

## **PROEFP 4**

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

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## Introduction

ProEFP is a European network promoting economic democracy in Europe. It enjoys the support of a number of organisations of different kind, from business, trade unions, advocacy and research areas, sharing a common idea: employee financial participation and employee ownership can make European free market a more democratic space.

ProEFP studies, promotes, encourages all forms of employee financial participation and a larger diffusion of share/equity ownership among employees.

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

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

- promoting economic democracy and in particular employee financial participation and employee share/equity ownership;
- encouraging partnerships and common projects among its members;
- spreading works and activities of its members to a larger public;
- sharing experiences and promoting best practices of employee financial participation and employee share/equity ownership.

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



## The NEW ProEFP4 Project

Europe is sizing a sustainable economic recovery trying to remain faithful to the concept of social market economy enshrined in the EU Treaty. A new social dialogue has to be reshaped to better serve an EU governance that has rapidly changed over the last 8 years. Thanks to several studies and exchanges run in the last 4 years, ProEFP Partners know that social dialogue, collective bargaining and employee participation cannot be seen as separate and independent practices. They are interlinked. Changes in one of the three areas automatically influence the others.

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

The added value of the project resides in the fact that information and consultation practices and procedure will be studied in depth against the social and economic context in which they are developed. Further development of industrial relations cannot be planned without considering the main economic and societal challenges that companies have to deal with in different sectors. Considering that the legal analysis of the European *acquis* has been widely studied, this study will focus on operational aspects of enforcement of the *acquis* trying to point out obstacles and factor of success to a stronger implementation of such rights through collective bargaining. The Commerce and Service sector will work as benchmark.

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



This methodology has already been used by PROEFP partners when a benchmark study on the automotive sector and one on the construction sector has been finalised in the past years (see [www.proefp.eu](http://www.proefp.eu)). The European dimension works in two directions: it will improve the collection and analyses of practices and, on the way around, will deliver policy options to be pursued at European level. The active participation of both employee and employer side will make the project contributing to the definition of joint transnational trade union strategies in this field.

## Employee Involvement in the post-crisis Europe

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

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

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

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

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

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

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



of those economic activities previously warranted by the State? Is not investment influenced by the social stability of the environment where production takes place?

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

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

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

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

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

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

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

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



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

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

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

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

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

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





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

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

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

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

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

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

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



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

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

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

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

During the ProEFP meetings (one took place in Montepulciano on 7<sup>th</sup> July 2016), the ENEL case was brought to our attention. Here is the summary of what we have been told. The Enel case study depicts well the synergic role between participation and collective bargaining. Enel has 70,000 employees, 32,000 are in Italy. An internationalisation aimed at preserving productive capacity. This situation has brought about a transnational company culture, as well as the necessity to confront different industrial relation practices. Enel has established an EWC, then a global works council while signing transnational company agreements (TCA).



Over the past 16 years, since privatisation, ENEL has adapted to shed undertakings in order to leave room to other carriers; and it has done so with the dutiful accountability of trade unions organisations. The underlying reason is that the ENEL company model is one of confrontation as well as reinforced consultation. Every organisational change is subject to prior discussion. Trade unions mediate and moderate based on their competences in a process that is ultimately determined by the company. Change concerns sustainability, intended as the capacity to withstand external changes based on the internal participation of each employee and of their representatives.

Social dialogue has a tangible impact on the ground as well. The company has realised that a European training project does make sense only if visible on the workplace. Involvement has been proven a factor of competitiveness and efficient organisation. ENEL has engaged in the demographic transition with dual system-style training projects, which are meeting the expectations of both the company and schools. This, too, has been achieved with trade union involvement.

A further aspect concerns redeployment within the energy transition, which does entail the closure of marginal plants and, eventually, some dismissals. The objective is relaunching and requalification of production sites, in agreement with local authorities. Overall, the challenge lies in making dialogue an investment rather than a cost, engaging all stakeholders in a conversation on continuous change.

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

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

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

The legal definition of labour, facing digital revolution, such as online work platforms.

The ETUC also identifies some lines of action:

- Rebalancing of social rights in the Treaties, but also knowing how to exploit opportunities offered by the SDGs and the 2030 Agenda;
- Institutionalisation of benchmarks with a view to re-launching social rights;



- Development of a better definition of “worker”, applicable to all directives.

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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



Based on such general reflections, the reader is invited to approach the present ProEFP research report. We believe that, through the valuable work of Syndex and Scuola Nazionale Servizi (National Service School), the reader will acquire better tools to develop their own conviction on the questions raised in this foreword and deliberately left unanswered. It is after all ProEFP's task to depict reality and propose points of view. Everyone can freely contribute to the debate with their value load. In this, the present and future strength of our network lies.

## Information and Consultation Rights

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

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

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

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

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

At European Union level these rights are recognised in the Community Charter of the Fundamental Social Rights (1989) and also in the Charter of Fundamental Rights of the European Union (2000), where it is stated (Article 27) that *"Workers or their representatives must, at the appropriate levels,*



*be guaranteed information and consultation in good time in the cases and under the conditions provided for by Union law and national laws and practices”.*

Even though their recognition in the Community Charter of the Fundamental Social Rights, a proper legal basis for information and consultation has been introduced only with the Treaty of Amsterdam in 1998 that incorporated the Agreement on Social Policy into the text of the treaty. The legal basis is nowadays represented by the articles 151 and 153 of the Treaty on the Functioning of the European Union (TFEU) where it is given to the Council and to the European parliament the power to act. In particular, article 153 TFEU is particularly interesting because it represents the legal basis for the European action, entrusting the Parliament and the Council to adopt measures designed to encourage cooperation between Member State; and Directives setting out minimum requirements for gradual implementation.

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

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



## SECTOR ANALYSIS

### Overview of the Commerce Sector

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

#### **Retailing: business and financial strategies of the key players**

Multinational companies dominate the retail trade, accounting for a significant share of the global economy. In 2014, the 100 leading corporations accounted for 13.1% of global consumption. Over the past few years, in a context marked by weak economic recovery in Europe (leading to households having to juggle their consumer choices) but also by an evolution in consumption forms, the multinationals have retained their positions, while the relative weight of the 10 leading corporations has slightly increased.

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



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

- Growing internationalisation: The majority of European corporations have subsidiaries in other countries, not just in the European Union, but also in Russia, China, Latin America and the Middle East.
- Major retailers are also stepping up their investment in different forms of commerce:
- *Discount: hypermarkets want to win back customers from the discounters. Price war and dedicated spaces in hypermarkets.*
- *Drive: Corporations are developing a concept combining Internet and “speed shopping”.*
- *E-commerce: Corporations are increasing the number of dedicated websites; more and more chains are combining on-line and in-shop commerce.*
- *Re-conquest of city centres. Chains are also making increasing use of near-to-consumer formats (convenience stores), after having stifled competition from small retailers.*
- *In all places: From the hypermarket to centres of activity and culture/leisure).*

#### **E-commerce: very much on the rise**

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

- The sector has seen double-digit growth in all the countries studied: +13% in France (2015), +15% in Poland (2016), +27% in Romania. From an overall perspective, of the 50 largest e-commerce players, just 12 are not to be found in the top-250 global retailers.
- The main changes concern household appliances, consumer electronics, and fashion articles. Food retailing is also developing fast, via the traditional brands of supermarkets but also through pure players (e.g. Amazon, which is developing its food offering).
- The trend is towards increased globalisation. One of the main motives for buying something online is its unavailability within an area in reach of the consumer. According to a Paypal-IPSOS study, 25% of transactions are cross-border.



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

- The main markets are the United Kingdom, Germany, France and Spain. Distance sales account for 6% of retail sales in France (€26 billion), against 3% in Spain (€16.3 billion) and Poland (€7 billion).
- Total per capita online purchases average €2000 a year in France, compared to €876 in Spain. In Romania, the average value of a transaction is €40 for Romanian online shops and €58 for merchants based outside Romania.

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

- In Romania, 90% of purchases are still paid for on receipt of a product, while card payments account for 60% of payments in Spain.
- Mobile phone payments nearly everywhere are shooting up, accounting for €6.4 billion in 2015 in France.
- The respective shares of home deliveries, the use of pick-up points and shop purchases are also diverging.

### **Major e-commerce profiles**

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

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

- They can be classed into four categories: the full-range or multi-range e-commerce companies (Amazon, Cdiscount), specialist e-commerce companies (LDLC, Oscaro, Allopaneus), national marketplaces (eBay, Priceminister) which act as trusted third parties between buyers and sellers, and the organisers of online flash sales/event sales (Vente-privée, Showroomprive).
- The last few years have seen a major development in so-called "marketplaces". These allow companies to greatly reduce their logistics costs and to offer B2B services to sellers. In

France in 2015, such marketplaces accounted for 26% of transactions on the 40 main e-commerce websites.

**"Click & mortar" retailers:** While their online sales account for just a minor share of overall sales, nearly all of them run their own e-shops. Their high visibility as high street brands allows them to lower the cost of acquiring customers on the web.

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

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

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

**Figure 1. Global ranking of the 50 leading e-commerce companies** (source: Deloitte)

rang (ventes)	Top 250 (revenu FY 2014)	nom	nationalité	ventes (M€)		Part e- commerce / total revenu	rang (ventes)	Top 250 (revenu FY 2014)	nom	nationalité	ventes (M€)		Part e- commerce / total revenu
				2013	2014						2013	2014	
1	32	Amazon.com Inc	US	59 400	70 000	100,0%	26	74	Nordstrom Inc	US	1 816	2 356	18,0%
2	48	Apple Inc	US	18 004	20 600	49,0%	27	n/a	Shop Direct Group	Gde Bretagne	2 247	2 331	86,0%
3	58	JD.com, Inc	Chine	6 715	17 672	100,0%	28	n/a	Verke.privee.com	Gde Bretagne	2 126	2 311	100,0%
4	1	Wal-Mart Stores Inc	US	9 516	12 300	2,5%	29	53	Kohl's Corp	US	1 600	2 168	11,4%
5	76	Otto GmbH	Allemagne	7 927	8 397	65,4%	30	75	Dixons Carphone plc	Gde Bretagne	1 677	2 081	16,0%
6	5	Tesco PLC	Gde Bretagne	5 203	6 504	6,5%	31	8	Metro Ag	Allemagne	1 625	2 036	2,4%
7	35	Macy's Inc	US	3 775	5 400	19,2%	32	129	Office Depot Inc	US	-406	1 980	24,6%
8	97	Liberty Interactive Corporation	US	4 865	5 398	49,5%	33	11	Target Corp	US	1 271	1 815	2,5%
9	25	Casino Guichard Perrachon SA	France	3 680	4 606	7,1%	34	89	L Brands Inc	US	1 766	1 809	15,8%
10	57	Suning Commerce Group Co, Ltd	Chine	3 452	4 399	21,7%	35	28	J Sainsbury plc	Gde Bretagne	1 651	1 775	4,7%
11	9	The Home Depot Inc	US	2 376	3 765	4,5%	36	6	Carrefour SA	France	1 728	1 728	1,8%
12	346	Vipshop Holdings Limited	Chine	-748	3 701	100,0%	37	n/a	HSN Inc	US	1 570	1 722	48,0%
13	25	Best Buy Co. Inc	US	2 916	3 500	8,7%	38	24	Koninklijke Ahold NV	Pays Bas	1 403	1 684	3,9%
14	143	Lojas Americanas SA	Brésil	2 355	3 403	49,3%	39	n/a	ASOS Plc	Gde Bretagne	1 157	1 579	100,0%
15	115	Home Retail Group	Gde Bretagne	2 982	3 341	34,9%	40	n/a	Ocado Group plc	Gde Bretagne	1 259	1 570	100,0%
16	2	Costco Wholesale Corp	US	2 460	3 000	2,7%	41	13	Gpe Auchan SA	France	1 508	1 534	2,2%
17	n/a	Zalando AG	Allemagne	2 187	2 943	100,0%	42	n/a	Overstock.com Inc	US	1 275	1 497	100,0%
18	63	John Lewis	Gde Bretagne	2 166	2 854	18,0%	43	18	Lowe's Companies Inc	US	961	1 405	2,5%
19	31	Sevens Holdings Corp	US	2 565	2 850	9,1%	44	n/a	Lands' End Inc	US	1 304	1 321	84,9%
20	n/a	Newegg Inc	US	2 696	2 800	100,0%	45	n/a	Ulmart CJSC	Russie	650	1 300	100,0%
21	22	Centres Distributeurs Leclerc	France	1 738	2 605	5,4%	46	n/a	L.L. Bean Inc	US	1 195	1 285	79,8%
22	62	The Gap Inc	US	2 235	2 500	15,2%	47	n/a	E-Commerce China DangDang Inc	Chine	916	1 243	100,0%
23	85	Staples Inc	US	2 480	2 500	21,6%	48	78	Toys R Us Inc	US	1 145	1 229	9,9%
24	155	Next plc	Gde Bretagne	2 157	2 488	38,1%	49	79	J. C. Penney Company Inc	US	1 061	1 225	10,0%
25	197	Williams-Sonoma Inc	US	2 084	2 371	50,5%	50	152	Nike Inc	US	500	1 219	18,4%



In this ranking of the 50 largest e-commerce companies worldwide:

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

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

#### **Mobile devices: increasing numbers of tablets and smartphones...**

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

#### **Accelerated retailing**

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

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

#### **Experience retailing**

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

#### **Innovation**

A revolution is already underway, in particular in the field of POS scanning and self-checkouts.

It is set to continue, involving various formats and channels: a dismantling of borders between sectors or specialised single-product companies, mobile POS systems, the disappearance of intermediaries (no more shops, stocks, depots) and their replacement by production orders sent



straight to a manufacturer, or automatic purchasing originating from such web-linked appliances as fridges.

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

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

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

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

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

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

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

**Working and employment conditions in the retail sector in Europe**

**Main characteristics**

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

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

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

## Demographic developments

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

Staff turnover is traditionally high. However, in certain countries, where the economic pressure is significant and unemployment is prevalent, the brands are major employers in their territory => unqualified employees cling to their jobs even if working conditions are poor, hence the seniority and age of employees in this sector increase considerably, giving rise to new issues of keeping these workers in employment when they are worn out by their work.

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

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

## The role of middle management is changing

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

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

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

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

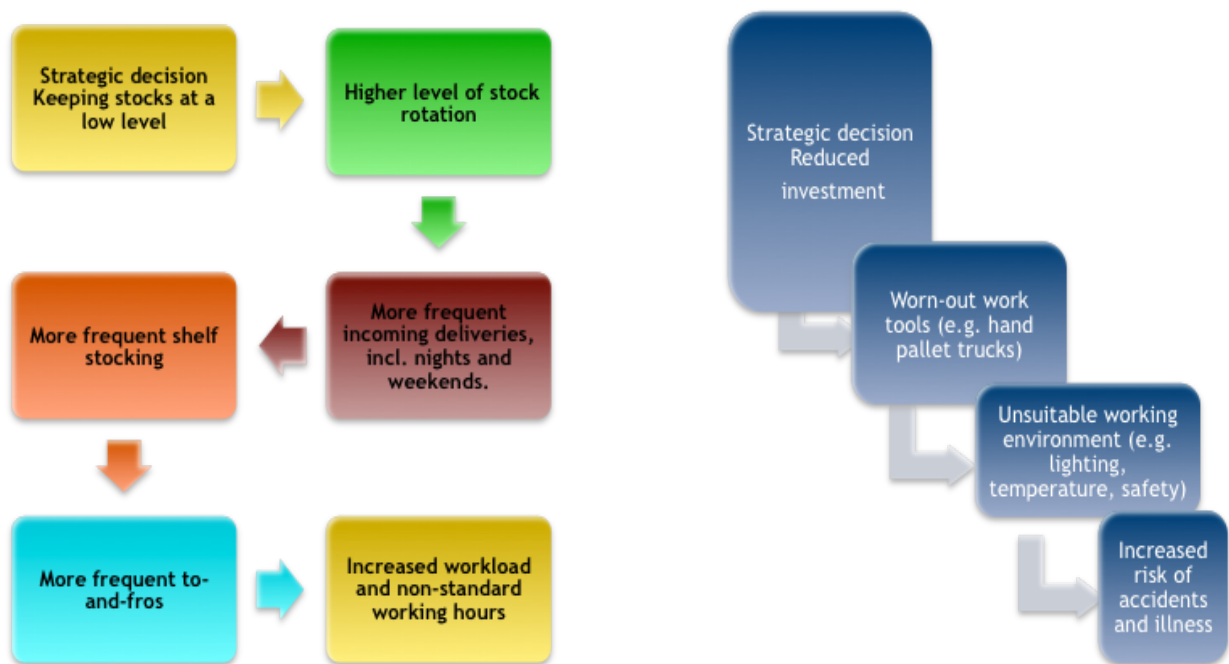


In some countries, staff representatives generally have a lot of information relating to business trends based on such indicators as the evolution of productivity, inventory levels, investment levels, profitability targets and restructuring terms and conditions.



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

### Two examples: inventory and investment levels



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

#### ➤ Age and seniority

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

#### ➤ Absenteeism



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

### ➤ **Versatility**

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

Firstly, corporate partners should ask themselves about the type of versatility that is applied to their company:

simple rotation: replacing someone off work, whatever his/her function?

or versatility through integration: enriching work content and giving a worker a greater feeling of doing meaningful work and thereby motivating him/her.

### **In fact, the risks to health cover several aspects:**

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

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

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

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

## OVERVIEW OF THE SERVICE SECTOR

### (FACILITY MANAGEMENT)

#### 1) Definition of Service Sector and Facility Management

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

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

Therefore, Facility Management is a practice for managing non-core business services.

In the past, organizations used to manage in-house most or even all of the non-core services (services supporting internal operations). Only in few cases, some activities, like cleaning, security and maintenance, were contracted out. In the recent years, organisations tend to outsource not only non-core processes and manufacturing, but even most of the services that support them.

Worldwide, public and private organisations are constantly raising their attention to an efficient and effective management of facility services. This generated a strong growth in the sector of companies specialized in providing support services.



## **2) Historical origin of Facility Management**

The service sector is an important part of the economy. European services are the backbone of European economic and social life, and since 2000 their role is growing and employment in the sector has risen<sup>1</sup>.

The Service sector includes a vast range of activities that are part of what is called the Tertiary sector. A considerable number of the services included within the Tertiary Sector belong to Facility Management field.

The popularity of Facility Management among private companies and public administration has become well known since the end of the seventies: as a matter of fact, it is accepted to date back to those years the first experiences of US multinational corporations, which recognized how non-core services could hold a strategic role in the achievement of business results. Consequently, some companies developed specific business units to manage those activities with the purpose to design, plan and carry out services. On the other hand, many other companies decided to outsource one or more of those activities to specialized companies in order to focus on the core business and to turn FM fixed costs into variable costs or to learn by the professionals the non-core service management, improving meanwhile their know-how.

The practice to outsource non-core services, which was more and more adopted in the last decade, results in a new sector – the FM one – formed by many services (e.g. maintenance of buildings and plants, cleaning, catering, waste disposal). In the public sector the paradigm of the new public management, which emerged at the beginning of the eighties, led the public administrations toward decentralized and market oriented models, strongly directed to outsource non-core services to private companies as well as to non-profit organizations.

This process, which influenced also FM activities, resulted in a higher demand for non-core business services. The FM sector has nowadays reached a relevant dimension.

## **3) Some data on Facility Management**

According to Scuola Nazionale Servizi Foundation data, the FM market in the top six European countries in dimension and development (Germany, the Netherlands, the United Kingdom, Italy,

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<sup>1</sup> UNI Europa



France and Spain), amounts to almost 308 billion euro). Furthermore the value of the outsourced market is just half of the potential one, which means that the FM sector can grow further. Nevertheless, it seems like FM is not yet able to hold a strategic role in supporting the core business. Instead of an opportunity to increase the business value, FM is too often associated with cost cutting. Following this approach, based only on service costs, FM is lowered to a commodity service that is offered at the lowest price by unspecialized suppliers. Consequently, the client risks to sign rigid and strictly defined contracts, as if they were goods with certain specifications and foreseeable configurations. These contracts are inadequate for FM.

Due to the complexity and dynamism of this sector, they can be incomplete at the very beginning of the relationship. These contracts become more and more strict during their lifespan. Considering that FM contracts have usually long lifespan (in case of project finance the lifespan can be longer than 20 years), it is easy to understand that, during this period of time, many changes can happen (new clients' requests, new end-users' needs, new technologies, etc.).

#### **4) Current Status**

The contractors, with the budget and the processes defined ten years before, could hardly guarantee adequate service quality. In case of long and complex relationships, the relation between client and contractor cannot be based only on the contract (even when extremely detailed). The contract has rather to be supported by appropriate coordination mechanisms, allowing the contract and the relationship between the parties to be easily adjusted. It's urgent stimulate the entire world of FM (enterprises, trade unions, entrepreneurial associations, professionals, public buyers and researchers) to strengthen the debate about the FM added value for the client, instead of focusing on cost cutting.

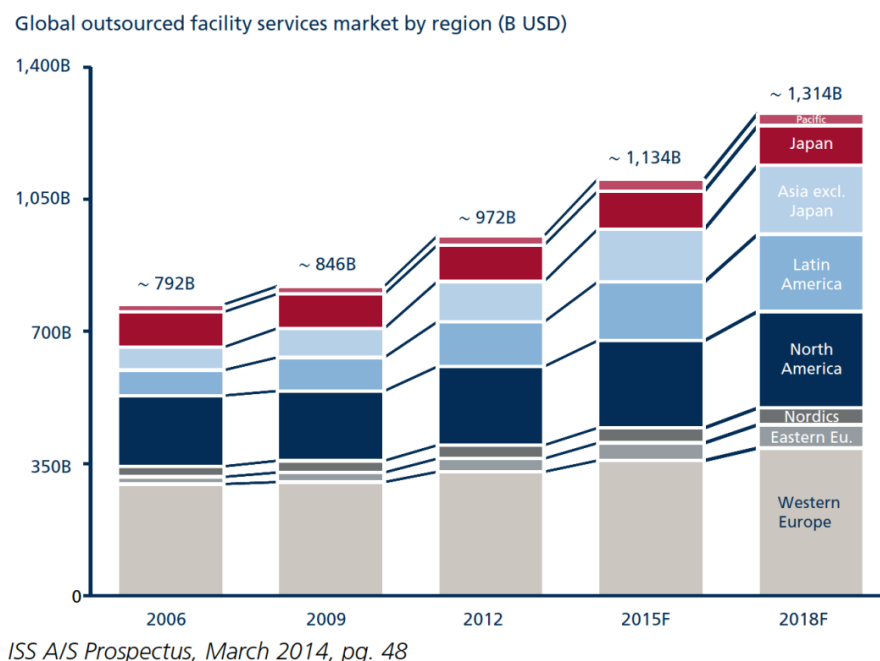
It is a matter of fact that inadequate contracts have to be avoided in order to make FM an effective support to the company business. These contracts can in fact become a problem for a right facilities management and, in the most critical cases, they can even jeopardize the client-contractor relationship and even generate grey market situation.

