

Dimension 5. Social dialogue and workplace relationships

a./ Social dialogue

b./ Workplace relationships

Prepared by Judit Lakatos and Elizabeth Lindner
Hungarian Central Statistical Office

Introduction

The task shall comprise two parts. The first is to analyse the indicators already recommended according to the following considerations:

- Policy relevance: the framework is designed for use by statisticians
- Completeness and pertinence to the dimension described: are indicators representative enough to adequately evaluate the state of a given dimension
- Non-redundancy of indicators
- Easy computability/availability
- Stability and variability
- Comparability

The second part of the task is to recommend new indicators being able to measure the dimensions mentioned above.

To identify such indicators we asked the help of two experts who know well the quantitative background of the reconciliation of interests. Using the main outcomes of the meeting we would like to give a conceptual framework on these two issues. ‘Social dialogue’ dimension is one of the oldest key questions, so some early ILO conventions address conditions for social dialogue (Convention No. 87 (1948) on Freedom of Association and Protection of the Right to Organise and Convention No. 98 (1949) on the Right to Organise and Collective Bargaining). So concerning the social dialogue dimension possible indicators should measure restrictions on freedom of association and right to bargain collectively at legal (institutional) level and at the level of practise. We think that beyond wage bargaining other issues should also be involved, analysing situation of collective bargaining. However we know quantitative information on these issues would be important, we think qualitative information are also significant in this case.

The second sub dimension “work place relationships” has an ambiguous nature. The only quantitative measure we have found are indicators connected the role (or existence) of work councils. Works councils in Hungary were established only following the regime change. According to the incumbent government in 1990-94, the presence of a representation channel, independent of trade union membership, and elected by every employee, was justified by the problems of shrinking union density.

a./ Social dialogue

Formerly suggested

- a/1 Collective wage bargaining coverage rate
- a/2 Union density rate
- a/3 Rate of days not worked due to strikes and lockouts

Newly suggested

- an1 Rate of employees not covered by strike law
- an2 Unit working hours lost due to strikes and look outs

- an3 Employers' organisation density
- an4 Decentralisation/centralisation index of bargaining
- an5 Rank of levels of collective bargaining
- an6 Collective bargaining on labour disputes coverage rate
- an7 Collective bargaining on working time arrangements coverage rate
- an8 Collective bargaining on training coverage rate
- an9 Collective bargaining on labour contracts' regulation coverage rate
- (an6-an9) / Collective bargaining on working conditions (the latest 4 together)

Background indicators

The relationship between collective bargaining and law is an important issue. The legal principles underpinning the autonomy of collective bargaining are: freedom of association, the presence of collective parties, the generalised enforceability of agreements through legislation or other administrative measures and the procedural function of collective agreements, which may, for example, pre-determine the contents of collective agreements at a lower level.

Normative function of collective bargaining: legal status and extension procedures should be written by countries as an important background information, however "making an indicator" showing these verbal information is impossible.

How the results of social dialogue are and at which level are they relevant? A given cell of a matrix characterises the answers to the 2 questions. The rows of the matrix are the levels of social dialogue: transnational, national, cross-industrial, sectoral and company level. The columns of the matrix are the different forms of results/outputs: agreements, process oriented texts, information tools, procedural texts, follow up reports. Such a matrix can be a useful background information when we evaluate the indicators.

b./ Workplace relationships

Former: –

Newly suggested

bn1 Works council density rate

bn2 Table on basic channels of workplace representation

b3n Employee participation cube

a/1 Collective wage bargaining coverage rate

Policy relevance:

It is a generally accepted measure of the efficiency of interest articulation and measurable well usually. The higher the value of the rate is the lower the defencelessness of the employees against the "free market conditions" concerning the wages.

Completeness:

This rate is an adequate measure of the country's (or a sector's) relative situation. The dynamics show whether the defencelessness of the employees intensifies or weakens.

Non redundancy:

Requirement is fulfilled.

Easy computability/availability:

The lack of generally used and accepted statistical recording as well as the different national rules and practices are recognised as a problem for every measure concerning this dimension. This is what emphasizes the importance of national adaptation.

In this case another specific problem is the treatment of extension. That is the process when the scope of the wage agreement referring originally to a certain part of employees is extended or covers automatically other groups of employees, too.

Stability and variability:

Robustness analysis is not needed.

Comparability and source of data:

No standard data sources are available.

