred to the

capacity for workers to influence decision-making, which was not outlined explicitly in Gospel and Wood's (2003) understanding of consultation. Indeed, this distinction is important, since the opportunity to engage in consultation does not suggest necessarily a worker's right to influence decision-making. Only at the point of negotiation, do workers earn the right to influence management decision-making and it is, at this level, that voice is most prominent. Often associated with collective bargaining, negotiation offers the most meaningful outcomes for workers. Operating at the full end of voice spectrum, this supports earlier claims that unions provide the most robust structure for delivering employee voice (Kelly, 1998; Hyman, 1997; Freeman and Medoff, 1984).

Blyton and Turnbull's (2004) continuum of participation enhanced further an understanding of voice. They suggested that employee voice schemes lay somewhere between the 'no involvement' and 'employee control' extremities on a notional continuum. Indeed, they identified five stages along the continuum: no involvement; receiving information; joint consultation; joint decision; and employee control. The key point is the difference between employee influence and involvement. 'The main distinction along the continuum lies between consultation and joint decision-making, for under the latter, employees (or their representatives), formally secure access to exerting influence rather than simply being involved in the decision-making process.' (Blyton and Turnbull (2004: 255). Moreover, they acknowledged that, for some critics, it was only at this juncture, where influence superseded involvement, that genuine worker participation and employee voice took place (Blyton and Turnball, 2004; Ramsay, 1980). This is significant for an understanding of meaningful and effective voice, since if the purpose of voice is to counterbalance the inequalities within the employment relationship, it must exert some influence over management decision-making.

Wilkinson and Dundon's (2010) framework developed further the concept of voice and included employee 'control' in their assessment. Their interpretation referred to 'codetermination' rather than 'negotiation', perhaps signalling a shift away from the traditional trade union language of collective

bargaining and a move towards including non-unionised mechanisms of voice. The term ‘codetermination’ originated in Germany where workers are given the right to influence decision-making by sitting as representatives on the management board. This practice is not common outside of Germany and, for example, codetermination is notlegally binding in the UK and other countries in Europe (Keller and Kirsch, 2011; Royle, 2002). With reference to Wilkinson and Dundon’s (2010) analysis, the term ‘negotiation’ seems a somewhat ambiguous choice when discussing the realms of employee voice. However, by moving away from traditional trade union terminology, Wilkinson and Dundon (2010) led us to assess a wider variety of collective voice mechanisms. Indeed, the choice of mechanism is determined largely by the ideologies which underpin it, and Wilkinson and Dundon (2010) explained, also, how ‘depth’, ‘level’, ‘scope’ and ‘form’ helped to define and determine voice.

Understanding that employee voice is complex, Wilkinson and Dundon (2010: 173) aimed, through their analysis, to ‘…unpack the purpose, meaning and subsequent impact of employee participation.’ The fourfold framework distinguishes the existing variations in employee voice. ‘Depth’ refers to the extent to which employees have influence in decision-making. ‘Level’ considers where voice takes place either at department, plant or corporate level. ‘Scope’ refers to the range of issues discussed, from canteen facilities to plant closures, and ‘form’ considers the type of schemes in use, differentiating individual and collective measures from union and non-unionised channels. The framework accepts that some voice mechanisms operate on more than one level and, in some cases, a works council, which operates as a non-unionised collective voice mechanism, may provide only information but, at other times, may engage in consultation. The framework conveys not only the types of mechanisms available but, also, the level at which they operate. To a large extent, Wilkinson and Dundon’s (2010) analysis highlighted the intricacies and problems in defining voice, since it revealed a number of mechanisms which could be seen to provide voice. The framework demonstrates, also, that some of these mechanisms offer

more to workers than others in their attempt to counterbalance the inequalities found within the employment relationship.

Having established that employee voice mechanisms took different forms and that interpretations of their nature and efficacy differed widely, Hyman (1997) concluded that there was no simple explanation to what constituted effective voice. Essentially, voice cannot be measured objectively and its evaluation will be open always to qualitative criticism. However, in making sense of the phenomena, Hyman (1997) argued that voice had to contain three vital components: autonomy; legitimacy; and efficacy. Autonomy refers to the impartiality of the representative mechanism and its independence from the employer. Moreover, in voice, autonomy requires, also, there to be sufficient distance from rank and file workers; this means that independent representatives (usually through a trade union) provide the most satisfactory channel of voice. In Hyman's (1997: 311) view, '…successful interest representation requires a strategic perspective on costs and benefits, risks and opportunities…' and only those representatives, who were impartial, could assimilate the '…contradictory grievances and aspirations…' of the workforce.

According to Hyman (1997:311), 'Legitimacy is the precondition of the representativity of representatives who enjoy relative autonomy from their constituents.' In short, legitimacy is earned through historical precedent and the track record of those representing the workforce. Legitimacy can be lost, therefore, if there is no evidence of tangible outcomes. Such an outcome can be the source of difficulties if representatives find themselves in situations where an agreement with management is difficult to achieve. However, Hyman (1997) referred to the 'mobilisation of bias' and argued that, in some situations, the skill to inform, explain and argue, all formed part of the process of legitimisation. Moreover, he argued that representatives can legitimise their actions, also, by existing rules and norms. In short, autonomy and legitimacy are linked intrinsically and, in quoting Regalia (1988: 351), Hyman (1997) suggested that the interaction between these two components created

an '…ambivalent and evanescent relationship' between workers and their representatives.

The last component of Hyman's (1997) framework is efficacy; this is the most difficult concept to define because of its subjective nature. Measuring the success of representation objectively is no easy task and an analysis of efficacy requires always some form of qualitative and, therefore, subjective critique. However, Hyman (1997: 311) believed that its '…achievements must be viewed as relative to what is potentially attainable…'. Therefore, Hyman (1997) conceptualised efficacy by referring to the organisational capacity of both the representative and the non-representative body to acquire information; formulate a strategy; and implement it competently. He argued, also. that the success of employee voice was not based only on the skills of the representative and the mechanism but, also, the relationship which they might have with those they represented.

Hyman's (1997) framework made an important contribution to the literature which defined employee voice and representation. Furthermore, it acted as a central measure within this study of EWCs, since Hyman (1997) concluded that trade unions were the only body which, adequately, could provide autonomous, legitimate and efficient means for delivering voice. In essence, trade union efficacy is borne out of their competences and achievements and their relationship with their membership. Indeed, there is a substantial body of work which supported Hyman's belief that union voice was the most effective (Butler, 2005; Coats, 2004; Gospel and Wood, 2003; Terry, 1999; Kelly, 1996; Kirkbride, 1992; Freeman and Medoff, 1984). Fishman's (1995: 4) analysis echoed, also, with Hyman's (1997) framework and suggested that there were three interlinked principles which guaranteed effective voice '… collective institutions which enable citizens to achieve democratic representation, [legally binding] institutions…. which embody equality of representation and citizens choice of representatives within these institutions.'. Fishman's (1995) analysis supported largely Hyman's (1997) analysis which we return to again when we explore employee voice and the role of trade unions.

Having demonstrated that there were wide ranging conceptual interpretations of voice and what it offered to workers in its strength, scope and composition, evaluating effectiveness can be undertaken only successfully if there is a clear understanding of its function and purpose. To this end it can be deduced that employee voice can counterbalance only the inequalities in the employment relationship if it allows workers the opportunity to influence management decision-making, ideally through negotiation. However, where there is an absence of negotiation, employee consultation is the next best alternative; however, for this to be effective, it must prove meaningful. This is best achieved through unionised mechanisms of voice, which offer the most effective measure, by providing autonomy; legitimacy; and efficacy in worker voice (Hyman, 1997). To demonstrate this further, the following section explores the types of voice mechanisms available, and examines some of the empirical research evidence around employee involvement; participation; and industrial democracy. In particular, the next section considers how individual and collective mechanisms work in practice and evaluates their limitations in providing employee voice for workers.

2.3 Exploring the Effectiveness of Employee Voice through Individual and Collective Voice Mechanisms

During recent decades, the number of individual (or direct) voice mechanisms, in operation, has almost doubled, whilst the number of collective (or indirect) methods has halved (Gollan, 2005; Millward et al, 2000). Such developments reflect a shift towards the introduction of employee involvement schemes which focus on the role of the individual worker and a move away from unionised methods (Salamon, 2000; Hyman and Mason, 1995). This section draws upon empirical evidence to distinguish individual and collective non-unionised channels and discusses their value as credible voice mechanisms, by paying particular attention to their limitations in counterbalancing the inequalities within the employment relationship. In addition, the section introduces the concept of industrial democracy as an effective alternative to these widely used involvement and participation schemes, arguing that

striving for industrial democracy should be an overarching aim for those engaged in employee voice.

In general, involvement schemes and individual voice mechanisms follow a unitarist, HRM-based framework taking productivity and performance as their main driver. The influence of most mechanisms aid communication strategies, between workers and managers and employees, is focussed largely on improving performance (Salamon, 2000). Geary (1994) referred to this as task participation since, often, employee involvement strategies were geared towards improving productivity and efficiency. Teamworking, quality circles, staff attitude surveys and employee empowerment schemes all provide workers with an opportunity for individual employee engagement. Many of these mechanisms emanate from Total Quality Management (TQM) (Burchill 2008). However, despite the growing appeal of these mechanisms, they have been subject to criticism by academic writers (Dundon et al, 2005; Gollan, 2005; Haynes, 2005; Kelly, 1996) on the grounds that they operate as information tools, offering much weaker opportunities for engaging in employee voice (Wilkinson and Dundon, 2010; Blyton and Turnbull, 2004; Gospel and Wood, 2003).

Legge (1999) noted that the principles of TQM and the individual approach did not always work in practice. Whilst the system promotes flexible team-working; an internal client ethic; and opportunities to demonstrate initiative, often, TQM practices can create an unhealthy environment in which staff members feel obliged to suffer in silence. The pressure, placed upon those working as a team, can cause added stress for employees who end up working harder and longer to redress the mistakes and errors caused by others. The end result can create a sense of ‘big brother’ surveillance, whereby colleagues watch each other continually instead of developing a strong and positive group dynamic. Moreover, the evidence shows that direct measures can create work intensification, but, in return, offers no more satisfaction (Gollan et al, 2001; Ramsay et al, 2000). Furthermore, involvement does not increase productivity necessarily and any attempt by managers to increase performance through direct measures can result in ‘rent

seeking behaviour', whereby workers attempt to make gains for themselves, rather than for the greater good of the organisation (Mizrahi, 2002).

In order for employee involvement schemes to be effective, Qvale's (2003) study of hotel workers in New Zealand suggested that staff needed to be engaged, not only in the daily routine of problem solving but, also, in the consultation process at a strategic level. Programmes designed to encourage problem solving amongst staff were seen to have a very positive impact upon hotel workers. However, two key findings from the study underpinned the success of this programme. Firstly, the attitude of management was largely positive and there was a notable commitment to installing effective communication strategies. Secondly, and perhaps more pertinently, Qvale's (2003) study demonstrated that it was the combination of both individual and collective methods which enhanced voice. Research shows that individual methods alone do not provide an effective strategy and, thus, the need for collective or indirect representation needs to be strengthened. Indeed, Prosser (2001 cited in CIPD 2001) argued that '…collective voice achieves what the lone voice could never do: it humanises and civilises the workplace… '. Collective voice, therefore, provides a much better opportunity for workers to be heard, protecting them directly from management discrimination, but allowing them to raise their concerns in a more constructive environment (Gollan et al., 2001).

Employee participation focuses on collective representation which, in its form,is both union and non-unionised. Often, these mechanisms are designed to provide workers with indirect influence over decisions which may affect them at a local and strategic level. Participation schemes attempt to counterbalance some of the prevailing forces, found within the employment relationship, by focusing on working conditions and employee interests, rather than restricting employee influence to task-based issues (Salamon, 2000).

Traditionally, trade unions have been at the forefront of collective representation. However, the emergence of company-led schemes has gained significant prominence and two significant factors can be identified for

this change (Sako, 1998). Firstly, the deregulation of the economic markets, particularly across Europe, has increased the number of multinational organisations and given support to globalisation. In turn, the changing business environment has brought about a shift in attitude towards the employment relationship and employee voice. As a consequence, the perception and role of the trade unions has changed and membership has declined steadily (Kersley et al., 2006; Gospel and Wood, 2003; Visser, 2002). Evidence suggests that non-unionised companies which adopt high performance strategies and employee participation initiatives, as part of a wider HRM model, are becoming rapidly the preferred model for managers (Gollan, 2005). With declining union densities on the rise, those eligible for union representation has shrunk and the non-unionised approach allows both parties to work collectively together and face the external challenges more effectively (Mooney, 2005).

In broader terms, Wilkinson et al. (2004) identified three ways in which this type of non-unionised collective forum could have a positive outcome for both workers and managers. Firstly, if workers perceive that their views count, this is likely to bolster positive employee attitudes and to createa more committed and loyal workforce. Secondly, the change in attitude could encourage lower attrition rates and increase productivity, both on an individual and group basis, and, thirdly, sharing ideas and the process of knowledge transfer between staff and management could prompt better management decision-making and create more harmonious working relations. In many respects, it is in the interest of management to develop employee participation schemes and give workers a voice mechanism since it promotes employee satisfaction which, in turn, boosts productivity and performance (Gollan and Wilkinson, 2007; Guest and Peccei, 2001).

Employee participation has made way, therefore, for a new kind of collective voice, which received strong support from the EU, which was instrumental in legitimising worker participation through the EWC (94/45/EC) and, latterly, the Information & Consultation Directive (02/14/EC). Both provide workers with a European and a national framework for engaging in company level

consultation. However, their introduction has received a mixed response. Critics of the approach voice concern primarily over union marginalisation and there is substantial evidence that these mechanisms offer a much weaker voice for workers than trade unions (Wood and Fenton-O'Creevey, 2005; Dundon et al, 2005; Kelly, 1998; Ramsay, 1997; Streeck 1997).

To some extent, non-unionised collective voice mechanisms help reinforce the view that conflict and cooperation are both key elements in the employment relationship (Ackers, 2012; Edwards, 2003; 1986). However, here, there is an interesting dichotomy in that, whilst they claim to have the interests of both manager and worker at their core, they fail to fulfil the most basic worker needs and avoid addressing the issue of power in the relationship. Dietz et al's (2005: 300) study of a UK clothing manufacturer illustrated the problem of taking a non-unionised, collective approach and how management retained control, in the workplace, whilst peddling a mutual gains, high performance work agenda. The study showed how senior management believed strongly that trade union involvement, at the site, was unnecessary if time was spent on cultivating the right atmosphere. The introduction of a partnership agreement between staff and management demonstrated a commitment from both sides to create a positive and harmonious working environment. As part of the agreement, the staff were asked to work on a more flexible basis in return for guaranteed job security to those who had two years' service. Training was provided, also, for workers who believed that they were given sufficient opportunity by management to have meaningful input to the decision-making process.

On *prima facie* grounds, the arrangement promoted a mutual gains approach and seemed to provide worker satisfaction through training and participation. It increased productivity through flexible working hours; team-working; and job satisfaction. However, for the scheme to work employee 'buy-in' to the company philosophy was paramount and some workers were sceptical of the scheme. For some, the attempt at cultural harmonisation was perceived as a form of staff indoctrination. A shop floor worker commented that the culture '… is a bit brainswashy… they [the managers] feel we should be all the same,

but we have different personalities and different reactions.' In creating this environment, management cocooned their workers effectively in a culture which lacked diversity and remained largely management dominated. More importantly, the study highlighted a pay deficit, where average wages in the factory were below the labour market average. Indeed, within the organisation, comparatively, both staff and middle managers were underpaid. This non-unionised scheme, which promoted actively the marginalisation of the unions, was ineffective in achieving the basics in bargaining and increased wages, calling into question the real benefits of non-unionised voice. Throughout its set-up, control and power remained firmly in the hands of management and there was no evidence of worker influence. Whilst the scheme might have created an environment of empowerment and engagement, two commonly used terms within the HRM literature; workers paid the price – quite literally – for remaining union free.

The example highlighted further the flaws embedded within the employee involvement approach, reinforcing the fact that a conflict of interests between workers and employers remained entrenched within the employment relationship. Moreover, the existing empirical literature around employee voice lends itself largely to a more critical assessment of non-union participation, demonstrating how management control the relationship and how ineffective these approaches of mutual gains are for workers seeking to redress this imbalance (Dundon and Gollan, 2007; Bonner and Gollan, 2005; Haynes, 2005; Lloyd, 2001; Terry, 1999).

The concept of industrial democracy offers a much stronger basis for employee voice insofar its 'hard' version is concerned; its aim is to establish worker control. According to Salamon (2000: 370) the key objective of industrial democracy '… is the establishment of employee self-management within an organisation, whose ownership is vested in ether the employees or the State and whose managerial function is exercised ultimately through a group, elected by the employees themselves, which has the authority over all decisions of the organisation, included the allocation of 'profits' between extra wages and reinvestment.'. This position is consistent with the Marxist

perspective on the employment relationship in that it addresses the imbalance in power and management control and offers a definitive approach to employee influence. Moreover, it resonates with Blyton and Turnbull (2004) and Wilkinson and Dundon's (2010) understanding of voice. However, Hyman and Mason (1995:8) suggested that the likelihood of such an arrangement existing was slim in the current market economy. They argued that '… any worker or activist concern for industrial control has been fragmented and displaced by defensive struggles to retain individual employment and to protect employment rights.' Indeed, given the shift towards more unitarist measures and the establishment of employee involvement schemes, this seemed to be an accurate account of industrial democracy in the contemporary workplace. In truth, industrial democracy is the only approach which offers a credible and feasible opportunity for counterbalancing the inequalities in the employment relationship and working towards it should remain a key objective for those attempting to hold management to account. To establish how such an objective can be pursued, it is necessary to examine the role of trade unions and their capacity to provide voice. Following the earlier analysis of Hyman's (1997) framework, the next section explores the power of trade unions in more depth, demonstrating why they offer the most robust mechanism of voice for workers.

2.4 Employee Voice and the Role of Trade Unions

No examination of employee voice would be complete without exploring the role of trade unions. The aim of this section is to reinforce earlier claims made that trade unions deliver the most effective channel for voice. The section begins by looking at how management has embraced non-unionised mechanisms in order to counterbalance union power. It reinforces concerns over the shortcomings of non-unionised forums and demonstrates the sanctions available to trade unions and how industrial action and collective bargaining act as key indicators of union strength. Moreover, the section illustrates how, in keeping with Hyman's (1997) framework, trade unions operate as autonomous, legitimate and effective agents in their provision of

employee voice. Towards the end of the section, we address the challenges faced by unions in terms of membership density and worker apathy and, also, the structure of dual channel representation is introduced.

It has been considered often that management's underlying objective, when introducing non-unionised schemes such as quality circles or works councils, is trade union marginalisation, using it as part of a deliberate union avoidance strategy (Dundon and Gollan, 2007; Willman et al, 2006; Watling and Snook, 2003; Lloyd, 2001; Bryson, 2000; Kelly, 1998, 1996). Gollan (2005) referred to these non-union mechanisms as union 'substitutes', whilst Lloyd's (2001) case study, of an aerospace company, documents in explicit terms the lengths which management was willing to go to derecognise the trade union and replace it with a non-unionised employee council. Dundon and Gollan (2007) suggested that, in some cases, management's union avoidance tactics are not only sophisticated but, also, increasingly ruthless in nature. Many managers favour non-unionised methods of voice because they are less adversarial and more harmonious in their structure (Gollan and Wilkinson 2007). Indeed, findings, amongst senior management, indicate that they are more inclined to listen to requests made by non-union representatives than unionised members (Bryson, 2000). This attitude presumes that unions undermine and threaten management control and, therefore, this offers weight to the argument for unionisation.

There is, however, evidence to counter the claim that union avoidance is a deliberate strategy employed by management. Findings by Millward et al. (2000) indicated that not all management sought actively to exclude the unions through non-unionised participation, but that the existence of non-unionised mechanisms provided management with the potential for avoiding union conflict. So, whilst it may not always be management's intentions to implement a union avoidance strategy, its introduction may still have the effect of weakening union influence.

Those, critical of non-unionised collective representation, highlighted its limitations in providing workers with a satisfactory mechanism for voice. Terry

(1999:27) believed that what non-unionised voice delivered was '…consultation for the good times…' and, during periods of economic growth, management were content to involve staff representatives in the decision-making process. However, during times of decline, they withdrew the opportunity for participation. This resonates partially with Ramsay's (1977) 'cycles' theory, discussed earlier and suggests that managers are only ever agreeable to promoting worker voice, so long as it is never truly meaningful. Gollan (2000) echoed these assumptions, claiming that, whilst management continued to be able to veto staff requests and control the content of these meetings, non-union collective representation would play always lip service to worker participation and never provide effective representation for staff.

Unlike trade unions, non-unionised employee forums are not free to establish their own strategies, unless they are in keeping with management's own policies and decision-making procedures. In the main, these mechanisms are manifestations of management policies which serve to create a sense of worker engagement, but without offering any tangible outcomes. Dundon et al. (2005) suggested that, in the end, non-unionised voice mechanisms only allowed workers to influence the 'tea and toilet' issues of everyday working lives, whilst Terry (1999) believed that non-union voice remained a fragile invention which did not exert the same authority and power as trade unions do over management.

This discussion prompts some key questions. Having critically evaluated the meaning of non-union voice and established that it offers a much weaker channel of collective representation, we need to understand how unionised mechanisms differ. Moreover, how is the success of trade unions measured and what sanctions can be imposed by unions to counterbalance the employment relationship inequalities? Salamon (2000: 93) defined a trade union as '… any organisation, whose membership consists of employees, which seeks to organise and represent their interests both in the workplace and society and, in particular, seeks to regulate the employment relationship through the direct process of collective bargaining with management.'. Firstly, in implicit terms, this definition differentiates between worker and

management interests, reinforcing the existing conflict and adversarial nature of the employment relationship. Secondly, it refers to the use of collective bargaining as a mechanism for engaging with management. The process of collective bargaining is returned to later but, for the moment, let us briefly revisit the notion of power and demonstrate how trade unions can act to counterbalance it.

We established already that power plays a central role in the employment relationship and that key to the Marxist paradigm is a power imbalance caused by the modes of production and an uneven distribution of wealth. Moreover, a surplus in the labour market creates further inequality for those seeking employment. Therefore, only when demand for labour is greater than supply does the relationship become more balanced. As Hyman (1975: 23) noted 'it is true that the possession of scare skills or the existence of a tight labour market may help to lessen the imbalance…. For, whilst the powers of the employer are enormous, he is at the same time 'dependent' on his labour force.' What Hyman recogniseds that whilst the employment relationship favoured employers, they were equally reliant on the labour force to sustain profitability. This is a key point on two counts. Firstly, Hyman (1975) highlighted that there existe a need for cooperation within the relationship, demonstrating that, whilst workers need employment, so, too, did employers needing workers. This echoed with earlier analyses where both conflict and cooperation were seen as part of the relationship (Ackers, 2012; Edwards, 2003, 1986). Secondly, and perhaps more importantly, Hyman (1975) suggested that workers had some control over the relationship, since, although external markets played their part, in determining the surplus, workers themselves had, also, the capacity to restrict the availability of their resources. However, workers could not undertake this role alone and this was where trade unions played a critical role in counterbalancing these inequalities (Butler, 2005; Salamon, 2000).

The power of trade unions can be measured in a number of ways. Firstly, membership density provides a common means for identifying their strength, both not only in terms of their popularity amongst workers but, also, in the

financial resources they provide (Kirkbride, 1992; Martin, 1992). The frequency of strike action acts, also, as a measure, although it can be argued that threat of strike action rather than the implementation of it, acts as a more powerful enabler and deterrent (Kelly, 1998; Darlington, 1994). Furthermore, the number of collective bargaining agreements in place and the negotiated outcomes these have produced for workers is another key indicator of their success in providing voice (Kirkbride, 1985). However, these are not always the most accurate and effective ways to measure union strength (Kelly, 1998; Martin, 1992; Kirkbride, 1985; Martin, 1992). Indeed, whilst Hyman (1997) would agree, also, that the outcomes from collective bargaining demonstrate the legitimacy and success of trade unions, Hyman argues that it is generally difficult to measure their success objectively, given that the outcomes of voice are open to qualitative and subjective interpretations. Nonetheless, the existence of collective bargaining agreements and the capacity to engage in industrial action remain the rights of the trade union and this, alone, allows them to exert more power than non-union channels of representation.

Returning to Hyman's (1997) framework, it is necessary to demonstrate, also, how trade unions fulfil the autonomy, legitimacy and efficacy required for effective voice. Firstly, by their very nature, trade unions operate as autonomous agents since they are independent of the company with whom they enter into negotiations on behalf of their worker members. Towers' (1988:184) argued that trade unions provided the necessary '… checks and balances which compose capitalist, liberal democracies.' Their autonomy is suggested, also, through the regulatory framework, which surrounds and enshrines their role and function. Moreover, the industrial relations legislation, which exists nationally, also acts to legitimise their existence as institutional agents and their aims in holding management to account for their actions. In the UK, for example, the Employment Relations Act (1999), aimed at strengthening the role of trade unions by promoting their formal recognition in the workplace, has helped to re-establish their purpose in protecting worker interests. However, it is the role of collective bargaining, which lies at the very heart of unionism, that not only legitimises them but, also, provides the necessary process through which, collectively, workers can counterbalance

power within the employment relationship (Salamon, 2000). Collective bargaining requires management and unions to negotiate together and, as discussed earlier, negotiation provides a much more robust strategy for ensuring employee influence and meaningful voice (Wilkinson and Dundon, 2010; Blyton and Turnbull, 2004; Gospel and Wood, 2003). This helps not only to bring about outcomes for workers but, also, helps to legitimise its role as a mechanism for voice.

This leads to the issue of efficacy. If employee voice is only truly effective when it prompts employee-influenced decision-making (Marchington et al, 2001), then, it is only at the level of negotiation, through trade union collective bargaining, that voice can be regarded as effective. Moreover, success according to Hyman (1997) is based, also, upon the relationship between the workforce and those who seek to represent them. Therefore, union membership acts as an indicator of worker support for those who represent them collectively and reaffirms the position held by the unions in the workplace. However, decline in union density is a reoccurring theme within the literature and it is important to recognise how reductions in union mobilisation have challenged the trade union movement (Ackers, 2012; Blyton and Turnbull, 2004; Machin, 2003). In recent decades, UK union density has fallen consistently and membership figures now sit at around thirty per cent of the UK workforce, almost half of that in the mid 1970s, when density was around fifty eight per cent (Gall, 2007; Machin, 2003).

In Hungary, union membership is half current UK figures at seventeen per cent. During the communist regime, all Hungarian workers were required legally to be union members (Gennard, 2007; Aczel, 2005). This drop in membership is reflected elsewhere in Europe but, despite this changing landscape, unions and governments have attempted to create new and innovative ways of mobilising and maintaining union influence. In the UK, for example, government-led initiatives such as partnership agreements have attempted to redefine trade union roles (Guest and Peccei, 2001; Haynes and Allen, 2000). Yet, the question remains whether trade unions can continue to counterbalance power inequalities alone and there is a possibility that the

future of collective representation might require a dual channel (with national works councils) or multi-level approach (with EWCs), operating in tandem with these new and emerging collective voice mechanisms.

Another challenge, for employee representatives, is employee apathy. Despite claims, today, that, increasingly, workers are dissatisfied at work and desire a greater say in the workplace, there is little evidence that union or non-union collective participation schemes have garnered support amongst employees (Freeman et al, 2007; Kersley et al, 2006; Terry 2003). Findings show that, often, employee representatives' posts are unopposed and, also, electoral turnout is low (Freeman et al, 2007; Haynes, 2005; Bonner and Gollan, 2005; Coats, 2004). Terry (1999) suggested that what prevented workers from actively participating – particularly in non-union mechanisms – was a belief that they had little weight influencing decision-making and, consequently, workers were increasingly apathetic towards them. Gollan et al (2001) considered apathy to be borne out of a mix of both frustration and disinterest, since there was evidence that managers made decisions prior to engaging in any form of employee involvement or participation scheme and, also, this had some bearing on their credibility amongst the workforce.

Of course, there are other explanations of why workers are apathetic and evidence shows that fear of management can act as a deterrent. Workers may often be reluctant to speak about issues, particularly on behalf of the rest of the workforce, because they believe it will end badly, either as a group or for workers as individuals (Tamuz, 2001; Morrison and Miliken, 2000; Roberts and O'Reilly, 1974). Freeman et al (2007), also, acknowledged that management's hostility towards participation often prevented workers from engaging. However, the decision to remain silent, ultimately, can undermine employee trust and morale and result in inadequate business decision-making (Tamuz, 2001; Morrison and Miliken, 2000; Roberts and O'Reilly, 1974). This issue is returned to later in the study when we explore more specifically the Hungarian industrial climate and its socio-political legacies.

Indeed, it is important to highlight that one of the limitations of Hyman's (1997) framework is that it takes a Western perspective of voice. Whilst no one denies the importance of trade unions in counterbalancing power and providing voice, there is a possibility that the political, economic and cultural legacies, within the trade union movement elsewhere in the world, may prevent unions from operating as autonomous, legitimate and efficient agents. This, therefore, questions whether Hyman's (1997) analysis offers a suitable measure of voice in the context of Hungary and whether, historically, Hungarian unions have the capacity to influence decision-making in the same way as Western trade unions. We return to this issue later in the study but, at this point, address the role of legislation and exploring in more detail the emergence of dual channel representation.

2.5 The Role of Legislation and Dual Channel Representation

Theoretically, union and non-union voice mechanisms can coexist under a system of dual channel representation and this section explores the relationship between these two channels of voice. Since legislation has come to play an increasingly important role in the development of voice mechanisms, this section commences by setting out the remit of German works councils. Throughout the development of EU social policy, the German model of industrial relations has influenced partially EU attempts at creating European and national level information and consultation forums; so understanding the German system forms an important part of understanding EWCs and information and consultation. As the UK interprets these EU directives and implement employee voice forums, the section draws, also, distinctions between statutory and employee driven models of participation, by considering specifically the UK's Information and Consultation for Employees (ICE) regulations, as well as the difficulties in setting up these forums. Towards the end of the section, the role of trade unions, in this developing model of voice, and the introduction of EWCs is discussed. Firstly, Germany's dual channel system is considered.

Popularised in Germany, the dual channel of representation is an established model of voice, in which trade unions work alongside works councils (Bicknell and Knudsen, 2006; Streeck, 1997). Under the system, the roles of the trade union and the works council are distinct. Whilst works councils provide employees with the opportunity for participation at enterprise level, trade unions maintain their role in providing traditional collective bargaining and pay negotiations at sector and national levels (Whittall and Tuckman, 2008; Watling and Snook, 2003; Gollan et al, 2001). The German system has informed since EU social policy and come to influence other national structures of voice through the implementation of Directive 02/14/EC introducing information and consultation (Bicknell, 2007). Indeed, Hungary has a long established dual channel of representation. Set up prior to its involvement with the EU, the Hungarian model is largely influenced by the German system and the statutory works model, which we now focus on (Neumann, 2006, 2005; Galogoczi, 2003; Lado, 2001).

One key factor, which separates German from other dual channel systems, is the high level of regulation. German dual channel representation is based on a statutory rights model of voice whereas other models, for example in the UK where information and consultation forums have more recently been introduced, have been based on a more voluntarist, employer driven model (Marchington et al, 2011; Royle, 1998). In short, what differentiates these approaches is the level of legislation which underpins them. Unlike voluntary systems, statutory rights models are highly regulated and characterised by a high degree of juridification (Keller and Kirsch, 2011; Royle, 2002). Based on social partnership and a mutual recognition between employees and employers, they are much less adversarial in nature than the voluntary system operating in Anglo-Saxon countries (Keller and Kirsch, 2011). The statutory rights model provides enhanced protection for workers through the courts, whereas workers, under the voluntary model, rely on the arrangements and agreements put in place between employees and employers. However, whilst the statutory rights model has been criticised for being too restrictive, it has been praised, also, for bringing stability to the industrial relations system and for providing the social partners (unions and employer groups) with more

scope and freedom to determine their own collective agreements (Keller and Kirsch, 2011; Royle, 2002; 1998). Moreover, the statutory rights model was seen to reduce industrial conflict and to create a more cooperative and skilled workforce (Lane, 1994, 1989).

According to Jacobi et al (1992), the German approach was established on four distinct principles. First, it is based on a dual channel of representation, incorporating both works councils and trade unions, allowing for employee representation at both supervisory and management levels. Second, its use of the legal framework regulates the employment relationship and industrial conflict, as well as allowing for free collective bargaining and works constitutions. Third, the German model outlines, to what degree, unions and works councils cover their constituencies and, fourth, it takes a centralised approach to organising collective bargaining arrangements. Whilst these four principles help to distinguish the German approach from other national models, the key issue, in relation to employee voice, is codetermination.

According to Keller and Kirsh (2011), codetermination is based on the concept of industrial democracy which, as discussed previously, is based on system of employee self-management in the workplace. It allows workers the right to influence business decision-making in social, economic and financial matters, although they have more prominence in the social arena (Keller and Kirsch, 2011, Royle, 2002; 1998). In Germany, codetermination operates at both site and company level through a number of laws. First established in 1952, the Works Constitution Act was reviewed later in 1972, 1988 and, again, in 2001. Despite opposition from employer groups, the last amendment of the legislation strengthened codetermination rights for workers (EIRR, 2001). All decisions, made through codetermination, are legally enforceable and allow management and works councils to negotiate works agreements (Keller and Kirsch, 2011, Royle, 2002; 1998). Indeed, as we noted earlier, codetermination offers workers one of the most robust forms of participation (Wilkinson and Dundon, 2010). Yet, codetermination is not the only method available to works council representatives. In addition, works councils have the right to information; the right to inspect documents; the right to

supervision; the right to make recommendations and give advice; the right to be consulted and object; the right to veto; and the right to initiate and negotiate jointly with management (Page, 2006). In companies that employee at least 300 staff, worker representatives are employed on a full-time basis to carry out work on behalf of the works council and, in many cases, those working as works council members are often representatives of the local union (Royle, 2002).

Yet, whilst codetermination and dual channel of representation is hailed often as a blueprint for achieving worker voice and employee influence (Ferner and Hyman, 1998), worker representation still faces a number of challenges. For example, whilst works councils are mandatory, German legislation requires employees and not employers to initiate them. In reality this means that some workers do not have a works council (Keller and Kirsch, 2011). Figures show that only a quarter of all German businesses, who meet the threshold criteria, have a works council and, with a union density rate of around twenty percent, there is a growing number of blue collar workers who have no access to site level representation (Ebbinghaus and Visser, 2000). Yet, whilst the German model requires worker representation at board level, sometimes, HR managers are asked to sit on behalf of the workforce and, often, they vote in favour of the shareholders. Moreover, since worker representatives comprise only a third of board members, it remains a challenge for them to exert power over decision-making (Keller and Kirsch, 2001; Royle, 2002). Indeed, there is some notable resistance amongst management to allow works councils and codetermination rights for workers, with some companies attempting to integrate them as part of their HR framework. This has been underpinned by a gradual shift towards adopting a more neo-liberal, market-driven economy in Germany (Keller and Kirsch, 2011).

Although the EU's social model is based on a corporatist system, which aims to ensure minimum standards are adopted across Europe, its approach has been influenced partially by the German model. This has been achieved through social dialogue with the social partners, and the establishment of EWCs and launch of the Information and Consultation Directive, which

requires all companies, in the EU, who employ fifty or more staff to set up an information and consultation forum. This means that, now, a large number of businesses are obliged legally to provide employees with a works council style forum, recreating a similar dual channel system at national level, in tandem with existing trade union and collective bargaining agreements. In the UK, the transposition of Directive 02/14/EC means that, for the first time, UK employees have the right to be involved in participation at workplace and national levels (Whittall and Tuckman, 2008; Hall, 2006).

The UK's Information and Consultation of Employees (ICE) regulations came into effect in 2005 and established a new statutory framework, giving workers the right to be informed and consulted on a range of workplace issues (Hall, 2006). In essence, the legislation aimed to promote autonomous agreements between workers and employers, using what Hall and Terry (2004: 226) described as 'legislatively prompted voluntarism'. A system which encourages companies to implement their own arrangements for information and consultation and, where failure to do so, can result in standardised practices being enforced legally (Hall, 2006).

In summary, the legislation saw the UK adopt information and consultation arrangements for companies employing over fifty members of staff. However, an information and consultation forum is required only if a threshold of ten percent of the workforce initiates it and, therefore, information and consultation rights are not automatic. As with the German model, employees are the ones generally encouraged to initiate proceedings but, under UK law, employers, too, can instigate the process. Approximately three quarters of UK firms are covered by the regulations although pre-existing agreements (PEAs) may pre-empt the need for implementing the regulations. Indeed, where a PEA exists and is agreed by both workers and managers, there may be no call to initiate standardised information and consultation arrangements. However, in circumstances when it becomes necessary to rely on the regulation, normally in cases when firms have been unable to reach an agreement, the following procedures apply. Firstly, the ICE regulations lay out minimal standards in terms of the structure of the forum. There is neither

a requirement for a works council style body to be established nor do the regulations specify the frequency of meetings or the working arrangements of representatives. What the ICE regulations do provide is a breakdown of the areas in which workers should be informed or consulted. Accordingly, workers should be informed of business developments and should be consulted on organisational and contractual arrangements, redundancies and transfers. The ICE regulations define consultation as 'the exchange of views and establishment of dialogue', whilst information is defined as 'data transmitted from the employer'. The regulations stress, also, the need for elected employee representatives and state that the number appointed should neither exceed twenty five nor be less than two. Employee representatives are bound by the confidentiality clause, as laid out in the regulations and should a company fail to follow the regulations, when required, they may be fined a fee of up to £75,000.

When the regulations were negotiated first, the social partners were called upon to comment on the proposals put forward and help shape the legal framework. Naturally, the TUC was in favour of the newly formed legislation which aimed to enhance worker participation, whilst the CBI was more resistant to change (Falkner, 1998). According to the Workplace Employment Relations Survey (2004) around half of businesses, who meet the criteria of the regulations, have implemented information and consultation arrangements and more recent data shows that the uptake or modification of existing arrangements has increased (CBI, 2006; IRS, 2006; LRD, 2006), particularly in multinational companies (Edwards et al, 2007). Moreover, there is case evidence that the Employment Appeal Tribunal is exercising sanctions laid out in the regulations. In 2007, the first of its kind was brought and the courts imposed a fine of £55,000 on UK publishers', Macmillan. More recently, G4 Security was fined £20,000 for failing to adhere to the ICE regulations in 2010 (Employment Cases Update, 2010; Hall, 2007). However, there is a sense that they provide no more than an opportunity for management to inform staff of the 'bigger picture' and limit worker involvement to housekeeping issues rather than allowing them to engage in strategic decision-making (Whittall and Tuckman, 2008).

Furthermore, formal involvement of unions is not recognised within the ICE regulations, although many union representatives find themselves involved in delivering information and consultation (Marchington et al., 2011; Keller and Kirsh, 2011; Royle, 2002). Indeed, the relationship between trade unions and works councils is interesting since, although the TUC initially welcomed the introduction of statutory measures, there is some evidence that they threaten the future of trade unions as managers use the ICE regulations as part of a union marginalisation strategy (Whittall and Tuckman, 2008; Hall, 2006; Watling and Snook, 2003). In their assessment of information and consultation, Whittall and Tuckman (2008) suggested that, rather than perceiving works councils as a risk to their survival, trade unions need to learn to capitalise on growing signs of worker dissatisfaction with works councils. In the early days of dual channel representation, German works councils were considered under resourced and this undermined their capacity to provide voice. At the time, German trade unions used this as an opportunity to get involved, offering their support through their expertise and training (Whittall, 2005). It is understood that adopting a similar strategy might help smooth some of the existing tensions in the UK (Whittall and Tuckman, 2008).

However, whilst the ICE regulations bring to the UK regulation for employee voice, they, by no means, replicate the German works council system. Offering no scope for codetermination, instead, ICE regulations attempt to put in place a set of procedures, should companies fail to implement their own information and consultation policies. Although comparisons can be drawn between the UK and German models, the UK's interpretation of the EU information and consultation Act still leans towards a more voluntary framework and there is some way to go before a dual channel of representation, akin to the German model, is embedded within the UK industrial relations system. Nonetheless, the introduction of information and consultation potentially signal a new era in worker voice. Information and consultation forums may prove to be promising mechanisms of voice or prompt a renewal of trade union mobilisation and coordination. Alternatively,

both mechanisms may converge to create a complementary channel of dual representation (Whittall and Tuckman, 2008).

Either way, the changing landscape has evolved further by the introduction of EWCs and the arrival of multi-level voice systems. This has been a further attempt by the EU to regulate industrial relations across the region and prevent social dumping amongst multinational agencies (Falkner, 1998). Introduced in the mid-1990s, EWCs have become an established forum for providing a further channel of employee voice mechanisms but, as with Directive 02/14/EC on information and consultation, the EWC offers no explicit role for trade unions and their influence depends largely on the discretion of management (Waddington 2005; Marginson et al, 2004; Hall et al, 2003; Carley 2001; Wills, 2000; Royle, 1999; Ramsay, 1997). Furthermore, it is the effectiveness of both national and European union networks that, too, bear significance on their capacity to influence the EWC and impact European level worker voice (Bicknell and Knudsen, 2006; Voss, 2006; Pulignano, 2005). Trade union response to EWCs is discussed as part of the next chapter which charts the introduction and chequered history of this unprecedented European voice structure. From the late 1970s and the publication of the Vredeling report, which first introduced the idea of European-led participation, to the Social Protocol and the emergence of Directive 94/45/EC, the chapter explores the debates surrounding the introduction of EWCs and examines their relevance and importance as a voice mechanism. Many of the issues outlined above, particularly in relation to the UK's attempts at introducing national level voice systems, echo the challenges faced by those involved in establishing non-unionised voice at a European level, but before exploring these concerns in relation to the EWC, the next section provides a useful summary of the key debates so far.

2.6 Summary of Chapter

The purpose of this chapter was to explore the underpinnings of the employment relationship; to analyse the role of employee voice; and assess the mechanisms through which voice is delivered. In short, the chapter

demonstrated that the employment relationship was predicated on an imbalance of power, heavily skewed in favour of the employer, and, often leaving the employee without the means to oppose these inequalities (Ackers, 2012; Butler, 2005; Dundon et al, 2005; Dietz et al, 2005; Terry, 1999; Kelly, 1998, 1996; Hyman, 1997). By way of recompense, employee voice attempts to counterbalance this imbalance in power and provide workers with the opportunity to engage with management and influence decisions which shape their working lives (Wilkinson and Dundon, 2010; Blyton and Turnbull, 2004; Marchington et al, 2001).

Edward's (2003; 1986) argued that a 'structured antagonism' depicts the employment relationship more accurately. Whilst conflict is the essential condition of the relationship, day-to-day cooperation between workers and managers is, also, necessary. Indeed, there is evidence to support the notion that the relationship is not entirely self-serving and that, in some circumstances, both parties can benefit from this interdependent arrangement (Hyman, 2005; Fox, 1985). However, it is clear that the employment relationship is based predominantly on a conflict of interests between employers and employees and management's desire to control the relationship means that worker autonomy is at management's discretion (Ackers, 2012; Budd, 2004; Ramsay et al, 2000; Kelly, 1998; Kochan, 1998; Hyman, 1997).

Power and conflict are underlying factors and, for this reason, employee voice provides the only way to rectify the imbalance. For employee voice to be meaningful it must tackle not only the power inequalities but, also, bring about influence and change (Wilkinson and Dundon, 2010; Blyton and Turnbull, 2004; Marchington et al, 2001) that can only be achieved effectively through trade union based forms of voice (Kelly, 1998; Hyman, 1997; Freeman and Medoff, 1984; Friedman, 1977). Despite the increase in alternative mechanisms, both empirical and conceptual evidence demonstrates the problems and limitations of direct and collective non-union methods of voice (Dundon et al, 2005; Gollan, 2005; Haynes, 2005; Ramsay et al, 2000; Terry, 1999; Kelly, 1996; Hyman and Mason, 1995), showing them to be weaker

vessels which, often, not only fails to acknowledge the existence of conflict but, also, perpetuates and reinforces management's control within the relationship (Ramsay, 1977). Moreover, the conceptual contributions to the voice debate have shown diverging interpretations in terms of its strength and scope. Whilst Gospel and Wood (2003) delineated information, consultation and negotiation, Blyton and Turnbull's (2004) participation continuum, introduced the notion of employee control which provided workers with far greater capacity to counterbalance the inequalities they faced. Outlining the complexities of voice further, Wilkinson and Dundon (2011) demonstrated how varying voice mechanisms took a different 'depth'; 'level'; 'scope'; and 'form'. From this it can be concluded that not all mechanisms offer meaningful and effective channels of voice, although, perhaps, the real difficulty lies in understanding what is implied by the use of the word 'effectiveness'. Hyman's (1997) framework showed that in order for voice to be effective, it had to deliver autonomy; legitimacy; and efficacy. Indeed, Hyman's (1997) analysis provided not only an acid test for voice, it demonstrated, also, how trade unions remained the most robust mechanism for delivering it, a claim reinforced by other scholars (Kelly, 1998, 1996; Freeman and Medoff, 1984; Friedman 1977).

Of course, there are challenges for trade unions. Whilst they remain, as independent agents, able to negotiate with management through collective bargaining agreements and take industrial action, as and when required (Kelly, 1998; Darlington, 1994; Kirkbride, 1992; Martin, 1992), falling membership figures have hindered their efforts and threatened their authority and this is a trend repeated across Europe (Ackers, 2012; Gall, 2007; Gennard, 2007; Aczel, 2005; Blyton and Turnbull, 2004; Machin, 2003). Furthermore, employee apathy and fear of management recrimination have created further problems for those engaged in representing workers (Freeman et al, 2007; Gollan, 2001; Tamuz, 2001; Morrison and Miliken, 2000; Roberts and O'Reilly, 1974).

Legislation has come to play an increasingly central role in determining employee voice. Whilst the German dual channel of representation partly

shaped EU thinking and policy-making over information and consultation and EWCs and informed, also, the Hungarian model of representation, these consultation forums did not match Germany's model of codetermination (Keller and Kirsch, 2011, Royle, 2002; 1998). Indeed, whilst statutory models of voice have gained increasing prominence, EU initiatives, particularly those transposed under UK law, remain largely employer driven and voluntary in nature (Hall, 2006). Whilst the introduction of the ICE regulations, in the UK, have gone some way to ensuring workers are given a voice and the uptake of such forums is increasing, there is a sense that, like other non-unionised collective voice mechanisms, they provide little more than an opportunity for management to relay information to staff (Whittall and Tuckman, 2008). Moreover, despite the highly regulatory framework under which German works councils operate, there is, also, evidence that a growing number of blue-collar workers have no representation at all (Keller and Kirsch, 2011; Ebbinghaus and Visser, 2000).

The dual channel of representation offers some opportunity for trade union renewal and mobilisation. Firstly, trade unions might choose to strengthen their positions by offering their expertise and training to works council members; an approach adopted by German unions during the introduction of a dual system (Whittall, 2005). Secondly, both channels may decide to converge, working even more closely together and minimising any hostilities (Whittall and Tuckman, 2008). Whether or not trade unions and works councils can work towards a harmonised system is debatable. However, what added further to these issues was the introduction of European level voice and the arrival of EWCs (Falkner, 1998). The next chapter examines their development in more detail.

Chapter 3

Evaluating the Impact and Influence of European Works Councils

The EWC Directive (94/45/EC) was established in the mid-1990s and its introduction spearheaded the early development of a European industrial relations framework (Marginson and Sisson, 2006; Fitzgerald, 2004; Keller and Platzer, 2003). The Directive aimed to provide a European level employee participation scheme for workers based within a growing number of transnational enterprises and, whilst the EU's monetary and economic policies were geared towards market deregulation, its purpose was to prevent social dumping and protect Europe's multinational workforce (Fitzgerald, 2004; Dinan, 1999; Falkner, 1998; Delors, 1992). However, the journey, towards the implementation of EWCs, has been a difficult and contentious one, with, often, the final directive considered a watered down version of the original remit (Keller and Platzer, 2003; Falkner, 1998; Gold and Hall, 1994).

In keeping with our earlier analysis of employee voice, we deduced already that there existed an increasing number of non-union voice mechanisms in operation; yet, to date, these have failed to provide the necessary level of support and protection for workers who seek to redress the inequalities found within the employment relationship (Ackers, 2012; Butler, 2005; Dundon et al, 2005; Dietz et al, 2005; Terry, 1999; Kelly, 1998, 1996; Hyman, 1997). Moreover, trade unions have proved that they remain the only appropriate mechanism for ensuring employee voice is delivered effectively (Kelly, 1998; Hyman, 1997; Freeman and Medoff, 1984; Friedman, 1977). In light of these findings, this chapter considers the role which EWCs play, within this changing industrial relations landscape, and evaluate their success in providing a satisfactory channel of voice for multinational workers. The chapter assesses EWCs over five sub-sections. Section one charts the development of European level voice and establishes how EWCs and European-led worker participation have evolved over the decades, whilst section two examines Directive 94/45/EC in detail, considering specifically how information and consultation is defined. Within this section, comparisons

are drawn between the original directive and the more recently recast 09/38/EC Directive. In section three the chapter continues with an overview of the existing debates, concerning EWCs, presenting the full range of views on their ability to provide employee voice, whilst the last two sections examine the impact of the multinational environment and trade unions. We begin by looking back over the past thirty or more years and provide a brief overview of how EWCs emerged.

3.1 Vredeling and Beyond: the Introduction of Employee Voice in Europe

Attempts at harmonising EU employment began as far back as the late 1950s and early 1960s; however, ideas to regulate employee participation were introduced only in the 1970s and 1980s and these failed largely in the face of fierce opposition from national governments, particularly from the UK (Gold, 2009; Falkner, 1998). In 1970, the Company Statute introduced worker representation at board level and, in 1972, the Fifth Directive on the Structure of Public Limited Companies was drafted in which the case was made for worker information and consultation within large multinationals employing over 1,000 people (Falkner, 1998). In the beginning, both directives failed to garner support and it took a series of amendments before they received broad consensus. The Company Statute was established eventually in 2001, whilst the Fifth Directive, after many revisions, was withdrawn finally in 2004 (Gold, 2009). However, despite the failure of the Fifth Directive, its introduction formed the foundations for the Social Protocol some twenty years after its first publication.

In 1980, Dutch EU Commissioner, Henk Vredeling, was instructed to put forward a plan for initiating a new worker directive. Aptly named the Vredeling Directive (1983), its contents echoed partly that of the Fifth Directive, but extended the scope of participation to include companies operating inside, as well as outside the EU, giving rise to European worker voice (Gold, 2009; Fitzgerald, 2004: Falkner, 1998). However, the Directive was rejected by the EU Council and was never ratified since it was hotly contested by the UK.

Having elected a Conservative Government in May 1979, the then Prime Minister, Margaret Thatcher, vehemently opposed EU interference over worker regulation and supported only the development of market deregulation and supply side policies within the common market (Gold, 2009; Muller and Platzer, 2003). Indeed, UK hostilities, surrounding any kind of EU-led employment legislation, prompted, in part, a slow-down in EU employment initiatives, causing a stalemate within the Union. It was only in the early 1990s, when new ideals and a new approach to EU policy-making emerged that an interest in worker regulation was reignited (Gold, 2009).

By the mid 1980s, Jacques Delors had been appointed as EU Commission President and his left of centre political thinking prompted a fresh attempt at establishing an EU social framework. Speaking at the TUC conference in Brighton in 1988, he expressed concern over the likely social regression of Europe, insisting that social policy was fundamental to the success of European economic development; he urged politicians and businesses to consider '…social dialogue and collective bargaining [as] pillars of democratic society.' (Delors,1988). He proposed a workers' charter and unveiled the Community Charter of Fundamental Social Rights of Workers, which, later, was adopted by all EU states, except the UK. However, the Charter was not legally binding and many of the policy areas remained statutory instruments. Later, the Charter was to form the basis of the Social Protocol – an attachment to the Treaty on European Union or Maastricht Treaty (1992/OJ C191). This was ratified by the EU although the UK remained unrelenting in their opposition over social policy. However, changes to the EU's voting procedures meant that other EU members were able to forge ahead in their plans and the foundations for EWCs were established (Gold, 2009; Falkner, 1998).

The introduction of qualified majority voting, within the EU, meant that, now, Europe had the power to establish EWCs without the backing of all member states. The consequences of this change meant that the UK veto did not prevent majority rule but nor was the UK required legally to transpose the EWC Directive into national law. However, many UK workers of foreign-

owned companies found themselves affected by the new legislation (Cressey, 2009; Falkner, 1998). The late 1990s saw the arrival of a Labour government, in the UK, and, quickly, the decision to opt-out of the Social Protocol was reversed. This prompted the revised EWC Directive (97/74/EC), which the UK ratified as part of the Amsterdam Treaty.

The adoption of the EWC Directive was viewed as a landmark decision in the development and strengthening of social policy across Europe. According to Muller and Platzer (2003), the introduction of the Directive was unique in its combination of three principles: regulation; subsidiarity; and negotiation. Its main aim was to regulate and set minimum standards of employee participation and this was achieved through the procedure of subsidiarity which sets out minimum standards and allows national governments and corporations the flexibility to adapt and implement the legislation accordingly. Of course, there are implications for using this approach. Flexibility, by its very nature, allows national governments and senior managers to interpret the legislation as they see fit and this has prompted wide variations in the scope and delivery of worker participation, with some mechanisms more robust that others in their provision of employee voice (Wilkinson and Dundon, 2010). However, given the difficulties in establishing a European channel without subsidiarity, it is unlikely that the social model would have been agreed (Keller and Platzer, 2003; Falkner, 1998).