## **FM SERVICES AND FACILITY MANAGEMENT: A FOGGY SNAPSHOT**

### **Trends and drivers of the FM market**

#### **1.1) Integrated Services Delivery Model**

The changing demands in the market require a new way of thinking about the delivery of FM. The industry is transforming from a predominantly single-service local outsourcing model to an integrated services delivery model that seamlessly meets the core needs of the customer on a national and even global scale.



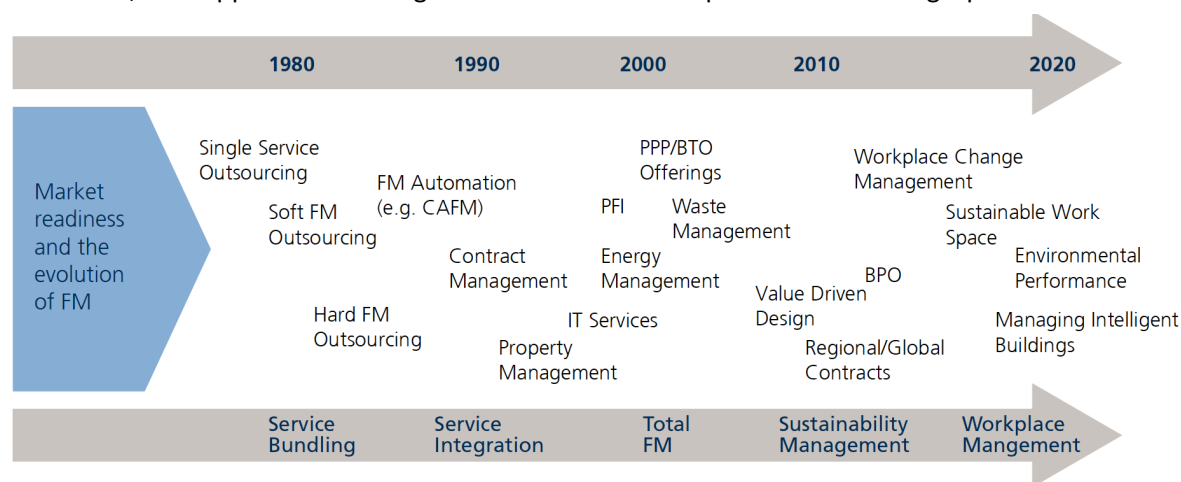
#### **1.2) Added value of FM Services**

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

Along with this evolving market, customer expectations are broadening to include more value-added FM services: customers increasingly expect FM providers to assume responsibility for regulatory and labour law compliance and to take an active role in advancing the company's strategic mission.

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

To this end, FM suppliers are having to evolve from service providers to strategic partners.



*The evolution of Facility Management – Facility Services (source Prost and Sullivan)*

### 1.3) Major factors driving growth

According to available data analysis, five major factors are driving growth in the FM industry:

Economic and regulatory developments; in terms of economic pressures of regulatory requirements and increased competition that are pushing companies to carefully look at how they conduct business;

Increased appetite for outsourcing; as demonstrated by the tables above, the grow of the FM market is expected to be 4-5% through 2018.

Increased service integration; in line with the revenue generated by the global FM market is predicted to expand, the same is for the rate of outsourcing and the demand for integrated solutions.

Nationalisation and internationalisation of contract procurement. There are clear drivers for internationalisation in the FM sector<sup>3</sup>; but at the same time the move to nationalisation and regionalisation is strong. In particular, it is to underline the Public Procurement reform and, in the European Union, the related pathway toward an EU single FM market<sup>4</sup>.

<sup>3</sup> The Hackett Group (2013); Frost and Sullivan (2012).

<sup>4</sup> Directive 2014/24/EU on Public Procurement; Directive 2015/25/EU on procurement by entities operating in the water, energy, transport and postal services sectors; Directive 2014/23/EU on the award of concession contracts.



Market demand for value-added services; overcoming the traditional 'core vs. non-core' and cost-reduction parameters towards an intimate knowledge of the corporate mission and values by FM service providers.

### **Identification of FM Services for the PROEFP4 project**

With the aim to implement the PROEFP4 research, there are a number of potentially interesting FM Services, such as: professional cleaning; catering; energy supply and maintenance; industrial laundry; warehousing and logistics; waste management; security; public gardening and landscape planning; facility management - asset management - property management; IT.

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

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

One of the main reason is that there is no a unique statistical code for FM, thus, particular statistical information in the FM sector is not collected<sup>5</sup>.

Going through the 'sources', we find the official Eurostat that defines a category of "Services to buildings and landscape activities statistics - NACE Rev.2"<sup>6</sup>; but other services are collected in wider categories.

Another important set of sources are the EU recognized Associations - entrepreneurial, professionals, Public Bodies and so on. Among the others, herewith follows a list of 'unofficial' but reliable ones:

- EFCI – European Federation of Cleaning Industry
- Food Service Europe
- EuroFM – European Association of Facility Management

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<sup>5</sup> Tosho Kirov (co-founder of Bulgarian Facility Management Association and member of the EuroFM)

<sup>6</sup> NACE is the acronym used to designate the various statistical classifications of economic activities developed since 1970 in the European Union (EU). NACE provides the framework for collecting and presenting a large range of statistical data according to economic activity in the fields of economic statistics (e.g. production, employment, national accounts) and in other statistical domains.

Statistics produced on the basis of NACE are comparable at European and, in general, at world level. The use of NACE is mandatory within the European statistical system





- Global FM enterprises

According to the Eurostat data, 393.5 thousand enterprises operate within the services to buildings and landscape activities (Division 81) sector in the EU-28 in 2012. Together they employed 4.3 million persons.

As such, the services to buildings and landscape activities sector recorded the third lowest level of labour productivity among any of the NACE divisions in the non-financial business economy.

This very low level of labour productivity is mirrored in the average personnel costs for the EU-28 services to buildings and landscape activities sector, which stood at EUR 16.8 thousand per employee in 2012, about half of the non-financial business economy average (EUR 32.4 thousand per employee) and well below the administrative and support services average (EUR 23.1 thousand). The services to buildings and landscape activities sector recorded the third lowest level of average personnel costs among any of the NACE divisions in the non-financial business economy.

## **2.1) The Cleaning Sector in EU**

### **2.1.a) The numbers of the sector**

Cleaning contractors achieved a total turnover of € 64.522 billion<sup>7</sup>. This number demonstrates the good recovery of the industry after global financial and economic crisis started in 2008-10.

Indeed, it represents a net increase of 4.83% over two years (2010-2012), while the EU-27 GDP was limited to a growth of 1.6% in 2010-2011, and decreased by 0.4% in 2011-2012. On average, the annual turnover growth in the industry over the last 22 years is at 9.1%.

It is to underline that the industry's resistance could be explained by higher productivity gains and the continuous increase in market penetration. This figure however confirms the continuous general shift from an industrial economy towards a service-based economy during the last 22 years.

This macroeconomic context is due to a number of factors/drivers: the first and most important reason is the continuous trend to outsourcing; secondly, a higher productivity growth has been recorded in the industrial economy, while at the same time there has been a transfer of jobs from industrial to service activities. In addition, the overlap between services and industry which tends to accentuate the apparent reduction in the importance of manufacturing. Indeed, this phenomenon

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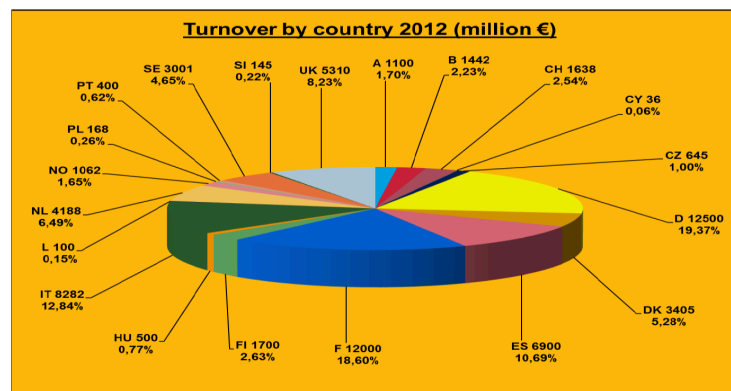
<sup>7</sup> EFCI Survey 2014 - 20 European countries covered.

has been deeply examined and identified by the HLG as “the *servitization* of manufacturing the tendency for manufacturing firms to sell services and solutions, rather than products and goods”.

### 2.1.b) The big players in the sector

Germany, France, Italy, Spain and the UK are the five largest national markets within the EU. Together, they represent around 70% of the total European turnover. The total number of cleaning company exceeded 176 900, representing an increase of 13% per year<sup>8</sup>.

Breakdown by country



No updated data available for the Czech Republic, Luxembourg, Hungary, Poland and Portugal

Companies employing more than 500 people (i.e. about 1.36%) achieve half of the total turnover in the industry.

In absolute figures, the cleaning industry is still largely dominated by very small companies: about 76.4% of them employ less than 10 people.

### 2.1.c) Employment in the sector

More than 3.32 million people were employed in the cleaning industry, as opposed to 3.317 million in 2010. This represents a small increase of 0.1% over two years (2010-2012), thus an average growth of 0.05% per year, while the EU-27 employment respectively increased by 0.3% in 2010-2011 and decreased by 0.5%<sup>7</sup>. After the crisis in 2008-2010, which obliged companies to strongly reduce

<sup>8</sup> (2011 – 2012)



their employee base due to expenses cuts of (public and private) clients in almost all European countries, employment slightly increased between 2010 and 2012 and nearly reached the level of 2005.

However on average, the annual employment growth in the industry over the last 22 years is at 4.35%<sup>9</sup>.

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

**47%** of workers is employed in micro-workplaces (from 1 to 9 employees)

**8%** of workers works in large workplaces (more than 250 employees,) - EU (12%).

**Women** are the large part of workforce (**56%** vs. 44%)

The **8%** of the workforce is **under the age of 25** – EU 9% ; the **30%** is **between 25 and 39** years old (EU 36%) and the **30%** is aged **50 and over** (EU 27%)

The **3%** of workers is **self-employed with employees** (EU 4%)

The **9% self-employed without employees** which is slightly below the EU28 average of 11%

**Among** employees, fixed-term contracts are much more prevalent in industrial cleaning (23%) **than in the EU28 as a whole** (12%) **and are considerably** more prevalent among women than men in the sector.

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<sup>9</sup> EFCI Survey 2014 - 20 European countries covered.

## **2.2.) The Catering Sector in the EU**

### **2.2a) Numbers of the sector**

The foodservice sector in Europe is split into markets self-operated by public bodies and markets contracted to catering companies. In 2012, contract caterers in the EU had a 35.2 % share of the total public foodservice market value<sup>10</sup>. This was an increase of 1.7 % since 2008 (when the share was 33.5 %) and had already increased 8.7 % since 2000 (based on EIRO, 2010).

Companies, public authorities, crèches, schools, universities, retirement homes, hospitals and prisons are all increasingly relying on contract catering.

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

67 million consumers served every day

One in four meals taken outside the home

One in every two meals taken at the workplace

More than one in four meals at school

More than one in 10 meals in healthcare or social sectors<sup>11</sup>.

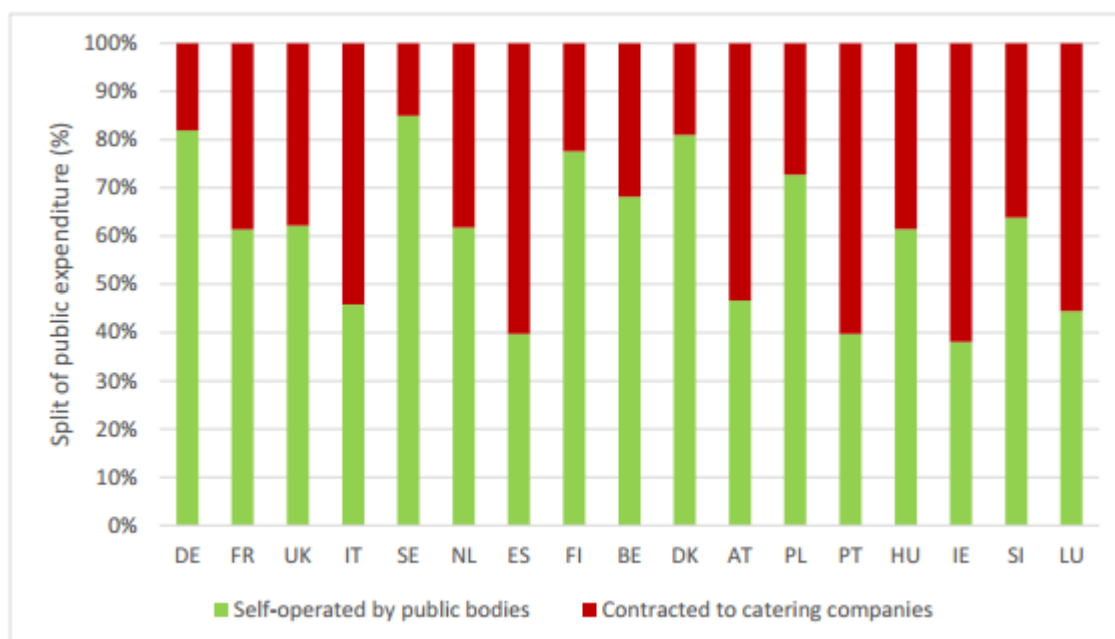
### **2.2b) The big players in the sector**

The graphic below illustrates the split of public sector expenditure on food and catering between self-operating public bodies and contract caterers. A wide variation is visible between the 17 Member States. In Germany, Sweden, Finland, Denmark, and Poland public expenditure on self-operating services accounted for over 70 % of the total, whereas Spain, Portugal and Ireland accounted for less than 40 %. Contract caterers represent more than 50 % of the public expenditure in those countries, together with Luxembourg, Austria and Italy.

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<sup>10</sup> Cfr. FERCO, 2012.

<sup>11</sup> Cfr. Foodservice data available



*Split of public expenditure on food and catering services per provider (adapted from: FERCO)*

According to the most recent available data on the sector, the three leading contract caterer in EU represents the 59% of the total market share, and the contract catering market is dominated by two company groups with a combined market share of about 50%. In contrast to this prevalent pattern of market concentration, two markets in western Europe (namely Italy and Spain) as well as the social foodservice markets in central and eastern Europe have remained relatively fragmented, with numerous family operated catering business and local operators managing only a few contracts each in these countries<sup>12</sup>.

### 2.2c) Employment in the sector

The data available states that the turnover of the total contract catering industry in the EU was more than €24 billion and around 600 000 people were employed<sup>13</sup>. In terms of employees per Country within the EU market, at the first place there is the United Kingdom, that counts about 115 000 employees in the sector, equally distributed between private and public sector. Then, Italy and France follow, with respectively 100 000 and about 79 000 employees.

<sup>12</sup> Cfr Eurofund Europe observatory; Comparative Information about representativeness of the europea socialpartner organisations in the catering sector.

<sup>13</sup> Crf. EIRO

Country	Total employees	Private sector employees	Public sector employees
Austria	17 500	6 400	9 100
Belgium	8 500	5 000	3 500
France	78 026 (2010)	-	-
Hungary	60 000	20 000	40 000
Italy	100 000	50 000	50 000
Netherlands	20 000	-	-
Portugal	14 000	8 000	6 000
Slovenia	39 000	22 000	17 000
United Kingdom	114 500	59 500	55 000

*Number of employees in the European contract catering sector (Source: FERCO, 2012)*

## The developments in collective-bargaining system

### A European overview

Wage-setting system and institutions: collective bargaining between the market and state intervention. Wages represent an important variable especially in a context of economic crisis. The linkage between labour and wage has long been recognized as an important relationship that requires a proper framework to be analysed.

In this context collective bargaining is a key feature of industrial relations systems, since it represents the fundamental instrument that social partners use to jointly regulate the employment relationship, especially since general and industrial unions became the main actors of workers' representation in the early 1900s.

The collective bargaining is a specific tool of the regulatory tools that the wage setting institutions can use in advanced market economies.

The scope for collective bargaining is delimited and influenced by political regulation and market forces. Political intervention can promote or constrain the collective bargaining, but for worker's bargaining power is in practice strictly rooted in labour market conditions. The three types of wage-

setting institution (the market, the legislation and the industrial relations) can be characterized according to their flexibility and internal differentiation<sup>14</sup>.

Wage setting-system and economic performance. The discussion of the link between wage-setting institutions and economic performance has been revived by analysis of the effects of the recent economic crisis and of the policy responses implemented to foster competitiveness and restore economic growth, especially within the EU

During the crisis, wage moderation has been identified as a key factor in promoting competitiveness and addressing external imbalances for countries with large trade deficits. Similarly, legal intervention through minimum wages and indexation mechanisms has been under scrutiny due to a desire to avoid negative impacts on labour demand. The beneficial effects of wage containment policies depend crucially on the openness of the economy and on developments in foreign demand. Changes in wage setting institutions; that short-term wage developments within countries tend to be linked to factors other than institutional change, because the latter proceeds slowly and needs time to feed into 'outcomes'. This is especially true when we focus on wage outcomes produced by collective bargaining, which typically relates to periods in the future and therefore manifests its effects with a time lag. Collective wage bargaining has continued its shift to more decentralized levels. While in the 10 years to 2010 the prevalent bargaining level in the EU remained the sectorial or industry level, by 2013 the balance had shifted towards company and intermediate bargaining. In recent years, governments have become more and more involved in wage setting.

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

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

Within the **cleaning sector**, due to the lack of strong, well established social partners within the sector in several countries, sectorial industrial relations tend to be relatively poorly developed in

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<sup>14</sup> Industrial Relations in Europe; 2014 and subsequent publications; European Commission, Directorate-General for Employment, Social Affairs and Inclusion; p. 1 ss.

these countries. Where they have been established in these countries, they frequently cover only particular niches of the sector. Where they have not, collective bargaining activities within the sector are either almost non-existent or take place at single-company level only. For that reason, for some countries it has proved difficult or impossible even to roughly estimate the collective bargaining coverage rate of the entire cleaning industry. Accordingly, for five countries (Bulgaria, Cyprus, Latvia, Poland and Spain) the sector's collective bargaining coverage remains unknown, as none of the social partners contracted could provide an estimate for the entire cleaning sector. Nevertheless, there is a group of countries recording high or even full collective bargaining coverage rates in the sector. This group of countries comprises almost exclusively 'old' Member States, namely Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Sweden, with Slovenia as the only 'new' Member State<sup>15</sup>.

Within the **catering sector**, more than ¾ of the Countries for which related data are available record a remarkably high coverage rate of (almost) 100%. However, there are seven countries where collective bargaining is completely absent. A third group of countries records sector-related collective bargaining at a low level, with bargaining coverage rates from virtually zero in the UK (and probably Ireland) up to 40% in Denmark. It may be inferred from these findings that in more than half of the EU, the sector's industrial relations structures are well-established, while they appear to be underdeveloped in one third to half of the Member States.

### **The employment in the sectors**

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

Huge part of the service/FM employed and operators is mainly composed by woman, disadvantaged people (experiencing social, economic and health disabilities) as well as by migrants<sup>16</sup>.

Whether staff turnover is traditionally high, due to the economic crisis there is a reduction of this indicator, with many staff members working a long time for the company.

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<sup>15</sup> European Foundation for the Improvement of Living and Working Conditions, Representativeness of the European social partner organisations: Cleaning activities industry; pp. 40-41.

<sup>16</sup> European Foundation for the Improvement of Living and Working Conditions ; Employment and working conditions of migrant workers.





Ageing has become an important factor in the service/FM sector<sup>17</sup>, as it has an impact on policies for preventing accidents at work, as 30% of the workforce is over 50.

Contract and Site Supervisors are envisaging a career in a company because their duties and responsibilities, acting as interface between the customers and the company, are becoming more and more crucial.

Going deeper on the **catering sector**, it shows that women represent the majority of workers in almost all countries for which related data are available. In several countries, female employment is at least twice as high as male employment in the contract catering sector. Furthermore, despite its dynamic development during recent years, the contract catering sector is still not very large. Its share in aggregate employment and regarding the total number of employees is 0.5% or lower.

Regarding the **cleaning sector**, as indicated in most country report, employment is characterised by relatively high rates of illicit and non-standard forms of employment, in particular part-time work and (bogus) self-employment, and relatively low levels of qualifications. Moreover, the high incidence of migrant workers, as well as their ease of replacement, makes them particularly vulnerable to exploitation. According to EFCI, at European level about 75% of the sector's workforce are women and about 70% of cleaners work part time. Most country reports show that pay and working conditions tend to be fairly poor<sup>18</sup>.

### **Business and Social Dialogue**

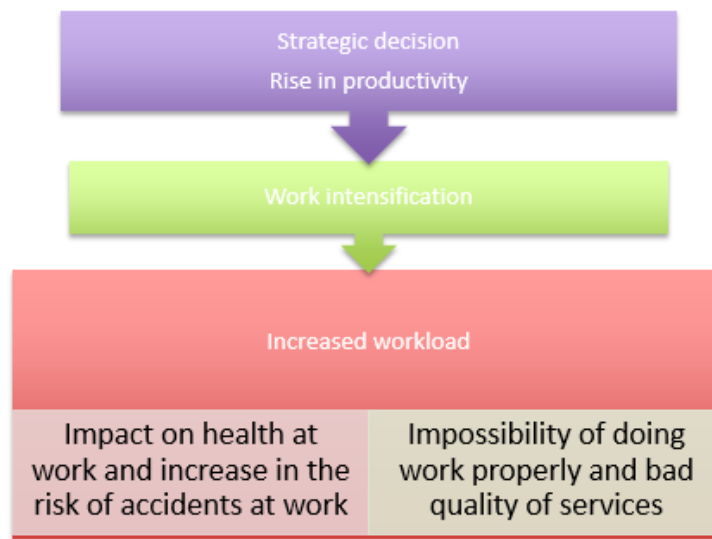
The staff representatives generally have a lot of information on business trends on the basis of such indicators as the evolution of productivity, inventory levels, investment levels, profit (ability) targets and restructuring terms and conditions.

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

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<sup>17</sup> European Foundation for the Improvement of Living and Working Conditions; Working conditions of an ageing workforce; p. 29 ss.

<sup>18</sup> EFCI database



Analysing social data and HR decisions to understand the impact of strategic management decisions. Herewith follow a number of examples:

Age and seniority: two distinct but interrelated concepts. Are positions and working conditions adapted to staff members' phases in life of (parenthood, physical deterioration, skill transfer)?

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

Multi-tasking: a distinction can be made between a) a simple rotation (replacing someone off work, whatever his/her function), and b) versatility enriching work content and giving a worker a greater feeling of doing meaningful work and thereby motivating him/her.

Workforce flexibilisation and/or reduction has pushed companies to review work organisation, and with it job boundaries.

Job/task rotation is disputed by skilled personnel who see it as endangering their employment, attacking their trade and posing the threat of down-skilling and de-professionalisation.

In making it interchangeable, versatility makes work lose its value, i.e. the fact that the work is crucial for the conduct of an activity, and that it is dependent on individual skills and professionalism. Intensive staff supervision aimed at doing away with any "non-productive" time is



leading to work intensification and densification, engendering the risk of musculoskeletal disorders and stress caused by this form of work organisation.