The Hungarian practice: since 1992 the number of employees covered by wage agreements had been surveyed to publish coverage rate number of employees was used from the institutional survey of the CSO. Since 1997 collective agreements must be registered that allows to draw up yearly statistics on the number, the scope and certain operational aspects of agreements in force. Moreover, the homepage of Hungarian Ministry of Employment provides the possibility to query these agreements at section level, as well as the data of contracting parties and some statistics. (<http://www.szmm.gov.hu/mkir/>)

Another source: in the Structure of Earnings Survey company's information also includes data on the level of collective agreement on the wage agreements in every 4 years.

Some statisticians and researchers differentiate between *unadjusted* and *adjusted* indices. An illustration for the latter is Hungary where in certain areas (civil servants and armed forces) collective bargaining is prohibited by law therefore these employees are reasonably left out from coverage calculations.

a/2 Union density rate

Policy relevance:

It highly depends on the role of the trade unions in promoting interests, however there is not positive correlation between the union density rate and the power of trade unions. If the extension of agreements is general lower union density also can mean an important role. That is to say the unions can be strong despite the low number of union members (e.g. France).

Completeness:

The adequacy of this rate depends on the role of trade unions. We shall say the same about the dynamics of this measure.

It is useful as a proxy for union power. However, as a full measure of the organisational capacities of a union movement it is inadequate.

Non-redundancy:

Requirement is fulfilled

Easy computability/availability:

The nominator depends on interests; the records of the union usually overestimate the headcount.

If the membership entails tax allowance, tax register also can be a data source. There is no generally used data source, but there are some kinds of data for almost all countries.

Data can be gained from statistical surveys too, but the sample size limits the reliability strongly.

The rate's denominator is not obvious either: theoretically it contains the total number of employees, but usually only estimates are available, because institutional surveys don't cover the small organisations and the informal sector. For estimating the denominator of the indicator the LFS can be the best choice.

Stability and variability:

Robustness analysis is not needed.

Comparability:

The indicator probably can be calculated in the great majority of countries, although the data source can be different in every case. It's still an indicator which needs a description on the role/power of trade unions, and it has a link towards other forms of employees' representation (see workplace relationships: works council).

Comparison of trade union membership between countries is difficult, not because the above mentioned methodological problems, but the difference in status of a membership within the national culture and tradition of trade union participation.¹ Nevertheless, membership density rate is still the most important usable and used indicator to make comparisons between countries on the level of trade union participation.

When LFS is the data source, there is a possibility to compare indicators breakdowns by gender, age, occupational group or economical sector.

The Hungarian data have two specific sources: administrative records of Tax Office and LFS. Labour force's ad hoc module was used for this purpose two times until now, in 2001 and 2005, the next occasion will be in 2009. Experience has shown that this method gives a reliable outcome on density in every dimension to analyse: aggregated data fit well the data deriving from the tax register. However it doesn't show the membership of non-employees (retired and unemployed people).

Density rate has two interpretations: first is the presence of unions at the given workplace (37,3% of all employees worked in economic units where one or more unions functioned, 47,8% where was no union, 14,9% NA), second is the "classic" meaning: the rate of union members in relation to all the employees (19,7% in 2001 and 16,9% in 2004).

a/3 Rate of days not worked due to strike

Policy relevance:

It is definitely an important indicator in the world of work. The higher its level is the higher the probability that the social dialogue, the other forms of social dialogues don't work efficiently enough (strike is usually the last means) or that in the given culture strikes and similar actions are highly accepted (e.g. in France). The right to strike can be constraint (see public servants, armed bodies, public services) thus the rate of employees without a right to strike become one of the newly recommended indicators (see later).

¹ In some countries (for instance France) almost only the 'real' activists join the union as a member, in other countries (for instance in Scandinavia) some rank-and-file are even politically against a trade union, but are members, because of the social security services provided by the union.

Completeness: This comprehensive indicator is adequately shows the national dynamics and the relative position (like striking days per working days rate) in international comparisons

Non redundancy:

Requirement is fulfilled

Easy computability:

There is an elaborated ILO method; most of the countries collect the data needed to count this rate. The scale of type of strikes (e.g. partial strikes etc.) taken into account and the source of information chosen influence the value. Collecting data from the unions may result overestimating, using employers as data sources may produce underestimating. Calculations based on public information (media) may bias as well

Stability: no relevance

Comparability: a Using different data sources worsen the comparability, because any interested party involved into data collection may lead to biases. A governmental institution as data collector ameliorate the objectivity – in Hungary CSO is the data collector. The strike events to record are assigned by media observing. The only situation when this method doesn't work satisfactorily is the case of general strikes.

