

Dual Character of the Hungarian Labour Relations (Institution of Employee Participation in an European Perspective)

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1. Main Feature of the Hungarian Labour Relations: Cooperation Instead of Confrontations of Interests

In tackling labour debates, the labour relations partners were aiming to reach agreement and to avoid conflicts. In relation to this, it is worth comparing the data of the Hungarian and Polish strikes from those years when the double figure rate of unemployment rose by the year, and the net real value of average wages per capita — compared to the same period of the previous year — decreased: the period in question is between 1990 and 1993. In both countries the living conditions of the employees — which are only partially mirrored by the above-mentioned indices — drastically worsened, despite the fact that the parties of the labour relations preferred to resolve the conflicts occurring in the relations in a constructive way (that is, in a way that mutually respects the interests of those affected). That the trade unions and the employees were keen on compromise is well indicated by the fact that the number of those on strike is much lower in Hungary than in Poland, a country also pioneering in building a market driven economy. These facts are well illustrated by the data in Table 1.

Table 1. Strikes in Hungary and Poland 1991-1993

	Nr. of strikes			Nr. of participants (1000 persons)		
	1991	1992	1993	1991	1992	1993
Hungary	3	10	17	250	25-30	20
Poland	305	6362	7362	221	730	382

Source: *Heti Világgazdaság*, 24 February 1994.

Similar tendencies were reported by the analyses of labour relations experts on the characteristics of debates and conflicts between employers and employees during the 1990s (e.g., strikes and other protests). The most important findings of the theoretically-founded empirical research on the so-called direct forms of coercion (such as warning strikes, protests, canvassing for signatures, petitions, solidarity strikes) used in the debates of the employees and the associations/organizations representing their interests in the period between January 1989 and January 1999 are the following: "The analysis of the data on the strikes clearly reveals that both the number of strikes and the working hours per capita lost to the strike was very low. As far as the distribution based on the nature of the events is concerned, the number of warning strikes was the highest, there were a total of 84 such events, of these, 74 were initiated independently. Out of the 50 strikes, 43 were independent. Strikes and warning strikes occurred altogether 11 times (in these cases, the warning strike was followed by the strike), in the remaining cases, the warning strike and the strike occurred within some other event. In other words, there are 39 strikes that were not preceded by a warning strike, and there were 73 warning strikes which were not followed by a strike."¹⁾

The relatively low number of the occurrences of strikes as a means of direct coercion of the Hungarian employees is attributed by the author of the study mentioned above to the effect of the following factors*:

* In relation with the intensity of strike activity, it is worth noting that in 2004, the number of days lost by strike was much higher in Hungary (60.2 days) than in Poland (2.1 days). See in details: Csaba Makó-Péter Csizmadia-Miklós Illéssy (2005) 'Under Pressure': Exploring New Trajectories of Development in the Context of Globalisation (An International Comparison of SMEs), Project funded by the European Commission under the LEONARDO Programme, pp. 291-292.

1) Dr. Berki, Erzsébet (1999) 'Munkügyi érdekviták (sztrájkok és más közvetlen akciók) a 90-es években Magyarországon', Budapest: OFA/XLII-14/98.sz. kutatási szerződés alapján folytatott kutatás rövid beszámolója, p. 12.

1: The heritage of the institutions of the past ('path dependency'): in the state-socialist political and economic system it was forbidden to use such formal coercion devices as going on a strike (the Parliament legalized the use of strike in 1989).

2: The political-economic transition created the possibility of employing direct means of collective coercion. However, the following factors inhibited the employees' exploitation of the now legal elbowroom: on the one hand, the weakening of the individual bargaining position of labour in the labour market, in addition, the trade unions' losing of space due to their internal and external legitimizing crisis on the other.

Besides the factors listed above, we must mention those changes that strengthen the patterns of cooperation between the social partners of the labour relations in the Hungarian firm practice. In relation to this, we would like to call special attention to the extremely differentiated human resources-related economic methods of foreign (especially multinational) companies which aim to build up a direct relationship with the employees and which play a defining role in the efficiency of the Hungarian economy. The dual characteristic of the Hungarian labour relations also reinforces the patterns of cooperation between the company management and the employees (or, rather their representatives of interests): namely, the fact that both the representatives of interests as well as the employees are present. In the remaining of our study, we will provide a detailed analysis of the role of the works council, the representative organization of employees.