Links between the works council and the health & safety committee are of fundamental importance. In certain countries, different worker representation structures exist for business-related issues and health & safety issues.

In many cases, branch and company managers have little knowledge of health & safety issues, focusing solely on achieving profit targets and/or accomplish the mandatory rules and regulations.

Workers' representatives thus need to direct their confrontational attention and dialogue towards a field, which management does not manage well, but for which they are often criminally responsible.

This may even lead to new factors of well-being at work being a posteriori collectively bargained within a company.

## CASE STUDIES

### Commerce

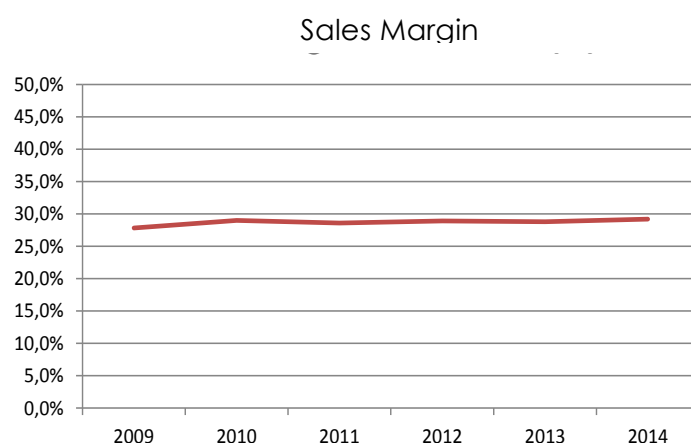
#### Employee Involvement in Post Crisis Europe: Benchmarking the Commerce and Service Sectors

##### French case study

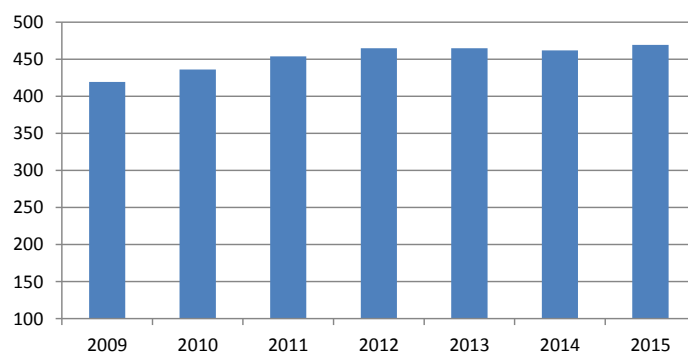
##### Background

The retail trade is subdivided into multiple sectors (the simplest distinction being between food and non-food), multiple types of activity (mass distribution, specialised distribution, distance selling, etc.) and structures (group, SMEs, trades, etc.). Ultimately, groups are developing internationalisation strategies on the one hand, and multichannel presence on the other, along with modernisation of work practices, and the introduction of information and communication technologies is accelerating. These multiple dimensions affect the levels and nature of jobs, as well as working conditions and methods of remuneration.

The retail trade is an important activity in the French economy: the sector represented € 469 billion in sales in 2015. Retail activities as a whole accounted for between 10.2% and 10.7% of the Gross Domestic Product for the period 2010-2015.

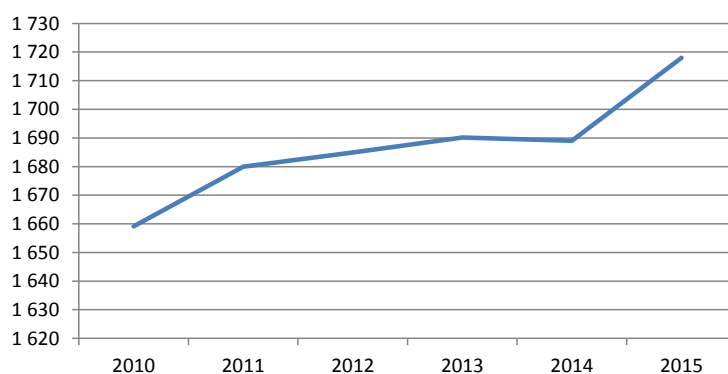


Turnover in billions of euros



The sector employs just over 1.7 million people.

Retail workforce in thousands



Commerce de détail - en %	2009	2010	2011	2012	2013	2014	2015
Hommes	37,8%	40,7%	40,1%	40,1%	39,9%	40,1%	
Femmes	61,3%	59,4%	59,9%	59,9%	60,1%	59,9%	
Ouvriers	11,2%	10,2%	9,9%	9,5%	10,2%	11,0%	11,0%
Employés	49,0%	46,1%	47,3%	46,6%	47,5%	45,8%	47,0%
Autres	40,8%	43,7%	42,9%	43,9%	42,2%	43,2%	42,0%

Proportion de salariés travaillant	2008	2009	2010	2011	2012	2013
à temps partiel	34,4%	35,4%	35,2%	35,9%	35,7%	35,6%
hommes	18,5%	20,2%	20,6%	21,9%	22,1%	22,5%
femmes	43,3%	44,2%	43,7%	44,0%	43,7%	43,4%



[Commerce de détail en % = Retail as a %

Hommes = Men

Femmes = Women

Ouvriers = Workers

Employés = Employees

Autres = Others

Proportion de salariés travaillant = Proportion of employees working

À temps partiel = Part-time]

The relative stability of retail sales in France is mainly due to the maturity of the sector, as consumers diversify their consumption patterns in favour of various types of services. To this is added the impact of policies that limit income growth; and the fact that an increasing proportion of this income consists of fixed costs (rents, subscriptions to multiple communications and leisure services, etc.).

### **Challenges**

Since the beginning of the 2000s there has been a pitting of employees in competition against each other, accentuated by the increase in unemployment, which has weighed on the various components of employability.

### **Female employment and part-time work**

The retail trade is thus characterised by a high proportion of female jobs, the majority of which are for employees, and many part-time jobs. This last trend is confirmed year by year, both for men and for women.

It is the large supermarkets selling mostly food that employ the most people in part-time employment (42.9% in 2013), with retail specialising in clothing (44.6%) and part-time jobs for women representing 53.2% and 47.3% respectively.

### **Remuneration**

The average hourly gross index-linked guaranteed minimum wage (SMIC, minimum salary) in 2015 was € 1,462 per month, which can be compared with a few of the largest groups in the French mass distribution sector. The average remuneration of the French subsidiaries of the latter is low.



It seems evident that average remuneration is low in mass food and non-food retailing in relation to the level of the minimum wage. Indeed, the average remuneration includes a significant number of managers and supervisors in the companies presented; this should result in the average gross remuneration being higher than the minimum wage.

### Employment aid

It should also be noted that the aid received per job in France is considerable, whether it concerns "Fillon" exemptions from social contributions for remuneration below 1.6 SMIC, or measures taken under Tax Credit Competitiveness Employment (CICE - a measure intended to support French companies, implemented on 1 January 2013).

### Variable salaries

It should also be noted that this average remuneration includes the variable portion (incentive schemes and profit-sharing); it therefore includes all the remuneration paid to the employees of each brand. Nevertheless, it should be borne in mind that French companies prefer incentive schemes and profit-sharing as a method of remuneration compared to the base salary.

Incentive schemes and profit-sharing do not in fact generate social charges for the company; on the other hand, these forms of remuneration penalise employees in France at the time of their retirement because they are not included in the basis for calculation. There is therefore a permanent potential conflict in the negotiations aimed at increasing basic wages (what companies want to avoid) and those aimed at increasing incentive schemes and profit-sharing (which may go beyond the scope of the legal system), often presented as the only way to improve the level of remuneration for employees, whereas it is mainly an employers' tool intended to increase involvement in work.

Company data (2015)					
Companies	Activity	Turnover (% of group)	Jobs (% of group)	Average gross remuneration (€/month)	Wage bargaining
Auchan France	Food retail	€ 13,311 million 24.6%	51,170 15.2%	2,199	Group Annual

Carrefour supermarkets France	Food retail	€ 15,859 million 20.6%	60,404 16.1%	2,138	Group Annual
Casino France	Food retail	€ 8,248 million 17.9%	28,575 8.8%	1,954	Group Annual
Décathlon France	Sporting goods retail	€ 3,083 million 33.9%	15,367 21.8%	1,808	Group Annual
H&M France	Clothing	€ 1,173 million 6.1%	6,556 6.3%	1,726	Group Annual
Zara France	Clothing	€ 978 million 4.7%	5,421 3.5	2,019	Group Annual
Ikea France	Furniture	€ 2,456 million 7.5%	9,014 5.8%	2,404	Group Annual
Picard France	Frozen food 2014-15	€ 1,357 million 97.7%	4,706 94.1%	2,116	Group Annual
Amazon Logistics	Distance selling	€ 217 million n.s.	2,349 1.0%	2,290	Group Annual
3 Suisses France	Distance selling	€ 153 million 1.3%	297 0.6%	2,536	Group Annual

### Case studies: two scenarios

Our two examples (Amazon and 3 Suisses) are fairly caricature-like in terms of these points of view. The sale via various multi-channel distribution channels (internet, shops, "click & mortar") is generally spread throughout the distribution, with the use of dedicated sites for each brand, the introduction of new ways to "shop" (traditional, drive, home deliveries), and even to practice the act of purchasing (connected search of products in stores, automatic cash registers, etc.).

This has led to upheavals in traditional distance selling ("traditional" mail-order selling), which used to mainly use printed catalogues and offered limited services. The emergence of the internet has made it possible to overcome numerous obstacles: constant renewal of catalogues; delivery methods and times to suit customers; complementary services, particularly financial services...3 Suisses France, which used to belong to this "traditional" mail order selling, was unable to adapt: With 456 jobs, 3 Suisses France still generated about € 402 million in revenue in 2013. The company - entirely bought out by the Otto Versand group - has been restructured.





The first impact concerns the loss of jobs (only 297 people are still employed at 3 Suisses France); the second concerns the workstations, the "internet" logistics having no more to do with the "traditional picking" of mail order. These workstations are now increasingly occupied by young staff, who "accept" a high intensity of work to meet the very short delivery deadlines. Amazon has made this a "trademark".

This intensity at work is found at the level of "drives", but also in terms of shelf management: the number of jobs tends to stabilise, while the turnover and the number of stores increase, and as for constant turnover, the number of products sold tends to increase (see the intensity of work at the level of funds).

### **Opportunities**

Negotiations are conducted annually within the framework of the NAO (négociations annuelles obligatoires/mandatory annual negotiations). Since 2016, these negotiations have been inserted into a new legislative framework (law of 17 August 2015 on social dialogue and employment), which promotes "info-consultations" at the Works Council in three areas: (Including multi-annual training), the economic and financial situation, and social policy (now incorporating working conditions). Obtaining the information in these three areas is fundamental because it allows the elected members of the Works Council to position themselves and assess their room for *manoeuvre* in the negotiations.

These elements are indeed interdependent, since remuneration depends in particular on the development of work stations, working time (see in France the question of the 35-hour week) and its adjustments (part-time, shift schedules, working on Sunday), intensity of work, training at these workstations, possible organisation of work within establishments (hypermarkets, supermarkets, stores, e-commerce, etc.).

As a result, social info-consultation covers a wide range of problems in France, which "aggregates" and focuses the issue of remuneration. The Trade Union Organisations are therefore called upon to enhance their understanding of a whole series of economic, financial, socio-psychological and technological mechanisms and so on; in order to become a force for proposals, in a legislative framework that has evolved considerably since 2015. This is reflected in the concerns of elected officials, who are confronted with clearly better-armed leadership in all these areas.

We therefore chose to interview elected representatives of companies in the distance selling sector (national collective agreement for the non-food retail trade), whose situations - and the concerns of staff representatives - are very different:



- Amazon.fr Logistics: the leader in e-commerce, whose parent company is in the United States, characterised by a significant turnover growth, accompanied by massive recruitment through site openings (4 in France). The use of temporary employment is a strong variable of adjustment to activity.

- 3 Suisses France (whose name has recently changed: Livelle, still belonging to the Otto group): one of the most important "historical" distance selling companies in France, which was unable to make the shift to the internet a few years ago, despite its logistical infrastructure. The company finds itself in an ultra-competitive and globalised market, which has resulted since 2012 in a rescaling of the company and regular restructuring plans.

The financial profit-sharing of employees depends on the company's results, the legal formula of the Special Profit-Sharing Reserve (SPR) being:  $(1/2 \text{ taxable profit} - 5\% \text{ equity KP}) * (\text{wages/value-added VA})$ .

In fact, companies such as 3 Suisses have ceased to benefit from the SPR Special Profit-Sharing Reserve for several years and the incentive scheme agreement has not been renewed in 2014 due to the financial situation.

The legal formula applies at Amazon. Employees also benefit from "stock options": they receive 3 options each year, which can be released after 4 years.

### **Solutions**

The information/consultation procedures are strictly regulated in France, but also very complex; in fact, during the setting up of new teams at companies such as Amazon, the staff representatives were not very well trained in terms of their rights (respect for consultation deadlines, mandatory consultation when implementing projects, etc.). To this day, they are more vigilant: their principle is "not to block the company but to make money for employees and help improve their working conditions".

Management at 3 Suisses is exemplary in terms of labour law, as it has been a vital employer within its territory and at the branch level, in a context where the company has had plans to downsize every two years since 2012, characterised firstly by voluntary departures by the oldest employees, then dismissals, along with a "waltzing off of the management".

This has had recent impacts on the Works Council, which has become less experienced as elders leave, creating an increasing need for training support and a systematic use of external expertise during the annual consultations => the presence of the expert is re-established among 3 Suisses, unlike Amazon, where the expert faces difficulties in gathering information. Amazon branch



managers emphasise the fact that decisions are made in America and that they are not decision-makers.

The subjects of negotiation are very varied at Amazon: remuneration, working conditions (especially night work), classification, new investments. But the results are disappointing: the staff representatives believe that there are many meetings, but little content.

On the other hand, at 3 Suisses, negotiating margins are limited within the company, but branch negotiations are quite good: the main issue is maintaining employment - the majority of employees are now executives in the sales and marketing sectors since all logistics has been outsourced.

### **Conclusion**

In conclusion, French employees and elected representatives benefit from a very progressive legislative approach to access the social and financial information essential for the negotiations, as well as the assistance of independent experts. However, the negotiating margins of employee representatives in retail companies in France are relatively limited, depending on the financial situation of the companies but also because decisions are not often made locally.

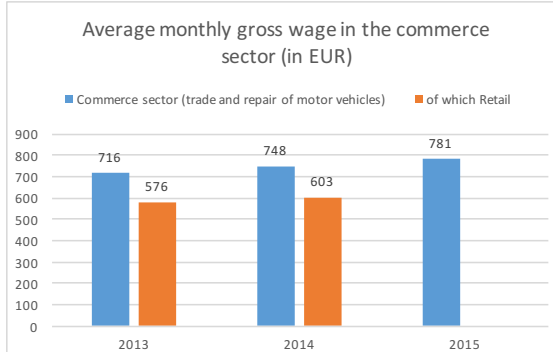
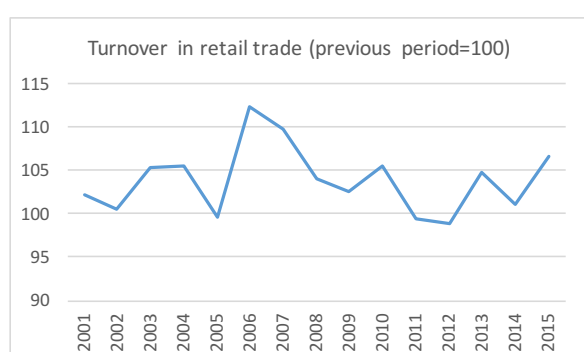
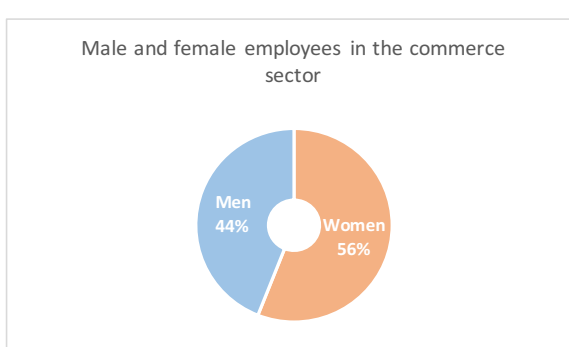
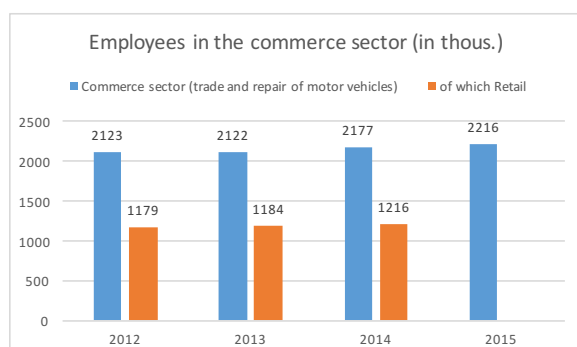
Room for *manoeuvre* by the staff representatives nevertheless lies in the preservation of the image of the employer: whether 3 Suisses or Amazon, these are companies that must preserve their image of an employer that respects labour law with respect to French consumers.

## **Polish case study: The role of multinational companies on the Polish market**

### **Background**

#### **A growing market dominated by multinational companies**

The Polish commerce sector currently employs 2.2 million workers - of which 1.2 million in the retail segment - and accounts for more than 15% of the Polish GDP. It has grown steadily in the past decade in a country where domestic consumption, as the main engine of growth, remained relatively strong during the post-crisis period. The retail sector, which is characterized by a highly competitive landscape, has experienced important business concentration over the past years and remains dominated by an oligopoly of large multinational companies, in particular French, German, British but also Portuguese. The structural decline of traditional channels in the retail sector has largely worked in favor of discounters, especially Jeronimo Martins (Biedronka), in a context of weak purchasing power for Polish households.



### **Challenges**

**Low wages remain an important feature in the sector in a context of highly feminized workforce**



In 2015, the average gross monthly wage in the commerce sector<sup>19</sup> (taken as a whole) was 16% lower than the national average<sup>20</sup>. Inside the retail sub-segment, the differences are much more significant. According to the latest data available, the average gross monthly wage in the retail segment<sup>21</sup> was as much as 33% lower than the national average<sup>22</sup> in 2014 and represented merely 1,5x the prevailing minimum wage<sup>23</sup> at that time. In the companies reviewed in this case study<sup>24</sup> and according to trade union sources, the entry wage for a cashier often remains close to the legal minimum wage, at least outside major urban areas, in a context of highly feminized working force. Women account for more than 60% of the workforce in the entire commerce sector but this share can be significantly higher when it comes to large foreign retailers (80% in the case of Carrefour for instance).

#### *A social dialogue so far precarious*

Negotiations over collective agreements at company level regarding working conditions, remuneration and bonuses, or benefit allowance have often been long and tough, in particular at Auchan, Jeronimo Martins or Décathlon, where trade unions remain relatively disconnected from the information/consultation process. The recent wage increases observed in several multinational retail companies other than reviewed in the case study have been made at the cost of difficult negotiations in a context of increasing lack of workforce on the labor market. This situation somehow illustrates the relatively difficult and barely evolving social dialogue at company level (with the exception of Carrefour) since the emergence of local trade unions in these foreign groups nearly a couple of decades ago. It also illustrates the overall difficulties encountered by the trade unions in the absence of collective bargaining at sectoral level.

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<sup>19</sup> 3268 zlotys or approx. 760€ in 2015 (monthly average gross salary in the sector of Trade and repair of motor vehicles, Central Statistical Office of Poland, GUS)

<sup>20</sup> 3900 zlotys or approx. 907€ in 2015 (monthly average gross salary in the economy, Central Statistical Office of Poland, GUS)

<sup>21</sup> 2524 zlotys or approx. 587€ in 2014 (monthly average gross salary in the retail sector, Central Statistical Office of Poland, GUS)

<sup>22</sup> 3784 zlotys or approx. 880€ in 2014 (monthly average gross salary in the economy, Central Statistical Office of Poland, GUS)

<sup>23</sup> 1680 zlotys or approx. 391€ in 2014 (minimum wage, Central Statistical Office of Poland, GUS)

<sup>24</sup> Auchan, Carrefour, Decathlon, Jeronimo Martins

*Underemployment and drying up of the labor market have further deteriorated working conditions*

Working conditions and remuneration remain major issues for trade unions in a sector where workload intensification has put higher pressure on labor organizations following the post-crisis redundancies. The sector is currently challenged by an ongoing disaffection for retail jobs and the lack of candidates has become a real concern for both employee and employer representatives. Underemployment and the increase in turnover and resignations, especially in the case of newly hired workers, has further deteriorated working conditions (stress, psychosocial risks, absenteeism ...) and led to the intensification of recruitment campaigns by employers. It is still early to evaluate the Poland's « *Family 500+* » new child benefit program<sup>25</sup> impact on the current disaffection trend, however, it increasingly appears to be an accelerating factor pointed out by all the stakeholders during this study, in particular in the case of female employees affected by low wages.

*The current political context weighs on the sectoral balance of power*

The civil draft law to impose Sunday trading ban<sup>26</sup> brought to the Parliament by Solidarnosc is a potential game changer in the sectoral balance of power. All interviewed trade unionists recognize a recent softening of the social dialogue at Company level since the project was brought to the Diet given the stakes involved and notably the employment issue. If the Sunday trading ban would have a neutral impact on employment according to Solidarnosc (who sees consumers anticipating purchase before weekends), employer representatives, on the contrary, anticipate a negative job impact with potential inflationary risk (like they do in the case of the progressive retail tax<sup>27</sup> initiated by the

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<sup>25</sup> Subsidy program giving to Polish families a monthly allowance of 500 zloty – equivalent of €114 – for all second and subsequent child up to the age of 18, including those already born.

<sup>26</sup> On September 2nd, 2016, NSZZ Solidarność submitted a draft bill to the Polish Parliament proposing to prohibit trading on Sundays and restrictions on trading on Christmas Eve and Holy Saturday, with some (certain Sundays before Christmas and Easter and one Sunday during end-of-season sales). The ban would apply to foreign-owned hypermarkets and other non-Polish players, but would still allow smaller locally-owned shops including bakeries and petrol stations to do business. Anyone who does not comply with the new law will be subject to a fine, limitation of freedom or imprisonment of up to two years.

<sup>27</sup> tax adopted by Poland in July 2016, under which companies in the retail sector would pay a monthly tax based on their turnover. Companies with a monthly turnover below 17 million zlotys would be excluded. 0.8 percent for those with turnover between 17-170 million zlotys/month. 1.4 percent for those above 170 million zlotys.

government which the EU has recently ordered to be suspended). The ongoing drying-up of the retail job market combined with low unemployment rate in Poland (8.2% in October, 2016) currently play in favor of the Sunday trading ban pros. But beyond the divergence in the point of views, the Sunday trading ban project has put employees' working conditions, living standards and above all "quality of life" back on the social agenda in a sector where until now the law allows the employer to mobilize one single employee on Sundays up to six consecutive weeks.