Bercusson (1992:185) described the EU's regulatory approach as policy-making '…in the shadow of the law…' This referred to the regulation and negotiation process which was established in an attempt to introduce the Directive. The introduction of the Social Protocol brought about a new method of coordination, whereby the Commission encouraged social dialogue between the social partners. In the case of the EWC Directive, this brought together the European Trade Union Confederation (ETUC) and the business and enterprise group, UNICE (now BusinessEurope) with the aim of reaching an agreement which would be ratified later by the Council and European Parliament. This saw the EU adopt a 'soft' instead of a 'hard' approach to law making, not only encouraging voluntary negotiation and cooperation but,

also, allowing the EU to reach its own agreement if the social partners failed to negotiate an outcome (Gold, 2009). In respect of the EWC Directive, the Commission hoped that tripartite negotiations and social dialogue would prove effective; however, they were unsuccessful in establishing voluntary arrangements and, in the end, it fell to the EU to intervene and help coordinate the EWC Directive (Keller and Platzer, 2003).

Given this journey, it comes as little surprise to learn that the EWC Directive is considered to be a watered down version of Vredeling's initial plan (Marginson and Sisson, 2006; Falkner, 1998; Gold and Hall, 1994). Indeed, Gold (2009: 14) described the evolution of EU-led employee participation as 'fraught', with the UK's persistently unrelenting attitude towards its introduction, particularly during the Thatcher era, proving a real challenge for those attempting to instigate change. Given the hostilities towards the establishment of EWCs and the failure of the social partners to agree voluntary arrangements for the set-up of European level worker participation, it, perhaps, follows that some multinational enterprises have been reluctant to implement EWCs at company level. There are currently 1007 EWC agreements in operation both inside and outside of the EU (ETUI-REHS, 2012). Whilst this figure has been rising steadily since the introduction of the EWC Directive, it, by no means, reflects the number of businesses who are covered by the EWC directive, which stands at 2,425 (ETUI-REHS, 2012). Reasons why EWCs have not been so keenly embraced are detailed later in section four of the chapter but, for now, we turn to consider the EWC Directive and the role of legislation in more detail, looking at the processes and procedures for establishing a EWC; the use of information and consultation; and the impact of the recently recast Directive.

3.2 Directive 94/45/EC and the Role of Legislation

This section begins by outlining the aims, structure and function of EWCs in accordance with Directive 94/45/EC. We consider the types of businesses, covered by the Directive, and the procedures which they must follow to ensure an EWC is established properly. We discuss what should be

contained within a EWC agreement and who should be involved in its implementation. We distinguish between an Article 6 and an Article 13 agreement and examine the meaning of information and consultation as set out in the Directive. Finally, the recast Directive 09/38/EC is reviewed with particular focus on the EU's decision to enhance information and consultation rights and how this impacts on existing EWC agreements.

Directive 94/45/EC on the establishment of European Works Councils or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees comprises of 16 Articles and an Annex. Article 1 lays out the key objectives of the Directive, whose primary aim is to '…improve the right to information and consultation of employees…' According to the Directive, European level information and consultation rights must be made available to employees of transnational businesses, where a minimum of 1,000 staff are employed on at least two sites across two EU member states. Of these, at least 150 employees should be based within the subsidiary site of the second member state.

Multinationals, registered outside the EU, are obliged, also, to establish a EWC if they operate within two or more EU states. This widens the number of companies which fall under its provision and means that a large number of US and Asian-based organisations have been required to negotiate agreements (Marginson and Sisson, 2006; 1998; Falkner 1998). Businesses, registered within the EU, fall automatically under the jurisdiction of their home country; however, where a company is owned outside of the EU, the Directive requires that they follow the laws applicable to the member state in which most of its workers are employed.

Article 5 stipulates that it is the responsibility of central management to initiate EWC proceedings or, alternatively, at least 100 employees from across two EU sites must lodge to central management a written request for a EWC or similar forum. If no request is received and management do not initiate the process, the EWC Directive does not require that a EWC be established

automatically. However, when a written request is received, then, central management are obliged to set up a Special Negotiating Board (SNB). This comprises of between three to seventeen employee representatives from sites across the European Economic Area (EEA) and requires them to negotiate, alongside central management, a EWC agreement. This sets out the composition, structure and function of the EWC. The venue, frequency and duration of meetings, number of representatives and agenda are all laid out formally in the agreement. According to the Annex, employees should be consulted on a range of issues including the economic and financial situation of the business; organisational restructuring; employment trends; and new working methods. When a EWC is established under this procedure, it is known as an Article 6 agreement.

If, within three years, the SNB and central management do not reach an agreement, then, a company must follow the statutory model for establishing a EWC, laid out in the Annex. These rules apply, also, if central management fail to set up a SNB within six months of receiving a written request by its employees. However, those companies, who already had similar information and consultation arrangements in place, or who decided to implement such a scheme prior to September 1996 - the deadline for transposing the directive at national level – remained outside Article 6 and, instead, forums set up under these arrangements were covered by Article 13. The Article states that '…the obligations arising from this Directive shall not apply to Community-scale undertakings or Community-scale groups of undertakings…where [implementation] is earlier than the above mentioned date…' This provided businesses with the freedom to set up a EWC in accordance with their own ambitions and in keeping with the voluntary nature of social dialogue and subsidiarity. Article 13 agreements aimed, also, to encourage companies to install EWCs prior to the deadline and gained momentum amongst French, German, British and American-owned businesses who saw this as an opportunity to construct their own model of worker participation (Eurofound, 2000). However, some regarded this as an opportunity to provide managers with a loophole to create a less effective voice mechanism (Schulten, 1996).

Indeed, by attempting to introduce minimum standards in employee participation, Directive 94/45/EC has created, also, limitations in what it can offer workers. Firstly, as with Directive 02/14/EC on national level information and consultation, the EWC directive offers no scope for codetermination. Often viewed by employers as offering too much power to workers, once again, its exclusion weakens the function of EWCs and lessens the role of workers in business decision-making (Ramsay, 1997). Moreover and somewhat disappointingly, the EWC Directive offers no explicit role for trade union involvement. Whilst Article 5 states that in concluding an agreement, a SNB '…may be assisted by experts of its choice…' it gives no clarification as to whom the SNB can instruct in this capacity. Of course, this does not mean that trade unions are excluded purposefully from proceedingssince companies are still able to involve unions if they wish; however, it does not make union participation a prerequisite in establishing a EWC. The ramifications of this and the role of trade unions in EWCs are discussed later in the chapter.

The confidentiality clause, set out under Article 8, prevents, also, employee representatives from discussing matters outside of the EWC arena. Article 8 states that any information received from within the forum, which is provided expressly in confidence, should not be relayed to others. This creates problems for those who represent staff at EWC meetings and who need to gauge opinion on matters concerning them. However, the most ambiguous and problematic aspect of the Directive is its definition of information and consultation. Article 1 of the directive simply defines consultation as '…the exchange of views and establishment of dialogue…' advocating that, within the EWC, central management should adopt a 'top-down' communication strategy. More worryingly, it provides no explanation for the term 'information', failing to address its role within the forum.

In the previous chapter, we analysed the notion of employee voice through an assessment of the literature (Wilkinson and Dundon, 2010; Armstrong, 2006; Blyton and Turnbull, 2004; Bryson, 2004; Gospel and Wood, 2003; Marchington et al., 2001) and concluded that voice was more than merely an exchange of views. In order for it to enhance worker rights and

counterbalance inequalities within the employment relationship, worker influence over decision-making is paramount. In light of this, the EWC Directive, in its original format, fails to offer a wholly satisfactory assessment of information and consultation and does not provide the necessary measures to ensure workers have an active role in the decisions which affect them. Indeed, the EU's definition of consultation was considered always to be too vague by the ETUC (Picard, 2010) and the ambiguities surrounding it in part drove the ETUC to seek a revision of the Directive. Interestingly, Article 15, within the original Directive 94/45/EC, put in place a timescale for a review of the legislation; yet, its completion came nine years late. Despite the lengthy wait, finally, the EU f recast the EWC Directive in 2009 and Directive 09/38/EC was established successfully, coming into effect at national level by 5th June 2011 (Picard, 2010; Jagodzinski, 2009).

The recast EWC Directive attempted to strengthen the position of workers and, to a large extent, met the requests of the trade unions in their efforts to make EWCs a more credible and effective mechanism of voice (Picard, 2010; Jagodzinski, 2009). There are, of course, those who remain less impressed by the recast (Whittall et al, 2008); however, on the whole, the changes should be regarded as a step forward in promoting worker voice. In summary, the recast provides a much more detailed description of information and consultation and of the procedures which should be applied in order to secure employee participation. The recast offers more involvement for European trade unions at the start of the negotiating process and ensures that representatives receive the necessary training to carry out their roles effectively, by providing them with paid time off from their employment to undertake EWC training programmes. It qualifies, also, what constitutes a 'transnational issue'; makes clearer the EWC's relationship with national and local level representation; and places more responsibility on local as well as central management to deliver information and consultation. Moreover, SNB members are given greater opportunity to meet without the presence of management. However, the most significant change remains the amendment to the information and consultation process and, here, the purpose is to focus on these changes and discuss their impact on existing EWCs.

One of the key amendments, to arise from the new Directive, was that efforts to include staff in the information and consultation process must form part of the EWC agreement. Under the Directive, information is defined as '…the transmission of data by the employer to the employees' representative…' and the Directive places the onus on all managers to take responsibility for ensuring information is passed on to representatives. Further emphasis is placed on the need for information to be accurate and of a high quality. In short, employee representatives need to be in receipt of all the facts before they can engage in consultation and, for this to occur, information must be delivered in a timely fashion. The Directive states that information must precede consultation; yet, both cannot be delivered at a single EWC meeting since the Directive makes provision for the timing of information. Accordingly, members must be given sufficient time to prepare for consultation and this means that it is management's responsibility to supply them with the necessary information, including time to seek advice from an expert, prior to a EWC meeting.

The rules, concerning consultation, were enhanced, also, as part of the changes. Previously, the Directive's definition was considered poor (Picard, 2010), but the recast has widened its remit and extended the employers' duty to ensure that appropriate consultation arrangements are in place and undertaken in the spirit in which it is intended. This means that consultation must take place in the early stages of the decision-making process to allow worker representatives an opportunity to influence the final outcome. It is no longer acceptable that workers simply put forward an opinion; they must be part of the decision-making process and any evidence that management have made their decision already prior to the consultation process violates the Directive. Again, 'reasonable time' must be provided in order for employee representatives to engage effectively. In essence, the focus is on creating a harmonious working environment and moving away from the power struggle so often part of the employment relationship (Picard, 2010). However, the Directive still acknowledges some of the previous prerogatives of management, stating that the consultation process should not slowdown

unduly the decision-making process, nor should it occur '…without prejudice to the responsibilities of the management…'. In other words, it makes clear the boundaries and reinforces the fact that the Directive offers workers consultation and not codetermination rights (Picard, 2010; Jagodzinski, 2009).

Moreover, the recast does not force necessarily companies with existing EWCs to adopt the new measures. Whilst the recast applies to all new EWCs, established after 5June 2011, its application to existing EWCs depends on a number of factors including when the EWC was set-up originally and when it was revised last. Those EWC agreements, reviewed within the two years prior to the June deadline, are exempt from the changes; however, those, which have not been reviewed, may be required to follow the adaption rules as set out in the recast Directive, applying to both Article 13 and Article 6 agreements.

However, there remain some ambiguities around the new Directive. Firstly, the definition of 'transnational' is unclear since it contains two conflicting descriptions of what makes up a 'transnational issue'. In the wider context, 'transnational' could extend to a discussion involving only one European site, rather than the specified two sites. As a rule of thumb, an issue becomes transnational when it escalates beyond local management competence and, in any case, the new Directive places direct responsibility on central management to prove that an issue, put forward by worker representatives, is not a transnational one. The second ambiguity concerns the wording of the Directive which states that the employee representatives shall have '…the means required to fulfil their duty to represent collectively the interests of the employees.' This could mean that companies are required to fund any action against them, in court, for non-compliance. The UK government remains uncertain as to what implications this may cause for UK based multinationals (BIS, 2010). Indeed, under the new Directive, companies can expect to pay significantly higher fines if they are caught in breech of the law (Picard, 2010).

The recast, therefore, offers some hope for those engaged in employee participation, with a notable attempt at redefining information and consultation

and strengthening its remit. With its shift in emphasis towards assessing EWC success, through the outcomes it achieves and the influence workers have over the process, the new Directive moves a little closer to fulfilling Marchington et al's (2001) definition of employee voice. However, in relation to this study of EWCs, the new rules were not in force when the fieldwork for this study was undertaken and, therefore, it is impossible to comment upon the impact of these changes in relation to the empirical findings and the presented case studies. Instead, the evidence, discussed below and in relation to the study, refers to Directive 94/45/EC and the rules in place at the time of writing. In light of this, the following section outlines the key debates concerning EWCs and the emergence of European worker voice.

3.3 EWCs and the Development of European Voice

So far, we have established that the EWC Directive, together with the European Company Statute and Directive on Information and Consultation, marked a new phase in the EU's development of social policy and European level participation (Cressey, 2009). Directive 94/45/EC cast, in stone, the need for multinational companies to reconsider their consultation arrangements and to put in place a new level of voice structure coordinating cross-border and involving all of its European workers (Falkner, 1998). Indeed, high profile cases such as Hoover and Renault have demonstrated the magnitude and impact of social dumping, showing how the EWC has provided some protection from the growing force of multinationals (Marginson and Sisson, 2006; Lobner, 1997). Yet, the evidence shows, also, that the road towards establishing European voice has been a fractious one, with the end result proving not as effective in protecting worker rights (Marginson and Sisson, 2006; Falkner, 1998; Gold and Hall, 1994). Indeed, whilst the recast EWC Directive aimed to strengthen information and consultation rights for employees, ensuring representatives are trained adequately to engage in the EWC, some ambiguities remain, along with the notable absence of codetermination (Picard, 2010; Jagodzinski, 2009).

Focusing on the impact of Directive 94/45/EC, this section begins by outlining the debates on EWCs; identifying three critical perspectives on their establishment and relative success. It examines those who provide a positive outlook on EWCs (Com, 2004; Lecher et al, 2001, Lecher and Rub, 1999); those who offer a more measured and pragmatic assessment of their implementation (Marginson and Sisson, 2006; Hall and Marginson, 2005; Waddington, 2005; Gilman and Marginson, 2002; Carley and Marginson, 2000) and those who take a rather more sceptical view of them (Keller, 2002; Streeck,1997). As part of this critique, the section looks at whether European level voice emerged as a consequence of EWCs, creating solidarity amongst European workers, or whether the strength of national level frameworks and attitudes limited the scope for developing a European dynamic. As part of these nuanced debates, the section considers, also, how communication and language created challenges for those engaged in European level participation.

We begin by putting forward evidence for the establishment of EWCs and their contribution in helping to build a European level industrial relations structure. In the main, the EU Commission (2004) believed that EWCs had been well received and Lecher et al. (1999) concluded that these European voice mechanisms offered a very determinist strategy for creating a European social model; paving the way for cross-border coordination; and European level collective bargaining. Whittall et al. (2007), in their study of European identity and EWCs, concluded that, for EWCs to be successful, European level worker solidarity had to be prevalent if they were to offer a credible platform for European voice. Rather encouragingly, Lecher and Rub (1999) offered evidence that European level worker voice had emerged as a result. In their study of eight multinationals, across four EU states, they identified three outcomes. Whilst the first and second outcomes signalled that EWCs were no more than emanations of national frameworks, the third showed that, under the right conditions, a more apparent European level voice emerged. The study showed that, although some members regarded EWCs as mere extensions of their own national frameworks and attempted to use the EWC to fulfil their own agendas, there was evidence that EWC representatives had

the capacity to create a unique dynamic, which was much stronger than any single national level framework.

What the study showed was the capacity for EWCs to adopt a 'geocentric' rather than a 'ethnocentric' or 'polycentric' approach, as described in Levinson's (1972) examination of transnational collective bargaining. 'Ethnocentric' refers to a EWC which is controlled largely by members from the multinational's home country, with key posts and functions within the EWC held by home delegates, whilst 'polycentric' tends to see individual representatives attempt to adapt their approach to suit their own national agendas. In contrast, the 'geocentric' approach is adopted when members make no attempt to replicate national frameworks and where key posts and agendas are not dominated by home country members. In this way, the EWC symbolises a level playing field; creating its own unique identity; and providing equity and fairness for those involved.

Lecher et al (2001)'s further research confirmed the existence of effective European level voice, operating through the EWC mechanism. Based on extensive research, Lecher et al's (2001) typology examined four sets of relationships which help to identify the strength of EWCs. These are: management relations with the EWC; national frameworks of industrial relations; trade union relations; and employee relations. Within the typology, Lecher et al (2001) found that there were four types of EWCs in operation: 'symbolic'; 'service'; 'project-orientated'; and 'participative', demonstrating that, in some cases, EWCs, in fact, do offer meaningful opportunities for worker participation. The 'symbolic EWC' offers the minimal level of opportunity for worker participation. Meeting annually, it simply enables management to deliver a report on business developments. Within these EWCs, there is no evidence of two-way communication and group dynamics are limited. The 'service EWC' offers more support for its members and, although the EWC meeting acts as an information exchange, workers are able to discuss issues across the European sites. The 'project-orientated EWC' gives employee representatives a more active role, defining tasks and assignments for members, independent of the management team. Within this

forum, the evidence shows that EWC are more autonomous and its aim is to create its own internal strategy. Lastly, the 'participative' EWC goes beyond providing employee information and consultation and ensures worker representatives take an active part in the decision-making process; negotiating agreements by using formally recognised procedures. Within this setting, the employee voice is considered to be at its most vociferous and effective, firmly representing workers at a European level. More importantly, Lecher et al's (2001) study demonstrated, also, that EWCs were not static since they evolved continually and developed, moving in and out of the different categories and, thus, had the potential to offer workers a considered platform for employee voice.

However, Carley and Marginson (2000)'s research concluded that, on the whole, EWCs were more 'symbolic' than 'participative' with only three per cent of EWC agreements offering negotiation rights for workers and any real scope for consultation. This indicates that, whilst EWCs may offer the promise of effective worker voice, in reality, those that do are few and far between and wide variations exist between EWCs (Marginson et al, 1998).
This leads us to consider the second wave of thinking which tends to view EWCs in more measured terms. In their research, Hall and Marginson (2005) weighed up whether EWCs should be regarded as a 'paper tiger or Trojan horse' and concluded that, despite the perceived threat EWCs possessed to management, this was not reflected in practice and EWCs were more 'paper tiger' than 'Trojan horse'. Whilst EWCs offer the potential for enhancing worker voice, to date, their achievements are somewhat modest and there are a number of factors which play a part in determining their success.

In their analysis of EWC agreements, Gilman and Marginson (2002) suggested that four 'effects' influenced the strength of their provision. Firstly, a 'statutory model effect' refers to the impact of the Directive itself and, in particular, the use of subsidiarity. Indeed, Lecher at al's (2001), themselves, conceded that establishing effectiveness within EWCs was complicated further by differences in Article 13 and Article 6 agreements. Secondly, Gilman and Marginson (2002) considered the impact of 'country' effect. This

refers to the extent to which the multinational company's home country plays its part in determining the EWC strategy and there is a wealth of empirical evidence to support the impact 'country' effect has on EWCs.

Evidence, from Hall et al (2003), reinforced that national influences on the EWC function and the development of European voice depended largely on the country of origin. For example, the UK had no historical basis on which to set-up EWCs and, therefore, no measure of its structure and function. In contrast, Germany and France, who possess a strong national works council structure, had the capacity to manufacture their EWCs into imitations of their own national framework. According to Hall et al's (2003) study of eight EWCs, characteristics of the Anglo-Saxon tradition to work and industrial relations were found in the UK-owned multinational's approach to establishing EWCs. UK managers adopted a minimalist or restrictive attitude, whilst on the employee side UK representatives were less vociferous than their continental counterparts, partly due to the fact that they lacked the experience of working as part of a local works council.

Will's (2000) study of an Anglo-French-American company echoed these issues, illustrating how UK representatives received a raw deal at the EWC meeting, whilst French members dominated proceedings. Whittall's (2000) study of German car manufacturer, BMW, strengthened these claims where the German works council model played a significant role in the development of BMW's EWC. Timming's (2006) study of the Anglo-Dutch steel producers, Corus, highlighted, also, that British workers remained disadvantaged, during the consultation process, by the dominance of the Dutch works council system. In addition, Waddington's (2005) study, within five EU countries, demonstrates that national attitudes continued to play a key part in determining the European nature and importance of the EWC.

Returning to Gilman and Marginson's (2002) framework, they argued that 'sector' effect, which cut across national borders, also bore some influence on EWC arrangements, moreover the 'learning effect' helped to determine the effectiveness of the forum. This refers to the level of EWC training provided

to representatives, an issue, which is not dealt with explicitly by the 1994 Directive, but which is covered by the recent recast. Indeed, empirical evidence shows how important training, particularly in language, is to those engaged in EWC business (Stirling and Tully, 2004). Communication plays a key role in facilitating voice and studies show that dialogue is restricted when representatives attempt to communicate across borders (Tully, 2004; Wills, 2000; Royle, 1999). Furthermore, in the absence of language skills, representatives come to rely upon national stereotypes to inform their views (Stirling and Tully, 2004). This can create an element of distrust, not simply between the representatives and managers but, also, between the representatives themselves. As Wills (2000) observed, delegates, who do not understand one another, resort often to communicating with those members who are from their own site and this does not promote a healthy climate for developing good relations. Tully (2004) illustrated the importance of language and communication in her study of the oil service provider, Kvaerner. In it, she observed that management recognised the lack of language skills possessed by some representatives and used this to their own advantage by controlling information. However, Tully's (2004) study demonstrated, also, that when money was invested in providing delegates with language training, communication increased and members took a more proactive approach to participation. Of course, improving communication requires resources and, for this to occur, multinationals must take the lead.

Whilst the overall evaluation of EWCs is depicted with varying levels of optimism, Lecher et al's (2001) and Gilman and Marginson's (2002) frameworks both demonstrated that there were wide interpretations of the Directive in operation and that EWCs were largely influenced by their environment and those stakeholders who had direct or indirect influence over their maintenance. For example, both approaches pointed towards the impact of national frameworks upon the structure of the EWC. In Gilman and Marginson's (2002) analysis, they referred to 'country' effect and the impact of the multinational's home on the EWC strategy. Lecher et al (2001) underlined, also, the importance of national frameworks and their influence on EWCs. Furthermore, both models inferred that the multinational environment

shaped EWC strategy, either at sector or at workplace level, with both highlighting how stakeholders and the organisation influenced the EWC agreement. A further point of interest is that Lecher et al's (2001) typology echoed, also, with Hyman's (1997) voice framework. In the typology, reference is made to the forum's autonomy and the capacity for EWCs to demonstrate their ability to create their own internal strategy.

However, whilst there is some common ground amongst these critical perspectives on EWCs, there is a juncture in which they depart and this point relates to the emergence of a European level industrial relations system. Whilst Lecher et al (2001) viewed the EWC Directive as a catalyst for creating a multi-level structure, the pragmatists' view was more measured. Although there is the potential for cross-border cooperation, particularly at transnational level (Waddington, 2005) accordingly, there are those who believe that EWCs are unlikely to spearhead further European level initiatives and collective bargaining (Marginson and Sisson, 2006). Moreover, with EU enlargement and, perhaps more crucially, the current eurozone crisis, moves towards further integration seem increasingly unlikely (Glassner and Keune, 2010).

Whilst there is the potential for the development of transnational links and European voice (Lecher et al, 2001; Lecher and Rub, 1999), the argument for taking a more measured view of EWCs appears more persuasive (Whittall et al, 2007; Waddington, 2005; Hall, 2003; Whittall, 2000; Wills, 2000). Indeed, in considering the optimists' viewpoint, it is difficult to ascertain whether Vitol's (2003) study offered much reassurance, given it assessed management and not worker views of EWCs. Moreover, if we are to believe that a number of 'geocentric' style EWCs existed, we cannot overlook that a large proportion fall into the category of 'polycentric' or 'ethnocentric' forums. This means that, in reality, many EWCs operate as manifestations of national voice systems. In light of this, it seems fitting to view the optimistic accounts of EWCs and the emergence of European level voice with caution since they seem to offer more in the way of 'green shoots', rather than overwhelming proof of the effectiveness of EWCs.

This brings us to the third and final position. There are those commentators who took a wholly sceptical view of the development of EWCs and of European level worker participation. Streeck (1997), consistently and most vehemently, voiced concern at the prospect of creating European level voice, arguing that EWCs were 'neither European, nor works council'. Whilst reinforcing earlier claims that EWCs had the capacity to be influenced by national structures, Streeck (1997: 654) argued that '…the representatives of a firm's home country workforce are likely to play the leading role….' and he suggested that, where strong national structures existed, EWCs and European voice '…. provides no more than second class industrial citizenship for non-national workforces.' (ibid: 655). Streeck (1997) argued that these initiatives aided in damaging local, more robust voice mechanisms and, given the longstanding strength of German works council, perhaps, it is understandable why he took this position,. Indeed, it could be argued that EWCs and other European-led employment initiatives form part of an old style approach to EU policy-making which no longer reflects the current position. Even as far back as the early 2000s, Gold et al (2000) claimed that, already, pro-worker regulation was making way for a pro-enterprise agenda and that resistance amongst managers to install such policies had forced the EU and its institutions to move away from pluralist ideals (Weinz, 2006).

In his summation, Keller (2002) concluded that voluntary frameworks; self-regulation; and minimum statutory levels were unlikely to counterbalance the prevailing forces of transnational business and, therefore, such mechanisms were unlikely to have any real impact. Waddington's (2005) study partially echoed these concerns that EWCs were too weak and remote and were perceived by many, who participated in them, as irrelevant to their everyday lives. Moreover, Wills (1999) suggested that, if this sense of detachment and irrelevance was to be overcome, stronger links needed to be developed between local, national and European voice mechanisms, to create a common focus and agenda. Perhaps, only then, will EWCs start to more widely develop their own identity and European level worker voice.

These three perspectives on EWCs and European level voice provide an overview of the key debates on EWCs, illustrating the varied views and opinions through a summary of the existing conceptual frameworks and supporting empirical findings. Broadly speaking, the debates fall into what we might refer informally to as the 'good' (Com, 2004; Lecher et al, 2001; Lecher and Rub, 1999) the 'bad' (Marginson and Sisson, 2006; Hall and Marginson, 2005; Waddington, 2005; Stirling and Tully, 2004; Hall, 2003; Gilman and Marginson, 2002; Whittall 2000; Wills, 2000; Royle, 1999) and the 'ugly' (Keller, 2002; Streeck, 1997). Of course, one's view of EWCs must take account of how we define voice and given Hyman's (1997) framework, it seems warranted to take a more pessimistic outlook in respect of their success. However, before we can truly decipher their impact, it is essential to disseminate the literature further and, given the prevailing tensions between employee and employer groups, the last two sections consider how multinationals and trade unions have responded and influenced EWCs.

3.4 The Multinational Environment and its Impact on EWCs

According to Marginson and Sisson (2006), multinational companies remain a powerful influence on EWCs, determining their scope and strategy both on paper and in practice. Indeed, Marginson and Sisson (2006) and Ramsay (1997) accepted that not all EWC agreements reflected accurately what took place within the EWC forum. In order to understand them better, it is necessary to examine some of the empirical evidence which explored the impact of the multinational environment and management reaction to EWCs. In this section we consider, in more detail, how the multinational environment has come to shape the EWC strategy and their attitude towards them. In summary, management reaction fits within the existing framework and debates on EWCs, as discussed in the previous section. In keeping with the more optimistic line of thinking (Com, 2004; Lecher et al, 2001; Lecher and Rub, 1999), there is empirical evidence to support the argument that progressive EWCs do exist. However, there is equally a wealth of evidence that reinforces more measured opinion of EWCs (Marginson and Sisson, 2006; Hall and Marginson, 2005; Waddington 2005; Gilman and Marginson,

2002; Carley and Marginson, 2000), as well as managerial evidence to support a more critical perspective (Keller, 2002; Streeck, 1997). Therefore, this section begins with an example of good practice and evidence of how a progressive management approach has had a positive impact on EWCs. Then, the section examines evidence which shows how management have come to restrict worker participation, through its failure to set up EWCs and limiting the scope of consultation, along with its adoption of union avoidance strategies and, generally, its attempts to undermine the EWC process. We begin by putting forward a more positive case for multinational involvement in EWCs.

One company, which has proven to be effective in its handling of the EWC, is French-owned Danone. Regarded as taking both an '…innovative and progressive…' approach towards its industrial relations policies, historically, Danone has been at the fore of negotiations and working with the union to create a '…common viewpoint…' (Carley, 2001: 33). Having established one of the first EWCs under Article 13, Danone's agreement includes explicit reference to the negotiation rights of workers and the Company has involved the trade unions always in their development of it. Central to this approach is the senior management who drive it and the personal philosophy of Antoine Riboud, its former president. According to Danone, 'The group has constructed its identity around a conviction: that the company's performance flows from the attention it pays its employees…[this] continues to guide the Danone group's staff, whether in their strategic decisions or in their daily work.' (Carley, 2001:34). Danone are not the only multinational striving towards a more progressive attitude. Deutsche Bank, ENI, Ford, General Motors and Suez Lyonnaise are all working to deliver similar outcomes through their attention to employees (Carley, 2001). Mizrahi's (2002) study reinforced management optimism towards EWCs. In this, he claimed that management welcomed the introduction of EWCs, since they enhanced employee welfare and this had a positive impact on business performance. Studies by Nakano (1999) and Sako (1998) echoed similar views from management; that multinationals support the set-up of EWCs because they fit in with an HR strategy which lends itself to a more unitarist approach.

We are reminded that more ‘participative’ EWC forums do exist (Lecher et al, 2001; Gilman and Marginson, 2002) and, certainly, the empirical evidence supports this view, demonstrating the positive effects on worker voice when management adopt a more open and willing approach to EWCs. Indeed, Danone’s philosophy fits well with Lecher et al’s (2001) typology and reinforces some of Marginson and Sisson’s (2006) comments that not all non-union mechanisms should be dismissed. However it cannot be overlooked that these positive examples of management optimism account for only three per cent of existing EWCs (Carley and Marginson, 2000) and the evidence, demonstrating a much less favourable response from multinationals, seems to offer a somewhat more compelling and widespread account of management attitudes.

One particular case study highlights a catalogue of issues found within EWCs, showing how management are able to control the forum ensuring employee voice is curtailed, whilst, simultaneously, using the EWC for their own ends. Royle’s (1999) account of McDonald’s offered a key example of how multinationals were able to shape the EWC strategy and more worryingly, how effectively they were at weakening worker voice. Since many of McDonald’s outlets operate as franchises, the majority of these fast food restaurants are not covered by the Directive and around two thirds of workers have no access to a EWC. Whilst those, who do have a EWC, face an unsatisfactory forum for information and consultation.

The case study highlights a number of points worthy of consideration. Firstly, McDonald’s appointed only one member to the forum who could be described legitimately as a ‘worker representative’, since the rest of its members comprised of those working in middle management posts. Secondly, at the time of his appointment, the EWC employee chair worked as a floor manager for McDonald’s and was a union representative; however, he was, also, a law student and, not long after the agreement was concluded, the chair resigned and received a £30,000 pay-out from McDonald’s bosses. It emerged later that the chair had been coerced into concluding the agreement by

management, who wished to block union involvement in the EWC and, ultimately, union access was lost when the chair resigned. The third point relates to the drafting of the EWC agreement. Having agreed the original arrangements with the employee chair, the agreement was amended soon after and these changes were forced through by management. These amendments placed further restrictions on EWC proceedings and were coordinated by a team of HRM experts. Worker representatives were given no choice but to accept these changes, which further limited the scope for worker consultation. Finally, although forced eventually to grant union recognition and involvement, senior management actively ensured that union participation was restricted and that, in broad terms, worker consultation did not impact on management decision-making.

The McDonald's case raises a number of issues in relation to the multinational environment and its impact on EWCs. Firstly, it demonstrates how far management is prepared to go in order to avoid conflict within the employment relationship, 'paying-off' the chair rather than allowing a union representative direct involvement with the EWC. Management attempts to 'buy' worker representative support is not uncommon. In a similar case, the German car manufacturer, Volkswagen, was accused of offering financial incentives to members to remain silent. In 2006, *The Sunday Times* reported that, in order to stop worker opposition to its planned cuts, systematically, HR managers at Volkswagen had used bribery tactics, during the Company's redundancy period, by offering EWC representatives expensive trips abroad and lavish nights out (Woodhead, 2006). Indeed, Royle's (1999) study found, also, that, when attending the annual gathering EWC representatives regularly received all expenses paid trips to various European cities. A critic of EWCs, Ramsay (1997: 320) believed that EWCs simply provided the opportunity for what he termed 'Euro-tourism' and he described these approaches as '…mere junket[s] to comfortable hotels in relatively exotic locations…' although those in charge rejected rigorously claims that EWCs were tantamount to holidays on the company account (Inman, 2002).

Royle's (1999) study also demonstrated, also, the lack of meaningful consultation taking place within EWCs. Every measure was made to ensure that the consultation process was restricted. From ousting the unions to appointing lower ranking managers to act as worker representatives, these were only two examples of the underhand measures employed by management to ensure that the EWC remained under their control. Hyman (1997) argued that what made voice effective was the relationship representatives had with those they represented, so, the decision to select managers to represent the workforce, not only called into question EWC's autonomy but, also, it undermineds its legitimacy and efficacy as a democratic functioning body. Moreover, McDonald's decision, to make amendments to its newly signed EWC agreement, demonstrated a disregard for employee voice. In another study, Wills (1999) observed that management-led EWC meetings largely focused on the 'soft' rather than the 'hard' issues of employee relations, preferring to deal with what Dundon et al (2005) referred to as the 'tea and toilet' issues. Furthermore, Waddington's (2005) study showed that only half of existing EWCs debated the matters such as job cuts and site closures which workers sought answers to, , reaffirming the sense that an expectation gap existed between what workers wanted and what management and the multinational would afford (Towers, 1997). In the study of Corus, one worker representative summed up the prevailing antagonisms within the relationship saying. '…they want rid of us…. and we want as much as we can out of them.' (Timming, 2006)

A more accurate picture of management's attitude to consultation is, perhaps, best illustrated by Wills (1999), in which managers reported that business decision-making often took place behind closed doors, away from the EWC meeting and where decisions were influenced rarely by worker views. Wills (1999) concluded that, in reality, EWC agreements were shrouded often in management rhetoric; paying lip service to employee consultation and failing to offer a credible voice platform. Indeed, Streeck (1997) described the EWC mechanism as a 'human resource regime', suggesting that, often. Their structure and function reflected the HR strategy, found within an organisation, which undermined genuine worker representation. Sony, Honda and

Matushita were all identified as establishing forums which reflected their own management strategies (Wills, 1999; Barrie and Milne, 1996; Schulten, 1996) but, perhaps, this is best evidenced through management's capacity to use the EWC as part of a union avoidance strategy.

Returning to Royle's (1999) study of McDonald's, the case study provides clear evidence of management's attempt to use the EWC as part of a union avoidance strategy; resorting to underhand tactics to 'pay-off' the union representative and taking every opportunity to restrict union involvement through renegotiation of the EWC agreement. The flexibility provided by the establishment of EWCs, particularly under Article 13 of the Directive, allows multinationals to use their own interpretations of European level worker participation, giving management the opportunity to take control and keep consultation 'in-house'. Wills' (1999) study into the introduction of EWCs revealed that most multinationals entered into Article 13 agreements purely to avoid establishing a SNB and to limit trade union involvement. For Kelly (1996), the possibility, of using the EWC platform for management's own ends and utilising it as part of a union avoidance strategy was an unwelcome prospect in the search to provide workers with meaningful representation.

Despite the progressive nature of organisations such as Danone, there is reasonable evidence to support the concerns over multinational involvement in EWCs and their capacity to influence the EWC strategy. As Millward et al (2000) argued earlier, in relation to non-union voice mechanisms, whilst businesses may not seek overtly to undermine these forums, there is the clear potential for them to do so. Union avoidance; control of membership elections; limiting the scope for consultation and outright bribery; are all tactics, which have been witnessed, in order to ensure management remain in control (Timming, 2006; Woodhead, 2006; Waddington, 2005; Wills, 2000; 1999; Royle, 1999; Ramsay, 1997). Indeed, from the evidence presented, it would seem reasonable to adopt a more pragmatic (Marginson and Sisson, 2006; Hall and Marginson, 2005; Waddington 2005; Gilman and Marginson, 2002; Carley and Marginson, 2000), and, perhaps, even pessimistic (Keller, 2002; Streeck, 1997) view of EWCs. Given these challenges to creating

credible employee voice, what can trade unions do to limit management control and harness effective voice through the EWCs? The final section of this chapter considers the trade union response and the part which unions have played in securing genuine European level worker voice.

3.5 The Impact of Trade Unions on EWCs

At the time of their establishment, the ETUC were sceptical of EWCs since they believed that they were a form of union substitution and threatened the future of the trade union movement (Falkner, 1998). EWCs had the effect of reducing union control and membership and promoting non-union participation (Gospel and Wood, 2003; Gallie et al, 1998). More crucially for trade unions, this new wave of European regulation produced a new and complex framework of which the unions had no previous experience (Knudsen, 2003). However, the arrival of EWCs was viewed, also, as a double-edged sword. Whilst the unions were less convinced that EWCs provided a satisfactory channel, through which voice could be delivered, they recognised the need to counterbalance European and global marketisation, through the implementation of more stringent labour regulation measures (Falkner, 1998; Gold and Hall, 1994). In light of this, the chapter's final section examines the trade unions' response of to the implementation of EWCs and tries to establish what measures unions can undertake to harness EWCs as part of their own coordination strategy, provided they learn to regard European participation as an opportunity, rather than a threat, to their development and existence.

Fortunately, scepticism towards EWCs has waned within the ETUC since their inception and the social partner has come to adopt a more proactive stance over union involvement (Falkner, 1998). However, the unions have continued to face a number of challenges in their attempts to influence European participation. Historically, trade union activity has taken place at sector, not at a European level (Bryson, 2004, Waddington and Hoffman, 2003). Indeed, the structure of the trade union movement does not lend itself towards European coordination. The possibility of mobilising and coordinating policy

at a European level remains a difficult task and increasingly complex as they attempt to work across sectors and across borders (Miller, 2004). Wills (1999) noted that the transformation of work practices and global business streamlining had resulted often in workers cultivating stronger bonds with colleagues in companies across Europe than with employees working within their own sector at national level and this dynamic further complicated mobilisation. Moreover, whilst, traditionally, unions have held political affiliations, the European landscape does not provide them with the same political framework with which to align themselves and the structure and function of EWCs have created problems for unions attempting to adapt to a new approach in industrial relations strategy (Wills, 1999).

Diverging national practices provide a further issue for trade unions attempting to influence EWCs and differences in national frameworks have caused, also, problems for the social partners and the ETUC. Trade union representatives, from across the EU, are unable to agree on how European trade union policy should be constructed and opinion is largely divided on a geopolitical basis; with northern European counterparts favouring a different approach to those from southern Europe. Inevitably, this reduces the impact of the European industry federations and their affiliated unions (Waddington and Hoffmann, 2003). More generally, evidence shows a marked difference in the way in which unions behave and conduct their campaigns. Historically, in the UK, unions have adopted a more adversarial approach, whilst, in Scandinavia, national governments have continued to work alongside labour agents, in line with their own social policy model. In Germany, Austria and Scandinavia, there is a long history of recruiting full-time salaried trade union representatives; however, other European countries have not supported unionism to the same extent. Crucially, some national unions believe that, despite the introduction of EWCs, union priorities remain in representing and protecting the needs of local workers and not developing a role within Europe (Steiert, 2001; Hancke, 2000). More generally, local trade unions remain less supportive of creating a transnational union agenda through the EWC (Pulignano, 2005; Falkner, 1998).

However, union participation, within EWCs, is not restricted only by the attitudes of the unions and multinationals. Evidence shows that, also, non-union workers can be resistant towards union involvement. Moreover, national attitudes play their part too (Waddington, 2005). A survey of EWC representatives, in Denmark, found that only 32% of workers believed that national trade union officials should be present at the EWC meeting, although provision should be made for an external ‘expert’ (Knudsen, 2003). Although contrary to the survey, findings, elsewhere, show that, in reality, most Danish EWC representatives are in fact local trade union officials. German works council roles, also, frequently fall to union representatives whereas, in the UK, EWC candidates tend to be elected irrespective of their union ties (Bicknell and Knudsen, 2006).

In short, the trade union movement has been challenged continually by a number of stakeholders, with some workers and managers keen to limit their involvement in EWCs. Indeed, it should not be overlooked that the EWC Directive, itself, offers no obvious role for unions and, since the structure of European voice does not lend itself particularly to trade union mobilisation, it is, perhaps, unsurprising that the ETUC initially regarded EWCs as a threat to their very existence. Moreover, given the diverse national trade union practices in operation, some trade unions even questioned the relevance of participating at all, when their own priorities lay in shaping national agendas (Pulignano, 2005; Waddington, 2005; Miller, 2004; Waddington and Hoffman, 2003; Steiert, 2001; Hancke, 2000; Wills, 1999).

However, some commentators believe that much can be done by trade unionists if they wish to play an active part in shaping European level worker voice. Firstly, Bryson (2004) argued that one approach, which unions could use to influence the EWC, was to do nothing at all. In principle, trade unions can undermine multinationals and the EWC successfully by not responding to them. Ultimately in time, EWCs will prove inefficient and this could provide unions with the opportunity to take control and harness voice. However, action rather than inaction seems preferable if unions are to play a bigger role in Europe and within EWCs. For this to occur, current union policies need to

be developed to include issues beyond collective bargaining (Bryson, 2004; Waddington and Hoffmann, 2003). By focussing simply on bargaining rights, the role of the trade union is limited within the scope of the EWC and there is a need for trade unions to develop a wider agenda, whilst continuing to provide expertise within more established policy areas (Qvale, 2003; Hyman, 1997). There is an argument for trade unions to take a more implicit approach and influence the EWC through the provision of quality training for EWC representatives, particularly in light of the recent strengthening of the Directive in this area. Miller and Stirling (1998) cited poor training as an underlying cause of ineffective EWCs, referring to their omission from the original EWC Directive as an 'opportunity missed'. Over half of EWC delegates, surveyed by Waddington (2005), believed that better training would unlock some of the issues faced by representatives. Research shows that union-led training equips EWC delegates with the necessary skills to question management and organise themselves more effectively (Annand, 2004; Miller, 1999). In turn, this would aid communication and encourage cross-border trade union networks (Tully, 2004).

Another way, in which trade unions can engage directly, is through the joint negotiation of a partnership scheme. Prior to the establishment of the EWC, Danone and the trade union, IUF, signed a joint agreement outlining key areas of coordination in training; the exchange of economic and social information; equal opportunities; and trade union rights. Once again, Carley's (2001) study demonstrated that not only did partnership enable direct trade union involvement, within the EWC, as part of the joint EWC agreement, it provided worker representatives with a commitment to engaging in consultation and negotiation. However, unions, in general, appear resistant to change and to allocating the financial resources to enable coordination at this level. According to Marginson and Sisson (1998: 516) this reluctance amongst the unions to '…yield the necessary authority and resources to European-level organisations…' is a significant hindrance in the development of European level voice. Indeed, evidence indicates that the most successful trade unions are those which can coordinate at all levels and are innovative in

their response to EWCs (Pulignano, 2005; Knudsen, 2003; Hancke, 2000; Wills, 1999).

Despite differing national union agendas, limited unity and the development of European solidarity (Wills, 2000; Streeck, 1997), some commentators believed that the EWC provided a clear opportunity for trade unions to strengthen representation and use the platform to promote European level coordination (Pulignano, 2005; Lucio and Weston, 2000). Indeed, in their typology, Lecher et al (2001) referred to the importance of cross-border networking between EWC representatives and the prospect this offered for strengthening European voice. However, if coordination is to take place and European trade union networks are to emerge, emphasis must be placed on vertical, as well as horizontal integration. For this to occur, unions and employee representatives at local, national and European levels and, across different EU states, must engage in developing consensus based rules and political strategies, if they are to succeed in strengthening voice and remain autonomous and efficient agents (Pulignano, 2005; Hyman, 1997).

Indeed, Lucio and Weston (2000) demonstrated how effective horizontal networking could be for workers. In their empirically based study, they showed how one multinational was forced to change its management practices when a trade union discovered that different performance indicators, linked to pay and reward, were in operation across the company. Without coordination, potentially, such discrepancies would have remained unnoticed. Pulignano (2005) underlined the need for cooperation amongst central and local level actors, along with national and work level institutions, but without attempting to eradicate the divergence of national employment issues. Indeed, Pulignano (2005:391) called for a system which sought convergence within a transnational domain '…where synergies between central and local-level organizations and institutions are generated.' In essence, trade unions need to recognise their national differences and to work towards building networks and coordinating transnational issues through the EWC mechanism, if they are to play a part in delivering European voice. Moreover, the EWC mechanism provides an appropriate strategy for unions to do this.

In assessing trade union response to EWCs, we underlined the critical role of national trade union structures and their influence in cultivating effective European voice. In light of this and in keeping with the purpose of this study, it is essential to evaluate national level voice structures in Hungary and assess their relationship with EWCs to date. Therefore, the next chapter considers the role and strength of prevailing voice mechanisms in Hungary. However, before turning to this, we summarise briefly the chapter and debates concerning EWCs.

3.6 Summary of Chapter

From the beginning, the development and implementation of EWCs has proved to be a challenging social and political project (Marginson and Sisson, 2006; Falkner, 1998; Gold and Hall, 1994). From the Company Statute and Fifth Directive, in the 1970s, to the Vredeling Directive, in 1983, and the Social Protocol and Treaty of the European Union, in the early 1990s, the journey has been long and fractious; however, all attempts helped to pave the way forward in the establishment of EWCs (Falkner, 1998). Despite opposition from the social partners and, perhaps, more damaging, opposition from the UK government, the EWC Directive has defied the odds and using the three principles of regulation; subsidiarity; and negotiation, emerged as a relatively key edition to the EU's portfolio of social policy (Muller and Platzer, 2003),

Nevertheless, Directive 94/45/EC has come under scrutiny for producing a more watered down version of Vredeling's original directive (Falkner, 1998), with Hall and Marginson (2005) regarding the end result as more 'paper tiger' than 'Trojan horse'. Indeed, with no clear role for trade unions and minimum standards in information and consultation provision, the original EWC Directive has struggled to revitalise employee voice, particularly within EU member states such as Germany, where codetermination rights make national voice mechanisms far more robust and effective (Streeck, 1997). However the recent recast of Directive 09/38/EC sees a strengthening of information and consultation rights, within the EWCs, offering worker

representatives better opportunity for participation through the availability of training (Picard, 2010; Jagodzinski, 2009). The recast Directive has attempted to put in place more stringent measures to ensure EWCs operate as meaningful mechanisms of voice within multinationals, but, whilst the changes impact on some pre-existing EWCs, established under the original rules, not all EWCs are required to adopt the new enhanced regulations and, in this study of EWCs, the case study evidence was considered under the original EWC framework.

Reaction to the establishment of EWCs has been mixed and the debates surrounding EWCs can be summarised in three parts. The first views EWCs in more optimistic terms. Despite clear evidence that the voluntary nature of many EWC agreements has meant that European level voice has produced rather diverse results, with wide variations in breadth and scope (Keller and Platzer, 2003; Muller and Platzer, 2003; Falkner 1998), some commentators offered an upbeat assessment of EWCs (Com, 2004; Lecher et al, 2001, Lecher and Rub, 1999), believing them to have the potential to deliver effective European level voice. In their typology, Lecher et al (2001) demonstrated the existence of 'participative' EWCs, illustrating that, under the right conditions, EWCs signalled a positive step in the development of worker participation. Indeed, evidence from French-owned Danone shows how effective EWCs can be, when management adopt a positive attitude towards them (Carley, 2001).

However, Gilman and Marginson (2002) offered a more measured assessment of EWCs, showing how 'statutory model'; 'country'; 'sector'; and 'learning' effects all played their part in determining the success of EWCs. This analysis was supported by a growing literature which documented a more pragmatic account of EWCs, showing how national frameworks dominated EWC forums and how a lack of training for EWC members slowed down communication and failed to ensure that a European dynamic and identity was cultivated (Whittall et al, 2007; Timming, 2006; Waddington, 2005; Stirling and Tully, 2004; Hall, 2003; Whittall, 2000; Wills, 2000; 1999). Moreover, whilst the optimists considered EWCs to be a move towards a

European industrial relations structure (Com, 2004; Lecher et al, 2001, Lecher and Rub, 1999), the pragmatists took the view that further integration and Europeanisation was unlikely (Glassner and Keune, 2010; Marginson and Sisson, 2006).

The third position saw commentators adopt an even darker assessment of EWCs. Considered by Streeck (1997) to be of little value to workers, he argued that the development of European level participation damaged the development of much stronger voice mechanisms nationally. Keller (2002) echoed these sentiments, concluding that voluntary framework and minimum standards could not withstand the forces of transnational business and, therefore, offered no prospect for counterbalancing the employment relationship. Moreover, there is empirical case study evidence which reinforces this view (Waddington, 2005; Wills, 1999).

One point, which appears to unite critics, is the fact that stakeholders play a key role in the success of EWCs (Gilman and Marginson, 2002; Lecher et al, 2001; Streeck, 1997) and no less apparent is the influence of the multinational environment. The control which management have over the EWC is, perhaps, best illustrated through Royle's (1999) examination of McDonald's. Royle's (1999) study showed how management were able to shape EWC strategy through a range of measures. Most frequently this is achieved by restricting employee consultation, 'buying' worker silence through legitimate - and not so legitimate - means and using the EWC as part of a union avoidance strategy. Once again, there is further evidence to support these findings (Timming, 2006; Woodhead, 2006; Ramsay, 1997; Barrie and Milne, 1996; Schulten, 1996),

The lack of solidarity between EWC representatives across Europe inhibits, also, the development of European trade union coordination and union capacity to harness voice through the EWC mechanism (Pulignano, 2005; Wills, 2000; Streeck, 1997). With no explicit role for trade unions within EWCs, their involvement, in this European mechanism, is, again, subject to management control and bias but, also, curtailed by the structure of European

voice itself (Pulignano, 2005; Waddington, 2005; Miller, 2004; Waddington and Hoffman, 2003; Steiert, 2001; Hancke, 2000; Wills, 1999). Whilst EWCs provide an opportunity for trade unions to strengthen voice in Europe, either through training or more formal arrangements such as joint partnership agreements, more crucially, unions must come to realise its importance and the prospect it brings for deeper integration (Pulignano, 2005; Lucio and Weston, 2000), For this to occur, trade unions must consider harmonising links both horizontally and vertically and foster closer relations between multi-level voice structures (Pulignano, 2005; Hyman, 1997). In recognition of this, the following chapter assesses, to what extent, national voice mechanisms, in Hungary, have worked towards strengthening employee voice through the EWC mechanism and considers in general how EU membership and the post-communist climate has influenced Hungary's industrial relations landscape.

Chapter 4

Employee Voice in Hungary

The implementation of EWCs has been a challenging process which has produced wide-ranging academic debate on their success. Whilst some commentators put forward an argument for their relative effectiveness, as a mechanism of employee voice (Com. 2004; Lecher et al., 2001; Lecher and Rub, 1999), others tended to focus on their limitations (Hall and Marginson, 2005; Waddington, 2005; Gilman and Marginson, 2002; Carley and Marginson, 2000; Wills, 2000; 1999; Royle, 1999) and weaknesses (Keller, 2002; Streeck, 1997).

Despite the variation in opinion, the evidence largely suggests that EWCs are insufficiently equipped to counter the rising force of the multinational company (Whittall et al., 2007; Timming, 2006; Hall and Marginson, 2005; Wills, 2000; 1999; Royle, 1999; Ramsay, 1997; Streeck, 1997) and fail to balance the power inequalities which exist within the employment relationship (Butler, 2005; Kelly, 1998; Hyman, 1997; Hyman and Mason, 1995). Moreover, in keeping with Hyman's (1997) analysis, a question hangs over the level of autonomy; legitimacy; and efficacy which they provide for workers and whether EWCs have the capacity to exert the same pressure on management as trade unions. For EWCs to evolve as meaningful voice mechanisms, unions at both national and sector level need to realise their potential and work towards developing integration both horizontally and vertically within the EWC framework and strengthen solidarity links through pan-European coordination (Pulignano, 2005; Lucio and Weston, 2000).

Given the importance placed on national level representation and trade union involvement in EWCs, it seems appropriate, at this juncture, to examine the relevance of Hungary and how its national level voice mechanisms have played a part in influencing the establishment and maintenance of EWCs. With a growing number of multinationals and foreign-owned businesses based in Hungary, EWC participation, amongst Hungarian workers, is on the

rise (Voss, 2006). Around twenty five per cent of Hungary's working population is employed by a multinational and, so, the need to be involved in transnational consultation through the EWC is increasing (Lado, 2001). In light of this, the chapter aims primarily to outline how the changing political and economic landscape of Hungary has influenced its industrial relations system, both nationally and at a European level. The chapter is presented over six sections. Section one provides a broad history of Hungary under state socialism and demonstrates how this shaped the role of trade unions during this period. Section two focuses on the political and economic transition after the fall of communism and its subsequent impact on worker representation. Then, the third section considers the consequences of political transition and focuses on the introduction of the Hungarian Labour Code in 1992, exploring the reinvention of works councils and the emergence of dual channel representation. Section four examines the growth of transnational business in the region and the impact of the multinational environment on employee voice mechanisms, whilst section five focuses on Hungary's accession to the EU and their role within EWCs. The final section attempts to bring together the disparate literatures on voice, EWCs and Hungary and sets up the study's framework, outlining the research questions and providing a rationale for the study. We begin our assessment by exploring Hungary's political, economic and industrial relations landscape under state socialism.