2. The Dual Characteristics of the Hungarian Labour Relations: the Role and the Function of an Employees' Participation Institution: the Case of Works Council (WC)

2.1. Development of the Relation between Trade Union and Works Council in the Period of Post - Privatization

The works council represents one of the national characteristics of the institution system of the post-socialist economic labour relations, which, together with the collective meetings, endows the relations of the employers and employees with a "dual" characteristic. The Labour Code (1992) makes it possible to set up a works council in companies employing more than 50 persons (or to elect civil servant councils in those with more than 15 employees), which provides employees a chance to participate in various matters concerning their company. The licenses given to the works council are relatively weaker than those in Germany or the Netherlands. The fact that the first elections (in 1993 and 1995) were meant for the redistribution of the trade union properties, an act so typical of the state-socialist era, also caused small disturbances in the operation of the works councils. The election free of these stakes was only the last one (16-27 November 1998). In the licenses of the works councils, a modification was made in Act LVI (1999), which amends the original text of The Labour Code, Act XXII (1992), clause 31 with the following sections:²⁾

"(2) If the company has not got a trade union representative, the employer and the works council may use the company agreement to regulate the questions tackled in clause 30, point a.

(3) In creating the company agreement referred to in point (2), the provisions of collective bargaining must accordingly be applied.

(4) The company agreement in point (2) becomes void if the works council ceases to exist, or if a collective bargaining with the employer is made."³⁾

2) The Labour Code, 1992. Act XXII. clause 66, in: *Kódexpress*, 13/1998. p. 7518.

3) This Act was passed by Parliament on 1 June 1999.

The effects of the amendment cited above are difficult to identify and evaluate, because the experience on the theme has only minimally been classified in the relatively short time that has passed since then. The works councils have played a relatively significant role—with the utilization of the above-mentioned human resources—management methods that regard the satisfaction of employee needs as important, supplemented by the relatively weak position of the employees in the labour market—in the success of the cooperative patterns typical of the companies in Hungary and in the relation of the social partners.

Investigating the corporate labour relations patterns of the post-socialist countries of Central-Eastern Europe, we find the following main characteristics in relation to Hungarian (as well as Bulgarian) companies: in the relationship between the employers and the employees, cooperation is a dominant factor, as opposed to opposition and “open” confrontation which is clearly evident in workplaces in Poland, the Czech Republic and Slovakia. The international comparative studies made in the second half of the 1990s called attention to the following main features of corporate labour relations. One of the marginal types in the patterns typical of the relationship between management and interest representative associations (the trade unions) is the mutual violation of each other’s interests as well as the vindication of opposition. In the relationship of the social partners of the corporate labour relations (the management and the trade union) in Hungary, the most dominant feature is cooperation. According to the results of an international comparative study the impact of mass privatization, the proportion of those opinions that report open confrontation among Polish, Slovakian and Czech employees is twice as much as those in Hungarian and Bulgarian working places.⁴⁾

Similar patterns are reported by the representative sociological surveys car-

4) Pekka O. Aro - P. Repo (1997) ‘Trade union experiences in collective bargaining in Central and Eastern Europe’, Geneva: International Labour Office.

ried out in the engineering industry of the Central-Eastern European countries concerning the relationship of employers and employees. For more detail, cf. Table 2 .

Table 2 . Patterns of the Relationship between the Trade Union and Management at Firm level (Engineering industry)

Countries (corporate patterns)	"Co-operation"	"Typically cooperation, sometimes opposition"	"Typically opposition, sometimes cooperation"	"Opposition and conflict"	"Cannot answer"
Czech Republic (n=35)	13%	53%	28%	3.0%	3.0%
Slovakia (n=35)	4.0%	73.0%	19.0%	4.0%	0.0%
Hungary (n=37)	50.0%	44.0%	3.0%	0.0%	3.0%
Poland (n=119)					
- Solidarity (n=98)	14.3%	38.1%	19.0%	28.6%	0.0%
- OPZZ (n=21)	16.7%	50.0%	22.2%	11.1%	0.0%

Source: Ishikawa, (1998), p. 16., Kasahara, (1998), p. 59.