### Case study companies and interviews

Companies						
Company	Revenues 2015	Nb of stores	Nb of employees	Collective	Financial	
	Poland (in €bn)	2015 Poland	2015 Poland	agreement	Participation	
Jeronimo	9.2	2643	55,500	Company level	No	
Martins						
Carrefour Polska	1.7 (2.2E incl. franchises)	826	13,000	Company level	Only for management positions	HQ
Auchan Polska	2.3E	109	22,000	Company level	No	
Decathlon Polska	Nd	45	nd	Company level	Only shares	optional

## Decathlon Polska

<b>Social dialogue:</b>	<ul style="list-style-type: none"> <li>Reported difficult social dialogue at the beginning in a context of strong TU training needs in the field of labor law, negotiation and basic knowledge in economics</li> <li>Long-time negotiation over work regulations and benefit allowance, requiring regular support from lawyers and health and safety inspectors</li> <li>Inability to find an agreement on remuneration regulations</li> </ul>
<b>Main issues:</b>	<ul style="list-style-type: none"> <li>Sunday work</li> <li>Greater difficulties in recruitment, lack of candidates</li> <li>HR strategy and part time Jobs (the Company mainly hires students on part-time contracts)</li> <li>High turnover (40% to 99% depending on locations, a level twice higher than the sectoral average)</li> <li>Absenteeism, resignations (Family 500+ impact), employee demotivation</li> <li>Remuneration: low wages, Sunday work bonus, overtime</li> <li>Limited career path for employees aged 30+</li> </ul>
<b>Good/bad practices:</b>	<ul style="list-style-type: none"> <li>The absence of real annual salary negotiation remains a problem. Salary increases are mainly based on annual individual employee's performance assessment and financial targets at Company level. TU remain disconnected from the information/consultation process and lack strategic and financial information at Group level. The only regular-based meetings with the Central management (once per month) take place around the monitoring of the benefit allowance.</li> </ul>

## Jeronimo Martins Polska

<b>Social dialogue:</b>	<p>Reported tense social dialogue with TU discrimination as backdrop</p> <p>Forbidden access to stores for TU, for which Solidarnosc lodged a complaint to the OECD.</p> <ul style="list-style-type: none"> <li>Absence of framework agreement with the employer, dialogue mainly based on mail exchange</li> <li>Regular involvement of lawyers and health and safety inspectors</li> <li>Remuneration internal rules in deadlock.</li> </ul>
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<b>Main issues:</b>	<ul style="list-style-type: none"> <li>• Sunday work</li> <li>• Remuneration rules, salary increase mechanism and bonus, low wages</li> <li>• HR strategy and part time Jobs (approx. 13% of employees)</li> <li>• Underemployment, work overload, stress and psychosocial risks</li> <li>• Fixed-term contracts (approx. 33% of employees)</li> <li>• High turnover (20-30%)</li> <li>• Huge increase in resignations (Family 500+ impact)</li> <li>• Need of collective agreement allowing free access to stores for TU</li> </ul>
<b>Good/bad practices:</b>	<ul style="list-style-type: none"> <li>• TU remain excluded from the information/consultation process in the absence of works councils, replaced by workers' forum (meeting with the employer on a quarterly basis). The lack of access to basic financial information at group level stalls wage bargaining. Access to financial information and group's results remains limited to store managers (twice per year).</li> </ul>

## Auchan Polska

<b>Social dialogue:</b>	<ul style="list-style-type: none"> <li>• Reported complex social dialogue</li> <li>• Some obstacle after Real takeover, especially on bonus system</li> <li>• Conflict over benefit allowance</li> </ul>
<b>Main issues:</b>	<ul style="list-style-type: none"> <li>• Sunday work</li> <li>• Remuneration (ongoing labor dispute), low wages, annual bonuses, annual individual employee performance assessment, qualification system</li> <li>• Benefit allowance</li> <li>• Hardship, stress, psychosocial risks, absenteeism.</li> </ul>
<b>Good/bad practices:</b>	<ul style="list-style-type: none"> <li>• Marginal role of the TU in the information/consultation process. Meetings between employer and TU take place on a monthly basis but the Access to relevant financial information remains strongly limited. Reported "yellow" employee representatives outside the union.</li> </ul>

## Carrefour Polska

<b>Social dialogue:</b>	<ul style="list-style-type: none"> <li>• Reported high-level social dialogue</li> <li>• Strong collective agreement</li> <li>• Dialogue based on “openness culture” and strong partnership with employee representatives</li> <li>• Permanent free access to stores for TU</li> </ul>
<b>Main issues:</b>	<ul style="list-style-type: none"> <li>• Sunday work</li> <li>• Increasing turnover, especially for newly hired workers, stress, absenteeism, resignations, demotivation</li> <li>• Underemployment (evaluated at approx. 30% by both TU and employer)</li> <li>• Remuneration: low wages and salary gaps</li> <li>• Career paths</li> <li>• Lowest rate fixed-term contracts</li> </ul>
<b>Good/bad practices:</b>	<ul style="list-style-type: none"> <li>• The social dialogue is based on a strong partnership approach. TU remain part of the information/consultation process and have permanent Access to relevant financial and strategic information at Group level, especially for the purpose of wage negotiations. Employer and TU provide regular regular working groups dedicated to work organization and the evolution of legal framework/labor law. A strong partnership approach has also been put in place in the field of health and safety. Works councils are subject to regular information/consultation procedures (quarterly meetings).</li> </ul>

## Remedies

For the TU interviewees, the immediate revaluation of low wages has become a necessary step to reverse the current negative trends in employment and restore sector’s attractiveness at a time when the Family 500+ program would tend to push for a de-feminization of the labor market. The wage issue goes even beyond the local or national dimension with increasing demand from local TU for remuneration and living standards benchmarking at European level in the multinational companies they are operating in. This claim finds its legitimacy in the fact that living conditions and employee well-being are in theory predominant matters regarding Corporate Social Responsibility commitments. Some of the interviewees highlighted the potential role that can play EWCs and European social dialogue bodies regarding this particular matter, which however requires a greater



partnership approach from the employer side. Carrefour social dialogue model was often cited by the remaining interviewees as an example of good practices. If the Company is not immune to the negative ongoing disaffection trend impacting the sector, it has however set up operating tools as part of the social dialogue in order to meet future challenges and better anticipate risks, in close collaboration with employee representatives. The regular working groups on work organization and the evolution of legal framework, or the strong partnership approach in the field of health and safety are one of the good examples. The success of this model is based on the strategy of openness in terms of social dialogue, which above all gives more room to TU in the process of information/consultation or gives at least equal treatment compared to Works councils with regard to access to information.

### **Opportunities**

The current political context and relative rebalance of power in collective bargaining can be seen as an opportunity to bring about a constructive social dialogue at branch level that will however require mutual desire for cooperation. This sectorial approach has become even more important given the numerous challenges that faces the sector today and the potential risk of further employment precariousness. There seems to be room for strengthening social democracy at Company level by giving a more central role to the TU in the information and consultation process in multinational groups. The information consultation process in its current form does not facilitate collective bargaining as it could in theory. Until now the limited access to information makes it difficult for employee representatives to anticipate risks and fully take part in the implementation of a socially responsible long-term HR strategy. The local HR management of Carrefour agrees to say that “a dialogue at branch level will be possible once the right to information and consultation is recognized and respected”.

### **Conclusion**

The absence of relevant accessible information at Company level is seen as an important obstacle in terms of bargaining power over wages, which can be easily explained by the relative marginalization of TU in the information/consultation process and the de facto impossibility for them to benefit from external assistance financed by employer and provided for by law<sup>28</sup>. The example of Carrefour Polska

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<sup>28</sup> According to Polish law on information and consultation dated April 7<sup>th</sup>, 2006 (recas in 2009), the employer has a legal obligation to finance the works council's expert when his assignments are deemed necessary for the



shows that information/consultation plays a central role in the establishment of a proactive social dialogue at Company level. It also reveals that such an approach is rarely possible without the Company considering its own employees as the first ambassadors of the brand. Although good practice can drive the sector into the right direction, it is difficult to anticipate the pressure emerging from competitors (all foreign investors in this case) over “champions”, particularly in periods of economic downturn. The difficulties over collective bargaining in Poland are unfortunately not specific to the commerce sector but the latter is a good illustration of bad practices from multinational Companies taking advantage from a relatively poor legislative background and still highly flexible labor market.

The national demographic constraint combined with the increasing wage pressure and the possible implementation of the Sunday trading ban could lead the multinational companies of the sector to thoroughly revise their local model of work organization. In this context, it appears to be in the interest of the stakeholders to strengthen social dialogue and develop a partnership approach given the seriousness of the social issues that the commerce sector has to deal with today.

### **Romanian case study**

#### **Background**

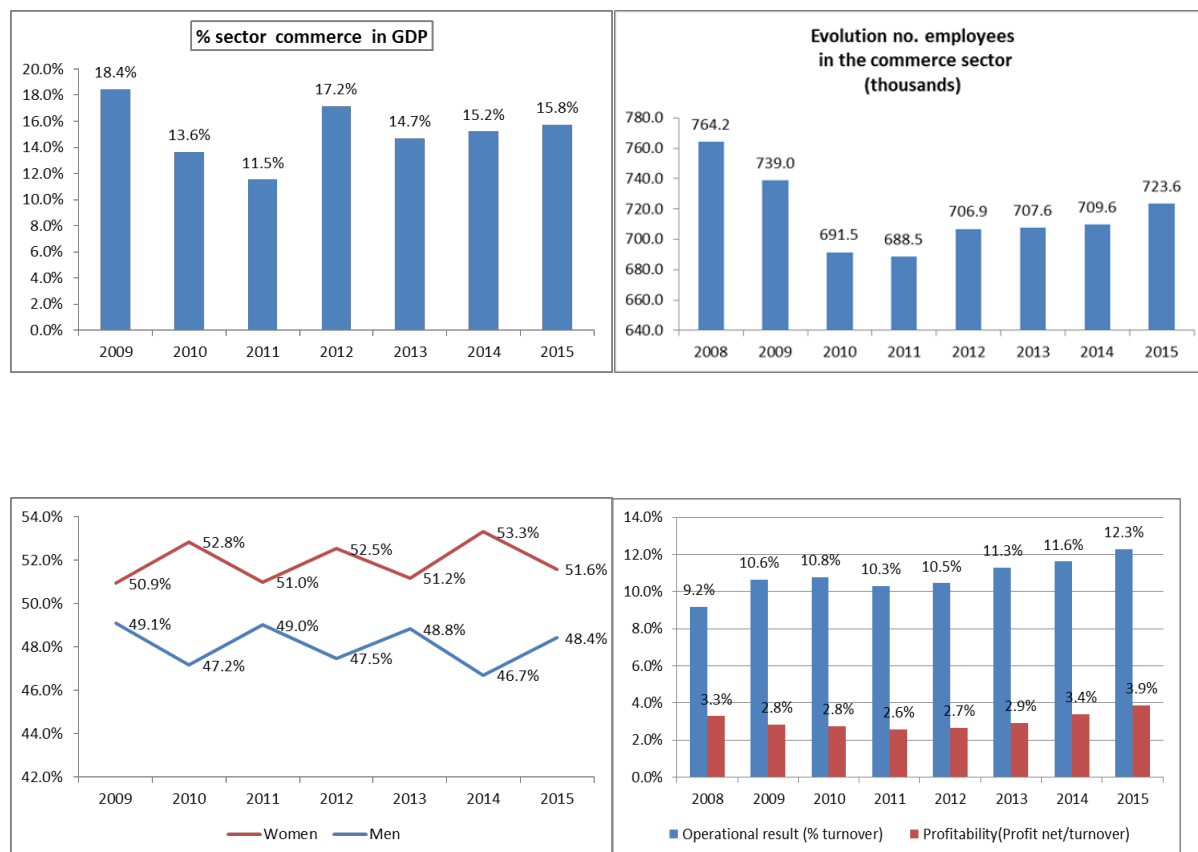
According to statistical data, Romania has experienced an economic increase from 2015 mainly based on the revival of the internal consumption. Among the factors that influenced the revival of consumption is the reduced VAT rate for certain types of food to 9% and the increase of the minimum wage, twice during 2015.

The data from 2015 show that the commerce sector has registered a positive evolution due to the increasing purchasing power of the population which led to an increase in the volume of trading activities by 6.4%. The number of supermarkets for the first 11 retailers tripled from 2009 to 2014, but the number of employees increased only by 56%. At the same time, the share of traditional trade has fallen from almost 60% in 2008 to 43% in the first quarter of 2015 having a negative

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formulation of the opinion by the works council. This opinion is a prerequisite for consultation. The employer shall consult the works council on matters relating to the status, structure and expected changes in employment as well as measures to maintain the level of employment or actions that may cause significant changes in work organization or employee contractual relations.

impact on the number of employees among small traders. The retail sector accounted in 2015 for 15.8% of the Romanian GDP and employing 723.600 workers.



The high rate of employment in 2008 was due to the fact that many retailers just entered the Romanian market. In this context it has developed a migration phenomenon of the labor force of the sector. The effect of this phenomenon lead to improving the working conditions and erase the unpaid overtime working time. In order to offer an image of social responsibility the employers were open to the creation of trade unions in their attempt to provide a better working environment.

The situation changed starting 2009 due to the economic crises. The economic crises has impacted the quality and quantity of social dialogue, both at tripartite and bipartite level. In 2010 was signed the last sectorial collective agreement for the commerce sector. Another step in the degradation of the social dialogue was the modification of the Labor Code in 2011. After the legislative changes in 2011, the sectorial and national collective agreement was no longer mandatory, the trade unions were eligible to negotiate the collective agreement at company level only if they met 51% membership of all company's employees or if they were affiliate to a representative federation of



the sector. In this legislative and economic environment the employment in retail sector has precarized. The changes in the new Labor Code from 2011 enabled the definite period of time contracts allowing the employer to renew the determinate contracts up to three times. An other characteristic of the retail sector is that is highly feminized, the percentage of women employees reaching 51.6% of total workers.

A specific issue of the commerce sector, more exactly for the supermarkets is that they are open all Sundays and holydays. According to the Labor Code the law imposes only 40 hours of work a week, the maximum legal working time can not exceed 48 hours per week, including overtime ( in line with the E.U. working time legislation) but the schedule of working time in shifts, night work is regulated by the employer according to its activity. Regarding the working days for supermarkets a legislative proposal concerning days off for Sundays is debated in the Romanian Parliament in order to give a chance for the local self employed producers to sell their products in open market places.

The possibility of profit sharing with employees regulated by Law no. 31/1990 and amended by Law no. 161/2003, it is no longer expressly mentioned for employees, but only for founders of a company (art. 183 of Law no. 31/1990) and according to Law no. 64/2003 also for employees in companies owned or majority owned by the state.

In the case of private companies, amounts representing financial participation for employees are possible according to art. 55 of the Tax Code and they are included in the monthly gross income subject to payroll tax. For private companies the financial participation it is not mandatory and it has to be negotiated through the collective bargaining agreement. For the Romanian commerce sector, Selgros Romania is the only company that has accepted within the collective agreement that if the company targets are reached, employees will receive bonuses for their participation. For METRO Romania, Carrefour Romania or Auchan Romania there is no profit sharing or shareholding for workers as it is not mandatory by the law.

At national level, many companies in different sectors of activities have agreed to grant bonuses instead of profit participation for the employees in order to avoid overtaxes, but these bonuses have to be negotiated in the collective agreement under the form of monthly bonuses or the 13th annual salary.

Companies interviewed					
Company	No of establishments(worldwide)	Revenues 2015 (World/Romania)	Employment 2015 (World/Romania)	Collective agreement	Financial Participation

Carrefour Romania	10.500 (30 countries)	€104.4 billion /€1.39 bn)	380.000 /7.985 (national level: 33,90% men /66,10% women)	Company level	No
Metro Cash and Carry Romania	752 ( 25 countries)	€29.7 bn/€1.01bn)	112.836 /4.610	Company level	No
Auchan Romania	3.836(16 countries)	€54.2 billion/€1.00bn)	337.800/ 11.000	Company level	No

## Challenges

The Romanian framework of collective bargaining and information and consultation rights is regulated by:

- The Labor Code
- Law no. 467/2006 on information and consultation rights
- Social Dialogue Law no. 62/2011
- Specifically, employers are required to consult employees:
- In case of collective redundancies;
- In case of company transfer, unit or parts thereof;
- In case of collective or individual redundancies;
- In case of health and safety measures;
- Vocational training;
- Preparing internal regulations.

**Collective bargaining** in the Romanian commerce sector covers wages, work conditions, opening times, long working day and night work, shifts, overtime, part-time job and flexible work, health and safety regulations.

Since the modification of the Labor Code in 2011, the collective bargaining is at company level. The national and sectorial collective agreements are no longer mandatory. As a result the level and quality of the means for collective bargaining have been damaged especially because of the representativeness status.

In a company or sector without trade union tradition, obtaining the status of `representativeness` is a very difficult task as in the case of the commerce sector. In the case of Carrefour Romania which



started its activity in 2001, the trade union activity was an ongoing fight to gain the employees trust in the activity of the trade union, but at present, Carrefour Romania has 70% trade union membership at company level. According to the interviews, Carrefour Romania is considered as best practice in terms of social dialogue and Auchan Romania is doing its first steps into a constructive social dialogue, having 11.000 employees. In the case of Metro Romania, the social dialogue is at the moment a bit difficult in the context of strategic changes of the company, which led to reorganization of work and activities.

In most of the companies in the commerce sector the information consultation process is done formal, being too general, limited or not offered in due time and most of the information is general financial results. The information and consultation process in Carrefour Romania is considered as best practice for the supermarkets subsector, but this is the result of a continuous and assertive activity of the trade union to ask for relevant documents but also the openness of the management to discussions. The same determination is seen in the cases of Auchan Romania and Metro Romania but the different strategic development of the companies bring more difficulties to overcome in obtaining relevant information in the information and consultation process, especially as the law does not state the exact documents to be provided from the part of the management.

The Social Dialogue Law no. 62/2011 clearly states the information and consultation on social – economic situation of the company during collective bargaining but it lacks more details on which documents the employees have access, it does not specify the procedure and time reference of how the information and consultation should happen. In practice, trade unions receive scarce social – economic data in the information and consultation process and they have to rely on publicly available financial information. Trade unions rely on the expertise of the sectorial trade union federation or national confederation that may have the resources and experts required for formulating a point of view as an external expertise is not regulated by the Romanian labor legislation.

According to the interviewees, the lack of the sectorial and national agreement have driven to the sector's precariousness. The Labor Code reforms in 2011 facilitated the precariousness of the social dialogue:

- By imposing 51% membership for gaining representativeness,
- Soft requirements for the employers in case of collective dismissals,
- The possibility to prolong three consecutive times the determinate period of time contract,
- Increased duration of the trial period.





Trade union representatives` of the commerce sector complain also regarding how the bargaining process takes place regarding:

- Wages and targets in order to achieve performance bonuses
- Increased temporary contracts, especially in periods of high activity
- Problems with heavy lifting being a highly feminization of the sector
- Intensive work

The collective agreements negotiated for Auchan, Carrefour and METRO by the trade union representatives with the support of the Trade Union Federation of Commerce contain supplementary rights gained through collective bargaining as:

- Two medium wages at the level of company in the case of the event of marriage for an employee,
- One medium wage at the level of company in the event of birth,
- Days off and a medium wage at the level of company in the event of death for first degree relatives without proving that the relatives were in the employee`s care,
- Paid days off for trade union activity,
- Holiday bonus,

In order to improve the social dialogue the trade union representatives and the management meet once a month or at three months to discuss the situation at the level of each unit.

Employees in Carrefour have acknowledged the involvement of trade unions to obtain paid overtime. According to the interviews, Carrefour Romania has made investments in technological equipment and working spaces in order to provide a better working environment. On the other hand, the employees of Metro Romania, that has undertaken some changes in the downsizing of the number of employees, complain that they have taken the responsibilities of their colleagues that were made redundant but on the same remuneration. The average wage of the trade sector of 476 € / month is with 10% lower than the national average wage.

So, currently, the **main issues addressed in collective bargaining** in Carrefour Romania, Metro Romania and Auchan Romania are linked to salaries and salary compensations in case of dismissals, organization of working hours, shifts, weekly rests, employment and type of contracts (unionists demand determinate period of time contracts), bonuses and training.

Moreover, **the impact and the participation of workers** in the companies have been reduced due to the mentioned legislative changes and other reasons:

- Less frequency of tripartite and bipartite social dialogue in general terms since the outbreak of the crisis



- The decline in the bargaining power of trade unions
- In terms of work organization, managements consider they consult with the trade unions, but the trade unions consider the consultation in the matters of work organization could be improved in terms of taking in account there proposals regarding the targets to meet new demands, intensity at workplace and use of new technologies.
- Regarding to physical and psychosocial issues, trade unions recognized have made this an important demand in their negotiations. Even if the companies choose their own indicators to make up risks and the downsizing in staffs has increased the workload, as best practice, Carrefour Romania has made investments to reduce the risks of accidents.

### **Remedies**

In the opinion of the trade unions is should be created new authorized organisms in the Ministry of Labor that would follow only the information and consultation process in collective bargaining for public and private companies. These public organisms could supervise the jurisprudence and make proposals for legislative changes in regard of information and consultation process and could also apply penalties. The penalties stipulated by the law in force are not harsh enough for the companies, who prefer to pay the fines than to meet the requirements imposed by the law.

Trade union representatives interviewed consider the Labor Code and Tax Code should impose to private and public companies the right to financial participation to profit for workers. Also, a sectorial agreement is very important in collective bargaining as it could establish the minimum requirements regarding standardized working conditions, over time payments, minimum salary by sector. Moreover, the legislation should mention the exact type of documents needed in the information and consultation process that the management should provide for each type of negotiation, as for wages, restructuring, outsourcing.

According to worker representatives the areas that need urgent improvement refer to legislative changes that can protect the bargaining power for unions, specific public inspection services on labor matters, more severe sanctions and more impartiality and independency for judges.

### **Conclusion**

The evolution of social dialogue in the commerce sector in Romania can be described as optimistic in terms of involvement of trade union representatives in holding on to the rights gained during each collective bargaining and involvement for better working conditions on behalf of the management.



The information and consultation right is essential in the context of digitalization that brings new work conditions for the employees of the commerce sector.

The general opinion expressed by the trade union representatives interviewed is related to better monitoring of the information and consultation process through the introduction of mechanisms to sanction the infringement of the legislative process.