4.1 Hungary under State Socialism and the Role of Trade Unions

Throughout the centuries, the Magyar people of Hungary have become all too familiar with political struggles for power and control. In 1848, a revolution to bring independence to the country took place but later failed and prompted the establishment of the Austro-Hungarian Empire, in which the two countries ended up governed by one monarch. By the time of World War I, Hungary had struggled to keep its land and cultural identity and, in the end, it was the intensification of these national tensions which caused the fall of the Empire. In 1919, the Communist Party first came to power and the Hungarian Socialist Republic was formed. However, by 1920, the Communists had come under

fierce opposition and, eventually, a monarchy was restored. From then until the beginning of World War II, Hungary suffered both politically and financially, with the Great Depression causing both hardship and instability. During World War II, the Hungarians, keen to reclaim the land, which they had lost previously, allied themselves to Nazi Germany. This proved to be a catastrophic move, when heavy fighting took place between the German and the Soviet armies, destroying the city of Budapest in the process (Cartledge, 2011; Dolcalavich, 2006; Sugar et al, 1994).

After the War, the Red Army continued to occupy Hungary and, with no room to manoeuvre, Hungary quickly conceded power to Russia and the communist regime. During the aftermath of World War II, thousands were executed and imprisoned as fragmentation and the struggle for power continued within the Communist Party. By 1956, Hungary reached the pinnacle of its political unrest and, on 23 October, the Hungarian uprising began. What started as a student-led protest amalgamated in a full-scale revolution, where soldiers joined protestors and pulled down a statue of Joseph Stalin. Over twelve days, approximately 20,000 people were killed and, by the end, Russian tanks had regained control and a new Soviet leader, Janos Kadar, had been appointed (Cartledge, 2011; Dolcalavich, 2006; Sebestyen, 2006; Teglas, 1998; Sugar et al, 1994).

One of the most significant events during the revolution, in 1956, was the establishment and mobilisation of workers' councils. In Budapest and throughout the major industrialised towns and cities of Hungary, workers organised in opposition to the Stalinist regime. Whilst they were not anti-socialist, they believed that the current political model was oppressive and the system lent itself to a 'top-down' approach, whereby the working classes remained controlled by the political leaders and the owners of production. Although they did not support a free market economy, they believed that the so-called socialist structure of Hungary was not socialism in its truest sense. Members and leaders of the workers' councils supported the revolution and, very quickly, formed a network at both national and local levels, electing a central workers' council which operated from Budapest. Their primary aim

was to ensure that workers seized the factories for themselves and learned to command their labour and the means of production. Within the political sphere, they made demands, also, for the withdrawal of Russian troops and for more democratic measures to be implemented. In short, the workers' councils were a key force within the revolution aimed at bringing dignity to the working classes and putting power back in the hands of the people (Sebestyen, 2006; Bekes et al, 2002; Burawoy and Lukacs, 1992). Whilst, they were destroyed by the Soviets towards the end of the revolution, their achievements were momentous and their role is seen by some to have influenced the eventual dismantling of communism in the late 1980s (Burawoy and Lukacs, 1992). Indeed, there is further evidence, throughout the period leading up to political transition, of the continued efforts of workers' councils and their role in shaping working lives at enterprise level. However, these were often isolated attempts and became marginalised (Neumman, 2005; Vaughan-Whitehead, 2003; Burawoy and Lukacs, 1992).

The Communist Party ruled Hungary and its political and socio-economic development became dominated by the authoritarian regime right up until the collapse of the regime in the late 1980s. In real terms, the employment relationship remained heavily controlled and participation was limited for workers. Most employees were restricted by their geographical location and the availability of housing in Hungary. This meant that many employees had limited work opportunities. During this era, there were discrepancies in pay, based on gender and age, and job and training opportunities within the labour market were kept in line with the central planners' view of the economy (Flanagan, 1998). Policies were put in place to restrict university access and emphasis was placed on promoting vocational training. As a result, academic funding was neglected and there was over-investment in vocation courses. With training opportunities limited; pay unequal; and a ban on independent workers' organisations; job satisfaction, amongst workers, remained low (Flanagan, 1998; Toth, 1998a).

The Hungarian industrial relations system reflected a Leninist model of the centrally planned economy and a total of nineteen industrial unions were

created under the SzOT confederation (Toth, 1998a). Decisions were made and implemented by the state and trade unions were regarded as 'transmission belts', acting as the interlockers at the enterprise level, between the state central planners and management and workers (Frege, 2002). During this period, the role of trade unions was two-fold. Their first aim was to ensure that the production targets, set by the state, were met by the workforce. Their second responsibility was for the distribution of social benefits such as housing and recreation facilities. Through these arrangements, many workers benefited from the use of company-owned holiday homes (Neumann, 2006; Flanagan 1998). Since workers were required to join the union, membership remained at full capacity, with the unions receiving one per cent of the total payroll of all state-owned enterprises. However, despite their density and wealth, providing worker representation was not part of the union strategy, since their position was aligned firmly with the employer (Flanagan, 1998; Toth, 1998a).

In short, the trade unions had little influence in the workplace and the absence of collective bargaining rights, up until the 1960s, meant that wage rates, set centrally by the state, were not up for negotiation. Workers had no legal right to strike and union representation was characterised by informal problem solving and bureaucratic co-ordination, as they attempted to avoid open conflict over labour issues with management (Mako, 2006; Toth, 1998a). In addition, middle-ranking managers held many union posts since involvement with the unions was seen as a fast track to promotion. This allowed trade union leaders, operating in the interests of management, to seek budgetary increases for their companies from the central authorities, whilst claiming them to be in the interests of the union (Flanagan, 1998; Toth, 1998a).

Eventually, Hungary began to adopt a reform programme, embracing what was dubbed 'Goulash Communism' during the 1960s (Teglas, 1998; O'Neil, 1996). Essentially, this represented a form of institutionational dualism, whereby economic decentralisation, along with an increase in business activity, created a mixed socialist economy (O'Neil, 1996). Sharing its border with Austria, Hungary created a gateway for Western trade into Eastern

Europe during the regime (Lado, 2001). Labelled the 'Budapest-Vienna axis, the high concentration of foreign enterprises, based within this geographical region, became an industrial centre and managers acquired experience of organising companies on a profitable basis. By the late 1980s, a number of managers had become part owners of private businesses (Neumann, 2005; Galgoczi, 2003; Lado, 2001; Flanagan, 1998). In short, this pseudo-market economy was invented to help compensate for the shortcomings of state socialism; building links with the external environment in order to be seen as a pro-liberal state and to legitimise the regime (O'Neil, 1996).

At the same time, there was a notable shift away from centrally governed wage regulation and opportunities for company level bargaining emerged. In 1968, the Labour Code allowed collect agreements to be negotiated at company level and bonus and benefit schemes reflected the internal labour market of each business and sector. From this shift emerged a system of embryo-bargaining and, for the first time, pay and conditions were varied and decentralised. Trade unions, also, as representatives of the workforce, gained new rights which permitted them the use of information, consultation and (limited) codetermination. However, in reality, decisions continued to be made by those in charge of enterprise, along with the Young Communist League (Toth, 1998a; 1993).

Yet, despite the shift towards a more progressive political and economic structure under Kadar's leadership, a stable and coherent alliance of Hungarian workers was clearly impossible for employees under the regime. Most employees continued to view the unions with a considerable amount of cynicism and distrust and this, still, continues to hamper efforts to create a more worker-led approach (Neumann, 2005; Frege, 2002; Toth, 1998a; Flanagan, 1998). Indeed, changing the attitudes of workers has been a major obstacle in a post-communist age. The 'legacy approach' argued that, since labour relations under communism disappointed many, it has prompted a negative attitude towards attempts to amend and overhaul the labour landscape (Frege and Toth, 1999; Burawoy and Lukacs, 1992). In light of this, the following section considers in more detail the political and economic

transition process and Hungary's move towards liberalisation, exploring how these developments have influenced Hungary's industrial relations system.

4.2 Political Transition and its Impact on Worker Representation

At the end of the 1980s, Hungarian authorities realised that political power was decreasing both in the Soviet Union (USSR) and within Hungary. Whilst political fragmentation was taking place within the Communist Party, opposition parties were gaining ground, also, and, in the end, the ruling party realised it had to share power in order to survive (O'Neil, 1996). The process of liberalisation began in the mid 1980s and, by the end, all parties had signed an agreement that would allow the establishment of new political parties and bring about democratic elections. By 1990, Hungary held its first free election and with this came much stronger political stability (Hoos, 1996; Bunce and Csanadi, 1993; Csaba, 1993). However, much of the political transition was fuelled by an economic crisis. As a major exporter of manufactured goods, the economic downturn highlighted production inefficiencies, resulting in soaring costs and stifling the export market. Yet, Hungary's path to liberalisation did not follow that of other CEE states (Docalavich, 2006).

During the transition process, many CEE countries adopted a 'shock therapy' approach. This type of reform package was noted for its policies on price and trade liberalisation; free market competition; the promotion of private over public enterprises; privatisation of state-owned enterprises; and the introduction of sympathetic monetary and fiscal policies. Key to the strategy was the speed at which it was instigated (Sokol, 2001; Hughes, 1992). A sudden influx of political and economic change was believed to prevent political opposition to the new economy. Such rapid change and reform was to be accompanied by significant finance from the West, which had been instrumental in bringing about the end of the regime. However, the reality was somewhat different, with many CEE countries receiving little or no monetary support from Europe or the USA (Sokol, 2001; Sachs, 1990).

In contrast, the development of a market economy, within Hungary, was more incremental (Hughes, 1992). This was partly owing to Hungary's unique experience of market forces and privatised enterprise under state socialism, as outlined earlier (Neumann, 2005; Galgoczi, 2003; Lado, 2001; Flanagan, 1998; O'Neil 1996). These favourable market conditions, created by Hungary, proved beneficial during the period immediately after the political change, when foreign direct investment continued to arrive in its major cities. By the 1990s, Hungary managed to attract significant interest from foreign-owned multinational organisations (Neumann, 2005; Lado, 2001). However, the economic crisis, which brought political transition, worsened during the early days of capitalism. By 1993, Hungary had entered a deep recession and its effects were felt directly within the labour market. Around 800,000 people were unemployed and factories which had operated previously under communism were denounced as unprofitable and were forced to close (Hoos, 1996; Bunce and Csanadi, 1993; Csaba, 1993). Indeed, economic and political freedom came at a heavy price which the people of Hungary were forced to pay. Social benefits were cut or abolished completely; there was no financial support to help reduce the differentials in living standards between Western and Eastern Europe; and those, in work, were employed on significantly lower wages than before (Docalavich, 2006; Hoos, 1996; Bunce and Csanadi, 1993; Csaba, 1993).

To help relieve the deadlock, the Hungarian government implemented a plan of action. The aim was to encourage multinationals into Hungary and create work opportunities. This was achieved through an attack on corruption and the black market. State companies were privatised, also, and tax breaks were levied on those who reinvested business profits back into the economy. In an attempt to remain competitive, labour costs were lowered, also, and, fearing that multinational organisations might choose to set up elsewhere, wages were kept at a minimum to encourage trade. Pensions were frozen, also, and social expenditure capped. Consequently, poverty and depravation soared and, in the early stages, capitalism brought with it harsher living conditions than ever had been experienced under the communist regime. Yet, foreign investment in Hungary was much higher than in other CEE countries and, in

comparison, Hungary had the most comprehensive pro-labour legislation in all of the CEE countries (Frege, 2002; Lado, 2001; Flanagan, 1998; Hoos, 1996; Bunce and Csanadi, 1993; Csaba, 1993).

With high investment and worker regulation in place, the environment should have been conducive to mobilising an effective trade union movement (Frege, 2002). However, evidence suggests that the outcome was a weak and fragmented trade union movement, resulting in union pluralism and inter-confederation conflict (Neumann, 2006; Pollert, 2000, 1999; Toth, 1998b; Hughes, 1992). By the mid 1990s, Hungary had cultivated a decentralised industrial relations system and new grassroots trade unions emerged. However, the rising number of trade unions weakened worker representation as their policies were too diverse and wide-ranging.

Whilst public sector union policy was concerned with protecting jobs, unions, from the private sector, were keen to promote privatisation and market liberalisation (Neumann, 2006; 2005; Frege, 2002; Toth, 1998b). Within the National Council for Reconciliation of Interests (later the Interest Reconciliation Council), established in 1988, bitter rivalry existed amongst the six trade union confederations and disputes amongst them were fuelled by two key factors: financial hardship and membership decline. There was disagreement over the distribution of post state-socialist trade union assets (comprising mainly of real estate). However, the politicisation of the trade union movement and continuing contentions between the confederations prevented them from merging, despite the obvious financial advantages (Gennard, 2007; Neumann, 2006, 2005; Flanagan, 1998). At the time, the ongoing conflict resulted in calls for strike action by the reformed National Confederation of Hungarian Trade Unions, MSZOSZ, and, at times, this threatened to destabilise the political landscape. The right to strike became legal during the transition period but exercising this right was not so easy, with most union leaders hesitant to take action (Mako 2006; Flanagan, 1998; Toth, 1998a). In 1992, eventually, the separation of trade union assets was negotiated. Much of the real estate acquired was sold subsequently to finance union activities, moving offices to smaller, rented premises. The sale

of fixed assets created a very short-term solution to a very long-term problem. However, the real threat to union survival was the decline in union density (Gennard, 2007).

During the transition period, the unions saw a huge fall in its membership. Under the new system, trade unions no longer provided the support services they once did and whilst, increasingly, workers were employed by privatised enterprises, despite the threat of job cuts, eventually most workers saw their wages rise with the onset of marketisation. Union density continues to remain particularly low in manufacturing but it is linked, also, to age and gender, whereby young and female workers are less likely to join a union (Gennard, 2007; Aczel, 2005). Reduction in union subscriptions prompted a number of job cuts within the union movement and organisations have been unable to acquire fresh and valuable recruits from the graduate market (Neumann, 2005). Interestingly, support for the old state trade unions still remains far higher than it does for the new grassroots unions, which emerged during the transition period, and the public sector remains, also, a firm union stronghold (Neumann, 2006). Here, union membership figures are at their highest, but as public service posts remain in decline and Hungary enters another economic downturn, there are signs that the unions are suffering further challenges as a consequence of a changing political economy (Glassner and Galgoczi, 2009; Neumann, 2006; Visser, 1995).

Given that fragmentation and union pluralism came to dominate Hungary's industrial landscape in the immediate aftermath of the communist regime, the government responded to this by introducing the Hungarian Labour Code (1992). This paved the way for the reintroduction of the works council system, formalising the use of collective bargaining agreements and creating a dual channel of representation (Neumann, 2005; Galgoczi, 2003; Toth, 1998a). However, the Labour Code (1992) has and continues to be a contentious issue for those involved in the employment relationship and, in particular, for trade unionists. Therefore, having established that transition has been a fraught and often painful process within Hungary, politically, economically and within the workplace, the next section critiques in more detail the Hungarian

Labour Code (1992) and the development of dual channel representation. In particular, we consider the reinvention of works councils under the new legal framework.

4.3 The Hungarian Labour Code (1992) and the Role of Trade Unions and Statutory Works Councils

Given the ongoing conflicts within the labour movement between the old and new trade unions, the Hungarian government used these tensions as an opportunity to significantly remodel its industrial relations system through a new legislative framework (Toth and Ghellab, 2003; Mako and Simonyi, 1997). This section outlines the key changes brought in with the establishment of the Hungarian Labour Code (1992); examining the roles of the trade unions and collective bargaining and the introduction of worker participation through the statutory works council model. The section sets out, also, the relationship between trade unions and works councils and discusses the strengths and weaknesses of implementing dual channel representation.

Loosely based on a German style model of industrial relations, the Hungarian Labour Code (1992) prompted one of the biggest overhauls of the country's industrial relations landscape (Azcel, 2005; Neumann, 2005; Toth and Ghellab, 2003; Mako and Simonyi, 1997). The new labour legislation lays down, through a number of processes, the rights and responsibilities of its key labour institutions. First, it legitimised the institutions of interest conciliation at national level through the establishment of the Interest Reconciliation Council. Secondly, it marked out the rights and responsibilities of the trade unions at enterprise level. Thirdly, it defined the representativeness of each union within a now pluralistic union movement. Fourthly, it established the rules that govern collective bargaining and labour disputes and, fifthly, it introduced works councils as a mechanism of worker voice, outlining their role and obligations. Within this section we focus particularly on the role of trade unions and collective bargaining and consider how the emergence of works councils has played its part in shaping the industrial relations framework.

As noted earlier in the chapter, collective bargaining came to play a key role in the employment relationship during the 1960s, but, given the lack of autonomy trade unions had under state socialism, collective bargaining rights were limited (Mako and Simonyi, 1997). Then, the Hungarian Labour Code (1992) redefined this procedure; setting out its role at a macro (national), meso (sector) and micro (enterprise) level; and recognising the role of trade unions in the collective bargaining process. Given the pluralistic nature of the union movement, the Labour Code (1992) sought to clarify who could and could not be included in collective bargaining arrangements. In short, the rules allow for one collective agreement to be signed per employer. Where only one trade union is present within an enterprise, members must obtain a minimum of fifty per cent of the works council election vote in order to negotiate the collective agreement. In companies, where there is more than one trade union, members collectively must reach the same percentage of the works council election vote and, if an individual union receives less than ten per cent, they are excluded from the negotiating table.

The Labour Code (1992) set out minimum standards in labour law and, in terms of collective bargaining arrangements, allowed employers and unions to negotiate their own terms. Primarily, agreements document information on the terms and conditions of employment. Interestingly, since political transition union members have been keen, also, to include information on organisational restructuring and privatisation (Mako and Simonyi, 1997). However the real debate, over these kinds of issues, are often left to the works council which came into effect in the early 1990s. Indeed, the Labour Code (1992) stipulates that, whilst trade unions have the exclusive right to negotiate collective bargaining arrangements, particularly at enterprise level, the role of works councils is to provide a forum for worker participation (Aczel, 2005; Neumann, 2005; Toth and Ghellab, 2003; Mako and Simonyi, 1997). According to the Hungarian government, works councils were created for two reasons. Firstly, the Hungarian government was concerned that unions were not representative of the people at large and were concerned only with representing their own membership. Works councils, therefore, filled this gap by extending representation to all workers. Secondly, the development of the

dual channel system ensured a much stronger platform for worker voice and representation in the wake of union fragmentation and provided some level of protection amid Hungary's growing market economy and rapid privatisation (Neumann, 2005; Vaughan-Whitehead, 2003).

Under the dual system, works councils are required to be set up in companies which employ a minimum of fifty employees. Indeed, there are a few key points worthy of mention which provide an overview and help to define the structure and function of the statutory works council model. According to the Labour Code (1992), it is the responsibility of the workforce to initiate the establishment of a works council. Whilst companies are required legally to establish a forum, the legislation fails to outline the necessary sanctions for non-compliance. Candidates to the council should be permanent employees of the company with a minimum of six years' service and representatives can be drawn from trade union and non-union employee groups. In order for a works council to be deemed valid, at least half of a company's workforce must cast a vote in the election. Should the election turnout fall below this figure, then, a new election must be held. The number of employee representative seats allocated is proportionate to the number of employees. Once elected, representatives must appoint immediately an employee chair. Then, each member serves a three- year tenure and is entitled to dedicate around ten per cent of their working week to work council related matters. A joint meeting between management and the employee members must take place at least twice a year. Whilst the Labour Code (1992) sets out minimum standards in participation, it falls to works council members, along with management, to outline the purpose and function of the works council. More broadly speaking, the role of the works council is two-fold. Firstly, it is their responsibility to manage the welfare funds; social facilities; and real estate of the organisation. Importantly, it is within this area that codetermination rights are awarded to the works council. However, whilst members are required, also, to comment upon economic and business-related issues, including changes to working conditions and shift patterns; payment of wages; and company restructuring, participation operates, within this sphere, on an information and consultation basis only.

It is the responsibility of management to ensure that worker representatives are appropriately informed and consulted and the works council is entitled to fifteen days in which to prepare a response to any planned changes. However, there are restrictions, laid out in the Labour Code (1992), which prevent worker representatives from discussing some types of information with the wider workforce. Any issues deemed to jeopardise the interests of the business, fall into this category and, therefore, management can force representatives to withhold information from the rest of its employees. Despite their indirect ties with the trade unions, through works council elections, the Labour Code (1992) does not permit works councils to support or oppose strike action. This is an interesting inclusion in the framework since it attempts to make works councils impartial and, to a degree, promotes the separation of works council and trade union activities.

In comparison with the industrial relations landscape under state socialism, the Labour Code (1992) makes some attempt at bringing the employment relationship in line with western European frameworks. Indeed, the transposition of the EU's Information and Consultation Directive (02/14/EC) brought in minimum changes to the existing legislation (Fodor and Neumann, 2009). Some argued that the introduction of works councils hasslowed down the de-unionisation of process in Hungary (Benyo, Neumann and Keleman, 2006). It could be argued, also, that it has forced trade unions to address their own issues and realise the value of working together with works councils. Indeed, the emergence of the dual channel has prompted some union officials to actively seek a more significant role in shaping works councils (Draus, 2000).

In thirty per cent of forums, council seats are entirely taken up by union members and this has allowed them to harness more effectively voice through the works council mechanism. Union influence over the appointment of works council representatives has contributed heavily to this, with approximately four times as many trade union members appointed as works council chairs. Moreover, evidence shows that only nine per cent of works councils operate

in organisations where there is no union presence, demonstrating that works councils rarely function in non-unionised workplaces and those, that have close union ties, are considered more successful than those that do not (Benyo, Neumann and Keleman, 2006; Mailand and Due, 2004).

Indeed, there is evidence that, in reality, works councils have not extended the scope of consultation and worker participation. Instead, they have made trade unions simply more vulnerable to political change (Neumann, 2006; 2005; Galogoczi, 2003; Toth and Ghellab, 2003; Vickerstaff and Thirkell, 2000). A good illustration of this can be traced back to the early establishment of the Labour Code (1992). At the start, Hungary's Ministry of Labour sought to transfer collective bargaining rights from the trade unions to the works council. This prompted a wave of concern amongst the six employee confederations, within the Interest Reconciliation Council, who believed that this would weaken significantly the role of unions within the dual channel framework (Neumann, 2005; Galgoczi, 2003; Vickerstaff and Thirkell, 2000; Toth, 1998a). In the end, the Ministry conceded a partial concession to the trade unions by allowing them to maintain exclusive bargaining rights at enterprise level. Since this time, the Labour Code (1992), persistently, has fallen victim to the political pressures and ideologies of the ruling party. Whilst rightwing governments have tried to shift power towards the works councils, often, leftwing parties have reverted these changes and attempted to create a more balanced structure (Hayward, 2005; Aczel, 2005). Political tampering with the system continues in the current economic climate, where, already, the right-wing government has revised the legislation in line with its own political agenda, and faced fierce public protests and worker opposition (Komiljovics, 2012).

Moreover, whilst the dual channel system, in Hungary, claims to be based on the German statutory model approach, it fails to truly replicate Germany's robust structure for worker participation and collective bargaining. Codetermination, in Hungary, is restricted to one very limited area of social welfare and there is little evidence that sanctions exist to ensure that companies adhere properly to the legislation (Toth, 1998b). Neumann (2005;

2006) argued that the dual system simply duplicated worker representation; and created confusion for workers and their representatives. In turn, this has caused internal feuding between union and non-unionised works council representatives and strengthened management's control, with managers fuelling the rift amongst the members, in order to divert attention away from the real issues facing the workforce (Frege and Toth, 1999; Toth, 1998a, 1998b). In reality, most workers rely on local level collective bargaining agreements for protection (Frege and Toth, 1999). Some would argue that the current arrangements actually offer less to workers that the former union rights of the 1970s and 1980s (Mako and Simonyi, 1997).

Recognising these issues, Toth (1998a) argued that in order to strength the dual channel system, there was a greater need for trade unions and works councils to work more closely and forge a deeper relationship to protect worker rights and to create a balance in the employment relationship. Of course, it could be argued that the increase in foreign-owned enterprises, in Hungary has compounded further the issues and, in some cases, has increased the urgency for the establishment of a credible and viable employee voice structure. With this in mind, the next section explores how foreign investment, in Hungary, has influenced the employment relationship.

4.4 The Impact of the Multinational Environment on the Employment Relationship in Hungary

A major contributor to Hungary's political and economic transition has been the inward investment of foreign-owned companies and, since the fall of communism, a new wave of industrialisation has occurred in the region, creating further implications for the employment relationship (Lado, 2002, 2001). This section, therefore, outlines the growing importance of multinational organisations, in Hungary, and how this has shaped the employment relationship. In particular, it considers how Hungarian workers have reacted to different workplace strategies adopted by multinationals and how unionised and non-unionised voice mechanisms have played their part in

determining the employment relationship. Firstly, we begin by examining the rise in multinational business.

Foreign direct investment in Hungary has centred largely around the major cities; creating obvious economic disparities between rural and urban communities (Sengenberger, 2002; Pollert, 1999; Toth, 1998b). The influx of foreign investment across the region has developed in a variety of ways. Initially, joint ventures with existing national businesses were encouraged, as were the privatisation of public organisations and the acquisition of privately owned domestic enterprises (Lado, 2001). The second wave of foreign direct investment focused predominantly on the development of green field sites, creating new locations for enterprise within the new transition economy. This has been a particularly popular strategy for companies establishing industrial links in Hungary, aided by the Hungarian government who have been keen to promote the country through schemes known as 'enterprise zones' (Martin and Cristescu-Martin, 2004; Lado, 2001). German-owned manufacturers, in particular, have been eager to relocate to Hungary, benefiting from significant tax breaks and the desire to drive down production costs. Approximately one fifth of foreign investment across the region has occurred as a direct result of the low wages and the provision of unskilled labour on offer in Hungary; theae are two key issues which have proved challenging for those involved in representing workers (Martin and Cristescu-Martin, 2004; Meardi, 2004, 2003: Sengenberger, 2002; Boeri et al 2001; Pollert, 1999; Toth, 1998b).

In 1997, forty per cent of Hungary's gross domestic product was attributed to foreign business and twenty two per cent of multinationals were responsible for the development of Hungary's green field sites. With labour productivity doubled and multinationals offering comparatively higher wages for workers than local industries, the argument for foreign direct investment has been persuasive (Galgoczi, 2003; Lado, 2001). However, the influx of foreign investment has received a mixed response. Whilst some take an optimistic view of its success (Galgoczi, 2003; Lado, 2001), others believe that it has limited economic growth and cast doubt over labour market stability (Sengenberger, 2002; Pollert, 1999). Inevitably, the arrival of foreign

investment has not been without its problems. According to Pollert (1999: 128) the transformation of post-communist communities '…has done more harm than good…' prompting general recession and decline in the region and relocation programmes have created tensions within the East, as production is moved from one site to another (Meardi, 2004; 2003). As Pollert (1999) suggested, most organisations were conservative in their investment strategies because their first interests lay in their own economic growth, rather than the growth of the host economy. From this view stems a number of issues around the benefits of encouraging foreign investment and these arguments remain as apparent today in the wake of the current economic crisis (Eironline, 2009).

In terms of its economic influence and impact on the labour market, evidence shows that, often, multinational companies have failed to create additional jobs in the region. In an attempt to cut costs, businesses have introduced often a more streamlined structure and the introduction of new technology has acted, also, as a labour saving device, allowing for a further reduction in headcount. Moreover, the emerging private sector has failed to provide the same number of jobs previously supplied by the state, and this has created higher levels of unemployment (Lado, 2002; 2001). Whilst private sector wages were initially much higher, the gap between state and private pay has slowly shrunk and wage increases amongst many of the multinationals have been linked only to inflation. In real terms, wages have fallen by around two per cent. Moreover, the unemployed have found it particularly difficult to find work within foreign-owned companies since they appear reluctant to take on the jobless and unemployment continues to be a major problem (Sengenberger, 2002; Frege, 2002; Lado, 2001; Toth, 1998a).

According to Galgoczi (2003), multinationals often choose to take either an 'adaptive' or 'innovative' strategy during expansion abroad. A company, which attempts to harmonise its HR programmes in line with its new host environment, is regarded as 'adaptive' but when a company chooses to replicate the policies from its home country abroad, it is regarded as 'innovative'. An example of this is the works council. Many German-owned

multinationals have attempted to introduce German style works councils in subsidiary plants, transferring cultural norms and procedures from Germany to other host sites. However, getting workers to grasp new approaches is not only demanding but, also, it can alienate foreign workers; ultimately, this is damaging for longer term employment relations (Galgoczi, 2003).

The adoption of an ‘innovative’ strategy was not an entirely successful experience for workers and managers at Magyar-Suzuki in Hungary (Neumann, 1993). Having developed a green field site in an enterprise zone within a more financially deprived region of Hungary, the Japanese-owned car manufacturer was surprised by the reaction which they received from Hungarian workers to its new work practices (Pollert, 1999). The study of the plant illustrates a series of events in which workers forced management to rethink its strategy. Given the high level of unemployment in the region, Magyar-Suzuki was able to recruit an elite and highly skilled group of workers, preferring to employ young over older workers. Indeed, Suzuki’s specifications for staff were somewhat restrictive. Hungarians, whom they deemed ‘employable’, were between twenty to thirty years of age, possessed some level of skill and demonstrated a preference for working in a non-unionised environment. In short, Magyar-Suzuki was able to create a union-free workplace, simply by refusing the trade unions entry and recruiting staffwho showed now signs of militancy. However, in 1992, Hungarian colleagues were sent to Suzuki’s Japanese headquarters for a six-month training programme, where they were sent to learn the Suzuki way of working. On their return, Hungarian workers began unofficial strike action over pay and conditions, unhappy with the pay differentials between Japanese and Hungarian workers. Japanese workers, based in Hungary, received, also, double the salaries of their Hungarian counterparts. In addition, the working day was one and a half hours longer in Hungary and overtime payments were not guaranteed.

Forced into harmonising pay and working conditions, the success of strike action prompted some workers to seek trade union support. Aware that unions might have some influence, Suzuki responded with the introduction of

a non-unionised employee forum, or works council, set up to dampen any further attempts by workers to elect a union representative. Still dissatisfied with the use of Japanese production methods, the metalworkers' union gained support and momentum outside the Suzuki plant. In an attempt to annul the works council elections, which contravened the Labour Code (1992) requirements, the union managed to gain thirty six per cent of worker votes. Despite the outcome, Suzuki remained defiant and refused to concede to the unions, continuing to promote the works council as its only channel of representation.

In contrast, French-owned Merlin-Gerin-Vertesz took a more 'adaptive' strategy when setting up operations in Hungary (Toth, 1993). Instead of imposing French models of work, in Hungary, the company adopted a balanced approach towards integration. Whilst Hungarian workers were invited over to France on an observation exercise, French workers were given the opportunity to learn Hungarian and, although many senior ranking managerial posts were undertaken by French expatriates, a Hungarian manager was given responsibility for the development and implementation of Hungary's HR strategy. Merlin-Gerin-Vertesz chose, also, to negotiate with the trade unions over their collective bargaining agreement and installed, in Hungary, a new, fairer pay system based on job evaluation (Toth, 1993). Whether the decision to include the trade unions was merely a gesture of goodwill, rather than an attempt at counterbalancing the power within the employment relationship, is debatable (Pollert, 1999). However, their approach was warmly welcomed in Hungary, creating a more cohesive employment relationship (Mako and Novoszath, 1995).

The two approaches, adopted by Suzuki and Merlin-Gerin-Vertesz, resonate with Lecher and Rub's (1999) framework. In many ways, the 'innovative' approach echoes the 'ethnocentric' strategy, whereby multinationals opt to deliver tried and tested HR strategies abroad, whilst the 'adaptive' method chimes with the 'geocentric' approach, in which a more blended strategy is developed. Also, the influence of the multinational and its home environment in shaping operations in Hungary echoes with Gilman and Marginson's (2002)

framework, in which the 'country' and 'sector' effects are shown to impinge on transnational work practices and the development of EWCs.

In summary, the Suzuki case study demonstrates the power of the multinational and its ability to undermine the employment relationship at both an international and local level. It highlights, also, a lack of autonomy and the weakness of the unions in their efforts to force Suzuki to formally recognise them as agents of worker representation. Despite their credible attempts at garnering support from the workforce, ultimately, their capacity to intervene and take control of the situation was not quite in their grasp. Although managers, at Merlin-Gerin-Vertesz, showed a far more positive attitude towards the union, the question remains whether the union would have obtained such a key role in negotiation process, if they had not been invited to do so. On the other hand, perhaps, the actions of both multinationals suggest they fear trade union intervention. Whilst one company forcefully obstructs their involvement, the other encourages it, both bid to control worker demands. This suggests that trade unions have some sway; however, irrespectively, the system continues to favour management choice over worker voice. Interesting, local Hungarian employers show a preference for negotiating with the local trade unions, whilst multinationals and senior management prefer consulting with the works council. At the start of the transition period, Hungarian managers believed that the weak position of the unions would create a more malleable workforce. However, foreign investors assumed that the trade unions would be much a stronger force and, therefore, favoured the works councils (Benyo, Neumann and Kelemen, 2006, Mako, 2006).

However, despite the evidence that points towards a weak and fragmented union movement, there exists some empirical data which provides some hope for trade union participation and Toth's (1998b) analysis of airline carrier, HNAC, offers some optimism for their success. Prior to the regime change, Hungary had one state-owned airline carrier and the air mechanics, responsible for servicing the aircraft, were regarded as highly skilled employees. However, during the transition period, workers attempted to set

up a union to protect worker pay and conditions but the union was denied recognition by local managementwho, at the time, were in takeover talks with an American airline. In part, the union was to blame for this. Union leaders failed to consult with its members on a number of issues and rejected the trade union. After the takeover, the firm faced substantial job losses and the union was left floundering without a leader and unable to fight for better severance packages. However, the demise of the union was short-lived. After the introduction of a works council, the union was reinstated. Changes in management attitude prompted its introduction, coupled with the appointment of a new union leader and renewed worker strength in collective bargaining. During wage negotiations, the union demonstrated a capable and organised strategy, managing to increase worker wages. With the threat of strike action averted, the union and senior management reflected that they had both succeeded in finding a solution.

The story of HNAC demonstrates that, under the right circumstances, unions have the strength to mobilise effectively and this is a positive step for strengthening Hungarian voice. However, it cannot be overlooked that, once again, management's change in approach played a significant part in allowing the unions this opportunity. For better or worse, senior and local management attitudes continue to dominate proceedings and, whilst Toth's (1998b) study indicates the efficiency of the trade union, it reinforces, also, the strength of the multinational over the trade unions; this has become a familiar story. The situation remains a challenge for union leaders. Whilst there is evidence that strike action, amongst Hungarian workers, is on the rise, the difficulties, faced by the union movement, tend to be borne out of prevailing socio-political legacies; distrust for the unions; and worker fear of workplace conflict (Toth, 1998a; Neumann, 1993). All of which cast doubt over whether, truly, unions can be regarded as a robust mechanism for voice Hungarian workers (Hyman, 1997).

Senior management attitudes, embedded within the multinational environment, influence, also, the employment relationship (Galgoczi, 2003). The debate shows a two-pronged approach, with multinationals adopting

either a ‘high road’ or ‘low road’ strategy (Gill and Meyer, 2008). Firms, which adopt a ‘high road’ strategy tend to pay higher than average wages and offer above standard working conditions, and, in return, expect staff to demonstrate a high level of commitment. Staff are well qualified and show, also, a willingness to learn and, often, are required to be flexible. In contrast, firms, employing a ‘low road’ approach, tend to recruit unskilled or semi-skilled workers; target young and female workers; and pay minimum wages. Driving down production costs is the key aim of this strategy and there is much evidence of this, in practice, amongst foreign-own subsidiaries based in Hungary. Whilst the ‘high road’ approach is in keeping with an ‘adaptive’ or ‘geocentric’ approach to managing employee relations, the ‘low road’ echoes a more ‘innovative’ or ‘ethnocentric’ strategy. Moreover, whilst there are distinctions between the attitudes of senior and local management, pressure is placed on local Hungarian managers to meet the targets set by the senior managers and, often, this means that they adopt the same workplace strategies (Galgoczi, 2003; Lado, 2001; Lecher and Rub, 1999; Pollert, 1999; Toth, 1998b).

Evidence shows that foreign investment has played a significant part in Hungary’s economic and political development (Martin and Cristescu-Martin, 2004; Sengenberger, 2002; Lado, 2001; Pollert, 1999; Toth, 1998b). Indeed, Hungary’s willingness to encourage growth, in foreign enterprises, came with bigger ambitions to gain membership to the EU. Once growth and stability was secured internally, Hungary’s main objective was to trade inside the EU zone. As part of its enlargement programme, Hungary was granted EU status eventually in May 2004, having reached the criteria for entry set out by the EU institutions (Mailand and Due, 2004). In turn, it has not only been national legislation and the increase of multinational enterprise that has come to influence Hungary’s employment relationship. As a member, so, too, has the EU influenced its industrial relations system and new labour laws. One significant impact is the extension of EWCs to include new member states. This means that the EWC Directive now covers Hungarian workers and the next section examines what European level worker participation means for Hungarian workers.

4.5 The EU and the Introduction of EWCs

Accession to the EU brought Hungary to a new phase in its economic andpolitical development. It was the dawn of something new and inspiring and an opportunity for Hungarians to be part of an European elite. This section, therefore, explores how the EU has changed Hungary and more importantly, how it has changed working lives. With the growth in foreign investment and the number of multinationals setting up in the region, there have been a number of key issues for workers. Differentials in working conditions; tensions between colleagues in the west and east; and the lowering of labour standards are just some of the problems created by EU accession and the question remains as to whether or not these issues hamper the creation of European worker participation and cross-border trade union networks. The section, therefore, considers how EWCs have been implemented, in Hungary, and whether or not early indications show them to be a success for workers.

EU membership increased the number of foreign-owned multinationals, in Hungary, and it intensified, also, competition, with the rest of the new CEE accession states attracting significant investment (Voss, 2006; Lado, 2001). It has been argued that, in turn, this created a race to the bottom between CEE countries, keen to encourage multinational investors, potentially at the cost of labour standards (Martin and Cristescu-Martin, 2004; Pollert, 1999). Indeed, Hungary's bid to increase growth and investment, sometimes, has been to the detriment of Western European workers. German car manufacturers, Audi, relocated operations to Hungary, forcing German car workers to re-examine their own contracts and become more flexible in a bid to retain some of the work (Kvist, 2004; Martin and Cristescu-Martin, 2004; Meardi, 2002; Lane, 2001; Vickerstaff and Thirkell, 2000). Relocation of production from West to East has continued to be a sore point for multinational workers who, often, have witnessed jobs moving eastwards (Voss 2006; Frege and Toth, 1999). In turn, this has heightened tensions between Eastern and Western European workers and has not been helpful in creating a cross-border culture of worker solidarity. Historically, CEE workers have shown little interest in cultivating

solidarity links even amongst their own working groups and the East has become regarded, by some, as the 'Trojan horse' of market deregulation (Meardi, 2002).

However, Neumman (2005) argued the notion that the workers, in Hungary, were prepared to sacrifice working standards in return for jobs, was a common misconception. In Hungary, the unions place considerable emphasis on raising wages in alignment with the rest of Europe. Sadly, this approach runs counter to the labour strategies adopted by the Hungarian government and the multinational community who remain keen to promote economic growth, sometimes, at the expense of workers (Glassner and Keune, 2010). So, with differentials in labour standards across the CEE region and the tensions caused by West to East relocation, is the prospect of creating a solid European worker dynamic feasible and does the EWC offer a credible forum for achieving this?

Unfortunately, there is limited evidence from Hungary outlining the impact of EWCs. Neumann's (2005) assessment indicated that Hungarian workers reacted positively towards EU intervention since it was seen to offer a number of opportunities for increasing worker protection. Voss's (2006) account of Hungary's response to EWCs suggested that their success was restricted somewhat by a number of issues, creating barriers to participation. More generally though, the existing literature reports on the impact of EWCs across the wider CEE region. However, whilst the data does not chart specifically Hungary's response to EWCs, the findings are worth some consideration and, before returning to Voss (2006), we consider Meardi's (2004) study of Polish EWCs. In general, the study found that EWCs were well received by workers who believed that the EWC promoted transparency and encouraged benchmarking across Europe. Indeed, Meardi (2004) referred to the 'short circuit', prompted by EWCs, since its structure had given worker representatives direct access to senior management. Unhappy with how local management are responding to these issues, local trade union and EWC representatives have learnt to refer their problems to senior management, through the EWC, often bypassing local management in the process.

However, further evidence shows that senior management are not keen to resolve local issues (Meardi, 2004) and it is reported more widely that the transparency, created by the EWC, is obscured purposefully by management in a bid to cover up discrepancies in working conditions across sites (Meardi, 2004; Galgoczi, 2003; Carley, 2001). Across the CEE region, involvement in EWCs, by CEE worker representatives, has been varied and there is evidence that foreign-owned multinationals have slowed down deliberately the expansion of the EWC to include CEE members. Meardi (2004) observed that, at Italian-owned Fiat, it took over five years for managers to organise 'observer status' for its Polish representative, whilst, at German-owned Siemans, management excluded the Hungarian representative from attending the EWC meeting. At German-owned AEG, Hungarian trade union representatives were banned deliberately from taking part (Galgoczi, 2003). Even at French-owned Danone, where their approach to EWCs has been commended, it is alleged that, purposefully, senior management slowed down the programme of EWC enlargement when integrating its CEE members (Carley, 2001).

So far, it has been underlined, throughout this assessment of voice, how easily multinationals can control the EWC forum. Consequently, it comes as little surprise to find that their influence is once again partly to blame for the slow pace in which Hungarian, and other CEE EWC members, have come to participate at a European level. Moreover, at the local level, Voss (2006) cited a poor attitude and lack of interest amongst local managers as a key obstacle to Hungarian participation in the EWC. Findings, from the study, show that many of those, involved in participation at local level including managers, regard EWCs as ineffective institutions which do little to influence management decision-making. Indeed, despite the initial enthusiasm displayed by local trade unions towards EWC involvement, there is limited evidence that either works councils or trade unions have engaged actively, and there is no sign that they have attempted to strengthen voice mechanisms through pan-European union coordination (Voss, 2006; Aczel, 2005; Neumann, 2005). Aczel (2005) suggested that intensifying international

trade union networks was the only way Hungarian workers would continue to have a voice. Echoing these recommendations, Voss (2006) urged Hungarian trade unions to intensify their activities in order to strengthen their role in Europe.

There are some preliminary signs that work has occurred at sector level, particularly within Hungary's European Mine, Chemical and Energy Workers' Confederation. However, there are no obvious indications of dialogue yet taking place at a European level (Mako, 2006; Neumann, 2005). Meardi (2004) reinforced these calls for more action from the trade unions, and believed, also, that transnational union networking would only encourage stronger solidarity links, if it was carried out in conjunction with a change in attitude and a more open-minded approach towards European level consultation. Indeed, Voss (2006) advocated that, for EWCs to evolve as an effective voice forum, a number of components had to be in place.

Firstly, there must be a strong labour relations culture and active trade union involvement at a European level. Secondly, there must be a robust system of industrial relations, nationally, to support the work undertaken at the European level. Thirdly, trainingfor representatives both in language and in the workings of the EWC must be provided, also. Fourthly, information and consultation should be an integrated process at enterprise, national and European level and, lastly, a positive and proactive management culture, at all levels, needs to be in place to underpin the work of the EWC. In essence, Voss (2006) argued that, for EWCs to prove successful, they had to have union involvement and integration had to take place both vertically and horizontally across the structure. This reinforced earlier calls for vertical and horizontal integration between trade unions and works councils across Europe and underlined the importance which trade unions play in this arena (Pulignano, 2005; Knudsen, 2003; Lucio and Weston, 2000).

Voss (2006) took account, also, of the role management and the multinational organisation played in shaping the EWC and this, too, chimes with the existing wider evidence on EWCs (Hall and Marginson, 2005; Hall, 2003;

Gilman and Marginson, 2002; Carley, 2001; Lecher et al, 2001; Wills, 1999; Lecher and Rub, 1999). Interestingly, Voss (2006) predicted that Hungarian EWC members, who have previous experience of working within local works councils and/or trade unions, were more likely to be successful in representing workers on a European stage. Whilst this may seem a logical assumption, given the overwhelming evidence which demonstrates the fragile and fractious nature of Hungary's voice system, it seems difficult to accept that, currently, Hungarian voice mechanisms equip representatives with enough knowledge to undertake a EWC role successfully (Gennard, 2007; Aczel, 2005; Hayward, 2005; Neumann, 2005; Galogczi, 2003; Frege, 2002; Frege and Toth, 1999; Toth, 1998b).

Indeed, calls for better coordination of national voice structures suggest that priorities lie in strengthening employee voice locally before progression can be made elsewhere (Toth, 1998a). Therefore, the strengthening of voice, through the EWC mechanism, and the opportunity it brings for Hungarian participation is arguable and warrants further investigation. In short, Voss's (2006) study is a key part in the research framework and in developing further our understanding of EWCs. In light of these and other issues discussed throughout the literature review, the next section brings together some of the key concepts surrounding employee voice, EWCs and Hungarian worker representation. It attempts to outline a rationale for examining further the impact of EWCs for Hungarian workers and the role played by local voice mechanisms in determining the success of employee voice.

4.6 Exploring the Effectiveness of EWCs in Hungary

The existing literature surrounding employee voice, EWCs and Hungarian worker participation presents some interesting debates which provide the impetus for further research. So far, we have learnt of the power inequalities that govern the employment relationship and attempted to understand the purpose and mechanisms of employee voice in counterbalancing these differences. We have examined the factors which shape and, sometimes, undermine voice and have explored the purpose of EWCs; analysing the

optimists' and the pessimists' take on them; and examining the relationship between local and European employee voice structures. In addition, we have charted the socio-economic and political transition, which took place in the new EU accession state of Hungary, and demonstrated how these political legacies have influenced Hungary's industrial relations landscape. Consequently, the purpose of this section is to bring together these ideas and to put forward a framework for a new study into EWCs. We begin by summarising the salient points from each of the fields of literature; demonstrating how these influence the study; and, more importantly, how they help to shape the research agenda. Since EWCs provide the vehicle, through which employee voice is analysed, we start by underlining the key points from the EWC field of literature; moving on to consider employee voice; and, then, worker representation in Hungary.

At least three paradigms have come to dominate the EWC literature. Whilst some take an optimistic view of their achievements (Com, 2004; Lecher et al., 2001; Lecher and Rub, 1999), some are more tempered in their views (Marginson and Sisson, 2006; Hall and Marginson, 2005; Waddington, 2005; Gilman and Marginson, 2002; Carley and Marginson, 2000); and others paint an even bleaker picture of their success (Keller, 2002; Streeck, 1997). Given these variations, it is not easy to define their purpose and function since the literature demonstrates that a wide range of EWCs exist. Lecher et al's (2001) typology, for example, illustrated how the EWC function could operate anywhere between a 'symbolic' and 'participative' voice mechanism. On the whole, Lecher et al (2001) veered towards a more optimistic analysis of EWCs. However, as Carley and Marginson (2000) pointed out, only three per cent of EWCs offer a robust mechanism for participation, reaffirming Hall and Marginson's (2005) evaluation that EWCs were more 'paper tiger' than 'Trojan horse', offering workers little scope for influencing management decision-making.

Indeed, it is the multinational culture and the wider external environment which poses the greatest threat to EWC effectiveness (Marginson and Sisson, 2006; Gilman and Marginson, 2002). This is evidenced not only through the

empirical data (Timming, 2006; Waddington, 2005; Hancke, 2000; Wills, 2000; 1999; Royle, 1999; Ramsay, 1997) but, also, through the theoretical frameworks (Gilman and Marginson, 2002; Lecher et al, 2001). Lecher et al's (2001) typology demonstrated how employment relations and management attitudes played a key role in determining the scope of the forum. Moreover, Gilman and Marginson's (2002) framework reinforced the impact of the multinational by illustrating how sector and the home country of a company played a key part in determining European level voice. EWCs have proved, also, to be heavily influenced by local level voice mechanisms and the flexibility within the regulatory framework of the EWC Directive allows management greater power to follow national level practices at a European level (Keller and Platzer, 2003; Muller and Platzer, 2003; Falkner 1998). Streeck (1997), who believed that EWCs formed only part of a company's HR strategy, claimed them to be 'neither European nor works council' and that they offered workers nothing more than existing national voice frameworks. However, as Marginson et al (2004) and Hall et al (2003) pointed out, the extent to which national frameworks influenced EWCs was country specific. Those, such as Germany, with traditionally robust national mechanisms, were more likely to replicate national voice models, within their EWC, than those countries with little or no experience of operating local works councils. Lecher and Rub (1999) suggested that three trajectories existed when establishing a EWC strategy and these highlighted the key role which management played in determining it. Adopting Levinson's (1972) model, they referred to these as either 'ethnocentric'; 'polycentric'; or 'geocentric'. Whilst the latter pointed towards it being a transnational and wholly European function, the former two trajectories reinforced the fact that many EWCs resembled the national voice structure of the country in which they were established.

However, before we can examine EWCs further, we need to go back and draw on the literature on employee voice. If we understand that the purpose of voice is to counterbalance the power inequalities within the employment relationship (Butler, 2005; Kelly, 1998; Hyman, 1997; Hyman and Mason, 1995), we need to remind ourselves how voice mechanisms can be employed effectively to combat management's control of the relationship. Again, this

poses some difficulties since, as with the literature on EWCs, evidence shows that definitions differ as to what makes for employee voice (Armstrong, 2006; Bryson, 2004; Marchington et al, 2001). Whilst Marchington et al's (2001) account of voice is not wholly satisfactory in its assessment, it does, at least, acknowledge that antagonisms within the employment relationship exist (see Edwards, 2003; 1986) and demonstrates that meaningful consultation must take place between workers and managers if it is to bring about change. From the start, it was established that voice can only ever be effectively implemented if it is organised through the trade union channel (Kelly, 1998; Hyman, 1997; Freeman and Medoff, 1984). Hyman's (1997) framework is critical to our understanding of voice and success of voice mechanisms since it provides a measure for ascertaining their strength. Autonomy; legitimacy; and efficacy are key components commonly found within union-led voice structures; however, are these components inherent within non-unionised mechanisms? More specifically, are they evident within EWCs? Hyman's (1997) framework, therefore, helps to determine the effectiveness of voice within the EWC.

There is, of course, no explicit reason as to why EWCs cannot be union-led and the relationship between EWCs and trade unions is an important factor in securing meaningful employee voice. Consequently, unions play a key role and this is why horizontal and vertical integration is crucial since it provides a clear opportunity for trade union involvement and coordination across Europe. Indeed, given the obstacles faced by worker representatives and the union avoidance tactics adopted by some multinationals (Timming, 2006; Wills, 2000; 1999; Royle, 1999; Ramsay, 1997), multi-level coordination between national and European voice mechanisms can promote a more cohesive approach to worker participation, ensuring pan-European solidarity links are cultivated, which, in turn, help to strengthen employee voice (Whittall et al, 2007; Pulignano, 2005; Lucio and Weston, 2000).

However, having established that the multinational and the external environs often undermine the EWC forum, most of the existing evidence examined the effectiveness of voice and EWCs, through a predominately Western European

lens, paying little attention to the challenges faced by those organising worker voice in a non-Western European arena. Given Hungary's unique socio-economic and political history and the impact of its communist legacies in a transition economy, these circumstances may impede, also, the effectiveness of employee voice. For example, in concluding that trade unions provide the most robust form of worker voice, Hyman's (1997) assessment failed to recognise the unique role of trade unions, under the communist regime, and the impact of the 'legacy' approach. In part, it was the unions' perceived lack of autonomy and legitimacy and former links to the state which prompted membership decline and pluralism during the transition (Neumann, 2006; Pollert, 2000, 1999; Toth, 1998b; Hughes, 1992). Consequently, in this regard, it is difficult to accept readily that Hyman's (1997) framework offers a fair measure of what makes voice effective in Hungary.

Although there is evidence to suggest that trade unions provide the most effective channel of voice, the influence of management and the multinational environment appears far greater, in Hungary, and union abilities to coordinate successfully with works councils remains in doubt (Toth, 1998a). Whilst there is little evidence documenting the effectiveness of EWCs in Hungary, Voss (2006) suggested that, in order for voice at a European level to be effective, a strong labour culture had to be in place, alongside a robust national voice framework, and local management had to exude a positive attitude towards workplace employee relations. Moreover, experience of representing workers, at a national level, be it through the trade union or a works council network, coupled with adequate training, was believed to equip Hungarian delegates with the necessary skills to represent workers effectively within the EWC. However, if we are to believe that the system of dual channel of representation and the Hungarian Labour Code (1992) is vague and weak, how effectively are Hungarian workers able to harness voice at a European level? There are many unanswered questions surrounding the notion of effective employee voice and the role which Hungarian workers play in cultivating voice through the EWC. Consequently, further data is necessary to progress these debates and ascertain the extent to which EWCs are a useful voice mechanism. Moreover, it is important to establish whether or not

existing national mechanisms have the strength and capacity to support delegates on the European stage and to create multi-level solidarity and voice networks. With twenty five per cent of Hungary's workforce employed in multinational organisations and the importance placed on foreign direct investment (Lado, 2001), worker participation, within EWCs, is increasing and, therefore, a more in-depth analysis of its success seems long overdue.

Reflecting on these existing debates, this study brings together these disparate literatures to create a rationale for further research in the field. Having established that 'country' and 'sector effect' within the multinational environment can shape the structure and function of the EWC (Hall et al 2003; Gilman and Marginson, 2002; Lecher and Rub, 1999; Streeck, 1997), the decision, to examine only UK-owned companies from across different sectors, is a deliberate strategy since the UK's industrial relations climate differs in comparison to other European countries. UK experiences of alternative voice mechanisms are limited and multinational attitudes towards voice; trade unions; and the EWC may prove distinct and influence Hungary's response. Furthermore, the existing evidence on EWCs, discussed within the study, is derived largely from UK based literature and, therefore, the use of UK multinationals case studies is in keeping with the UK perspective. Sector may play, also, its part in the findings. Consequently, from this point of view, it seems a logical decision to choose multinationals from different sectors of the UK multinational market.