Year	Number of strikes	Number of workers involved	Working hours not worked, thousands	Strike activity rate
2000	5	26,978	1,192	9.9
2001	6	21,128	61	7.7
2002	4	4,573	9	1.7
2003	7	10,831	19	3.6
2004	8	6,276	116	2.2
2005	11	1,425	8	0.5
2006	16	24,670	52	8.8

New suggestions to 'a' dimension:

In essence every newly suggested indicators can be seen as a complementary of former ones, which shows the issues from another point of view

an1 Rate of employees not covered by the strike law

The Hungarian Strike Law forbids a strike at judiciary organs, armed forces, armed bodies, civil national security services. This creates a limitation by which the law deprived some groups of employees of the use of strike rights regardless of their employment status in order that the basic functions of state power be sustained. The rate of employees without right to strike is about 3% in Hungary.

an2 Unit working hours lost due to strikes and lock outs

Policy relevance:

It is an important indicator in the world of work, more sophisticated as 'the rate of days not worked due to strikes and lockouts' indicator. The higher its level is the higher the probability

that the social dialogue, the other forms of social dialogues don't work efficiently enough (strike is usually the last means) or that in the given culture strikes and similar actions are highly accepted.

Completeness: this comprehensive indicator is adequately shows the national dynamics and the relative position (like striking hours per annual hours worked) in international comparisons

Non redundancy:
Requirement is fulfilled

Easy computability:

There is an elaborated ILO method; most of the countries collect the data needed to count this rate. However measuring of lost hours is much more difficult than days. The scale of type of strikes (e.g. partial strikes etc.) taken into account and the source of information chosen influence the value. Collecting data from the unions may result overestimating, using employers as data sources may produce underestimating. Calculations based on public information (media) may bias as well. The calculation of the denominator is much complicated, because estimation on annual hours worked in the economy is not standardised in the working time resolution, which now under the way of modification

Stability: no relevance

Comparability: a Using different data sources worsen the comparability, because any interested party involved into data collection may lead to biases. A governmental institution collecting data ameliorate the objectivity – in Hungary CSO is the data collector. The strike events to record are assigned by media observing. The only situation when this method doesn't work satisfactorily is the case of general strikes.

an3 Employers' organisation density

Policy relevance:

Employers' organisations density is an indicator comparable with trade union density. A simple measure of density would be how many companies are members of an employers' organisation. However, looking at it from the power perspective of industrial relations, it is more relevant to calculate how many employees these companies have as personnel.

Completeness: The adequacy of this rate depends on the role of employers organisation in the social dialogue. It is only a proxy indicator to characterise employers' power.

Non-redundancy:
Requirement is fulfilled

Easy computability:

Data on employer density are particularly difficult to collect, for three reasons. First, employer associations are much more reluctant than unions to make such data public. Second, they themselves often lack precise information on their membership strength. This has to do with the fact that the membership unit is the firm. Accordingly, membership files concentrate

on registering the number of firms organised. Third, union density figures are very often based on survey data. This type of data collection is most of the time not available in a country.

Stability: no relevance

Comparability and source of data: In the publication of 'Industrial Relations in Europe 2004' is presented estimates of aggregate employer density, defined as the proportion of employees covered by all employer associations within a country's private sector. As already stated, these data have to be read with caution and are used as a proxy for associational power on the employers' side in the Member States.

The (weighted) average employer rate of organisation is approximately 55 to 60% in the EU. However, this average hides huge variations in the employers' organisation density rate between Member States. Small west-European countries like Austria, Belgium, Luxembourg and the Netherlands have a high degree of associational power on the employers' side. A low density rate, compared to other EU Member States, is found in the Czech Republic, Estonia, Latvia, Slovakia, Portugal, Lithuania and Poland. In Hungary density rate reached the 40%.

an4 Decentralisation/centralisation index of bargaining

Policy relevance:

For reasons of comparison through time and across countries it would be useful to design a common indicator on the measurement of decentralisation. Centralisation of wage-bargaining has a vertical and horizontal dimension, with centralisation of bargaining authority and organisational concentration as core variables. The vertical dimension refers to the level at which agreements or guidelines are negotiated and to the authority of the negotiating unions and employers' associations. The horizontal dimension refers to the concentration or fragmentation of the negotiating parties at any given level. Where bargaining takes places at different levels, the authority and concentration of the actors at each of the levels needs to be taken into account.