The data in the table clearly illustrate what has been stated before: in the relationship between the trade union and the management, the aim is to "mutually understand each other's interests and aspirations," that is: cooperation is the dominant factor (50%); naturally, mutual cooperation does not exclude "opposition" either (40%).

Opposition and conflicts are a primary feature of Polish work places, this is especially true of the relation between management and Solidarity-related trade unions (28.6%). Opposition and conflicts are also frequent (11.1%) in trade unions belonging to the Polish OPZZ (the reformed state-socialist trade union grouping) than in work places in the Czech Republic (3.0%) and Slovakia (4.0%).

Whether it is cooperation or opposition that dominate the relationship of management and trade unions is also testable through the extent by which communi-

cation channels, such as wages, are “controlled” by the trade unions. The results of the survey presented in Table 3 are also of interest from this respect.

Table 3. Communication Channels Utilized by Employees in Solving Wage-Related Issues (engineering sector)

Utilized communication channels	Country			
	Poland	Czech Republic	Slovakia	Hungary
trade union	77.6%	46.7%	47.8%	28.6%
works council	0.0%	0.0%	0.0%	28.6%
supervisor	23.3%	30.0%	30.4%	5.7%
informal leader	0.0%	0.0%	0.0%	14.3%
individually	0.0%	20.0%	13.0%	11.4%
other	0.0%	3.3%	8.7%	11.4%

Source: Csaba Makó-Ágnes Simonyi (1999), p. 122.

The various means of communication utilized in the settling of wage-related problems indicate that they are controlled by the trade unions in Polish working places the most (77.6%), and in Hungary the least (28.6%). The employees of Czech and Slovakian working places are situated between them. The works councils in Hungary assert a similar influence as the trade unions. In addition to this, the Hungarian employees utilize individual (11.4%) and informal (14.3%) means quite significantly when settling their wage-related concerns. This means that in the Hungarian engineering companies—as opposed to the practice of companies operating in similar sectors in Central and Eastern Europe—the differentiated utilization of communication channels is the dominant one, the institutions of labour relations, like the trade unions and the works councils, are unable to control/supervise them.

2.2. Factors Influencing the Relationship of Management and the Works Council: the Roles of Information System and the Necessary Knowledge Base

With the intense market competition in the Hungarian economy gradually integrating into the global economy, the characteristics of the information (its quantity, regularity, usability) concerning the operation of a company affect the quality of the relationship of the works council and the company management to a great extent, and through this, the stability of the company's social relations. The results of the 1999 survey on a representative sample of engineering companies, referred to in the introduction above, report that according to the majority (46%) of the works council presidents asked, the briefings were regular; at the same time, however, almost one third of them called attention to their non-systematic character. The opinions concerning the quality of the management's briefings are similar: in the majority (52%) of the companies surveyed, there were ample and mutually useful briefings, yet, again, almost one third of the works council presidents said that the information content of the briefings was low. Opinions of the WC' presidents, the managerial briefings were up to date, fresh are in the minority (35%). There were similar views on behalf of the works council presidents as regards the preliminary (decision preparation) and follow-up (briefings on the decisions taken) nature of the information provided by the management. The actual participation of the employees in the work of the management does not only depend on the characteristics of the above-mentioned information system (its quantity, regularity, topicality, etc.), but also on the time limit that is available for their processing, assessing and forming the right opinions. The views of the WC presidents can be summed up like this: three quarter of them think that they have the necessary time to collectively discuss the various documents received from the management and to be able to form the employees' opinions. In this respect, there is no difference between the newly established (green field investments) and the privatized companies (the so-called brown field investments). The nationality of ownership of the companies sur-

veyed does not show significant differences: there are more complaints concerning the tightness of time available to evaluate the management decisions in the case of Hungarian-owned companies (26%) than in companies in foreign hand (21%). Almost all works council presidents stressed that the 15 days prescribed by the law to form their opinions on the measures planned by the management were sufficient for them.

The efficient participation of the employees is impossible without getting and utilizing the knowledge necessary for the operation of the works council.

Tables 4 and 5 sum up the rankings of knowledge types considered to be “ideal” and “missing.”