With home and host countries acting as polar influences on the success of EWCs, this study's overarching aim is to establish ***whether the EWC is effective, as a mechanism of employee voice, for Hungarian workers of UK-owned multinational companies.*** This study is undertaken through an assessment of three EWCs found within different industries (printing, chemical and food). Again, this is in line with Gilman and Marginson's (2002) framework, which showed that 'sector' and 'country' determined the shape of employee voice and the EWC mechanism.

Three subsequent sub-questions attempt to establish the effectiveness of the EWC for Hungarian workers. The first sub-question asks:

1) **How does the UK multinational environment influence the EWC?**

In keeping with the existing debates and evidence, which demonstrate the influence of management and the multinational company (Gilman and Marginson, 2002; Lecher et al, 2001; Lecher and Rub, 1999), the question examines specifically the impact of the UK and the multinational culture in shaping the EWC strategy. It focuses on the structure and function of the EWC and explores the attitudes of those senior managers and worker representatives, based in the home country (UK), who have direct involvement with the EWC mechanism at the European level. Then, the second sub-question asks:

2) **What is the response of Hungarian worker representatives and local management to EWCs and how does the host environment influence the EWC?**

Similar to question one, the second sub-question explores the EWC; this time, from a Hungarian perspective, taking account of the views of local management, worker representatives and trade union officials, who are involved directly with the EWC. With reference to the existing literature on the issue of legacy and Hungarian's unique journey towards political transition and EU membership, the study assesses how attitudes within the host country impact on the EWC (Aczel, 2005; Neumann, 2006; Pollert, 2000, 1999; Frege and Toth, 1999; Flanagan, 1998; Toth, 1998b; Neumann, 1993; Hughes, 1992). In attempting to establish the relationship between the EWC and existing national voice mechanisms, the final sub-question asks:

3) **To what extent are prevailing mechanisms of Hungarian voice, through the trade union and works council, able to harness Hungarian employee voice, within the EWC, and does multi-level voice strengthen local channels of Hungarian representation?**

Evidence shows that EWCs are more effective when they are union-led and when coordination between networks is stronger (Voss, 2006; Pulignano, 2005; Lucio and Weston, 2000). Through the works council and trade union mechanisms, the study examines whether or not they have the capacity to strengthen employee voice, for Hungarian workers on the European stage, and, if being part of a EWC; has enhanced voice for workers locally. Moreover, in assessing Hyman's (1997) framework, the study attempts to ascertain whether legacy has impacted on the Hungarian trade union movement and its abilities to offer the autonomy; legitimacy; and efficacy necessary for its effectiveness as a worker body. Evidence is gathered from local managers, worker representatives and trade union officials who are engaged directly or indirectly in these local mechanisms. With this in mind, the next chapter outlines the methodological approach adopted for this study. In the meantime the final section summarises Hungary's industrial relationship landscape.

4.7 Summary of Chapter

Hungary's history has long been punctuated by significant political upheaval and unrest. Going back to the mid-nineteenth century, when a revolution sparked the establishment of the Austro-Hungarian Empire, the Hungarian people have long fought to keep their land and their identity. Throughout the proceeding years Hungary suffered economic and political instability until the Russians moved in after World War II and communism prevailed (Cartledge, 2011; Dolcalavich, 2006; Sugar et al, 1994). The revolution, in 1956, brought further turmoil when 20,000 Hungarians were killed, resulting in even tighter communist control and the appointment of Janos Kadar, a loyalist of the Soviet regime, as their leader (Cartledge, 2011; Dolcalavich, 2006; Sebestyen, 2006; Teglas, 1998; Sugar, et al 1994).

From this point onwards, Hungary was governed under the Communist Party and workers were restricted severely by their geographical location; choice of occupation; and lack of worker rights (Flanagan, 1998; Toth, 1998a). Under

socialism, trade unions were governed by the state and their role was at odds to that of Western European experiences of worker representation. Regarded as 'transmission belts', the priority of Hungarian trade unions was to maintain production levels and oversee the social benefits to the workforce (Neumann, 2005; Frege, 2002; Flanagan, 1998). With most union posts undertaken by middle or lower ranking managers, trade unions were not impartial and, as a representative body, they offered limited autonomy. Given that wages were set by the state and the political structure offered no scope for collective bargaining or strike action, the capabilities of trade unions to act on behalf of the workforce were restricted substantially (Mako, 2006; Toth, 1998a; Flanagan, 1998).

However, by the 1960s, a more liberal economic and political programme was adopted, known as 'Goulash Communism' and international trade in the region intensified (Lado, 2001; Teglas, 1998; O'Neil, 1996). During this period the development of a pseudo-market economy prompted changes to the labour laws and the introduction of the 1968 Labour Code. This brought about decentralised wage bargaining and opportunities for company level bargaining. There were, also, signs of a more pro-worker approach to trade unionism, increasing their capacity to operate on behalf of the workforce and engage in information and consultation (Toth, 1998a; 1993). There were even moves to install works councils, although these failed to gain momentum and, later, were aborted (Neumann, 2005; Galgoczi, 2003; Toth, 1998a).

Political transition took place by the mid 1980s, in the main prompted by political unrest and economic depravation (O'Neil, 1996). Yet, despite the influx of foreign investment, early transition was dominated by high unemployment; low wages; and further financial hardship (Hoos, 1996; Bunce and Csanadi, 1993; Csaba, 1993). Efforts by the government to encourage investment meant that Hungarian workers paid a price for liberalisation. Moreover, the introduction of pro-labour legislation was not effective in eradicating the mistrust left by communism and workers continued to remain sceptical (Frege, 2002; Lado, 2001; Flanagan, 1998; Hoos, 1996; Bunce and Csanadi, 1993; Csaba, 1993).

Evidence shows that the socio-political legacies and the position, which trade unions adopted under the communist regime, influenced worker perceptions long into the transition period. Workers remained unsure of the trade unions and the movement floundered after the break up of the old system (Neumann, 2006; Frege and Toth, 1999). With the emergence of new grassroots unions, they found themselves politically adrift and incapable of coordinating effectively. The division of financial assets proved to be a major contention for the six union confederations and, whilst resources were scarce, there was little chance that they could resolve their political disputes and formulate a more coherent body (Gennard, 2007; Neumann, 2006; 2005; Flanagan, 1998). More detrimental to the movement was the decline in union membership, in a post-communist age, which hampered further their capacity to give voice to workers (Gennard, 2007; Aczel, 2005; Hayward, 2005).

With the political and socio-economic landscape continually evolving and fragmentation and union pluralism on the rise, the Hungarian Labour Code (1992) was introduced. This attempted to bring about a dual channel of representation and strengthen employee voice through the development of works councils. Based loosely (although not as robustly) on the German model, the dual channel created distinct roles for the trade union and the works council. Whilst trade unions are responsible for collective bargaining, works councils provide a consultative body for all workers at enterprise level. However, unlike the German system, Hungary's dual channel model offers limited scope for codetermination and, initially, the trade union movement viewed the introduction of works councils as a threat to their future (Neumann, 2005; Galgoczi, 2003; Vickerstaff and Thirkell, 2000; Toth, 1998a).

Considered vague and restrictive, the Labour Code (1992) created minimal labour standards and caused hostility and confusion amongst works council and union members; this, in turn, strengthened management's role in the process (Neumann, 2006; 2005; Frege and Toth, 1999). Despite evidence that trade union members often hold key roles within the works council (Benyo, Neumann and Keleman, 2006; Draus, 2000), Toth (1998a) argued

that there remained a need for greater synthesis between works councils and trade unions if they were to be effective in delivering voice. This reinforced, more generally, the need for employee voice to be more union-led. However, but the question remains whether or not Hungarian trade unions offer the autonomy; legitimacy; and efficacy required to undertake this task (Hyman, 1997; Kelly, 1996; Kirkbride, 1992; Freeman and Medoff, 1984).

Moreover, with the rise in foreign-owned multinationals in Hungary, there is evidence that this has brought a reduction in labour standards, as companies and governments engage in race to the bottom tactics, in order to secure trade (Martin and Cristescu-Martin, 2004; Pollert, 1999). Indeed, there is a sense that Hungarian workers increasingly require trade unions and works councils to work on their behalf and this is demonstrated through the presented empirical case studies (Benyo, Neumann and Kelemen, 2006, Mako, 2006; Galgoczi, 2003; Toth, 1998b). However, to some extent, what these examples underline is not only the modest achievements of trade unions but, also, the power of foreign investors and how the attitudes of management are a key determinant in their success. This evidence appears,also, to be in keeping with Western European experiences of how multinationals undermine worker voice (Timming, 2006; Waddington, 2005; Hancke, 2000; Wills, 2000; Royle, 1999; Ramsay, 1997).

With membership to the EU, multinational interests in Hungary have continued to rise; however, this has forced companies to extend and include CEE members in their EWCs (Voss, 2006; Lado, 2001). There has been a noted resistance, amongst some employers, to involving new EWC representatives and the transparency and uniform labour standards, which the EWC was meant to bring about, sometimes, has been deliberately obstructed by management (Meardi, 2004; Galgoczi, 2003; Carley, 2001). Moreover, with the movement of production from West to East, EWC members have not created a strong dynamic for engaging in worker voice and cultivating a European identity (Voss 2006; Frege and Toth, 1998). Despite providing a 'short circuit' for CEE workers to senior management (Meardi, 2004), evidence suggests that EWCs are, in general, inadequate and have not

strengthened voice for Hungarian or other CEE workers (Voss, 2006; Aczel, 2005; Neumann, 2005).

Whilst the EWC provides a chance for strengthening pan-European trade union coordination, in Hungary, this is regarded as a missed opportunity (Voss, 2006; Aczel, 2005; Neumann, 2005) and this echoes similar calls, amongst Western European experts, for further vertical and horizontal integration and the creation of stronger multi-voice links (Pulignano, 2005; Lucio and Weston, 2000). Voss (2006) argued that, for the EWC to be effective for Hungarian workers, there had to be a proactive labour climate at national level supported by robust local voice mechanisms. Whilst research, in this field, is limited, there is little evidence that Hungarian workers are supported in this way.

Therefore, in light of the existing literature, these disparate themes are drawn together to provide the impetus for further research in this field. This study aims to explore the effectiveness of EWCs, as a mechanism of voice for Hungarian workers of UK-owned multinationals in the printing, chemical and food industries. Given that, within the multinational environment, 'country' and 'sector', also, play their part in determining the outlook and strategy of a EWC (Marginson and Sisson, 2006; Hall and Marginson, 2005; Hall et al, 2003; Gilman and Marginson, 2002; Lecher et al, 2001), the decision to examine EWCs from a UK base is deliberate. One of the key objectives, in carrying out the study, is ascertaining the UK multinational environment'S influence on the EWC. Moreover, given the evidence surrounding legacy (Neumann, 2006; Frege and Toth, 1999; Toth, 1998a) and its impact on worker voice, another key objective is establishing how Hungary, as a host nation to the UK multinational, determines its own role in the EWC. Lastly, in accepting that union-led voice is the most effective and acknowledging the opportunity which EWCs provide in strengthening solidarity links through pan-European coordination, the study examines the strength of local Hungarian voice mechanisms. This is carried out by exploring the relationship between the dual channel of representation with the EWC and the capacity of local voice mechanisms to harness voice and support Hungary's EWC representatives at

the European level. The following chapter outlines the methodological approach adopted within the study.

Chapter 5

Research Methodology

Having reviewed the literature and put forward the existing debates surrounding employee voice; EWCs; and worker representation in Hungary, evidence suggests that voice mechanisms are only effective if they are union-led (Hyman, 1997; Kelly, 1996; Freeman and Medoff, 1984). Therefore, we can derive from this that EWCs are only effective if they are underpinned and coordinated though the union network since, without union participation, EWCs are incapable of offering the necessary autonomy; legitimacy; and efficacy required to establish effective voice (Hyman, 1997). However, in Hungary, the trade union structure is regarded as weak and fragmented and, therefore, union capacity to influence the EWC and strengthen voice for Hungarian workers, at a European level, is thrown into question (Benyo, Neumann and Keleman, 2006; Voss, 2006; Aczel, 2005; Neumann, 2005).

Given these key issues and the limited evidence, which documents Hungary's response to EWCs, a rationale for research has been presented and the aim of this study is to establish whether EWCs are effective as a mechanism of voice for Hungarian workers of UK-owned multinationals in the printing, chemical and food industries. This is achieved through an analysis of the multinational environment and its subsidiary outlets in Hungary. In short, the study explores how the UK multinational environment has shaped EWCs and what the Hungarians' attitudes and responses towards this European voice mechanism. Furthermore, the study examines the relationship between prevailing Hungarian voice mechanisms and the EWC and considers how local mechanisms have harnessed voice for Hungarian workers of UK-owned companies.

With this in mind, the following chapter sets out the methodology which underpins this study and examines the rationale, and the strengths and weaknesses, for adopting a qualitative case study strategy. The chapter begins by exploring the methodology. Then, it assesses the merits of using

qualitative case studies and introduces the case study organisations. The chapter examines, also, the use of semi-structured interviews, observation and archival data as appropriate research methods and considers the challenges and constraints of undertaking empirically based fieldwork across sites in the UK and Hungary. In keeping with the reflective nature of the study and the critical realist paradigm, the chapter sets out the research ‘lens’ demonstrating how the researcher, potentially, influences the study outcomes. However, before exploring this further, the chapter begins with an overview of the critical realist perspective.

5.1 Taking a Critical Realist Perspective

At the start of the research process, debating the suitability of a particular research paradigm over another seemed a rather daunting prospect. The emergence and popularity of research philosophies seems to have become increasingly significant over the last decades and claiming a particular ‘mode’ or ‘lens’ appears to be a common part of the research process. Such is the importance of research methodology; it has become a common starting point from which most trainee researchers are encouraged to embark. However, it could be argued that these colliding and opposing philosophical standpoints, on which we are obliged to show our hand, are, perhaps, unnecessary, causing more complications than clarifications in the research design. Do we, by adopting a particular philosophy, become constrained by these underlying principles, or does the paradigm push the research boundaries forward and allow the freedom to explore and defend ideas more rigorously? On first sight, the application and relevance of critical realism appeared uncertain. However, as the study evolved, critical realism began to play an increasingly important role in the study and for this reason it is outlined below.

Central to the research philosophy of critical realism is a set of principles which attempt to provide an answer to the fundamental ontological debate over whether reality is objective and, therefore, independent of human knowledge, or whether it is socially constructed and, as a consequence subjective (Archer et al, 1998; Bhaskar, 1997). Despite being regarded as a

hybrid of two opposing schools of thought - positivism and interpretivism - critical realism emerged, in the 1980s, as an independent philosophy, offering a distinct and fresh perspective on the epistemological and ontological debates surrounding social research (Danermark et al, 2002). The philosophy develops many interconnected ontological and methodological assumptions which distinguish it from other philosophies and, rather than this being an either-or debate, critical realists believe that both ideas of objective and subjective reality can coexist (Reed, 2005; Danermark et al, 2002). The philosophy is based primarily on the notion that the world exists independently of human consciousness and that there are aspects of knowledge which remain socially constructed. Put more plainly, the main focus of the research process is the relationship between the external world and the concepts formed by individuals. According to Danermark et al (2002: 15) '… facts are theory-dependent but they are not theory-determined…. all knowledge in fact is fallible… but not all knowledge by far is equally fallible.'

Trigg (1989) argued that the critical realist model differentiated between what reality was and its perception. His commitment to the reality of objects and processes, which were unobservable, reopened the debate on the nature of reality and truth. How do we know things exist if we cannot observe them? In order to answer this, it is necessary to distinguish between transitive and intransitive objects. Transitive objects refer to the construction of the social world and sense-making which takes place, whilst intransitive objects relate to the type of scientific inquiry which examines the world independent of human identification and knowledge. The ontological origins of critical realism lie in Marxist theory which distinguishes, also, between transitive and intransitive realities and accepts that socially constructed realities may be somewhat different to object reality (Bhaskar, 1997). Reference to the 'empirical world' is, therefore, a misnomer since these distinctions suggest that individual experience of the world should not be confused with what actually exists (Danermark et al, 2002; Sayer, 2000; Bhaskar, 1978). Critical realists argue that the world is stratified. For example, chemical and physical processes, which take place, can produce biological outcomes and this may prompt the emergence of another process or object; this may have social or cultural

outcomes. These new formations of social or cultural phenomena are irreducible to those objects on which they rely (Fleetwood and Ackroyd, 2004).

Indeed, this is a central tenet of the critical realist approach to theorising and causation (Sayer, 2004). It suggests that causation is based upon powers of causality or liabilities, possessed by objects, rather than regularities within events. Critical realism considers qualitative descriptions of both key and contextual phenomena of interest, and it allows us to delve a little deeper into the underlying issues which produce particular outcomes. For example, a worker's response to the instructions, given by their manager, is not based simply on the immediate relationship between the employer and subordinate. The response needs putting into context and considered within the broader framework and environment. It is this type of information which is best assessed through qualitative means since it is often the implicit or hidden circumstances which prompt the explicit outcome. Moreover, in accepting that social or transitive realities may be different, it allows the researcher to consider their part in the research process and reflect upon their influences. Allowing this level of reflexivity is a key element of the philosophy and makes it one of the most thoughtful philosophical frameworks within which research should be conducted (Sayer, 2004, Archer et al, 1998).

Critical realism, therefore, offers a research framework which employs a range of research methods. Furthermore, it puts into context different phenomena; providing greater understanding about the social world; going beyond presenting the empirical data as a stand-alone set of findings; and establishing why we arrive at particular outcomes. It relies on meaning and promotes, also, a reflexive approach to research. In light of this, it seems a very appropriate and sympathetic 'lens' from which to engage in this study of EWCs and employee voice in Hungary. Taking the earlier example of the worker's response to a manager's instructions, the same scenario applies within this research field since a range of internal and external factors influence the response of participants when reflecting upon their own EWC. For example, in keeping with Voss's (2006) analysis, it is likely that national

experiences of voice will impact on perceptions of the EWC. Equally, in discussing the autonomy of trade unions, given Hungary's socio-political experiences, it is possible that Hungarian perceptions of autonomy may differ from that of colleagues in the UK (Hyman, 1997). Therefore, the critical realist approach allows for a contextual analysis of EWCs.

Critical realism allows for a mixed methods approach or, even, a research strategy based upon one type of technique or method. This study takes a wholly qualitative approach. This is not to disregard the significance of quantitative data and its importance within the paradigm. However, in this study, the research questions lend themselves towards a more in-depth line of inquiry, where meaning is the overarching aim. In keeping with Sayer's (2000) 'Extensive and Intensive' research design, the study takes an intensive or micro framework in preference to a more extensive or macro approach. With this in mind, the following section examines the use and relevance of undertaking a qualitative study.

5.2 Adopting a Qualitative Case Study Approach

The decision to adopt a qualitative approach seems an obvious choice, particularly when considering its relationship to the critical realist paradigm. There are two primary reasons for choosing this approach. Firstly, qualitative research places emphasis on meaning rather than measurement and considers the contextual setting of the study (Bryman and Bell, 2003; Silverman, 2001). This is important for the reasons, described above, and, as the literature tells us, defining 'effectiveness' and 'measuring' voice is an often complex and onerous task (Wilkinson and Dundon, 2010; Gospel and Wood, 2003; Hyman, 1997). Secondly, qualitative research adopts an inductive research strategy. In keeping with this, the findings from the study attempt to inform theory and extend the existing field of research. This is achieved through analysis of the emerging themes and the development of an analytical framework.

Of course, there are critics of the qualitative approach, who believe that it offers an inferior strategy for investigation (Cassell and Symon, 2004; Bryman and Bell, 2003; Seale, 1999; Gubrium and Holstein, 1997). Essentially, this argument is built around issues of validity; replication; and the generalisability of data. However, there exists a more contemporary view that these debates are outmoded and discussing this form of assessment criteria relates only to a quantitative paradigm (Bryman and Bell, 2003; Seale, 1999). Denzin (1998) urged social scientists to move away from the language, so commonly used in quantitative research, and to find alternative ways of measuring the meaning of qualitative data. These labels of validation; replication; and generalisation, so long associated with quantitative data collection, offer an inadequate measure of qualitative information and, instead, Lincoln and Guba (1985) proposed establishing trustworthiness and authenticity as more suitable measures of qualitative data.

It has been indicated already that the study adopteda case study approach which provided a suitable method for understanding and evaluating the effectiveness of EWCs. Indeed, critics who disregard the value of case studies, considering them as anecdotal illustrations rather than as part of a robust research strategy, are misguided since the case study offers a distinct method of research design, which, often, is chosen for its use of contextual conditions. Unlike any experimental situation, it does not focus on the manipulation of variables and, instead, considers the environment and context from which the data is gathered. Multiple sources of data are analysed and, often, the results highlight many more underlying issues, often unobtainable from experimental design, and in keeping with the critical realist approach. Stake (1995) commented that the data, acquired from a case study, was important on two counts: firstly, it emphasised uniqueness and secondly, commonality. In other words, a case study can prove or disprove an existing hypothesis and, through it, necessitate modification of the original idea or generalisation. However, it can facilitate, also, the inductive research approach and allow for generating new ideas and concepts, which this study aimed to achieve.

Given the unique characteristics of the case study which includes design; data collection techniques; and analysis, Yin (2003) regarded the case study as rather more than just a method of research and, instead, proposed it as an all-encompassing research strategy. Of course, the data gathered from it still requires analytical interpretation, so how can inconsistencies, in interpretation, be overcome? Despite the development and refinement of rigorous methods of data coding, there remains an element of subjectivity about this form of analysis which cannot be eradicated totally. Whilst every attempt can be made to evaluate and report the findings in an accurate and impartial manner, this cannot be done without some aspect of bias since the researcher's 'lens' remains obscured partially throughout the research process. The margin of subjectivity, found in case studies, may well be questioned. However, taking a critical realist perspective and engaging as a reflexive researcher, helps provide an open account of the researcher's role, within the study, and allows these issues to be addressed. In short, presenting the limitations of the project helps to contextualise the data and strengthens the overall assessment.

As Yin (2003) noted, the skills and techniques required to carry out a case study were not as rudimentary or limited as one might expect initially. Analytical and formal skills are as much a requirement of the case study strategy as they are of a laboratory experiment. To some extent, the demands are greater on the qualitative case study researcher since he/she cannot rely upon routine and familiar techniques of data extraction and analysis, more commonly used in quantitative research. To assume that the case study simply tells the story of how it is in the real world would be foolhardy and the skills and abilities, required of the researcher, are not only complex but, also, vastly challenging, creating issues and dilemmas along the way (Becker, 1958). Listening; flexibility; adaptability; comprehending complex issues; and reducing biases are listed as the key qualities required in order for a case study to be successful (Yin, 2003). Whilst these may appear less scientific or rigorous skills for conducting research, the ability, with which the researcher can utilise and apply them, remains an art in itself.

But how does this strategy relate to the study of EWCs? Having presented the merits of undertaking a qualitative case study approach, it is necessary, also, to defend the decision to employ this strategy within the study. Firstly, a number of empirical studies adopted a case study strategy (Dietz et al, 2005; Timming, 2006; Hancke, 2000; Whittall, 2000; Wills, 2000; Royle, 1999). Whilst some of these combined both quantitative and qualitative methods, the case study organisation remained at the heart of their analysis and demonstrated an accurate sense of the impact of EWCs and voice mechanisms. The case study strategy allows, also, the perceived meanings of employee voice to be explored within the context of the multinational environment in Hungary; something that could not be achieved at such a level by other means. The case study allows, also, for a combination of research techniques to be employed and semi-structured interviews, observational studies and archival data all play their part. The study comprises of three case study organisations, referred to as PrintCo; ChemCo; and FoodCo. Having outlined the research methodology and the choice of research strategy, the following section provides more information on the case study sites and how access was obtained.

5.3 Choosing the Case Study Sites

We have discussed already why UK-owned multinationals form the basis of the study. Given the range of literature which suggested that 'country effect' could influence a EWC, coupled with the UK companies' inexperience in setting up works councils, it seemed a logical decision to choose case study sites within the UK (Marginson and Sisson, 2006; Hall and Marginson, 2005; Hall et al, 2003; Gilman and Marginson, 2002; Streeck 1997). The UK's adversarial approach to industrial relations and often 'ethnocentric' attitude towards business strategy abroad (Lecher and Rub, 1999) may impact on the Hungarian experience of EWCs and their perceptions of its success. Moreover, the impact of 'sector' effect plays, also, its part (Gilman and Marginson, 2002) and, consequently, the decision to examine case studies, from across the printing, chemical and food industries, was a deliberate

attempt to ascertain whether Hungarian views varied across sectors and establish if this influenced the effectiveness of EWCs.

In terms of their structure and function, some comparisons can be drawn between the case study organisations. Having established that they are UK-owned multinationals, all three organisations have a significant presence in Hungary. In all cases, operations, in Hungary, were acquired through a takeover of existing state-owned enterprises, and, consequently, the Hungarian subsidiaries have all experienced a shift from state to private ownership. Moreover, the majority of sites, in Hungary, are production based, with the bulk of the commercial divisions based in the UK. Whilst there have been some opportunities for UK expatriates to be involved in managing operations abroad, most Hungarian sites are run by Hungarian managers, many of whom worked for the production sites under state-ownership. Whilst the business environments of ChemCo and FoodCo are similar, PrintCo's market is notably different. ChemCo and FoodCo operate as clear market leaders in a global market place; however, PrintCo's market share is diminishing and their business is experiencing a rather difficult period within its European market. These differences are reflected in the structure and function of the EWCs, with both ChemCo and FoodCo operating much larger forums. An in-depth description and background information to these case study sites is presented later on.

Obtaining access to a multinational's EWC was no simple task. Fortunately, the three case study organisations were willing to provide access when asked to participate since there was a general belief amongst senior management that taking part demonstrated transparency and a positive attitude towards employee voice. Access to the three organisations was organised through various routes. Existing links with the University of Strathclyde and the Unite trade union prompted access to both PrintCo and FoodCo; they were able to introduce me to the senior management of both companies. Through a personal acquaintance, links were established at ChemCo with their UK-based Global Director of Human Resources. Previous liaisons with the TUC's Head of International Relations facilitated links in Hungary and the assistance

of a senior leader within Hungary's Chemical Workers' Union, VDSZ. This proved to be a most valuable connection since the union expert became not only the gatekeeper to the study in Hungary, attending most interviews and acting as an interpreter where necessary. Indeed, much of the study's success can be attributed to his valuable contribution. His role, within the study, is explained in more detail later in this chapter but, for the moment, the research techniques, used as part of the case study strategy, are discussed.

5.4 Collecting Qualitative Data: Methods and Techniques

One of the advantages of taking a case study approach is the use of multiple data collection methods (Stake, 1995; Becker, 1958). This study, in particular, combined semi-structured interviews; observational studies; and archival data as part of its research strategy. Semi-structured interviews provided the bulk of the data, in the study, and their semi-structured nature allowed each participant to include freely information which they felt was of personal significance to the study. Whilst it was necessary to follow an interview framework to ensure validity (Lincoln and Guba, 1985), it was equally important to explore issues which, perhaps, would have been overlooked if a more defined and rigid schedule had been in place. Gilbert (2002) described the semi-structured interview as a series of major questions, repeatedly raised to each participant, but in a way which allowed the sequence of the questions to be altered, enabling the researcher to probe for further information. Key to the design is adaptability and flexibility, allowing questions to be posed at the right level of understanding. Although the interviews, within the study, followed a theme-based framework, discussions remained flexible, allowing dialogue to flow more easily. Given the confidential and sensitive nature surrounding the work and function of EWCs, the approach provided, also, a more relaxed environment in which to engage and, for the participants this reduced some of the anxiety of taking part.

The interview schedule comprised of eight general discussion headings within which a number of questions were posed. The eight sub-headings, which framed the schedule, were:

1) The role and responsibilities of members with the EWC
2) The establishment of the EWC agreement
3) The role and objectives of management and the multinational environment
4) The role and influence of other voice (national) mechanisms
5) Multi-level voice and communication networks
6) The expansion of the EWC to CEE members
7) Team dynamics within the EWC
8) The perceived effectiveness of the EWC

Not all the questions were relevant to every participant and the schedule was adapted accordingly on a case-by-case basis. Full details of the schedule can be found in the Appendix. At the end of each session, participants were encouraged to add their own comments; giving participants the opportunity to relay their own accounts and experiences of worker voice. These produced some very frank results. Often these stories would emerge towards the end of an interview session, when there was a sense of relief that the meeting was almost drawing to a close. By this point in the interview, a rapport was forged and a sufficient level of trust with the participant emerged to allow them to reveal and provide further insights into their experiences. This additional information might not have emerged without the use of the semi-structured framework.

Of course, some might argue that this rather loosely framed interview technique manifested more problems than it solved. Implied mutual understandings, rapports and trust were all signs of a developing relationship between the researcher and the participant and it could be argued that this rather unorthodox approach, to extracting information, marked a grey area, not only in terms of ethical conduct, but, equally, in distorting the overall findings. Participants can become over involved with the researcher to a point whereby they respond to questions in accordance with what they believe the researcher wishes to hear, or to avoid any form of perceived judgment by the interviewer (Gomm, 2004). Researchers, who develop empathies with a respondent,can be accused similarly of misrepresenting the data. Holloway

and Jefferson (2000) and Anderson (1993) revealed a tendency towards over empathetic behaviour amongst some of their participants. Holloway and Jefferson (2000) admitted that one particular individual was liked simply because they had things in common with one another. This attraction is perhaps likely to create an allegiance towards particular group members and poses a temptation for researchers to misinterpret the findings. As Gomm (2004: 176) commented, '…the personal characteristics of the interviewer may be regarded as either an asset or an outright disqualification.' These issues pose clearly challenges for anyone involved in a study of this kind and this is reflected further upon later in the chapter.

Observational studies and archival information both support the main research agenda. Although they are supplementary in their role, they are by no means less significant in the insight they provide. Observational studies have become an integral part of social research, over the years, and their use has caused some contention, particularly when used as part of a covert research strategy, where the researcher fails to reveal their true identity and participants are unaware of their involvement (Oliver, 2008; Easterby-Smith et al, 2002). However, this was not an issue in this study since the researcher adopted an overt role within the study. During the study, the researcher attended two employee-side meetings. The first was in late 2006 at a UK site of PrintCo, where all employee representatives, from both the UK and Hungary were present, along with a trade union official from Unite. The meeting provided an opportunity to witness the proceedings and establish the issues under discussion at the forthcoming EWC meeting. It was at the pre-meeting that the proposed research, along with its aims and objectives, was introduced to the employee members and this paved the way for individual interviews to be set up later in the year at sites in the UK and Hungary. The second attended pre-meeting took place in Spring 2007 at the headquarters of ChemCo. This involved a much larger group of EWC employee representatives, representing members from across Europe. However, there was no trade union official present and it was coordinated and led by the employee chair, an employee of ChemCo in the UK. Once again, the meeting provided the researcher with the opportunity to observe proceedings

and understand the nature of the forthcoming EWC meeting. At the pre-meeting, relevant introductions with the appropriate participants were made and future dates were set to carry out these interviews in the UK and Hungary.

Much of the archival data was obtained voluntarily from participants who produced accounts of proceedings; company biographies; minutes of EWC meetings; EWC agendas and e-correspondence between EWC members. Some of this information proved to be an essential point of reference when establishing an overview of the organisations and ascertaining the multinational attitudes towards employee voice. However, the difficulty lay in their inclusion since much of the data was highly sensitive and confidential. Nevertheless, it provided an overall feel for the issues and reinforced some of the concerns raised by the participants at interview.

5.5 Case Study Participants

With a total of 60 participants, interviewed across the three case study organisations (20 per study), all interviews were conducted face to face and ranged in length from one to two hours. Interviews were carried out across all three case studies between late 2006 and early 2008. At PrintCo, interviews with UK managers and UK-based EWC representatives, including the employee chair, were carried out at the new site in the North of England, and at the head office and a printing site both located in the South East of England. During this period, interviews in Hungary took place at the site in Budapest, where local managers, EWC and local employee representatives all took part. Local union officials, from the Hungarian Graphical Workers' Union (NDSZ) were interviewed at the Union's head office in Budapest city centre. Within ChemCo, interviews were conducted mainly at the head office in London, with additional meetings with UK managers taking place both at a site in Scotland and in South East England. Hungarian interviews were undertaken at the Chemical Workers' Union offices in Budapest and at the factory based on the outskirts of Budapest. Whilst at FoodCo, all UK interviews took place at the head office in London and in Hungary; interviews

with local management, EWC and local representatives and union officials took place at the factory in the South and at the main office in Budapest.

Respondents comprised of a range of stakeholders with direct and indirect involvement in the EWC and national voice mechanisms. Approximately half of those interviewed were based in Hungary, with the rest based at sites across the UK. The ratio between managers and workers and/or trade union representatives at both national and EWC level was, also, equally split. Amongst management participants, senior UK managers, with direct responsibilities for the EWC, were interviewed, alongside local Hungarian managers, involved in local level works councils and trade union negotiations. Amongst the workers, EWC representatives from the UK and Hungary took part as well as local trade union and works council representatives from Hungary. Also, UK trade union experts, directly involved in the EWC, were interviewed as part of the study. Further information is provided below in Figure 1. which shows the total number of UK and Hungarian based managers and worker representatives.

	UK			Hungary				
	Snr Mgrs	EWC Reps	Union Officials	Local Mgrs	EWC Reps	Local Reps	Union Officials	Total
PrintCo	4	4	1	3	1	5	2	20
ChemCo	5	4		3	1	4	3	20
FoodCo	4	4		4	2	4	2	20

Fig.1: Summary of case study participants

The split between UK and Hungarian and worker and management participants was a deliberate decision to attempt to create a balanced insight into each EWC and/or local mechanism. Studies, to date, have paid limited attention to the views of management (Nakano, 1999) and, in response, the

study aimed to take on board management and worker representative attitudes, in order to gauge more accurately the effectiveness of EWCs. The interviews produced some interesting results, with each side producing somewhat different interpretations of employee voice. Each interview was recorded electronically and transcribed manually. This allowed for a full discussion with each participant and encouraged active participation in the interview. Despite claims that electronic recordings can inhibit the interview (Cassell and Symon, 2004), this did not appear to be an issue, instead allowing the researcher to engage fully with the participant, producing a more accurate and in-depth case study. The biggest obstacle to achieving high quality data was the issue of communication and language. Undertaking interviews, in Hungary, was not always an easy task and it was a slow process to set up interviews and make initial steps to gaining access. In light of this, the next section outlines these issues and discusses the attempts made to overcome them.

5.6 The Challenges of Undertaking Qualitative Research in Hungary

With little knowledge of the Hungarian language, it was inevitable that this would prove to be one of the most significant challenges of the study. However, whilst recognising the limitations, every attempt was made to solve this problem and reduce its impact on the study. So, how was this overcome? The research partner, based at the Hungarian Chemical Workers' Union, VDSZ, played a significant role in overcoming these language related issues. Fluent in English, he was familiar with the case study organisations and was able to establish links, through his own networks, with senior members of all three Hungarian subsidiaries. With over forty years experience of negotiating for the union in Hungary, the expert's knowledge, surrounding both Hungarian and European industrial relations, was in-depth and comprehensive and he was able to provide advice and guidance on a number of issues. More importantly, he provided not only the necessary introductions but, also, acted as interpreter at the interviews.

One of his first roles was to translate the interview schedule and provide participants with the relevant information and documentation prior to the interviews taking place. Throughout the process, interviewing was a team effort and this helped build a strong research dynamic. If clarification of the data was required, an additional interview with the participant was set up to confirm the findings. Although every effort was made to minimise inaccuracies in the data, it must be acknowledged that using an interpreter, whilst enriching the process in this instance, brought, also, its own limitations. Whilst the Hungarian research partner played a critical role, in the study, undoubtedly, their own 'lens' had some influence on the study. As a union activist, with a pro-union agenda, their socio-political beliefs might have obscured the findings and overall outcomes. It is, therefore, important to recognise this from the onset and understand that this may have had some bearing on the findings. However, it is important, also, to underline that only some Hungarian participants required an interpreter since many local managers were familiar with dealing with UK managers and, therefore, were fluent in English. One Hungarian white collar EWC representative at FoodCo was able, also, to converse in English. Indeed, whilst there is no denying that the issue of language caused some difficulties, careful planning and coordination helped to minimise the impact. Having gathered the data, the next stage was to develop a framework for analysis.

5.7 Developing a Framework for Analysis

One of the biggest challenges of carrying out qualitative research is devising a method for sorting, selecting and presenting the findings (Mason, 2006). Establishing what is relevant material is a difficult task since the inclusion or exclusion of data can have a significant impact on the research outcomes. However, an appropriate technique, for making sense of the data, was provided by Miles and Huberman's (1994) in their seminal text, *Qualitative Data Analysis*. Analysing data of this kind starts with the formulation of the research questions. One of the main attractions of undertaking qualitative research is its inductive approach, where theory and concepts emerge from the data. If this study was true to the iterative process, then, it could be

argued that formulating research questions from the start is in contrast to the qualitative approach (Miles and Huberman, 1994). However, often the realities of qualitative research mean that setting the boundaries from the beginning is part of the process, particularly if the study is to have purpose and add value to the existing literature field. The research questions, therefore, provide the necessary direction which emerged from an understanding of the existing literature framework. Moreover, the decision to use sub-themes and questions within the interview schedule played, also, its part in shaping and determining the research outcomes.

Miles and Huberman (1994) believed that data analysis consisted of a number of components. The setting of research questions; the content of interviews; the ongoing review of the findings; and, ultimately, the overarching outcomes are all key processes in the data analysis chain, since each part impacts upon the other. Therefore understanding the effectiveness of EWCs, for Hungarian workers, begins with what Miles and Huberman (1994) referred to as the data reduction process. During this stage, the findings of the study were selected; coded; summarised; and catergorised as recurring themes began to emerge. The coding and categorisation of data was, to some extent, an iterative process since the findings were examined simultaneously with the ongoing data collection process. This enabled a more focused approach, with both findings and fieldwork informing each other as the study evolved.

Data coding was a fundamental part of the analytical process and, whilst the themes were predetermined partly by the choice of research questions and interview schedule, the emerging themes were easily identified. Many of those, who took part in the study, had similar stories and they chose identical reference points, when explaining their experiences. This helped to identify similarities and differences across the research sites and enabled data comparisons to be made. All interview transcripts were coded manually and this strategy was chosen for two reasons. Firstly, it enhanced the accuracy of the data. Secondly, and to some extent more significantly, it allowed me the opportunity to become more familiar and become engaged in the data. Themes were cross-referenced to allow for comparisons between case

studies and the development of an analytical framework, which provided not only a structure from which to present the data but, also, acted as a tool and facilitated cross-data analysis between the case studies.

The final framework presented the empirical data in three parts. First, it examined the impact of the UK multinational environment on the EWC. As well as being in keeping with the emergent data, this reflected both the literature framework and the research questions and examined what impact the home country, sector and multinational played in shaping the strategy of the EWC (Marginson and Sisson, 2006; Hall and Marginson, 2005; Hall et al., 2003; Gilman and Marginson, 2002; Lecher et al., 2001). The second part of the framework established what influence the Hungarian sites placed in determining the effectiveness of the EWC. Having established that Hungary's socio-political legacies were different to that of other EU states (Benyo, Voss, 2006; Neumann, 2005; Toth and Ghellab, 2003; Frege and Toth, 1999; Flanagan, 1998), it assessed how their own legacies informed their views and reactions to EWC participation. The section analysed critically the role of national voice mechanisms and how they supported participation at the European level. If autonomy; legitimacy; and efficacy were adequate indicators of trade union capabilities, within a Western European context (Hyman, 1997), the framework attempted to establish whether Hungarian mechanisms were able to provide the same service to workers, in a country where workers remained sceptical and past legacies threatened their ability to provide strong and credible representation (Neumann, 2005; Frege, 2002; Toth, 1998a; Flanagan, 1998). Voss (2006) demonstrated a link between strong national voice structures, in Hungary, and levels of EWC participation. The framework attempted to establish whether prevailing mechanisms, within these case study organisations, were capable of sustaining and harnessing voice within the EWC. The final part of the framework examined the 'forces for convergence' within the EWC. This examined the dynamics within the forum, particularly amongst EWC worker representatives and established whether pan-European worker solidarity had been achieved. Whilst accepting that union-led voice was often the most robust (Hyman, 1997), it explored what had been done to strengthen voice and the opportunities provided,

particularly for European trade union cooperation (Voss, 2006; Pulignano, 2005; Lucio and Weston, 2000). In short, the framework presented these opposing and colliding dynamics and established how these influenced the EWC and whether Hungarian workers had the capacity to effectively facilitate employee voice through this mechanism. However, before presenting the findings, the role of the researcher and its impact on the study are discussed.

5.8 Reflecting on the Role of the Researcher

The final section of the chapter considers the role of the researcher and the importance of reflexivity in the philosophical paradigm and the qualitative research setting. Reflexivity refers to the inclusion of a third party perspective (normally the researcher) within a study. This can be used to tell an underlying story or highlight information which, otherwise, would have been unrecorded. In some cases, it requires the researcher to pay particular attention to how their background, insight and expectations impact on the study (Gomm, 2004). However, whilst some regard reflexivity as central to methodological thinking (Cassell and Symon, 2004; Seale, 1997), it seems there is some debate over the inclusion of any sort of self-analysis since it is not viewed always as a reliable source of information (Gomm, 2004). Of course, reflexivity, potentially, paves the way for too much self-analysis. However, whilst it is important to put reflection into context in a study, it can enlighten it, also. One example of where reflexivity plays a pivotal role is from the feminist paradigm. Data through a feminist ‘lens’ brings a very different perspective to that of other research philosophies. Hertz (1997) advocated that researchers should state explicitly their standpoint and interests when conducting any form of research within this field. Whilst there is an argument for not ‘revealing’ the researcher and disclosing their ‘hand’, it is difficult to defend the validity of the findings without some acknowledgement of the impact of each individual researcher. Indeed as a methodological tool, reflexivity allows the researcher to divulge personal, political and ideological stances which, normally, would be implied or hidden within a text (Richardson, 1994). However, reflexivity is not simply about an awareness of oneself. It is a multi-faceted construct of which, often, past experiences provide the

stimulus for a researcher to explore a particular field of interest. Political views or interests may prompt a researcher to undertake a particular study. Reflexivity can present itself, therefore, as an introspective account of the researcher's own experiences but, equally, reflexivity can be an inter-subjective reflection of the author's own experiences throughout the research process (Finlay and Gough, 2003).

Earlier in the chapter, reference was made to the empathy felt by some researchers towards particular participants and how social backgrounds can obscure the interpretation of the data; reducing the objective nature of the study (Finlay and Gough, 2003). Willott (1998) observed that, as a feminist analysing men, she felt a tension between her and her participants and was aware of the need to curb this defensive attitude when engaging in research. Indeed, beliefs and values can provide researchers often with a serious obstacle to their research which demands recognition when recording and interpreting data. This is where reflexivity becomes an integral part of the study (Finlay and Gough, 2003). The 'lens', through which the researcher examines the social world, is unique to each individual and claims that they remain an outsider to their examined environment seem rather misguided. Reflexivity is a key component of the critical realist paradigm and, in undertaking the study, it seemed appropriate to give some consideration to the role of the researcher.

From the start of the fieldwork, it became clear that age; gender; nationality; and cultural background had some impact upon the study. As a young female researcher, the case study sites were largely male dominated and, traditionally, women were employed in administrative roles. Therefore, the response from some male participants was one of curiosity that a female researcher was interested in conducting research of this kind in a manufacturing setting. However, male participants quickly overcame their intrigue and cooperated with the study. Indeed on reflection, age and gender appeared to play less of a key role than nationality and cultural background since, despite attempts to understand the political impact of communism in Hungary and the transition to liberalisation, the question remains as to

whether a UK researcher, with no experience of the environment, can ever totally comprehend and accurately define a different culture (Sebestyen, 2006; Teglas, 1998). As a British citizen, sometimes, it proved challenging understanding the nature of life in CEE. Given the political and cultural upheavals experienced by the Hungarian people, life in Hungary has been far different from living in Western Europe. Perhaps being Hungarian would have produced a different set of findings. Whilst these issues can never be eradicated fully, it is important to be aware and attempt to understand and connect with the Hungarian culture and way of life in order to be able to accurately present the true story. One small way, in which this can be achieved, is by paying attention to their customs and manners and every opportunity to share and engage in their way of life was undertaken in order to establish a clear picture of Hungarian values. Also, research into worker voice unduly raised participant expectations. Whilst some were suspicious and weary of taking part, unconvinced the study was not a management initiative, others viewed taking part as an opportunity to create change and strengthen worker rights. From early on in the research process, it was necessary to manage these unrealistic expectations, amongst the workers, and, at times, this was not an easy task.

One of the most humbling and overwhelming experiences, encountered in Hungary, was the wealth of hospitality received. Right across the spectrum, from local Hungarian managers to trade union officials and factory workers, participants were generous in both their time and resources. Most participants were delighted simply that a British student had embarked on a study which aimed to examine employee voice in Hungary and, wherever possible, they were willing to help coordinate meetings and travel arrangements. Many participants met regularly on their scheduled days off, giving their time freely. Also, the research partner was incredibly generous and regularly took time away from his own busy schedule to attend the interview sessions. Indeed, the dedication demonstrated by some participants was heartening and it was difficult not to offer a sympathetic ear to those who described their frustrations. Many spoke of the injustices which they suffered as workers and as worker representatives, all of which had a profound impact on me,

personally, and made the process of compiling an objective account of the situation even more challenging. It is, therefore, important to recognise, despite the measures in place to minimise subjectivity, how these accounts can obscure partially the real picture of worker voice. However, the benefits of using this approach outweighed the limitations since the case study strategy provided a thorough understanding of the research sites and provided a more candid response from some participants. The dynamic between the researcher and each participant was based upon a trust bound relationship and their confidence in this produced some interesting results. This was critical to the study and some participants' responses produced compelling evidence on the workings of both local and European voice mechanisms. In light of this, the following chapters present the case study findings.

5.9 Summary of Chapter

Having discussed and reflected critically on the qualitative case study approach, the following three chapters present the findings of each case study through the framework described above. In summary, the study used a critical realist framework, concentrating on interpretations of the socially constructed world (Sayer, 2004; 2000; Danermark et al, 2002; Bhaskar, 1997; 1978). Through Sayer's (2000) 'Extensive Intensive' model, the study lent itself towards a more intensive or micro-analysis of EWCs adopting a qualitative case study design. This offered an inductive research strategy which was, also, in keeping with the critical realist perspective and allowed for a reflexive examination, exploring meaning and context through a case study approach (Sayer, 2004, Bryman and Bell, 2003; Silverman, 2001; Archer et al, 1998). According to Yin (2003) case studies are an all-encompassing research strategy, which bring together a unique set of techniques for designing; collecting and interpreting data. Despite the critics, who regard case studies as a somewhat lesser research tool (Cassell and Symon, 2004; Bryman and Bell, 2003; Seale, 1999; Gubrium and Holstein, 1997), Yin (2003) believed that case studies relied upon a range of skills. Listening; flexibility; adaptability; comprehending complex issues; and reducing biases are all

necessary elements of a successful case study and all were put to use in this study of EWCs. Indeed, case studies are a common strategy found within the existing field of literature (Timming, 2006; Hancke, 2000; Whittall, 2000; Wills, 2000; Royle, 1999). The study comprised of three case study organisations from the printing, chemical and food industries. The decision to examine multinationals from different sectors was in keeping with Gilman and Marginson's (2002) framework, which suggested that 'sector' effect, could influence the success of a EWC.

As part of the case study approach, semi-structured interviews were used as the primary technique, whilst observation and archival data analysis contributed, also, to the study. The semi-structured nature of interviews meant that discussions were built around an existing interview schedule, informed by the literature and the research questions. This allowed cross case study comparisons to be made, whilst it allowed participants, also, to draw upon their own experiences and include a range of additional and relevant information. In total, sixty participants were interviewed (20 per case study) and approximately half were Hungarian. A wide range of senior and local managers, and EWC and local work council representatives and trade union officials were interviewed as part of the study. Whilst recognising the limitations of the study and, in particular, the issue of language, every attempt was made to overcome any inconsistencies and to present an accurate account of the findings.

The data analysis process echoed aspects of Miles and Huberman's (1984) framework for analysing qualitative data and attempted, through a process of simultaneous and iterative data gathering and analysis, to arrive at a set of emerging themes which helped to form the analytical framework. In short, the framework explored the impact of the UK multinational environment on Hungarian voice and the relationship between Hungary's national voice mechanisms and the EWC. This was in keeping, also, with the existing literature on 'country' effect; the impact of legacy; and the role of local voice mechanisms played in determining EWC effectiveness (Benyo, Neumann and Keleman, 2006; Marginson and Sisson, 2006; Voss, 2006; Hall et al 2003;

Gilman and Marginson, 2002; Lecher et al, 2001; Lecher and Rub, 1999; Toth, 1998a; Hyman, 1997). In its final stage, the framework examined the ‘forces for convergence’ and the dynamics within the EWC, exploring how solidarity links were achieved through its internal and external structures (Voss, 2006; Pulignano, 2005; Lucio and Weston, 2000). Within the context of the study, the role of the researcher has been reflected upon and, in outlining the research ‘lens’ adopted within the study, the next chapter presents the findings from PrintCo.

Chapter 6

Case Study Findings: PrintCo

Having considered the existing debates and explored the methodological framework, the study moves on to examine the case study findings. Each of the following three chapters focuses on a case study organisation and presents the data in accordance with the framework. This chapter examines specifically the empirical evidence from PrintCo and, in addition, provides an outline of the Company's EWC agreement. However, before presenting the findings, the chapter begins with an overview of PrintCo and the industrial relations climate in which it operates.

6.1 Overview of case study organisation: PrintCo

PrintCo is a multinational printing house and its market is predominately European, supplying the needs of many weekly and monthly household names in print media. Employing a total of 5,300 people, with 360 employees in Hungary, the company has eight sites in the UK and one in Hungary. It was formed in 1998 through a merger of two existing organisations and a consortium of institutional investors owns it. In recent times, PrintCo has not performed well and, with annual turnover decreasing, it has not met shareholder expectations. Both investors and senior managers openly welcome any opportunity for a further merger with an existing competitor, in order to increase their long-term profitability and to survive the economic downturn.

The decline in productivity has been marred largely by a number of external environmental factors. Whilst demand and supply have both increased, profit margins have fallen in this highly price sensitive and competitive marketplace. In order to remain in operation, cost cutting within the printing industry has become commonplace, whilst the need to update old machines with new technology has forced overheads to rise but staff levels to fall, since modern machinery requires fewer manual operators. Moreover, falling profits have

prompted a high turnover in senior level management, resulting in a radical overhaul of PrintCo's organisational structure and plant closures in both the UK and Spain. Having recently lost a number of high profile customers and lucrative contracts, it seems their independence, as a company, is at stake. However, a merger or acquisition is likely to bring its own need for change and further restructuring is considered inevitable by the UK management board. In contrast, the factory, in Hungary has emerged as the best performing site within the Group and, consequently, some UK sites have been scaled down to allow for the transfer of production to Hungary, where it has become more cost effective to carry out their services.

Without doubt, the evidence shows that the unfavourable business conditions, faced by PrintCo, are reflected within the employment relationship. On the one hand, low morale amongst workers is the product of job insecurity; restructuring; and cost cutting strategies. Whilst, on the other hand, unrealistic performance targets have increased the turnover of UK senior management, creating a rather unstable and unsupportive working environment. Traditionally, the printing sector has comprised of long-serving blue-collar workers who have entered the business as school leavers and left at retirement. Within the UK, trade union membership, amongst factory workers remains at full capacity and the union has held a longstanding and active role, negotiating with UK senior management over collective bargaining arrangements. The environment, within PrintCo, is deemed to be largely adversarial in its approach to industrial relations with a 'them and us' attitude notably in force. However, with the recent establishment of a 'super' site in Northern England, this model is changing and the increase in white-collar workers has had a knock on effect to employee attitudes.

PrintCo first introduced a EWC, in 2001, and this was established by UK senior management under an Article 6 agreement. Seats within the forum were allocated, based on the number of workers at each site; however, since the closure of Spanish operations and some UK sites, the number of employee representatives has fallen from fifteen to nine and there remains only one non-UK EWC delegate who represents Hungary. Without the

Hungarian operations within PrintCo, the company would have no legal obligation to implement the forum. Initially invited to attend the EWC as an observer, the Hungarian EWC representative later joined, in 2004, as a full member. The Hungarian delegate, who chairs, also, the local works council in Hungary, was elected to the EWC by local works council representatives. Plans to set up a local works council were initiated in 2001; however, it took another two years of management opposition to finally set up the local forum where a total of seven members represent the factory floor. All representatives carry out their role in addition to their contractual hours with no extra remuneration and much of the work is undertaken outside of working hours. Hungarian workers are represented, also, by a trade union, Hungarian Graphical Workers' Union (NDSz). Density amongst staff is approximately forty five per cent and this figure is considered average for the industry. The role of the trade union is to negotiate, annually, over pay and conditions, whilst the local works council's role is to inform and consult with local management on a range of work related issues. Over the years, the works council chair and EWC representative has cultivated a strong relationship with the head of NDSz. However during the recent election, some union members stood down from the works council and were replaced by non-union members.