Completeness: The relationship between the confederations or peak associations of trade unions and employers and their affiliates or member organisations in the field of collective bargaining is determined to some degree by the formal provisions of the various organisations' constitutions, but also by less formal factors such as power resources, access to information, long-established routines and personal networks between organisational leaders. It has been argued that power in the union movement, for instance, gravitates from the sector unions to the national confederations if collective bargaining is dominated by central agreements during a considerable number of years². It cannot be assumed, however, that the power of the national confederations is identical with the general degree of centralisation of collective bargaining, because this also depends on employers. One of the social partners can be much more centralised than the other, even though some balance is likely to develop over time.

Non-redundancy:

Requirement is fulfilled

² J.P. Windmuller (1975), 'The authority of national trade union confederations: a comparative analysis', in D. B. Lipsky (ed.), *Union power and public policy*, New York, New York School of Labor Relations, p. 98; also H. A. Clegg (1976), *Trade unionism under collective bargaining. A theory based on comparison of six countries*, Oxford, Blackwell, p. 54.

Easy computability: With the above mentioned caveats in mind, an attempt has been made in European Union to measure the degree of centralisation of the unions in matters of collective bargaining over wages. Short description of the index was published in 'Industrial relations in Europe 2004' Page 41 http://ec.europa.eu/employment_social/social_dialogue/reports_en.htm. To determine the degree of centralisation in multi-level bargaining, weights must be attached to each level reflecting the legal or customary bargaining authority at each level. Thus, if all authority is vested in organisations at the national level, it can be accorded the weight of '1', where-as if a level has no authority whatsoever it would be given a '0'. Levels with real, but, limited authority would be given weights between zero and one, so that. The assignment of weights depends on the level at which bargaining takes place (national, sectoral or company) and the degree of enforceability of agreements or recommendations at each level.

Stability: This index³ is theoretically well-founded as it measures the control over enterprise and/or industry bargaining by higher level agreements and organisations, and is well-adapted to the reality of multi-level bargaining systems, treating industry bargaining as nested in and potentially controlled by central bargaining, but also as a controlling force in its own right.

Comparability and source of data: The results published in the publication of 'Industrial Relations in Europe 2004' clearly show that a group of EU Member States with a rather centralised organisation of unions and wage-bargaining: Austria, Ireland, Belgium, the Netherlands, Finland, Sweden, followed closely by Denmark, Germany and Slovenia. At the low end of the centralisation scale we find the UK and France as well as most new Member States, with the exception of Slovenia and Slovakia. Decentralisation is in these countries the product of the absence of both national and sectoral bargaining conditions and union fragmentation.

an5 Rank of levels of collective bargaining

Policy relevance: Collective bargaining may take place at the national, sector or company-level. In no European country does it take place exclusively at one level. However, the existence of centralised trade unions and employers' organisations in most of the EU Member States has resulted in many agreements being concluded at the national or sector level, supplemented by company-level bargaining. The setting of wages and employment terms in the countries involves bargaining activities at different levels – the sector or branch of economic activity, supplemented with company or enterprise bargaining and, in some economies, also with some form of national bargaining.

Completeness: indicators on social dialogue can be evaluated depending the dominant level of it. However it is based on the country's itself validation it is an adequate indicator

Non-redundancy:

Requirement is fulfilled

Easy computability:

Levels of collective wage bargaining involved in wage-setting, EU-25

³ In order to increase the distances at the low end of the scale (of very decentralised systems), Iversen's operational definition has been followed by taking the square root.

Countries	Inter-sectoral	Sector	Enterprise
EL	**	***	*
IE	***	*	*
HU	*	**	***
AT		***	*
UK		*	***

* existing level of collective bargaining

** important but not dominant level of collective bargaining

*** dominant level of collective bargaining

Stability: no relevance

Comparability and source of data: countries own evaluation.

In European publication ‘Industrial Relations in Europe 2004’ data showed very weak or marginal in IK, Ireland, France, Poland, the Czech Republic, Estonia, and Lithuania.