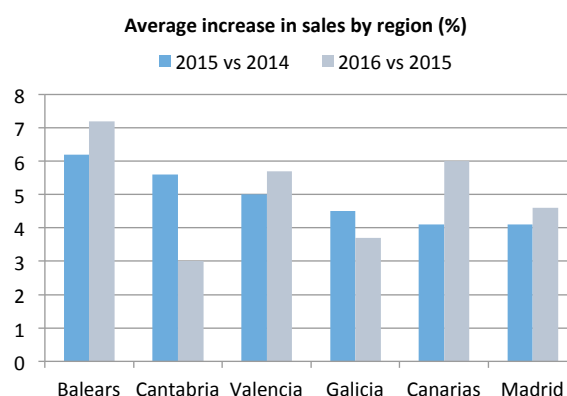
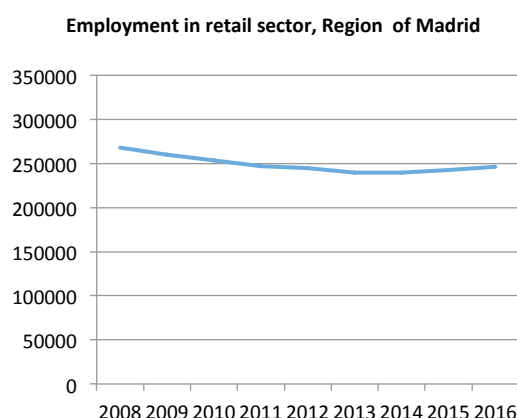
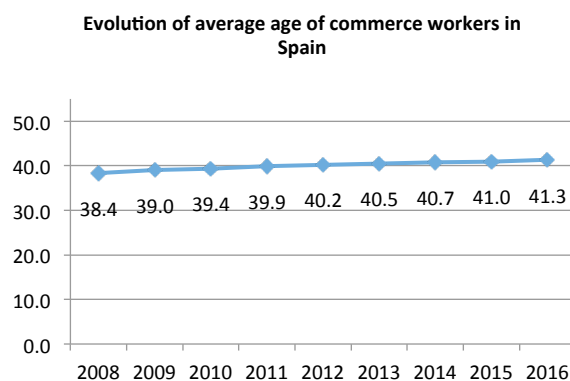
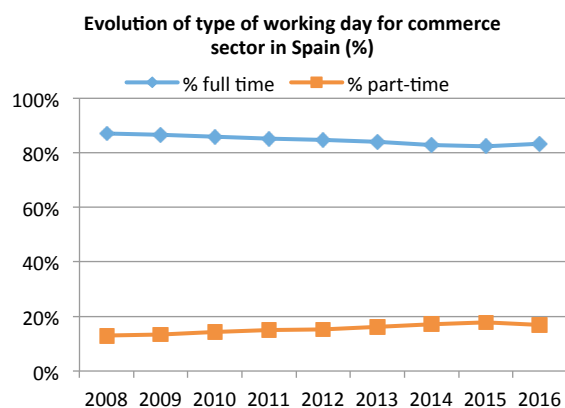
Moreover, the right to expertise is closely linked to the right to information and consultation. This right is guaranteed by European legislation and implemented in member countries. Unfortunately, expert intervention in support of trade unions is not regulated by law in Romania and may be negotiated only at level of company collective agreement.

Even if at the level of European Work Councils the expertise on the information and consultation process is available, at national level is not covered by the collective agreement. In practice the lack of expertise at national level does not offer the same chances for both the management and trade unions for interpreting the socio - economic data available in the information and consultation process. Independent expertise to anticipate change and avoid risks is a necessary tool for an accurate assessment of the situation of the company. The expert will assess the risks and will support trade unions in their efforts for the defense of jobs and working conditions especially. The trade unions representatives often rely on the support of the trade union federation of the commerce sector in terms of expertise.

### **SPANISH CASE STUDY: The impact of free opening times in Madrid Region**

#### **Background**

The retail sector accounts for 5,3% of Spanish GDP, slightly surpassing 200Md€ of total turnover in 2014 (30,3Md€ in Madrid region) and employing 1.644365 workers (239.641 in Madrid region). In last years, the economic crisis has impacted negatively and between 2008 and 2016 the retail sector regressed by 9% in sales (-13% in Madrid region) and by 9% in employment (-8% in Madrid region). The number of companies has decreased by 6% in Spain and by 3% in Madrid during the period 2008-2015.



The employment in retail sector has precarized due to the legislative changes (as described below) that have taken place at national and regional level, which did not result in very high sales but in negative impacts on working conditions. The share of part-time work has increased from 13% in 2008 to 18% in 2015 for the commerce sector in general and is even higher for retail sector, reaching 25% of the total employment (12% of part-time job for men against 30% for women). The retail sector is highly feminized reaching 66% of total workers.

Regarding to Madrid, it is the only region which allows to open all Sundays and holydays without restrictions (rest of regions allow between 8 and 15 Sundays and holidays per year).

In terms of financial participation, there is no legal mechanism for worker participation in companies and in practice there is no profit sharing or shareholding for workers (except for managers and senior positions) in general terms. According to the interviews, only Alcampo Group had a profit sharing plan ("Valprima" program) that was transformed into a voluntary shareholder's plan since

2008 (3,47M€ of profit sharing in 2015). Inditex deploys an extraordinary profit-sharing program for two years which benefits 78.000 workers worldwide with more than 2 years of seniority (10% of the increase in net profit last year, up to 2% of total profit). In Spain, Inditex workers will receive 500€ each year.

COMPANIES INTERVIEWED						
Company	N° of establishments	Revenues 2015 (World/ Spain)	Employment 2015 (World/ Spain)	Collective Agreement	Type of contract	Financial participation
DIA	7.700 (5 countries)	10.547 M€ / 5.941 M€	70.000 / 28.765 (74% women)	Company	86,8% of fixed contract 1,6% of turnover	No
Inditex	7.013 (88 countries)	20.900 M€ / 3.762 M€	152.854 / 46.109 (76% women)	Territorial sectoral	73% of fixed contract 58% of part-time job (65% women)	No (although there is an global extraordinary profit-sharing program in 2016-2017)
El Corte Inglés	94 (2 countries)	15.220 M€	91.931 / 91.437 (63% women)	National sectoral	90% of fixed contract	No
Auchan Group	Presente en 16 países	54.200 M€ / 4.594 M€	337.800 / 18.000	National sectoral	81% of fixed contract	Yes (a voluntary shareholder plan since 2008 in Spain)
Carrefour	12.296 (35 countries)	86.294 M€ / 7.346 M€	380.000 / 46.000 (66% women)	National sectoral	85% of fixed contract 4,2% of turnover	No

## Challenges

In Spain, the Statue of Workers Rights regulates the framework of collective bargaining<sup>29</sup> (Articles 82-92) and information and consultation rights.<sup>30</sup>

**Collective bargaining** in Spanish commerce sector covers wages, working time, work conditions, opening times, long working day and night work, shifts, overtime, part-time job and flexible work.

The economic crisis has impacted the quality and quantity of **social dialogue**, both at tripartite and bipartite level. Last two main bipartite agreements for the employment and collective bargaining (2012 and 2015) and the Commerce Framework Agreement in 2012 introduced reforms in the collective bargaining and notions such as wage variabilization and laboral flexibility that trade unions accepted in favor of job guarantee. As a result working conditions and the level and quality of the tools for collective bargaining have been damaged over the past 8 years.

**The first steps in this degradation** were the two national labor reforms in 2010 and 2012<sup>31</sup> which, among other measures:

<sup>29</sup> Articles 82 to 92 of Estatuto de los Trabajadores

<sup>30</sup> Article 64 of Estatuto de los Trabajadores

<sup>31</sup> Ley 35/2010 (by left wing party) and Ley 2/2012 (right wing party)



- They modified the structure of collective bargaining (reducing the time for negotiation and giving prevalence to company agreements over sectoral ones) which caused a weakening of trade unions bargaining power
- They cheapened and facilitated collective dismissals and organizational measures with soft requirements for employers and removing prior judicial authorization
- They favored the application of work flexibility

**The second step in degradation** was caused, regarding to Madrid Region, by the approval of the Law for Commercial Activity Revitalization in 2012 which allows free opening for 365 days a year, 24 hours a day, for all commerce sector in Madrid. After that, a new National Collective Agreement for Department Stores (NCADS) was signed by Fetico and Fasga (corporative unions) in 2013 without participation of UGT and CCOO.<sup>32</sup> The NCADS covers all workers from companies integrated in the employer association ANGED (Alcampo Group, El Corte Inglés, Eroski, Ikea, Fnac, etc.) which includes most of players and is in favour of total liberalization. In front of it, it is the employer association ASEDAS (mainly represented by Mercadona) where there are smaller players against liberalization of openings and poor implantation of corporative unions. Differences on working conditions of companies depending on the employer association to which they belong were detected, being better valued the working conditions of companies from ASEDAS. According to the interviewees, companies took advantage of the context of labor flexibility established by labor reforms to make organizational changes based on economic, technical, organizational or production reasons (provided by law) leading to a sector precarization.

The **liberalization of opening hours** has led to changes in working hours, schedules and time distribution both for new recruitment and former workers. As a result workers complain about:

- Non-paid work on Sundays since Law of Commercial Revitalization and NACDS in Madrid
- Non-compliance of weekly rest periods, calendars and prior notice in case of schedule changes (now 7 days instead of 15 days before NCADS). NCADS also changes annual schedules for quarterly schedules
- Increased hiring part-time workers (more than 90% of new recruitment), with extreme cases of 36hours per month. Part-time job is the biggest problem also recognized by employers
- Increased temporary contracts, especially in periods of high activity

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<sup>32</sup> UGT and CCOO did not agree with the conditions negotiated and their signatures were not necessary given the low representativeness in department stores sector

- Serious conciliation problems because of high feminization of the sector (around 80% in department stores according to the interviewees) which has led to a high litigiousness to preserve rights of workers (some abuses on shift planning have caused resignation of workers.<sup>33</sup>

So, currently, the **main issues addressed in collective bargaining** are absolutely linked to the liberalization of opening hours, highlighting:

- Organization of working hours, working days and shifts (9hour work days, excessive overtime – recognized by employers-, split shifts on the same day, weekly rests, prior notice, etc.)
- Level of employment and type of contracts (unionists demand more full-time work or at least increase the number of hours in part-time jobs)
- Wages (Sunday work to be paid, increases of wages and regain commissions)
- Conciliation (time plaining abuses, overtime, store closures, rights of legal guardianship)
- Professional qualification (clerk and cashier position without promotion opportunities or seniority recognition)
- More information in case of restructuring and/or outsourcing

The weak level of **information and consultation** in the commerce sector does not offer too many tools to be used by unions in collective bargaining processes with employers. The **impact and the participation of workers** in the companies have been reduced due to the mentioned legislative changes and other reasons:

- Less frequency of tripartite and bipartite social dialogue in general terms since the outbreak of the crisis
- The decline in the bargaining power of trade unions has not allowed to counteract the effects of openings liberalization (*“the negotiation margins have extremely narrowed”*)
- In terms of work organization, managements consider to have exclusive power over the matter and they don’t take into account unions suggestions
- Regarding to physical and psychosocial issues, trade unions recognize their lack of impact on the subject because it is very difficult to agree on good methods of assessment with the management, which refuses every negotiation. According to workers representatives: “many musculoskeletal disorders are not recognized by mutual insurance companies as being derived from work and they are considered as common disease” and “risks are widespread in the sector because of the downsizing in staffs and the increased workloads”

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<sup>33</sup> Other problems by gender are the pay gap (for instance, salary supplements in senior positions or warehouse charges) and low ratio of women in management positions (around 2% according to interviewees)

- All unionists denounce lack of information from management: *“It’s very general -no breakdown by center-, limited, it comes too late -or after organizational changes- and it is only fluent in less relevant issues, not in most important issues such as wages, work organization, restructurings, outsourcing”*. Consultation levels are even worse.
- The intervention of “yellow unions” (so called by traditional unions), strongly settled in the commerce sector, weakens the negotiating position of trade unions and distorts the normal functioning of social dialogue between companies and workers.<sup>34</sup> According to interviewees *“when the company wants to bring something into practice, they previously negotiated with yellow unions and after that they communicate to others”*. UGT and CCOO also denounce cases of pressures and union persecution by companies and corporate unions.

So, the margin of negotiation of traditional unions to minimize the impacts of Sunday opening was very tight due to the abusive framework established by the national agreement and the minority position of these unions against the most representative yellow unions. Only in a few cases the agreements could include some organizational proposals on working time and labour calendar (such as in Leroy Merlin).

## Remedies

In July 2016, CCOO and UGT, together with 66 other employer, commercial, trade union and consumer organizations, presented a document<sup>35</sup> to the Assembly of Madrid to request the abrogation of the Law of Commercial Revitalization noting the little and precarious employment created by it. Meanwhile, due to the difficulties on negotiation, the UGT and CCOO unions have worked closely to maintain a strong union position in defense of worker rights, and in contrast to the flexible position of corporate unions, through joint actions, information and awareness campaigns and public rallies. Although this unfavorable context, trade unionists got some successes at company level through collective bargaining such as consolidated wage supplements for some workers (Inditex, El Corte Inglés or Alcampo) or days off (Inditex) in exchange for the “free work” on Sundays. The employers’ association ANGED considers as important successes of the NCADS the inclusion of some tools: the union committee to address issues beyond local work councils (the unions signing

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<sup>34</sup> 4% and 2% of representativeness for CCOO and UGT respectively, compared to more than 80% for Fetico and Fasga in ANGED companies

<sup>35</sup> The document seems to have the support of all parliamentary opposition parties against the regional government of the right party





the NCADS can establish a “union committee” at company level as a valid interlocutor for several workplaces located in different provinces which gives more power to Fetico and Fasga), the joint committee to monitor compliance with the agreement and arbitrate in case of conflicts and other specific mediation and arbitration procedures. At company level, ANGED highlights some work organization practices between workers and companies through a system of working hours auction (Alcampo Group, for instance) that *that they consider satisfactory*.

### **Opportunities**

According to worker representatives there are areas of improvement:

- More bargaining power for unions and guarantees of participation for workers representatives and union delegates within the company
- Improvement of public inspection services (interviewees accuse them of certain arbitrariness and laxity in the application of labor laws)
- More severe sanctions and more impartiality and independency for judges
- Changes in trade union representation: The existence of unions aligned with company strategies don't guarantee a real negotiation

According to ANGED, the protectionism does not make sense because of the great advantages for consumers coming from the liberalization of opening hours. In addition, the strong growth of e-commerce will force traditional players to expand opening hours to compete with them. ANGED considers that controlling opening times has not helped to keep SMEs alive: Hypermarkets have progressively lost market share since 1996, but this share has not been recovered by SMEs (which have also lost market share since then). The beneficiaries of this part of the market have been large companies that have established small and medium-sized shopping centers to meet demand.

ANGED points out that the fragmentation of sectoral collective bargaining agreements by provinces has caused problems and rivalries between the companies and has not served to control agreements, as the unions often think. According to ANGED the main problem is not liberalization but work organization, which all social agents should improve it through social dialogue, collective bargaining, joint commissions and roundtables between employers and workers. However not all unions are equally heard because many UGT and CCOO proposals have been rejected. In short, whatever the bargaining model will be, it must face the challenge of harmonizing two very different ways of unionism: corporative unions (in line with liberalization of opening hours) and traditional unions (against liberalization and more guarantors of working conditions).



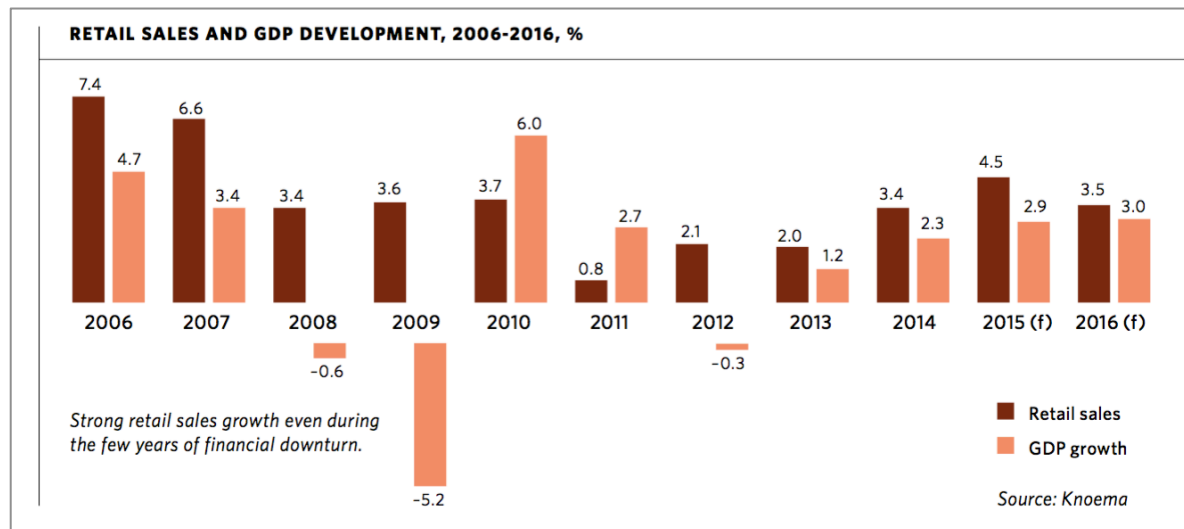
## **Conclusion**

The evolution of social dialogue and working conditions of workers in the commerce sector in Spain can only be described as going backwards. If previously the subjects of social debate were the improving of wage conditions, nowadays the goal is to try to recover the working conditions enjoyed 10 years prior to the crisis and legislative reforms (in terms of salary, workload, working hours and shifts, reconciliation, health and safety). Interviewees consider that their working conditions are below working conditions in other sectors while commerce companies have benefited from gains thanks to changes in labor legislation and the participation of corporate unions.

## ***THE SWEDISH CASE STUDY: social dialogue and employee participation in Swedish multinational companies: the examples of H&M and IKEA***

### **The Swedish retail sector**

In Sweden, the retail sector accounts for around EUR 75 billion in sales and a total workforce of 565,000 employees. The sector has experienced continuous growth for the last 19 years and, in most cases, has exceeded GDP growth. The increase in employment has fluctuated between +0.6 and +2.3% per year since 2012.



This good health is linked to a rise in private consumption, which is driven by a population growth well above the European average and a high purchasing power, associated in particular with the emergence of a large middle class with a high level of disposable income. According to data from Business Sweden, retail-related expenditure accounts for 40% of the household budget<sup>36</sup>. The strong performance of the sector is also driven by an impressive development of e-commerce, which accounts for 8% of revenues and which could grow by 17% in 2017.

### **Collective bargaining, information/consultation and employee participation**

<sup>36</sup> <http://www.business-sweden.se/globalassets/invest-new/retail-guide-sweden-2015-2016.pdf>



### **The Swedish legal framework**

Although it has been on the decline for several years, the unionisation rate in Sweden has reached 70%. The Co-determination Act (MBL), adopted in 1976, confers significant powers on trade unions as well as a very broad autonomy. They are thus able to conduct collective bargaining at national and local levels, represent employees in the workplace and have access to enhanced prerogatives relating to information and consultation. Sweden is also characterised by a diffusion of systems of participation that is higher than the European average.

### **The pre-eminence of collective bargaining**

In Sweden, collective agreements cover 91% of workers<sup>37</sup>. Their negotiations are held at sectoral levels and are conducted by the social partners, through negotiations between federations, without government intervention. As a general rule, they are preceded by a study of the economic situation both nationally and internationally.

About 60 trade unions and 50 employers' associations are involved in this process. In total, the labour market is governed by more than 650 collective agreements. The commercial sector alone has about 40, including 2 for retail trade and 2 for wholesale trade. This plurality of agreements is due to the structure of the trade union representation, which means that each category of workers is represented by a different trade union organisation and benefits from its own collective agreement. Sweden therefore has three main trade union confederations: LO, the largest, which unites manual workers, TCO, which represents non-manual workers, and Saco, the smallest of the three, which unionises the graduate workers. The trade unions are represented by Handels [Handelsanställdas Förbund/Commercial Employees' Union], affiliated to LO, and Unionen, affiliated to TCO.

Collective agreements are legally binding on affiliates of signatory organisations. They cover remuneration, working hours and many other elements of working life. The degree to which they determine remuneration at the local level, however, varies greatly. In the vast majority of cases, general rules such as a percentage increase in the total payroll are set by national agreements, and then assigned to local actors to define the distribution and implementation methods. Agreements are generally signed for a period of three years, although in the period of review many of them have been extended for one year due to the difficult nature of negotiations.

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<sup>37</sup> [http://www.mi.se/files/PDF-er/ar\\_foreign/swedish\\_rules\\_feb\\_%202010.pdf](http://www.mi.se/files/PDF-er/ar_foreign/swedish_rules_feb_%202010.pdf)



### **The information/consultation process**

Due to the importance of the negotiations conducted at the local level, the information/consultation process plays a key role in defining wages and working conditions.

The Co-determination Act and the Interprofessional Agreement on Efficiency and Participation of 1982 specify the information that the employer is required to communicate to trade union organisations<sup>38</sup>. Trade unions must be able to inspect the company accounts as well as a copy of any document requested, within reason<sup>39</sup>.

In terms of consultation, the law requires the employer to enter into negotiations with trade unions in the event of "significant changes" affecting the activity of the company or the conditions of work and employment. According to case law, these significant changes relate in particular to the organisation of work, business development, the provisional budget and the management of employment. The employer must also enter into negotiations on any issues raised by trade union organisations, even if these do not entail any significant change. If the objective of these negotiations is to reach an agreement between the parties, trade unions are not entitled to a right of veto and the employer remains the ultimate decision-maker<sup>40</sup>.

### **Financial participation of employees**

In Sweden, the financial participation of employees is fairly widespread. Thus, about one fifth of Swedish companies offer profit-sharing schemes, compared to an EU average of 12.5%. With regard to employee shareholding schemes, the figures vary between 5.5 and 11% of companies according to the studies considered. The main reason for participating in the results is the adoption in 1981 of the Law on Social Security Contributions, which favours the creation of "participation foundations", created by companies or employee representatives, to which companies can transfer their profits. Previously exempt from employer's contributions and tax, company contributions are now taxed at 24%. Employees, on the other hand, do not benefit from any special fiscal measures in terms of the sum obtained<sup>41</sup>.

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<sup>38</sup> This includes information on the company's general economic situation, production levels, prospects for development, investment, R&D activities, trade policy and human resources management.

<sup>39</sup> <http://fr.worker-participation.eu/Systemes-nationaux/Pays/Suede/Representation-sur-le-lieu-de-travail>

<sup>40</sup> With one exception, however – trade union organisations have a right of veto in the event of recourse to subcontractors, unless such staff are essential to the company.

<sup>41</sup> <http://fr.worker-participation.eu/Systemes-nationaux/Pays/Suede/Participation-financiere>

### The situation at IKEA and H&M

The Swedish companies H&M and IKEA are both global companies whose business has enjoyed sustained and continued growth for several years. However, they are differentiated by their corporate culture as well as by their legal form: H&M is a listed company that is open to social dialogue, whereas IKEA is a family company characterised by a lack of financial transparency but which invests in well-balanced communication, especially with regard to its employees.

H&M				
Number of stores	Markets	Other brands	Sales	Workforce
4351	64	COS, Monki, Weekday, Cheap monday and H&M Home	EUR 23.6 billion	161,000 employees, for a full-time equivalent of 114,000 FTE

➤ In Sweden, H&M has 176 stores and a total workforce of 8,933 employees<sup>42</sup>.