In 2000, the Hungarian printing industry suffered serious economic decline and the site, once Eastern Europe's regional leader, lost its market position. This prompted organisational and financial restructuring and, despite the rise in productivity, Hungary's future with PrintCo has become uncertain, creating instability and uncertainty amongst the workforce and the local management alike. Driving down costs is the main priority of local management and workers have become frustrated and angry over the measures put in place to curb spending. Clearly, the economic climate, in which PrintCo operates, has played some part in determining the mood of the employment relationship. However, before examining the empirical findings, the following section identifies briefly some of the key points within the EWC agreement which have influenced, also, EWC practices within PrintCo.

6.2 PrintCo's EWC Agreement

UK senior managers set up PrintCo's EWC agreement without involvement from Unite, the UK trade union which represents UK PrintCo workers. Usually, Article 6 agreements require the establishment of a Special Negotiating Body (SNB) but, in the case of PrintCo, it is unclear how this was set up originally. Indeed, the evidence suggests that UK senior management were keen to establish a EWC in order to comply with the EU Directive. The agreement permits the joint management and representative forum to meet on an annual basis to engage in two-way communication and provide information to representatives on a range of issues including organisational restructuring; mergers and acquisitions; business development; trends in employment; production relocation; cut-backs and closures; collective redundancies; and economic and financial restructuring. Wherever it is possible '…consultation [is] in accordance with the spirit of [the] agreement and executed at the earliest reasonable opportunity'. Higher level negotiation is not permitted by PrintCo and the description of consultation included in the agreement echoes the wording of Directive 94/45/EC, which states that consultation should take place jointly '…in the spirit of cooperation with due regard to… reciprocal rights and obligations.'. The agreement extends this to include '…good faith and mutual trust…' as necessary precursors to consultation but states '…that the Council shall not affect the prerogatives of management, which remain solely competent and responsible for business, financial, commercial and technological decisions at all levels.'. Whilst EWC proceedings are governed by confidentiality rulings and each representative is bound by the clauses of the agreement, the management upholds the right not to disclose information believed to be of a highly sensitive nature. According to the agreement, PrintCo '…has an obligation not to release price sensitive or other confidential information, which…. is of such a nature that its release would harm the functioning of [PrintCo]…'

Explicit reference is made to the role and influence of the trade union in the EWC agreement. Whilst the employee representatives may seek the advice of a trade union official, who is permitted to attend the EWC meeting, union

officials are not permitted to '…lead discussions for the employee representatives…' but allowed to '… play a full part in joint Council meetings.' Each worker representative is elected to serve a four-year tenure and they are required to elect three of their representative colleagues within the EWC to form an Employee Representatives Liaison Committee (ERLC), where an employee chair is chosen. Currently all three members of the ERLC are employed full-time in factories across PrintCo's UK sites. The EWC employee chair is a full-time employee and works as a factory floor team leader at a site in the south-east of England. The role of the ERLC is to liaise with management throughout the year and coordinate matters relating to disputes; training provision; agenda items; and extraordinary meetings. Extraordinary meetings are called only if they are mutually agreed by management and the ERLC. PrintCo management pays all EWC expenses, although it is unclear as to whether local or central management bear the cost. Whilst central management organise the annual event, it seems that local management are responsible for paying for each individual EWC representative to attend. The ambiguity surrounding who is responsible for recompensing representatives for attending has proved problematic for some EWC members. Some of the issues raised in the document, particularly in reference to the structure, function and scope of the forum, are explored and the next section concentrates on how the UK and the multinational environment have come to influence and shape employee voice within the forum.

6.3 The Multinational Environment and the Impact of the UK within the EWC

The culture created within a multinational organisation tends to reflect the management of those who lead it and, in many respects, this top-down approach is indicative of PrintCo. Generally, the employment relationship is shaped by those who control the organisation and this is no less visible than through PrintCo's EWC arrangements. Whilst the EWC is a European invention, its transposition, under UK law, requires a UK-owned multinational to comply with the UK regulations for establishing a EWC. Within PrintCo, UK

senior management were entirely responsible for the drafting of the EWC agreement and its contents reflect largely the attitudes and aspirations of senior management towards European level voice mechanisms. In light of this, the following section highlights some of the key issues within the EWC, related to the multinational environment and the managers and representatives who have shaped it within the UK. It discusses UK senior management attitudes towards the EWC and their interpretation of consultation, as well as the management response to trade union involvement and their relationship with EWC representatives, along with workers' reaction to management and the introduction of a EWC.

One of the major influences and criticisms of PrintCo's EWC is senior management's Anglo-centric approach. An overriding theme, which bonds employee representatives from across the EWC, is its UK dominance. One UK representative, a factory worker from the north of England, described the EWC as '…totally Anglo-centric – beyond words…' According to the EWC chair, 'the central management team is only interested in what goes on here [in the UK] since this is what they are responsible for…' One UK delegate confirmed these comments stating, '…the few times we had a meeting when the Hungarian guy wasn't there, it was totally about the UK and there was no mention of Hungary at all. The fact Hungary is in the EWC means it justifies the whole thing… but quite often [the EWC] acts more like a UK union meeting.' The UK's dominance of the forum reflects not only the structure of the EWC, but the organisation as a whole and whilst PrintCo is a multinational company, in name, it is not multinational in its management style. This UK focus is implicit within the set up of the EWC and from it stems some of the key issues which limit the effectiveness of the forum.

The unsettled industrial landscape has tainted relations between UK senior management and the EWCs representatives. Employee delegates viewed the EWC as a '…tick in the box exercise…' for central management, who put in minimum effort and provide limited opportunities for exploring and engaging in voice. Some employee representatives believed that managers view the workers as 'idiots' and control the forum in a way that prevents any real staff

involvement. Whilst a minority of EWC representatives felt the forum offered employees the opportunity to engage at a level slightly above the statutory requirement, most employee representatives agreed that the EWC would not function were the EU Directive not in place. Indeed, the UK's Senior HR Manager confirmed that '…nothing would fall apart…' without the EWC, describing its role as simply'…a marker in the sand and a heads up [for employees] on the past year…'.

Within the UK, there was evidence that a 'blame' culture existed amongst management and staff. This attitude, whereby management blamed staff for under performing and staff blamed managers for fuelling uncertainty and change, had been prevalent for some years and the high turnover of UK senior management and constant restructuring was partly the cause. A UK-based Senior Production Manager believed that the culture was the product of bad leadership at the top. He explained that the performance levels and objectives set by senior directors were'…unachievable and never met and management are used as an excuse for the problems… Management turnover causes a lot of damage, since no one is around long enough to lead the rest of us.' This issue of management leadership and the emergence of a 'blame' culture had impeded significantly the EWC's scope in providing voice, since tensions between the UK delegates and UK senior management had transcended across the EWC and the UK dominance of the forum had not facilitated in lessening this conflict.

Indeed, the issues between UK senior management and the EWC were compounded by anti-union sentiments. Whilst UK senior management recognised the need to work with Unite over collective bargaining matters at UK level, there was an overarching belief amongst UK senior management that working with the union slowed down management decision-making. UK senior management questioned, also, whether a strong union presence, in the forum, was an accurate reflection of the entire workforce, given the increasing number of white-collar workers. At present, eight of the nine EWC employee representatives are union members but the Chief Operating Officer believed it was right to '…encourage a bit more of a mixture within [the EWC] in terms of

getting people from outside [the union] to join.'. However, the non-unionised EWC member admitted that the HR Director heavily influenced his appointment. 'I'll be totally honest with you, I was asked to stand for [the EWC] … because it always tended to be union officials that got voted on to these things.' It emerged later that the non-unionised member representing the PrintCo workers was employed as a white-collar middle manager, and fellow unionised blue-collar representatives were angry with UK senior management for encouraging this appointment. Indeed, the non-union representative was very much a lone voice in opposition to the rest of the EWC members.

UK senior management attempts to thwart trade union involvement had damaged relations with the majority of EWC employee representatives. The evidence showed that there was growing distrust on both sides and whilst job insecurity was at its peak, neither side believed the EWC added value to the organisation. On balance, the EWC was weighted heavily towards providing information, rather than offering consultation and UK senior management considered it no more than a communication tool. The HR Director believed that the EWC did not really influence management planning at all. When questioned, if it offered staff any real opportunity to engage in business decisions, his response was that it is '… more of an information session. We don't consult to that level.'

A large proportion of the EWC meeting concentrated on UK senior management presentations rather than discussions with employee representatives. Whilst an itemised agenda was requested by the researcher but not provided, PowerPoint slides from one presentation were obtained. From these it was apparent that employee representatives were given a general overview of PrintCo's current financial position, focusing on the sales revenue and turnover from last year and forecasted growth for the following year. UK senior management believed that this allowed workers to see for themselves, based on the figures, what decisions needed to be made and why in respect of labour and production. During the interviews, a number of the employee representatives recalled how the Senior Production Manager

used, also, the EWC to provide an overarching view of each site and discussed the possibility of restructuring production. However, PrintCo's EWC representatives either regarded these presentations as too vague or too technical. Some delegates suggested this was a deliberate attempt by management to present unfamiliar jargon, in a bid to confuse representatives and avoid conflict with employees. When employee representatives challenged UK senior managers on what production restructuring would mean specifically for each site, management remained vague and unwilling to give direct answers. According to a UK-based EWC member and factory worker from central England, when changes were recently discussed to the pension scheme '… there was a perception that they had chosen a group of people to consult with who had no chance of challenging the decisions because we just didn't understand it. And the changes to the pension scheme don't even affect workers in Hungary…'

Few representatives believed that UK senior managers were completely honest about their future restructuring plans. Staff members were informed recently of likely job cuts, but there was evidence from both the UK management and EWC representatives that the decision to lose jobs had been made already prior to the EWC meeting. Generally, EWC representatives believed that the forum offered little to staff in terms of consultation. An employee delegate and factory worker from south-west England commented, 'I don't think the consultation word is relevant to the EWC…. it is very much an information process from the top-down. I don't think there's a valuable consultative process in it. It's one of these things when you go and an awful lot of things are talked about without actually coming away with any firm direction.' Prior to each annual EWC meeting, employee representatives were invited to attend a pre-meeting. This was held traditionally the day before and presided over by the EWC employee chair. No management members attended the meeting but a UK trade union official, from Unite, was invited in their capacity as an expert. The meeting was organised to enable representatives to present reports on their individual sites; discuss the EWC agenda; and to compile questions for the next day's EWC meeting. Then, these were fed back to management ahead of the

meeting. However, whilst UK senior management claimed that this allowed them to have answers to their questions, the process was criticised by some representatives, who believed that it gave management too much time to give well- prepared responses. The EWC representative and factory worker from central England believed that the event was staged, with management providing '…well rehearsed and slick answers…' from the onset and allowing them to control the forum even further.

Confidentiality was a matter of concern for EWC delegates who saw the clause, as laid out in the EWC agreement, as contravening the EWC Directive. Much of the discussed information was considered confidential by UK senior management and they advocated that the confidentiality agreement was a necessary precursor when dealing with sensitive data. However, UK senior management admitted, also, that it was not always helpful and could inhibit the consultation process. The Chief Operating Officer commented, 'The representatives feel good because they've got the information, but can they do anything with it? No not really.' These restrictions made feeding back information to sites particularly difficult since EWC members were unable to report key decisions or canvass opinion. Moreover, when issues were open for discussion, the decision had been made already and the EWC employee chair concluded that the meeting was largely ineffective in delivering outcomes. 'The thing with the EWC is they are pretty impotent in a lot of ways because they're suppose to be there to us give information and consultation before something big happens, but we know within the Group in the last few years, we've had closures, we've had redundancies and yet we've never been called to a meeting beforehand.'.

However, there was evidence, amongst workers in the UK, that a general lack of interest in employee issues had reduced the strength and capabilities of the EWC forum. Employee apathy was regarded as characteristic of the multinational culture and its prevalence was greater amongst European than national voice mechanisms. Aware of this lacklustre response by UK workers towards the EWC, the HR Director believed that this attitude reduced the threat of industrial action. Consequently, from the UK management's point of

view, there was no motivation to negotiate a more equal role for workers and to concede some control of the EWC.

The challenges faced by those attempting to create European employee voice appeared to be linked largely to the EWC's Anglo-centric nature. Indeed, the UK dominance of both management and the workforce roles had shaped not only the culture of PrintCo but had obscured the development of a European voice forum. Whilst the evidence pointed towards an inadequate platform for employee voice in general, the impact of the multinational and the UK influence, within the EWC, had stifled significantly employee participation amongst Hungarian workers. However, to lay the blame entirely on the UK and the multinational environment would be too simple an explanation. As a PrintCo subsidiary site of, Hungary had created its own obstacles to voice. Therefore, the next section addresses some of the influences and factors which impeded Hungarian voice, both at a national and European level.

6.4 The Impact of Hungary and Prevailing Local Voice Mechanisms within the EWC

The evidence showed that the UK had influenced employee voice greatly within PrintCo and this was manifested largely through the attitudes of UK senior management and the multinational culture which they had created. However, Hungary had experienced, also, the limitations placed on employee voice through its own political and cultural legacies. History had played an important part in shaping Hungarian voice, both at the European and the national level, and this section identifies some of the key issues which restricted representation. The section examines the attitudes of local Hungarian management towards the EWC and local mechanisms and their relationship with UK senior managers, as well as with the Hungarian workforce. In addition, it assesses worker representative responses to local management and the strength and structure of dual channel representation and its relationship with the EWC. There was little evidence, within PrintCo, that a meaningful relationship existed between EWC and local Hungarian representatives who had been unable to capture the EWC for their own ends.

Yet, the problem stemmed from an inability to mobilise successfully at a local level and, in light of this, it is necessary to highlight some of the key issues, within the dual channel system and the local works council and trade union network, in order to better understand why Hungarian workers were ineffective in their capacity to develop voice at a European level.

Change had been a common theme for those working at PrintCo's Hungarian site. Having moved from state to private ownership, in 1990, the site was taken over by PrintCo, in 1998, and workers had experienced organisational restructuring and upheaval over a number of years. Yet, during this transition and progression to private ownership, key senior managers remained at the helm of the organisation and evidence showed that they had been resistant to change. Hungarian workers, too, had struggled in adapting to the new working environment and, consequently, the employment relationship had been a difficult one. The legacies of communism prevailed throughout the transition and many of the described attitudes and actions appeared as a direct consequence of the past. Local management was viewed as acting as '…little gods…'. A local representative from the Hungarian factory believed it was the length of time served by the local Managing Director that was partly the cause of the problems. 'This management was from old Soviet times and they were unwilling to and, perhaps, could not change; however, it was not a progressive environment.'

Historically, the relationship between local management and the workforce had been an antagonistic and contentious one, caused largely by distrust and scepticism on both sides. Management were criticised by local employee representatives over a range of issues; from refusing to provide information; not listening to the works council; and showing a lack of interest in both the EWC and local issues. More seriously, they were accused of manipulating the workforce and humiliating works council members by spreading rumours that representatives did not have the workforce's interests at heart. Another employee representative, from the Hungarian factory, believed that the structure of the organisation allowed local management to say and do as they wished '…they can pretty much do whatever they want and they are not

responsible for anything…. management has free reign on how it achieves things.' The Head of NDSz union agreed that much of the problem lay directly with the Managing Director '… [he] is a typical Hungarian manager. He gets an order from the UK and is told what he needs to achieve, which he does at any price, even if he has to squeeze his employees.'

Local management attitudes and the socio-political legacies had hindered the availability of information to workers and restricted consultation within the local works council. Asked if the consultation process provided many opportunities for staff to get involved, the response from the local HR Manager was direct. 'We give them whatever is written in the Labour Code. Beyond this, their opportunities are non-existent. What they need to take part in legally, they do. Management doesn't go out of its way, but I feel that the representatives don't go out their way either.' A recently retired works council representative, who had been a factory worker for over thirty years, commented on how bitter feelings were towards management. 'We met on a number of occasions to discuss various issues but we could never agree an outcome. Management would make a decision… and tell staff that we had all agreed it. This is not true and we feel bitter and cheated by them.' Another local representative believed that, even when local management bothered to engage with the works council, nothing changed as a result. 'There are countless examples of where the works council was in opposition to management but in the end, management just put pressure on us to agree…' An example of this was recalled when management and council members both approved plans for new production targets in return for overtime premium payments. However, local management's pledge to pay overtime was not adhered to and, when confronted by the works council, they simply refused to negotiate, prompting further upset and anger. Another local works council member and factory worker summed up the works council as '…unserious and has no weight…' He added that works council representatives were treated unfairly by management and believed that they would never reach a compromise with workers.

However, whilst the works council had been restricted by local management attitudes and the socio-political legacies, the impact of transition, within the trade union movement, has been significantly worse. Since the 1990s NDSz had suffered a significant reduction in its membership. During the political transition, many PrintCo workers became dissatisfied with the union, complaining that they received no longer any financial incentives and benefits of membership, and they believe that NDSz was unable to continue protecting the workforce from management. Waning employee interest in the work of the union meant that recruiting participants to undertake union activities had become, also, increasingly difficult. As the Head of NDSz pointed out, recruiting people '… who are able and willing to devote their free time is not easy … Finding people who are able to withstand the pressure because people are afraid to go and talk to management makes it even more difficult.'. Moreover, the law, surrounding worker participation, had, according to the local NDSz representative, who worked, also, in the factory, hindered the impact and influence of the trade union even further, which offered relatively limited protection for workers. He commented '…the labour law in Hungary is not the best – it just says there should be trade unions… the obligations of the management to recognise it are all very vague.' The Labour Code had caused many difficulties for those working on behalf of the trade union. One of the most obvious challenges had been the development of a dual system of representation and the emergence of the work council which, in itself, symbolised the marginalisation of the trade unions.

Within PrintCo, confusion existed between the roles and responsibilities of the local trade union and works council. This was particularly confusing for staff; most local works council representatives, working in the factory, were involved, also, in the trade union. The law permitted works councils to meet with local management and discuss information relating to various aspects of the business and to help to organise staff social welfare and benefits. The trade union role was primarily to engage in collective bargaining. Despite these distinctions, there was some duplication, within the dual system, which was exacerbated further by trade union members occupying seats in the works council. According to local management, the decision, by union

members, to stand at election for works council posts was an intentional and calculated decision by NDSz to control and influence proceedings. The local Managing Director commented, ‘I don’t understand why we have the works council. When we [the management] talk to the representatives we get confused about what we are discussing. The boundaries between the groups merge easily. I feel the union is trying to send its members in to the works councils to try and control and manipulate it.’

One of the reasons, why trade union members remained the only active contributors within the works council, was because local employee apathy was increasing and this was demonstrated through the number of unopposed seats at works council elections. For the local Production Manager, works council representatives were not always the workforce’s first choice ‘…people suggest a candidate who is popular but then they don’t want to stand. Many refuse to stand for election despite being nominated and it is often a third choice candidate who is eventually elected.’ The issue was explained further by the low turnout in the recent works council election. The HR Manager explained, ‘…three years ago when the elections took place seventy five per cent of staff went to vote but two weeks ago only sixty two per cent bothered voting…. Workers want to be paid and to go home and not be bothered with all this.’ Employee representatives agreed that workers had become indifferent to national representation and this had weakened work council campaigns. However, there was a sense that frustration had caused some disinterest and, along with the decline in union membership, a cynicism had grown amongst staff in relation to the value of works councils. The Managing Director explained that ‘… in three years the works council hasn’t really achieve very much and people are disappointed in it and have lost interest…’ Three local works council delegates stepped down at the last election, claiming they found the role too frustrating and admitted that they had not accomplished anything of real value. One of the former representatives commented ‘…we’ve tried many times to talk to the management and convince them to do things for the workers, but they don’t cooperate or listen and on a few occasions we forecast certain things and we were proved right. It’s become so frustrating for us.’

Notwithstanding the disinterest in employee affairs, much of the apathy appeared linked to the issue of fear which existed within the factory. The majority of employee representatives were worried about job losses as a direct result of challenging the local management. A factory worker and representative explained, 'Two years ago the management made a decision to decrease our benefits and we spoke to staff and asked if people were against the cut and they all said 'yes'. We gathered staff in a room and talked to them and people agreed that the management needed confronting. Then, the managers started talking to people individually and telling them in a nice way that they didn't have a choice if they wanted to keep their jobs and they had to accept it. A few days later the situation completely changed and people followed the management like sheep! They accepted it all, we couldn't do a thing and we lost the fight'. Another example highlighting fear amongst workers was summed up in the following scenario, recalled by the local works council chair, EWC representative and full-time factory worker. 'I am working at a machine that is smoking and it has been like this for over two years. We talked to the local Hungarian management about it, as it is illegal however, nothing has happened because the repair will cost about £5,000…. We are still breathing in the smoke and it is bad for our eyes. About sixteen people work on this machine and I suggested we write a joint letter to the management and tell them to sort it within a month or we'll stop working. Out of the sixteen people only five were prepared to sign. This is how sad it is that people, even at the expense of their own health, are too afraid and do not want to lose their jobs.'

Fear amongst the workforce appeared to be linked inextricably to the issue of legacies and local management attitudes towards workers. Indeed, it was not a new problem and its existence had stifled worker voice for a long time. Working lives have become institutionalised by the legacies and PrintCo's UK ownership had done little to loosen its grip. Nevertheless, local management was keen to dismiss the issue claiming that fear was unfounded. The local HR Manager commented '… people are afraid but I don't understand why. I cannot remember a case when any one was fired or didn't get a salary rise

because of their views… it is self-inflicted. It is the works council members that are spreading these rumours. We need to talk to the people who think there is fear and try to reassure them.' Despite these claims, the same HR Manager displayed behaviour that suggested she, too, was fearful of the Managing Director. At the end of the interview she confessed '…I have probably told you a lot of things I shouldn't have said and I will get in trouble…'. The Hungarian EWC representative and works council chair explained that '…middle managementare afraid of senior managers who in turn are afraid of the Managing Director. Moreover, the fear amongst workers was self-evident when carrying out the research. One works council representative, attending the interview session, commented 'It was a risk to me to come here and talk to you today because my factory manager saw me come in, and he knows why you're in here and what you are doing. They never said anything but they figure out I won't be singing their praises.'

The apparent weakness of the local trade union and works council, coupled with existing managerial attitudes, hindered the relationship between the local and the European level and the ability to construct a European voice. Whilst the EWC was regarded as a '…nice idea…', the EWC representative, in Hungary, considered that they '…have too many problems here to worry about what goes on in Europe and we are too removed from the rest of to have any real impact. Not many people are interested in what we do in the works council but even fewer are concerned about the EWC.' Employee apathy towards the EWC was found to be even greater than towards local employee relations and there was a general lack of awareness of the EWC. Whilst the NDSz welcomed the EWC and was hopeful of its strength in providing voice in the future, it was not involved currently at a European level and, according to the Head of NDSz, there was no sign, at this stage, that membership of the EWC had enhanced employee voice locally.

The benefit of belonging to the EWC had come as a double-edged sword. Whilst it had given Hungarian staff direct access to UK senior management, evidence suggesteds that this relationship had caused conflict at a local level. Indeed, Hungarian managers admitted that relations between the EWC, local

works council and management were not harmonious. Two years ago, the local works council attempted to resolve a local issue by contacting the UK senior management, involved with the EWC, but, later, their actions caused problems for them with local management. The EWC representative and local works council chair for Hungary commented, 'We really regretted contacting UK senior management as we had a really hard time from the local management and they withdrew overtime hours and it was a bad time here.' Moreover, local management response to worker representatives, who dared to contact the EWC, was described as '…almost threatening towards workers…'.

On two occasions, local management vetoed the EWC representative from attending the EWC meeting. Whilst the Hungarian Managing Director claimed that they were not told of the meeting in time to make travel arrangements, evidence suggested that it was the loss of working hours and the financial cost which prompted local management to prevent him from attending. According to Unite's official in the UK, the Hungarian EWC representative '… was refused permission to go as no one would pay his expenses and local managers believed the representative was much better off working at their machine…'. The Head of NDSz claimed that management did not want the EWC representative to attend because it would have induced the employee to complain about the site's working conditions. However, it was the efforts of the EWC employee chair, in the UK, which, eventually, forced the UK senior management to address Hungary's absence at the EWC and force Hungarian management to allow the representative to attend the meeting. It took numerous attempts, by the EWC chair, to resolve the issue and, eventually, Hungarian local management wrote to the EWC admitting that they did not wish to pay for the representative to attend. After the event, the EWC employee chair concluded that it was evident that the Hungarian local management did not value the EWC and they were cautious of creating unrest within the Hungarian workforce. Indeed, local management were right to be concerned as, at one EWC meeting, Hungary was reported to be the best performing site; yet, local management had informed staff otherwise in an alleged bid to deter calls for local salary increases. According to the

Hungarian EWC representative and local works council chair '… UK management told us we were making 11% profit at our site, the highest at any site… but contrary to this the local management told us that the situation was very bad and they had no money to raise salaries…'

However, local management attempts to stifle Hungary's involvement in the EWC was linked, once again, to their own insecurities and inability to operate as a progressive and forward thinking management team in a post-communist age. There was a sense amongst local management that, whilst they were unable to change their approach to organising employee relations, at the local level, they were, also, reticent to embrace the change in ownership and there was a negative attitude towards the UK and the multinational business. According to the local Hungarian Managing Director, UK management cared for '…profits over people…' and regard the plant in Hungary as a '…cash cow…' Primarily, Hungarian managers were frustrated that attention, within PrintCo, had shifted towards UK operations, leaving the Hungarian plant to fend for itself. The Managing Director believed that UK senior management '…keep their eyes on our figures… They aren't bothered too much with our operations and our people.' Whilst he considered UK managers to be amicable, they were accused of making empty promises, rarely visiting the site or contributing to the running of the factory. The Managing Director believed that, since its profits are redeployed elsewhere, foreign ownership had hampered growth and development of the business in Hungary. Consequently, the long-term success of the factory was out of Hungary's control and a once profitable and reputable Hungarian business was in decline as a result of UK ownership.

So far, it has been established that the UK dominance of PrintCo and the multinational structure and function of the business played an important role in the development of the EWC. Equally, the prevailing socio-political legacies, found in Hungary, prevented change in local management's approach to worker representation at both local and European level and this had restricted the response and ability of workers to push for change and a stronger role in the decision-making process. Whilst the dual channel of representation had

weakened the role of trade unions, the works council has not provided a sufficient alternative to facilitating voice and problems at the local level had hampered any attempts to promote voice through the EWC. Given that the development of multi-level voice was meant to strengthen representation for Hungarian workers, the current issues and practices needed to be addressed if Hungarian representatives were to achieve this. The next section explores some of the key issues which hindered not only the success of the EWC but, also, have the potential to provide the necessary 'forces for convergence' and strengthen voice for Hungarian workers at a European level.

6.5 Forces for Convergence

Since PrintCo's EWC was skewed heavily towards the UK, the development of European voice had been curtailed substantially. Indeed, the creation of a European forum had been inhibited largely by the sheer volume of UK delegates and senior management involved in the EWC, in comparison to the number of Hungarian members. The Unite official described the composition of the EWC as having '… a very UK feel with almost Hungary bolted on to the side. It hasn't got that atmosphere or structure of a European forum….'. As a consequence, the potential for developing solidarity links between Hungarian and UK worker representatives and strengthening European voice had been weakened by the Anglo-centric nature of the forum. Many issues had contributed to its lack of European focus and inability to operate successfully as a fully functioning and influential voice mechanism and this section aims to identify some of the constraints which prevented its development. The section examines the lack of European focus through key issues such as communication; resources and training opportunities; and, more importantly, the perceived relevance and importance of European voice amid local level employment issues.

To some extent, the obstacles associated with creating a European forum and worker solidarity can be viewed on two levels. Firstly, there are the practical issues of operating at a European level such as communication and training but, secondly, and perhaps more importantly, there are a range of embedded

issues, attributed to the much broader and underlying problem of identity, which are more fundamental to the development of European worker solidarity. Before tackling the underlying causes which need to be overcome for convergence to take place, the section outlines briefly some of the more practical and superficial problems which may unlock, also, the EWC's ability to facilitate voice.

Communication is an integral part of the EWC process and it plays a vital role both in and outside of the forum. The findings show that one of the major inhibitors to facilitating communication, outside of the forum, was the lack of IT and telecom equipment. Delegates from across the EWC complained that, within PrintCo, there was limited email access and IT support, with the majority unable to access a computer. According to a UK EWC representative and factory worker from the north of England, the first announcement by management of a UK site closure was delivered via email and only one union official received this information. In Hungary, the EWC representative relied heavily on his own personal resources, such as his personal computer and mobile phone, and there was a feeling amongst representatives from both the local and European levels that management had overlooked the need to supply adequate resources to the EWC. This had come to restrict communication, particularly between UK senior management and the EWC employee representatives. Since direct communication was impossible, information, received from the UK, was communicated via the local HR function and, often, it was outdated by the time the Hungarian EWC delegate received it. Evidence shows that, away from the annual meeting, communication between EWC representatives and UK senior management was particularly poor, with the Hungarian delegate given only two weeks' notice to attend the EWC meeting. Moreover, exchanges between EWC delegates were rare and there was no momentum for creating employee links outside the EWC forum.

One of the key issues, preventing communication, was the language barrier. This posed a real challenge for the Hungarian representative both in and outside of the EWC meeting. Whilst there had been recommendations to

establish ongoing links between the local Hungarian works council and Unite, efforts had failed to gain momentum and communication had stalled. The Hungarian EWC representative commented '…we have absolutely no communication with the UK at all … when I was last there we [the representatives] agreed to exchange email addresses but the reality is that the language barrier does not allow us to communicate.' The issue hindered, also, the efficiency and the speed with which written communication, such as minutes and agendas, were received. The Hungarian representative commented, '….it's a big problem. I missed a meeting last year and I asked for a summary of the information to be sent, but so far nothing has happened.'

The limitations of language extended to the EWC meeting, where Hungarian involvement in the EWC was hampered severely by an inadequate translation service. The person employed to undertake the interpreting was an employee of PrintCo who was not trained to provide this service. Moreover, she was not offered the appropriate equipment to carry out the role efficiently. The EWC employee chair believeds that it was difficult for both the interpreter and the Hungarian representative to work under these conditions and acknowledged that it required some consideration by the rest of the members. She commented 'At the last meeting the interpreter had to translate through whispers. I had to get people to stop talking for a bit to help her catch up. She's having to constantly talk and translate and she has to have a break, but there's only one interpreter so she has to do it all herself.' The Unite official reinforced these observations and believed that the current interpretation facilities were unsatisfactory. 'With the interpreter at the moment, having to talk at the same time as everyone else is a nightmare. I mean the Hungarian guy must be behind all the time because she can't keep up and the UK delegates all interrupt each other and she can't translate that back. The interpreter needs proper equipment…'. Whilst communication was difficult for the Hungarian representative, he was able to put forward some questions to UK senior management. However, some UK delegates questioned the validity of these answers and, even UK management, questioned whether it was a worthwhile exercise for Hungary to attend. The issue of language caused problems also within the informal setting of the EWC dinner. Nearly all

participants acknowledged that the evening dinner provided the most effective location for fruitful discussions; yet communication was exacerbated further in this often noisy and chaotic environment. At the time of writing, there was no evidence to suggest that language training was offered to the Hungarian delegate and neither local nor UK senior management seemed prepared to invest in such a scheme for the future.

More generally, proper EWC training for representatives was considered to be helpful to all EWC representatives who had been elected to the forum. Currently only a minority had received any form of EWC training; yet there remained some confusion over the role and function of the EWC. One relatively new UK employee representative and print operator from south-east England observed '…one complaint we've had is that we've not had any specific induction to do the role. We've all come into it from different backgrounds and we're just put together and off we go… It seems incredible that you can get all these people elected and just let them get on with it.' Although, the Unite official argued that training might not iron out all of the problems, he suggested that the issue lay not in staff training but in how representatives approached the meeting. 'They [the representatives] don't come along to be nice … they are already fired up for it.... this 'them and us' approach is typical of the UK workforce, they don't want to learn how to approach it differently.'

Indeed, the findings show that the adopted approach played a key role in determining its success. Many of the issues lay in how representatives perceived the business and the importance placed on European level mechanisms over local representation. One of the reasons why it lacked a European perspective was because both employees and UK senior management failed to see PrintCo as a European business and, instead, regarded employment as a local issue. In this regard, the EWC was viewed as secondary to the mechanisms in operation at the local level. This was evident amongst both UK and Hungarian representatives who considered local job security to be their main priority. Employee representatives attended the EWC in order to seek satisfaction for their own site, regardless of the

impact of a decision elsewhere. Few representatives demonstrated any real interest in what took place at other sites and this approach was a key factor in deterring European solidarity links amongst the PrintCo workforce.

According to one UK delegate the attitude of the members is '…what does this mean for my plant?' The Unite official recalled that, often, he has tried to deter members from raising local issues within the EWC. Whilst UK management was open to general site discussions, they were keen to discourage detailed questions about individual site issues. The Senior HR Manager commented, 'Generally, the line is drawn when they [the representatives] start to talk about the detail of one site…. we're not afraid of telling them when discussions are not appropriate.' However, according to the EWC delegate for Hungary, senior management was inconsistent in their rulings over local discussions. Moreover, the Hungarian EWC delegate believed that when Hungarian issues were raised, UK management was less inclined to allow members to discuss them in comparison with UK problems.

The localised approach to European voice lay largely in the lack of common issues found amongst the sites. Production methods were different in the UK and Hungary and employment conditions were incomparable. This made creating an agenda for the EWC particularly difficult. Many representatives suggested that, often, the problems experienced at one site were not replicated elsewhere and, therefore, few issues united EWC members. The Hungarian representative believed '… there are not too many common issues to discuss and I feel that the reason why local representatives talk about local problems is because the local problems are what concern them… The problems that exist in the UK are completely different to the problems in Hungary. There are no real common issues and our working conditions are much lower here.' This was evidenced in the lack of employee interest in European issues. Whilst the UK made some attempts to relay EWC discussions back to site level, there was no process in place in Hungary for communicating EWC information back to staff locally. The EWC representative, for Hungary, commented 'If people ask me what happened at the meeting, then I tell them, but there's no formal structure in place for

informing others and the issues are just not relevant.' At one EWC meeting, a UK representative complained about the standard of their canteen facilities, something which Hungarian workers did not have the luxury of, despite numerous attempts by the local works council to open a staff restaurant. Instead, Hungarian workers, commonly, ate by their machines, which contravened national health and safety regulations. On a visit by UK senior management two years ago, local Hungarian management tried to cover up the problem and staff were told to hide their lunch bags during a scheduled tour of the factory. However, the issue was not raised for two reasons: firstly, representatives believed that it was not an issue for the EWC and, secondly, based on previous experiences, they feared the wrath of local Hungarian management if they chose to speak out at the meeting.

The Hungarian EWC representative believed that there needed to be more emphasis within the EWC on working to develop group solidarity. However, he believed that this was difficult, not only because there were too few common agenda issues but, also, because the turnover of representatives was high. According to the Hungarian delegate '…the EWC chair is the only person who has stayed the same. I feel that we keep going around in circles. We keep chewing on the same issues we did two years ago and I don't see any development…' The EWC employee chair was the only member of the EWC who had attempted to create some links with Hungary and include the Hungarian delegate in EWC affairs. Despite the inevitable issues of language, most UK delegates admitted that they were ignorant of Hungary and were unaware of their working conditions. There was a sense that Hungary was not really part of PrintCo at all. The EWC employee chair admitted that this was partly their fault. 'I have no communication with the Hungarian plant. We don't receive any information about the Hungarian plant but that's probably because we don't ask either. We're programmed to look at it on a national basis, but it would be useful to find out on a regular basis what's going on elsewhere and keep the European issue alive.'

According to the Unite official, one way of overcoming this imbalance and reducing UK dominance within the forum was to appoint additional EWC

representatives from Hungary. 'The meeting would be given a lot more credence if, for example, we could have three delegates from Hungary, perhaps from different areas of the business or even on the clerical side. It would balance it up a bit and they would be more significant in appearance…. Until we get that, I don't think it will change.' The findings show that, whilst an additional Hungarian EWC representative might enhance employee voice for Hungarian workers, appointing a local Hungarian manager to the EWC management team might help, also, to resolve local conflicts and difficulties. Offering Hungarian management a role might alleviate misunderstanding and tensions between Hungarian and UK senior management, too. The Hungarian EWC representative believed that this might help, also, to create harmony both at the local and European level.

For the Hungarian representatives of both the EWC and local works council, there was an urgent need to forge and foster better links between the UK and Hungarian trade unions and work councils. One local Hungarian representative explained, 'For [the EWC delegate] to go over to London once a year, is nothing and is not enough. It would be really nice to talk to our colleagues in the UK more often.' This recommendation was put forward, also, by the UK contingency who believed that all parties could benefit from a better understanding of operations both in the UK and Hungary. In turn, it was felt that this could promote a European agenda, creating commonality between sites and a sense of solidarity. Many of the employee representatives believed that the company's UK dominance was a flaw of the existing EWC mechanism. Of the three case studies included in the study, PrintCo's scale and structure is unique and, prima facie, many of the findings can on be attributed to the organisation. However, the study highlighted, also, a number of more general and underlying problems which impinged on the development of adequate multi-level representation. The next chapter examines how a much larger and global multinational organisation responded to the establishment and delivery of employee voice, through the EWC mechanism. However, before examining this further, a summary of the key findings from PrintCo are presented.

6.6 Summary of Findings

The findings framework encapsulates some of the key evidence in establishing the success of PrintCo's EWC for workers in Hungary. Primarily two fundamental but diverging forces emerged. The impact of the UK and the multinational environment and the influence of Hungary and its existing system of representation had reduced both the efficiency of European voice, within PrintCo, and much of the evidence is clustered around these two opposing themes.

In examining the impact of the UK and the multinational environment, a number of key issues surfaced which are fundamental to the EWC and the establishment of employee voice. Firstly, the findings show that UK senior management had considerable control over EWC proceedings and this was demonstrated in a number of ways. At the onset, the EWC agreement was devised entirely by UK senior management, without appearing to seek approval or impartial advice from other sources. Indeed, despite being set up under an Article 6 agreement, it remained unclear as to the level of employee involvement, from the onset, and as to whether a SNB was established. Moreover, the anti-union sentiment, so ingrained within management thinking, prevented any real involvement in the construction of the EWC. UK senior management managed, also, to control the level at which consultation took place within the forum, employing minimum participation rights for worker representatives and providing information rather than consultation. Although a full EWC agenda was not made available to the researcher, it was clear from viewing the PowerPoint slides. from one EWC presentation,that one of the main objectives of the meeting was to provide a general overview of PrintCo's current financial position. Without disclosing the full content, the PowerPoint slides provided general information on the previous year'ssales revenue and turnover and focused on predicted sales and growth for the forthcoming year. By sharing this information, UK senior management hoped that this would allow EWC representatives to understand why certain organisational decisions had to be made by management. Indeed, UK senior management admitted that worker involvement in the decision process was

minimal. When an opportunity to discuss issues was presented to worker representatives, the topics were deemed as too complex by workers for them to really challenge management. This is evidenced through UK senior management's decision to discuss the technical details of the pension review during the last meeting. Where workers had some influence, was in discussions over less important issues such as the canteen facilities. Indeed, the confidentiality clause, within the agreement, added, also, to the problems and prevented worker representatives from meaningfully engaging with their colleagues, since what UK senior management discussed was not always up for discussion outside of the meeting.

The culmination of these management-led strategies left relations with the UK workforce difficult; creating a blame culture; and this had impeded substantially the development of the EWC. Moreover, linked to this management-controlled approach, was the Anglo-centric nature of the EWC which, also, had influenced significantly EWC practices. Of course, the composition and structure of the EWC did not lend itself to a pan-European approach, since the Hungarian representative was the only non-UK member of the EWC and the evidence shows that UK senior management, involved in the forum were preoccupied entirely by UK issues and the development of the 'super' site. Despite Hungary providing the only impetus for establishing a EWC, their voice was lost amid a very UK-focused forum, dominated by UK employees.

However, Hungary had contributed, also, to the EWC's problems and most of these issues stemmed from the weakness of local representation and the prevailing legacies. The journey, from state to UK ownership had not been easy for the Hungarian plant which had seen their position shift from regional leader, in the printing trade, towards a more precarious business market in Europe. High turnover of UK senior management and unrealistic performance targets had put Hungary in an uncontrollable situation and the company, as a whole, lackedleadership and direction. These issues collided with the socio-political legacies to create a disenfranchised local management team and an

insecure workforce. Neither of which helped to promote harmonious employee relations.

In keeping with the UK experience, local management, in Hungary, had sought primarily to control the employment relationship on every level and this had not been well received by Hungarian workers. The evidence shows that workers received a very hostile response from local management and the long-serving Managing Director had failed to adopt a democratic management style. Therefore, the relationship between the workforce and the employer did not provide a positive example of employee relations and the works council and the trade union suffered in their attempts to mobilise voice. Moreover, local management's relationship with UK senior management was poor and local management had not welcomed the introduction of the EWC and the introduction of centralised labour policies.

One of the key factors which weakened voice locally was fear amongst the workforce. Workers were fearful of confronting management and this was attributed not only to the issue of legacy but, also to the insecurity surrounding work and employment. This was compounded by worker frustration, prompting a dwindling interest in workplace issues. Having lost the battle with local Hungarian management on so many occasions, worker representatives of the works council and trade union had become despondent and their position was exacerbated by their inability to influence decision-making. This response weakened the local voice mechanisms further, allowing management to take control.

Furthermore, local voice mechanisms were unsupported by the minimal labour standards provided in the Hungarian Labour Code (1992) which trade unionists believed favoured management over worker rights. Local management admitted that provision for consultation was limited within the framework but, so long as the standards were met, managers were unlikely to offer any additional or enhanced consultation rights. During political transition, trade union density, within PrintCo, declined and, with the establishment of the works council, this helped to marginalise the trade union. Despite the

guidance on works council and trade union roles, there remained confusion over the responsibilities of both parties, particularly given that many trade union members had ties with both the works council and trade union and this had further weakened local employee voice.

The findings show that, with a weak and fragmented dual channel of representation and the impact of the socio-political legacies both on management and worker attitudes, the extent to which local mechanisms had any influence over the EWC was non-existent. Moreover, the UK dominance and management-led approach to the EWC obscured the opportunity for the EWC to strengthen voice at the local level. Given these restrictions, the chapter identified a number of forces which could strengthen European employee voice. However, currently, they added to the problems rather than helping to solve them. Communication and the language barrier was an obvious obstacle and its impact was felt both within and outside the EWC, hindering the development of solidarity links between worker representatives. Also, training was overlooked, within the EWC, and opportunities were missed in providing workers with the necessary skills to carry out a more thorough role.

However the issues faced were compounded by the attitudes of worker representatives whose primary loyalties lay locally and in resolving local issues. Representatives attended the EWC to address their own concerns, irrespective of their relevance within a European forum, and this was the root of the problem in creating European identity and employee solidarity. Indeed, the perceived irrelevance of the EWC was demonstrated through the lack of European agenda and the, seemingly, low level of common worker issues. Evidence shows that Hungary's issues were incomparable with the UK and, therefore, it was difficult to create a European focus. More required to be done to help create effective European voice and the findings show that both the UK and Hungarian representatives and trade union members recognised the need to work more closely and create better links across the EWC. Also, getting local Hungarian management on board, at the European level, might prove beneficial in creating 'buy-in' and creating better relations between both

workers and UK senior management. However, it is important, also, to underline that, whilst these attempts might help smooth over the short-term problems, much of this evidence reflected a much bigger and deep-rooted issue which related to the uncertainty of PrintCo's business climate and the turbulent industrial landscape in which it operated.

Chapter 7

Case Study Findings: ChemCo

The findings, from PrintCo, demonstrated how the UK and Hungary influenced Hungarian employee voice through the EWC mechanism. The results point largely towards the impact of two diverging influences, both in the UK's inability to create equal participation and through the weaknesses of existing local Hungarian voice mechanisms. The chapter highlighted, also, the key forces for convergence within the EWC forum and the opportunities for improving the EWC and strengthening voice through a more union-led campaign. In keeping with the framework, this chapter presents similar evidence from the second case study organisation, ChemCo. The chapter reveals, also, a more positive story, particularly within Hungary's prevailing structure of voice, and discusses its impact on the EWC. However, before considering the evidence, the following section examines ChemCo's EWC agreement and outlines the business environment and the industrial relations climate in which it operates.

7.1 Overview of Case Study Organisation: ChemCo

In stark contrast to PrintCo, ChemCo's business is a global operation and a market leader in the development and supply of chemical based products. Manufacturing over four billion products per annum, ChemCo has a multi-billion pound turnover and employs over 100,000 people in 117 countries. Whilst this long established business dates back to the early eighteenth century, over recent years, its market growth has taken place through company mergers and acquisitions, with its most recent merger taking place ten years ago, when two industry heavyweights came together. ChemCo takes a decentralised approach to business operations, with its corporate division providing the strategy for the whole company.

As part of the merger, in 2000, a new EWC was formed and named the European Employee Consultation Forum (EECF) under an Article 13

agreement. Currently, there are thirty-one EECF representatives and seven management representatives, with one Hungarian member representing the production site in Hungary, and a small number of workers based in Slovenia. Prior to joining the EECF, in 2004, a Hungarian representative attended the EECF as an observer.

ChemCo operations, in Hungary, have changed hands four times since being bought out of state ownership in the early 1990s. The company employees over a thousand staff in Hungary and operations consist of a large factory based on the outskirts of Budapest and a small sales office in the city centre. Presently, employment relations are marginally improved within the production site. However, the relationship between workers and local management has not been always so fruitful and there have been clashes over the unionisation of the factory. After the takeover of the Hungarian site, a local works council was set up. Currently, this has seven worker representatives who are all active union members and all work full-time in the chemicals factory. Also, the local works council chair is employed full-time as a union secretary for members of the Hungarian Chemical Workers' Union, VDSZ. The EECF representative, who is a union member and full-time chemical worker, is not a member of the local works council but she has twenty years' experience of working together with the local works council chair on employee issues and their shared relationship is considered to have had a strong and positive influence on local employee voice. Union representation is strong at the factory and, in recent years, union membership, amongst ChemCo's blue-collar workers, has risen. This increase bucks the national trend; however, it should be noted that, within the chemical sector, density has continued to remain steady. Within the sales office, there is no provision for employee representation and, when questioned over this, there appeared some confusion as to why the sales site had failed to elect works council. Indeed, it was evident that there was no communication between workers of the two sites.

It is worth noting that the fieldwork was carried out prior to the recent economic crisis and, although the business still holds a strong position within

the marketplace today, there were signs, prior to the recession, that changes were anticipated and moves were underway to respond to the crisis. Indeed since this time, ChemCo has closed down some of its operations worldwide and redundancies have taken place both in the UK and in Hungary. Whilst voice mechanisms in Hungary have become stronger of late, at a European level, tension is building amongst worker representatives and union members and there is a sense that relations with UK senior management are about to deteriorate further. One of the underlying factors, which prompted this change, was the EECF agreement and the following section outlines briefly the key parts of the document.

7.2 ChemCo's EECF Agreement

Although the EECF agreement was organised under Article 13 of the EWC Directive, its intentions echoed largely PrintCo's Article 6 agreement. UK senior management was the sole architects of the EECF, taking responsibility for the structure and function of the forum. The EECF meets annually and provides EECF members '…with information on the business progress and prospects of the Company. This includes information on those transnational issues concerning the Company which substantially affect the interests of employees in at least two countries.' More specifically, the EECF informs and consults on matters relating to strategy; structure; and the economic and financial situation including '…the probable development of the business, production and sales, the situation and probable trend in employment and investments, substantial changes concerning the organisation, the introduction of new working methods or production processes, transfer of production, mergers, cut backs or closures and collective redundancies insofar as they affect the business operations in Europe.' Whilst recognising the value of open dialogue, all EECF members are bound by the confidentiality clause. The agreement states that '…confidentiality must be observed with regard to business and corporate information, which is expressly provided to [EECF] representatives and any experts in confidence'. ChemCo provides all expenses and time off for EECF duties during normal working hours. Whilst UK senior management meets all costs associated with

the annual meeting, local site managers pay for expenses incurred by individual representatives. Although an annual budget is allocated to the EECF, its funds are topped-up by UK senior management on an interim basis as and when necessary.

The forum operates a sub-committee; this comprises of three employees and three management members and is chaired jointly by the workforce and UK senior management. According to the EECF constitution the joint chair of the sub-committee is '…regarded as the first point of contact and will be expected to consult with their respective sub-committee members on all matters.' Members of the sub-committee are elected every four years by their fellow representatives, who meet every quarter. The sub-committee is responsible for agreeing the agenda and format of information and the timing, venue and duration of each annual EECF meeting. It is, also, the role of the sub-committee to establish '…whether an expert is required to attend employee representative pre-meetings…. and if so, who that expert should be.' In most cases, the role of expert is undertaken by a trade union official, normally from the UK's Unite union, but management must agree their involvement beforehand.

Indeed, union involvement from the onset has been sparse. With no initial consultation between senior management and the trade union in relation to the set up of the EECF, the agreement makes no explicit reference to the involvement of the trade union. However, the role of the union has grown of late amid the current plans to renegotiate the agreement. The current EECF agreement stipulates that, after a given period, consultation must take place between the EECF representatives and senior management on the future structure of the EECF, and workers and their experts have a primary role in facilitating this process. At the time of writing, amendments to the EECF agreement were under review; however, the consultation period has fuelled largely the debate, within the EECF, and resulted in a change in EECF dynamics. Reactions to the proposed changes are discussed within the following section, which outlines the impact of the multinational environment and the UK's influence on the EECF.

7.3 The Multinational Environment and the Impact of the UK within the EWC

ChemCo is a multinational business in the truest sense and the EECF reflects this. Unlike PrintCo, the majority of the worker delegates represent employees from across the European spectrum and this makes the forum not only larger in size but, also, more diverse in its composition. However, despite this difference, the EECF manages still to take an Anglo-centric approach. With the vast majority of key participants on both sides of the employment relationship originating from the UK and a EECF agreement governed by UK law, this strong UK influence is, perhaps, not surprising. Senior UK managers, involved in conducting the forum, were keen to point out that ChemCo remained a UK based organisation and they had a low tolerance towards adopting a French or German style approach to the EECF. The Anglo-centric nature of the EECF has manifested itself in a number of ways. Not only are discussions conducted in English, the sub-committee is entirely made up of UK members since fluency in English is a key prerequisite of becoming a member. Over the years, there have been a number of clashes between worker representatives and UK senior managers over the issue. However management have remained resolute that the forum abides by UK law and does not mimic a French-style works council. The EECF's management chair, who is employed as a HR Manager, recalled an incident when a French delegate refused to hold discussions in English and walked out of a EECF meeting. This infuriated senior management and caused friction between the employee delegates. The management chair's response was '… fuck off and go work for a French company if you don't like it here'. Indeed, a UK worker representative from the biologicals site in northern England admitted that being British was a '…huge advantage to taking part in the EECF,' and UK dominance was a key characteristic of it.

The proposed changes to the EECF have been met, also, with fierce opposition from UK management, who blame a German 'radical' trade unionist from IG Bergbau, as the cause for the recent problems in the EECF.

Prior to the work undertaken by EECF representatives to amend the current agreement, relations with UK senior management and EECF representatives had been relatively calm. However, the decision, by members to strengthen the existing forum and seek the advice of the French, German and UK trade unions to assist in the process, prompted a harsh backlash from management. On the advice of the German trade union expert, a review was undertaken which put forward a number of changes which have yet to be agreed. According to the EECF employee chair, who is employed full-time as a technical officer in the north of England, worker representatives have a new vision of the EECF. 'What we want to see is empowering the employee representatives to take over more responsibility of running the works council…. We want to set the agenda; we want to be in control of it.' However, UK senior management threatened workers that relations would change, within the EECF, if members pursued these amendments and the trust would be lost. The EECF secretary, who is employed full-time in this role, believed that '…management representatives have been very willing in the past to have discussions on or about anything, but if that opportunity is abused by employee representatives for their own separate agenda, then management will be reticent to the extent to which they enter into those sorts of discussions.' The management chair went further, suggesting that the redraft of the agreement was '…an opportunity for representatives to exploit the provisions of the Directive... If representatives start getting awkward on things, we'll fight back and once more they'll lose.' EECF representatives were well aware of the controversies the agreement caused. The employee chair observed 'We're renegotiating the agreement, but if you tell that to management they freak out. I can almost see the fear in the HR managers eyes… because they're frightened of changing anything.'

It has become a tense time for those taking part and the future of the forum is uncertain. Central management are concerned that employee representatives are becoming more militant. However, whilst the employee representatives are keen to avoid unnecessary industrial action, they are equally eager to push for change. During a recent dispute, the EECF members sought legal advice over the timeliness of consultation and wrote to UK senior

management to demand a rethink over the proposed changes. The sub-committee threatened to take the matter to arbitration if it went unresolved. According to the employee chair, 'The trade unions have given us a bit of guidance over these matters and given management the kick they needed to ensure that they don't let this happen again...'

An anti-trade union mentality was prevalent amongst the majority of UK senior management. The Unite official believed that management regarded them as '…some nasty, horrible thing stuck in the past.' Moreover, UK senior management questioned whether union involvement was truly representative of the whole workforce. Commenting on the number of union members who were elected to be EECF representatives, one UK based senior Employee Relations Manager expressed reservations on their ability to represent staff impartially. 'Their approach is definitely influenced by their union background and I think it's pretty clear that most of them, if they were talking honestly to you would make it plain that their first responsibility is to their union members, not necessarily to the other employees within the Company… and we [management] wonder how representative they are of all the employees.' From a UK perspective, trade union involvement, across the sites, is tolerated rather than encouraged by UK senior management and, whilst there is no evidence that the EECF was created as part of a union avoidance strategy, its involvement, at a European level. is controlled heavily by UK senior management.