Multi-employer bargaining at the sectoral level has remained the dominant type of wage-setting in EU-15.

an6 Collective bargaining on labour disputes coverage rate

Policy relevance: it is a measure of efficiency of collective agreements concerning on labour disputes, presence of unions at the workplace, right of unions on interest articulation. It involves the forms of cooperation, exchange of information, agreements of mass lay offs. The higher the value of the rate is the lower the defencelessness of the employees against the “free market conditions”. According to the Hungarian labour law (Labour Code) bargaining can deviate from Labour Code only in positive direction. In this way bargaining issues can be base on the future standards in the labour law.

Completeness: It is an adequate, complex indicator. It evaluates in the same way even one of all concerning labour relationships’ forms. Available breakdowns could be NACE sectors. It is a useful proxy indicator on the role of unions’ workplace presence.

Non redundancy – requirement is fulfilled: same collective agreement concerns on different items, but it is not compulsory involves all topics.

Easy computability/availability: The lack of generally used and accepted statistical recording as well as the different national rules and practices are recognised as a problem for every measure concerning this dimension. This is what emphasises the importance of national adaptation. Generally it comes from administrative sources.

In this case another specific problem is the treatment of extension. That is the process when the scope of the wage agreement referring originally to a certain part of employees and it is extended or covers automatically other groups of employees, too.

Stability and variability: robustness analysis is not needed

Comparability and source of data: no standard data source is available

Hungarian Practice: Since 1992 the number of employees covered by wage agreements had been surveyed to publish coverage rate number of employees was used from the institutional survey of the CSO. Since 1997 collective agreements must be registered that allows to draw up yearly statistics on the number, the scope and certain operational aspects of agreements in force. Moreover, the homepage of Hungarian Ministry of Employment provides the possibility to query these agreements at section level, as well as the data of contracting parties and some statistics. (<http://www.szmm.gov.hu/mkir/>)

an7 Collective bargaining on working time and working time arrangements coverage rate

Policy relevance: It measures spreading of agreements on rules of working time arrangements, overtime. So it can be linked to Dimension 3 'Working time and working time arrangements', as a background information.

Completeness: It is an adequate, complex indicator. It evaluates in the same way even one of all concerning items on working time and working time arrangements. Available breakdown can be NACE sectors. It is a useful proxy indicator on the interest articulation on working time arrangements of unions. It should analyse together with relevant indicators of Dimension 3.

Non redundancy – requirement is fulfilled: same collective agreement concerns on different items, but it is not compulsory involving all topics.

Easy computability/availability: The lack of generally used and accepted statistical recording as well as the different national rules and practices are recognised as a problem for every measure concerning this dimension. This is what emphasises the importance of national adaptation. Generally it comes from administrative sources.

In this case another specific problem is the treatment of extension. That is the process when the scope of the wage agreement referring originally to a certain part of employees and it is extended or covers automatically other groups of employees, too.

Stability and variability: robustness analysis is not needed

Comparability and source of data: no standard data source is available

Hungarian Practice: The Hungarian practice: since 1992 the number of employees covered by wage agreements had been surveyed to publish coverage rate number of employees was used from the institutional survey of the CSO. Since 1997 collective agreements must be registered that allows to draw up yearly statistics on the number, the scope and certain operational aspects of agreements in force. Moreover, the homepage of Hungarian Ministry of Employment provides the possibility to query these agreements at section level, as well as the data of contracting parties and some statistics. (<http://www.szmm.gov.hu/mkir/>)

an8 Collective bargaining on training coverage rate

Policy relevance: The requirement of life long learning makes important measuring ability of unions to articulate employees' interest on this issue. It measures spreading of agreements on workplace training, so in this way it can be linked to 'Skills development and life-long learning' (Dimension 6). It can also be useful as legal background information of skills developments dimension.

Completeness: It is an adequate, complex indicator. It evaluates in the same way even one of all concerning items on training, skills developments. Available breakdown can be NACE sectors. It is a useful proxy indicator of the interest articulation on life long learning issues carried out by unions. It should analyse together with relevant indicators of Dimension 6.

Non redundancy – requirement is fulfilled, the same collective agreement concerns on different items, but it is not compulsory involving all topics

Easy computability/availability: The lack of generally used and accepted statistical recording as well as the different national rules and practices are recognised as a problem for every measure concerning this dimension. This is what emphasises the importance of national adaptation. Generally it comes from administrative sources.