IKEA				
Number of stores	Markets	Share of European sales	Sales	Workforce
340	28	69% - 4 of IKEA's 5 main markets are in the EU: Germany (14%), France (8%), UK (7%) and Italy (5%).	EUR 23.6 billion	In 2015, the Group's European workforce reached 107,000 employees, including 75% in retail <sup>43</sup> .

➤ In 2011, IKEA employed 6200 people in retail in Sweden.

### Opportunities

In accordance with Swedish legislation, IKEA and H&M employees are covered by sectoral collective agreements applicable to their activity (retail but also wholesale agreement for warehousing and distance selling). In both cases, local negotiations between employers and trade unions complement and specify the agreements negotiated at the sectoral level.

<sup>42</sup> <https://about.hm.com/en/investors.html>

<sup>43</sup> During 2016, INGKA Holding, however, sold its businesses connected to production, forestry, product development and supply chain to Inter IKEA Group, the company holding the intellectual property rights linked to the IKEA concept. This sale resulted in the transfer of almost 27,000 employees without affecting working conditions.



The information/consultation procedures allow trade union organisations and employees to benefit from an in-depth knowledge of their company's economic situation and therefore to have a significant impact on collective bargaining processes. They are held at the store level, where trade union representatives benefit from time devoted to this activity, but also at an aggregated level, according to a framework defined by the agreements negotiated during the co-determination process:

- At H&M, where the unionisation rate is 70%, there are trade union committees comprising several stores from the same conurbation (as in Stockholm, for example) and a national trade union committee comprising 6 representatives. A meeting of all representatives is organised on an annual basis. The main topics discussed with the management concern the organisation of work, the right to full-time contracts and occupational health and safety.
- At IKEA, there is a national committee comprising 22 trade union representatives from the different entities of the group (20 stores and 2 distribution centres). This committee, created to discuss cases involving a national issue, convenes three times a year. It is supported by a select committee comprising 6 elected members and a committee dedicated to health and safety. As at H&M, discussions with management focus on the issues of working hours (especially evening and weekend work) and the increase in the share of full-time contracts. Particular attention is also paid to psychosocial risks and gender equality.
- The two companies also have an European Works Council. This information and consultation body makes it possible to supplement information on the national situation with an overview of the situation of the group and its subsidiaries in Europe. The information obtained by the EWCs relayed at the annual meeting of the trade union representatives at H&M. At IKEA, a specific working group was established to coordinate the transmission of information between national and European levels.

In the opinion of the trade union organisations encountered during this study, the level of information of employees in both companies is considered good. Improvements could nevertheless be made at the EWC level, especially in terms of the degree of detail of the information presented and the deadlines for the communication of documents.

### **Challenges: the impact on financial participation**

Recently, all employees at IKEA and H&M have benefited from global financial participation programmes that can be viewed as examples of good practice. However, they function in different



ways and their globalised nature means that they escape the spectre of collective bargaining and the influence of trade union organisations:

- Created in 2011, the H&M "Incentive programme" is based on a fund managed by a foundation<sup>44</sup>. Originally allocated 4 million shares of the group (valued at approximately EUR 100 million), the fund is financed annually by 10% of the value of the growth in the amount of dividends. The funds allocated are then used to repurchase shares of the group. Each employee, regardless of his or her function or the country in which he or she works, earns points awarded based on working hours, corresponding to shares of the fund. Earned amounts may be withdrawn in full when the employee or former employee reaches the age of 62 or, in part, after 10 years of service. According to the Swedish trade unions, incentives program at H&M used to be negotiated at national level. Today however, it is the company that decides on the content.
- In 2013, the IKEA group, on the initiative of its founder Ingvar Kamrad, set up the "Tack" programme. Thanks to this, each employee in the same country, if he or she has at least 5 years of seniority, benefits from the payment of a contribution to a pension plan, the amount of which is identical, regardless of the function occupied. The funds, whose annual amount hovers at around the EUR 100 million mark, are paid if the company's economic goals are achieved<sup>45</sup>. The content of the TACK program is not subject to negotiation. IKEA employees also benefit from a performance-based bonus system known as the "One IKEA Bonus Programme".

## Conclusion

The Swedish social relations system provides trade unions with many prerogatives, which, through co-determination and rules for local and branch negotiations, have a quasi-monopoly on workers' representation. These prerogatives allow them to benefit from excellent access to financial and social information, which places them in a strong position when it comes to the negotiation of collective agreements. However, they do not influence the globalised financial participation mechanisms put in place, which makes it necessary to recall that the practice of social dialogue and collective bargaining remain closely linked to the applicable legal framework.

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<sup>44</sup> <https://about.hm.com/en/career/stylish-rewards/h-m-incentive-program.html>

<sup>45</sup> [http://www.ikea.com/us/en/about\\_ikea/newsitem/tack\\_announcement\\_121913](http://www.ikea.com/us/en/about_ikea/newsitem/tack_announcement_121913)





## Service

### EMPLOYEE INVOLVEMENT IN THE POSTCRISIS EUROPE: BENCHMARKING THE COMMERCE AND SERVICE SECTORS

#### *FM Services and Facility Management in EU Employment and Working Conditions*

##### Introduction to the case studies analysis

The present part of the study aims to provide an overview of the development of **ICP rights** and **Employee Financial Participation** (EFP) with particular focus on employee share ownership, across Europe within the **Facility Management Services and Facility Management Industry**.

The research target countries' are Italy, Spain, Bulgaria, Hungary and Greece.

The methodology applied to the case studies' definition forecasted both desk analysis and semi-structured interviews to company managers and trade unions representatives. Within the Facility Management Services and Facility Management Industry, Scuola Nazionale Servizi Foundation carried out 24 interviews<sup>46</sup> and then concentrated the efforts and deeper researches on five enterprises.

Before reporting the results of the case studies' analysis, here follow a general introduction on EPF and ICP rights and related research main findings.

##### **EFP and ICP rights in the FM services and industry: main findings**

The right to be informed and consulted is a workers' right that is recognized at international and European level. It is enshrined in the European Social Charter, the Charter of Fundamental Rights of the European Union and the Community Charter of the Fundamental Social Rights of Workers. The IC rights of the workforce under Community law are currently some of the most fragmented in the EU legislative body. In total, more than 15 directives deal with information and consultation in some kind of a general or specific sense.

The right of employees or their representatives to elect or appoint some members of a company's supervisory or administrative organ, or the right to recommend and/or oppose the appointment of some or all of the members of these boards represents the third element of the 'European tries of worker involvement rights: information, consultation and (board-level) participation.

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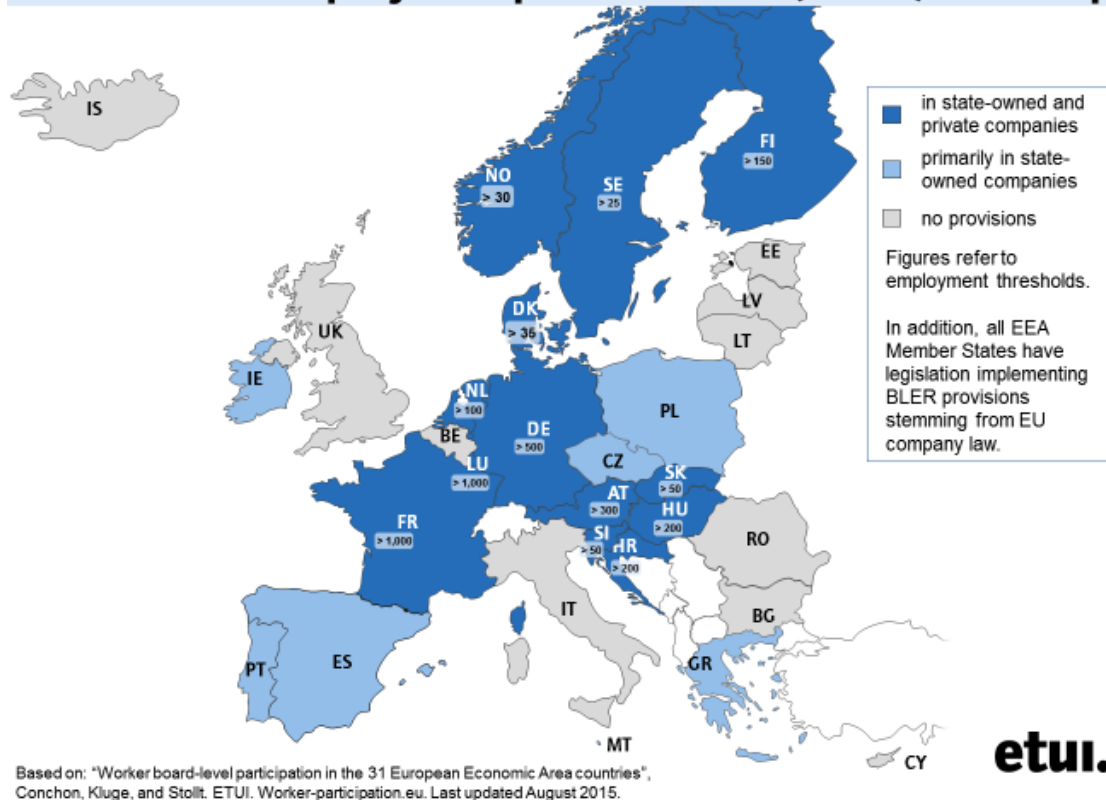
<sup>46</sup> The framework of the interview is attached to the present document

It is worth mentioning that, in order to measure the extent of worker participation in different European countries, it has been developed by ETUI the EPI (European Participation Index). This is a composite index, which summarizes both formal rights and the extent of participation on three levels: in the board, at the establishment level and through collective bargaining. The EPI is really important even because, compared with other aspects of industrial relations, the dimension of worker participation lacks generally-accepted quantitative indicators that can be used for cross-national comparative research.

Country	EPI 2.0	Workplace Representation	Board Representation	Bargaining Coverage	Trade Union Density
Bulgaria	0,19	0,35	0	0,25	0,20
Greece	0,37	0,04	1	0,85	0,30
Hungary	0,49	0,26	2	0,25	0,17
Italy	0,31	0,37	0	0,80	0,34
Spain	0,50	0,52	1	0,82	0,16
		Percentage of establishments with formal employee representation	Strength of rights of board level employee representation	Percentage of workforce covered by collective contracts	Percentage of workforce that belong to a trade union

*The EPI index for the five target Country of the PROEFP4 research on FM Services and Industry (elaboration of ETUI data)*

## Board-level employee representation (BLER) in Europe



The analysis of the collected findings demonstrated that there is a low level of awareness regarding the link between ICP rights application and production efficiency within the FM Services and Industry. Thus said, training measures and activities are needed at least for Company Managers (at different level); Trade Unions Representatives and Representatives of workers. Such a training is needed for those operating within the FM Services and Industry in order to fill the gap of knowledge about Information Consultation and Participation – ICP rights with the aims to:

- Increase awareness about ICP rights history and further developments, analyzing in particular the link between **the application of ICP rights and increase of the production's efficiency**;
- Define the developments at European, national, sectoral and company level collective-bargaining systems, highlighting not only the role of wage-setting systems and how it impacts the economic performance, but also **how workers ICP rights impact the economic performance**;
- Analyzing governance and workers' participation in different FM companies and particularly focusing on **different organization approaches** and the application of ICP workers' rights within this sector.



**Employee Financial Participation (EFP).** Official data shows the growth of employee financial participation and the potential positive impact on employment and productivity: at least 30 years of research have confirmed that **companies partly or entirely owned by their employees are more profitable, create more jobs and pay more taxes than their competitors without employee ownership.**

The EC is emphasizing the growing importance of EFP, particularly with respect to small and medium-sized enterprises (SMEs), and included the promotion of employee share ownership (ESO) in its Action Plan to reform EU company law and corporate governance<sup>47</sup>.

Data and researches confirm that, at the macroeconomic level, to apply EFP leads to higher productivity and, therefore, higher competitiveness and growth as well as strategic stabilisation of ownership.

At the company level, EFP can contribute to mitigate and possibly to solve problems such as absenteeism, labour turnover and the retention of key employees, as well as business succession and funding, especially in SMEs and micro-enterprises.

At the regional level, EFP encourages enterprises to stay rooted in their home communities, enhancing the purchasing power of employee households while discouraging outsourcing and hostile takeovers.

It is also important to take into account the potential negative aspects associated with ESO, such as the risk borne by employees.

The most recent rounds of different large-scale cross-country surveys<sup>48</sup> show that in the last 15 years—despite the period of economic and financial crisis, companies increased their offer while employees continue to expand their participation in ESO plans in Europe.

According to the ECS data, between 2009 and 2013 the proportion of firms offering ESO schemes rose **from 4.7 per cent to 5.2 per cent** (an increase of 10 per cent) and that offering PS schemes from 14.3 per cent to 30.2 per cent (the incidence more than doubled). The ECS data suggests that firms with ESO or PS schemes are more likely to experience significant increase in both productivity and employment. However, despite the acknowledged positive effects and the widespread use of EFP schemes throughout the EU, they have been extended to a significant proportion of the working population in only a handful of Member States.

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<sup>47</sup> The Promotion of Employee Ownership and Participation; Study prepared by the Ibter-University centre for European Commission's DG MARKT; October 2014

<sup>48</sup> 2010 European Working Conditions Survey, 2010 CRANET, 2013 European Company Survey (ECS)



Nowadays, about **68 per cent of firms in the EU do not provide any form of financial participation to their employees**. At the same time, the latest analysis of the ECS data estimates that around 300,000 firms across the entire EU-28 could be potential candidates for the introduction of EFP measures. ESO is much less frequently used in Europe than, e.g., in the U.S. If this still largely unexploited potential is to be harnessed, the further development of financial participation, ESO in particular, should be part of an overall strategy for stimulating sustainable and inclusive growth of the EU economy. However, barriers especially for cross-border EFP plans arise from: a) differences in regulatory density, application and legislative requirements of national legal frameworks or b) differences in the fiscal treatment of existing schemes.

Policy options and recommended measures to promote EFP If the policy objectives of promoting EFP at the EU level are to be successful, measures beyond the assessment of the current situation and **the identification of best practice are necessary**. One of the aim of ProEF4 project is to select best practices in order to identify and overcome the main obstacles to cross-border (at country and sectoral-industry level) EFP schemes, as well as to support the development both of practical measures at company level and the adoption of some policy recommendations, for the promotion and encouragement of employee ownership at EU level.

Given that, SNS Foundation carried out the research looking for experiences focused on the three main forms of EFP:

1. **Individual employee share ownership** (employee shares or stock options);
2. **Employee Stock Ownership Plans** (ESOPs, i.e., collective employee share ownership, with shares acquired through an intermediary entity, financed by a share of profits allocated to employees in addition to their remuneration);
3. **Profit sharing** (PS, i.e., in cash or shares, paid immediately or deferred).

With this respect, SNS analysed and highlighted some pivotal point (indicators) of these experiences. The pivotal points (indicators) adopted for the identification and selection of EFS best practices are:

- The **percentage of shares** owned by employee within a firm;
- The **percentages of workers** that own the shares;
- **Where and when** the approval of EFS options is set – e.g. the decision places and the moments for the approval of EFS options;
- **Who lead the EFS options adoption** and development - and the degree of involvement of the employees within the decision process;
- The **binding or voluntary nature of the rules** existing inside and outside the firm.

Applying these indicators to the research activities, the main findings within the FM and Service Industry are presented as follow:

- Some enterprises have an **aptitude for the EFS schemes**, namely Cooperatives and *Sociedad Laborales*. We can say that EFS is their DNA because it is forecasted by their Statute;
- Some **Multinationals have applied EFS schemes**, so they can cross – board country boundaries;
- Generally speaking, **collective and/or firm bargaining mechanisms do not contain binding rules related to EFS mechanisms**;
- There are a few collective and/or firm bargaining mechanisms that contain binding rules to the employee rights to information a participation
- In some countries **do not exist specific collective bargaining** for the FM industry;
- In some countries **do not exist specific bilateral bodies** for the FM industry
- In some cases, the EFP is not forecasted by binding clauses of the statutes. Thus, EFP is not only a matter within the bargaining system, but also there are structural policies and measures that could be applied such as the de-taxation for employee productivity prizing<sup>49</sup>.

### **Bulgarian case study**

#### **MAIN FIGURES OF THE BULGARIAN CLEANING INDUSTRY<sup>50</sup>**

Turnover	€ 1,4 billion
Enterprises number	2,185
Number of workers employed	52,000

### **Social dialogue in Bulgaria**

In Bulgaria the social dialogue is a ‘tripartite’ one, within the councils for tripartite cooperation at the national, regional, sectorial and local level. The participating parties are organizations of employees, employers and representatives of the state or municipalities, and on the other, the bipartite social dialogue – at the company level within the frame of the Council for bilateral

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<sup>50</sup> Data refers to 2014



cooperation, among the organizations of employees in the enterprise and the employer, primarily in connection with collective bargaining and the resolution of collective labour disputes.

There are 2 main organizations of employees with recognized national representativeness in Bulgarian Trade Union:

- The Confederation of Independent Trade Unions in Bulgaria (CITUB) member of the European Trade Union Confederation (ETUC); and
- The International Trade Union Confederation (ITUC).

There are several employers' organizations with recognized national representativeness in Bulgaria:

- The Bulgarian Industrial Association (BIA);
- The Bulgarian Chamber of Commerce and Industry (BCCI);
- The Association of Industrial Capital in Bulgaria (BICA); and
- The Confederation of Employers and Industrialists in Bulgaria (CEIBG)
- Union for Private Economic Enterprise (UPEE)
- Confederation of Employers and Industrialist in Bulgaria (CEIBG)

Two other employers' organizations were denied the national representativeness in 2012 and namely the Union for Economic Initiative (ESA) and the Bulgarian Union of Private Entrepreneurs (BUPE) "Renaissance".

### **Collective bargaining in general and within Cleaning industry**

Collective bargaining in Bulgaria is mainly conducted at the enterprise level. Collective bargaining may cover negotiations for more favourable conditions to employees than the statutory minimum standards. Most often, negotiations focus on working hours, pay and bonuses, holidays and leave, working conditions, employment policy, career development, benefits and other social benefits and the conditions of trade union activities. There are 2 main entrepreneurial Bulgarian National Association operating in the field of Services and FM: the Bulgarian Facility Management Association- BGFMA and the Bulgarian Cleaning Association-BCA (associated to the BIA), and there is not a national sectorial collective bargain for the cleaning Industry.

Within the Cleaning Industry, social partnership and collective bargaining are completely focused at company level. Trade union density is low.

The only national association of employers plays the role only of a business association and does not participate in a bipartite partnership at sector level or in the collective bargaining process.



In Bulgaria does not exist one national collective labor agreement, but they are separated by industries:

- [Education](#)
- [Health](#)
- [Police](#)
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#### ICP and/or EFP binding rules at contract level

The three analyzed contracts **do not** contain/forecast:

- Binding rules for Workers ICP – Information, Consultation and Participation rights.
- Binding rules and or suggestions for EFP – Employee Financial Participation

#### Mundus Service

<b>Legal Status</b>	<b>Joint stock company</b>
<b>Web page</b>	<a href="http://www.mundus.bg">www.mundus.bg</a>
<b>Working Area</b>	Mundus is a company which activities are directly related to Corporate Social Responsibility. The efficient building maintenance and employee satisfaction determines the mission and the vision of the company, which are directly, engage with sustainability, ecology and optimization of the use of natural resources.
<b>Annual Turnover in 2015</b>	n/a. Expected in 2016: 12,5 mil €
<b>Internal and external market</b>	Almost entirely internal market (Bulgarian one)
<b>Number of Employee</b>	2,500
<b>ICP process and future challenges</b>	<p>The main topics/areas of concern being the object of discussions/negotiations with the manager/workers representatives are Wages and working hours, with a focus on bigger understanding of day-to-day job.</p> <p>There are no workers participating in company management.</p> <p>The social dialog is not very active.</p> <p>The company management and owners should listen more the wishes of workers.</p> <p>There are no workers representative and union representatives.</p>



	Introducing a collective bargaining. Challenges regarding ICP process are mainly related to have better information about how collective bargaining could happened. Then, create a better link between collective bargaining and workers' information and consultation rights trough Trade Union involvement.
<b>Financial participation (Y/N)</b>	No
<b>Contract(s) applied</b>	FM contracts with duration 1-3 years
<b>The company in brief</b>	Mundus Services is an investment of the two of the largest equity funds in the Balkan region - Empower Capital and KJK Capital that create in union with Lachezar Petrov the largest integrated facility management company in Bulgaria. Mundus Services is an investment of the two of the largest equity funds in the Balkan region - Empower Capital and KJK Capital that create in union with Lachezar Petrov the largest integrated facility management company in Bulgaria.
<b>EFS indicators description</b>	There is no Employee Financial Participation schemes applied.

#### Sofia Airport Center EAD / Revetas Capital

<b>Legal Status</b>	SA
<b>Web page</b>	<a href="http://www.sca.bg">www.sca.bg</a>
<b>Working Area</b>	Facility Management; logistic
<b>Annual Turnover in 2015</b>	n.a.
<b>Internal and external market</b>	6,000,000€
<b>Number of Employee</b>	4/8
<b>Number of Employee rewarded with Profit Sharing</b>	12
<b>ICP measures</b>	The information/consultation procedures are not strictly regulated in Bulgaria, and in the Cleaning Industry and not

	<p>really influenced by the collective bargaining process.</p> <p>Workers, Workers Representatives, Employers, Managers are not aware and well trained about information/consultation rights and process.</p> <p>The subjects of negotiation are mainly focused in remuneration, working conditions (especially night work and part-time.</p> <p>Bulgarian employees in the Cleaning industry and elected representatives benefit from a very poor legislative approach to access the social and financial information, that are essential for the negotiations. At the same time, the assistance of independent experts (not only for these conditions) the negotiating margins of employee representatives in cleaning companies in Bulgaria are relatively limited, depending on the financial situation of the companies but also because the lack of 'participation culture within the industry.</p>
<b>Financial participation (Y/N)</b>	No
<b>Contract(s) applied</b>	n.a.
<b>The company in brief</b>	<p>Revetas Capital Advisors LLP ("Revetas") is an opportunistic real estate manager which entered the Central and Eastern Europe (CEE) market in 2003, initially under the name Bifrost Investment Group ("Bifrost"). Revestas is in charge of the managing of the SAC.</p>
<b>EFS indicators description</b>	<p>Sofia Airport Center strongly believes in EFS. Herewith follows the description of the EFS indicators:</p> <ol style="list-style-type: none"> <li>1. The approval of EFS options happened in 2012 in Sofia, Bulgaria;</li> <li>2. All of the employees form an integral part of the decision making process in the company; and</li> <li>3. The participation in the above process is voluntary and it's spread both inside and outside of the firm.</li> </ol>



Revetas manages and invests capital on behalf of a range of investors in real estate opportunities throughout CEE. Revetas is focused exclusively on Central and Eastern Europe with offices in London, Bratislava, Vienna, Krakow and Bucharest. Revetas, and its precursor Bifrost, have been active in the CEE region for over ten years and has first hand knowledge of the real estate markets and banking practices in CEE. The members of the Revetas team have an excellent track record gained by utilizing a hands on approach resulting in multiple successful investments in CEE. With extensive experience of multiple economic and real estate cycles across geographies, transaction, and asset types, Revetas is able to manage and mitigate risks with the goal of maximizing returns. Revetas maintains the highest standards of integrity. The principle of alignment, transparency and visibility is the foundation of relationships with investors, clients, partners and employees. The foundation of Revetas's success is a performance-oriented culture, combined with integrity and responsibility. Mutual trust and goodwill are the keystones to relationships with clients, investors, partners and employees. Revetas promotes good governance ensuring fairness, honesty, integrity and accountability. Revetas aims to ensure that all of its partners, advisors and business associates adhere to strict procedures governing their own ethical behavior as well as that of their own team members. Wherever possible Revetas will engage locally based advisors to work with its own team, giving improved access to local market intelligence and enabling it to identify issues and opportunities as soon as they arise. Visibility is an integral part of Revetas's business culture. Revetas recognises that its investors and partners share the same view about having visibility with their investments. Revetas provides a fully transparent structure providing institutional quality reporting on a monthly and quarterly basis. Through secure Investor Pages, our investors will be able to review detailed property information. Revetas holds quarterly investor meetings to discuss and review the current status of investments. The senior management team is accessible to investors to provide project level information. Revetas believes that alignment of interests engenders the best business practice. Revetas is committed to alignment with its investors, clients and partners and will provide clear objectives based on certain timelines ensuring all parties have the same objective. Compensation is always performance based. Furthermore, Revetas's employees and partners participate in the performance of the business, including carried interest in the Funds. At all levels the organization is aligned with investors and partners. Revetas is the successor business to Bifrost Investment Group ("Bifrost"), which was established in 2003 to make opportunistic and value oriented real estate investments in CEE. Since its founding, the Revetas/Bifrost team have sourced, acquired, managed, refinanced and disposed of over €400m of real estate in 10 transactions comprising over 240,000 m2. The direct and disciplined management approach has secured strong returns throughout the economic cycles. The Revetas team have managed multiple investments in CEE as an owner-operator and have worked with an experienced group of local advisors to assist in the management of its investments.