Table 4 . The Ranking of Knowledge Types Considered to be “Necessary” for the Smooth Operation of the Works Council

Types of Knowledge/Skills	Types of the Firms Surveyed				
	Privatized company	Newly established company	Hungarian company	Foreign-owned company	Total
Economic	2	2	2	2	2
Technological, Engineering	6	5	6	5	6
Labour Law	1	1	1	1	1
Financial	4	4	4	4	4
Marketing	7	7	7	7	7
Communication Skill	3	3	3	3	3
Managerial, organizational Skills	5	4	5	5	4

Source: Makó-Novoszáth, (2000), p. 27.

Table 5 . The Ranking of Knowledge Types Considered to be “Missing” in the Operation of the Works Council

Knowledge / Skill type	Company Type				
	Privatized company	Newly established company	Hungarian company	Foreign-owned company	Total
Economic	2	2	2	2	2
Technological, Engineering	6	5	6	5	6
Labour Law	1	1	1	1	1
Financial	4	4	4	4	4
Marketing	7	7	7	7	7
Communication Skill	3	3	3	3	3
Managerial and organizational skill	5	4	5	5	4

Source: Makó-Novoszáth, (2000), p. 27.

For employee participation, the most necessary knowledge types are the following: labour law, economy and communication-related ones that can be utilized in creating human relations. Familiarity with monetary/financial or managerial/organizational knowledge, which are more concrete than a command of general economic issues and are more important in the everyday operation of companies, play only a minor role. In the presidents' view, the significance of technological/engineering and marketing knowledge in the efficiency of the work of the works council is minimal. In the ranking of the necessary and required knowledge types, the ones concerning economy were followed by those in labour law and communication skill. As for employers and employees, due to the requirements of the market economy as well as the significant drop in the influence of interest representative associations, there is an increasing need for having a knowledge of the laws of employment and labour and for the ability to apply them. The revaluation of communication knowledge basically indicates that the participation of employees, besides professional-technical skills (or competences), such as the utilization and application of knowledge in economics and labour law, presupposes social-cultural skills in shaping human relations, an important part of which is the communication expertise and competence of the members of the works councils.

The rankings of knowledge types that were said to be causing difficulties in the operation of the works councils of the companies in the survey, that is, the ones that were missing, are almost the same as those that were considered to be necessary. The top two positions are also occupied—in a reverse ranking—by “economic” and “labour law” knowledge type. Interestingly, the third position is occupied by financial/monetary skills, instead of communication expertise. As far as the top three knowledge types are concerned, there are no differences in regard to the origin or the national vs. foreign nature of the company. Lower in the rank-

ing, in the fourth and fifth positions, we can report the following differences: in the former state-owned, now privatized companies and in those in foreign property, the communication skills are taken to be more important in relation to the efficiency of employee participation than the level of management/organization skills. As opposed to this, in the newly established or foreign companies, the latter are relatively more highly regarded than communication skills.

2. 3 . The Relationship and Influence of the Institutions of Interest Representation and of Employee Participation

In the majority (86%) of the companies operating in the engineering sector, which we have mentioned several times now, there are trade unions. There is a close relationship between the nature of the establishment of the company and the presence of a trade union: there is a trade union in almost all (96%) of the former state-owned, currently privatized companies. The investigation of the groups of the companies according to the nationality of their owner shows that in almost all of the Hungarian-owned companies (95%), while to a smaller degree in foreign companies (73%), there are interest representative associations of employees. The engineering industry is usually considered to be the core sector of the economy, which means that in times of economic prosperity, the growth is greater than in the other sectors, whereas in periods of recession, its decline is also greater. As opposed to this, the textile/clothing industry belongs to the peripheral (or marginal) sectors of the economy, meaning that its growth follows that of the so-called core sector. In the clothing industry, according to the studies made in the period after the era of mass privatization, trade unions could only gained ground in only a fragment (14.3%) of the newly established companies; the differences in the origin/nationality (Hungarian vs. foreign) of the ownership of the company in

respect to trade union intensity were not significant. For more detail on this, cf. Table 6.

Table 6. The Presence of Trade Unions by the Status of the Firms Surveyed

Presence of trade union(s) in the Firm	newly established company	Hungarian company	company in foreign hands	Total
There is no trade union	85.7 %	39.3%	42.9%	14.0%
There is trade union	14.3 %	62.7%	57.1%	86.0%

Source: M. Ellingstad-Cs. Makó (1997) 'Successful Restructuring in the Marginal Industrial Sector: the Case of the Hungarian Clothing Industry', Budapest: Institute for Social Conflict Research-Hungarian Academy of Sciences, p. 16.