It is not only senior management who are opposed to union involvement within the EECF. Opinion amongst non-union worker representatives of the EECF veers towards a more cautious assessment of union influence. According to one UK based non-unionised white-collar representative '… non-union EECF representatives have started to feel that they are being ignored by the union representatives and this is causing some contention…' In turn, this has prompted fragmentation amongst employee representatives as a whole; they are no longer unanimous in their views of how to deal with UK senior management. This means that employee voice has been weakened and UK senior management, fully aware of the divide, are keen to promote

more non-union representatives to the forum. However, union members are concerned that UK senior management is controlling the EECF through the appointment of middle managers as worker representatives. The employee chair commented, ‘I believe it’s all a HR led thing here, you get people turn up called ‘staff representatives’ but one, for example, is a manager from Greece. What’s he doing there? He’s supposed to be representing staff.’ Senior management claimed to have no knowledge or involvement in the appointment of worker representatives; however, it was a firmly held belief, amongst the unionised EECF members, that UK senior management was behind their selection.

The multinational culture, within ChemCo, is shaped largely by the managers who lead it and, despite the current problems, ChemCo are keen to project a harmonious and positive relationship with staff. Transparency is keyand managers are eager to promote an image that UK senior management consult and engage with their workforce. One head office based senior HR Manager and EECF member commented, ‘I think the EECF provides us with a mechanism for us to engage with our employees and ensure we are effectively communicating. It gives a sense to staff that we want to listen and if we do it well then it should make for healthy employee relations.’ Indeed, the decision to label the forum a European Employee Consultation Forum was management’s attempt at creating a joint consultative body which was inclusive of all its members. When asked what the EECF achieved, the Chief Operating Officer believed ‘…it puts employee relations at the top of the agenda… it is extremely good for management to be kept on its toes by staff. After all, staff members are absolutely critical to the organisation.’

This may be so, but the findings suggest that staff members are not always at the heart of UK senior management thinking and the multinational culture. Moreover, the attitudes of UK senior management have crushed largely any opportunity for workers to engage and be consulted meaningfully. The primary reason, given by managers for the EECF’s introduction, was that it made ChemCo compliant rather than providing a platform for voice. The Global Head of HR commented ‘If you were to ask me honestly, would we have gone

down this road without having the EU Directive? I think the answer would be 'no'… but we would not wish to be a exposed or be considered reluctant to do it, so we will always keep it legal and consult when we have to.'. Indeed, some senior managers seemed more enthusiastic than others, with many complaining that the EECF had slowed down the decision-making process. Even the management chair expressed annoyance at having to carry out the role and considered it a burden to his daily workload.

However, the biggest indicator of management's influence and control of the forum was its approach to consultation. Whilst one senior HR manager claimed they were '…big on consultation and communication…' a EECF employee representative, from the site in south east England, believed that it was '…somewhere in the middle of what a EWC should be…' and was critical of the level of consultation taking place within the forum. For many employee representatives, the EECF meeting was considered to be weighted heavily in favour of management presentations rather than group discussions and this was evidenced through the EWC agenda. During the interview process, the Hungarian EWC representatives produced copies of the most recent EWC schedule and it was clear that, on her recent trip, the majority of the meeting was focused on providing a management overview of the organisation.

Each senior manager was given the opportunity to present information about their area of the business and there was little opportunity for informed discussions with representatives. One presentation, given by a research fellow from the London Business School, discussed research on 'the cross-cultural experience' and, having been given access to a summary transcript of this presentation, it was clear that there was little linkage or relevance to ChemCo employees. An employee representative, from the site in Scotland, believed that '…there's more information coming out than there is consultation… they wheel people in rather than have a discussion…' This was a common criticism amongst many employee representatives who felt that time was spent ineffectively on presenting data which was of no real interest. Indeed, the EWC schedule (see fig. 2) looked more like a city break

itinerary, with much of the conference geared towards visits to local tourist sites and social activities laid on for the EECF employee representatives.

EWC Schedule – Day 1

09.00	Welcome and Introduction
09.30	"Facing up to the challenge" – President of Manufacturing and Supply
10.30	Coffee break
11.00	"ChemCo in Europe – 2006 Performance and Expectations for 2007" – President of Europe.
12.00	"ChemCo's Reputation" – Senior VP, Corporate Communications
13.00	Lunch
14.30	"The cross-cultural experience" – Research Fellow, London Business School
15.30	Afternoon tea
16.00	Final Plenary Session "Charities and Community Projects at Work" – Senior VP, Community Partnerships
17.00	Coach to hotel/guided tour of Old Town.
18.30	Restaurant for dinner.

Fig. 2: Extract from ChemCo's EECF annual meeting schedule (2006).

However, employee views' on the relevance of the meeting and on consultation were divided. The same Scottish representative accused the Chief Executive of giving a '…state of the nation address…' when he turned

up to the meeting and refusing to answer any of the representatives' questions. Blaming a tight flight schedule, he proposed that those with questions should forward them to him via email. Later, he fielded the questions back to HR and representatives complained that they were unsatisfied with the response. The Scottish representative was angered by this and believed that staff had not been kept informed of crucial decisions which affected sites across Europe. However, according to the EECF secretary '…there are real extremes of views and opinions amongst the members on how the meetings are run and these often reflect a split between union and non-union members…' Indeed, a presentation, given on ChemCo's charitable giving, demonstrates clearly how views amongst the representatives differred. During the last EWC meeting, one senior manager gave an overview of ChemCo's charitable donations as part of their commitment to corporate social responsibility. However, whilst unionised representatives complained that this was of no interest to the EECF, non-unionised members believed that it was a useful presentation which should be given to the wider workforce. Once again, this demonstrated the disparities, found amongst the delegates, and the growing concern that widening opinion was weakening employee voice.

Echoing the sentiments of its union members, UK senior management questioned rather candidly whether the consultation process was ever meaningful. The Global Head of HR commented '…meaningful consultation is what I struggle with, apart from it being the exchange of dialogue. Where does consultation end? We can sit and talk and come up with alternatives, but at the end of the day, management can still proceed with their proposal and there's nothing they [the representatives] can do…'. This was an important statement in determining the effectiveness of the forum, not only for Hungarian workers but, also, for ChemCo's workforce as a whole. There was a real sense that a UK senior management team, who were unable to decipher consultation, restricted largely the development of employee voice and what it should achieve. Yet, UK senior management recognised the need for improving consultation within the EECF. The Chief Operating Officer commented 'In the past we've shown them fifty slides and given them [the

representatives] ten minutes recess to tell us what they think and that's been the end of consultation… We need to give them time to formally reflect and come back to us.' Most EECF representatives agreed that the quality of the consultation process needed addressing. According to the employee chair, the problem lay in the definition of consultation. 'What management see as consultation and information isn't what the employee sees. We want to know about projects that are going to impact on the business. It would nice to be told in advance when they're shutting a site so we can go and actually talk to the local people…. we need to be in a position to negotiate the best benefits for those people.' He continued 'I understand where the Company is coming from, but the system is letting us down.' However, UK senior management displayed no signs that they were really keen to act upon this issue. The management chair concluded that the EECF had '…never been a driving force of change… and the only way consultation could ever be meaningful, at this level is if the law were to change, which I hope never happens.'. Indeed, most senior management representatives were happy to remain ignorant to the need for change and continue with the current consultation process.

The simultaneous consultation process prevented, also, any real participation from taking place within the EECF. Currently, announcements are made to EECF representatives at the same time as they are relayed to those affected by change at the local level. EECF representatives argued that this process made consultation at the European level superfluous, since they were unable to influence the decision-making process. EECF representatives, unanimously, believed that consultation should be undertaken at an earlier stage. However, management representatives, who believed that divulging plans ahead of schedule could have a negative impact on the business, opposed this. They believed that simultaneous consultation was effective and ensured that information was not leaked and that those affected were notified directly. The EECF secretary commented, '…we've taken the view that simultaneous consultation – locally, nationally and at European level should be adhered to. It takes some organising, but that way we feel we can step aside from the argument about who should know first.' The Global Head of HR believed that the employee representatives '…would like to get involved at

an earlier stage because they think they can influence management, although I doubt whether they would have sufficient experience to be able to play a meaningful role in that.'. This issue highlights not only problems in the consultation process, but emphasizes, also, the limited role of European level voice and the importance of local level forums; an issue which is explored again later in the chapter.

Notably, information and consultation was improved between the UK senior management and the sub-committee. Regarded as the engine of the EECF, the sub-committee comprised of a core EECF membership who met with UK management to discuss ongoing issues. However, there was a sense of elitism surrounding the role of the sub-committee; this meant that very little was discussed beyond it and they received heavy criticism from the wider EECF group for not consulting with other employee delegates. Members of the sub-committee conceded that they were not very proactive in seeking out the views of other EECF members but the confidentiality arrangements made this difficult. The confidentiality clause of the EECF agreement hindered the scope for consultation and the role of the EECF representative, putting representatives in an awkward situation. As one sub-committee member, from a factory in the north of England, put it 'I'm sitting at meetings with guys from my local site and I know there's something coming their way before they do, but I can't say anything. I feel it's a cute move by UK senior management to gag us and prevent us from getting involved.' However, UK senior management were adamant that the confidentiality clause was a necessary and acceptable precursor to engaging within employees representatives and they would not be able to provide the same level of information if the clause was relaxed within the agreement.

Indeed, UK senior management challenged the approach, adopted by EECF representatives, and argued that workers themselves were equally responsible for the inefficiencies within the forum. EEFC representatives were criticised for not taking a strategic business perspective to the decisions being made by management. The Global Head of HR explained 'I announced some site closures last week but all the representatives wanted to know was

how many people are expected to lose their jobs. This is disappointing because a EWC for me ought to be asking what the strategy is behind the proposals. But the representatives simply focus on the numbers. This is not particularly helpful.' However, the employee representatives argued that it was difficult to view issues strategically if jobs were being lost. The employee chair said '…it's understandable that we don't endorse the management view. What this gets down to is whilst there is a right to be consulted in the EECF there is no right for us to agree.' Reinforcing this, many representatives agreed that job security would remain always their top priority when attempting to consult with management and it was their role to protect the workers and not the shareholders.

However, worker voice had been weakened further by the presence of employee apathy. According to a EECF representative, from south-east England, the forum i was considered '… a complete irrelevance to most people…' A lot of us travel fairly long distances to get to work and we want to get in and get out, so participation is difficult. The days of staying with one firm are gone so why should we bother?' Workers from across ChemCo demonstrated, also, a lack of awareness and knowledge of the EECF. One UK based senior HR Manager speculated that, if workers were asked what they knew, most would not be able to give a definite answer. If I asked them 'do they know anything about the EWC?' I'm not convinced anyone would. Unfortunately it is a sign of the times.'

So far, the picture tells of a European level forum currently suffering an uncertain future for worker voice across the organisation. Whilst senior UK management are keen to retain control of the EECF and limit the potential which the forum offers for meaningful consultation, recent events have prompted a sharp shift in the attitudes of management and worker representatives alike. The catalyst for some of these contentions was the proposed redraft of the EECF agreement and the process of renegotiation unveiled some telling signs from UK senior management as to the value of European consultation. With its UK dominance and anti-union attitudes, the EECF has limited the development of employee voice, particularly for

Hungarian workers. Indeed, the abounding issues are so complex that the Hungarian influence has fallen off the radar. However, Hungarian participation was restricted by the local issues which workers sought to overcome and, therefore, the next section examines the local voice networks and how these influence the European forum.

7.4 The Impact of Hungary and Prevailing Local Voice Mechanisms within the EWC

Clearly, the influence of UK senior management and the multinational culture created within ChemCo has taken its toll on the development of a European voice mechanism and the evidence shows that, currently, Hungary plays a relatively insignificant role within it. Is this simply a consequence of UK dominance and poor UK management attitude towards the EECF or is it the result of national representation and Hungary's own inability to raise its profile? This section examines local employment relations and considers specifically the development and growth of the works council and trade union within the production site to understand what affect this has had on Hungary's role within the EECF.

To a large extent, the story of employee relations, in Hungary, is a positive one and the tenacity and commitment of the workforce to develop a voice platform should be commended. Despite local Hungarian management hostility towards it, workers, at the site, managed to galvanise enough support to set up a trade union which, eventually, management were forced to recognise. However, it was not an easy journey and relations with local management were not always harmonious. During the takeover of the site by ChemCo, trade union recognition proved a contentious and controversial issue. Outwardly, local Hungarian management promoted the benefits of a union free workplace, advocating that ChemCo jobs were protected and job security guaranteed. Initially, staff went along with these sentiments but, later, sensing a change in management style, decided to establish a union. One founding union member from the chemicals site explained '… a few of us got together when we realised that things were changing and that management

weren't as open, so we decided to set up a trade union. We spoke to the Chemical Workers' Union, VDSZ, who have a strong following nationally and we tried to get our colleagues on side, but it was very difficult to get management to listen.'.

Recognising that local management were not prepared to have a unionised workplace, the group of union activists adopted a different strategy and decided to stand for election at the local works council. Prior to the elections, the works council had been a union-free environment but, after the election, union activists won all works council representative seats. This union strategy to undermine management and seize control of the works council prompted a sea change at the site. A surge in union support, by employees, forced local management to reconsider its union-free policies and officially recognise the VDSZ union in the workplace. Consequently, a collective agreement was formally drafted and agreed between local management and the trade union and, to this day, the union continues to play a major role in the organisation.

According to the trade union secretary and chair of the works council, the union's overall objective is to '… recognise, protect and represent…' its membership and it acts as the primary source of worker representation. Across Hungary, trade union membership, amongst the majority of industries, has declined, yet, within the chemical sector, it has remained strong. Within ChemCo, union membership has continued to rise amongst blue-collar workers from fifteen to seventy per cent and it is clear that the founding union members are proud of their success. Yet, local managers are keen to underplay these figures, claiming that density is average in comparison to the rest of the chemical industry. Nevertheless, workers at ChemCo are supportive of their trade union and hold them in high regard. One local work council representative and factory worker commented, '… I am pleased that we have a trade union and it has had a positive effect on the works council too. Key members of the union are also members of the works council and that has helped to strengthen the relationship between both forums.'

Given that all works council representatives are union members, the relationship between the two bodies is strong and the resultant benefits are enormous. Firstly, there is a sense, amongst the delegates, that they are unanimous in their aims and objectives and they approach their work with the same level of enthusiasm. This allows them a much stronger voice with which to engage with management; strengthening their role and credibility as a representative body. According to another worker representative and chemicals worker, '… we all want the same thing and we all believe in the trade union, so we often agree on how we want to pursue issues and find solutions. One of our greatest strengths, as a works council, is that we go to management wanting the same results.' One key figure, who has been instrumental in strengthening worker voice at ChemCo, is the chair of the works council. As the union secretary, the chair has many years of experience working with VDSZ and his ongoing commitment to worker representation has proved both fruitful and effective.

However, despite the success of the trade union and works council, local workers have not been without their problems and local representation remains controlled by local Hungarian management. Whilst there had been modest improvements, local worker representatives reported that local managers have made little effort to encourage or engage with workers. According to the works council chair and trade union secretary, local management had'…no interest in promoting worker voice… The Managing Director here is not Hungarian and he gives no indication that he is interested in the labour problems at all.' The workers criticized the information and consultation process for not being transparent and involving worker representatives. The EECF representative for Hungary commented, '…here in Hungary, local managers make decisions about the site through a small, closed network that rarely involves local employee representatives. We have a Belgium guy in charge and the timing and streaming of information has got worse since he took over. It would be better if we had a local Hungarian in control of the factory. Managers from other countries tend not to be interested so much in Hungarian workers and they try and make decisions quickly and without our input.'

Moreover, it was recognised that the works council remained the weaker voice mechanism, in comparison to the trade union, and local management were accused of using the works council as part of a union avoidance strategy by deliberately consulting with the council rather than the union. The employee chair commented, '…the problem is that management see the works council as not being able to do very much, not having the same power as the trade union, so they want to bypass the union if they can and just deal with the council… It is their way of avoiding union involvement.' However in their defence, local Hungarian management claimed that they did not seek out actively discussions with the work council. According to the local HR Manager, they believed that it was important to draw a distinction between the two groups. 'There is some confusion over the role of the trade union and works council and it is important that we [the management] consult with the works council over the issues described in the company agreement and enshrined in Hungarian labour law. We consult with the union over the collective agreement and that is all because that is what the law tells us to do. It is not a deliberate strategy to avoid talking to the trade union. After all, the members of the works council are trade union members, so they know what is going on anyway.'

However, there was a growing cynicism amongst the worker representatives that local management were attempting to find new ways of restricting employee voice and, consequently, workers were turning to the worker representatives rather than their line managers to seek answers. To some extent, this reflected the quality of the service and its value within the working community; however, it raised, also, concern about local management's attitude towards the workers. One works council representative and factory worker said, '…the fact that people would rather speak to us rather than their HR or line manager about their problems suggests to me that they are too scared to speak to them and I think that's the real issue here. Whilst we're delighted that workers value the works council and trade union, management are creating an environment that means workers feel unable to ask questions.' This echoed the problem of legacy, found within PrintCo, however,

it should be noted that, in comparison, the issues were not as prominent or widespread. Nonetheless, worker preference for speaking to employee representatives rather than line management indicated that there was much scope for improving the employment relationship, at site level, and this extended to the EECF, where local management's handling of Hungary's involvement highlighted further their attempt to control worker participation.

Prior to becoming a full member of the EECF, Hungarian workers were given observer status to attend the forum. During this period, local management chose theirown representative to attend on behalf of site. Later, it transpired that the representative was a Hungarian manager and, when full membership was granted to Hungary, local management made no effort to change these arrangements. The decision not to elect a worker to the EECF post was greeted by opposition from employees, particularly those involved in the local works council and, eventually, local management were forced to hold an election and select a candidate democratically. The trade union secretary and works council chair commented, '… local management thought that they could get away with sending a manager to represent us at the EECF, but we were adamant that this would not continue. In the end, we rallied some of the workers and made enough noise that they [the management] had to do something about it.'

The elected Hungarian EECF representative was praised for her hard work and loyalty and there was evidence of a strong bond between the EECF representative and members of the trade union and works council. Whilst not directly involved in the EECF, the local union has been instrumental in training the EECF representative for her role and providing her with the necessary support. 'The chair of the local works council managed to organise some training through the trade union for me once I was elected to the post within the EECF. My relationship with him is good and I am always able to discuss things both before and after the EECF meeting takes place.' The evidence shows that every effort was made to integrate the local and the EECF forums and those local worker representatives were encouraging the EECF's involvement with the local works council. However, there was a fear that,

once the works council chair and trade union secretary leave, this relationship would suffer and links between the European and local level would deteriorate.

Indeed, local worker representatives believed that management had done little to encourage dialogue between the local and European forums because they did not consider the EECF to be important. Management felt the EECF was too removed to have any real impact in Hungary and, whilst they congratulated the EECF representative for doing a good job, they believed that the role has little influence at site level. Moreover, local management reported feeling disempowered by European level consultation, since they considered employment to be a local problem. Centralised management decision-making over employee issues was believed to hamper their ability to manage staff effectively at ground level. The local HR Manager commented, 'In many ways the decisions made in the UK or in Europe contradict some of the decisions we wish to make here and that is frustrating for us as managers trying to organise the workforce here.'

However, local management believed that part of the issue lay in the attitude of the workers. From a local point of view, there was a sense that, as a global business, ChemCo had little relevance to Hungary and local management were critical of employees for displaying a very localised attitude towards company issues and for lacking interest in the EECF. The local HR Manager continued, 'People expect things to happen but without being involved… Also, they don't perceive it as beneficial because they don't feel part of a bigger organisation. Staff members do not recognise that as an organisation they are part of a much bigger group with a EECF forum. Let me go further, some probably don't know that there is a much larger ChemCo organisation beyond Hungary out there at all!' Local worker representatives recognised that they were isolated as a site and acknowledged that they operated locally, focusing on the day-to-day issues. However, in order to increase awareness, more needs to be done to promote global thinking and integration amongst the sites across Europe. The EECF representative believed that the local mindset was symptomatic of Hungarian workers. 'Hungarian people are good at creating

local family communities and that is what we are interested in. We are not so interested in workers elsewhere because we have our own local issues to deal with.' Whilst the local level forum and trade union were making every effort to create alignment with the EECF, there was little evidence that the EECF was promoted amongst the wider workforce and, for localised attitudes to change there was a need to focus on bringing the EECF to their attention.

On reflection, the trade union made a considerable contribution to the establishment of employee voice and employment relations and, against the odds, the local site developed an active and well-regarded structure for representing staff. However, its introduction was not without its problems. Not only were local management resistant to change and participation, workers, themselves, were apathetic and fearful of speaking out. Despite the good work, there was limited evidence that VDSZ had achieved a significant amount since the introduction of collective bargaining and, whilst they were keen to support the work of the EECF, their involvement had not influenced Hungarian voice sufficiently at a European level. More needed to be done locally if Hungarian workers were to achieve voice, within the EECF. However, equally, more had to be accomplished, from within the EECF, if it was to be effective. Whilst there were possibilities for increasing its success, there were further challenges which prevented effective participation. These are discussed in the next section.

7.5 Forces for Convergence

So far, it has been established that the EECF was constrained by both UK and Hungarian influences. Despite its pan-European composition and framework, the EECF has struggled to emerge as a wholly European entity and embrace not only a UK but, also, a European approach to worker voice. Moreover, the culture of the multinational environment has proved challenging, also, for those attempting to create a credible European voice platform. Consequently, European worker solidarity has not been achieved, amongst those engaged, and Hungarian voice has been stifled by the inequalities found within the forum. In short, the EECF has the ability to

provide a very fruitful environment for creating a level platform and a European voice; yet, those, in charge of the EECF, have not harnessed correctly the 'forces for convergence'.

The reasons for this resonate with PrintCo's findings. There are practical problems which inhibit its development, such as communication and training, but there is, also, a large portion of evidence which highlights more fundamental issues in the construction of European voice. These centre centre around the perceptions of worker representatives and the importance of local mechanisms, causing major difficulties in the development of a European identity and worker solidarity. Moreover, some participants recognised the limitations placed on the EECF and put forward suggestions for strengthening the forum. In light of this, the following section examines these issues and recommendations. However, we start by addressing communication and language and its impact on Hungarian voice.

Many EECF participants believed that communication both in and out of the EECF annual meeting had deteriorated in recent years. UK senior management considered that as a communication tool to the wider ChemCo workforce, the EECF was pretty ineffective. The Chief Operating Officer commented '…I don't think it [the EECF] is an effective mechanism for communicating with employees because we don't mandate, monitor or even instruct on the onward communication. If you want to get a message out to staff then you wouldn't go down the EECF route.' The EECF secretary explained, 'Those thirty or so people who come to the EECF aren't in my view particularly good at being ambassadors for the 10,000 people they represent. I'm not sure how information is fed back to the sites but as a manager you can't rely on them to do it. Communication could be better.' Indeed, from all corners of the EECF structure, there was evidence that communication was not delivered effectively. As discussed earlier, the operating sub-committee was set up primarily to enhance consultation and communication within the EECF. Yet, its introduction created a barrier to communication, having produced a two-tier system from which many of the wider members of the EECF felt excluded. However, the sub-committee claimed that it was difficult

to communicate to the rest of the group and argued that there was little evidence to suggest that EECF representatives were interested sufficiently to warrant formal communication channels.

Within the annual EECF meeting, some members were considered to be more vociferous than others. According the EECF representative for Scotland, '…the louder you shout the more you get heard… the same voices are heard all the time.' This meant that some representatives tended to dominate conversations and not all representatives were able to give their point of view. UK management, taking part in the EECF, could not be certain that all representatives comprehended fully the purpose of the EECF meeting, putting further strain on the process. One of the biggest issues for delegates was the issue of language and, for the Hungarian representative, communicating in English had created a significant challenge. Despite the provision made for interpreters to be present at the EECF, ChemCo continually failed to provide a Hungarian interpreter and the representative had struggled to participate. According to the Hungarian delegate 'When I asked for a translator, the secretary of the EECF told me that it was 'very difficult to find an interpreter' and in the end I was practically refused one by management.'. Communication in meetings is hampered further by the increasing use of technical language and management jargon. For the Hungarian participant, '…understanding language related to chemical waxing is not a problem, but some other processes are more difficult to decipher and the language the speakers use is sometimes very sophisticated and therefore I do not like to ask questions.'.

Informal communication or 'corridor conversations' had the biggest impact for representatives at the EECF meeting, providing some opportunity for representatives to get to know one another and forge relationships. Both UK and Hungarian representatives agreed that the best method for obtaining information was outside of formal meeting hours and at the arranged social events. Prior to attending the EECF, the Hungarian delegate was told by a former EECF representative not to '…expect too much from the meetings… the real exchange is only possible during the evening.' However, the

language issue once again made participating particularly difficult. 'Other European colleagues who cannot speak English tend to arrive at dinner with an interpreter and they are able to discuss matters, but because the Hungarian language is very unique and I don't have an interpreter, it is rather difficult for me to contribute.' Maintaining links outside the meeting created a further challenge for Hungarian workers and UK senior management did little to remedy the situation, failing to send important documents in time for the annual meeting. When information was received at short notice, getting an expert to translate the documents at speed was difficult and, consequently, the Hungarian representative believed that she was ill informed and ill prepared.

It was believed, amongst the EECF representatives, that better training might have alleviated some of the communication issues. Prior to the expansion of the EECF, induction and cultural diversity training had been undertaken on an ad hoc basis during EECF meetings and both senior management and representatives believed that this improved direct communication amongst the group. However, these sessions ceased once the EECF increased in size and, since then, no further training was offered. UK senior management claimed that there was little time on the agenda to train representatives and argued that the high turnover of delegates meant that it was no longer cost effective. This put the onus on trade unions to train EECF members, at the local level, and, whilst the local Hungarian union supported the EECF delegate through training, there was a sense that the union was not experienced enough in European matters to make a valid contribution to educating representatives.

Indeed, the findings demonstrate that UK senior management's decision to bring cultural training to a halt had not enhanced European integration. When it came to multiculturalism, there was a general lack of understanding within the group and members did not mix. This created cliques and fragmentation amongst the worker representatives and the Hungarian member, in particular, felt he had been excluded as a result. Worker views were often rooted in national stereotypes and prejudices which proved difficult to breakdown. The

UK based EECF representative from south-east England believed Hungary was politically and socially '… still in the dark ages…' and many made assumptions about the behaviour of members from ChemCo's CEE sites. For some, overcoming this issue and engaging with other EECF representatives was not a major concern. After all, their role was to represent workers from their site, not to develop links with workers from across the organisation. However, this highlights a bigger issue within the EECF which, perhaps, is more fundamental to understanding the inefficiencies of the forum and this is that worker representatives do not view the EECF as a European forum. For representatives, what the EECF provides is a framework for ensuring jobs are retained locally and an opportunity for disgruntled workers to have local labour issues resolved by UK senior management. In essence, local issues are what matter more to those taking part and the success of the EECF is measured in terms of what it has achieved personally for EECF representative.

UK senior management criticised representatives for taking this approach and not attempting to understand that the EECF was not some sort of 'add on' to their existing local forum. The EECF secretary accepted that it was a natural mistake to confuse local and European mechanisms but representatives '… should be encouraged to discuss local issues at national level and not at the EECF…'. However, he believed, also, that representatives considered the EECF largely as a '…court of appeal…' for their local problems. 'I'm quite sure that when people come to the meetings, they are principally there to protect the position of their own country. What they want to do is use whatever influence they have at the European level to protect the local interests.' However, representatives including Hungary's delegate, argued that raising local issues was an important aspect of the EECF meeting, particularly if there were issues to discuss which affected local workers elsewhere. Without the opportunity to raise local problems, there was no way of establishing whether others were facing similar situations and European worker solidarity would never be forged.

Moreover, the use of simultaneous consultation, as discussed earlier in the chapter, created a feeling amongst EECF representatives that local voice took

precedence since senior management were more willing to engage with those affected by change than those representing workers at the European level. The senior Employee Relations Manager claimed that local level workers would be always better placed than EECF members to put forward ideas and engage in consultation because of their increased knowledge and understanding of their site. Last year, UK senior management informed staff, at a local site, of potential redundancies, informing the EECF members at the same time. In response, local representatives put together their own proposal to save jobs by reducing overheads and engaging directly with senior management. EECF members complained that their input was limited by those local representatives who worked on the initiative with senior management. However, local workers believed that they were better equipped to make their own recommendations and did not require the help of the EECF. The Global Head of HR explained, '…local representatives forwarded an alternative proposal to the one we announced. In the end, management chose to go with its original decision, but the process highlighted how ineffective the EECF is when it comes to the issues that matter. The EECF representatives didn't know what to do. How could they at a European level consult on behalf of a local site? It was impossible. What would they do? Even if you got local workers to the EECF meeting, which we did, it was still them talking to us, it wasn't the EECF talking. So I'm not sure what role the EECF plays in all this.'

Those with a strong sense of local voice in countries such as Germany, France and Belgium, viewed the EECF as less important to their national voice framework and the Hungarian EECF representative believed, also, that local voice channels took priority over the EECF and offered considerably more to workers. Indeed, those worker representatives, who had more experience of works councils, were believed generally to be better equipped at operating within the EECF. However, this was not the case for the Hungarian worker representative, who considered the whole experience to be a '…huge cultural shock…' whereby the representative had been '…thrown in at the deep end…' and expectations of what the EECF could achieve had not been met. Ensuring that all member expectations are met is a difficult task.

The management chair of the EECF explained '…one of the problems is that it's not clear where a EWC sits in relation to other voice mechanisms. Everyone has different expectations and country experiences and it all comes together in a big melting pot at the European level. It's difficult to know where we go from here. Where does the EECF sit in relation to a worker's own national voice mechanisms? We need to create one style of consultation at the European level but that is difficult to achieve.'

The situation underlines a series of problems in integrating local and European voice mechanisms and the struggle EECF members endured in trying to establish a meaningful and credible forum. Establishing a common European agenda has troubled EECF members, also. UK senior management blamed the problem on the centralised structure of the EECF which was not in keeping with the decentralised nature of the business. The management chair commented 'I think it's hard to formulate a European agenda. We're not focused on Europe, we're global in the main and that's the problem. The EECF structure simply doesn't represent our business. You can talk about what's happening at a strategic level and that's where we try and clearly focus, you can hopefully share direction across Europe, but it's not really helpful trying to discuss issues at a European level, we don't operate like that…'. Overall, worker representatives agreed that creating a common agenda limited their ability to create a strong European identity. Common issues between sites were considered to be sparse and there were difficulties in finding things which were of interest to everybody.

However, whilst recognising the problems in achieving effective voice through the EECF, many representatives were clear on where they saw possibilities for improving the forum. Increasing the frequency of EECF meetings was suggested as an effective way of ensuring stronger worker links. This would promote continuity and further development; encouraging better communication both within and outside the meetings; and, perhaps, raising the profile and importance of the EECF at a local level. In addition, the employee chair proposed developing a EECF road show to inform new members of the role and purpose of the EECF. The sub-committee chair

explained, '…if we were to get involved at the site level and go on and do a few road shows to new member states it would help people understand. That's where the difficulty lies because I don't think a lot of them understand what it is and how to get it up to that level. They need some education to know that they can raise issues from the local to the European if it affects other countries too.'

However, whilst Hungarian representatives both at the local and European level relished this opportunity, they believed that cultivating existing relations, within the EECF, would be more effective in the short-term. During the fieldwork, it became apparent that UK senior managers were ignorant of the local voice mechanisms in place in Hungary and their knowledge of the CEE region and its sites was minimal. Creating stronger links with UK management would not only allow managers to take a slightly less UK-centred approach but, also, reduce the existing feelings of detachment at the local level. Indeed, the EECF representative for Hungary believed that local Hungarian management, in the EECF, could help to strengthen relations and increase local management interest in European issues. Moreover, it would allow local managers to play their part in shaping centralised company policies.

From a Hungarian perspective, the local works council chair and trade union secretary believed that the EECF could play a more central role in providing employee voice if more workers were allowed to get involved in the process. 'I would like to see the relationship between the EECF and the local union and works council become stronger. We had such hopes and expectations when we joined the EU that being a member of the EECF would improve our work here. So far it hasn't really achieved much. I believe we need more than one member representing Hungary at the EECF. One representative is not an institution. Even if I could go along and observe what takes place that would give us a better understanding of how we can approach our role.' However, before local representatives can become more actively involved, there are a number of existing and rather complex issues which require more immediate attention. The issues, raised in the chapter, are analysed in detail later.

However, before presenting evidence from the final case study, a summary of the key points from ChemCo are presented.

7.6 Summary of Findings

Reiterating the existing dichotomies of multi-level voice, found within PrintCo, the ChemCo case study confirmed the UK's influence and the multicultural environment on European level employee voice and the limitations of the EECF. It demonstrated, also, an inability, within the local works council and trade union, to strengthen Hungarian voice within Europe. Whilst the findings show that opportunities do exist for harnessing Hungarian voice, it seems that relations at both the local and the European levels have prevented the development of a meaningful relationship.

At a European level, this has been particularly problematic. Once again the Anglo-centric nature of the forum has distorted proceedings and given UK members a much more influential role in the EECF. Opinion amongst worker representatives was split, also, amongst union and non-union members and this split was exacerbated by UK senior management's decision to take a rather anti-union stance over their involvement. Indeed, the divide between union and non-union EECF members was illustrated clearly through their disparate views on presentations on charitable donating and the EECF agenda. Moreover, the EECF schedule highlighted how management presentations, in general, had come to dominate EECF proceedings, with little emphasis on worker representative discussions. From the agenda it appeared as though the entire EECF event was as much an opportunity for members to engage in corporate entertainment, as it was an outlet for participation. Clearly, worker representative attempts to revise the EECF agreement was an indicator of their own frustrations with the forum. However, one of the biggest problems, for those engaged, was the notion of consultation and how management defined it. The findings show that that there was an expectation gap between worker representatives and UK senior management views, with management admitting openly that they struggled to implement an effective consultation process. Added to which, the procedure

of simultaneous consultation had marginalised EECF members from decision-making and highlighted the relevance of local rather than European voice structures. However, workers had not helped entirely to strengthen voice either, adopting in the main a rather apathetic attitude towards the EECF. However, this was as much an issue of awareness as a lack of interest.

At a local level, Hungarian workers and managers both felt disengaged by the EECF. Geographically isolated and unable to comprehend the magnitude of working for a global organisation, the European forum appeared irrelevant. In response, workers focused on overcoming local issues; they managed to turn a union-free environment into a union stronghold which worked with rather than against the local works council. Indeed, union control of the works council has stood worker voice in good stead, with some modest outcomes for workers. However, there was still limited evidence that the dual structure has overhauled worker participation. Whilst relations with local management had shown signs of improvement, there was overwhelming evidence that local management had attempted to restrict consultation and avoid engaging with the VDSZ union. The evidence shows that, whilst local worker representatives would like a greater sense of presence, at the European level, more needs to be achieved by workers locally if, eventually, they are to influence voice for Hungarian workers within the EECF.

One way of strengthening alignment between local and European mechanisms is through the establishment of clearer communication channels. However, the communication strategy needs rethinking and dissemination of information from the top-down requires more effort. UK senior management needs, also, to redress the issues around language and Hungarian worker representatives need to press management more firmly for this support. Reestablishing a training programme for EECF delegates and creating a common European agenda would go some way to help improve relations. This would encourage a more multicultural approach and cultivate a stronger European identity amongst the membership. However, it takes a fundamental shift in employee attitudes from all sides if genuine solidarity links are to grow and voice is to become effective. At present, the European forum is perceived

as less important than local mechanisms and many EECF members, including the Hungarian representative, fail to see the relevance of the meeting. Without the ability to recognise the value of the EECF and create a meaningful agenda, it is difficult to galvanise support for it. Nevertheless, workers involved in the EECF are attempting to create a credible platform, not only through the strengthening of the EECF agreement, but, also, through their own ideas to promote awareness and participation.

According to its members, if Hungary is to successfully participate in the EECF, local management and workers must buy-in to the concept of the EECF. Whilst workers need to widen their understanding and recognise that centralised decision-making has a significant bearing locally, Hungarian management needs to take a more proactive stance and communicate with UK senior management more frequently. This can be achieved by encouraging better relations between the UK and Hungary and bolstering awareness of the EECF through worker-led initiatives. With a greater knowledge of European voice, Hungarian workers may find that they are more able to cultivate links and enhance participation more effectively. The final case study echoed many of the issues and themes discussed so far within the two case studies. However, with three sites operating in Hungary, the prospect of employee voice is more complex for FoodCo workers. In light of this, we move on to examine the third and final case study.

Chapter 8

Case Study Findings: FoodCo

As with the previous case studies, the findings from FoodCo are explored through the existing framework, examining the diverging influences of the UK and Hungary and the forces for convergence found within the EWC. The findings echoed many of the issues discussed in the preceding chapters and the problems associated with EWC mechanisms. Once again, the evidence highlights the limitations and complex nature of multi-level voice frameworks. However, within FoodCo, there were signs that a change in approach towards the EWC, by UK senior management, had improved EWC relations. This, along with other evidence, is explored later in the chapter, but we begin by outlining the key features of the EWC agreement and industrial relations environment in which FoodCo operates.

8.1 Overview of Case Study Organisation: FoodCo

FoodCo is a global business within the tobacco sector, employing over 55,000 staff in fifty-two factories, within forty-four countries. Its sites are split primarily between production; sales and distribution, with its head office based in the UK. In recent years, business growth has taken place through acquisition and, since changes were made to UK tobacco laws, a large proportion of production has been relocated to the CEE region. Given the changing social attitudes towards tobacco consumption, the industry, as a whole, has been forced to take a more sensitive approach to the production and sale of tobacco and FoodCo has undergone a period of radical business streamlining and organisational change in order to remain a competitive market leader.

Referred to as ‘Project X’ (the name has been changed for the purposes of the case study), FoodCo restructured its European operations recently which had a significant impact on the workforce, particularly amongst the traditional blue-collar workers. ‘Project X’ is set to continue for some months since the next phase concentrates on reorganising the commercial division and job

losses are anticipated amongst white-collar staff. To date, particularly Hungary and the UK have been affected by the cuts, with production at the UK's largest tobacco site relocated recently to Hungary and Romania. With the threat of further site closures, the future of Hungary's own production site remains in the balance. Consequently, this has caused uncertainty amongst employees across Europe, with production workers particularly fearful of job losses.

In 2000, FoodCo's EWC was established during a period of business integration and was founded under an Article 13 agreement. The joint employee-management forum consists of thirty-two EWC employee representatives and six senior managers. Each employee delegate represents approximately one hundred employees and the number of seats allocated to each country is proportionate to staff numbers. Hungary joined the forum, in 2004, and, currently, is represented by two EWC delegates. One representative is employed full-time as a trade union secretary at FoodCo's Hungarian production site, whilst the other member is the local works council president for the commercial division and works full-time as an administrator.

Within Hungary, FoodCo operates under two subsidiary companies – FoodCo Ltd and FoodCo Hungary. Whilst FoodCo Ltd is responsible for the distribution of its products, FoodCo Hungary is responsible for the production, sales and marketing of the brand. There are currently three sites in operation, a production site in southern Hungary; a commercial office in Budapest; and a distribution centre on the outskirts of the capital. Since FoodCo has multiple sites in Hungary, the structure of local voice mechanisms is comparatively more complex and fragmented than those found within PrintCo and ChemCo. Three works councils operate independently at each of the sites and provision is made for a further central works council which combines worker representatives from across the sites. However, at this time, the central works council is not in operation and there are no signs that it will be reestablished in the future.

Geographically isolated from the rest of FoodCo, the production site dates back over a hundred years and, during this time, the firm has moved from private to public and back to private ownership. The site is the primary employer in this large Hungarian town and many of those employed by FoodCo have a long association with the site, with generations of family members working in the factory. Consequently, there is a strong sense of community and loyalty amongst the blue-collar workforce and this is reflected in their relative interest in worker issues. Within the works council, nine members represent a predominantly blue-collar workforce and meet on a monthly basis with senior HR staff to discuss local issues. The production-based work forum is considered to be the most active of the three works councils, attracting longstanding members. The Hungarian Food Workers' Union, EDOSZ, is a recognised trade union in the factory and a union secretary is employed on a full-time basis, working on behalf of its union members. Within the distribution centre, a works council was established recently. The decision by workers to set this up was prompted by recent changes to the site's termination policy and rising tensions with local Hungarian management. Currently, with the help of EDOSZ members, works council members are working towards establishing a trade unionat the production site in southern Hungary and it is anticipated that this will be up and running in the coming year. In contrast, the commercial site operates a union-free policy and the works council is far from active, with four out of the eight representative seats remaining vacant.

Overall, these are testing times for FoodCo workers, both at a European and Hungarian level, where economic uncertainty at sector and at company level have left a question mark over the business's future. Indeed, senior UK management predict that, eventually, market forces will prompt a shift in production to the Far East where operational costs are considerably cheaper. These conditions shape the environment for employee voice and participation and this is discussed later in the chapter.

8.2 FoodCo's EWC Agreement

FoodCo's EWC meets on an annual basis and many elements of the agreement echo the structure and function of PrintCo and ChemCo's EWC arrangements. FoodCo's agreement stipulates that the annual meeting shall discuss matters pertaining to '…the performance of the Group in the EEA and Switzerland and the commercial factors affecting its operations and significant transnational developments which have a significant and direct effect on the employees' interests.'. This includes '...financial, production, sales, employment and market trends and developments, training, environment and non-local health and safety matters of a transnational nature.'. Only issues affecting two or more FoodCo sites can be discussed within the forum, whilst all other employee issues must be addressed locally.

Within the agreement, consultation is defined as '…the establishment of a dialogue and exchange of views on the subject matters within its scope…' It also outlines the limitations of consultation and states that it does '…not include collective bargaining or codetermination…' and that '… nothing…. shall diminish or prejudice the right of central management or local management to manage the business…'. In essence, whilst FoodCo welcomes dialogue between the EWC and UK senior management, the onus falls to UK senior management to make the final decision. All members of the EWC are bound by the confidentiality clause which prevents representatives from disclosing information to others outside of the EWC. The agreement establishes the use of a sub-committee which has three employee representatives (a EWC employee chair and two deputies) who meet on a monthly basis with a senior HR manager, in the UK, to discuss the day-to-day issues. The sub-committee members are elected by the rest of the EWC to act on behalf of the members during the year. Whilst the confidentiality agreement extends to the sub-committee, discussions taking place within this group are more in-depth and the agreement prohibits the release of some information by sub-committee members to the wider EWC group.

There is no provision, within the EWC, for direct trade union involvement and the UK trade union, Unite, was not consulted officially during the drafting of the EWC agreement. However, the use of a trade union expert, within the EWC, is permitted but this is granted only on a pre-arranged basis with UK senior management and does not allow trade union delegates to attend the EWC meeting. Nonetheless, trade union officials remain eligible to attend the employee-only meeting held prior to the annual event. Currently, the full-time Unite secretary undertakes the role of EWC employee chair.

The agreement outlines clearly the financial costs of running the EWC. For the most part, time off in lieu and travel expenses are paid by local management, at site level, whilst UK senior management provides a budget of £5,000 for each employee delegate per annum to cover all miscellaneous expenses. Since the EWC agreement was established, members and managers agreed an addendum, creating a 'common platform' or protocol outlining a set of universal EWC procedures relating to the operation of the forum. Overall, many aspects of the EWC agreement have influenced the scope of consultation, within FoodCo, and the following section explores some of these influences through an examination of the UK multinational environment.

8.3 <u>The Multinational Environment and the Impact of the UK within the EWC</u>

FoodCo's EWC is culturally diverse and its composition reflects largely that of ChemCo, involving participants from across its European sites and representing blue and white-collar workers. However, despite the diversity, the EWC remains Anglo-centric in its approach, with many UK EWC representatives believing that being British strengthened their voice within the forum. Once again, the EWC is controlled largely by the UK and this is evidenced through the number of key posts held by UK managers and workers within the forum. Indeed, UK employee representatives were generally more positive in their attitudes towards the EWC than representatives from other European sites.

However, what distinguished FoodCo's EWC from forums was the attitude of UK senior management. With the appointment of a new UK-based HR Director, who acted, also, as the EWC's management chair of the EWC, the forum changed dramatically and the mood amongst its members improved as a result. The HR Director explained, '…we have changed our approach and realised it isn't this sort of antichrist that everyone in the management thought it was going to be. We have actively engaged in trying to build a rapport and create an understanding between us. In years gone by we [the management] would have probably told them [the representatives] as little as we could get away with and we would have used this sort of salami slice approach to it…'. The HR Director outlined how their approach had changed. 'After a while we convinced everyone that the best way to get ahead in this game was to get around the table and say 'This is what we think the issues are going to be, this is what we think the world is going to look like, what do you think?' Now, we never expect the representatives to say 'Yes, it's a great idea, close some factories' because that's unfair, but what we do is we work out a plan and try to involve the representatives and I think it is starting to slowly pay off.'

This shift, in the UK senior management approach, proved to be a constructive turning point, largely recognised by both sides of the EWC. However, not all managers, involved in the process, were as forthcoming in their optimism for the forum. One of the recognised benefits of the EWC was that it instilled discipline in the decision-making process and the Chief Operating Officer believed that it was a helpful tool when managing change. Nevertheless, senior managers regarded generally the running of the EWC as a burden to their burgeoning workload and considered that it was not hugely influential as a communication tool. The Sales Manager, based at FoodCo's Head Office in London, believed that, already, communication was managed effectively at FoodCo and the EWC '…didn't really add a lot.'

The response to the change in UK senior management approach amongst the employee representatives varied too, with some more receptive than others. Employee representative attitudes varied according to their nationality, level of

participation and role within FoodCo. Representatives, from the manufacturing site in south England, perceived the EWC more favourably than Hungarian representatives from the commercial site in Budapest. The employee chair of the EWC and UK trade union secretary described the EWC as '...one of the best...'. He believed that, in the last two years, the EWC had improved significantly in its capacity to inform and involve employees. 'The relationship has grown stronger and stronger. At the start we were being told things at the last minute. In the end, when management failed to tell us about a factory closure, we told them we either have to have a EWC that works together or we don't have one at all. Changes then took place and it has improved.'

However, not all UK members were so complimentary and opinion was divided between production and office-based staff. There was a sense that, ultimately, UK senior management was the decision-makers and worker views were not considered always. One UK-based white-collar EWC representative from FoodCo's Head Office commented 'I'm a great believer that a company of this size, if they make up their mind that they're going to close somewhere, no matter what anyone says, they'll still do it.'. Moreover, commercial representatives believed that management were more likely to engage with those from the manufacturing sites than from the commercial division. One UK EWC representative, who chaired, also, the UK's works council and worked full-time in sales commented, '…I think there's a feeling amongst management that we [white-collar workers] are not as vital to the EWC as those working in manufacturing…. but I don't see why we shouldn't all play an equal part…'. Commercial members felt disappointed by their lack of involvement and its lack of relevance to white-collar workers. However it was anticipated that this would change once 'Project X' reached its next phase and organisational restructuring began within the commercial division.

Hungarian commercial delegates were even more critical in their analysis. According to the Hungarian EWC representative, from the commercial site, the EWC was '… too slow and tiresome. Nothing really happens and they [management] talk about nothing really. '. Asked if she felt UK senior

management were committed to the EWC, she commented '… they are not really interested in it, they do it because they have to….'. The Hungarian EWC delegate and trade union secretary, from the production site, gave a moderately better response. 'I get a deeper understanding of the Company and their wishes but they [management] don't solve our problems here in Hungary. I would be more satisfied if management could tell us what is going to happen here, but they don't do that.'

Nevertheless, the EWC had achieved the provision of a common platform which sets out the EWC process and ensured consistency and compliance within the forum. One UK manager, involved in the process, commented, 'We came up with what we've called the common platform. These are things that we've agreed over the last two years. For instance, if we have to close a plant, the common platform tells us the things the EWC will do and the manner in which we'll approach it.' Whilst this ensured that procedures were followed correctly, its development was concerned more with the EWC process than with the capabilities and scope of the forum. Indeed, if some UK senior managers believed that the EWC failed to deliver as a channel for communication, what capacity did it offer to workers for meaningful consultation? The findings show that, as a consultation forum, it offered limited possibilities for influencing decision-making, with the majority of meetings devoted to management presentations. According to the production based Hungarian EWC representative '… presentations take up about ninety five percent of the meeting and around five percent is given over to discussions…. These are generally very long and hard to follow and once managers have given them they then leave without allowing us to ask questions.' Indeed, a copy of last year's EWC agenda was obtained during the interview process and confirmed comments made by some EWC representatives that the meeting focused on providing a general overview of the business and its financial position. The table below is an extract from the two-day meeting; this outlines some of the presentations given by senior management and the types of activities arranged for representatives.

EWC Agenda

Day 1

09.45 Introduction and welcome.

10.00 Message from the Chief Executive Officer.

10.30 Overview of FoodCo (European operations) – Chief Operating Officer

11.00 Coffee

11.30 Profitability and Performance: Financial Report from the UK Finance Director

13.00 Lunch

14.00 'Project X' – An update on phase II of organisational strategy from the UK HR Director

15.30 Afternoon tea

16.00 Sustainability and beyond: Responding to Corporate and Social Responsibility. A report on the future CSR strategy from the UK HR Director

17.30 Bus tour of City (for all EWC representatives).

19.00 Evening dinner and traditional dancing.

Fig. 3: Extract from FoodCo's EWC annual meeting schedule (2006).

Many UK and Hungarian representatives voiced concerns over the unsatisfactory procedure for putting forward their questions to UK senior

management. Direct questioning was not encouraged and, when issues were raised, management requested that they be put forward formally to HR prior to the meeting. One newly elected UK based EWC representative, from the manufacturing site in the south of England, observed that many of the issues discussed appeared to be recurring and unresolved. 'The main issues for workers tend to be about redundancies and factory closures, that's what really interests us, but for UK senior management it's not always up for discussion.' Another UK EWC representative, from the same site, described the whole process as a '…. display by management to appear to be doing something when actually they aren't prepared to really engage.' Indeed, fig. 3 shows clearly that not only was there little opportunity to engage in consultation but the forum also included social activities, echoing earlier findings from ChemCo, in which the EWC included activities for EWC members that, perhaps, are best described as 'corporate jollies'.

The process for consulting with employee representatives mirrored largely the procedures in place at ChemCo. At present, announcements to staff representatives are made simultaneously across the local and European forums. This allows those affected to be informed immediately; however, its use was criticised, by EWC representatives, for not allowing sufficient time for meaningful consultation to take place. However, UK senior management saw this approach as an improvement to the previous arrangements. The Chief Operating Officer explained 'Previously we would just announce we were going to close a factory and it would have been a bolt out of the blue, but we decided to change our approach. We felt that if we gave the representatives the information first and talked it through, they'd get to the stage where they can see what we're trying to do. I think doing it this way means the management team lost their weariness or apprehension about what we tell the EWC. It's become an ingrained way of working and it's reduced the degree of mistrust and increased comprehension…. It's a big change in the management approach.' However, the process of simultaneous consultation reduced the impact and role of the EWC and worker representatives believed still that it limited their capacity for meaningful involvement.

Taking a more pragmatic view, a white collar UK EWC representative from Head Office commented, '…the EWC is never really going to be able to enforce or influence company decision-making, because the decisions have largely been made and the only real responsibility the employer has is it to inform us. I do feel quite strongly that what we do is redundant in a sense. Decisions are largely made on an economic basis, so the influence of employees is always gong to be curtailed…' Many of the UK senior managers, involved in the EWC, inferred similar views; that when a decision was made on its economic merit, there was little the workforce could do to override it. The UK based Sales Manager believed that the EWC was about informing rather than consulting. 'A high proportion of it is information. Consultation is where consultation is necessary.' The Chief Operating Officer admitted that, for FoodCo, the EWC was simply about complying with the law. 'It's not hugely consultative, but we do what we have to. We consult more with the sub-committee but on a scale of one to ten, I would say we were a six or seven.'

The findings suggest that the sub-committee had a more privileged position in the consultation process and there were obvious distinctions between the sub-committee and the rest of the EWC. For UK senior management, the elected sub-committee was a safe way of discussing and engaging with staff on confidential matters and the relationship allowed management, according to the HR Director, to '…test the water on things before we announce things publicly.' Evidence, from both sides, shows that the sub-committee was considered of more value in terms of its ability to act on behalf of the workers. The Chief Operating Officer commented, 'I believe the relationship between the sub-group and the management is a very powerful enabler in terms of what can be achieved within the EWC. There's a trust there and that is very important to us.' The sub-committee met on a monthly basis to discuss day-to-day issues but they faced severe criticism from the EWC's wider membership for not involving others in the process. A blue-collar worker and EWC representative, from the site in the south of England, believed that it was the sub-committee's responsibility to engage with worker representatives. 'They seem to operate without the involvement of anyone else. I suppose if

the issues being discussed are not relevant to all of us then that might explain why we're not informed, but I still think that if you're not going to attend, we should be informed of what goes on.' Many of the other representatives agreed and felt uninformed about what took place. However, the HR Director admitted that much of what was discussed by the sub-committee was not made readily available for a reason. 'Information is generally not communicated back if truth be told. It's an informal meeting and, although the sub-committee is a mechanism, we don't follow up with a monthly circulation of minutes because what we discuss can be highly sensitive.' Moreover, it i was stipulated, in the EWC agreement, that not all information would be fed back to ensure confidentiality.

The issue of trust and confidentiality was a reccurring theme. Findings suggest that UK senior management felt somewhat vulnerable to the possibility of information being discussed outside the sub-committee and the EWC. However, the confidentiality clause was unpopular with employee representatives who believed that their role was to inform and discuss what was taking place. The Hungarian EWC delegate and trade union secretary commented 'I don't really know what I can and what I can't tell people. So I can't decide if the whole thing is just show, or if it is really genuine because management prevent us from really engaging.' However, management were adamant that, if there was ever any evidence that worker representatives were discussing sensitive information outside the forum, there would be repercussions and the trust bound relationship with management would be threatened.