Revetas's approach is to invest time and resources to manage investments at the operating level as an owner/operator in each market and in each investment in order to ensure rapid achievement of the given investment strategy. With extensive experience of multiple economic and real estate cycles across diversified geographies, transaction and asset types, Revetas is able to manage and mitigate risk with the goal of maximizing returns. Revetas is well positioned to take advantage of the opportunities created by the current significant lack of liquidity in the CEE. Revetas has cultivated a team environment based upon the key principle of alignment of interest with investors and partners, providing a fully transparent culture. Members of the Revetas team each have a meaningful financial commitment. This culture of commitment, alignment and transparency will ensure a close and interactive partnership with investors. Revetas's team utilizes a thorough investment management process to evaluate the market, analyse the investment opportunity, assess, manage and monitor the asset via a network of local partners thereby ensuring all aspects of a target investment have been thoroughly evaluated. Based on the owner-operator approach, Revetas will be able to ensure implementation of the Fund's strategy during all phases of the investment process.

## **Greek case study**

### **MAIN FIGURES OF THE GREEK CLEANING INDUSTRY<sup>51</sup>**

Turnover	€ 0,4 billion
Enterprises number	3.500
Number of workers employed	11.500

### **Facility Management sector overview**

The sector of facility management services has been flourished in the last decade, nevertheless it has been severely affected by the Greek economic crisis. The development of the sector has been achieved as several companies and the public sector has outsourced most of the activities related with the management of their facilities and related services.

From 2011 onwards, the total value of FM activities has been decreased, considering both the decrease of the demand by the companies (i.e. halting or reducing activities), and the public sector (i.e. substantial cuts in public expenditure). A market research by ICAP, has showed that within the period 2011-2014 the market value has decreased by 9%, while in 2014-2015 a further 7% decrease has been noticed.

According to the latest appraisals, the public sector holds 36% of the total sector revenues, while the rest 64% is being created from the private sector. Concerning distribution of the FM services, the region of Attica (with Greece's capital Athens), holds 65% of the total FM sector value, followed by Western Macedonia region (with Greece's co-capital Thessaloniki) with 11,5%, and the rest of Greece with 23,5%.

Last, but not least, in 2012 a law defined a new type of Social Cooperative Companies (KOIN.S.EP). Most KOINSEPs provide cleaning, elderly support and catering services and because of their special legal status, they are admitted into public tenders from local administrations, as part of their outsourcing schemes.

### **Social Dialogue within the Greek Cleaning Sector**

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<sup>51</sup> Data refers to 2014



The most unionized and well represented sector across FM was the cleaning services, where first level unions were experienced in regional and national levels. Reviewing the view of the specific unions, is to be pointed out the serious problems faced by workers mainly because of contracting and subcontracting procedures, daily violations of labor legislation and lack of health and safety across their workplaces. On the other hand, in the catering sector, the most representative second level structure is the National Federation of Food Workers and Employees of Tourism (POEE-YTE), which includes the first level unions of waiters, hotel employees, cooks/chefs, confectioners, brewers and ice factory employees.

### **Collective agreement**

Employees covered by inter-professional collective agreement were signed both by the Federation of Private Greek Employees (OIYE) and secondly by the Hellenic Federation of Enterprises (SEV) and the General Confederation of Professionals, Craftsmen and merchants (GSEBEE) and regulated the pay and working conditions of workers employed in industrial and craft enterprises throughout the country.

Especially for workers in contracting FM companies, sectorial collective arrangements were applied as signed by the Federation of Private Greek Employees (OIYE) and in the cleaning sector by the National Federation of Business Cleaning. Furthermore, sectorial collective agreements were applied to workers in commercial businesses using cleaners and was signed by the Private Greek Employees (OIYE), the Confederation of Trade Associations, and GSEVEE.

As introduced earlier in this chapter, the recent reforms under the economic crisis in Greece has severely affected the labour market. The three Memorandums of Understandings (MoUs) have affected the Collective Labour Contracts (CLC) and the related thresholds in the labour protections. A research conducted by the labour Institute GSEE / ADEDY in 2013 , identified the reforms and the related consequences, which included legislative interventions in the Collective Bargaining Systems and the CLCs that violated the collective autonomy and restricted the freedom of syndications, unions and associations.

The main changes that were imposed concern:

1. The limitation of the scope and the duration of continuance of the CLCs,
2. The suspension of the expansion and implementation of sectorial CLSs,
3. The possibility of signing by operational CLC physical persons' associations as workers' representatives,

4. The weakening of the principle of favourable settings for the duration of the MoUs and the implementation of operational CLCs in case of overlapping with sectorial CLCs,
5. The appeals process and the content of the institutions of mediation and arbitration (abolition of any unilateral action in the institution of arbitration)
6. The operation of the Organisation for Mediation and Arbitration(OMED).

Focusing on the sector of the FM, including cleaning and catering services, according to the old law (Art. 10, §1, Law 1876/1990), if an employment relationship has been regulated by several CLCs, it was applied the most favourable to the worker. According to the new law (Art. 37, Law 4024/2011), applied as part of the MoUs, the operational collective contracts shall prevail in the event of overlapping with sectorial CLCs (in the specific sector, the only CLS is defined in the cleaning sector by Private Greek Employees – OIYE), and may still contain no less favourable working conditions for employees of the working conditions of national collective agreements.

As a result, in most of the contracts that are being signed between the employees and the employers, applies the National Collective Agreement, which actually defines the country's minimum wage. The contracts are then defined individually at organisation level (if any), otherwise on individual level. Nevertheless, by the end of the MoUs, it is expected to re-initiate actual sectorial agreements, under a new (but not yet drafted), framework.

#### ECOLOGICAL S.A.

<b>Legal Status</b>	<b>Anonimi Etairia A.E. (Anonymous Company)</b>
<b>Web page</b>	<a href="http://www.ecological.gr">http://www.ecological.gr</a>
<b>Working Area</b>	Facility Management – Cleaning sector
<b>Annual Turnover in 2015</b>	Approx. 10.5mln EUR (2015); 13.6mln EUR (2014)
<b>Internal and external market</b>	Totally internal market (Greek)
<b>Number of Employee</b>	220 (permanent)
<b>Number of Employee with Company shares</b>	0
<b>Social Capital owned by the workers (amount)</b>	0
<b>Number of employees rewarded with Profit Sharing</b>	0
<b>Financial participation (Y/N)</b>	NO

<b>Other measures applied (e.g. ESO – EFP – EPS; ...)</b>	Bonus scheme based on performance indicators of the company and its employees
<b>Workers or representatives members of the management board</b>	0
<b>Workers or representatives members of the executive board</b>	0
<b>Contract(s) applied</b>	National General Collective Labour Agreement - Εθνική Γενική Συλλογική Σύμβαση Εργασίας (ΕΓΣΣΕ) Private agreement
<b>The company in brief</b>	<p>Ecological S.A. is a Greek Facility Management company. As of today, it is being placed among the leaders of the sector and focuses in delivering cleaning services. Furthermore, Ecological has a subsidy company with a permit for engineering equipment maintenance.</p> <p>The company focuses on the internal market, serving both the public and the private sector. The company targets on customers with complex infrastructures (i.e. hospitals), mainly delivering demanding cleaning services, green management, disinfection, disinfestations and waste management.</p>
<b>EFS indicators description</b>	<p>Formally, employees, the workers' union or any employees' representative do not directly participate to the decision-making processes of the company. The decisions are being taken by the upper management, in line with the stakeholders and the board of directors. The workers' union and local representatives have a consultancy role, especially considering their expertise in the field, the selection of the appropriate teams, and the project workflow. The consultancy role is voluntary, as there is not any formal binding within or outside the company (with the exception of the formal creation and function of</p>



	the union). Nonetheless, experience of Ecological suggest that regular consultation of the projects and processes of the company with the workers' representatives, have achieved positive impact and drive a positive attitude towards efficiency and performance.
<b>Further reading</b>	<p>National General Collective Labour Agreement: <a href="http://kepea.gr/upldsv/File/2016/egsee2016.doc">http://kepea.gr/upldsv/File/2016/egsee2016.doc</a></p> <p>General Confederation of Greek Workers: <a href="http://www.gsee.gr/">http://www.gsee.gr/</a></p> <p><a href="https://en.wikipedia.org/wiki/General_Confederation_of_Greek_Workers">https://en.wikipedia.org/wiki/General_Confederation_of_Greek_Workers</a></p> <p>- Greek Federation of Private Employees (OYIE): <a href="http://oiye.gr/">http://oiye.gr/</a></p>

### ECOLOGICAL - The experience

Ecological is a Greek company that is being specialized in providing Facility Management services. Among its main customers, high profile customers are being found, such as the Port of Piraeus, TrainOSE, and the Athens Metro. According to ICAP, Ecological is among the top companies within the Facility Management sector, ranking 4th in turnover (EUR13.6mIn, 2014 and EUR10.5mIn, 2015). The services are being provided to customers with large infrastructures. For example, Ecological provides services to hospitals, public transportation companies, hotels, industrial areas, banks, malls, large recreational areas, universities, boats, and ferries, while conducts feasibility studies for energy upgrade on customers' building facilities. Last, but not least, the company provides services of machinery maintenance, through its subsidiary company in order to provide attractive all-inclusive package to its customers.

The company is strongly quality-oriented. It is one of the few companies in the industry that has achieved a triple level quality standard certification: ISO 9001:2008 for Quality Assurance, ELOT 1801:2008 and OHSAS 18001:2007 for Health and Safety in the Workplace, ISO 14001:2004 for Environmental Protection.

In addition, due to the complexity of the infrastructures being handled, Ecological has developed a particular methodology for its services, including the creation of a chart of requirements, and a differentiated approach, according to the infrastructure. Customized resources are being allocated,



both in human capital and in machinery, while it composes self-contained groups for highly specialized services (for example cleaning surgical chambers or data centers).

Furthermore, Ecological is constantly investing heavily in the proper vocational training of its operational staff. It owns permanent facilities for education and training, in order to guarantee the quality level of its services and to deliver the latest safety practices in the workplace.

Considering the focus on quality and lifelong learning, the profitability of the company and the development of its employees are based on both the introduction of new expertise, and on the dissemination of internal knowledge and practices in human resources. As a result, Ecological can provide quality and competitive services and reduce the direct cost of production, and indirect costs, for example by decreasing work-related accidents.

Within Greece, companies do not provide any formal ESO/EFP/EPs schemes, as found in other economies, for example in Italy. There are exceptions though, such as micro or small cooperatives (usually in the agriculture sector). In Ecological, the governance is being implemented from the related company stakeholders and assigned executives. The company has an internal communication channel, established between the union and the management, in order to address efficiently any issues that may arise. The upper management is usually represented internally by the HR Department, or by the financial department, if any financial issues are being raised.

Workers on the other hand, are being represented by a strong workers' union. The union is a member of the Greek Federation of Private Employees (OYIE) As the company's projects are implemented in several infrastructures around Greece, the union is being composed from local teams of full-time and part-time employees. Each team is then represented in regular meetings of the workers union in Athens. In these meetings, the HR and the financial departments are present, while for any critical issues, high level executives may also be present.

Furthermore, Ecological has a specific inspector, which directly supervise the activities of the team, the provided services and the efficacy of each project or process. As stated earlier, there is not any formal ESO/EFP/EPs scheme, as the company does not provide any kind of shares or any formal attendance on the management board or executive positions. However, a bonus scheme is included, and is being related both to the performance of the company itself, and to the performance of the teams in each project separately.

### **Hungarian case study**

#### **MAIN FIGURES OF THE HUNGARIAN CLEANING INDUSTRY<sup>52</sup>**

<b>Turnover</b>	€0,457 billion
<b>Enterprises number</b>	4.991
<b>Number of workers employed</b>	130.000 (approx.)

### **Sectoral Social Dialogue in Hungary**

In Hungary the Social Dialogue -ÁPB (ÁPB abbreviation in Hungarian) is a bipartite body with the aim to support the balanced development of the given sector, as well as to help the realization of autonomous social dialogue on a sectoral level. It aims to preserve “peace at work”, to facilitate awful practices and processes on the labour market and also to establish appropriate working conditions in general.

Within the boundaries of the ÁPB (according the text of abovementioned act on ÁPB-s) there is a possibility (for those entitled to do so) to conduct collective- and other agreements, and also to officially ask the minister in charge of social dialogue related matters to extend an already existing agreement in order to cover the entire sector.

As the previous labour Code of 1992 was replaced by Act I of 2012 on the Labour Code (of Hungary) which is in force from the 1st of July 2012 The dominant level of the process of collective bargaining and conclusion of collective agreements in Hungary is the local or corporate level.

This results in the number of collective agreements being relatively low. This low number of sectoral collective agreements has several other reasons as well, as there is no real cooperation between the sectoral representatives of employers’ and employees’ organisations, not to mention that they are not fully empowered to conclude collective agreements on their own on sectoral and national levels, furthermore the means and methods of ÁPB-s to use their financial funds are rather bureaucratic which means they lack flexibility and administration is significantly slow.

The number of trade union confederations has increased from six to seven.

On the 1st of May in 2013 MSZOSZ<sup>53</sup>, ASZSZ and SZEFT has agreed to create a new confederation together through fusion, which was realized in 2014 and was named Hungarian Trade Union

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<sup>52</sup> Data refers to 2014

<sup>53</sup> MSZOSZ is the official Hungarian abbreviation of the National Confederation of Hungarian Trade Unions, ASZSZ is that of the Autonomous Trade Union Confederation and SZEFT is the Forum for the Co-operation of Trade Unions



Confederation (original Hungarian abbreviation: MSZSZ). As such legal procedures are rather bureaucratic in Hungary and take a relatively long time which in this case was even hindered by internal disputes the confederations participating in the fusion are still present separately as well. Sectoral level social dialogue is being carried out according to the previously mentioned act on ÁPB-s passed in 2009.

Tripartite social dialogue on a national level however has been abolished in 2011.

It has been replaced by the National Economic and Social Council (original Hungarian abbreviation: NGTT) which is a multipartite (five-sided) civil dialogue forum with the government not being a member.

There is no sectoral social dialogue in **Cleaning sector** in Hungary. Although parties exist, they do not bargain.

The reason is differences in domain. While the trade union actor (HVDSZ 2000) affiliates its members mainly – but not only – among a range of public companies and institutions' employees, the employers' organization MATISZ Magyar Tisztítás-technológia Szövetség affiliates companies in the competitive sector of Cleaning, HVDSZ 2000 is the signatory on behalf of employees to every collective agreement that exists, and there is a long-term practice of collective bargaining at company level.

The main professional organization operating in the FM sector is The Hungarian Facility Management Society – HFMS.

Social dialogue in the **Horeca and Catering sector** in Hungary is good. Although there is only one trade union and one employers' organisation, they are consulted regularly within the framework of the Sectoral Dialogue Committee. Their cooperation leads to social peace in the sector. It is quite difficult to measure the sector's representativeness as statistics and figures are largely unavailable, while official and representatives' sources are inconsistent. The crisis has deeply affected the sector, and consequently its employment, working conditions and level of organization Hungarian Trade Union of Catering and Tourism (VISZ) is the sole trade union active in the sector. VIMOSZ employer associations, which are a party to sector-related collective bargaining covers companies operating in tourism and contract catering.

### **Collective bargaining**

Collective bargaining in Hungary is conducted mainly at the enterprise level. Collective bargaining may cover negotiations for more favourable conditions to employees than the statutory minimum standards. Most often, negotiations focus on working hours, pay and bonuses, holidays and leave,



working conditions, employment policy, career development, benefits and other social benefits and the conditions of trade union activities.

Within the Cleaning Industry Social partnership and collective bargaining are completely focused at company level in Hungary's cleaning services sector. Trade union density is low.

The only national association of employers plays the role only of a business association and does not participate in a bipartite partnership at sector level or in the collective bargaining process.

### Sectoral bargaining

All the Bargains applied in the Claning Industry do not contain or forecast:

- Binding rules for Workers ICP – Information, Consultation and Participation rights.
- Binding rules and or suggestions for EFP – Employee Financial Participation

### Fővárosi Közterületfenntartó Nonprofit Zrt.

#### Budapest Public Area Maintenance Nonprofit Company

<b>Legal Status</b>	Nonprofit Closed Company by Shares
<b>Web page</b>	<a href="http://www.fkf.hu">www.fkf.hu</a>
<b>Working Area</b>	The main activities are the following services: waste management, sanitation, road maintenance, road repairs, hazardous waste, street cleaning, waste collection. The company has the following quality assurance: ISO 9001, ISO 14001.
<b>Annual Turnover in 2015</b>	36.528.983.000 HUF (ca. 121.763.000 Euro)
<b>Internal and external market</b>	internal only in Budapest, Hungary
<b>Number of Employee</b>	2841 is the total amount, composed by: 2450 manual workers; and 486 intellectual workers.
<b>Number of Employee with Company shares</b>	0
<b>Social Capital owned by the workers (amount)</b>	0
<b>Number of employees rewarded with Profit Sharing</b>	0
<b>Financial participation (Y/N)</b>	No
<b>Other measures applied (e.g.</b>	No




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**ESO – EFP – EPS; ...)**

**Workers or representatives  
members of the management  
board**

0

**Workers or representatives  
members of the executive  
board**

0

**Contract(s) applied**

**The company in brief**

The founder of the company is the Municipality of Capital Budapest.

The company's sole shareholder is the Budapest Városigazgatási Holding Zrt (Budapest City Administrative Holding Co.Inc.). The task of the company is to keep clean in Budapest more than 25 million square meters of paved road network, public steps, 73 underpasses (of which 69 pedestrians), bridges, overpasses and other engineering facilities.

The Budapest Public Area Maintenance Nonprofit Private Limited Company (FKF Nonprofit Zrt.) carrying out public services. The company's predecessor, the Sanitary bureau - was established in 1895. The company is the largest professional waste management enterprise that collects in the capital from more than 830 000 households, and from about 20,000 of business organization remove or dispose of municipal solid waste. The FKF Nonprofit Zrt. operates the Municipal Waste Recovery Work, Hungary's only municipal waste-fired power plant, and in Dunakeszi and Pusztázámor located engineered landfills with 16 residential yard waste collection and selective collection of nearly 400 waste islands.

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**Fővárosi Közterületfenntartó Nonprofit Zrt. -**

In 2015 the company management was balanced and effective, instead of the planned HUF 14.6 million after-tax profit, it closed the year of HUF 322.4 million. The equity capital is 33.216 million



HUF. The Company's financial position is stable and balanced, the financial indicators at national level are exceptionally good. The company opened its first hand-sorting plant, BUFA in the end of 2014 (Budapest Wood Production and Trade Kft). The plant is located in the territory of the Budapest Penitentiary and Prison. From the beginning in 2015 carried out the sorting of preparation for sales of door-collected plastic and metal bulk waste. The sorting plant involves next to its workforce detainees works as well.

At the company the average monthly gross earnings is higher than the national average, and the median income for locating businesses. In 2015, full-time employed employees' average wages was 405 000 HUF, and HUF 250 000 were for the manual workers.

The Company spent in 2015 per employee HUF 763 527 on social and welfare benefits.

Unconventional, innovative and management intends to introduce a tradition of employee satisfaction measurement of life of the company.

The survey of more than 1,000 employees, 35 % of the total number of employees filled out during the period from August 2015 to September.

The questionnaire filling of 57% would recommend the Company to friends and relatives.

The 56% of respondents are satisfied with the social and health care in the Company.

The surveyed 60% of employees are proud to work at the company. After the employee satisfaction survey, and then after the suggestion box placements in early 2016, the company organized a series of forums.

They have given voice in anyone's opinion, he could put questions to the CEO and management. The main topics raised in the forums:

- The domestic waste management system transformation, the results of the establishment of the National Waste Management Coordinator and the Holding Company
- Employee satisfaction research possibilities
- Salary, allowances
- Wage development
- Social, health and other benefits
- Uniq insurance
- Cafeteria
- Work clothes
- Internet access, printer settings
- Employees and managers to increase the competencies, training, apprenticeship programs

- The possibility of introducing restrictions, levies, extra costs, payment obligations, as well as efficiency and revenue-raising plans to offset those affecting at the Company.

### **Italian case study**

For the definition of the Italian case study, Scuola Nazionale Servizi Foundation took into account two guidelines, and namely:

The identification of an enterprise/organization/firm that particularly exploits ICP/EFP tools; and

The identification of an enterprise/organization/firm that works in a sector highly labour intensive, thus valorizing the contribution of ICP/EFP mechanism to the firm's efficiency and production.

Thus, Cleaning Industry has been chosen among others and the case study is focused on the cooperative experience, as we found that this type of enterprise is set up (by and) for EFS schemes and Workers ICP in a way that is very similar to *Sociedad Laborales* in Spain. In fact, a cooperative is defined as "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise"<sup>54</sup>.

The aim of a cooperative is not to make profit, so capital interest is limited, reserves may not be shared, shares are redeemed at their nominal value and discounts are awarded on a pro rata basis relating to the activity between the members and their cooperative.

Herewith follow both the main figures of the Italian cleaning industry and the results of the research and interview.