According to the results of a survey among companies in the engineering industry, the occurrence of trade unions in newly established (green field investments), foreign-owned, and small and middle companies is relatively low. Consider Table 7:

Table 7. Corporate size, ownership, the nature of establishment and the distribution of trade unions

presence of trade unions	characteristics of company				
	Hungarian	foreign	small/middle size	large	established
no trade union	39.3%	42.9%	50.0%	26.7%	85.7%
one trade union	53.6%	57.1%	50.0%	60.0%	14.3%
two/more t.u.'s	7.1%	-	-	13.3%	-

Source: Cs. Makó-Á. Novoszách (1999) 'Instruction of Employee' s Participation: the Case of Works Council', Budapest: Institute of Management Education - Gödöllo University - Institute of Sociology - Hungarian Academy of Sciences, p. 31.

In the survey on the influence structure of the trade unions and the works councils, we did not consider those companies in which the trade union leader and the works council president was the same person (17%), neither those in which there were no trade union operating. The mutual attentiveness to one another's activity and the openness to others' problems are all indicative of the quality of the work of the trade union and the works council, as well as of the coor-

minated character of their action. According to the results of the above-mentioned research, in the case of the engineering companies surveyed, it is cooperation, rather than opposition, that is characteristic of the relationship between the institutes of representing employee interests and those of dealing with their participation. This means that, for example, at the negotiations on the collective bargain, as well as the meetings of the works council, in four fifth of the companies investigated, both the works council president and the trade union leader are present. In the privatized companies of the former state-owned firms, the leadership of the trade union invites the president of the works council to discuss the finalization of the collective bargain somewhat more frequently (82%) than the president of the works council does to invite the leader of the trade union to the meetings of their participation forum (76%). In the newly established companies, the practice is reversed: the trade union leaders are invited to the works council meetings more often than the works council presidents to the trade union events.

In the case of the Hungarian-owned companies, we did not find significant differences in the relationship between trade unions and the works councils. As far as foreign companies are concerned, the trade unions always invite the leaders of the participation forums to their collective meetings; concerning works council meetings, trade union leaders turn up there somewhat less frequently (84%). To sum up: mutuality, openness to and interest in one another's aspirations are the main features of the relationship between trade unions and the institutions of employee participation.

Lastly, we were interested in the efficiency of the operation of trade unions and the institutions of employee participation. This is extremely difficult to measure with objective indices.

It is well-known that the number of membership alone is not sufficient to eval-

uate the performance and legitimacy of the trade unions. Therefore, experts researching the changes of labour relations suggest that legitimacy be measured in more than one fields.⁵⁾ In relation to this, in addition to the outside factors of legitimacy (e.g., the extent to which political and economic actors are supported, the quality of cooperation between confederations, i.e., the size of the so-called extension of organization), within the inner sources of legitimacy, besides membership number, mention is often made concerning the so-called mobilization ability of the trade unions, in which, in addition to numerous factors, the trade union as well as the combined influence of the trade union and the works council also play a role. Table 8 summarizes the influence of the institutions set up for the representation of interest of corporate labour relations and employee participation in the various areas of work conditions and employment.

Table 8. The size of influence of the trade union and the works council in various areas

Fields of influence	Degree of Influence							
	None or Weak		Medium		Strong		no answer	
	Trade Union	Works Council	Trade Union	Works Council	Trade Union	Works Council	Trade Union	Works Council
the utilization of funds for welfare purposes	20 %	20 %	14 %	11 %	54 %	69 %	11 %	-
organizational change	45 %	46 %	29 %	23 %	9 %	23 %	17 %	8 %
employee training	46 %	43 %	14 %	20 %	14 %	26 %	26 %	11 %
work organization/ performance requirements	40 %	46 %	34 %	23 %	6 %	17 %	20 %	14 %
records of personnel/staff	51 %	63 %	11 %	6 %	12 %	20 %	26 %	11 %
group/mass layoffs	26 %	17 %	6 %	9 %	28 %	37 %	40 %	37 %
changes in wages/salary	12 %	34 %	17 %	23 %	54 %	43 %	17 %	-
collective bargaining	15 %	37 %	3 %	9 %	68 %	43 %	14 %	11 %
collective protest of employees (strike)	9 %	34 %	14 %	11 %	25 %	6 %	51 %	49 %

Source: Makó, Csaba-Novoszáth, Ágnes (1999) 'A munkavállalók képviselési részvételének intézménye: az Üzemi Tanács', GATE Vezető és Továbbképző Intézet - MTA Szociológiai Kutatóintézet, p. 42.