In this case another specific problem is the treatment of extension. That is the process when the scope of the wage agreement referring originally to a certain part of employees and it is extended or covers automatically other groups of employees, too.

Stability and variability: robustness analysis is not needed

Comparability and source of data: no standard data source is available. Generally administrative data are available. In every 3-4 years household surveys (LFS) collect information on quality of training activities. CVTS can be also a good source for further information.

Hungarian Practice: The Hungarian practice: since 1992 the number of employees covered by wage agreements had been surveyed to publish coverage rate number of employees was used from the institutional survey of the CSO. Since 1997 collective agreements must be registered that allows to draw up yearly statistics on the number, the scope and certain operational aspects of agreements in force. Moreover, the homepage of Hungarian Ministry of Employment provides the possibility to query these agreements at section level, as well as the data of contracting parties and some statistics. (<http://www.szmm.gov.hu/mkir/>).

an9 Collective bargaining on labour contracts' regulation coverage rate

Policy relevance: It has importance from the point of view of company level social dialogue. Basic employees right on correct labour contract are the main issues to be regulated by this kind of collective agreements. The indicator has close relationships with 'Stability and security of work and social protection' (Dimension 4). It can be seen as legal background information on the indicators belonging to the mentioned dimension.

Completeness: It is an adequate, complex indicator. It evaluates in the same way even one of all concerning items on employment contract. Available breakdown can be NACE sectors. It is a useful proxy indicator of the interest articulation on job security and flexibility issues carried out by unions. It should analyse together with relevant indicators of Dimension 4.

Non redundancy – requirement is fulfilled, same collective agreement concerns on different items, but it is not compulsory involving all topics.

Easy computability/availability: The lack of generally used and accepted statistical recording as well as the different national rules and practices are recognised as a problem for every

measure concerning this dimension. This is what emphasises the importance of national adaptation. Generally it comes from administrative sources.

In this case another specific problem is the treatment of extension. That is the process when the scope of the wage agreement referring originally to a certain part of employees and it is extended or covers automatically other groups of employees, too.

Stability and variability: robustness analysis is not needed

Comparability and source of data: no standard data source is available

Hungarian Practice: The Hungarian practice: since 1992 the number of employees covered by wage agreements had been surveyed to publish coverage rate number of employees was used from the institutional survey of the CSO. Since 1997 collective agreements must be registered that allows to draw up yearly statistics on the number, the scope and certain operational aspects of agreements in force. Moreover, the homepage of Hungarian Ministry of Employment provides the possibility to query these agreements at section level, as well as the data of contracting parties and some statistics. (<http://www.szmm.gov.hu/mkir/>).

(an6-an9) / Collective bargaining on working conditions

Policy relevance: it is a measure of efficiency of collective agreements concerning on labour disputes, power of unions on interest articulation. It involves the forms of cooperation with other stakeholders, rules of dialogue, regulations on working time arrangements, life long learning, rules of employment contracts, all issues beyond wage agreements etc. The higher the value of the rate is the lower the defencelessness of the employees on influencing their working conditions. According to the Hungarian labour law (Labour Code) bargaining can deviate from Labour Code only in positive direction. In this way bargaining issues can be base on the future standards in the labour law.

Completeness: It is an adequate, complex indicator. It evaluates in the same way even one of all concerning items on employment contract. Available breakdown can be NACE sectors. It is a useful proxy indicator of the interest articulation on job security and flexibility, working time arrangements, employment contract, forms of labour disputes issues carried out by unions. It should analyse together with relevant indicators of Dimension 3, 4 and 6.

Non redundancy – requirement is fulfilled, the same collective agreement concerns on different items, but it is not compulsory involving all topics

Easy computability/availability: The lack of generally used and accepted statistical recording as well as the different national rules and practices are recognised as a problem for every measure concerning this dimension. This is what emphasises the importance of national adaptation. Generally it comes from administrative sources.

In this case another specific problem is the treatment of extension. That is the process when the scope of the wage agreement referring originally to a certain part of employees and it is extended or covers automatically other groups of employees, too.