### **MAIN FIGURES OF THE ITALIAN CLEANING INDUSTRY<sup>55</sup>**

<b>Turnover</b>	€ 11,6 billion
<b>Enterprises number</b>	8,400
<b>Number of workers employed</b>	325,000

### **Collective bargains applied in the Italian Cleaning Sector**

<sup>54</sup> Definition of 'co-cooperative' by International Cooperative Alliance (ICA).

<sup>55</sup> Data refers to 2014





Three main national collective sectorial bargains are applied:

1. Contract signed by the organizations that set up the bilateral body ONBSI (Organismo Nazionale Bilaterale Servizi di pulizia e servizi integrati)
  - a. Entrepreneurial Associations: Anip Confindustria, Legacoop Servizi, Unionservizi – Confapi, Federlavoro e servizi, Confcooperative and Agci
  - b. Trade Unions: Filcams CGIL Fisascat CISL e UIL Trasporti.
2. Contract signed by:
  - a. Trade Unions: Fisascat Cisl, Filcams Cgil and Ultrasporti Uil
  - b. Entrepreneurial Association: Fnip Confcommercio
3. Contract signed by:
  - a. Trade Unions: Filcams Cgil, Fisascat CISL e UIL Trasporti.
  - b. Confartigianato, CNA, Clai e Casartigiani

#### ICP and/or EFP binding rules at contract level

The three analyzed contracts **do not** contain/forecast:

- Binding rules for Workers ICP – Information, Consultation and Participation rights.
- Binding rules and or suggestions for EFP – Employee Financial Participation

#### Formula Servizi

<b>Legal Status</b>	Società Cooperativa a Responsabilità Limitata – Scarl (LTD - Cooperative Society)
<b>Web page</b>	<a href="http://www.formulaservizi.it">http://www.formulaservizi.it</a>
<b>Working Area</b>	Facility Management Services
<b>Annual Turnover in 2015</b>	€ 61,445.000
<b>Internal and external market</b>	Italy (100% of the market)
<b>Number of Employee</b>	1860
<b>Number of Employee with Company shares</b>	847
<b>Social Capital owned by the workers (amount)</b>	€ 2,662,254
<b>Number of employees</b>	

<b>rewarded with Profit Sharing</b>	
<b>Financial participation (Y/N)</b>	Yes
<b>Other measures applied (e.g. ESO – EFP – EPS; ...)</b>	1 social loan
<b>Workers or representatives members of the management board</b>	11/11 (with different level of assignment: 6 labourers, 3 office workers, 2 managers)
<b>Workers or representatives members of the executive board</b>	7/7
<b>Contract(s) applied</b>	CCNL MULTISERVIZI – Bilateral Body ONBSI
<b>The company in brief</b>	<p>Formula Servizi is an Italian worker cooperative specialized in the provision of several and high quality Facility Management Services (Professional Cleaning, Logistics, Maintenance and Documental Digitalization) to communities, companies and public administrations.</p> <p>Formula Servizi with its € 61 million annual turnover reached the 20th position in the Italian Professional Cleaning company ranking. Formula Servizi operates in other FM industry sectors through other groups. The most relevant is FORMULA AMBIENTE a Consortium operating in the Waste Management sector.</p>
<b>EFS indicators description</b>	<p>The approval of every decision and approval about the EFS happens during the annual General Assembly (in 2014 were held 64 local assembly)</p> <p>The employees are part of the decision as they are members and share holders of the cooperative.</p> <p>The binding rule for the EFS is contained in the cooperative' statute and not the collective bargaining.</p>

### Formula Servizi - The experience

Formula Servizi is an Italian worker cooperative specialized in the provision of diverse and high quality Facility Management Services to communities, companies and public administrations.



It is rated among the ten best national companies by size and profits and has reached 35th position in the Top 500 European Growth Companies in 2013. Its entrepreneurial success is based on a long-term view of sustainability and innovation:

“Formula Servizi has always acted strategically and not tactically, focusing on service quality to reduce marginal costs and remain competitive in bids for tender, without affecting working conditions at all” (declaration by the Company trade union representatives from CGIL, CISL and UIL). The company policy is based on rethinking work in terms of human, economic and environmental efficiency, by reducing energy consumption, recycling, economising and using renewable energy sources. One of its first innovations was in work organisation - 90% of its employees are female and 80% of these benefit from a modular part-time or full-time contract, providing a personalised schedule to cope with private and family requirements. Work assignments are organised so as to enable each employee to work as close to home as possible, also reducing his/her carbon footprint. This has cut absenteeism and enhanced motivation. Technological innovation represents a second pillar. Close attention is paid to ground-breaking technologies, especially with regard to environmental impact. Investments have been made in research and development and in partnership with a range of institutes. For example, Formula Servizi's hospital cleaning services will not require the use of any water. Moreover, adaptation to the labour tools requested by health and safety representatives has become the focus of a separate business, which has allowed the company to diversify. In the high labour-intensive sector of cleaning services, the idea of enhancing human resources might seem difficult. However, Formula Servizi has based its success on the care and professional development of its employees, who are involved in the company strategy and are well able to master technological innovation. In line with this multifaceted company strategy, all employees provided with more than 1500 hours of training each year.

This industrial strategy also benefits from the presence of skilled managers, often with a past in the trade unions, who have grown up professionally within the company and are therefore fully aware of its potential, as well as of the communities where it is rooted. The close involvement of workers allows managers to benefit from their daily experience and for the improvement of working methods and ideas for new business products, thus increasing both satisfaction and productivity and saving on management costs. The company's success is the result of a culture characterized by solidarity, which relies on its members, who, for the past two years, have been appropriately trained for this role (Out of 1860 workers, almost 900 are cooperative' worker-members ). Employee share-owners are keen to be fully involved in corporate governance. Local assemblies are held in all the locations scattered around the country and these general assemblies are well attended. Members



also evaluate the company managers every 3 years. These assemblies have proved to be one of the most rewarding in terms of internal management/ employee cohesion. Representatives of non-member workers also attend the assemblies, thus guaranteeing a flow of detailed and thorough information to all work colleagues. Trade union delegates (sometimes cooperative members) hold a constant and direct dialogue with management, mainly representing the interests of non-member workers, thus strengthening relations throughout the entire workforce. They also deliver workers' opinions, for example, on health and safety issues, which very often have helped to better manage internal organizational processes, streamline procedures and improve communication. Encouraged by a climate of transparency and mutual trust, company trade unions have never obstructed innovation processes, but have added a significant contribution to the overall collaborative spirit, despite the difficult business environment and the sectors within which the company operates.

### **Spanish case study**

#### **MAIN FIGURES OF THE SPANISH CLEANING INDUSTRY<sup>56</sup>**

<b>Turnover</b>	€9.2 billion
<b>Enterprises number</b>	24.550
<b>Number of workers employed</b>	460.000

### **Spanish Cleaning Sector description**

The economic crisis, which is still gripping Spain, together with the complex Spanish employment framework, are significantly compromising the viability of many of the country's cleaning companies. The country has one of the highest percentages of cleaning services outsourcing in the EU, approximately 80 per cent, although it is highly fragmented. In 2010, 75 per cent of the 16,110 companies had less than 50 workers and only 0.45 per cent employed more than 500 people.

The companies dominating the Spanish market are ISS, Clece, Eulen, Euroлимп, FCC, Pilsa, Acciona, Valoriza Limpisa and Samsic. They account for around 40 per cent of market turnover. Seventy-nine per cent of cleaning workers are female, 55 per cent are part-time and foreign employees account for 20 per cent of the workforce.

As is happening in other EU countries, which have entered recession due to the economic and financial crisis, the Spanish cleaning sector is being very badly affected by budgetary adjustments in

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<sup>56</sup> Data refers to 2014



public and private tendering procedures. Another damaging factor is non-compliance with the law on late payment by public authorities, and the lack of liquidity to make salary and social security payments.

ASPEL has gathered data related to overdue payments by public administrations as a group to its member companies. In 2010 the total outstanding debt was 552 million euros, with late payment standing at 78 days for central government, 245 days late for local communities and 300 days late for city councils.

In March 2010 the serious problem of payment to suppliers to the public sector led the Spanish government creating a special supplier payment-financing fund, providing liquidity for local and regional administrations. This had a briefly positive effect by virtue of the fact that the total debt to ASPEL companies fell by 69 per cent.

Despite this however, the arrears have not disappeared, given the fact that as of today overdue debt has grown to 378 million euros, with late payment ranging from 92 to 139 days. So ASPEL has publicly requested the reissue of the plan to strengthen assistance from the government in respect of payment to suppliers of services by the public authorities.

This situation is exacerbated by the fact competition in the cleaning sector is based solely on price. In some cases electronic auctions are now being employed, a controversial method among cleaning companies. From ASPEL's point of view the processes of electronic auctions completely disregard the sustainability of employment, the quality of the service which will be provided, or respect for environmental and social responsibility - among other aspects. This puts pressure on price reform and the elimination of disproportionate tenders in public contracting.

### **Collective Bargaining in the sector**

The cleaning activities sector in Spain accounts for 2% of total employment. Collective bargaining takes place in three sub-sectors: general cleaning of buildings and premises; street cleaning, encompassing refuse treatment and waste disposal; cleaning of railway tracks and trains. At all levels the three most important employers organizations that participate in collective bargaining are the Federation of Associations of Cleaning Employers (AFELIN), representing mainly small and medium enterprises; the Professional Association of Cleaning Enterprises (ASPEL), representing large enterprises and enterprise groups; and the Association of Enterprises of Public Cleaning (ASELIP), representing enterprises specialized in street cleaning. The most important unions are the Trade Union Confederation of Workers Commissions (AADD-CCOO), the Services Federation of the General Workers Confederation (FSP-UGT), and the Public Services Federation of the General

Workers Confederation (FSP-UGT). It is worth mentioning that most collective bargaining in the cleaning sector takes place at autonomous community and provincial levels. All Spanish provinces and some autonomous communities have their own collective agreements, and these cover all companies in the cleaning sector in the relevant area. As long as the employers' organisations and trade unions concerned represent more than 60% of the sector, any collective agreements concluded by them cover all workers and companies in the sector whether they belong to these bodies or not.

The decentralised structure of the Spanish State meant that a company wishing to work throughout the country had to adapt its personnel policy to the directives of 61 collective agreements in different spheres (provincial, autonomous community, sectorial, and even by type of work). In December 2012, however, a national collective agreement was signed for the first time - a real milestone for the market.

#### **GRUPO ASPROSEAT (ASPROSEAT GROUP)**

<b>Legal Status</b>	<b>Asociación y Fundaciones (Association and Foundation)</b>
<b>Web page</b>	<a href="http://www.asproseat.org">www.asproseat.org</a>
<b>Working Area</b>	Personal and Household services; garden maintenance; recycling
<b>Annual Turnover in 2015</b>	12.411.433€
<b>Internal and external market</b>	100% internal
<b>Number of Employee</b>	423 (49,9% men; 50,1% women); out of which 207 are disadvantaged people
<b>Board of Directors</b>	12 (75% men; 25% women)
<b>Management Team</b>	10 (50% men; 50% women)
<b>Quality certification(s)</b>	EFQM 300plus; ISO 9001; 14001 Mediambiental
<b>Number of employees rewarded with Profit Sharing</b>	0
<b>Financial participation (Y/N)</b>	No
<b>Other measures applied (e.g. ESO – EFP – EPS)</b>	n.a.
<b>Workers or representatives members of the management board</b>	10



<b>Workers or representatives members of the executive board</b>	12
<b>Contract(s) applied</b>	Cleaning
<b>The company in brief</b>	<p>ASPROSEAT is a group of non-profit social organizations working to improve the quality of life of people with disabilities, preferably of an intellectual type, their families and other groups at risk of social exclusion, within the framework of a commitment to equal opportunities and the defense of their rights. ASPROSEAT group is composed by several other organisations, and namely:</p> <p>Asproseat Day Care Services Foundation and Fundacion Proa Asproseat Esplugues: they include daily services, occupational centers and specialized care centers.</p> <p>Asproseat Serveis Residential Foundation: it manages residence household services, respite and support of the autonomy in the own home.</p> <p>Asproseat Empresa Foundation and Fundacion Asproseat Proa Esplugues: they encompass the area of labor insertion with their respective social centers of work for people with disabilities. They offer a wide range of services for company: packaging, handled, cleaning, gardening, concierge, waste collection, logistic and lighting.</p> <p>Asproseat Association: it works for the promotion and defense of the rights of people with disabilities and risk of social exclusion and is dedicated to the management of own services and others, including some of public ownership, such as the residence and day center Can Serra and the occupational center Can Carreras.</p>
<b>Further reading</b>	<p>ASPROSEAT Group 2015 Report:  <a href="http://www.asproseat.org/wp-content/uploads/2016/09/memoria-grup-Asproseat-2015.pdf">http://www.asproseat.org/wp-content/uploads/2016/09/memoria-grup-Asproseat-2015.pdf</a></p>



## ASPROSEAT-

### The experience

ASPROSEAT group has its beginnings more than 37 years ago, starting from the efforts of groups of parents with children with disability; at that time there were no support services for this groups. Thus, ASPROSEAT has a long history in defending the rights as well as in the provision of services for people with disabilities and other groups at risk of social exclusion. The various organisations that constitutes the ASPROSEAT group manage the networking and coordination to meet the different needs in all stages of the process. ASPROSEAT group participate in committees of City Councils in Barcelona, L'Hospitalet, Sant Just Desven, Esplugues and Cornellà. ASPROSEAT group has also signed several agreements with the Ministry of Social Inclusion and Promotion of Personal Autonomy of the Government of Catalonia for service management.

### Social Dialogue processes

Salaries, maintenance of staff and new projects are the main subjects of discussion at the corporate level. The employees of ASPROSEAT participate in the company management and, in particular, regarding matters as teamwork, job rotation. Issues such as quality of social dialogue are evaluated by workers through satisfaction surveys that are periodically distributed and collected. The survey is also used to evaluate the quality of information and consultation processes within the company. The information and consultation processes within ASPROSEAT have been standardized with the implementation of the EFQM<sup>57</sup> system. To improve the process of collective bargaining, ASPROSEAT's willing is to give more transparency to the negotiation processes, even exploiting more general explanatory meetings. As part of innovation within the process, ASPROSEAT will use social networks to keep information up-to-date.

## GRUPO ITMASAL (ITMA GROUP)

<b>Legal Status</b>	<b>Sociedad Laborales</b>
<b>Web page</b>	<a href="http://www.itmasal.com/">http://www.itmasal.com/</a>
<b>Working Area</b>	Cleaning Industry and Waste Management
<b>Annual Turnover in 2015</b>	16.303.000,00€

<sup>57</sup> EQFM is the Model set out by European Foundation for Quality Management. More info: <http://www.efqm.org/>



<b>Internal and external market</b>	100% internal
<b>Number of Employee</b>	900 (14,10% men; 85,90% women); out of which 23% are disadvantaged people
<b>Board of Directors</b>	10 ( 20% men; 80% women)
<b>Management Team</b>	10 ( 25% men; 75% women)
<b>Quality certification(s)</b>	EFQM 300plus; ISO 9001; 14001 Mediambiental; OHSAS 18001 Seguridad laboral
<b>Number of employees rewarded with Profit Sharing</b>	200
<b>Financial participation (Y/N)</b>	Yes
<b>Other measures applied (e.g. ESO – EFP – EPS;..)</b>	ESO
<b>Workers or representatives members of the management board</b>	10
<b>Workers or representatives members of the executive board</b>	10
<b>Contract(s) applied</b>	Cleaning

<b>The company in brief</b>	GRUPO ITMA is a Sociedad Laborles operating mainly in the Cleaning and Waste Management Sectors. The company focuses on the internal market, serving both the public and the private sector. The company targets on customers with complex infrastructures (i.e. hospitals), mainly delivering demanding cleaning services, green management, disinfection, disinfestations and waste management.
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**Further reading****GRUPO ITMA**<http://www.itmasal.com/>

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**GRUPO ITMA****The experience**

GRUPO ITMA has its beginnings more than 25 years ago, with the aim of delivering service of quality and developing jobs and employee participation. Many the awards obtained:

- 2001 Mención de honor del Premio ASTURIAS A LA CALIDAD EMPRESARIAL por el Instituto de Fomento Regional del Principado de Asturias
- 2002 PREMIO EMPRESA ASTURIANA DE ECONOMÍA SOCIAL en su décima edición por la Fundación para el Fomento de la Economía Social
- 2003 PREMIO BUFÍ Y PLANAS otorgado por la Fundación Bufí y Planas. "En reconocimiento a su proyección social, su apuesta por la calidad, la formación profesional y la protección del medio ambiente".
- 2006 Incorporación al plan de MISION EMPRESAS EXCELENTES II, basado en el modelo EFQM
- 2007 Obtención de Sello Bronce modelo EFQM
- 2013 Premio Incorpora de "La Caixa"

**Social Dialogue processes and Employee Financial Participation**

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

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

The information and consultation processes within GRUPO ITMA have been standardized with the implementation of the EFQM<sup>58</sup> system. To improve the process of collective bargaining, GRUPO ITMA's willing is to give more transparency to the negotiation processes, even exploiting more general explanatory meetings.

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<sup>58</sup> EFQM is the Model set out by European Foundation for Quality Management. More info: <http://www.efqm.org/>



The most relevant Employee Financial Participation focus is within the status of Laborales, as the Sociedades Laborales, the key question is the full assumption by partners<sup>59</sup> of their dual role as company owners and employee workers.

- Training partner workers in the model of the Sociedad Laboral, in its values and philosophical principals and management style adapted to that model are essential elements for its consolidation and development.
- Partner and non-partner workers coexist in GRUPO ITMA. It is essential to regulate the relationships between both collectives well and to appropriately manage output processes and incorporation into worker capital.
- Most of the company's social capital is in the hands of the people that work in GRUPO ITMA with an indefinite employment relationship, which means that the decision-making ability is in the hands of the workers themselves.
- At the same time, most of the workers with an indefinite employment relationship are partner workers, though not all of them have to be.

So, two separate legal areas affect partner workers in GRUPO ITMA: corporate law in their capacity as partners, and labour law in their capacity as employees.

Ownership and management in the GRUPO ITMA employee-owned company

GRUPO ITMA is a capital, limited, or limited liability company. Sociedad Laborales has its own law, the "Law 44/2015 of 14 October. The decision-making body is the General Meeting of partners and the board. The vote of each partner in the supreme organ of corporate decision, the General Meeting is proportional to the capital that they hold, so each partner may have a different capacity of decision.

The two classes of partner who may be in employee-owned company, partner workers and "general class" partners, who contribute capital but are not workers, have the same economic and political rights.

A practice worthy of mention is that, despite the general principle that the right to vote is proportional to the capital that each partner holds, in GRUPO ITMA, the board naturally accepts the vote of all persons at the General Meeting as equal, regardless of differences in capital that may exist.

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<sup>59</sup> 'Partners' means workers that own the laborales.

## CONCLUSIONS

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

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

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

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

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



The sectorial analysis was carried out on two levels. The first level was a desk research that gave us an overview of the two sectors while the second level focused on case studies in several EU Countries.

## **Commerce**

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

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

- In Spain the commerce sector has been hit by the economic crisis, what in turn has led to negative consequences for the workforce with an employment reduction of 12%. The situation of workers has been impacted by 2 national labour law reforms (2010 & 2012) and In Madrid, the Law for Commercial Activity Revitalization (2012) has allowed free opening for 365 days a year, 24 hours a day, for all commerce sector.

The main issues addressed in collective bargaining are linked to the liberalization of opening hours and both the influence and participation of workers within companies is weakening:

- Lesser frequency of tripartite and bipartite social dialogue since the outbreak of the crisis
- Decline of TU bargaining power

- In terms of work organization, managements consider to have exclusive power over the matter and they don't take into account unions suggestions
- Lack of information
- Strong influence of so called "yellow unions".

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

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

## Service (Facility Management)

We have seen that the service sector is one of the most important part of the economy. European services are the backbone of European economic and social life, and since 2000 their role is growing and employment in the sector has risen<sup>60</sup>.

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

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

- In Italy we observed that in collective bargaining operates at National level with the support of the bilateral bodies.
- In Spain, for the cleaning sector collective bargaining takes place in three sub-sectors: general cleaning of buildings and premises; street cleaning, encompassing refuse treatment and waste disposal; cleaning of railway tracks and trains. In the catering service collective bargaining is characterized by the existence of a multi-employer national framework agreement, regulating

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<sup>60</sup> UNI Europa



the structure of collective bargaining, and several multi-employer regional and provincial agreements, which mainly regulate working time and wages.

- In Bulgaria, in the cleaning sector social partnership and collective bargaining are completely focused at company level in Bulgaria's cleaning services sector. Trade union density is low. The only national association of employers plays the role only of a business association and does not participate in a bipartite partnership at sector level or in the collective bargaining process. As for the carering, at national level, there are three trade union federations in the tourism industry and one employer organisation. They conduct multi-employer bargaining for the minimum social insurance thresholds for the hotels and restaurants sector, and they conclude a collective agreement for the tourism industry.
- In Hungary, in the cleaning sector social dialogue operates mainly at company level. As for catering, although there is only one trade union and one employers' organisation, they are consulted regularly within the framework of the Sectoral Dialogue Committee. Their cooperation leads to social peace in the sector.
- In Greece there is no collective employment agreement which covers the cleaning sector in Greece in its entirety. There are, however, four important collective employment agreements in the sector. Three have been signed by the Federation of Workers in the Private Sector of Greece (OIYE), while the fourth is the collective employment agreement of the Pan-Hellenic Federation of Workers of Local Authorities (POE-OTA). Only the Pan-Hellenic Federation of Cleaning Enterprises (POEK) is an entirely sectoral employers' association that is invited to participate in the social dialogue. In other respects, the status of cleaners is determined by a large number of collective employment agreements for other sectors such as tourism, retail and food service establishments, hotels, bookstores and construction companies.

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





The sectorial analysis showed how Social dialogue and Employee involvement operates in two important sectors and the difficulties they face after the economic crisis.

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

Today the notion of participation expands to encompass company welfare. In a context of strongly strained welfare state, collective bargaining takes onto itself the building of services.

The risk for participation however is to turn selective, and accessible only to those who can afford it: high-value-added workers, in the most innovative sectors, in those grey areas between employment and self-employment, etc. Participation can turn into “luxury”, an elitist condition – quite the opposite reason leading to it originally being placed at the heart of the European social model.

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

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

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



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

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

#### CO-APPLICANTS

- [DIESIS](#)
  - [CONFESAL](#) (affiliated)
  - [SCUOLA NAZIONALE SERVIZI](#) (affiliated)
  - [LEGACOOP SERVIZI](#) (affiliated)
- [SYNDEX Europe International](#)
- [UNIEUROPE](#)

#### ASSOCIATED ORGANISATIONS

- [AVANZI](#)
- [IAFP](#)
- [LIGA](#)
- [ETUC](#)
- [FISASCAT](#)
- [CFDT](#)
- [CISL](#)
- [AGPEV](#)
- [UGT](#)
- [STANDART ETHICS](#)

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

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

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



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