5) Richard Hyman (1996) 'Institutional Transfer: Industrial Relations in Eastern Germany', *Work Employment and Society*, Vol., 10., No. 4., pp. 1-39.

Contrary to our prior assumptions, the two important actors of the corporate labour relations—the trade unions and the works council—are not as distinct from each other as we expected. In their effects and influences, there are minor differences. The trade union exerts a significant influence or a similar one to that of the works councils in the case of such matters affecting employee interest in the short run as collective bargaining (68%), the changes related to wages/salary (54%), and the utilization of funds for welfare purposes (54%).

The influence of the works council is more vital than that of the trade unions in these areas:

- 1 : work organization/performance requirements (works council: 17% versus trade union: 6%),
- 2 : organizational changes (w. c.: 23% vs. t. u.: 9%),
- 3 : employee training (w. c.: 26% vs. t. u.: 14%),
- 4 : records of personnel/staff (w. c.: 20% vs. t. u.: 12%).

In the four areas listed above, the influence of the works councils and the trade unions is weaker; based on the relative size of influences, that of the works council is, however, greater. We talk about such factors of the practices of employee utilization which greatly influence the development of the skills/knowledge and expertise of the employees in the long run, and through this, that of their functional and labour market flexibility, too. (We would like to note that we received the most “no answers” regarding the influence of the trade unions and the works

councils in the following two areas: the collective protest of employees (49% and 51 %) and group/mass layoffs (37 % and 40 %). These are the most frequent problems to occur and which are to be tackled in the short run between the relations of the management and the partners of labour relations—the trade union and the works council.)

3. The operation of the works council in the perspective of the European integration: collective bargaining at the European level

The occurrence of the European system of labour relations is a relatively recent phenomenon. The practice of regulating national economies at a European level began in the 1960s; however, its state of development is way behind that of the economic institutions of the region. At the “supra-national” level of the European Union, the negotiations between the social partners and the scientific-expert debates appearing in the form of so-called **European collective bargaining** arose in the 1970s. The possibility of entering into collective bargaining is usually hampered by several legal and social factors. According to numerous experts on European labour relations, the “Balkanization” of the system of the national negotiations made their regularization at the European level impossible.⁶⁾ In relation to this, it is worth briefly surveying the differences occurring in the European system of collective bargainings. The following differences can be highlighted in the labour relations of the member states:

(1) The differences between the cultural environments (contexts) are characteristic of the system of the national labour relations (e.g., the significance of the differences in the political and ideological orientation of the social partners—the trade union,

6) Bruno, Trentin (1984) 'La perspective d'un cadre europeen de négociation collective', *Chaiers du CRMSI*, Paris, No. 6., mars

the employers, and the nations),

(2) There are outstanding differences between the structural characteristics of the social partners (e.g., the quality of the centralization of the trade unions and of the interest representative associations of employees, the divergence of the organization rates),

(3) The so-called procedural differences are also to be remarked (the role of the law and the collective bargaining in the workings of the system of the labour relations, their philosophy—the extent of government intervention, the role of legal regulation, etc.—, the dominant level of the collective bargaining (e.g., nationwide, sector-wide, the proportions of bargaining in the work place), the time differences evident in the scope and validity of the collective bargaining).