Stability and variability: robustness analysis is not needed

Comparability and source of data: no standard data source is available

Hungarian Practice: The Hungarian practice: since 1992 the number of employees covered by wage agreements had been surveyed to publish coverage rate number of employees was used

from the institutional survey of the CSO. Since 1997 collective agreements must be registered that allows to draw up yearly statistics on the number, the scope and certain operational aspects of agreements in force. Moreover, the homepage of the Hungarian Ministry of Employment provides the possibility to query these agreements at section level, as well as the data of contracting parties and some statistics. (<http://www.szmm.gov.hu/mkir/>)

b/ Workplace relationship:

A modern-day concern is how well we get along with our co-workers. The good workplace relationships can be more important to overall job satisfaction than wages or benefits. Creating a supportive and healthy work environment is a prerequisite for strong employment relationships. This taps into the physical, social and psychological aspects of the workplace. It also means providing workers with the resources needed to do their job, such as training, equipment and information. Organisational performance (increased productivity through increased skill use), work environments, employment relationships (trust, commitment, communication and influence) are highly correlated. Literatures on the workplace relationships conclude that multi-dimensional approach is required. So finding an indicator is more than difficult. However there are some suggestions for indicator on workplace representation.

Suggested indicators

bn1 Works council density rate

Policy relevance: The term “employee representation” may embrace a variety of industrial relations institutions and human-resource management techniques, the common feature of which is giving employees the chance to have a say in, or to control, the labour process, as well as the decision making of company management and, occasionally, the decision making of the owner. Accordingly, participation institutes range from shop-floor level participation up to involvement in the company decision-making mechanism and even to financial participation, including employee ownership. The number of those employees working in a company where works council was set up is divided by all employees. Members of works council are elected directly by employees with the purpose of their interest articulation.

Completeness: it is an adequate indicator even in dual channel systems

Non redundancy – requirement is fulfilled

Easy computability/availability: The nominator is coming from administrative sources registering the works councils, while the denominator is coming from usual statistical surveys. (Institutional surveys or LFS).

Stability and variability: robustness analysis is not needed

Comparability and source of data: Enterprise surveys or household type surveys for example labour force survey.

Hungarian Practice: The legal authorization of Hungarian works councils is: co-determination is confined to company social welfare policy, in turn works councils are strongly tied to company trade unions due to the stipulations of the law. Although the law obliges companies to set up works councils, there are no effective guarantees as to its

enforcement. Thus at many work places where there is no trade union (characteristically in small-, and medium sized companies), works councils will also not be established. The establishment of works councils is most common in state-owned firms, followed by local government-owned firms. Analyses of the state of the art of works councils in Hungary was based on a special local unit survey conducted in 2003. In the survey was found that 75 per cent of Hungarian companies had trade union representation, while it was true only for 25 per cent of foreign businesses. Practice seems to confirm that employers not only support works councils as negotiating partners, but in most cases they even prefer them to trade unions. In the majority of cases the employer can more easily find a common language with works councils. Based on the distribution of the origin of capital by country from the survey we can establish that fewer works councils operate in Hungarian-owned companies than in foreign-owned ones, although the difference is not significant: 52 per cent of the companies in exclusively foreign ownership have works councils, whereas the figure is only 46 per cent in the case of companies with exclusive Hungarian ownership. As far as the various factors are concerned, trade union presence is the most significant for the existence of Hungarian works councils: where there is no trade union at the workplace, there is also no works council.

According to the results from LFS ad hoc module in 2004 only 22,3% of employees answered that there is works council in his/her workplace, however 24% answered he/she does not know. So there is quiet short tradition of works council in Hungary (Labour Code /Act XXII of 1992/ introduced the institution). In this way in household surveys presence of works council is highly underreported.

Bn2 Table on basic channels of workplace representation

Columns: single channel; union

- Single channel; union or non-union
- Single channel; union, if not then non-union
- Dual channel; union dominates
- Dual channel; works council complements union
- Dual channel; works council dominates

Rows: Countries

bn3 Employee participation cube

Workplace relationships can be evaluated along the following 3 dimensions.

Dimension 1: Structure: Who?: Formal/Indirect

Formal/Direct

Informal/Direct

Dimension 2: Content: What?: Strategic company policy (economic matters)

Tactical company policy (social matters)

Operational matters (personnel job content)

Dimension 3: Degree: How?: Self management

Co-determination

Consultation

Information

Background indicators

Legal provisions of workplace representation matrix

Columns: Bodies; Main body; Composition of general body (when applicable); Legal basis; Threshold; Collective bargaining rights; Bargaining hierarchy (higher levels have the prerogative)

Rows: Countries