Despite the sub-committee's position, it was difficult to ascertain whether, ultimately, they had a voice. Asked if the sub-committee had any real power in terms of the decision-making process, the Chief Operating Officer commented 'They do to a point. If they are dealing on a particular task then yes, the sub-committee would be able to help us make that decision, but they don't generally make a huge amount of decisions. It's really a chance for them to give their view on behalf of the rest of them before it happens. The sub-committee arrangement is very trusting, which we as managers hope to

never lose.' The relationship between UK senior management and the EWC employee chair raised some concerns amongst other EWC representatives. Some believed that the chair was collaborating too closely with management. A EWC representative, from the site in the south of England, commented, '… it's fine to work with the management but sometimes I feel the decisions made within the sub-committee are made with management needs in mind.' However, the EWC employee chair defended the set-up, believing that relations with management had improved vastly as a consequence and this had strengthened employee influence. Nevertheless, the HR Director was concerned for the future of the relationship since the employee chair was due to retire. He commented, 'The relationship we have with the current chair is very good… …there's a mutual respect between us. Whether this dynamic will change when he leaves is debatable.'

All those currently involved in the sub-committee were UK-based and, whilst this made communicating more effective, this added to the overall feeling that it was a UK controlled forum. Hungarian EWC representatives viewed themselves as outsiders to the set-up and, consequently, were largely apathetic to the EWC. Whilst apathy was prevalent amongst many, representatives from Hungary expressed greater ambivalence to the forum. For Hungary's commercial EWC representative, attending the EWC meeting was regarded as a duty and it was clear that he, along with his sales colleagues, did not anticipate any real outcomes from it. Those who showed signs of interest tended to be trade union members from the production site, although there was a general lack of understanding and knowledge of the EWC. Indeed, one local works council representative, from the UK Head Office, admitted that, until he had been asked to attend the EWC, as an acting delegate, he had no knowledge of the EWC. 'Most people probably wouldn't have a clue if you asked them about the EWC…' was the considered view of the UK-based Sales Manager. 'They are more concerned with what takes place locally.'

The findings indicate that, whilst FoodCo's EWC was weighted in favour of the UK, and was influenced significantly by the multinational environment and its

Anglo-centric approach, UK senior management recognised the need to address their attitude towards European worker voice. This change was influenced primarily by the appointment of a progressive HR Director and good relations cultivated with sub-committee members. However, not all EWC worker representatives and, indeed, UK senior managers were as enthusiastic about the EWC and its achievements. Distinctions in employee representative attitudes could be drawn between UK and Hungarian participants and between white and blue-collar workers, with Hungarian white-collar workers appearing to be the least engaged. More generally, apathy within this group was particularly prevalent.

Despite attempts, by UK senior management, to adopt a more open approach to consultation, there is limited evidence to suggest that the EWC offered representatives a credible voice platform and influenced management decision-making. With the EWC agenda focused largely on management-led presentations and the introduction of simultaneous consultation, the findings show that worker representatives were unconvinced that the EWC mattered. Indeed, concern amongst UK senior managers about the sensitive nature of decision-making meant that, often, information was withheld from the wider EWC group. As outsiders to the EWC, Hungary's influence was weakened substantially by the UK-led structure of the forum and, in response to this, the next section assesses Hungarian attitudes towards employee voice mechanisms, both locally and at a European level.

8.4 The Impact of Hungary and Prevailing Local Voice Mechanisms within the EWC

It was established that FoodCo's Hungarian EWC representatives appeared to be largely disengaged in European level voice and the evidence shows that the forum was geared mainly towards facilitating the needs of UK workers. However, in order to fully comprehend the influence of European voice, it is necessary, also, to recognise the strength of local voice mechanisms and establish whether these impacted upon Hungary's relationship with the EWC. In light of this, this section explores local voice mechanisms and considers

their influence both locally and in Europe. FoodCo employee voice structures, in Hungary, were complex and, for this reason, the section examines the findings on a site-by-site basis, exploring the factory, commercial and distribution centre.

8.4.1 The Impact of Employee Voice amongst Factory Workers

Amongst local workers and worker representatives, opinion was mixed in relation to the capabilities and success of both the works councils and the trade union, EDOSZ, within the production site. Whilst the works council received some positive reaction, overall, few could cite any of its major achievements and there was a general feeling amongst the workforce of frustration and disappointment with its output. One local works council representative and full-time factory worker explained, '… changes to our rota mean we've had to work on Saturdays for the past year and a half and we're all fed up with it. We've tried forcing the managers to change the shift pattern back but they won't, so people have become ignorant to the works council a bit and frustrated because they know we can't change it.' In 2004, a series of redundancies were announced and, consequently, more than a hundred full-time factory workers were laid off. According to another factory-based local representative, the works council was unable to sway local Hungarian management to renegotiate a settlement. 'We tried to negotiate better conditions and better redundancies but management wouldn't budge on it and we couldn't change anything. Local management had it all worked out before they came to us. One or two very minor suggestions were accepted but overall we didn't achieve much. They told us that there was no more money and that was final. Management tend to listen but they do what they want to do in the end.'

Relations with local Hungarian management declined in recent times. However, local managers insisted that the works council played a key role in the redundancy consultation process. Asked if the works council was a useful mechanism for staff, the local HR Manager and works council management chair believed that staff did gain something from having it. He commented,

'What I have learnt is that even if legally you don't need to consult with staff it's better to keep them informed and better to listen to their feedback because then they support us.'. In terms of what the arrangement provides for local management, there were diverse views. Some believed it did little to enhance management's involvement with staff, whilst others were more positive. One production manager commented '… the works council here at the factory provides us [local management] with a very good opportunity to present to representatives and to get them to understand the management position.' In a sense, this made local management's job easier, since the works council provided a mechanism through which change was coordinated.

There was a sense that the trade union, EDOSZ, provided a slightly more robust structure for engaging workers but the union was not without its problems and many workers were dissatisfied with its output. One trade union member and works council representative, who was employed as a packer, believed that '…workers are only really interested when there are salary negotiations taking place, but then workers complain to us that we haven't secured them a good enough rise, so they appear unhappy with what we do for them…' Local Hungarian management opinion was split over the power and strength of the union. Whilst some recognised that, legally, the union was a much stronger body, the HR Manager was keen to point out that both mechanisms had their place. 'Salary negotiations with the union only take place once a year, but for me, the works council is much more important because we have so many changes that we need to consult with them over.' The HR Manager continued, 'Ultimately managers have the negotiating powers to do what they need to do, so the works council and the trade union are only really as powerful as we'll let them be.'

The Hungarian Labour Code (1992) was believed to inhibit the strength of both the works council and the trade union. Many works council and union representatives, across the sites, described it as 'restrictive' and 'ineffective' in enabling staff to influence the decision-making process. One local works council representative and production site worker commented, '… I don't feel we have a voice in the organisation because we don't really bring about any

changes and that is partly because the law is written in a way that favours management rather than staff.' However, one of the biggest issues, undermining both mechanisms, was the employee representatives themselves. More recently, relations between the works council and trade union representatives had become difficult, with the appointment of a new works council president. Prior to the last works council election, the role of president was undertaken by the EWC representative and trade union secretary. A recent dispute, between works council members over the capabilities of the old president, prompted the election of a new president and, according to the HR Manager, the newly elected president signalled an anticipated sea change. He explained 'The new president is perhaps stronger. The old president had a very calm and open-minded approach to achieving compromise, but sometimes he was seen as weak. The new president has a much stronger personality and I think there are a significant number of employees who support him. So, it is very interesting from our point of view to see how the dynamics will change within the works council.'

Some members envisaged prolonged disruption to the works council as a result of the election. One local works council representative, who supported the new president described the current situation as a '… power struggle... The old president has not accepted that he's lost the presidency and he is not happy. I suspect the new president will also run for the EWC role at the next European election too.' The battle became so political that some employees, interviewed for the study, refused to comment on the situation. The newly elected president's biggest objective was to separate the role of the works council from the trade union. He commented, 'In the future I would like to see that more of our representatives were not part of the trade union. I think there needs to be a distinction between the two groups and at the moment that is not the case.' However, it was unclear what the president's motivations were for change and how operating two separate forums would impact upon employee voice. One of the reasons might be the threat of closure. In the future, local management anticipated further change and, currently, they were establishing how they would respond to this. The production manager commented '… we don't know whether the factory will be kept open in the

future. We might not have it in five years, so whenever we negotiate with either the works council or the trade union, we now make it very clear that if staff ask for more, it will undoubtedly accelerate the closing down process, so it's their choice really. Do they want jobs or do they want the factory to close earlier than predicted? The change in leadership will not affect the end result.'

Redundancies and the possibility of closure loomed large over the production site for some time and workers became fearful of job losses and less inclined to oppose local management decision-making. Consequently, many participants felt unable to respond to questions about management's approach to staff, commenting that they were not prepared to answer political questions. Indeed, some were very positive in their accounts and indicated that local management made every effort to involve and communicate with staff. One local works council representative commented 'We have very good managers and we can knock on their door at any time. It's excellent we can sit down and discuss our problems with them.' Some of the representatives could not describe a time or event when management had not been willing to listen to employee concerns. However, other representatives countered these claims with reports which were considerably less flattering. During the study, it became apparent that some participants had been 'groomed' deliberately by local management to give a positive response and, later, it transpired that the representative who described the relationship as 'excellent' was employed as a HR assistant and worked directly for the HR Manager, responsible for coordinating the works council. Nonetheless, whilst employee apathy was not considered to be high, workers, generally, felt threatened by managers and were keen to avoid conflict. As the EWC representative and trade union secretary explained 'We ask for employee opinions and everyone gives it, but when we start the process and talk to management, the workers all back down and no one is behind supporting us.'. The findings suggest that fear rather than apathy prevented workers from engaging effectively with both the works council and the trade union and, whilst local management claimed to respond positively to the works council, there remained an underlying

sentiment that, ultimately, neither mechanism truly influenced key decision-making.

8.4.2 The Impact of Employee Voice amongst White-collar Workers

The works council, within Hungary's commercial division, operated in stark contrast to the voice mechanisms at the plant. According to both workers and local management, the vacant seats, within the works council, signified not only a lack of enthusiasm for participation but, also, a sense that there was little need for a works council. White-collar staff did not hold the same view as their factory-based colleagues and, in many respects, the environment and atmosphere was more in keeping with FoodCo's UK-based head office. Many of the staff were well educated and had well-established managerial careers. According to the EWC representative and president of the local works council, the environment meant that there was little time to dedicate to works council matters and meetings were held on an ad hoc basis. 'We don't have regular meetings unless something happens. Workers here are not like the ones at the production site. People here do not feel the need to belong to a trade union or get involved in these things and really the works council doesn't play a significant role within our lives.' The president of the council felt not only that it was insignificant but hoped that, in the future, her role would be passed on to someone else. She believed that the post was simply another burden on her already busy work schedule. Later, it transpired that the works council president was employed, also, as a full-time HR administrator. In short, evidence relating to the commercial works council was slim, its role was very limited and there was no evidence to suggest it had ever played a part in providing worker voice. Written information on the forum was requested but no material was produced and the local works council president claimed that there was little evidence documenting past council meetings. Paradoxically, the works council, within the distribution centre, had become increasingly important for workers over the past months and the next section examines this further.

8.4.3 The Impact of Employee Voice amongst Distribution Workers

Evidence shows that, within the distribution centre, there was growing interest in employee welfare. This change was in response to a shift in employee relations at the site. According to the works council president, who was employed full-time as a driver at the distribution centre, 'The situation started changing when people stopped tolerating certain things and people felt as though someone needed to be there to represent their interests.' The works council president believed that local managers were listening to their requests; however, he warned, also, that the works council was new and, therefore, much needs to be achieved before it could be truly influential.

However, whilst distribution workers were keen to embrace this new voice mechanism, there was still a sense that, on a daily basis, workers were less interested and preferred not to get involved. One local works council representative and full-time packer at the centre commented, '… the majority don't like fighting, they like expressing their interests and their wishes but then they like to stand behind and watch others fight... They wait for the representatives to fight with management and they expect results. Of course they aren't always satisfied and management don't always give us what we want.'

Moreover, within the distribution centre, there were, also, those who believed that the works council was not as influential as first anticipated. The local works council president commented, '… we work simply as communicators and don't really have that much power. There is no veto so we can't stop anything. I'd like to improve the breadth of our discussions and not focus so much on the economical aspects and look at the social issues too. Expanding our remit is important, but having good cooperation with management is essential.' The local works council representative and employed packer believed that, not only was cooperation crucial, its maintenance was key to its entire success. 'Without cooperation of management the works council would not succeed. To some extent its workings rely too heavily on managerial attitudes being positive and agreeable. Without them, we can't really do

anything.' This suggested that the forum lacked independence. It indicated, also, that local Hungarian managers, at the site, had significant control and this t threw into question the purpose and legitimacy of the forum.

In order to strengthen voice, establishing a trade union became a priority for works council representatives. At present, a collective agreement is being drafted and works council representatives sought the advice and guidance from the trade union secretary at the production site. According to the local works council president, workers at the distribution centre were keen to introduce a collective agreement and there was a genuine interest in establishing a trade union, as many regard it as way of increasing pay and conditions. The president explained 'People are genuinely interested in someone representing them when it comes to salaries and I am pleased about this, but let's not forget it is the material gains which are driving people to join, so in many respects, it's not really that much of a surprise.' In essence, the job of the union remained to negotiate pay and the findings imply that support for the unions was stronger because of the potential financial gains. Whilst there was interest in the newly established works council and greater awareness of employee welfare, there remained limited evidence of its achievements and the findings suggest that local management influenced it greatly. However, it was anticipated that the establishment of a trade union, in the distribution centre, might strengthen the existing voice channel and provide a more autonomous voice structure.

8.4.4 <u>The Impact of Prevailing Mechanisms on European Voice</u>

In terms of the relationship between local voice mechanisms and the EWC, there was no evidence to suggest that the works councils or trade union had ever influenced or enhanced worker voice for Hungarians at a European level. None of the mechanisms proved sufficiently robust or organised to affect voice on a European scale and, more significantly, few participants seemed interested. Local Hungarian management and staff, across the sites, were unanimous in their views, with both failing to see the relevance and impact of the EWC within the local arena. A works council representative and full-time

factory worker commented 'I don't really see a link between what they do at the EWC and what we do here. There is no overlap in what we discuss and for most of us it feels irrelevant. Sometimes the EWC representative asks us for questions before going to the meeting, but we don't really have any questions and when we do, we don't get a response.'

However, it is difficult to establish whether this implied that workers were apathetic or simply lacked sufficient knowledge. The findings show that few workers in Hungary were aware of the EWC and limited information was fed back to local works council members, either prior to or after, the annual EWC meeting. Despite odd attempts by the representatives to canvass staff for their views, neither EWC delegate purposefully briefed local workers or gave feedback after the EWC meeting. The EWC representative and trade union secretary commented, 'Probably, two or three per cent of the workforce know about what goes on at the EWC. Whose fault is that? Probably, mine. I don't really go back directly and inform them what's going on but the workers don't really take that much interest either.' It seemed that employee apathy was prevalent, also, amongst EWC representatives, themselves, who were not forthcoming with information, nor seem interested in European matters. Indeed, local Hungarian management, too, remained largely in the dark as to what took place within the forum. However, many local delegates, from the factory, envisaged that, in the future, the newly appointed works council president would stand as an alternative EWC candidate and it was hoped that this would have a positive impact and create a stronger link with the EWC. Some believed that the works council president's new approach might increase the relevance of the European platform.

Overall, the findings show that the EWC did not play a significant part in enhancing Hungarian worker participation and, whilst it was established already that the UK multinational influenced Hungary's role within the EWC, Hungarian representatives, both at a European and local level, had not worked together sufficiently to ensure its success. Apathy; fear; and possible ignorance, amongst Hungarian workers, had hampered their influence and, whilst factory workers and local works council representatives were more

engaged, there is no tangible evidence that they were any more successful in their role than those based within the commercial and distribution sites. At the factory, the local management controlled the works council and, with the threat of closure, workers were losing gradually their power to influence how the factory was managed. Moreover, factory workers became increasingly dissatisfied by the union's achievements, particularly during the last wave of redundancies.

To some extent, it is difficult to ascertain the influence of the works council, at the distribution centre, since it is still developing. However, the evidence demonstrates that the success of the works council is, again, at the behest of local management, since they influence the forum greatly and, without their backing, the works council would be entirely useless. The decision to set up a trade union aimed to strengthen employee voice further and it was hoped that this would bring more positive results for workers. In contrast, there is no evidence that the commercial site achieved much or that office workers were at all concerned about enabling employee voice. The white-collar environment was not seen as conducive to works councils or trade unions; however, as 'Project X' takes affect, perhaps, the importance of these voice mechanisms will emerge in the future. What is certain is that elected Hungarian EWC representatives must take a more proactive stance if they are to raise their profile in Europe. However, in order for this to occur, Hungary's EWC representatives need to build relations with EWC colleagues elsewhere and, in this respect, the next section identifies some of the key areas requiring attention if Hungary is to play a more significant role.

8.5 Forces for Convergence

So far, the evidence points towards a EWC forum which has the potential to offer workers a voice. However, in its current format, it appears to lack the necessary rigour and influence. Whilst the forum is UK-dominated, the key difference is the change in UK senior management attitude, which signals a more positive step towards working with EWC members. Engaging with employee representatives, sharing information and gauging opinion on

change has created a more amicable environment; this has had a positive impact on attitudes amongst some UK worker representatives. However, the change has had much less impact amongst non-UK members and, in particular, Hungarian representatives. This is not only the result of the Anglo-centric and multinational forces, which govern the structure and organisation of local voice mechanisms. In the main, Hungarian workers are apathetic to involvement, in the EWC, and do not understand the benefits of participation. Moreover, the complexity of local mechanisms and the decision to abandon a central works council makes Hungarian voice isolated and disjointed, hindering the development of solidarity links between local sites and in Europe.

Employee voice, within the EWC structure, is weakened further by a number of issues surrounding communication, language and training, as well as the more underlying problem of worker perceptions of voice and European identity. Resolving these issues would likely create a more fruitful and credible platform for harnessing European voice. Communication plays a key role both in and outside the EWC forum; however, the evidence shows that its importance, in the EWC process, has not been appreciated fully by its members. It has been established already that the communication links beyond the EWC with local level forums are weak. Within Hungary multi-level dialogue is minimal and very little is reported back by the EWC representatives. Moreover, local Hungarian management remains outside of the EWC framework and they are critical of UK senior management's lax approach to informing local managers of decisions. Whilst FoodCo's UK Production Manager claimed to be a regular visitor to the factory in Hungary, local managers were unimpressed with their efforts and believed that UK managers showed more interest in their production methods than in their workers.

However, whilst local links were maintained insufficiently, the evidence suggests, also, that communication inside of the EWC and amongst the EWC delegates was poor. Both the simultaneous consultation process and structure of the sub-committee were seen to undermine participation and,

also, inhibit the flow of information. As UK senior managers communicate directly with those affected by change at the local level, the evidence shows that, often, they fail to include EWC members in their discussions. This means members remain ignorant of change and unable to assist local representatives with consultation. Furthermore, the sub-committee's failure to communicate with the wider EWC group means that engagement between the members is further weakened.

Prior to the annual meeting, employee representatives complained that UK senior management did not distribute agendas appropriately in time. This prevented members from preparing in advance of the meeting and the issue was exacerbated further for Hungarian representatives who required documents to be translated from English. The Hungarian EWC representative and trade union secretary complained, 'I have to treat the documents I receive as sensitive information… I am therefore not allowed to pass it on for translation. It is ridiculous.' However, UK senior management denied this and claimed that information was always readily available and that those attending simply did not bother to access the data in time.

Many of the communication issues were embedded within the language barrier, which posed a significant challenge and almost all of those interviewed pinpointed this issue as a real hindrance to the EWC's success. One white-collar EWC representative, from the UK's Head Office, observed that '…those that are able to speak at length in English appear to have several years experience of dealing with the EWC and a good understanding of the issues. Whereas those who are fairly new to it and cannot speak much English, seem to struggle…. In many ways the language barrier reduces the efficiency of the meeting.' Provision is made at the annual meeting for a Hungarian interpreter, but it still remains difficult for the Hungarian EWC representatives to keep abreast of proceedings. The Hungarian representative, from the commercial site, complained that, because her colleague could not speak English, much of her time was dedicated to helping him to understand, rather than participating. 'Language is a real issue and I have to stay with our other Hungarian representative because he speaks no

English. This makes his contribution and mine difficult. He does however try and overcome this with his personality, but I don't think he gets heard as well as the others.' The UK EWC representative, from the site in the south of England, added, 'I think I counted about thirteen different languages going on at the last meeting, so when someone asks a question and you're listening to it translated, it does loose its impact.' This comment was echoed by the white-collar Hungarian delegate who believed the process to be '…boring and time consuming.' It is anticipated that the problem is likely to be exacerbated further when the current English-speaking delegate steps down and is replaced by a non-English speaking colleague; however, for now, they do at least have one bilingual participant.

EWC delegates were invited to attend a number of social events during the meeting and, often, these were considered to provide an opportunity for informal discussions. However, since participants required an interpreter, there was little opportunity to engage in a proper conversation. The white-collar Hungarian representative recalled a dinner where people did not mix and the interpreters were sat apart from the delegates, making communication particularly difficult. These social events, held for EWC members, were considered to be a key part of the EWC process. FoodCo's Chief Operating Officer commented 'In many ways the dinner is more important than the meeting itself because it's where people feel less restricted in what they say.' Nonetheless, UK senior management agreed that the informal setting did create an issue for those who were unable to communicate in English. The HR Director commented 'Chatting over a beer is tough for them. Interpreters do turn up and they can help if someone is really bad… but it's not easy.'

In an attempt to rectify the language issue, UK senior management invested in two facilities. For those, prepared to invest the time and effort in learning English, language teaching was provided for free, whilst a new software system, which EWC representatives could access and use, as an online discussion forum, was uploaded, also. The software allowed representatives to interact with fellow members throughout the year and post messages.

However, delegates did not embrace these facilities readily. The language classes, on offer, received little interest from representatives, since learning a language was regarded as an additional pressure to their existing EWC work and full-time employment. Whilst the online software system prompted concern amongst representatives that managers were using the discussion forum to monitor comments. Moreover, there were mechanical issues over its use. Although the system enabled messages to be translated into other European languages, it was impossible to translate extensive text and, therefore, could be used only really for short question and answer sessions. In addition, some EWC representatives felt that using the system was a rather intimidating process.

UK senior managers hoped that, in time, the system would become more popular and the benefits would exceed the cost of maintaining it. EWC delegates, on the other hand, believed that the money would be better spent on providing training on EWC procedures and would be a more effective strategy for strengthening communication. However, whilst senior UK managers agreed that training was crucial to the success of the EWC, there was little evidence that Hungarian representatives were exposed to the any sort of training programme.

Of course, facilitating communication and encouraging participation can only work if employee representatives believe the EWC is beneficial. One key challenge to the creation of an effective forum is the value and importance placed on the concept of employee voice, itself, particularly at a European level. Without employee 'buy-in', there is little chance of cultivating strong relations between worker representatives and maximising employee voice. It has been established already that Hungarian representatives largely believed the EWC to be irrelevant to local workers and they were not the only participants who considered local voice to be of more value than European voice. There were many explanations for this. In short, local voice mechanisms, amongst EWC members, were the preferred channel for consultation. German and French representatives were considered to have the most robust local forums and their experience, at local level, served them

well for their role at a European level. One white collar UK member commented 'Many of the representatives with a history of local level works councils are much more vociferous than I am. They definitely seem to get more from it than those of us who are inexperienced in the set up.'

Within the EWC, CEE representatives were perceived to have the least influence. The HR Director described their involvement as '…patchy, but some are better than others at participating.' Indeed, the EWC employee chair admitted that Eastern European experiences of the forum were not as positive as those members from Western Europe. 'They are still on a big learning curve on how to contribute and they need to adopt more westernised ways to improve'. Although, perhaps, Western participants needed, also, to grasp a greater understanding of Eastern ways, since there was evidence that some participants remained blind to the cultural understandings of other EWC members. According to the Hungarian EWC representative and trade union secretary, one UK colleague had previously remarked that Hungary was, '…still struggling for freedom…'. This offended the Hungarian representative and signaled a rather narrow and outdated view from colleagues.

There was no evidence that a common European agenda existed and that a EWC identity had emerged. Both UK and Hungarian delegates believed that the organisational structure, and the cultural and geographical differences, made piecing together a relevant and common agenda difficult. Many felt that they were unable to offer any input to an agenda which did not appear to concern them and agreed that the only aspect which provided a common platform, was the workings of the EWC itself. Despite the current wave of organisational restructuring, there was a sense that the agenda focused on production issues rather than commercial ones, making the forum even less relevant to white-collar workers. However, this was not apparent from the EWC meeting schedule which did not detail specifically all of the site-related discussions. Nevertheless, the Chief Operating Officer admitted that '…local structures across the whole company are far more effective than formal European level forums for getting issues resolved. In the main, issues get solved locally because that's where the issues are… That's why most of it at

European level is about information and alignment rather than major consultation.'

Indeed, the Hungarian representative and trade union secretary severely criticised the EWC for not showing an interest in Hungarian relations. 'Here in Hungary we have completely different problems to other countries. That makes it difficult for us to take part and I don't believe that they [senior management] are really interested or serious about it anyway.' However, to apportion the blame entirely on UK senior management, was not altogether fair. Representatives were, also, at fault for taking a very localised view of employee welfare. One white-collar representative, from the UK, commented, 'I'm not sure how loyal representatives really are to the EWC. I feel they are only there to represent themselves. They do not want to protect the jobs of their colleagues elsewhere in Europe, but then I don't think anyone can sit there and not be self-serving.'

To some extent UK senior management understood this dilemma. However, they were critical of representatives for using the forum to air local issues. The Chief Operating Officer commented, 'The representatives aren't very good at differentiating between local and European issues sometimes…. We try not to tell them something isn't permissible at the meeting, but a couple of times we've had to politely say 'no' and gently push back.' Senior UK managers believed that some employee representatives needed to adopt a more strategic approach to the EWC and learn to consider issues from a European business perspective. The HR Director commented, 'Some of them are here to promote or push their local agenda and it's not always appropriate. They're supposed to be here to talk with us and work on transnational issues, but some don't see that. They are learning and they are getting better, but to be honest we [senior management] haven't always been that good at it either.'

It seemed that neither party had truly embraced the EWC or fully realised the importance of employee voice at a European level, despite attempts by UK senior management to make it a more engaging platform. Communication remained consistently an obstacle throughout. More specifically, the issue of

language prevented Hungarian representatives from participating and there was a sense that their contribution to the forum was minimal. However, creating a EWC identity and cultivating solidarity links between representatives was a difficult task, particularly when the agenda seemed irrelevant and local issues were perceived as more important. Fundamentally, if the profile of the EWC was raised and a more mutually beneficial forum was created, this could bolster worker solidarity and prompt a more powerful mechanism for European employee voice in the future. These ideas are analysed in more detail in the next chapter.

8.6 Summary of Findings

Generally, the findings reinforce the issues observed at PrintCo and ChemCo. In essence, both the UK multinational environment and prevailing voice structures in Hungary played a significant role in limiting employee voice for Hungarian workers, particularly within the European arena. Moreover, the forces for convergence, whilst potentially offering a strategy for representatives to engage in European voice, also, proved limiting. The forum was UK dominated and supported UK rather than European interests. The key roles, within the EWC, were held by UK based senior managers and employees, and their Anglo-centric tendencies hampered the formation of a truly pan-European structure. Indeed, amongst the participants, opinion was split over its success. Whilst UK blue-collar workers appeared the most satisfied with the EWC, Hungarian white-collar members failed to see its value and remained disappointed with its achievements. Amongst senior UK managers, whilst there was some sense that attitudes towards employees were improving, there continued to be a feeling that the EWC was not really a mechanism which provided meaningful voice. Perhaps, this was largely because the EWC offered limited scope for consultation, weakened by the process of simultaneous consultation and an overwhelming use of management-led presentations and the EWC agenda reinforced these limitations. Even, as an information forum, there were those, including UK senior managers, who believed that the EWC offered a very restricted opportunity for employee participation.

The evidence shows, also, that Hungarian apathy for the EWC was equally to blame. Neither Hungarian representative showed much interest in what took place nor was there evidence to suggest that the multi-level voice structure had strengthened Hungarian worker voice, either locally or in Europe.   The belief, that the EWC was irrelevant, was felt across all the Hungarian sites. Local representatives were unfamiliar with the EWC mechanism and workers either showed no interest or were unaware of the EWC's existence. Apathy was particularly prevalent amongst Hungary's white-collar workers who viewed their own works council as unnecessary. Amongst factory workers, in Hungary, there was more awareness; however, this was coupled with frustration and disappointment in the works council and the trade union, who had both shown signs of inefficiency. Tension within the employment relationship, at the distribution centre, had sparked the establishment of a works council and the drafting of a collective agreement. However, the evidence shows that the local works council, rather than counterbalancing those interests, relied heavily on the goodwill and cooperation of management for its success.

Whilst the trade union, EDOSZ, offered a more robust mechanism, tensions, between union and non-union works council members, weakened and undermined both mechanisms, ultimately aiding local management's grip on employee participation. Indeed, perhaps, the biggest indicator of apathy and disinterest in worker voice, across Hungary, was the absence of a central works council. Despite financial provision for a central mechanism, aimed at bringing workers together from across the sites, it was the worker representatives themselves who had failed to maintain this forum. Were this in place, it could strengthen potentially links both locally and in Europe and provide Hungarian representatives with the necessary capacity to harness voice more effectively. However, in its current state, there was no sign that links had been forged either across sites or with the EWC.

Equally, there were a number of barriers to voice found within the EWC. Communication proved, once again, to be a major stumbling block for those

attempting to create local and European links, with the language barrier the biggest challenge for Hungarian participants. Moreover, communication, between senior and local managers, was minimal and the lack of discussions taking place between local and senior management did little to foster better relations. Equally, Hungary's EWC representatives were guilty of failing to communicate and promoting the EWC at a local level. In order to raise the profile of the EWC, representatives need to take a more proactive approach in delivering information to the local sites.

However, if this is to be achieved representatives must identify with the EWC. The fundamental problem, within FoodCo's EWC, is that representatives, from across the forum, believe it is irrelevant and are disengaged. Overall, worker representatives are more concerned with local than European issues and local mechanisms remain the stronger vessel, although there are substantial differences in the quality of these mechanisms. Consequently, worker solidarity, within the EWC, is weak and there is no sense that representatives are working together to strengthen voice for workers at this level. In short, more action is needed to ensure that the EWC agenda is relevant to all its members and more time is set aside to allow worker representatives to discuss and engage in dialogue. Whilst UK senior management has taken notable steps towards improving its attitude towards employee voice, EWC representatives must learn to do the same. The evidence from across the case studies highlighted some clear similarities in the challenges faced by EWCs. Equally, a number of distinctions can be drawn, with some EWCs offering more opportunities than others. Having presented these findings the next chapter attempts to dissect analytically and discuss these mechanisms and relationships and evaluates their effectiveness in providing employee voice for Hungarian workers.

Chapter 9

Analysis of Empirical Findings

Having presented the findings for all three case study organisations and examined the forces which not only impede employee voice but, also, provide opportunity for strengthening it, this chapter revisits some of the case study evidence and cross-examines Hungarian worker voice. Through the existing framework, the chapter brings together the key themes; presenting them within the existing findings framework; considering the influence of UK multinationals; local Hungarian voice mechanisms; and the forces for convergence. Throughout these discussions reference is made to the existing theoretical concepts and empirical data which underpinned the study.

This chapter aims to establish, to what extent, the empirical findings confirm the existing literature and demonstrate how this new evidence develops the research field. The chapter is divided into four sections. Section one begins by examining the type of EWC agreements in place across the case study organisations. In particular, we consider how consultation is defined and the scope it offers for worker participation. We consider, also, the issue of confidentiality and whether or not the agreements lay out the environment for meaningful employee voice. Section two deals with the multinationals and, in particular, how UK senior management responded to the EWC agreement and influenced the EWC process. We consider the Anglo-centric nature of the EWCs and how the forums were used to limit trade union involvement. Section three assesses Hungary's response to EWCs and evaluates how local voice structures helped or hindered Hungarian voice at European level and what requires further development at this level. Lastly, section four examines the EWC from within, critically exploring how the internal apparatus works and whether representatives and trade unions have missed opportunities for strengthening voice. Let us begin by examining the EWC agreements.

9.1 The EWC Agreements

ChemCo and FoodCo both operate as global market leaders and their size and structures are comparable with one another. Both companies voluntarily set about establishing a EWC through Article 13 of the Directive and, as a result, benefited from the freedom and scope this provided. In contrast PrintCo's EWC, is a much smaller enterprise, operating within a predominately European market and PrintCo established their EWC agreement under Article 6. Yes, despite these differences no obvious distinctions between their agreements can be drawn since all three firms echo similarities in terms of their arrangements. In summary, all forums were set up as joint management/employee bodies and include similar agendas for discussion, which are loosely based around business development, organisational change and financing. In all cases, EWC members are required to meet annually, with each providing an opportunity for an extraordinary meeting, should management consider it necessary. All agreements outline the scope of consultation; the financial resourcing; and confidentiality arrangements for the EWC and the extent of trade union involvement. One noteworthy point, in relation to PrintCo, is that their Article 6 agreement was not set up in collaboration with a SNB and workers were not consulted when establishing the EWC. This, in itself, not only contravenes the Directive but, also, it demonstrates a lack of regard for workers on the part of senior management and is a clear example of both management control and the level of power which they exert over the workforce (Butler, 2005; Kelly, 1998; Hyman, 1997; Hyman and Mason, 1995; Ramsay, 1977).

Indeed, whilst all three EWC agreements outline the function of the forum, in truth, they tend to convey more about their limitations, as voice structures, than about the opportunities they provide for employee voice. Schulten (1996) argued that Article 13 agreements, in particular, allowed managers to create a rather weak voice platform. However, irrespective of how they were established, the case study organisations demonstrate management's ability to maintain tight control over the proceedings. In all three cases, the

agreements stipulate explicitly that management has the right to withhold information at any time. This is in keeping with the confidentiality clauses which state that all EWC representatives must abide by a confidentiality agreement prohibiting the sharing of information outside of the forum. As we see later, this raised serious concerns for those, engaged in the EWC, who considered it restricted their capacity to carry out their role fully. Again, this resonates with the existing literature, demonstrating an imbalance of power within the employment relationship which serves to protect management prerogatives (Ackers, 2012; Budd, 2004; Ramsay et al, 2000; Kelly, 1998; Kochan, 1998; Hyman, 1997).

The EWC Directive remains largely ambiguous in its views of trade union involvement. It neither insists on union participation nor does it exclude it. The decision rests largely with management as to whether unions have a role and, given the evidence which suggested already that non-union mechanisms were employed largely as part of a union avoidance strategy, perhaps, it comes as little surprise to find that unions were not recognised formally within the EWCs, given the existing literature on their lack of influence at a European level (Timming, 2006; Woodhead, 2006; Waddington, 2005; Wills, 2000; 1999; Royle, 1999; Ramsay, 1997). Participation of trade unions, in the EWC process, is mentioned in all three agreements but, in general, they offer unions a relatively restricted role. The case study organisations allowed EWC representatives to consult with trade union officials, in their capacity as 'experts', but none permitted direct trade union involvement, either in the establishment or maintenance of the EWC. PrintCo is the only organisation which allows a trade union presence at its EWC meeting, albeit as an observer. However, all EWC agreements permit unions to attend and take part in the employee-only meetings.

Within the agreements, there are slight variations in the way each organisation defines the term 'consultation'. Whilst PrintCo claim that consultation between EWC members should take place at the earliest possible stage in the process, the agreement states explicitly that the EWC is not a forum for negotiation. The definition of consultation echoes largely that,

set out in the EWC Directive, but adds, also, that consultation must be based on '…good faith and mutual trust.'. The term 'mutual trust' raises a number of concerns since the evidence indicates that there is a lack of trust, at this time, between both senior management and EWC representatives. FoodCo's agreement states, also, that the EWC does not include collective bargaining or codetermination rights and defines consultation as an '…exchange of views…' regarding it as 'dialogue' between both parties. This is in keeping with earlier definitions of voice (Armstrong, 2006; Bryson, 2004), which refer to it purely in terms of a process and not in terms of what it delivers. In contrast, ChemCo chose not to include the term 'consultation', at all, preferring to discuss the EWC's 'information' strategy. This raises some concerns, since it fails not only to recognise it as a consultative body but, also, it fails to identify the scope for providing two-way dialogue for workers. Consultation is open ended and undefined, making its outcomes difficult and ambiguous to understand. Moreover, all agreements uphold the management's right to make the final decision on all business-related matters. In particular, PrintCo's agreement refers to the '…prerogatives of management…' and this once again reinforces the inequality of power within the employment relationship (Ackers, 2012; Budd, 2004; Ramsay et al, 2000; Kelly, 1998; Kochan, 1998; Hyman, 1997; Hyman and Mason, 1995).

Of course, it would not be fair assessment to consider these EWCs agreements in isolation without seeing how they work in practice. On paper, they seem to be no more than a 'symbolic' or 'service' EWC for workers (Lecher et al, 2001), confirming further evidence that EWCs rarely offer a comprehensive platform for employee voice (Keller, 2002; Carley and Marginson, 2001: Streeck, 1997). Yet, as Marginson and Sisson (2006) highlighted, an EWC agreement provides only a snapshot of how a forum operates in reality and an EWC should not be judged based on agreement alone. In light of this, we move on to consider critically the empirical evidence gathered in order to create a more accurate and in-depth picture of European employee voice.

9.2 The Multinational Environment and the Impact of the UK within the EWC

It has been established already that, often, both ‘sector’ and ‘country effect’ are considered to play a key role in determining the scope of EWCs and the findings partially echo Gilman and Marginson’s (2002) framework. The flexible regulatory framework, in which EWCs were established, has allowed partly these factors to play a role and, often, EWCs appear as emanations of national mechanisms, neither strengthening nor enhancing existing employee voice practices (Keller and Platzer, 2003; Muller and Platzer, 2003; Falkner, 1998, Streeck, 1997). Studies suggested that the impact, which national mechanisms had on the EWC, depended largely on a multinational’s country of origin and those, with less robust structures, were not as likely to rely on national practices when establishing a EWC (Marginson et al, 2004; and Hall et al, 2003). In relation to the case study findings, there is little evidence to support the notion that ‘sector’ played a significant role in determining the strength of the EWC. Indeed, the size of the organisation was more a better indicator of EWC practices but not necessarily a measure of their capacity to provide voice.

Certainly the size and structure of both ChemCo and FoodCo were similar and, consequently, their EWCs reflected this. They were more successful, as market leaders, competing in a global marketplace and this allowed them to invest more resources into the EWC. In comparison, PrintCo had hit upon hard times and its size and structure were neither global nor significantly European in nature. This had a direct impact on the capabilities of the EWC and its overall success. However, whilst the study examined multinationals from the printing, chemical and food industries, we should remember that these businesses operate in the manufacturing sector and, perhaps, the results, from the study, would have been different if, instead, multinationals, from the service sector, were included.

However, the findings show that the multinational's country of origin had a much bigger influence than sector. Almost every interviewed participant referred to the 'Anglo-centric' nature of the EWC and it was a common observation, amongst both managers and worker representatives, that being a UK participant was advantageous to the whole process. Whether this was simply owing to the fact that all meetings were conducted in English or because a EWC adopted a UK perspective and prioritised UK issues, either way, the Anglo-centric element was an influencing factor. PrintCo's company structure and its lack of European subsidiaries did little to facilitate a more equal balance. With only one non-UK office, creating a more balanced forum was a real challenge. ChemCo's senior managers were particularly keen to maintain its UK edge and refused to let other European members shape proceedings. They recognised that theirs was a UK-owned business which followed UK law; however, this UK-centred approach played, also, a part in its decision to let UK management govern the forum and elect a UK-only sub-committee. Within FoodCo, whilst, perhaps, the Anglo-centric influence was less apparent, they, too, encouraged UK candidates to undertake key roles within the sub-committee and the EWC management team was largely UK-based. Moreover, there was evidence that this approach had influenced the overall strategy and HR policies of all three businesses. Indeed, the adopted position seemed to reflect Rub and Lecher's (1999) 'ethnocentric' approach, whereby UK practices seem to be adopted at a European level. This echoes with other empirical studies which examine the impact of 'country' effect (Timming, 2006; Waddington, 2005; Gilman and Marginson, 2002; Whittall, 2000; Wills, 2000).

To some extent, the UK and multinational environment are interlinked. From the findings, it is difficult to decipher whether the culture of the multinational environment is defined by its UK-base or whether the multinational approach to the EWC is indicative of a more general multinational philosophy adopted by companies based in other countries. Given the evidence, it suggests that the UK way of conducting consultation influenced how these multinationals attempted to conduct a EWC forum. Certainly, the managerial control and their attitudes towards the EWC was a primary influence. Lecher et al's

(2001) typology demonstrated the importance which managerial attitudes and staff relations played in establishing a coherent and successful EWC and this proved to be a factor in all three of the case studies. Across the sites, senior UK management claimed that the EWC added an important dimension to their existing voice mechanisms; instilling discipline; and making managers accountable for their decisions. ChemCo management was particularly keen to underline the central role which workers played in their success as an organsation and emphasised the value of the EWC. Yet, there was little evidence to support these statements. Whilst management showed transparency in their approach, they criticised, also, the EWC for slowing down the decision-making process and admitted that it, rarely, had much impact on its business strategy. In short, decisions were made irrespective of the wishes of worker representatives and their job, as managers, was to simply comply with the Directive. Indeed, Wills (1999) suggested that management intentions simply played lip service to employee consultation and, according to Streeck (1997), employee voice mechanisms exist only to reinforce company's human resource strategy. Whilst the EWCs were not regarded by senior management in this way, it was clear that some managers considered the forum to be unnecessary and believed it added nothing more than to increase the pressure on an existing busy workload.

However, management attitudes, within FoodCo, were somewhat different and there was some evidence that their change in approach had helped to harmonise employee relations and build a slightly more credible forum. One key difference was that management accepted that they would not necessarily convince worker representatives to see things from their perspective. This was both refreshing and realistic. Expectations amongst managers that EWC members would accept job cuts enthusiastically, as part of the business strategy, were misplaced within the other case studies. However, at FoodCo, management were happy to recognise that workers would not always appreciate management intentions. Yet, FoodCo management still made a conscious decision to change its approach to the EWC and agreed to consult with its members at an earlier stage in the process; sharing more information; and resolving their own issues within the

forum. Some worker representatives acknowledged management's change in attitude and believed that it was a positive step towards enhancing consultation. However, there were members, particularly from Hungary, who believed that these changes had not gone far enough.

The EWC agreements have shown already that consultation is often ambiguous and there is a sense that managers are deliberately vague in their definitions to avoid meaningful worker engagement. An 'exchange of dialogue' infers that this provides workers with an opportunity for two-way dialogue. However, if we look closer at the findings, we find that the bulk of annual EWC meetings consisted largely of management presentations. ChemCo admitted that very little time was allocated for group discussions, irrespective of whether EWC members reached a compromise. Many participants, across the case studies, criticised management for not answering their questions and fielding their enquiries to the HR department. Busy flight schedules and workloads meant that, often, managers were unable to devote the time, during the EWC meeting, to respond to its members. Indeed, PrintCo purposefully requested that EWC members submit their questions to management prior to the meeting, to allow them to prepare for what some regarded as well rehearsed responses. Therefore, the question remains as to whether this constitutes consultation and if it does, is it really effective? Management offered rather candid accounts of whether they believed that effective consultation was achieved for workers. One ChemCo manager admitted that they struggled to define it, whilst at FoodCo, managers were uncertain, also, about what consultation really offered. Perhaps the best way of ascertaining whether it has strengthened voice is to explore the examples given by those involved.

Under the ChemCo EWC guidelines, provision was made for worker representatives to play a more active role in reviewing the agreement. This process took place approximately every four years and allowed members to put forward recommendations for improving the forum. During the current amendment period, EWC representatives had taken on this task very seriously; consulting with external trade union bodies; and seeking a review

which would allow workers more control of the forum. However, this was met with disapproval from senior management who were keen for the EWC to remain in its present format. In turn, participants reported deteriorating relations between management and delegates who were unable to reach an agreement on its future. Also, management behaviour towards the new proposals was threatening. Their use of language and general attitude was aggressive and worker representatives were aware that they had caused upset. However, management's determination not to allow these amendments was clear and they were adamant that workers would lose out, with any previous goodwill lost in the process. Senior managers took a very defensive approach and it was evident that both sides anticipated further hostility before a compromise could be reached. This example demonstrates that, whilst managers claimed to encourage employee consultation, in practice they preferred to restrict involvement, particularly when representatives opposed management views.

Another example, which demonstrates management's capacity to undermine the process, was their use of simultaneous consultation. Both FoodCo and ChemCo employed this strategy, whereby decisions were announced to the EWC at the same time as they were locally to those affected. This highlights how the EWC is marginalised and undervalued as a voice mechanism. Once again, ChemCo provided a good example of where the EWC found themselves redundant amidst direct talks between senior management and local level representatives of a site earmarked for closure. The process of simultaneous consultation not only throws into question the purpose of the EWC but, also, it highlights that, often, decisions are made before any discussions within the forum take place, showing how consultation is anything but meaningful (Hancke, 2000; Whittall, 2000; Royle, 1999, Ramsay, 1997, Streeck, 1997).

Management's use of the forum, as part of a union avoidance strategy, is yet another indication of how managers undermine the EWC through an imbalance of power (Ackers, 2012; Butler, 2005; Dundon et al., 2005; Dietz et al., 2005; Terry, 1999; Kelly, 1998, 1996; Hyman, 1997). Across the existing

literature, there is substantial evidence of management's role in minimising union involvement (Waddington, 2005; Whittall, 2000; Wills, 2000; Royle, 1999; Ramsay, 1997). Whether this is a deliberate decision is not always clear (Millward et al, 2000). However, with reference to the case studies, the findings suggest that an anti-union sentiment prevailed. Most managers questioned the relevance of union participation, since they believed that unions were not necessarily representative of a largely non-unionised workforce. Only FoodCo appeared slightly more willing to involve the unions and their decision to work with the unions was based on their new progressive approach to managing employee consultation. Given PrintCo is predominantly a blue-collar employer, with a comparatively strong union membership, they appeared under some duress to engage with the unions and, so, somewhat reluctantly allowed them a role. However, senior managers, at ChemCo, were more vociferous in their distrust and annoyance over union involvement and rarely cooperate with them.

ChemCo believed that this newfound militancy amongst representatives to change the EECF agreement was prompted by a 'radical' union expert and this created tension. Indeed, the decisions by senior managers, within PrintCo and ChemCo, to create a balance of union and non-union EWC representatives, often appointing lower-ranking managers to the roles, suggested that union voice was restricted deliberately. Both organisations were keen to avoid a trade unions presence within the EWC and manipulate it for its own means. However, their decision to promote non-unionised managers was harshly criticised by union workers who viewed this as contradicting the spirit of the agreements. Once again, this reflects existing empirical evidence from McDonalds where managers were found, also, to be representing workers at the EWC (Royle, 1999).

However, management resistance towards union involvement in non-union participation demonstrates, also, their strength as a viable voice mechanism (Butler, 2005; Dundon et al., 2005; Gollan, 2005; Haynes, 2005; Lloyd, 2001; Terry, 1999; Hyman, 1997; Kelly, 1996; Freeman and Medoff, 1984). Across the case studies, there was evidence that the trade unions had managed

indirectly to put pressure on management and forced a partial rethink. Previously, FoodCo had taken a 'salami slice' approach to sharing information. However, with the help of the unions, worker representatives had forced management to share information with them earlier on in the consultation process and this had proved a positive step towards improving relations. Moreover, within ChemCo, worker representatives, on advice from the union, had threatened management with arbitration over a similar issue and this, too, had prompted management to partially reconsider its stance on the timing of consultation. In a similar case, it was the underlying threat of unionisationwhich prompted Suzuki, in Hungary, to address its own consultation framework. These demonstrate clearly the influence of trade unions (Neumann, 1993). Indeed, sometimes, the mere existence of union links can be a powerful enabler to securing more effective voice measures (Bryson, 2004).

Nevertheless, it is not only senior management who shape the multinational environment and the EWC. The attitudes and actions of workers and worker representatives play, also, their part in the success of European level voice. Often, fragmentation, between EWC members, has occurred between union and non-union delegates who are unable to agree on a position. Whilst non-union members veer towards a more management-sponsored perspective (PrintCo), non-union representatives consider that their views are not taken seriously by unionised members (ChemCo). Moreover, there is an obvious divide in views between manufacturing and office-based staff and between UK and Hungarian representatives (FoodCo). This is unhelpful for those attempting to create worker solidarity and a credible voice platform. Aware of these differences, managers have used this to their own advantage in an effort to remain in control.

Amongst the wider workforce, there is an ever present and rather counterproductive air of employee apathy, across the sites, which further weakens the EWC. Lack of knowledge or awareness of the forums, coupled with disinterest in European-based worker issues, proved a real obstacle in cultivating European level employee voice. Apathy has been cited as a

common problem amongst multinational workers (Freeman et al, 2007; Kersley et al., 2006; Terry 2003). However, it was the combination of a lack of publicity and an overriding belief that the EWC was irrelevant and achieved very little which prevented any real interest in it.

Disinterest, amongst Hungarian workers, was particularly common and the structure and function of Hungarian subsidiaries, coupled with the attitude of local managers, played its part in determining Hungary's involvement in the EWCs. In light of this, the next section addresses how local Hungarian voice mechanisms and attitudes influenced worker participation.

9.3 The Impact of Hungary and Prevailing Local Voice Mechanisms within the EWC

Having established that the UK multinational environment was a significant force in shaping EWCs, the following section demonstrates how Hungary influenced its capacity to provide voice for Hungarian workers. In short, the findings show that, rather than enhancing voice, Hungarian national mechanisms, underpinning their performance within the EWCs, hindered their capacity to harness voice at a European level. Therefore, this section t reflects critically on how the system of dual channel of representation; local management and worker attitudes; and the socio-political legacies all helped to weaken their role within the EWC.

Conceptually speaking, there are two points worth remembering at this stage. Firstly, Voss (2006) advocated that successful Hungarian representation, within the European arena, was linked to the strength of local voice. Therefore, in order for Hungarian workers to have voice within the EWC, they must have a solid local foundation on which they can build. Secondly, given that trade unions are supposed to offer autonomy; legitimacy; and efficacy (Hyman, 1997) and, therefore, are deemed the greater force for worker representation, we must ask whether Hungary's socio-political legacies allow local trade unions to operate at this level. In summary, local Hungarian voice mechanisms are viewed as weak and the evidence reflects this. Moreover,

there is substantial evidence, from the case studies, that historical legacies prevented the unions from achieving success and, in effect, compromised their current position as a representative body, both locally and within Europe. Here, the aim is to dissect these claims that Hungarian voice is weak and trade unions cannot be seen to offer to its members autonomy; legitimacy; and efficacy in the same way as Western trade unions (Voss, 2006; Hyman, 1997). We begin by considering in more detail the structure and achievements of the trade unions.

In short, it would be unfair to entirely disregard the impact which trade unions have had at a local level. To some extent, the case study evidence confirms partially Hyman's (1997) theory since ChemCo's shift from a union-free workforce to a union stronghold demonstrated most clearly the strength and impact of mobilisation. Through a carefully constructed programme, union members were able to increase union density from fifteen to seventy per cent and, by masterminding a takeover of the works council, forced local management to address the need for union recognition. Moreover, it was the strength of the local trade union and works council that prompted the election of a EWC delegate and forced management to review its decision to appoint their own representative. ChemCo's story underlines that, under the right conditions, trade unions are a powerful enabler in providing employee voice (Benyo, Neumann and Keleman, 2006; Mailand and Due, 2004: Draus, 2000; Hyman, 1997). Furthermore, management's use of the works council, as part of a union avoidance strategy, indicates that unions remain the most prominent voice mechanism, resonating with the wider voice literature (Dundon and Gollan, 2007; Watling and Snook, 2003; Gollan et al., 2001; Lloyd, 2001; Bryson, 2000; Kelly, 1996). However, the strength of the Hungarian trade unions is not comparable with Western views on trade unions since their capabilities are relative to the overall weakness of the dual channel system. It is the structure and function of dual representation, coupled with the issue of legacy, which inhibits union strength.

Many of the case study participants referred to the vague and restrictive nature of the Hungarian Labour Code (1992) which, according to local worker

representatives, demonstrates how the law manages to favour management over workers. Criticisms of the labour legislation are well documented and, often, its remit has been caught up in Hungary's political wrangling (Neumann, 2006; 2005; Aczel, 2005; Frege and Toth, 1999). So, it is of little surprise that it has become a barrier to ensuring meaningful voice, particularly given that most local managers admit to only applying the minimal legal requirements. The empirical data shows that the introduction of the dual channel system created a perceived duplication of roles amongst trade union and works council members, with managers unable, also, to distinguish them. In turn, this caused confusion amongst workers who, also, were unable to identify their differences. This resonates with the existing literature, which suggests that the establishment of the dual channel created more problems that it has solved (Neumann, 2006; 2005; Frege and Toth, 1999). Overall, the dual channel is weak, but weaker still is the works council mechanism as evidenced through the case studies. Not only did local management allude to their rather limited capabilities, worker representatives were dissatisfied, also, with their performance. Within PrintCo, there was bitterness amongst the workforce about the works council's limited achievements and this resulted in some members standing down. Equally, amongst FoodCo representatives, there was a sense that some works council members and workers were frustrated by its lack of achievements.