3.1. The European works councils, the European collective bargaining and globalization

The European social partners (e.g., the trade unions, the decision makers of the EU) are expecting that the spread of the European works councils will raise the collective bargaining to a European level. In the 1970s, some trade union leaders were pressing for the introduction of a so-called multinational collective bargaining system. However, without the necessary legal regulations, the trade unions were unable to make the multinational companies enter into negotiations with them. From a legal point of view, the 1994 directives concerning the operation of the European Works Council do not mention either collective bargaining or the problem of industrial actions. The Social Protocol lifts the issues of wage and

7) For example, Charles Lewinson suggested the introduction of a corporate-level multinational collective negotiation system (Charles Lewinson (1972) *International Trade Unionism*, London: Allen and Anwin).

trade union rights from the European legal regulations. Under these circumstances, it is extremely difficult for the trade unions to organize "European strikes," they have only a symbolic possibility for that (in, for example, the railway and road traffic sector). The European Works Council, as well as the French "comité de groupe" rely on the model of the German works councils. Their negotiations with the management do not count as "collective bargaining," as the trade unions do not participate in them. It is important to note that the European legal regulations do not encourage the European Works Council to develop from a "consultation" institute into one of "collective bargaining." On top of that, the social partners taking part in the work of the European Works Council—the trade unions or the employers—have no intention of authorizing the Council with the right to organize collective bargaining. According to the results of a sociological survey carried out at the end of the 1980s in France and Germany, employers are not really keen on meeting their information-giving and consultational commitments. The French BSN-Danone is the only company having a European Works Council, which keeps up a permanent forum of collective negotiations with the management, and managed to make a few collective bargaining.⁸⁾

To sum up, the most important function of the European Works Council is to acquaint the representatives of employees with each other in the various contexts of labour relations and help them understand the operation of the national interest representative associations of employees. Only after such a preparatory stage will the representatives of employees be able to agree and formulate their common views on strategic aims which are acceptable and supportable for both parties for the management of the multinational companies. The difficulties of forming common views—their impossibility in the middle run—were well illustrated

8) Wolfgang Lecher et al. (1999) *The Establishment of European Works Councils*. From Information Committee to Social Actor, London: Ashgate.

by the failure of the first Euro strike organized in 1997.⁹⁾

Summary

The works council, the institution of representing employee participation, endows the Hungarian labour relations with a particular, special, dual characteristic among the post-socialist economies of the Central-Eastern European countries. Our investigation concerning the operation of the Hungarian works councils emphasized the importance of the availability of “economic information” coming out from the management, in the lack of which the preservation of the employment of employees and the utilization, and especially the improvement, of their skills and qualification is impossible in the long run. In connection with this, we asked the works council presidents to evaluate such features of management information as its “regularity,” “quality,” “content,” and “usability.” In addition to the characteristics of the information system, we paid special attention to knowledge/skill types in the works councils which are decisive in the partner relationship with the management and which are indispensable for efficient functioning. The following three knowledge types are necessary in setting up a partner relationship with the management: labour law-related, economic and communicative skills. The skills listed above are not significantly influenced by the circumstances of company establishment, the origin/nationality of ownership, or the size of the economic organizations. The adequacy of the skills of the works council greatly contributes to its getting into a “social partner” position accepted and respec-

9) In reality, this was not the first Euro strike. Because it was the workers of the Dunlop-Pirelli company—and not that of Renault-Vilvoorde in Belgium—that, in 1972, were the first in Europe to call a strike in the Italian and the British factories at the same time. The aims of the employees were very similar: to prevent the layoffs following the unification of the company. The difference, however, is that the Dunlop-Pirelli strike was initiated by the workers, the national trade union alliance did not participate in it—unlike in the strike at Renault-Vilvoorde.

ted by the management. This is more important than the legal position provided to the works councils by the Labour Code (1992/1999). The intensity of the participation of the members in the works council meetings is significant, which sends clear signals to the management that the forum of representing employee interests possesses important (potential) mobilization abilities. The success of the works council elections (in 1993, 1995, and 1998) only partially indicates the efficiency of the work of the council, since they may well be coupled with rather mixed successes of employee representation. This is well illustrated by the experience of the European Works Councils, those difficulties which hinder the occurrence of collective bargaining at the European level.

At the international level, the interest representative associations of employees (the trade unions) are divided, the balance of power favours the company management, which, among others, is illustrated by the phenomenon of so-called social dumping. There cannot be European or transnational collective negotiations (bargaining) without a more united economic, legal and cultural system at the level of the EU. To achieve this, the works councils in Europe play an indispensable role. The European Works Councils create a common forum for the interest representative associations operating in the various national systems of labour relations. They facilitate to set up and maintain networks with the help of which the interest representative associations of employees will be able to define and represent their common strategic aims in multinational companies.

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