This had, in the case of FoodCo, prompted internal feuding between union and works council members, resulting in further division and fragmentation. With the election of a new non-union works council president, who was keen to sever works councils ties with the trade union, there was a sense that the power struggles, within it, were doing little to improve the overall focus and performance of the forum. Well aware of these ongoing disputes amongst members, managers had been able to use this to their own advantage and minimise opposition to their planned cost cutting strategies. Indeed, one of the strengths of ChemCo's local mechanisms was that the works council was organised by trade union members and this provided them with a greater sense of solidarity and strength to oppose management. Internal conflict between union and non-union members is not uncommon (Frege and Toth,

1999; Toth, 1998a, 1998b), but as Toth (1998a) recognised, where unions and works councils were able to work together, it provided members with a much stronger position from which to engage in consultation.

However, the evidence shows that the achievements of the works council and trade union are intrinsically linked to management cooperation. At FoodCo, the works council president, for the distribution centre, acknowledged that, without the goodwill and support of local managers, their role was redundant. The relationship between worker representatives and management is somewhat of a dichotomy. Having to rely upon the cooperation of managers, to ensure the works council and trade union have a voice, contradicts the point of consultation. Even, within the UK, there were signs both at PrintCo and FoodCo that the trade union was 'hand in glove' with managers and it was the cultivation of this relationship which allowed worker participation. To some extent, this illustrates Edwards' (2003; 1986) description of the 'structured antagonism'. The idea that, on a daily basis, cooperation is sought by both but there remains an ongoing and underlying conflict within the employment relationship. Yet, whilst this may be the case for management-led participation schemes, it should not apply to the trade union relations with management since their role is to remain impartial. Moreover, evidence of trade union attempts to appease local management are worrying and throws into question their capacity to be seen as autonomous and legitimate agents (Hyman, 1997). Furthermore, it demonstrates the level of management control which is linked largely to Hungary's socio-political legacies.

The issue of legacy stretches underlines many of the problems associated with employee voice, influencing management attitudes and behaviour towards workers. Given that many local managers have witnessed their sites move from state to private ownership and been a key part of the transformation process, the findings demonstrate a resistance to change amongst senior local figures. At PrintCo, worker representatives recognised that senior management were reluctant to change their leadership style and still acted in a way which was indicative of old Soviet times. There was further evidence of this behaviour, amongst ChemCo and FoodCo managers,

but it was, perhaps, not so prevalent. Nonetheless, the position, adopted by some Hungarian managers, affected all aspects of the employment relationship. Many examples, within PrintCo, illustrated the hostile and antagonistic environment in which worker representatives attempted to engage and reach a compromise with management. However, ultimately, management's determination to push through cuts to overtime payments and changes to contract were imposed. The Managing Director, in accepting his instructions from UK senior management, adopted a particularly forthright leadership strategy and was unperturbed by the damage which this caused.

In response, workers and worker representatives had either become angry or fearful of management. Frustration, amongst work council members, had prompted some, who felt they could achieve very little under the current management regime, to stand down from their posts. Fear amongst workers was institutionalised across the case studies and had manifested itself into every aspect of their daily working lives. Within PrintCo, workers were unsupportive of the trade union and works council because they feared speaking out and losing their jobs. Although management refuted claims that workers were sacked for opposing change, there was a genuine sense that they were being forced into decisions by the threat of job losses. Even at the expense of their health and a clear breech of safety regulations, workers fear of management recrimination prevailed. Also, participating in the study proved risky for workers who felt their actions were being carefully monitored by management.

At FoodCo, it quickly became apparent that local managers had groomed work council members before participating at the interviews. Contradictory stories abounded as some members praised management for their open door and friendly policies, whilst others spoke out in opposition of management's approach. Within ChemCo, the success of the works council had prompted some workers to turn and seek advice from employee representatives, rather than their own line management. To those involved, this indicated a reticence amongst workers to address local managers. And fear was not simply confined to blue-collar workers. Even middle-ranking managers were

reluctant to speak about senior management. At PrintCo, it was clear that the HR manager, who participated in the study, was nervous of the repercussions which she might face by speaking freely at interview. The existing literature reports more generally on the presence of fear and management recrimination in the workplace and goes some way to explaining why, sometimes, employee voice mechanisms can be rather fragile (Freeman et al., 2007; Tamuz, 2001; Morrison and Miliken, 2000; Roberts and O'Reilly, 1974). Within Hungary, the literature demonstrated more specifically an inherent fear of workplace conflict and, often, this was borne out of the legacies which, in turn, added to the difficulties faced by the trade unions (Toth, 1998a; Neumann, 1993).

Across the wider literature, general apathy towards worker participation was listed, also, as a barrier to employee voice and was recognised already in the UK-based case study evidence (Freeman et al., 2007; Kersley et al., 2006; Haynes, 2005; Bonner and Gollan, 2005; Coats, 2004). However, employee apathy was not only prevalent at a European level, it transcended, also, to the local arena. Within FoodCo, there was a sense of disinterest amongst white-collar workers, where works council seats remained vacant and the central works council had been abandoned. At PrintCo, works council election turnouts were diminishing and many first and second choice candidates were reticent to stand for works council posts. Although ChemCo bucked the trend in its revival of employee interests, union density, across the other two case studies, was steadily in decline. All these factors demonstrated a mix of apathy and frustration amongst workers and played a part in threatening the strength of worker voice through the dual channel system. The prevalence of apathy, at local level, reflected greater disinterest towards European level voice. In accepting that the ongoing problems, at the lower level, had failed to encourage support for voice within the EWC, workers and managers both indicated that apathy towards European voice was prompted, also, by feelings of isolation from the wider multinational community. Whilst workers lacked the capacity to perceive themselves as belonging to a much larger global enterprise, local managers felt disenfranchised by what they perceived to be a lack of interest in Hungarian operations by UK senior managers. Moreover,

there was, also, a sense, particularly at PrintCo, that management felt undermined by the decisions made in the UK and this added to their resentment towards the EWC.

Of course, there were some minor benefits to membership of the EWC for Hungarian workers. Firstly, it provided a link to other workers and an opportunity for Hungarian members to see for themselves, how workers abroad reacted to change. Secondly, it gave Hungarian workers direct access to senior UK managers and, in some instances, who provided them with a more accurate account of how, comparatively, performance and profits had faired in Hungary. However, these benefits proved, also, to be sticking points for some representatives. At PrintCo, Hungarian EWC members proactively sought the assistance of UK senior management to resolve an ongoing local issue and, in the process, bypassed local management. The scenario resonates with what Meardi (2004) described as a 'short circuit', whereby representatives were able to approach senior management directly with their grievances. In the end, this approach backfired for PrintCo representatives, when senior managers informed the local managing director that they had been in contact with UK senior management, and had a detrimental effect on already hostile relations. Moreover, discovering that operations in Hungary were the most profitable did little more than cause further frustration for workers who had been informed wrongly by local management that they had underperformed, in order to justify further wage cuts.

Perhaps this is why local PrintCo managers sought to veto the EWC representative from attending the annual meeting. Access to senior management and information on performance acted only to exacerbate local relations further and, given that, also, they felt undermined by UK management decision-making, there was a sense that local managers were losing control of Hungarian operations and the local workforce. In addition, attending the EWC was considered to be too costly to the local site and time away from the factory was lost earnings to the business. In contrast, ChemCo representatives complained that, having a foreign manager in place at site

level, had created its own problems. Whilst there was no evidence that local management felt undermined by UK managers or the EWC, they demonstrated little interest in Hungarian workplace issues or a desire to encourage European level involvement.

In principle, the EWC was regarded as a positive step towards strengthening voice but was considered largely irrelevant to both workers and local managers. The decisions, made at this level, were not seen to have much impact on local workers and had not demonstrated any genuine capacity to solve the problems which really mattered to workers locally. Moreover, the deep-rooted issues and weakness of local voice mechanisms prevented any interest in what took place externally and most local trade union and works council members were preoccupied with local matters to warrant additional concerns about the EWC. The importance of European affairs, in relation to local issues, is cited as a common problem in the literature. Those members, with robust national forums, tend not to perceive European level voice as important (Waddington, 2005; Wills, 1999; Streeck, 1997) and there was certainly evidence of this across the case study sites. Indeed, the cultivation of pan-European solidarity links and European identity was a real issue for those attempting to create a credible EWC forum. However, the case study evidence demonstrates, also, that a number of opportunities for creating stronger solidarity links exist but these have not been recognised, particularly amongst the EWC worker representatives. Therefore the next section looks at these forces for convergence in more detail.

9.4 Forces for Convergence

The multinational environment and local Hungarian voice structures both act as opposing forces in the success of the EWC forum. Yet, the forces for convergence equally cast influence over the effectiveness of European voice. Having accepted that EWCs are largely restricted by both the multinational culture and national voice practices, it is important to assess how the perceptions, attitudes and behaviours of those within the forum manifest themselves. Therefore, this section focuses on the dynamics within the EWC

and how its members determine its capacity to harness voice. In particular, the section addresses the issue of communication and language and considers the relevance of the EWC to representatives.

Across the case study organisations, creating a strong worker dynamic and solidarity links proved difficult for those taking part and there is no evidence that any of the EWCs have overcome this issue effectively. The fragmentation endured at national level appears magnified on a European scale, with the employment relationship remaining unequal and, often, voice left unheard. Indeed, the opportunities which the EWC mechanism provides for enhancing voice and promoting pan-European coordination, through the trade union network, have been overlooked, with neither local level nor EWC representatives able to recognise the potential benefits (Pulignano, 2005; Lucio and Weston, 2000).

In short, the problem lies in the development of a European identity. As Whittall et al (2007) explained, for credible employee voice to emerge at the European level, members must work together to create a strong and unique European identity. However, there was no evidence that worker representatives were able to achieve this level of integration. So what obstacles need to be overcome to achieve this? We begin by assessing the practical issues of communication; language; and training.

Communication, or lack of, has proved to be a key inhibitor in strengthening European worker relations. Not only does the evidence demonstrate its limitations within the forum, it has been an obstacle, also, outside of the annual EWC meetings. Already the findings have shown a high level of Hungarian worker apathy towards European issues; in part, this hasbeen caused by EWC members' lack of interest in promoting its awareness and feeding back information. This laid back approach has transcended across the EWC forum, with few EWC delegates regularly contacting fellow members outside of the meeting. Indeed, some Hungarian EWC representatives admitted that they never communicated with other members beyond the annual gathering. Whilst there was evidence, at PrintCo, that the UK's Unite

union had made some attempt to maintain relations with their Hungarian counterparts, eventually, talks had broken down and there were no moves to revive this relationship.

However, communication for Hungarian delegates with other members was further restricted by a lack of resources received from local management. Many struggled to access emails and were forced to use their own personal mobile phones and computers to carry out their roles. This meant that, often, information was delayed and maintaining links with other representatives was at times impossible. Indeed, most Hungarian EWC representatives complained that there was an untimely delay in receiving EWC minutes and agendas from senior UK managers, which, often, meant that they were ill-informed and unprepared for EWC meetings. Moreover, the establishment of a sub-committee, at both FoodCo and ChemCo, had created a two-tier system, with those members on the periphery of the EWC feeling excluded from joint management and sub-committee discussions. Overall, there was little evidence that regular communication, between representatives or managers, took place outside of the forum meetings. However, as the existing literature demonstrates, communication plays a vital part in facilitating voice across national borders (Tully, 2004; Wills, 2000), and to overlook its value seems unwise. Indeed, this is one area in which representatives could have a greater role and involvement in the EWC process. Not only would communication between representatives enhance understanding, it would more importantly help members to foster stronger relations and build solidarity links. In short, so far, communication has been a missed opportunity for workers seeking to strengthen European voice.

Of course, there are barriers to establishing communication links and one of the biggest obstacles facing Hungarian representatives is the issue of language. As Stirling and Tully (2004) reported, the language barrier poses a real threat to the cultivation of relations within the EWC and the case study evidence demonstrates overwhelming how debilitating this can be. Not only does it play a part during the annual meeting, its impact transcends beyond the meeting to informal social gatherings and online discussions. The

language barrier was cited as a key inhibitor to creating links and receiving timely information, making discussions outside of the meeting virtually impossible. Moreover, within the forums there was evidence that senior management had failed to solve this issue. Whilst FoodCo provided Hungarian representatives with a qualified interpreter, ChemCo and PrintCo arrangements were entirely inadequate, forcing Hungarians to become bystanders, rather than participants of the EWC process. For the most part, representatives and managers believed that the informal times, during the meeting, provided the best opportunity for discussion. These 'corridor conversations', at break out periods, allowed representatives together to discuss local issues. Dinners and social events organised by the EWC, provided staff, too, with discussion time. However, for Hungarian delegates, these manifested themselves as barriers to entry since an interpreter was rarely available. Both senior managers and UK representatives acknowledged the difficulties, faced by Hungarian representatives, to the point where some questioned whether their attendance was at all beneficial to them. Such comments raise serious concerns about Hungarian participation and clearly highlight its inefficiencies.

Also, the language barrier prompted cliques and sub-groups amongst representatives, which created further fragmentation. More worryingly, it heightened the issue of cultural intolerance since members relied upon national stereotypes as thumbnail outlines of fellow members, highlighting a lack of awareness and knowledge of others. This was particularly prevalent, within PrintCo, whilst, at ChemCo and FoodCo, there was evidence of prejudiced behaviour towards Hungarian members which caused offence to some Hungarian members.

How representatives approached the forum was, also, culturally specific. Delegates from France, Belgium, Germany and the Netherlands were direct in their questioning of management, whilst UK and Hungarian members were more adversarial in their behaviour. The literature shows that culture plays a key role in how delegates approach the EWC and stereotyping is seen to often inform representatives' views (Stirling and Tully, 2004). However, it can

create, also, ill feeling, not only with management but, also, amongst other representatives (Wills, 2000). This not only increases tension but, more importantly, it reduces the forum's capacity to develop a strong European identity and voice.

Opportunities for training could unlock some of these issues and enable representatives to be more culturally aware; encourage dialogue; and strengthen their capabilities within the forum. Often, poor training is cited as an indirect cause of EWC failure (Miller and Stirling, 1998). However, the evidence shows that training, across the organisations, was at best sporadic. None of the multinationals offered an induction programme and cultural training was delivered on an ad hoc basis. At ChemCo, diversity training had been arranged; however, since the expansion of the EWC, the company had abandoned further training sessions. This seems an illogical response to expansion since the issue of culture becomes even more important as membership increases. Provision was made at ChemCo and FoodCo for language training but, whilst ChemCo's programme was regarded as basic and unsatisfactory, FoodCo offered a more robust training package and provided, also, an online discussion forum. However, neither opportunity was embraced readily by representatives, who believed learning a new language was too time consuming. Employee representatives feared, also, that, potentially, messages posted to the online forum could be accessed and scrutnised by management.

Yet, despite the opportunities, many representatives were critical of the training which they received. Studies show when training is adequately provided and willingly undertaken by workers, there are substantial benefits to the EWC forum and its members (Waddington, 2005; Tully, 2004). Indeed, Gilman and Marginson (2002) referred specifically to the learning and its impact on EWCs. However, this is, perhaps, less of a criticism of representatives and more a missed opportunity for trade unions since training could provide the unions with the level of involvement they seek. The literature suggests that there is scope for trade unions to develop a wider agenda and influence the EWC through more innovative measures and

research shows that union-led training strengthens the forum (Annand, 2004; Qvale, 2003; Miller, 1999; Hyman, 1997). Certainly, UK-based trade unions, across the case studies, are well placed to become involved and influence the EWC through the provision of centralised training. Moreover, equipping members with the necessary skills may reduce cultural tensions; encourage solidarity; and allow members to operate more effectively.

However, whilst the evidence shows that worker representatives, together with the trade unions, may not have seized every opportunity available to them, the findings show that the members' underlying perceptions are, also, to blame. Across the forums, there was a real sense that the role of the EWC was irrelevant and unimportant, particularly in comparison to local voice mechanisms. FoodCo and ChemCo managers both accepted that local forums and trade unions would deliver always more for workers than the EWC. This was illustrated through the process of simultaneous consultation, which placed the emphasis on consultation within the local framework, often, undermining the work of the EWC in the process. Moreover, the success of the EWC was measured often by what it achieved locally for workers and representatives were keen to promote their own local agendas through the EWC mechanism. In short, the forums lacked a European lens and representatives arrived at the meeting, keen to protect jobs locally and to use the forum as a court of appeal. Individual local agendas delayed the prospect of creating a European identity and worker solidarity (Whittall et al, 2007; Wills, 2000; Streeck, 1997; Keller, 1995).

Perhaps, the reason worker representatives lack such a European focus and fail to comprehend the benefits of multi-level voice is because they struggle to establish its purpose and understand how it fits in with existing mechanisms. Moreover, the workplace disparities, at national level, make developing a common European agenda an even more onerous task. Indeed, Hungarian representatives, across the case studies, complained that the issues discussed were of little importance locally and, in many cases, Hungarian members could not relate to them. One example, which illustrates this issue, is the canteen facilities provided across PrintCo sites. Whilst UK workers

raised the issue of poor quality catering facilities, Hungarian managers were seen to contravene heath and safety regulations by allowing workers to eat by their machines. The difference, in working practices and standards, was pronounced and, consequently, finding a common focus proved problematic. Furthermore, management believed that the centralised nature of the EWC was out of syncchronization with the decentralised structure of multinational business.

With sites so rarely operating in a similar manner, the concept of European voice was unsuitable for multinational workers. However, developing a European agenda can occur only if voice mechanisms are vertically and horizontally integrated across local, national and European levels (Pulignano, 2005; Wills, 1999). For this to occur, worker representatives need to recognise the EWC's place and value within the existing voice structure. National trade unions need, also, to get on board and use the EWC as a platform for European coordination, just as in the same way as ChemCo's trade union mobilised their campaign through the local works council.

Voss (2006) argued that, when Hungarian voice was strong locally, the effectiveness of voice at a European level was increased. Whilst FoodCo and ChemCo representatives recognised that this was the case for German and French delegates, who were better equipped at dealing with the EWC through the support of their local trade unions and works councils, local Hungary mechanisms were not strong enough to harness and support voice for them at a European level. Inexperience, coupled with fragile and fragmented local structures, meant that participation was generally ineffective. Representatives claimed that increasing the frequency of meetings; doubling the number of Hungarian delegates; delivering road shows to promote awareness; and inviting local management to join the EWC would all bolster voice. However, there is a real sense that the EWC will begin only to be effective for Hungarian workers when multi-level integration occurs and voice is strengthened from the bottom-up. Yet, whilst local unions offer limited scope for autonomy; legitimacy; and efficacy and remain steeped in socio-political legacies, EWCs continue to be more of a 'paper tiger' than 'Trojan Horse' (Hall and Marginson,

2005). Given the evidence for further planned cuts and the economic crisis, it is unlikely that Hungarian workers will gain a more prominent role within the EWCs in the future (Benyo, Neumann and Keleman, 2006; Gilman and Marginson, 2002; Toth, 1998a; Neumann, 1993).

9.5 Summary of Analysis

This study established that EWCs are ineffective, as a mechanism of employee voice, for Hungarian workers of UK owned multinationals in the printing, chemical and food industries. Through the analytical framework we examined the key features of the EWC agreements in place and assessed the influence of the UK multinational environment; Hungary's prevailing mechanisms of employee voice; and the converging forces which impact on employee voice within the EWC. Moreover, we demonstrated how these forces have shaped the EWC and limited its capacity to provide employee voice. Evidence shows that the UK multinational environment has undermined European level employee voice structures, reinforcing the existing imbalance in the employment relationship. Hungary's socio-political legacies have managed, also, to weaken voice through their national dual system of representation, restricting their capacity to harness voice at European level. Furthermore, whilst the EWC agreements offer vague and ambiguous guidelines for establishing a EWC, evidence shows that the representatives within the European forum, along with their national trade union counterparts, are incapable of realising the forum's potential and the opportunities which it provides for strengthening employee voice.

The findings echo largely data found within other empirical studies on EWCs (Waddington, 2005; Whittall, 2000; Wills, 2000; 1999; Royle, 1999; Ramsay, 1997). Moreover, the study reinforces the existing debates over power inequalities and management control of the employment relationship (Butler, 2005; Kelly, 1998; Hyman, 1997; Ramsay, 1997; Hyman and Mason, 1995), demonstrating how the structured antagonisms, within the relationship, are played out (Edwards, 2003; 1986). In keeping with Lecher et al.'s (2001) typology, the agreements, which frame these EWCs, seem to offer workers no

more than a ‘symbolic’ or ‘service’ level forum. Despite FoodCo offering slightly more opportunity for two-way dialogue and joint-management discussions, the three examined forums leaned towards minimal standards in consultation. Furthermore, these mechanisms were not autonomous or legitimate in their structure and function (Hyman, 1997).

In relation to Gilman and Marginson’s (2002) framework, there was little empirical evidence that the sector influenced the EWCs; yet, the size and structure of the case study organisations played a more prominent role in their success. Moreover, the financial resources and market positioning of these companies proved to be a further indicator of their effectiveness. One of the most significant influences of the EWC forums was the multinational’s country of origin. Heavily UK dominated and Anglo-centric in their approach, most forums reflected UK consultation practices and non-UK members saw, being a British representative, as a key advantage. The Anglo-centric nature of these forums manifested itself across a range of business strategies and all organisations, with key roles undertaken by British counterparts. Indeed, it could be said that these multinationals largely adopted an ‘ethnocentric’ approach to establishing EWCs (Lecher and Rub, 1999).

Two key ways, in which management have demonstrated their ability to undermine these mechanisms, are through its consultation arrangements and its relationship with the trade unions. Lecher et al. (2001) argued that the attitude of management and their relationship with the workforce was a key determinant in the EWC’s success and this could be measured through the opportunities which they provided for employee consultation. Although all three offered minimal consultation rights for worker representatives, the rights of management took precedence over workers and consultation was at the management’s discretion. Management presentations dominated proceedings, giving workers limited time to discuss the issues, and, whilst some managers struggled to define consultation, others acknowledged its lack of influence in the decision-making process.

The adoption of a union avoidance strategy, by many senior managers, indicated, also, their scepticism towards creating a credible voice platform. As witnessed previously, through many non-unionised voice mechanisms (Dundon and Gollan, 2007; Gollan, 2005; Watling and Snook, 2003; Gollan et al., 2001; Lloyd, 2001; Bryson, 2000; Terry, 1999; Kelly, 1996), restricting union influence has become an ingrained within the EWC ethos, reinforcing Streeck's (1997) comments that EWCs merely formed part of a multinational's human resource strategy. The case study evidence shows how managers limited participation through a range of measures, from promoting non-union and lower-ranking managers as EWC candidates, to excluding union involvement in the establishment of the EWC agreement. Although, both PrintCo and FoodCo had learnt to take a more relaxed attitude towards the trade unions, there was little evidence that, at a European level, unions had managed to influence the EWC forum.

Indeed, whilst the study shows that trade unions remain the only credible forum for worker voice, reinforcing the existing literature (Kelly, 1998; Hyman, 1997; Freeman and Medoff, 1984), there was no evidence that they had benefited Hungarian workers. At a national level, whilst there was evidence that ChemCo's local trade union had mobilised effectively, turning a union-free workplace into a unionised organisation, their capacity to influence EWC proceedings and harness voice for workers was not evident. Furthermore, the evidence across the other two case studies suggests that the dual channel of representation remained too weak and fragmented to provide adequate participation arrangements for workers. Moreover, given the socio-political influences, which continue to plague Hungary at a workplace level, it cannot be viewed that unions offer workers autonomy; legitimacy; or efficacy in their current format (Hyman, 1997).

In short, the case studies illustrate that the Hungarian Labour Code (1992) is vague and restrictive and geared heavily towards management, whilst local management attitudes remain entrenched in the socio-political legacies, as described in the existing literature (Toth, 1998a; Neumann, 1993). Resistant to change, often, local management adopted an autocratic leadership style.

Controlling and often manipulative, they failed to harbour positive work relations; prioritising UK senior management objectives over working conditions and employee rights. Hungarian workers responded either through anger or apathy, but more often through fear. Historically, submissive under the communist regime, workers have continued to take this passive approach, avoiding conflict wherever possible. This sense of fear was heightened by the continuing threat of job losses and site closures, which management used to ward off worker opposition. Given the deep-rooted issues facing Hungarian workers at a local level, many were apathetic or unaware of the EWC and felt isolated from the bigger multinational group. This, in turn, made the EWC appear even less relevant to them. Often, local managers were found to be disenfranchised by the notion of European voice, believing employment was a local issue and the EWC undermined their authority.

Voss (2006) suggested that a strong Hungarian voice, in Europe, was underpinned by robust local mechanisms. However, the case study evidence demonstrates that voice remained too weak locally for it to support worker representatives in the EWC. Moreover, despite the strength of ChemCo's local trade union, there was no evidence that the union had managed to harness voice through the EWC. Perhaps, this was partly owing to the fact that representatives not only failed to discuss European matters, at the local level, but, also, misunderstood the relationship between local and European mechanisms. Across the EWCs, there was little evidence that representatives seized the opportunities to strengthen multi-level voice and cultivate solidarity links. The existing literature recommends that local trade unions must do more to strengthen their influence over the EWC forum and develop innovative strategies for achieving this (Pulignano, 2005; Waddington, 2005; Annand, 2004; Tully, 2004; Qvale, 2003; Miller, 1999; Hyman, 1997). Of course, the language barrier has proved to be a difficult obstacle to overcome, particularly for Hungarian workers. However, the evidence shows that trade unions, at the local level, need to pay greater attention to creating strong ties and communication links through the EWC and offer training to all EWC members.

However, these opportunities for horizontal and vertical integration are still to be recognised by local unions since EWC representatives provide a gateway to harnessing voice through pan-European coordination. This would allow not only EWC delegates to identify with the EWC (Whittall et al, 2007) but it would help, also, to cultivate solidarity links and, in turn, make the EWC a more worthwhile and purposeful voice platform. Yet, despite all these recommendations for strengthening voice, for Hungarian workers the issues begin and end with the dual voice structure. Although the UK multinational environment has determined the scope of the EWC, evidence shows that local voice mechanisms have hampered severely Hungarian efforts at a European level. Therefore, if Hungarian workers are to play a greater role in shaping voice within the EWC, they, first, must address the weaknesses and ongoing issues that restrict voice at a local level.

Chapter 10

Conclusion

The overriding conclusion, to be drawn from this study, is that that EWCs are ineffective in providing employee voice for Hungarian workers of UK-owned multinationals. With this in mind, this chapter aims to draw together the existing debates on voice; EWCs; and Hungarian worker representation, and to demonstrate how the empirical findings from the study support this claim. Moreover, the chapter aims to show how this study has furthered the current field of literature surrounding EWCs and employee voice. The chapter is made up of five parts. Section one provides an overview of the literature framework upon which the study was based, bringing together critical perspectives from the areas of employee voice; EWCs; and Hungarian representation. Section two examines the key empirical evidence, taken from the study, considering how both the multinational environment and local Hungarian voice mechanisms shaped employee voice, within the EWC, for Hungarian workers and how those working, within the EWC, influenced its success. In section three we attempt to develop the research framework, considering how the empirical findings reflect the existing literature and where they further the debates. Then, section four outlines the limitations of the study, whilst the final section puts forward a rationale for further research. We begin by reviewing the existing literature.

10.1 An Overview of the Existing Debates

This study brought together disparate literatures in the field of employee voice; EWCs; and Hungarian worker representation. Starting with the employment relationship, the study began with an analysis of employee voice, exploring how voice was delivered, through the various mechanisms and at different levels. Taking a Marxist perspective, the literature demonstrated how inequalities and an imbalance of power permeated the employment relationship in favour of management, allowing them to take control (Ackers, 2012; Butler, 2005; Dundon et al., 2005; Dietz et al., 2005; Terry, 1999; Kelly,

1998, 1996; Hyman, 1997). In turn, this gave rise to employee voice mechanisms which attempted to counterbalance these inequalities through a number of employee involvement and participation schemes. However, these mechanisms offered varying levels of strength in worker voice, with some acting merely to provide an information forum, whilst, at the other end of spectrum, negotiation and codetermination rights delivered substantially more for workers (Wilkinson and Dundon, 2010; Blyton and Turnbull, 2004; Marchington et al., 2001). Moreover, with the wide-ranging definitions of voice on offer (Armstrong, 2006; Bryson, 2004; Marchington et al., 2001), it was difficult to ascertain what made for effective employee voice practices.

Yet, if we are to accept a Marxist viewpoint, the aim of industrial democracy, in its fullest sense, is to give workers control over decision-making (Salamon, 1998) and the trade union is the closest voice mechanism to offer this level and scope (Kelly, 1998; Hyman, 1997; Freeman and Medoff, 1984; Friedman, 1977). Indeed, according to Hyman (1997), trade unions provide the most robust mechanism for voice because they offer workers autonomy; legitimacy; and efficacy and, in this study, as a benchmark for voice mechanisms, this analysis has come to play a core part in determining the success of EWCs. Similarly, a number of other empirical studies in employee voice adopted, also, this position when examining non-unionised structures (Butler, 2005; Dundon et al, 2005; Gollan, 2005; Haynes, 2005; Coats, 2004; Gospel and Wood, 2003; Lloyd, 2001; Terry, 1999).

In light of this, attitudes towards EWCs are fragmented along similar lines, with those, who favour union-led methods, critical in their evaluation of EWCs (Waddington, 2005; Keller, 2002; Royle, 1999; Ramsay, 1997; and Streeck, 1997). Considered a watered down version of the original draft (Falkner, 1998), the EWC Directive has divided opinion within the academic community. Whilst there are those who view the development of this non-unionised participation scheme as a positive step towards regulating employee voice (Com, 2004; Lecher et al., 2001, Lecher and Rub, 1999), others see their establishment in more pragmatic terms (Whittall et al, 2007; Timming, 2006; Waddington, 2005; Stirling and Tully, 2004; Hall et al., 2003; Gilman and

Marginson, 2002; Wills, 2000, 1999). On the other hand, there are those who deem them to be entirely ineffective (Keller, 2002; Royle, 1999; Ramsay, 1997; Streeck, 1997).

Lecher et al (2001) arguedthat EWCs took different forms and, through their typology, drew clear distinctions in their capabilities. In short, what denotes a 'participative' EWC is workers' capacity to operate as autonomous agents, taking a more central role in the establishment and development of the forum. Also, management's relationship with its workforce is linked intrinsically to the level of autonomy prescribed to workers and this is partly reflected in Gilman and Marginson's (2002), assessment, which showed how 'statutory'; 'sector'; 'country'; and 'learning' effect all helped to determine the success of a EWC. Indeed, to some extent, much of the existing empirical data resonates with Gilman and Marginson's (2002) framework (Timming, 2006; Waddington, 2005; Marginson et al., 2004; Tully, 2004; Stirling and Tully, 2004; Hall et al., 2003; Wills, 2000; 1999).

Yet, despite suggestions that EWCs have the potential to offer more to workers, there is evidence that only a very small percentage actually operate as effective voice mechanisms (Carley and Marginson, 2000) and, consequently, they have been labeled as the 'paper tiger' of employee voice (Hall and Marginson, 2005). Streeck (1997), who remained staunchly critical of the EWC mechanism, believed that they offered neither a sufficient structure for voice or addressed the needs of multinational workers in Europe, operating merely as another component of a company's HRM regime and undermining the purpose of worker voice. Whittall et al. (2007) added force to these claims in their analysis of identity, in which they concluded that the absence of a distinguishable European dynamic, amongst EWC representatives, limited their capacity to provide effective voice. Indeed, increasing autonomy; legitimacy; and efficacy, through the EWC forum to ensure voice, is as effective as a union mechanism, but can be achieved only if solidarity links are strengthened between national level trade union networks and the EWC is utilised to foster pan-European coordination (Pulignano, 2005; Lucio and Weston, 2000; Hyman, 1997).

Yet, with the expansion of the EU to include members from the CEE region, a more complex scene was created. Evidence shows that those, who are best equipped to participate in the EWC, tend to be the members who have the experience of working with strong local voice mechanisms (Timming, 2006; Waddington, 2005; Hancke, 2000; Whittall, 2000; Wills, 2000).

Voss's (2006) study of Hungarian EWC participation reinforced these findings, in which he concluded that strong local labour relations had to underpin and support participation, at a European level, which was achievable through trade union involvement and coordination within the EWC. Given the limited literature on Hungary's initial experiences of multi-level voice, Voss's (2006) findings played a key part in this study. In his study, Voss (2006) called for further trade union involvement in European work matters, echoing Western claims for more vertical and horizontal integration between trade unions and works councils across Europe (Pulignano, 2005; Knudsen, 2003; Lucio and Weston, 2000; Hyman 1997; Streeck, 1997; Kelly, 1996; Freeman and Medoff, 1984). Moreover, his insistence for better language provision and EWC training chimed with Gilman and Marginson's (2002) framework and other academic sources (Stirling and Tully, 2004; Tully, 2004; Wills, 2000; Royle, 1999). Moreover, in his analysis, Voss (2006) considered, also, the role of management and the multinational in the EWC process and ,again, this resonated with Gilman and Marginson's (2002) framework and the wider empirical literature on EWCs, demonstrating how multinationals shaped them (Timming, 2006; Hall and Marginson, 2005; Waddington, 2005; Carley, 2001; Hancke, 2000; Whittall, 2000; Wills, 2000; Royle, 1999; Ramsay, 1997).

However, the literature surrounding local Hungarian worker representation highlights how the socio-political forces impacted on the effectiveness of voice (Neumann, 2006; Frege and Toth, 1999; Toth, 1998a). Indeed, the process of political and economic transition crucially influenced the way in which employee voice systems operate in Hungary and, in turn, this has left it weak and fragmented (Gennard, 2007; Aczel, 2005; Hayward, 2005; Neumann, 2005; Galogczi, 2003; Frege, 2002; Frege and Toth, 1999; Toth, 1998b).

Whilst Voss (2006) suggested that a strong local industrial relations culture created a positive environment for Hungarian performance, within the EWC, it cannot be overlooked that the socio-political legacies have the capacity to restrict Hungarian participation within the EWC. Moreover, whilst accepting that Hyman's (1997) framework provides an effective measure of employee voice, it must be considered that this takes an inherently Western view of voice and its expectations. Therefore, the purpose of this study was to establish whether Voss (2006) and Hyman's (1997) analyses were accurate benchmarks for assessing Hungarian worker voice. The empirical evidence below demonstrates just how ineffective Hungarian workers have been in harnessing employee voice at both a local and European level.

10.2 Establishing the Effectiveness of Hungarian Employee Voice through the EWC

The empirical findings provide a plethora of valuable insights into the experiences of worker voice both at a national and at a European level. Having examined already the case study evidence, using the analytical framework, the purpose of this section is to present a final round-up of the key points which helped to identify the effectiveness of employee voice. We begin by considering briefly the EWC agreements and, then, move on to outline how the multinational organisation and local Hungarian mechanisms shaped the EWC and worker voice more generally. Finally, we re-examine the influences within the EWC forum, demonstrating that, whilst EWCs were restricted by external forces, internally, worker representatives have not seized the opportunities available to them to make European voice a more credible and effective platform.

Despite being established under both Article 6 and Article 13 of the EWC Directive, all three EWC agreements, which lay out the arrangements for the forums, generally provide minimum standards in employee consultation. Whilst the structure and function of these European voice mechanisms offered some minor discrepancies, particularly in terms of size and funding, most agreements tended to outline their limitations, rather than their

opportunities for harnessing meaningful employee consultation. Moreover, they favoured mainly management's appetite for control over the employment relationship, rather than fulfilling a need for strengthening worker representation. The evidence shows that, to a lesser or greater degree, the UK multinational environment and senior management responsible have undermined effectively European employee voice through a number of strategies and the negotiation (or lack of) over the EWC agreements, particularly with the trade unions, clearly demonstrated this approach. Indeed, this is only one way in which management deliberately sabotaged the forums as part of a trade union avoidance strategy and, consequently, this managed to substantially reduce their effectiveness.

The adoption of Anglo-centric practices, across the EWCsm has greatly restricted the scope for consultation, particularly given the UK's lack of experience in local level works councils and their traditionally adversarial approach to industrial relations. UK ownership of these business enterprises, whilst beneficial to UK members, has proved detrimental to non-UK delegates. As UK worker issues have come to dominate the forum, so, too, have key posts within the sub-committees and senior management been awarded to UK members. With limited or no experience of organising works councils, these policies have been counterproductive for those seeking more balanced participation.

Some managers recognised that their approach to EWCs was ineffective either for workers or for the employment relationship at large; however, this progressive attitude towards consultation is not widespread. By sharing information more readily with its worker members, the EWC proved to be a more slightly positive experience. However, there is overwhelming evidence that UK management deliberately restricted the opportunity, which the EWC provides for discussion, and limited worker participation. Indeed, one of the most concerning points to be raised from the study is that the managers struggled to define the boundaries of consultation, with the majority of meetings dedicated to information sharing only, on a top-down basis. This approach offers very little opportunity for meaningful engagement, whilst the

implementation of simultaneous consultation throws into question the relevance and role of European voice.

Not only have management failed to involve trade unions in the set-up of EWCs, they have employed further measures to restrict union access to the forums. Although trade unions have not been left entirely in the dark, given their role as 'expert' and participation at employee-only meetings, an anti-union attitude was embedded within the general management culture. Whilst some non-union representatives believed, also, that allowing more union involvement would mean workers were disproportionately represented at the EWC, in the fact of dwindling union membership, this antagonism towards unions appeared to be borne out of fear amongst managers over what unions might achieve if they were to be given a more leading part.

Of course, for unions to become a more powerful force within the EWC, they must play their role in securing a place at the consultation table. Evidence shows that both locally and at a European level, Hungarian unions and the dual channel of representation have impeded their capacity to strengthen Hungarian voice. Whilst the trade unions have shown themselves to be the more robust voice mechanism, there is limited evidence, from the case studies, that either unions or works councils fulfilled their roles effectively. The Hungarian Labour Code (1992), from which is derived the dual system, was criticised for being too vague and restrictive, once again favouring management prerogatives. Moreover, with confusion over the roles and responsibilities of the dual system, there was a general sense, amongst workers and local managers, that neither had achieved specific tangible outcomes, leaving workers either apathetic or frustrated. Whilst there was evidence that trade unions had garnered worker support locally within ChemCo, there was no evidence that this had bolstered voice for workers at a European level.

The prevalence of socio-political legacies, within these local operations, highlighted how the continued use of Soviet style leadership practices had heightened worker fears. In truth, Hungarian workers and local managers

have been unable to cast off some of the working practices, adopted under the communist regime, and embrace a more democratic system. Whilst some local managers adopted an autocratic approach and displayed resistance towards UK senior management, fear of management recrimination, amongst workers and some middle-ranking managers, was particularly disconcerting. Although local management were keen to allay their concerns, it was evident that fear was institutionalised, within some of the Hungarian workplaces, and had become a clear obstacle to cultivating employee voice. Indeed, linked to these legacies was the perceived irrelevance of the EWC. Furthermore, a lack of knowledge and awareness of these organisations beyond the local setting hampered their capacity to harness voice. At site level, there was a strong sense of local community and feeling and workers were keen to maintain this. However, this meant that, often, they failed to see their role within the larger organisation, appearing both geographically and ideologically isolated from their European colleagues. Indeed, Hungarian EWC representatives were not particularly effective at raising the profile of the EWC and, therefore, the struggles faced at the local level were compounded by a lack of interest or understanding of how the EWC mechanism worked and what benefits it could bring if it was utilised more effectively by Hungarian representatives.

Of course, the external challenges, faced by those involved with the EWC, are not the only issues hampering Hungarian worker voice. Internal factors, also, play their part in determining effectiveness. Whilst these forces for convergence provide the prospect for intensifying participation, allowing worker representatives a more autonomous role, they can prove counterproductive if the opportunities, which they provide, are not effectively harnessed. On a fundamental level, the creation of European solidarity links, amongst employees, were weakened by the failure of representatives from, across the EWC, to develop communication networks. However this was caused largely by the language barrier and, in some cases, the failure of management to implement more effective systems for translating and interpretation. Moreover, provision for training has been sparse and, whilst this provides an opportunity for informal trade union involvement, through the

educational development of its EWC members, unions have failed, also, to put in place adequate facilities for ensuring worker representatives are well trained to deliver effective representation. These factors were detrimental to employee voice, particularly for those Hungarian members, who found themselves unable to engage with others and in unfamiliar and, sometimes, unwelcome territory.

Perhaps, the primary issue, preventing cooperation amongst EWC members, was the perceived irrelevance of the forum. Without 'buy-in' from worker representatives, the process failed to cultivate a European identity which, in turn, prevented the development of pan-European solidarity links. One of the reasons, why an identity has not been established, is because a common European agenda had not been cultivated, prompting some members to hijack the forums and discuss their own local issues. Most representatives, irrespective of nationality, considered local voice mechanisms to be more valuable and this meant that their efforts to pursue representation through a European platform were less enthusiastic. Those with strong local mechanisms, in France and Germany for example, were better equipped to contribute to the forum. In contrast, whilst some Hungarian EWC members were experienced in dealing with local works councils, their capabilities were not comparable to the French or Germans. Moreover, whilst UK members, too, lacked experience, their position, in a UK-owned multinational, was a more privileged one, giving them a more central role within the EWC.

The case study evidence infers that, when local voice mechanisms are robust, generally, they prepare EWC members to engage more proactively in EWC discussions and, therefore, more needs to be achieved locally through the trade union networks in order to bolster Hungarian efforts within the EWCs. Indeed, there was little evidence, particularly from a Hungarian perspective, that solidarity links within the European forums had been strengthened through the support of the local unions and, crucially, this affected the efficiency of the EWCs. In accepting that union voice provides the most successful method, through which employee voice is delivered, the absence

of union involvement – both formally and informally - is a key issue in explaining why these EWCs have been ineffective.

Despite recommendations, put forward by both EWC and local representatives, to increase the frequency of meetings; developing communication and training; including local management in EWC discussions; and promoting awareness, the primary issue for Hungarian workers lies in its inability to effectively harness voice locally. Moreover, whilst local unions and works councils fail to see the importance of supporting its EWC members and remain blinkered to European issues, it is unlikely that their role, within the EWC, will be strengthened in the future. In summary, the EWC mechanism provides the potential for closer links and stronger employee voice if unions can achieve a greater role within them. Having reviewed the literature and presented the salient points from the findings, the following section attempts to draw these debates together and demonstrate how the evidence has developed the discussion on EWCs.

10.3 Developing the Literature Framework on Employee Voice and EWCs

To date, there has been scant information available on how participation, within EWCs, has influenced Hungarian employee voice, This study has attempted to help fill this gap in the literature. Given the vast number of multinational companies, based in Hungary, and with around twenty five per cent of Hungarians employed by foreign-owned businesses (Lado, 2001), their involvement in multi-level voice systems has become increasingly widespread. Consequently, their contribution and role have become more important and research, in this area, is crucial to expanding our knowledge and understanding of EWCs. In response, this study attempted to explore empirically not only the effectiveness of EWCs as a voice mechanism but, also, the relationship between local and European level voice structures in Hungary.

In relation to the existing debates around EWCs, the findings reinforce largely much of the existing evidence, lending themselves to the more pragmatic and, sometimes, pessimistic end of the argument (Whittall et al, 2007; Timming, 2006; Hall and Marginson, 2005; Waddington, 2005; Hall et al., 2003; Gilman and Marginson, 2002; Carley and Marginson, 2000; Wills, 2000; 1999; Royle, 1999; Ramsay, 1997; Streeck, 1997; Kelly, 1996; Schulten, 1996). The findings confirm that EWCs are ineffective in providing voice since they fail to measure up as autonomous; legitimate; and efficient voice mechanisms (Hyman, 1997), In short, they fail because they do not offer the same level of voice which trade unions currently do and the case studies show that, presently, the role of trade unions, within EWCs, is not sufficient enough to influence participation.

There was, also, no evidence, from a multinational point of view, that 'sector' played a part in establishing EWC effectiveness. The size and structure of these multinational businesses proved to have a more apparent impact and views on the success of the EWCs were divided largely between office and factory workers; union and non-union members; and UK and non-UK delegates. Moreover, the financial and market positioning of these multinational enterprises influenced, also, the perceived effectiveness, with the better-funded EWCs receiving less criticism from worker representatives. In relation to Gilman and Marginson's (2002) model, 'statutory'; 'learning'; and 'country' effects were apparent, and the Anglo-centric nature of the EWC was evident. The case studies did not highlight 'sector' to be a contributing factor. Lecher et al's (2001) typology distinguished the various types of EWCs found operating within multinational organisations and, in keeping with this framework, the findings show how these EWCs operate as weaker mechanisms, reflecting the 'symbolic' or 'service' led forum. Whilst recognising that FoodCo's more progressive stance on voice offers a more robust mechanism for workers, the differences between the three forums were slim and in terms of output, FoodCo's EWC was not substantially more effective in its achievements.

In relation to Hungarian and local influence over European worker voice, there were discrepancies between the empirical data and the existing literature framework. Returning to Hyman's (1997) framework, empirical evidence shows that the capacity for local Hungarian trade unions to operate with autonomy; legitimacy; and efficacy agents was in doubt. An examination of the findings shows that the socio-political forces, in Hungary, means that the role and strength of unions is compromised and their capacity to provide voice is not comparable with trade unions in the UK. However, this claim must be considered in context. In comparison to works councils, trade unions are still able to offer a more enhanced forum for employee voice. However, their ability to provide the same level of voice as their union counterparts elsewhere in Europe is stifled by a fragmented and fragile Hungarian industrial relations climate. The constraints, placed on union voice, are owing to a combination of reasons. Namely, the shortcomings in the labour legislation and dual channel representation; the continuing struggles to overcome Hungary's communist legacies; and local management styles and workforce practices have all affected union capacity to harness voice.

In turn, this has compounded efforts to deliver effective voice for Hungarian workers at a European level. If we accept that strong local mechanisms make for better European participation and a proactive local industrial relations culture facilitates voice within the EWC (Voss, 2006), it is clear that, even when local voice is more robust, Hungarian mechanisms are still incapable of influencing the EWC. Indeed, the findings, from ChemCo, are particularly helpful in demonstrating this point. Here, the success of the local trade union, in turning a union-free factory into a union stronghold, was viewed as a measure of its effectiveness. Yet, despite good relations between the union and the local works council and strong links with ChemCo's EECF representative, the success of local voice mechanisms had not extended to being felt within the EECF and, in part, this contradicts Voss's (2006) findings.

Circumstances identified, within the EWCs, demonstrate, also, the inefficiencies in cultivating a strong European voice amongst the EWC members themselves. In summary, resonating with earlier studies of EWCs,

communication and language; training; and the development of a common European agenda have all hampered the creation of strong solidarity links and a common sense of purpose amongst the worker representatives (Whittall et al, 2007; Waddington, 2005; Annand, 2004; Tully, 2004; Qvale, 2003; Wills, 2000; Miller, 1999). However, it is important to recognise these as opportunities rather than challenges to employee voice and the study demonstrated that EWC representatives had to bear some of the blame, also, for their poor performance. Whilst the multinational environment and existing local Hungarian mechanisms have substantially restricted employee voice, issues, within the forum, and, in particular relations between worker representatives, show that members must focus their campaign efforts by bringing about closer and more effective multi-level unity.

Whilst there is no doubt that EWCs remain ineffective for Hungarian workers, there is some sign that they provide an opportunity for enhancing pan-European union coordination, reinforcing Pulignano's (2005) calls for better utilisation of the EWC mechanism. Indeed, whilst the study demonstrates overwhelming that there are many reasons to be pessimistic, there are a few reasons to be slightly more optimistic, providing trade unions can work successfully towards mobilising through the EWC network. However, for Hungarian workers, improving voice across the multinational environment must begin with a reassessment of its local voice structures and, in particular, its trade unions, because without strong voice locally, there is little hope of strengthening voice at a European level.

10.4 Limitations to the Study

Whilst every effort has been made to ensure the quality of the study and accuracy of the fieldwork, the limitations must not be overlooked and there are a few points worthy of mention. Firstly, although Yin (2003) regarded the case study approach as an all-encompassing research strategy, the findings, from the study, should not be over-generalised. Clearly, similarities, in the evidence, exist across the case studies and this chimes with the existing literature (Waddington, 2005; Gilman and Marginson, 2002; Keller, 2002;

Wills, 2000; Royle, 1999; Ramsay, 1997; Streeck, 1997). However, it should not go unnoticed that this study examined three EWCs from a total of 1007 which currently operate across Europe (ETUI-REHS, 2012). Moreover, the three case studies were taken from the manufacturing sector. This, too, may have influenced the findings and the overall conclusions drawn from the analysis. Indeed, had these case studies been chosen from different sectors, perhaps, Gilman and Marginson's (2002) argument, that sector plays a part in shaping the EWC, might have come to have more bearing on the study.

Another limiting factor is the issue of language. This inhibits the research on two points. Firstly, the literature review on Hungarian representation is impeded by an over-reliance on a small number of Hungarian authors who write in English journals. Had a review of the native Hungarian literature been included, particularly in relation to the Labour Code (1992) and the local industrial relations structure, this may have produced a slightly different perspective on the relative strength of Hungarian worker voice. Secondly, the fieldwork was carried out with the use of an interpreter. Whilst checks and balances were put in place to ensure that this did not have any bearing on the study, it is possible that this may have partially obscured the findings. Moreover, whilst there are benefits to using only one interpreter in terms of ensuring consistency of the data, this approach, also, brings its problems. As a trade union expert, it is possible that, built within the data, is his own interpretation of the evidence. However, given that there was a language barrier and interviews could not be conducted without his aid, this eventuality was, to some extent, potentially unavoidable. Yet despite these misgivings, the data still remains a valuable addition to the field of literature and there is strong evidence for its reliability. In light of this, the final section considers how the research can be developed further.

10.5 Rationale for Further Research

Many of the inefficiencies found in EWCs can be attributed to a number of factors. However, ultimately, the success of European voice, for Hungarian workers, rests in their inabilities to harness voice locally and extend this to the

European platform. Therefore, further investigation is necessary, in Hungary, to establish why the industrial relations climate is not evolving in line with its commercial and economic interests and how these mechanisms can move forward and grow as more powerful institutions. The socio-economic and political context has evolved since this fieldwork was undertaken and, in the aftermath of the global economic crisis, Hungary has witnessed yet another shift in its political leadership and economic history (ETUC, 2011; Glassner and Galgoczi, 2009).

In the wake of political upheaval, harnessing worker voice has become an even bigger struggle, as the ruling right wing party rewrites the constitution and makes further changes to the Labour Code (1992). Indeed, cuts to the minimum wage; reducing workers' right to strike; and abandoning tripartite negotiations are only some of the consequences of the changing political and economic landscape. Therefore, the environment is becoming tense amongst the business, trade union and working communities and the need for more empirical analysis on the impact of Hungary's labour market is gaining momentum. Further research, examining the impact of the economic crisis on the trade union and works council mechanisms has begun already. However, with the spread of economic and political turmoil across the whole EU, more research is required if we are to fully understand the ramifications of this for workers.

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Appendix 1

Interview Schedule

1) Role and Responsibilities of members within the EWC

Own role and position with EWC
Full time position – how long in the role?
Work experiences before EWC role?
How were you elected to the post?

2) General information on the establishment of the EWC Agreement

History of the EWC agreement – how it come into force?
What is the regularity of meetings?
Do employee side meetings take place?
Who are the eligible EWC members?
How are members elected?
Any implications/problems resulting in implementing an Article 6/13 agreement?
Who funds the EWC?
Any initial problems in forming/agreeing the EWC agreement?
Who took part in agreement negotiations?

3) The role and objectives of management and the multinational environment

What was management attitude towards the establishment of EWC?
What do managers expect to achieve from its implementation?
Do they consider it to providing a meaningful channel of worker participation?
Is it valued as a forum by management?
What is the level of management involvement in EWC?
Is it controlled from head office? Any room for autonomy at plant level?
What is the relationship between regional and central management in respect of the EWC?
Do management view it as a communication or consultation strategy?

4) The role and influence of other voice (national) mechanisms

What is union density within the Company?
Do unions have an active role within the EWC?
Are they well organised and represented within the EWC?
What is the proportion of union verses non-union EWC representatives?
What do unions wish to achieve through the operation of the EWC?

Is union/work council influence weak or strong within the current forum?
Are trade unions/works councils responsible for training EWC delegates? If not who provides their training (if any)?
Were unions involved in the installation of the EWC?
What was union reaction to the EWC?
What is the structure/function of the works council?
How many representatives are union members?
What evidence is there that the works council has achieved outcomes for workers?

5) Multi-level voice and communication networks

How effective is communication between: -

- EWC and all staff of the Company
- Between EWC delegates from each plant
- Management of EWC delegates
- Central and regional management
- The interim period between meetings?

Do any language or cultural barriers hinder EWC procedures and how does the Company overcome them?

Are there any other communication tools in place within Company for managers to communicate with staff? (newsletters etc)

6) The expansion of the EWC to CEE members

How did the Company incorporate new Eastern European EWC (in particular Hungarian) members to the forum?
Where representatives given observer status before full becoming full members?
How were Hungarian representatives trained to carry out their new role?
Did other EWC members loose their seat to accommodate new members?
What is your opinion on how well new members have integrated and become part of the EWC?
Were there any initial problems and were these overcome?
Could integration have been improved?

7) Team dynamics within the EWC

How well do management and EWC representatives work together?
How well do new representatives work alongside established members?
What was the reaction to the introduction of new EWC members by the old ones?

What are the team dynamics?
Is there a feeling of solidarity amongst EWC representatives from different sites?
Could the relationship between management and EWC reps and/or new and old EWC reps be improved? How could this be achieved?

8) <u>The perceived effectiveness of the EWC</u>

Does the EWC make a difference to working life at the firm?
What are its outcomes and does it achieve them?
Do employees value the EWC? – Are they keen to have a voice?
Any examples of change as a direct or indirect result of EWC negotiation?
Any examples of where change has not occurred despite EWC efforts?
Overall, how do you rate the success of the forum?
Do you think it is the best method for providing workers with a voice?
Do you think that changes could be made to improve the EWC?

9) Anything you would like to add generally about the EWC?